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DRAFT RED HERRING PROSPECTUS

Dated February 18, 2022

(This Draft Red Herring Prospectus will be updated upon filing with the RoC)

Please read Section 32 of the Companies Act, 2013

Book Built Offer



ARCHEAN CHEMICAL INDUSTRIES LIMITED

CORPORATE IDENTITY NUMBER: U24298TN2009PLC072270

| REGISTERED AND CORPORATE OFFICE | CONTACT PERSON | EMAIL AND TELEPHONE | WEBSITE |
|---|---|---|--------------------------|
| No. 2, North Crescent Road, T Nagar, Chennai 600 017, Tamil Nadu, India | Abhishek Pandey Company Secretary and Compliance Officer | Email: info@archeanchemicals.com Tel: +91 44 6109 9999 | www.archeanchemicals.com |

OUR PROMOTERS: CHEMIKAS SPECIALITY LLP, RAVI PENDURTHI AND RANJIT PENDURTHI

DETAILS OF OFFER

| DETAILS OF OFFER | | | | | | | | | | | | | |
|--|-----------------------------------|-----------------------------------|---|---|--|--|--|------|------|------|---|-----------------------------------|-----------------------------------|
| TYPE | FRESH ISSUE SIZE | OFFER FOR SALE | TOTAL OFFER SIZE | ELIGIBILITY | | | | | | | | | |
| Fresh Issue and Offer for Sale | Up to ₹ 10,000.00 million | Up to 19,071,288 Equity Shares | Initial public offer of up to [●] equity shares of face value of ₹ 2 each ("Equity Shares") aggregating up to ₹ [●] million ("Offer") | The Offer is being made pursuant to Regulation 6(2) of the SEBI ICDR Regulations, as our Company did not fulfil the requirements under Regulation 6(1)(a) of having at least ₹ 30 million net tangible assets, calculated on restated basis, in each of the preceding three full years (of 12 months each). | | | | | | | | | |
| <table><tr><th colspan="3">SHARE RESERVATIONS AMONGST QIBs, NIBs AND RIBs</th></tr><tr><th>QIBs</th><th>NIBs</th><th>RIBs</th></tr><tr><td>At least 75.00% of the Offer (of which up to 60.00% of the shall be available for allocation to Anchor Investors)</td><td>Not more than 15.00% of the Offer</td><td>Not more than 10.00% of the Offer</td></tr></table> | | | | | SHARE RESERVATIONS AMONGST QIBs, NIBs AND RIBs | | | QIBs | NIBs | RIBs | At least 75.00% of the Offer (of which up to 60.00% of the shall be available for allocation to Anchor Investors) | Not more than 15.00% of the Offer | Not more than 10.00% of the Offer |
| SHARE RESERVATIONS AMONGST QIBs, NIBs AND RIBs | | | | | | | | | | | | | |
| QIBs | NIBs | RIBs | | | | | | | | | | | |
| At least 75.00% of the Offer (of which up to 60.00% of the shall be available for allocation to Anchor Investors) | Not more than 15.00% of the Offer | Not more than 10.00% of the Offer | | | | | | | | | | | |

DETAILS OF THE SELLING SHAREHOLDERS, OFFER FOR SALE AND AVERAGE COST OF ACQUISITION

| NAME OF THE SELLING SHAREHOLDER | TYPE | NUMBER OF SHARES OFFERED | WEIGHTED AVERAGE COST OF ACQUISITION ON FULLY DILUTED BASIS (IN ₹)* |
|---|------------------------------|--------------------------|---|
| Chemikas Speciality LLP | Promoter Selling Shareholder | Up to 5,301,405 | 9.68 |
| India Resurgence Fund, Scheme I | Investor Selling Shareholder | Up to 3,732,526 | 9.88 |
| India Resurgence Fund, Scheme II | Investor Selling Shareholder | Up to 6,304,831 | 9.63 |
| Piramal Natural Resources Private Limited | Investor Selling Shareholder | Up to 3,732,526 | 9.94 |

* As certified by PKF Sridhar & Santhanam LLP, Chartered Accountants vide their certificate dated February 17, 2022.

RISKS IN RELATION TO THE FIRST OFFER

This being the first public issue of Equity Shares, there has been no formal market for the Equity Shares. The face value of Equity Shares is ₹ 2 each. The Floor Price, Cap Price and Offer Price (determined by our Company and the Selling shareholders, in consultation with the BRLMs and on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process as stated in "Basis for Offer Price" on page 89), should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding active and/or sustained trading in the Equity Shares nor regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares in the Offer have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to "Risk Factors" on page 23.

ISSUER'S AND SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and the Offer, which is material in the context of the Offer, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

Further, each of the Selling Shareholders, severally and not jointly, accepts responsibility for and confirms only those statements specifically made or confirmed by such Selling Shareholder(s) in this Draft Red Herring Prospectus to the extent of information specifically pertaining to itself and its respective portion of the Offered Shares and assumes responsibility that such statements are true and correct in all material respects and not misleading in any material respect. The Selling Shareholders, severally and not jointly, assume no responsibility for any other statements in this Draft Red Herring Prospectus, including, inter alia, any of the statements made by or relating to our Company or its business or any other Selling Shareholder.

LISTING

The Equity Shares once offered through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges, being BSE Limited and National Stock Exchange of India Limited. For the purposes of the Offer, the Designated Stock Exchange shall be [●].

BOOK RUNNING LEAD MANAGERS

REGISTRAR TO THE OFFER

| | | | |
|--|--|--|---|
| | | | |
| IIFL Securities Limited E-mail: acil.ipo@iiflcap.com Tel: +91 22 4646 4600 Contact Person: Mukesh Garg/ Yogesh Malpani | ICICI Securities Limited E-mail: archean.ipo@icicisecurities.com Tel: +91 22 6807 7100 Contact Person: Gaurav Mittal | JM Financial Limited E-mail: archean.ipo@jmfll.com Tel: +91 22 6630 3030/ +91 22 6630 3262 Contact Person: Prachee Dhuri | Link Intime India Private Limited E-mail: archean.ipo@linkintime.co.in Tel: +91 22 4918 6200 Contact Person: Shanti Gopalkrishnan |

BID/ OFFER SCHEDULE

| | |
|----------------------------------|--------------------|
| ANCHOR INVESTOR BID/OFFER PERIOD | [●] ⁽¹⁾ |
| BID/ OFFER OPENS ON | [●] ⁽¹⁾ |
| BID/ OFFER CLOSES ON | [●] ⁽²⁾ |

(1) Our Company and the Selling Shareholders in consultation with the BRLMs, may consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/Offer Period shall be one Working Day prior to the Bid/ Offer Opening Date.

(2) Our Company and the Selling Shareholders in consultation with the BRLMs, may consider closing the Bid/ Offer Period for QIBs one Working Day prior to the Bid/ Offer Closing Date in accordance with the SEBI ICDR Regulations.



ARCHEAN CHEMICAL INDUSTRIES LIMITED

Our Company was originally formed as a partnership firm under the name of “Archean Chemical Industries” at Chennai, pursuant to a partnership deed dated November 20, 2003 which was registered under the Indian Partnership Act, 1932 with the Registrar of Firms, Chennai on November 25, 2003. Subsequently, the partnership firm was converted into private limited company under the Companies Act, 1956 with the name “Archean Chemical Industries Private Limited” and a certificate of incorporation dated July 14, 2009 was issued by the Registrar of Companies, Tamil Nadu at Chennai. Consequently upon conversion into a public limited company under the Companies Act, 2013 pursuant to a special resolution passed by our Shareholders on November 15, 2021 and fresh certificate of incorporation dated December 15, 2021 issued by the Registrar of Companies, Tamil Nadu at Chennai, the name of our Company was changed to “Archean Chemical Industries Limited”. For details of change in name and Registered Office of our Company, see “History and Certain Corporate Matters” on page 161.

Registered and Corporate Office: No. 2, North Crescent Road, T Nagar, Chennai 600 017, Tamil Nadu, India
Contact Person: Abhishek Pandey, Company Secretary and Compliance Officer; **Tel:** +91 44 6109 9999; **E-mail:** info@archeanchemicals.com
Website: www.archeanchemicals.com; **Corporate Identity Number:** U24298TN2009PLC072270

OUR PROMOTERS: CHEMIKAS SPECIALITY LLP, RAVI PENDURTHI AND RANJIT PENDURTHI

INITIAL PUBLIC OFFER OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹ 2 EACH (“EQUITY SHARES”) OF ARCHEAN CHEMICAL INDUSTRIES LIMITED (THE “COMPANY” OR THE “ISSUER”) FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) (“OFFER PRICE”) AGGREGATING UP TO ₹ [●] MILLION (THE “OFFER”) COMPRISING A FRESH ISSUE OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 10,000.00 MILLION BY OUR COMPANY (THE “FRESH ISSUE”) AND AN OFFER FOR SALE OF UP TO 19,071,288 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY THE SELLING SHAREHOLDERS (THE “OFFER FOR SALE”) COMPRISING UP TO 5,301,405 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY CHEMIKAS SPECIALITY LLP (THE “PROMOTER SELLING SHAREHOLDER”), UP TO 3,732,526 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY INDIA RESURGENCE FUND, SCHEME I, UP TO 6,304,831 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY INDIA RESURGENCE FUND, SCHEME II AND UP TO 3,732,526 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY PIRAMAL NATURAL RESOURCES PRIVATE LIMITED (COLLECTIVELY, THE “INVESTOR SELLING SHAREHOLDERS”), AND TOGETHER WITH THE PROMOTER SELLING SHAREHOLDER, THE “SELLING SHAREHOLDERS” AND SUCH EQUITY SHARES OFFERED BY THE SELLING SHAREHOLDERS, THE “OFFERED SHARES”). THE OFFER SHALL CONSTITUTE [●]% OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

OUR COMPANY, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS, MAY CONSIDER A FURTHER ISSUE OF EQUITY SHARES, INCLUDING BY WAY OF A RIGHTS ISSUE TO EXISTING SHAREHOLDERS, A PREFERENTIAL OFFER OR ANY OTHER METHOD AS MAY BE PERMITTED UNDER THE APPLICABLE LAW TO ANY PERSON(S), AGGREGATING UP TO ₹ 2,000.00 MILLION, AT ITS DISCRETION, PRIOR TO FILING OF THE RED HERRING PROSPECTUS WITH THE ROC (“PRE-IPO PLACEMENT”), WHICH SHALL NOT EXCEED 20% OF FRESH ISSUE SIZE. IF THE PRE-IPO PLACEMENT IS COMPLETED, THE FRESH ISSUE SIZE WILL BE REDUCED TO THE EXTENT OF SUCH PRE-IPO PLACEMENT, SUBJECT TO THE OFFER COMPLYING WITH RULE 19(2)(B) OF THE SCRR.

THE FACE VALUE OF EQUITY SHARES IS ₹ 2 EACH. THE OFFER PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES. THE PRICE BAND AND THE MINIMUM BID LOT SHALL BE DECIDED BY OUR COMPANY AND THE SELLING SHAREHOLDERS IN CONSULTATION WITH THE BRLMS AND WILL BE ADVERTISED IN [●] EDITIONS OF [●], AN ENGLISH NATIONAL DAILY NEWSPAPER, [●] EDITIONS OF [●], A HINDI NATIONAL DAILY NEWSPAPER AND [●] EDITIONS OF [●], A TAMIL DAILY NEWSPAPER (TAMIL BEING THE REGIONAL LANGUAGE OF TAMIL NADU, WHERE OUR REGISTERED OFFICE IS LOCATED) EACH WITH WIDE CIRCULATION, AT LEAST TWO WORKING DAYS PRIOR TO THE BID/ OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO BSE LIMITED (“BSE”) AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED (“NSE”), AND TOGETHER WITH BSE, THE “STOCK EXCHANGES”) FOR THE PURPOSE OF UPLOADING ON THEIR RESPECTIVE WEBSITES IN ACCORDANCE WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE “SEBI ICDR REGULATIONS”).

In case of any revision in the Price Band, the Bid/ Offer Period will be extended by at least three additional Working Days after such revision in the Price Band, subject to the total Bid/ Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company and the Selling Shareholders may, in consultation with the BRLMs, for reasons to be recorded in writing, extend the Bid/ Offer Period for a minimum of three Working Days, subject to the Bid/ Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/ Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a public notice, and by indicating the change on the respective websites of the BRLMs and at the terminals of the Syndicate Members and by intimation to the Designated Intermediaries and the Sponsor Bank(s), as applicable.

The Offer is being made through the Book Building Process, in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended (“SCRR”) read with Regulation 31 of the SEBI ICDR Regulations and in compliance with Regulation 6(2) of the SEBI ICDR Regulations, wherein not less than 75% of the Offer shall be allocated on a proportionate basis to Qualified Institutional Buyers (“QIBs”), the “QIB Portion”, provided that our Company and the Selling Shareholders may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations (“Anchor Investor Portion”), of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. Further, 5% of the QIB Portion (excluding Anchor Investor Portion) (“Net QIB Portion”) shall be available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to QIBs. Further, not more than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not more than 10% of the Offer shall be available for allocation to RIBs in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. All potential Bidders (except Anchor Investors) are required to mandatorily utilize the Application Supported by Blocked Amount (“ASBA”) process providing details of their respective ASBA Accounts, and UPI ID in case of RIBs using the UPI Mechanism, if applicable, in which the corresponding Bid Amounts will be blocked by the SCSBs or by the Sponsor Bank(s) under the UPI Mechanism, as the case may be, to the extent of respective Bid Amounts. Anchor Investors are not permitted to participate in the Offer through the ASBA process. For details, see “Offer Procedure” on page 322.

RISKS IN RELATION TO THE FIRST OFFER

This being the first public issue of the Equity Shares of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹ 2 each. The Floor Price, Cap Price and Offer Price (determined by our Company and the Selling Shareholders, in consultation with the BRLMs and on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process as stated in “Basis for Offer Price” on page 89), should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding active and/or sustained trading in the Equity Shares nor regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares in the Offer have not been recommended or approved by the Securities and Exchange Board of India (“SEBI”), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to “Risk Factors” on page 23.

ISSUER'S AND SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and the Offer, which is material in the context of the Offer, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. Further, each of the Selling Shareholders, severally and not jointly, accepts responsibility for and confirms only those statements specifically made or confirmed by such Selling Shareholder(s) in this Draft Red Herring Prospectus to the extent of information specifically pertaining to itself and its respective portion of the Offered Shares and assumes responsibility that such statements are true and correct in all material respects and not misleading in any material respect. The Selling Shareholders, severally and not jointly, assume no responsibility for any other statements in this Draft Red Herring Prospectus, including, inter alia, any of the statements made by or relating to our Company or its business or any other Selling Shareholder.

LISTING

The Equity Shares once offered through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges. Our Company has received ‘in-principle’ approvals from BSE and NSE for the listing of the Equity Shares pursuant to their letters dated [●] and [●], respectively. For the purposes of the Offer, the Designated Stock Exchange shall be [●]. A copy of the Red Herring Prospectus and the Prospectus shall be filed with the RoC in accordance with Sections 26(4) and 32 of the Companies Act, 2013. For details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus up to the Bid/ Offer Closing Date, see “Material Contracts and Documents for Inspection” on page 364.

BOOK RUNNING LEAD MANAGERS

| BOOK RUNNING LEAD MANAGERS | | | REGISTRAR TO THE OFFER |
|--|--|---|--|
|  |  |  |  |
| IIFL Securities Limited 10 th Floor, IIFL Centre Kamala City, Senapati Bapat Marg Lower Parel (West) Mumbai 400 013 Maharashtra, India Tel: +91 22 4646 4600 E-mail: acil ipo@iiflcap.com Investor Grievance E-mail: ig_ib@iiflcap.com Website: www.iiflcap.com Contact Person: Mukesh Garg/ Yogesh Malpani SEBI Registration No.: INM000010940 | ICICI Securities Limited ICICI Venture House Appasaheb Marathe Marg Prabhadevi Mumbai – 400 025 Maharashtra, India Tel: +91 22 6807 7100 E-mail: archean.ipo@icicisecurities.com Investor Grievance customercare@icicisecurities.com Website: www.icicisecurities.com Contact Person: Gaurav Mittal SEBI Registration No.: INM000011179 | JM Financial Limited 7 th Floor, Energy Appasaheb Marathe Marg Prabhadevi Mumbai 400 025 Maharashtra, India Tel: + 91 22 6630 3030/ +91 22 6630 3262 E-mail: archean.ipo@jmfl.com Investor Grievance grievance.ibd@jmfl.com Website: www.jmfl.com Contact Person: Prachee Dhuri SEBI Registration No.: INM000010361 | Link Intime India Private Limited C 101, 247 Park L.B.S Marg Vikhroli (West) Mumbai 400 083 Maharashtra, India Tel: +91 22 4918 6200 E-mail: archean.ipo@linkintime.co.in Investor Grievance E-mail: archean.ipo@linkintime.co.in Website: www.linkintime.co.in Contact Person: Shanti Gopalkrishnan SEBI Registration No.: INR000004058 |

BID/ OFFER SCHEDULE

| BID/ OFFER OPENS ON | [●] ⁽¹⁾ | BID/ OFFER CLOSES ON | [●] ⁽²⁾ |
|---------------------|--------------------|----------------------|--------------------|
|---------------------|--------------------|----------------------|--------------------|

⁽¹⁾ Our Company and the Selling Shareholders in consultation with the BRLMs, may consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/Offer Period shall be one Working Day prior to the Bid/ Offer Opening Date.

⁽²⁾ Our Company and the Selling Shareholders in consultation with the BRLMs, may consider closing the Bid/ Offer Period for QIBs one Working Day prior to the Bid/ Offer Closing Date in accordance with the SEBI ICDR Regulations.

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

This Draft Red Herring Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the meaning as provided below. References to any legislation, act, regulation, rules, guidelines, or policies shall be to such legislation, act, regulation, rules, guidelines, or policies as amended, supplemented, or re-enacted from time to time, and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.

In case of any inconsistency between the definitions given below and the definitions contained in the General Information Document (as defined below), the definitions given below shall prevail.

The words and expressions used in this Draft Red Herring Prospectus but not defined herein shall have, to the extent applicable, the same meaning ascribed to such terms under the SEBI ICDR Regulations, the Companies Act, the SCRA, the Depositories Act and the rules and regulations made thereunder.

Notwithstanding the foregoing, the terms used in “Basis for Offer Price”, “Statement of Possible Special Tax Benefits”, “Industry Overview”, “Key Regulations and Policies”, “History and Certain Corporate Matters”, “Financial Information”, “Financial Indebtedness”, “Outstanding Litigation and Material Developments”, “Other Regulatory and Statutory Disclosures”, “Offer Procedure” and “Description of Equity Shares and Terms of Articles of Association” on pages 89, 92, 96, 156, 161, 193, 285, 289, 295, 322 and 343, respectively, shall have the meaning ascribed to them in the relevant section.

General Terms

| Term | Description |
|--|---|
| “our Company”, “the Company”, “the Issuer” | Archean Chemical Industries Limited, a company incorporated under the Companies Act, 1956 and having its Registered and Corporate Office at No. 2, North Crescent Road, T Nagar, Chennai 600 017, Tamil Nadu, India |
| “we”, “us” or “our” | Unless the context otherwise indicates or implies, refers to our Company and our Subsidiary, on consolidated basis |

Company Related Terms

| Term | Description |
|--|--|
| Articles of Association or AoA | Articles of association of our Company, as amended |
| Audit Committee | The audit committee of our Board, constituted in accordance with the applicable provisions of the Companies Act, 2013 and the Listing Regulations and as described in “Our Management” on page 168 |
| Auditors or Statutory Auditors | PKF Sridhar & Santhanam LLP, Chartered Accountants, current statutory auditors of our Company |
| Board or Board of Directors | The board of directors of our Company, or a duly constituted committee thereof |
| CCDs | Compulsorily convertible debentures having face value of ₹ 100 |
| CCD Subscription Agreement | CCD subscription agreement dated September 20, 2018 entered into by and among our Company, IRF I, IRF II, PGPL, our Promoters and Pendurti Brahmanandam as amended by (i) amendment to the CCD subscription agreement dated September 29, 2020 by and among our Company, IRF I, IRF II, PNRPL and our Promoters; and (ii) second amendment to the CCD subscription agreement dated February 10, 2022 entered into by and among our Company, IRF I, IRF II, PNRPL and our Promoters |
| CFO | Chief financial officer of our Company, namely Sai Ram Edara |
| Company Commissioned F&S Report | Report titled “Industry Report – India Specialty Chemical Market” dated January 24, 2022, prepared and issued by F&S which was commissioned and paid for by our Company |
| Corporate Social Responsibility Committee | The corporate social responsibility committee of our Board constituted in accordance with the applicable provisions of the Companies Act, 2013 and as described in “Our Management” on page 168 |
| Company Secretary and Compliance Officer or CS | Company secretary and compliance officer of our Company, namely Abhishek Pandey |
| Director(s) | The directors on our Board |
| Equity Shares | Equity shares of our Company of face value of ₹ 2 each |
| ESOP 2022 | Archean Chemical - Employee Stock Option Plan 2022 |
| Executive Director(s) | Executive director(s) on our Board |

| Term | Description |
|--|--|
| F&S or Frost & Sullivan | Frost & Sullivan (India) Private Limited |
| Group Companies | Group companies of our Company, identified in terms of SEBI ICDR Regulations, and as described in “ <i>Our Group Companies</i> ” on page 189 |
| Independent Directors | Independent directors on our Board |
| IndiaRF | India Resurgence Fund, a joint venture between Piramal Enterprises Limited and Bain Capital Credit |
| IRF I | India Resurgence Fund, Scheme I |
| IRF II | India Resurgence Fund, Scheme II |
| Investor Selling Shareholders | Collectively, IRF I, IRF II and PNRPL |
| IPO Committee | The IPO Committee of our Board formed pursuant to a resolution of our Board dated October 12, 2021 |
| Key Managerial Personnel or KMP | Key managerial personnel of our Company in accordance with Regulation 2(1)(bb) of the SEBI ICDR Regulations and as described in “ <i>Our Management</i> ” on page 168 |
| Lenders SPA I | Lenders share purchase agreement dated September 20, 2018 entered into by and among Bank of India, Union Bank of India, Punjab National Bank, Bank of Baroda, Allahabad Bank, our Company, IRF I, IRF II and PGPL |
| Lenders SPA II | Lenders share purchase agreement dated October 3, 2018 entered into by and among Canara Bank, our Company, IRF I, IRF II and PGPL |
| Managing Director | Managing Director of the Company, namely Ranjit Pendurthi |
| Master Restructuring Agreement or MRA | Master restructuring agreement dated March 18, 2017 entered into by and among our Company, Bank of India (acting as monitoring institution/ lead bank) and certain lenders (namely, Bank of India, Union Bank of India, Punjab National Bank, Bank of Baroda, Canara Bank and Allahabad Bank) (“ Restructuring Lenders ”), in relation to our Company’s debt restructuring with Restructuring Lenders |
| Materiality Policy | The policy adopted by our Board on January 15, 2022 for identification of group companies, material outstanding litigation proceedings and material creditors, in accordance with the disclosure requirements under the SEBI ICDR Regulations |
| Memorandum of Association or MoA | Memorandum of association of our Company, as amended |
| Nomination and Remuneration Committee | Nomination and remuneration committee of our Board, constituted in accordance with the applicable provisions of the Companies Act, 2013 and the Listing Regulations and as described in “ <i>Our Management</i> ” on page 168 |
| NCD | Non-convertible debentures |
| Non-Executive Director | A Director not being an Executive Director |
| PGPL | Piramal Glass Private Limited |
| PGSPA | Share purchase agreement dated October 16, 2018 entered into by and among our Company, IRF I, IRF II, PGPL, Pendurthi Brahmanandam |
| PNRPL | Piramal Natural Resources Private Limited |
| Promoter Selling Shareholder or CS LLP | Chemikas Speciality LLP |
| Promoters | Chemikas Speciality LLP, Ravi Pendurthi and Ranjit Pendurthi |
| Promoter Group | Entities and persons constituting the promoter group of our Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations, as disclosed in “ <i>Our Promoters and Promoter Group</i> ” on page 184 |
| Registered and Corporate Office or Registered Office | Registered and corporate office of our Company located at No. 2, North Crescent Road, T Nagar, Chennai 600 017, Tamil Nadu, India |
| Registrar of Companies or RoC | Registrar of Companies, Tamil Nadu at Chennai |
| Restated Financial Information | Restated financial information of our Company as at and for the period ended September 30, 2021 and as at and for the Fiscals ended March 31, 2021, March 31, 2020 and March 31, 2019, comprising (i) the restated standalone statement of assets and liabilities as at September 30, 2021 and March 31, 2021; and the restated consolidated statement of assets and liabilities as at March 31, 2020 and March 31, 2019, (ii) the restated standalone statement of profit and loss (including other comprehensive income) for the period ended September 30, 2021 and Fiscal ended March 31, 2021; and the restated consolidated statement of profit and loss (including other comprehensive income) for the Fiscals ended March 31, 2020 and March 31, 2019, (iii) the restated standalone cash flow statements and changes in equity for the period ended September 30, 2021 and Fiscal ended March 31, 2021 and the restated consolidated cash flow statements and changes in equity for the Fiscals ended March 31, 2020 and March 31, 2019 together with the notes thereto prepared in terms of the requirements of Section 26 of Part I of Chapter III of the Companies Act, the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the ICAI, as amended from time to time |
| Risk Management Committee | The risk management committee of our Board, constituted in accordance with the applicable provisions of the Listing Regulations and as described in “ <i>Our Management</i> ” on page 168 |

| Term | Description |
|--------------------------------------|---|
| Selling Shareholders | Together, the Promoter Selling Shareholder and the Investor Selling Shareholders |
| Shareholders | Holders of equity shares of our Company from time to time |
| SHA | Shareholders agreement dated October 16, 2018 entered into by and among our Company, IRF I, IRF II, PGPL, Sojitz Corporation, our Promoters and Pendurti Brahmanandam, as amended by way of amendment to shareholders agreement dated September 29, 2020 by and among our Company, IRF I, IRF II, PNRPL, Sojitz Corporation and our Promoters and amendment agreement dated February 13, 2022 read with deed of adherence dated August 26, 2020 entered into by and among PNRPL, our Company, IRF I, IRF II, Sojitz Corporation and our Promoters |
| Stakeholders' Relationship Committee | The stakeholders' relationship committee of our Board, constituted in accordance with the applicable provisions of the Companies Act, 2013 and the Listing Regulations and as described in " <i>Our Management</i> " on page 168 |
| Sojitz SSA | Share subscription agreement dated February 6, 2011 entered into by and among our Company, Sojitz Corporation, Pendurti Brahmanandam, Pendurti Pramila, Ranjit Pendurthi and Ravi Pendurthi |
| Subsidiary | The subsidiary of our Company, namely, Acume Chemicals Private Limited |

Offer Related Terms

| Term | Description |
|---|---|
| Acknowledgement Slip | The slip or document issued by a Designated Intermediary to a Bidder as proof of registration of the Bid cum Application Form |
| Allot or Allotment or Allotted | Unless the context otherwise requires, allotment of the Equity Shares pursuant to the Fresh Issue and transfer of Offered Shares pursuant to the Offer for Sale, to the successful Bidders |
| Allotment Advice | Note or advice or intimation of Allotment sent to the successful Bidders who have been or are to be Allotted the Equity Shares after approval of the Basis of Allotment by the Designated Stock Exchange |
| Allottee | A successful Bidder to whom the Equity Shares are Allotted |
| Anchor Investor | A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in the SEBI ICDR Regulations and the Red Herring Prospectus and who has Bid for an amount of at least ₹ 100 million |
| Anchor Investor Allocation Price | Price at which Equity Shares will be allocated to the Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which will be decided by our Company and the Selling Shareholders in consultation with the BRLMs during the Anchor Investor Bid/Offer Period |
| Anchor Investor Application Form | Application form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and the Prospectus |
| Anchor Investor Bid/Offer Period | One Working Day prior to the Bid/ Offer Opening Date, on which Bids by Anchor Investors shall be submitted prior to and after which the BRLMs will not accept any Bids from Anchor Investor and allocation to Anchor Investors shall be completed |
| Anchor Investor Offer Price | Final price at which the Equity Shares will be Allotted to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Offer Price but not higher than the Cap Price. The Anchor Investor Offer Price will be decided by our Company and the Selling Shareholders in consultation with the BRLMs |
| Anchor Investor Pay-in Date | Date mentioned in CAN on which the additional amount being the difference between the Offer Price and the Anchor Investor Offer Price will be payable by the Anchor Investors |
| Anchor Investor Portion | Up to 60% of the QIB Portion which may be allocated by our Company and the Selling Shareholders, in consultation with the BRLMs, to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price, in accordance with the SEBI ICDR Regulations |
| Application Supported by Blocked Amount or ASBA | Application, whether physical or electronic, used by ASBA Bidders to make a Bid and authorizing an SCSB to block the Bid Amount in the ASBA Account and will include applications made by RIBs using the UPI Mechanism where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by RIBs using the UPI Mechanism |
| ASBA Account | Bank account maintained with an SCSB by an ASBA Bidder, as specified in the ASBA Form submitted by ASBA Bidders for blocking the Bid Amount mentioned in the relevant ASBA Form and includes the account of an RIB which is blocked upon acceptance of a UPI Mandate Request made by the RIBs using the UPI Mechanism |
| ASBA Bid | A Bid made by an ASBA Bidder |

| Term | Description |
|--|---|
| ASBA Bidders | All Bidders except Anchor Investors |
| ASBA Form | Application form, whether physical or electronic, used by ASBA Bidders to submit Bids, which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus |
| Banker(s) to the Offer | Escrow Collection Bank(s), Public Offer Account Bank(s), Sponsor Bank(s) and Refund Bank(s), as the case may be |
| Basis of Allotment | Basis on which Equity Shares will be Allotted to successful Bidders under the Offer and which is described in “Offer Structure” on page 319 |
| Bid | Indication to make an offer during the Bid/ Offer Period by an ASBA Bidder pursuant to submission of the ASBA Form, or during the Anchor Investor Bid/Offer Period by an Anchor Investor, pursuant to submission of the Anchor Investor Application Form, to subscribe to or purchase the Equity Shares at a price within the Price Band, including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations and in terms of the Red Herring Prospectus and the Bid cum Application Form. The term “Bidding” shall be construed accordingly |
| Bid Amount | The highest value of optional Bids indicated in the Bid cum Application Form and, in the case of RIBs Bidding at the Cut off Price, the Cap Price multiplied by the number of Equity Shares Bid for by such RIB and mentioned in the Bid cum Application Form and payable by the Bidder or blocked in the ASBA Account of the Bidder, as the case may be, upon submission of the Bid |
| Bid cum Application Form | Anchor Investor Application Form or the ASBA Form, as the context requires |
| Bid Lot | [●] Equity Shares and in multiples of [●] Equity Shares thereafter |
| Bid/ Offer Closing Date | Except in relation to any Bids received from the Anchor Investors, the date after which the Designated Intermediaries will not accept any Bids, which shall be notified in [●] editions of [●], an English national daily newspaper, [●] editions of [●], a Hindi national daily newspaper and [●] editions of [●], a Tamil daily newspaper (Tamil being the regional language of Tamil Nadu, where our Registered Office is located), each with wide circulation. Our Company and the Selling Shareholders in consultation with the BRLMs, may consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations. In case of any revision, the extended Bid/ Offer Closing Date shall also be notified on the websites of the BRLMs and at the terminals of the Syndicate Members and communicated to the Designated Intermediaries and the Sponsor Bank(s), which shall also be notified in an advertisement in the same newspapers in which the Bid/Offer Opening Date was published, as required under the SEBI ICDR Regulations |
| Bid/ Offer Opening Date | Except in relation to any Bids received from the Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids, which shall be notified in [●] editions of [●], an English national daily newspaper, [●] editions of [●], a Hindi national daily newspaper and [●] editions of [●], a Tamil daily newspaper (Tamil being the regional language of Tamil Nadu, where our Registered Office is located), each with wide circulation |
| Bid/ Offer Period | Except in relation to Anchor Investors, the period between the Bid/ Offer Opening Date and the Bid/ Offer Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids, including any revisions thereof |
| Bidder/Applicant/Investor | Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied, includes an Anchor Investor |
| Bidding Centres | Centres at which the Designated Intermediaries shall accept the ASBA Forms, i.e., Designated Branches for SCSBs, Specified Locations for the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs |
| Book Building Process | Book building process, as provided in Schedule XIII of the SEBI ICDR Regulations, in terms of which the Offer is being made |
| Book Running Lead Managers or BRLMs | The book running lead managers to the Offer, namely, IIFL Securities Limited, ICICI Securities Limited and JM Financial Limited |
| Broker Centres | Centres notified by the Stock Exchanges where Bidders can submit the ASBA Forms to a Registered Broker. The details of such Broker Centres, along with the names and contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com) |
| CAN or Confirmation of Allocation Note | Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated the Equity Shares, after the Anchor Investor Bid/ Offer Period |
| Cap Price | Higher end of the Price Band, above which the Offer Price and the Anchor Investor Offer Price will not be finalised and above which no Bids will be accepted |
| Cash Escrow and Sponsor Bank Agreement | Agreement to be entered amongst our Company, the Selling Shareholders, the BRLMs, Syndicate Members, the Banker(s) to the Offer and Registrar to the Offer for, <i>inter alia</i> , |

| Term | Description |
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| | collection of the Bid Amounts from Anchor Investors, transfer of funds to the Public Offer Account and where applicable, refunds of the amounts collected from Bidders, on the terms and conditions thereof |
| Client ID | Client identification number maintained with one of the Depositories in relation to demat account |
| Collecting Depository Participant or CDP | A depository participant as defined under the Depositories Act, 1996 registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 and the UPI Circulars issued by SEBI as per the list available on the respective websites of the Stock Exchanges, as updated from time to time |
| Cut-off Price | Offer Price, finalised by our Company and the Selling Shareholders in consultation with the BRLMs, which shall be any price within the Price Band. Only RIBs Bidding in the Retail Portion are entitled to Bid at the Cut-off Price. QIBs (including the Anchor Investors) and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price |
| Demographic Details | Details of the Bidders including the Bidders' address, name of the Bidders' father/husband, investor status, occupation, bank account details and UPI ID, wherever applicable |
| Designated Branches | Such branches of the SCSBs which shall collect the ASBA Forms, a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes or at such other website as may be prescribed by SEBI from time to time |
| Designated CDP Locations | Such locations of the CDPs where Bidders can submit the ASBA Forms. The details of such Designated CDP Locations, along with names and contact details of the CDPs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com), as updated from time to time |
| Designated Date | The date on which the Escrow Collection Bank(s) transfer funds from the Escrow Account to the Public Offer Account or the Refund Account, as the case may be, and/or the instructions are issued to the SCSBs (in case of RIBs using the UPI Mechanism, instruction issued through the Sponsor Bank(s)) for the transfer of amounts blocked by the SCSBs in the ASBA Accounts to the Public Offer Account or the Refund Account, as the case may be, in terms of the Red Herring Prospectus and the Prospectus after finalization of the Basis of Allotment in consultation with the Designated Stock Exchange, following which Equity Shares will be Allotted in the Offer |
| Designated Intermediary(ies) | In relation to ASBA Forms submitted by RIBs by authorising an SCSB to block the Bid Amount in the ASBA Account, Designated Intermediaries shall mean SCSBs. In relation to ASBA Forms submitted by RIBs where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by such RIB using the UPI Mechanism, Designated Intermediaries shall mean Syndicate, sub-syndicate/agents, Registered Brokers, CDPs, SCSBs and RTAs. In relation to ASBA Forms submitted by QIBs and Non-Institutional Bidders, Designated Intermediaries shall mean Syndicate, Sub-Syndicate/ agents, SCSBs, Registered Brokers, CDPs and RTAs |
| Designated RTA Locations | Such locations of the RTAs where Bidders can submit the ASBA Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com) |
| Designated Stock Exchange | [●] |
| Draft Red Herring Prospectus or DRHP | This draft red herring prospectus dated February 18, 2022 issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Offer, including any addenda or corrigenda thereto |
| Eligible FPIs | FPIs that are eligible to participate in this Offer in terms of applicable laws, other than individuals, corporate bodies and family offices |
| Eligible NRI | Non-resident Indian eligible to invest under the relevant provisions of the FEMA Non-Debt Rules from jurisdictions outside India where it is not unlawful to make an Offer or invitation under the Offer and in relation to whom the ASBA Form and the Red Herring Prospectus will constitute an invitation to subscribe to or to purchase the Equity Shares |
| Escrow Account | Accounts to be opened with the Escrow Collection Bank(s) and in whose favour the Anchor Investors will transfer money through NACH/direct credit/NEFT/RTGS in respect of the Bid Amount when submitting a Bid |
| Escrow Collection Bank(s) | Bank(s) which are clearing members and registered with SEBI as banker(s) to an issue under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and with whom the Escrow Account will be opened, in this case being [●] |

| Term | Description |
|-------------------------------------|---|
| First or sole Bidder | Bidder whose name shall be mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names |
| Floor Price | Lower end of the Price Band, i.e., [●] subject to any revision(s) thereto, not being less than the face value of Equity Shares, at or above which the Offer Price and the Anchor Investor Offer Price will be finalised and below which no Bids will be accepted |
| Fresh Issue | Fresh issue of up to [●] Equity Shares aggregating up to ₹ 10,000.00 million by our Company |
| GID or General Information Document | The General Information Document for investing in public issues prepared and issued in accordance with the SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020 and the UPI Circulars, as amended from time to time. The General Information Document shall be available on the websites of the Stock Exchanges and the BRLMs |
| Gross Proceeds | The gross proceeds of the Fresh Issue that will be available to our Company |
| IIFL | IIFL Securities Limited |
| I-SEC | ICICI Securities Limited |
| JM Financial | JM Financial Limited |
| Monitoring Agency | [●] |
| Monitoring Agency Agreement | Agreement to be entered into between our Company and the Monitoring Agency |
| Mutual Fund Portion | 5% of the Net QIB Portion, or [●] Equity Shares which shall be available for allocation to Mutual Funds only, subject to valid Bids being received at or above the Offer Price |
| Net Proceeds | Proceeds of the Fresh Issue less our Company's share of the Offer related expenses |
| Net QIB Portion | The QIB Portion less the number of Equity Shares allocated to the Anchor Investors |
| Non-Institutional Bidders/ NIBs | All Bidders that are not QIBs or RIBs and who have Bid for Equity Shares for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRIs) |
| Non-Institutional Portion | The portion of the Offer being not more than 15% of the Offer consisting of [●] Equity Shares which shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Offer Price |
| Non-Resident | Person resident outside India, as defined under the FEMA |
| Non-Resident Indians or NRI(s) | A non-resident Indian as defined under the FEMA |
| Offer | The initial public offer of Equity Shares comprising the Fresh Issue and the Offer for Sale. Our Company in consultation with the BRLMs, may consider the Pre-IPO Placement aggregating up to ₹ 2,000.00 million, which shall not exceed 20% of the Fresh Issue portion. If the Pre-IPO Placement is completed, the Fresh Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Offer complying with Rule 19(2)(b) of the SCRR |
| Offer Agreement | Agreement dated February 18, 2022 entered amongst our Company, the Selling Shareholders and the BRLMs, pursuant to the SEBI ICDR Regulations, based on which certain arrangements have been agreed to in relation to the Offer |
| Offer for Sale | The offer for sale of up to 19,071,288 Equity Shares by the Selling Shareholders at the Offer Price aggregating up to ₹ [●] million |
| Offer Price | The final price at which Equity Shares will be Allotted to ASBA Bidders in terms of the Red Herring Prospectus and the Prospectus. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price which will be decided by our Company and the Selling Shareholders in consultation with the BRLMs in terms of the Red Herring Prospectus and the Prospectus. The Offer Price will be decided by our Company and the Selling Shareholders, in consultation with the BRLMs, on the Pricing Date in accordance with the Book Building Process and the Red Herring Prospectus |
| Offered Shares | Up to 19,071,288 Equity Shares aggregating up to ₹ [●] million being offered for sale by the Selling Shareholders in the Offer for Sale |
| Pre-IPO Placement | A further issue of Equity Shares, including by way of a rights issue to existing shareholders, a preferential offer or any other method as may be permitted under the applicable law to any person(s), aggregating up to ₹ 2,000.00 million, which may be undertaken by our Company prior to filing of the Red Herring Prospectus with the RoC and which shall not exceed 20% of Fresh Issue size |
| Price Band | Price band of a minimum price of ₹ [●] per Equity Share (Floor Price) and the maximum price of ₹ [●] per Equity Share (Cap Price) including any revisions thereof. The Price Band and the minimum Bid Lot size for the Offer will be decided by our Company and the Selling Shareholders in consultation with the BRLMs, and will be advertised, at least two Working Days prior to the Bid/ Offer Opening Date, in [●] editions of [●], an English national daily newspaper, [●] editions of [●], a Hindi national daily newspaper and [●] editions of [●], a Tamil daily newspaper (Tamil being the regional language of Tamil Nadu, |

| Term | Description |
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| | where our Registered Office is located), each with wide circulation and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites |
| Pricing Date | Date on which our Company and the Selling Shareholders, in consultation with the BRLMs will finalise the Offer Price |
| Prospectus | Prospectus to be filed with the RoC on or after the Pricing Date in accordance with Section 26 of the Companies Act, 2013, and the SEBI ICDR Regulations containing, <i>inter alia</i> , the Offer Price, the size of the Offer and certain other information, including any addenda or corrigenda thereto |
| Public Offer Account | Bank account to be opened with the Public Offer Account Bank, under Section 40(3) of the Companies Act, 2013 to receive monies from the Escrow Account and ASBA Accounts on the Designated Date |
| Public Offer Account Bank(s) | A bank which is a clearing member and registered with SEBI as a banker to an issue and with which the Public Offer Account will be opened, in this case being [●] |
| QIB Portion | The portion of the Offer (including the Anchor Investor Portion) being not less than 75% of the Offer comprising [●] Equity Shares which shall be allocated to QIBs (including Anchor Investors), on a proportionate basis (in which allocation to Anchor Investors shall be on a discretionary basis, as determined by our Company and the Selling Shareholders in consultation with the BRLMs), subject to valid Bids being received at or above the Offer Price |
| Qualified Institutional Buyers or QIBs or QIB Bidders | Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations |
| Red Herring Prospectus or RHP | Red herring prospectus to be issued in accordance with Section 32 of the Companies Act, 2013 and the provisions of the SEBI ICDR Regulations, which will not have complete particulars of the Offer Price and the size of the Offer, including any addenda or corrigenda thereto. The Red Herring Prospectus will be filed with the RoC at least three Working Days before the Bid/ Offer Opening Date and will become the Prospectus upon filing with the RoC after the Pricing Date |
| Refund Account | Account to be opened with the Refund Bank(s), from which refunds, if any, of the whole or part of the Bid Amount to the Bidders shall be made |
| Refund Bank(s) | Banker(s) to the Offer and with whom the Refund Account will be opened, in this case being [●] |
| Registered Brokers | Stock-brokers registered under SEBI (Stock Brokers) Regulations, 1992, as amended with the Stock Exchanges having nationwide terminals, other than the BRLMs and the Syndicate Members and eligible to procure Bids in terms of Circular No. CIR/ CFD/ 14/ 2012 dated October 4, 2012 issued by SEBI |
| Registrar Agreement | Agreement dated February 8, 2022 entered amongst our Company, the Selling Shareholders and the Registrar to the Offer |
| Registrar and Share Transfer Agents or RTAs | Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations as per the list available on the websites of BSE and NSE, and the UPI Circulars |
| Registrar to the Offer or Registrar | Link Intime India Private Limited |
| Resident Indian | A person resident in India, as defined under FEMA |
| Retail Individual Bidder(s) or RIB(s) or RII(s) or Retail Individual Investor(s) | Individual Bidders, who have Bid for the Equity Shares for an amount not more than ₹ 200,000 in any of the bidding options in the Offer (including HUFs applying through their Karta and Eligible NRIs) |
| Retail Portion | Portion of the Offer being not more than 10% of the Offer consisting of [●] Equity Shares which shall be available for allocation to RIBs (subject to valid Bids being received at or above the Offer Price), which shall not be less than the minimum Bid Lot subject to availability in the Retail Portion |
| Revision Form | Form used by the Bidders to modify the quantity of the Equity Shares or the Bid Amount in any of their ASBA Form(s) or any previous Revision Form(s), as applicable. QIB Bidders and Non-Institutional Bidders are not allowed to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. RIBs can revise their Bids during the Bid/ Offer Period and withdraw their Bids until Bid/Offer Closing Date |
| Self-Certified Syndicate Bank(s) or SCSB(s) | The banks registered with SEBI, which offer the facility of ASBA services, (i) in relation to ASBA, where the Bid Amount will be blocked by authorising an SCSB, a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 and updated from time to time and at such other websites as may be prescribed by SEBI from time to time, (ii) in relation to RIBs using the UPI Mechanism, a list of which is available on the website of SEBI at |

| Term | Description |
|---|--|
| | <p>https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmlId=40 or such other website as may be prescribed by SEBI and updated from time to time.</p> <p>Applications through UPI in the Offer can be made only through the SCSBs mobile applications (apps) whose name appears on the SEBI website. A list of SCSBs and mobile application, which are live for applying in public issues using UPI Mechanism, is provided as Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019. The said list shall be updated on SEBI's website</p> |
| Share Escrow Agent | Share escrow agent to be appointed pursuant to the Share Escrow Agreement, namely, [●] |
| Share Escrow Agreement | Agreement to be entered amongst our Company, the Selling Shareholders and the Share Escrow Agent in connection with the transfer of the Offered Shares by the Selling Shareholders and credit of such Equity Shares to the demat account of the Allottees |
| Specified Locations | Bidding Centres where the Syndicate shall accept ASBA Forms from Bidders |
| Sponsor Bank(s) | [●] and [●], being Banker(s) to the Offer, appointed by our Company to act as a conduit between the Stock Exchanges and NPCI in order to push the mandate collect requests and / or payment instructions of the RIBs using the UPI and carry out other responsibilities, in terms of the UPI Circulars |
| Syndicate or members of the Syndicate | Together, the BRLMs and the Syndicate Members |
| Syndicate Agreement | Agreement to be entered amongst our Company, the Selling Shareholders, the BRLMs, the Registrar and the Syndicate Members, in relation to collection of Bids by the Syndicate |
| Syndicate Members | Intermediaries (other than BRLMs) registered with SEBI who are permitted to carry out activities as an underwriter, namely, [●] |
| Systemically Important Non-Banking Financial Company or NBFC-SI | Systemically important non-banking financial company as defined under Regulation 2(1)(iii) of the SEBI ICDR Regulations |
| Underwriters | [●] |
| Underwriting Agreement | Agreement to be entered amongst our Company, the Selling Shareholders and the Underwriters on or after the Pricing Date but prior to filing of the Prospectus with the RoC |
| UPI | Unified payments interface which is an instant payment mechanism, developed by NPCI |
| UPI Circulars | The SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, SEBI circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and any subsequent circulars or notifications issued by SEBI in this regard |
| UPI ID | ID created on the UPI for single-window mobile payment system developed by the NPCI |
| UPI Mandate Request | <p>A request (intimating the RIB by way of a notification on the UPI linked mobile application as disclosed by SCSBs on the website of SEBI and by way of an SMS on directing the RIB to such UPI linked mobile application) to the RIB initiated by the Sponsor Bank(s) to authorise blocking of funds on the UPI application equivalent to Bid Amount and subsequent debit of funds in case of Allotment</p> <p>In accordance with the SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019 and SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, RIBs Bidding using the UPI Mechanism may apply through the SCSBs and mobile applications whose names appears on the website of the SEBI (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmlId=40) and (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmlId=43) respectively, as updated from time to time</p> |
| UPI Mechanism | The bidding mechanism that may be used by an RIB to make a Bid in the Offer in accordance with the UPI Circulars |
| UPI ID | ID created on the UPI for single window clearance mobile payment system developed by the NPCI |
| UPI PIN | Password to authenticate UPI transaction |
| Working Day | All days on which commercial banks in Mumbai are open for business. In respect of announcement of Price Band and Bid/Offer Period, Working Day shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business. In respect of the time period between the Bid/ Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, Working Day shall mean all trading |

| Term | Description |
|------|--|
| | days of the Stock Exchanges, excluding Sundays and bank holidays, as per circulars issued by SEBI, including UPI Circulars |

Technical/Industry Related Terms/Abbreviations

| Term | Description |
|---------|--|
| BVQI | Bureau Veritas Quality International |
| CSR | Corporate social responsibility |
| ERP | Enterprise resource planning |
| ESG | Environmental, social and governance |
| IT | Information technology |
| KCl | Potassium chloride |
| KTMS | Kainite type mixed salt |
| Moody's | Moody's Investors Service |
| NaCl | Sodium chloride |
| PTA | Pure terephthalic acid |
| REACH | Registration, evaluation, authorisation and restriction of chemicals |

Conventional and General Terms or Abbreviations

| Term | Description |
|----------------------------|--|
| ₹/Rs./Rupees/INR | Indian Rupees |
| AIFs | Alternative Investments Funds |
| BSE | BSE Limited |
| CAGR | Compound Annual Growth Rate |
| Category I AIF | AIFs who are registered as "Category I Alternative Investment Funds" under the SEBI AIF Regulations |
| Category I FPIs | FPIs who are registered as "Category I Foreign Portfolio Investors" under the SEBI FPI Regulations |
| Category II AIF | AIFs who are registered as "Category II Alternative Investment Funds" under the SEBI AIF Regulations |
| Category II FPIs | FPIs who are registered as "Category II Foreign Portfolio Investors" under the SEBI FPI Regulations |
| Category III AIF | AIFs who are registered as "Category III Alternative Investment Funds" under the SEBI AIF Regulations |
| CDSL | Central Depository Services (India) Limited |
| CIN | Corporate Identity Number |
| Companies Act | Companies Act, 1956 and Companies Act, 2013, as applicable |
| Companies Act, 1956 | Companies Act, 1956 along with the relevant rules made thereunder |
| Companies Act, 2013 | Companies Act, 2013, to the extent in force pursuant to the notification of the Notified Sections, along with the relevant rules, regulations, clarifications, circulars and notifications issued thereunder |
| Competition Act | Competition Act, 2002 |
| Demat | Dematerialised |
| Depositories | Together, NSDL and CDSL |
| Depositories Act | Depositories Act, 1996 |
| DIN | Director Identification Number |
| DPIIT | Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (<i>earlier known as the Department of Industrial Policy and Promotion</i>) |
| DP ID | Depository Participant Identification |
| DP/ Depository Participant | Depository participant as defined under the Depositories Act |
| EGM | Extraordinary General Meeting |
| EPS | Earnings Per Share |
| FDI | Foreign direct investment |
| FDI Policy | Consolidated Foreign Direct Investment Policy notified by the DPIIT by way of circular bearing number DPIIT file number 5(2)/2020-FDI Policy dated October 15, 2020 effective from October 15, 2020 |
| FEMA | Foreign Exchange Management Act, 1999, read with rules and regulations thereunder |
| FEMA Non-debt Rules | Foreign Exchange Management (Non-debt Instruments) Rules, 2019 |
| Financial Year/ Fiscal/ FY | Unless stated otherwise, the period of 12 months ending March 31 of that particular year |
| FPI(s) | Foreign portfolio investors as defined under the SEBI FPI Regulations |
| Fraudulent Borrower | Fraudulent borrower as defined under Regulation 2(1)(III) of the SEBI ICDR Regulations |

| Term | Description |
|---|---|
| FVCI(s) | Foreign venture capital investors as defined and registered under the SEBI FVCI Regulations |
| GAAR | General Anti Avoidance Rules |
| Gazette | Gazette of India |
| GoI or Government or Central Government | Government of India |
| GST | Goods and Services Tax |
| HUF | Hindu Undivided Family |
| ICAI | The Institute of Chartered Accountants of India |
| IFRS | International Financial Reporting Standards |
| Ind AS/ Indian Accounting Standards | Indian Accounting Standards notified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Companies Act, 2013 |
| India | Republic of India |
| Indian GAAP | The generally accepted accounting principles, standards and practices as applicable in India. |
| IST | Indian Standard Time |
| IT | Information Technology |
| IT Act | The Income Tax Act, 1961 |
| Listing Regulations | Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 |
| Mn or mn | Million |
| Mutual Fund(s) | Mutual Fund(s) means mutual funds registered under the SEBI (Mutual Funds) Regulations, 1996 |
| N/A or NA or N.A. | Not applicable |
| NACH | National Automated Clearing House |
| NEFT | National Electronic Funds Transfer |
| NPCI | National Payments Corporation of India |
| NSDL | National Securities Depository Limited |
| 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. OCBs are not allowed to invest in the Offer |
| p.a. | Per annum |
| P/E | Price/earnings |
| P/E Ratio | Price/earnings ratio |
| PAN | Permanent account number |
| PAT | Profit for the year as per Restated Financial Information |
| R&D | Research and development |
| RBI | The Reserve Bank of India |
| RBI Act | The Reserve Bank of India Act, 1934. |
| Regulation S | Regulation S under the U.S. Securities Act |
| RTGS | Real Time Gross Settlement |
| Rule 144A | Rule 144A under the U.S. Securities Act |
| SCRA | Securities Contracts (Regulation) Act, 1956 |
| SCRR | Securities Contracts (Regulation) Rules, 1957 |
| SEBI | Securities and Exchange Board of India constituted under the SEBI Act |
| SEBI Act | Securities and Exchange Board of India Act, 1992 |
| SEBI AIF Regulations | Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012 |
| SEBI FPI Regulations | Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 |
| SEBI ICDR Regulations | Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 |
| SEBI Merchant Bankers Regulations | Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992 |
| SEBI VCF Regulations | Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 as repealed pursuant to the SEBI AIF Regulations |
| State Government | The Government of a State in India |
| Stock Exchanges | Together, BSE and NSE |
| Takeover Regulations | Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 |
| United States | The United States of America, its territories and possessions, and State of the United States and the District of Columbia |
| U.S. GAAP | Generally Accepted Accounting Principles in the United State of America |

| Term | Description |
|---------------------|---|
| USD/US\$ | United States Dollars |
| U.S. Securities Act | U.S. Securities Act of 1933, as amended |
| VCFs | Venture Capital Funds as defined in and registered with SEBI under the SEBI VCF Regulations |
| Wilful Defaulter | An entity or person categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in terms of regulation 2(1)(III) of the SEBI ICDR Regulations |

OFFER DOCUMENT SUMMARY

The following is a general summary of the terms of the Offer and is neither exhaustive, nor does it purport to contain a summary of all the disclosures in this Draft Red Herring Prospectus or all details relevant to prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Draft Red Herring Prospectus, including “Risk Factors”, “The Offer”, “Capital Structure”, “Objects of the Offer”, “Industry Overview”, “Our Business”, “Financial Information”, “Outstanding Litigation and Material Developments”, “Offer Procedure” and “Description of Equity Shares and Terms of Articles of Association” on pages 23, 54, 72, 83, 96, 137, 193, 289, 322 and 342, respectively.

Summary of the primary business of our Company

We are a leading specialty marine chemical manufacturer in India and focused on producing and exporting bromine, industrial salt, and sulphate of potash to customers around the world. (Source: *Company Commissioned F&S Report, January 2022*). We produce our products from our brine reserves in the Rann of Kutch, located on the coast of Gujarat, and we manufacture our products at our facility near Hajipir in Gujarat. As of September 30, 2021, we marketed our products to 13 global customers in 13 countries and to 29 domestic customers

Summary of the Industry

According to Frost & Sullivan, the bromine global market size was US\$3.13 billion in CY2021, and the market is expected to grow at a CAGR of 5.8% between CY2020 and CY2025. Frost & Sullivan reports that global demand for industrial salt is expected to grow at a CAGR of 2.8% between CY2020 and CY2025. Frost & Sullivan provides that global demand for sulphate of potash is expected to grow at a CAGR of 6.0% between CY2020 and CY2025. (Source: *Company Commissioned F&S Report, January 2022*).

Name of Promoters

Our Promoters are Chemikas Speciality LLP, Ravi Pendurthi and Ranjit Pendurthi. For further details, see “Our Promoters and Promoter Group” on page 184.

Offer size

The following table summarizes the details of the Offer size:

| | |
|------------------------------------|--|
| Offer* | Up to [●] Equity Shares aggregating up to ₹ [●] million |
| of which: | |
| (i) Fresh Issue ⁽¹⁾ | Up to [●] Equity Shares aggregating up to ₹ 10,000.00 million |
| (ii) Offer for Sale ⁽²⁾ | Up to 19,071,288 Equity Shares aggregating up to ₹ [●] million |

⁽¹⁾ The Fresh Issue has been authorized by a resolution of our Board dated October 12, 2021 and by a special resolution of our Shareholders dated November 15, 2021. Further, our Board has taken on record the approval for the Offer for Sale by the Selling Shareholders pursuant to its resolution dated February 18, 2022.

⁽²⁾ Each of the Selling Shareholders, severally and not jointly, confirms that the Offered Shares have been held by them and are eligible for being offered for sale in the Offer as required under Regulation 8 of the SEBI ICDR Regulations. For details on the authorisation of each of the Selling Shareholders in relation to the Offered Shares, see “The Offer” and “Other Regulatory and Statutory Disclosures” on pages 54 and 295, respectively.

* A Pre-IPO Placement may be undertaken by our Company, in consultation with the BRLMs, for an aggregate amount not exceeding ₹ 2,000.00 million, which shall not exceed 20% of the Fresh Issue portion. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company in consultation with the BRLMs, and will be completed prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the Fresh Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Offer complying with Rule 19(2)(b) of the SCRR.

The Offer shall constitute [●]% of the post-Offer paid up Equity Share capital of our Company. For further details, see “The Offer” and “Offer Structure” on pages 54 and 319, respectively.

Objects of the Offer

The objects for which the Net Proceeds shall be utilised are as follows:

| Particulars | Estimated amount (in ₹ million) ⁽¹⁾ |
|--|---|
| Redemption or earlier redemption, in part or full, of NCDs issued by our Company | 8,000.00 |
| General corporate purposes ⁽¹⁾ | ● |
| Net Proceeds | ● |

⁽¹⁾ To be finalized upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC. The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds. Our Company, in consultation with the BRLMs, may consider a Pre-IPO Placement. If the Pre-IPO Placement is completed, the Fresh Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Offer complying with Rule 19(2)(b) of the SCRR. Upon allotment of Equity Shares issued pursuant to the Pre-IPO Placement and after compliance with requirements prescribed under the Companies Act, our Company shall utilise the proceeds from such Pre-IPO Placement towards one of the objects stated above.

For further details, see “Objects of the Offer” on page 83.

Aggregate pre-Offer shareholding of our Promoters and Promoter Group (other than our Promoters) and the Selling Shareholders

The members of the Promoter Group do not hold any Equity Share in our Company. The aggregate pre-Offer shareholding of our Promoters (including Promoter Selling Shareholder) and the Investor Selling Shareholders as a percentage of the pre-Offer paid-up Equity Share capital of our Company is set out below:

| Name | No. of Equity Shares | Percentage of the pre- Offer paid-up Equity Share capital (%) | No. of Equity Shares (including upon conversion of CCDs) [#] | Percentage of the pre- Offer paid-up Equity Share capital (including upon conversion of CCDs) (%) |
|---|----------------------|---|---|---|
| Promoters (including Promoter Selling Shareholder) | | | | |
| CS LLP | 39,458,790 | 40.96% | 39,458,790 | 38.21% |
| Ranjit Pendurthi | 26,657,197 | 27.67% | 26,657,197 | 25.81% |
| Ravi Pendurthi | 1,608,768 | 1.67% | 1,608,768 | 1.56% |
| Total | 67,724,755 | 70.30% | 67,724,755 | 65.58% |
| Investor Selling Shareholders | | | | |
| IRF II | 11,742,530 | 12.19% | 15,132,347 | 14.65% |
| IRF I | 7,183,060 | 7.46% | 8,958,509 | 8.67% |
| PNRPL | 7,183,060 | 7.46% | 8,958,509 | 8.67% |
| Total | 26,108,650 | 27.10% | 33,049,365 | 32.00% |

[#] 171,899; 328,202 and 171,899 CCDs are held by IRF I, IRF II and PNRPL, respectively, which shall be converted into 1,775,449; 3,389,817 and 1,775,449 Equity Shares, respectively, prior to filing of the Red Herring Prospectus with the RoC in accordance with Regulation 5(2) of the SEBI ICDR Regulations.

Summary of Selected Financial Information

A summary of select restated financial information as per the Restated Financial Information is provided below:

(₹ in million, except per share data)

| Particulars | As at/ for the period or year ended | | | |
|--|-------------------------------------|----------------|----------------|----------------|
| | September 30, 2021 | March 31, 2021 | March 31, 2020 | March 31, 2019 |
| Equity share capital | 192.67 | 192.67 | 192.67 | 192.67 |
| Net worth ⁽¹⁾ | 1,302.47 | 723.67 | 59.70 | 423.70 |
| Revenue from operations | 4,505.10 | 7,407.64 | 6,081.70 | 5,655.06 |
| Profit/ (loss) for the year | 580.59 | 666.06 | (362.35) | 399.72 |
| Earnings per share (basic) (in ₹) ⁽²⁾ | 5.62* | 6.45 | (3.51) | 5.44 |
| Earnings per share (diluted) (in ₹) ⁽²⁾ | 5.62* | 6.45 | (3.51) | 5.44 |
| Net asset value per Equity Share (in ₹) ⁽³⁾ | 12.61 | 7.01 | 0.58 | 5.76 |
| Total Borrowings ⁽⁴⁾ | 9,844.44 | 9,788.23 | 9,292.60 | 7,720.21 |

* Not annualized

⁽¹⁾ Net worth = Equity + other reserves.

⁽²⁾ EPS = Profit after tax / weighted average number of equity shares.

⁽³⁾ NAV per Equity Share = (Equity + other reserves) / number of equity shares.

⁽⁴⁾ Total borrowings = Long term borrowings + short term borrowings + liability portion of CCD + Interest accrued but not due.

For details, see “Financial Information” on page 193.

Auditor’s qualifications which have not been given effect to in the Restated Financial Information

There are no auditor qualifications which have not been given effect to in the Restated Financial Information.

Summary of Outstanding Litigations

A summary of outstanding litigation proceedings involving our Company, our Promoters, our Subsidiary and our Directors as of the date of this Draft Red Herring Prospectus is provided below:

(in ₹ million, unless otherwise specified)

| Particulars | Criminal Proceeding | Tax Proceeding | Statutory or Regulatory Proceeding | Disciplinary actions by SEBI or Stock Exchanges against our Promoters | Material Civil Litigation* | Aggregate amount involved** |
|---|---------------------|--------------------------|------------------------------------|---|----------------------------|-----------------------------|
| Company | | | | | | |
| By our Company | - | - | - | N.A. | - | - |
| Against our Company | - | 8 ⁽¹⁾ (2) (3) | - | N.A. | 1 | 170.12 ⁽¹⁾ |
| Directors (Other than Promoters) | | | | | | |
| By our Directors | - | - | - | N.A. | - | - |
| Against our Directors | - | - | - | N.A. | - | - |
| Promoters | | | | | | |
| By our Promoters | - | - | - | N.A. | - | - |
| Against our Promoters | 1 | - | - | - | - | - |
| Subsidiaries | | | | | | |
| By our Subsidiary | - | - | - | N.A. | - | - |
| Against our Subsidiary | - | - | - | N.A. | - | - |

* This comprises the pending proceedings which may have a material impact on our Company, in accordance with the Materiality Policy.

** To the extent quantifiable.

(1) Includes amount paid to income tax department (Out of four cases, two cases pertaining to assessment year 2017-18 and 2018-19 were not considered in the contingent liability in the above table as the company is having carry forward losses).

(2) In addition to these matters, our Company has also received two notices from offices of TDS circle involving aggregate tax interest and penalty amount of ₹ 13.44 million.

(3) In addition to these matters, our Company has also received one notice from Office of Development Commissioner Kandla Special Economic Zone, Gandhidham involving tax interest and penalty amount of ₹ 33.92 million.

As on date of this Draft Red Herring Prospectus, there are no outstanding litigations involving the Group Companies, which may have a material impact on our Company.

For further details of the outstanding litigation proceedings, see “*Outstanding Litigation and Material Developments*” on page 289.

Risk Factors

For details of the risks applicable to us, see “*Risk Factors*” on page 23.

Summary of Contingent Liabilities of our Company

A summary table of our contingent liabilities and capital commitments (to the extent provided for) as of September 30, 2021 as disclosed in the Restated Financial Information is set forth below:

| Particulars | As at September 30, 2021 (in ₹ million) |
|---|--|
| Contingent liabilities | |
| a. Disputed Service tax, Sales tax, Income tax and Wealth tax dues under appeal | 166.25 |
| b. Capital Commitments | 51.31 |
| Total | 217.56 |

For details, see “*Financial Information*” on page 193.

Summary of Related Party Transactions

A summary of related party transactions entered into by our Company with related parties and as reported in the Restated Financial Information is set forth below.

| Particulars | Transaction Value (₹ in million) | | | |
|--|-------------------------------------|---------------------------|---------------------------|---------------------------|
| | Six months ended September 30, 2021 | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2019 |
| Jakhau Salt Company Private Limited | | | | |
| - Reimbursement of Jetty Expenses | 3.01 | 20.26 | 41.69 | 45.91 |
| - Purchase of Salt | - | - | 68.31 | 80.02 |
| - Rent Receivable | - | - | - | 0.71 |
| - Reimbursement of Expenses | 1.43 | 4.82 | 3.54 | - |
| Chemikas Speciality LLP | | | | |
| - Share Capital Issued | - | - | - | 188.40 |
| - Loan waived | - | - | - | 44.60 |
| - Others | 0.13 | - | - | - |
| Bharath Salt Refineries Limited | | | | |
| - Reimbursement of Expenses | 0.86 | 1.14 | (10.13) | 2.35 |
| - Salt Purchase | - | - | 42.86 | 14.19 |
| - Rent Receivable | - | - | - | 0.71 |
| - Transportation charges receivable | - | 3.47 | - | - |
| Archean Salt Holdings Private Limited | | | | |
| - Sale of SOP | - | - | - | 5.31 |
| - Rent Receivable | - | - | - | 0.04 |
| Ranjit Pendurthi | | | | |
| - Share Capital Issued | - | - | - | 260.20 |
| - Office Rent (GDM) | 2.25 | 4.40 | 4.43 | 4.25 |
| Goodearth Maritime Limited | | | | |
| - Sale of Bromine | - | - | - | 5.00 |
| - Provision for doubtful receivables | - | - | 5.00 | - |
| - Payment towards jetty services | 3.45 | 279.48 | 55.61 | 21.17 |
| - Advances given for jetty charges | 9.81 | 100.35 | - | - |
| - Security deposit for jetty charge | - | 118.00 | - | - |
| Archean Industries Private Limited | | | | |
| - Reimbursement of Expenses | - | 2.29 | 3.03 | - |
| Cloudgen Digital Private Limited | | | | |
| - Consultancy Services availed | - | 0.60 | 0.60 | - |
| Sea Salt Holdings Pte Limited | | | | |
| - Sale of salt | - | - | 121.80 | 58.07 |
| Bahuviddha Holdings Private Limited | | | | |
| - Advances | - | - | - | 0.16 |
| Archean foundation | | | | |
| - Towards CSR expenses | 6.44 | 5.51 | 6.67 | 8.68 |

The following are the details of the transactions eliminated in the Restated Financial Information during the Fiscals 2020 and 2019:

(i). Archean Chemical Industries Limited

(₹ in million)

| Name of the related party | Nature of Transaction | Year ended March 31, 2020 | Year ended March 31, 2019 |
|----------------------------------|-------------------------------|---------------------------|---------------------------|
| Marine Chemicals Trading Pte Ltd | Advance receivable | - | 0.58 |
| Marine Chemicals Trading Pte Ltd | Advance receivable waived off | 0.58 | - |

(ii). Marine Chemicals Trading Pte Ltd

(₹ in million)

| Name of the related party | Nature of Transaction | Year ended March 31, 2020 | Year ended March 31, 2019 |
|-------------------------------------|----------------------------|---------------------------|---------------------------|
| Archean Chemical Industries Limited | Advance payable | - | 0.58 |
| Archean Chemical Industries Limited | Advance payable waived off | 0.58 | - |

For details of the related party transactions, see “*Related Party Transactions*” on page 240.

Financing Arrangements

There have been no financing arrangements whereby our Promoters, members of our Promoter Group, our Directors and their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of the business of the financing entity during a period of six months immediately preceding the date of this Draft Red Herring Prospectus.

Weighted average price at which the specified securities were acquired by our Promoters and Selling Shareholders in the last one year

The weighted average price at which the Equity Shares were acquired by our Promoters (including the Promoter Selling Shareholder) and the Investor Selling Shareholders in one year preceding the date of this Draft Red Herring Prospectus is provided below:

| Name | Category | Number of Equity Shares Acquired | Weighted average price per Equity Share (in ₹)* |
|---------------------|------------------------------|----------------------------------|---|
| Ranjit Pendurthi | Promoter | 12,524,212 | Nil** |
| Ravi Pendurthi | Promoter | - | - |
| CS LLP | Promoter Selling Shareholder | - | - |
| IRF I [#] | Investor Selling Shareholder | - | - |
| IRF II [#] | Investor Selling Shareholder | - | - |
| PNRPL [#] | Investor Selling Shareholder | - | - |

* As certified by PKF Sridhar & Santhanam LLP, Chartered Accountants vide their certificate dated February 17, 2022.

** The Equity shares were transferred by way of gift.

[#] 171,899; 328,202 and 171,899 CCDs are held by IRF I, IRF II and PNRPL, respectively, which shall be converted into 1,775,449; 3,389,817 and 1,775,449 Equity Shares, respectively, prior to filing of the Red Herring Prospectus with the RoC in accordance with Regulation 5(2) of the SEBI ICDR Regulations.

Average cost of acquisition of shares of our Promoters and the Selling Shareholders

The average cost of acquisition of Equity Shares held by our Promoters (including Promoter Selling Shareholder) and Investor Selling Shareholder is as follows:

| Name | Number of Equity Shares | Percentage of pre-Offer shareholding (%) | Average cost of acquisition per Equity Share (on basic equity share basis) (in ₹)* |
|---|-------------------------|--|--|
| Promoters (including Promoter Selling Shareholder) | | | |
| CS LLP | 39,458,790 | 40.96% | 9.68 |
| Ranjit Pendurthi | 26,657,197 | 27.67% | 11.96 |
| Ravi Pendurthi | 1,608,768 | 1.67% | 36.57 |
| Investor Selling Shareholders | | | |
| IRF II [#] | 11,742,530 | 12.19% | 12.41 [#] |
| IRF I [#] | 7,183,060 | 7.46% | 12.32 [#] |
| PNRPL [#] | 7,183,060 | 7.46% | 12.40 [#] |

* As certified by PKF Sridhar & Santhanam LLP, Chartered Accountants by their certificate dated February 17, 2022.

[#] 171,899; 328,202 and 171,899 CCDs are held by IRF I, IRF II and PNRPL, respectively, which shall be converted into 1,775,449; 3,389,817 and 1,775,449 Equity Shares, respectively, prior to filing of the Red Herring Prospectus with the RoC in accordance with Regulation 5(2) of the SEBI ICDR Regulations.

[#] Average cost of acquisition held by the IRF I, IRF II and PNRPL after considering the diluted equity shares of 1,775,449; 3,389,817 and 1,775,449, respectively, will be 9.88, 9.63 and 9.94.

Weighted average cost of acquisition for all Equity Shares transacted in one year and three years preceding the date of this Draft Red Herring Prospectus

The weighted average cost of acquisition for all Equity Shares acquired in one year and three years preceding the date of this Draft Red Herring Prospectus is set forth below:

| Period | Weighted average cost of acquisition (in ₹)* | Cap price is 'X' times the weighted average cost of acquisition [#] | Range of acquisition price: Lowest price – Highest price (in ₹) [#] |
|------------------|--|--|--|
| Last one year | Nil ⁽¹⁾ | [•] | [•] – [•] |
| Last three years | 7.59 | [•] | [•] – [•] |

[#] To be included on finalisation of Price Band.

* As certified by PKF Sridhar & Santhanam LLP, Chartered Accountants, by way of their certificate dated February 17, 2022.

⁽¹⁾ The equity shares were transferred by way of gift.

Details of Pre-IPO Placement

Our Company, in consultation with the BRLMs, may consider a further issue of equity shares, including by way of a rights issue to existing Shareholders, a preferential offer or any other method as may be permitted under the applicable law to any person(s), aggregating up to ₹ 2,000.00 million, at its discretion, prior to filing of the Red Herring Prospectus with the RoC which shall not exceed 20% of the Fresh Issue portion. If the Pre-IPO Placement is completed, the Fresh Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Offer complying with Rule 19(2)(b) of the SCRR.

Any issuance of Equity Shares in the last one year for consideration other than cash

Our Company has not issued any Equity Shares for consideration other than cash in the one year preceding the date of this Draft Red Herring Prospectus.

Any split/consolidation of Equity Shares in the last one year

Other than the sub-division of face value of the equity shares of our Company from ₹10 to ₹ 2 pursuant to the approval of our Shareholders by way of their resolution dated November 15, 2021 (consequent to which 19,266,681 equity shares of ₹ 10 each were sub-divided as 96,333,405 Equity Shares of ₹ 2 each), our Company has not undertaken any split or consolidation of Equity Shares in one year preceding the date of this Draft Red Herring Prospectus.

Exemption from complying with any provisions of securities laws, if any, granted by SEBI

As on the date of this Draft Red Herring Prospectus, our Company has not been granted by SEBI any exemption from complying with any provisions of securities laws.

CERTAIN CONVENTIONS, PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATION

Certain Conventions

All references in this Draft Red Herring Prospectus to “India” are to the Republic of India and all references to the “US”, “U.S.” “USA” or “United States” are to the United States of America and its territories and possessions.

Unless stated otherwise, all references to page numbers in this Draft Red Herring Prospectus are to the page numbers of this Draft Red Herring Prospectus.

Time

All references to time in this Draft Red Herring Prospectus are to Indian Standard Time.

Financial Data

Unless stated otherwise, the financial information and financial ratios in this Draft Red Herring Prospectus have been derived from our Restated Financial Information. For further information, see “*Financial Information*” on page 193.

In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All figures in decimals have been rounded off to the second decimal and all percentage figures have been rounded off to two decimal places.

Further, any figures sourced from third-party industry sources may be rounded off to other than two decimal points to conform to their respective sources.

Our Company’s financial year commences on April 1 and ends on March 31 of the next year. Unless stated otherwise, all references in this Draft Red Herring Prospectus to the terms Fiscal or Fiscal Year or Financial Year are to the 12 months ended March 31 of such year. Unless stated otherwise, or the context requires otherwise, all references to a “year” in this Draft Red Herring Prospectus are to a calendar year.

Unless the context otherwise indicates, any percentage amounts, as set forth in “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 23, 137 and 241, respectively, and elsewhere in this Draft Red Herring Prospectus have been calculated on the basis of amounts derived from our Restated Financial Information.

The degree to which the financial information included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting policies and practices, Ind AS, the Companies Act and SEBI ICDR Regulations. Any reliance by persons not familiar with the aforementioned policies and laws on the financial disclosures presented in this Draft Red Herring Prospectus should be limited. There are significant differences between Ind AS, Indian GAAP, U.S. GAAP and IFRS. Our Company does not provide a reconciliation of its financial information with Indian GAAP, IFRS or U.S. GAAP requirements. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Draft Red Herring Prospectus and it is urged that you consult your own advisors regarding such differences and their impact on our financial data. For further details in connection with risks involving differences between Ind AS and other accounting principles, see “*Risk Factors – Significant differences exist between Ind-AS and other accounting principles, such as U.S. GAAP and IFRS, which may be material to the financial statements prepared and presented in accordance with Ind-AS contained in this Draft Red Herring Prospectus*” on page 47.

Certain non-GAAP financial measures relating to our financial performance such as Net Worth, return on Net Worth (RoNW), return on equity ratio, return on investment, net asset value per equity share, EBITDA, EBITDA Margin, operating profit, Adjusted EBITDA, Adjusted EBITDA Margin, debt service coverage ratio, total borrowings have been included in this Draft Red Herring Prospectus and are a supplemental measure of our performance and liquidity that are not required by, or presented in accordance with, Ind AS, IFRS or US GAAP. Further, these Non-GAAP measures are not a measurement of our financial performance or liquidity under Ind AS, IFRS or US GAAP and should not be considered in isolation or construed as an alternative to cash flows, profit for the period / year or any other measure of financial performance or as an indicator of our operating

performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, IFRS or US GAAP. In addition, these non-GAAP measures are not a standardised term, hence a direct comparison of similarly titled non-GAAP measures between companies may not be possible. Other companies may calculate the non-GAAP measures differently from us, limiting its usefulness as a comparative measure. Although the non-GAAP measures are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that it is useful to an investor in evaluating us because it is a widely used measure to evaluate a company's operating performance.

Currency and Units of Presentation

All references to:

- "Rupees" or "₹" or "INR" or "Rs." Are to Indian Rupee, the official currency of the Republic of India;
- "USD" or "US\$" or "\$" or "U.S. Dollar" are to United States Dollar, the official currency of the United States of America.

Our Company has presented certain numerical information in this Draft Red Herring Prospectus in "million" units or in whole numbers where the numbers have been too small to represent in such units. One million represents 1,000,000, one billion represents 1,000,000,000 and one trillion represents 1,000,000,000,000. One lakh represents 100,000 and one crore represents 10,000,000.

Figures sourced from third-party industry sources may be expressed in denominations other than millions or may be rounded off to other than two decimal points in the respective sources, and such figures have been expressed in this Draft Red Herring Prospectus in such denominations or rounded-off to such number of decimal points as provided in such respective sources.

Exchange Rates

This Draft Red Herring Prospectus contains conversion of certain other currency amounts into Indian Rupees that have been presented solely to comply with the SEBI ICDR Regulations. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Rupee and other currencies:

| Currency | As at | | | |
|----------|--------------------|----------------|----------------|-----------------|
| | September 30, 2021 | March 31, 2021 | March 31, 2020 | March 31, 2019* |
| 1 USD | 74.26 | 73.50 | 75.39 | 69.17 |

Source: RBI reference rate and www.fbil.org.in

If the RBI/ FBIL reference rate is not available on a particular date due to a public holiday, exchange rates of the previous working day have been disclosed. The RBI/ FBIL reference rates are rounded off to two decimal places.

Industry and Market Data

Unless stated otherwise, industry and market data used in this Draft Red Herring Prospectus has been obtained or derived from publicly available information as well as industry publication and sources. Further, the information has also been derived from the report titled "Industry Report – India Specialty Chemical Market" dated January 24, 2022 ("**Company Commissioned F&S Report**"), prepared by F&S appointed pursuant to engagement letter dated October 26, 2021, which was commissioned and paid for by our Company and is subject to the disclaimer mentioned below. For risks in relation to commissioned reports, see "*Risk Factors – Certain sections of this Draft Red Herring Prospectus contain information from the Company Commissioned F&S Report, which we commissioned and paid by us and any reliance on such information for making an investment decision in the Offer is subject to inherent risks*" on page 43. Company Commissioned F&S Report is also available on the website of our Company at www.archeanchemicals.com/investor-relations/.

*"**Industry Report - India Specialty Chemical Market**" (the "**Report**") has been prepared for the proposed initial public offering of equity shares (the "**Offer**") by **Archean Chemical Industries Limited** (the "**Company**").*

This study has been undertaken through extensive primary and secondary research, which involves discussing the status of the industry with leading market participants and experts, and compiling inputs from publicly available

sources, including official publications and research reports. Estimates provided by Frost & Sullivan (India) Private Limited (“Frost & Sullivan”) and its assumptions are based on varying levels of quantitative and qualitative analyses, including industry journals, company reports and information in the public domain.

Frost & Sullivan has prepared the Report in an independent and objective manner, and it has taken all reasonable care to ensure its accuracy and completeness. We believe that the Report presents a true and fair view of the industry within the limitations of, among others, secondary statistics and primary research, but it does not purport to be exhaustive. The results that can be or are derived from these findings are based on certain assumptions and parameters/conditions. As such, a blanket, generic use of the derived results or the methodology is not encouraged. Forecasts, estimates, predictions, and other forward-looking statements contained in this Report are inherently uncertain because of changes in factors underlying their assumptions, or events or combinations of events that cannot be reasonably foreseen. Actual results and future events could differ materially from such forecasts, estimates, predictions, or such statements.

In making any decision regarding the Offer, the recipient should conduct its own investigation and analysis of all facts and information contained in the offer documents of which this report is a part and the recipient must rely on its own examination of the Company and the terms of the Offer, as and when discussed. The recipients should not construe any of the contents in this Report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the Offer.”

The extent to which the market and industry data used in this Draft Red Herring Prospectus is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which the business of our Company is conducted, and methodologies and assumptions may vary widely among different industry sources. Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable, but their accuracy and completeness are not guaranteed, and their reliability cannot be assured. The data used in these sources may have been reclassified by us for the purposes of presentation. Data from these sources may also not be comparable. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates and assumptions that may prove to be incorrect.

Accordingly, no investment decision should be made solely on the basis of such information. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those disclosed in “*Risk Factors*” on page 23.

Notice to Prospective Investors in the United States

The Equity Shares have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Draft Red Herring Prospectus or approved or disapproved the Equity Shares. Any representation to the contrary is a criminal offence in the United States. In making an investment decision, investors must rely on their own examination of our Company and the terms of the Offer, including the merits and risks involved. The Equity Shares have not been and will not be registered under the U.S. Securities Act or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A) in accordance with Rule 144A or another available exemption from the registration requirements of the U.S. Securities Act and (b) outside the United States in “offshore transactions” as defined in, and in reliance on, Regulation S and the applicable laws of the jurisdiction where those offers and sales are made.

FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain “forward-looking statements”. All statements contained in this Draft Red Herring Prospectus that are not statements of historical fact constitute “forward-looking statements”. All statements regarding our expected financial condition and results of operations, business, plans and prospects are “forward-looking statements”. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “likely to”, “may”, “seek to”, “shall”, “objective”, “plan”, “project”, “will”, “will continue”, “will pursue”, “can”, “could”, “goal”, “should” or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. However, these are not the exclusive means of identifying forward looking statements. All forward-looking statements whether made by us or any third parties in this Draft Red Herring Prospectus are based on our current plans, estimates, presumptions and expectations and are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement, including but not limited to, regulatory changes pertaining to the industry in which we have businesses and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in the industry. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- Any slowdown or shutdown in our manufacturing operations or strikes, work stoppages or increased wage demands by our employees that could interfere with our operations;
- One or more of major customers choosing not to source their requirements from us or to terminate their contracts with us;
- Risks consequent to our operations involving the manufacture, usage and storage of various hazardous substances;
- Inability to comply with and changes in, safety, health, environmental and labour laws and other applicable regulations;
- Inability to repay our debt and any restructuring due to overdue principal and interest with lender/ banks;
- The impact of the COVID-19 pandemic is uncertain and still evolving;
- Inability to successfully develop our new bromine performance products (derivative) or continue our product portfolio expansion in a timely and cost-effective manner;
- Exposure to regulatory and other geography specific risks such as weather and natural occurrences as well as regulatory, economic, demographic and other changes in Gujarat. In particular, excessive rainfalls could decrease the quality of our salt and brine reserves;
- Inability to renew our land lease, including for our manufacturing facility; and
- Our reliance on three principal products for substantially of our sales.

Certain information in “*Industry Overview*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 96, 137 and 241, respectively, of this Draft Red Herring Prospectus have been obtained from the Company Commissioned F&S Report.

For further discussion of factors that could cause the actual results to differ from the expectations, see “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 23, 137 and 241, respectively. By their nature, certain market risk disclosures are only estimates, and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated and are not a guarantee of future performance.

Forward-looking statements reflect current views as of the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. There can be no assurance to investors that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements to be a guarantee of our future performance.

These statements are based on our management’s belief and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based on are reasonable, any of these assumptions could prove to be inaccurate and the forward-looking statements

based on these assumptions could be incorrect. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance.

Neither our Company, Selling Shareholders, our Promoters, our Directors, the BRLMs nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the requirements of SEBI, our Company shall ensure that investors in India are informed of material developments until the receipt of listing and trading approvals from the Stock Exchanges for this Offer.

Further, each of the Selling Shareholder shall ensure that investors in India are informed of material developments in relation to the statements and undertakings specifically made or confirmed by such Selling Shareholders in this Draft Red Herring Prospectus until the receipt of listing and trading approvals from the Stock Exchanges for this Offer.

SECTION II: RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below before making an investment in the Equity Shares.

We have described the risks and uncertainties that we consider material, but these risks and uncertainties may not be the only risks relevant to us, the Equity Shares, or the industry in which we currently operate or propose to operate. Unless specified or quantified in the relevant risk factor below, we are not in a position to quantify the financial or other implication of any of the risks mentioned in this section. If any or a combination of the following risks actually occur, or if any of the risks that are currently not known or deemed to be not relevant or material now actually occur or become material in the future, our business, cash flows, prospects, financial condition and results of operations could suffer, the trading price of the Equity Shares could decline, and you may lose all or part of your investment. For more details on our business and operations, see “Our Business”, “Industry Overview”, “Key Regulations and Policies” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages 137, 96, 156 and 241, respectively, as well as other financial information included elsewhere in this Draft Red Herring Prospectus. In making an investment decision, you must rely on your own examination of us and the terms of the Offer, including the merits and risks involved, and you should consult your tax, financial and legal advisors about the particular consequences of investing in the Offer. Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment which may differ in certain respects from that of other countries.

This Draft Red Herring Prospectus also contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including but not limited to the considerations described below. For details, see “Forward-Looking Statements” on page 21.

Unless otherwise indicated, industry and market data used in this section has been derived from the Company Commissioned F&S Report prepared and released by Frost & Sullivan and commissioned and paid for by us in connection with the Offer. Unless otherwise indicated, all financial, operational, industry and other related information derived from the F&S Report and included herein with respect to any particular year, refers to such information for the relevant year.

Our fiscal year ends on March 31 of each year, and references to a particular fiscal period are to the twelve months ended March 31 of that year. Unless otherwise specified or as the context requires, financial information for Fiscal 2019, Fiscal 2020 and Fiscal 2021 is derived from our Restated Financial Information, which are included in this Draft Red Herring Prospectus. References in this section to a “six month period” or “Half Year” refers to the six months ended September 30 of a particular fiscal year.

Unless otherwise stated, references to “the Company”, “our Company”, “we”, “us”, and “our” are to Archean Chemical Industries Limited its subsidiary on a consolidated basis.

To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in this section, such as those relating to the Indian economy, interest rates, inflation and operational risks relating to the Company.

Risks Relating to our Business

- 1. Our business is dependent and will continue to depend on our manufacturing facility, and we are subject to certain risks in our manufacturing processes. Any slowdown or shutdown in our manufacturing operations or strikes, work stoppages or increased wage demands by our employees that could interfere with our operations could have an adverse effect on our business, financial condition and results of operations.***

We conduct our operations at our manufacturing facility at Hajipir in Gujarat, India. Our business is dependent upon our ability to manage our manufacturing facility, which is subject to various operating risks, including those beyond our control, such as the breakdown, failure of equipment or industrial accidents, severe weather conditions (including heavy rainfall), natural disasters and infectious disease outbreaks such as the COVID-19 pandemic resulting in unplanned slowdowns and/or shutdowns. Any significant malfunction or breakdown of our

machinery, our equipment, our automation systems, our IT systems or any other part of our manufacturing processes or systems (together, our “**Manufacturing Assets**”) may entail significant repair and maintenance costs and cause delays in our operations. If we are unable to repair Manufacturing Assets in a timely manner or at all, our operations may need to be suspended until we procure the appropriate Manufacturing Assets to replace them. Although we have backup for lower value machinery, this is not always possible for capital intensive machinery, and as such, when such equipment fails, we have and may into the future experience operational downtime. We may also experience loss of, or a decrease in, revenue due to lower production levels. Further, the capacity utilisation at our manufacturing facility is subject to various factors such as availability of raw materials, power, water, efficient working of machinery and equipment and optimal production planning. We cannot assure you that we will successfully implement new technologies effectively or adapt its systems to emerging industry standards. In addition, we may be required to carry out planned shutdowns of our facilities for maintenance, statutory inspections, customer audits and testing, or may shut down certain facilities for capacity expansion and equipment upgrades.

As of September 30, 2021, we had 255 employees (excluding trainees) and more than 200 contract workers and trainees working in our manufacturing facility. Success of our operations depends on availability of labour and good relationships with our labour force. As of the date of this Draft Red Herring Prospectus, our employees are not members of any organised labour unions. Notwithstanding, strikes and lockouts as a result of disputes with our labour force may adversely affect our operations. While we have not had instance of strikes, lockouts or labour disputes in the past, we cannot assure you that we shall not experience any strikes or lockouts on account of labour disputes in the future. Such events could disrupt our operations and may have a material adverse effect on our business, financial condition and results of operations. In addition, we also may face protests from local citizens at our existing facilities or while setting up new facilities, which may delay or halt our operations.

Further, we may be subject to manufacturing disruptions due to contraventions by us of any of the conditions of our regulatory approvals, which may require our manufacturing facility to cease, or limit, production until the disputes concerning such approvals are resolved.

Although we have not experienced any significant disruptions at our manufacturing facility in the past, we cannot assure you that there will not be any disruptions in our operations in the future. Our inability to effectively respond to such events and rectify any disruption, in a timely manner and at an acceptable cost, could lead to the slowdown or shutdown of our operations or the under-utilization of our manufacturing facility, which in turn may have an adverse effect on our business, financial condition and results of operations.

2. We derive a significant part of our revenue from major customers. If one or more of such customers choose not to source their requirements from us or to terminate their contracts with us, our business, financial condition and results of operations may be adversely affected.

As of September 30, 2021, we marketed our products to 13 global customers in 13 countries and to 29 domestic customers. In the six months ended September 30, 2021 and in Fiscal 2021, Fiscal 2020 and Fiscal 2019, our largest customer, Sojitz Corporation, contributed 25.17%, 30.51%, 31.94% and 14.71%, respectively, of our revenue from operations; our top 10 customers contributed 72.30%, 75.70%, 77.14% and 64.64%, respectively, of our revenue from operations; and our top 20 customers contributed 90.34%, 88.66%, 92.05% and 85.47% respectively, of our revenue from operations. In the six months ended September 30, 2021 and in the Fiscal 2021, Fiscal 2020 and Fiscal 2019, our industrial salt sales to Sojitz Corporation accounted for 61.80%, 61.95%, 54.98% and 27.63%, respectively, of our total salt sales, while no customer accounted for more than 20% of our total bromine sales. We expect that we will continue to be reliant on Sojitz Corporation and our other major customers for the foreseeable future. Accordingly, any failure to retain these customers and/or negotiate and execute contracts on terms that are commercially viable, with these select customers, could adversely affect our business, financial condition and results of operations. In addition, any defaults or delays in payments by a major customer or the insolvency or financial distress by a major customer may have an adverse effect on business, financial condition and results of operations.

We have benefited from our fixed sales contracts with agreed pricing and volumes of approximately 12 months duration with our bromine customers representing all of our bromine sales in Fiscal 2021 and of approximately 24 months duration with our industrial salt customers representing all of our salt sales in Fiscal 2021. For other customers, we instead rely on purchase orders to govern the volume and other terms of our sales of products. Many of the purchase orders we receive from our customers specify a price per unit and delivery schedule. However, such orders may be amended or cancelled prior to finalisation, and should such an amendment or cancellation take place, it may adversely impact our production schedules and inventories.

Cancellation by customers or delay or reduction in their orders or instances where anticipated orders fail to materialize can result in mismatch between our inventories of raw materials and of manufactured products, thereby increasing our costs relating to maintaining our inventory and reduction of our margins, which may adversely affect our profitability and liquidity. Further, we may not find any customers or purchasers for the surplus or excess capacity, in which case we would be forced to incur a loss. Further, our inability to find customers for surplus products may result in excessive inventories which may become obsolete and may be required to be written off in the future.

Additionally, our customers have high standards for product quality and quantity as well as delivery schedules. Any failure to meet our customers' expectations could result in the cancellation or non-renewal of contracts or purchase orders. There are also a number of factors, other than our performance that could cause the loss of a customer. Customers may demand price reductions, set-off any payment obligations, require indemnification for themselves or their affiliates, or replace their existing products with alternative products, any of which may have an adverse effect on our business, financial condition, results of operations and prospects.

3. *We are subject to certain risks consequent to our operations involving the manufacture, usage and storage of various hazardous substances.*

Our manufacturing processes involve manufacturing, storage and transportation of various hazardous substances including bromine and certain raw materials that we use in production that are highly corrosive, hazardous and toxic chemicals, and we are required to obtain approvals from various authorities for storing hazardous substances. We are subject to operating risks associated with handling of such hazardous materials such as possibility for leakages and ruptures from containers, explosions, and the discharge or release of toxic or hazardous substances, which in turn may cause personal injury, property damage and environmental contamination. In the event of occurrence of any such accidents, our business operations may be interrupted. Any of these occurrences may result in the shutdown of our manufacturing facility and expose us to civil and / or criminal liability which could have an adverse effect on our business, financial condition and results of operations. Further, such occurrences may result in the termination of our approvals for storing such substances or penalties thereunder.

4. *Non-compliance with and changes in, safety, health, environmental and labour laws and other applicable regulations, may adversely affect our business, financial condition and results of operations.*

We are subject to laws and government regulations, including in relation to safety, health, environmental protection and labour. These laws and regulations impose controls on air and water discharge, processing, handling, storage, transport or disposal of hazardous substances including employee exposure to hazardous substances and other aspects of our manufacturing operations. Further, our products, including the process of manufacture, storage and distribution of such products, are subject to numerous laws and regulations in relation to quality, safety and health. We handle and use hazardous materials in our manufacturing activities and the improper handling or storage of these materials could result in accidents, injure our personnel, property and damage the environment. Any accident at our facilities may result in personal injury or loss of life, environmental damage, substantial damage to or destruction of property and equipment resulting in the suspension of operations. Further, laws and regulations may limit the amount of hazardous and pollutant discharge that our manufacturing facility may release into the air and water. The discharge of materials that are chemical in nature or of other hazardous substances into the air, soil or water beyond these limits may cause us to be liable to regulatory bodies or third parties. Any of the foregoing could subject us to legal proceedings, which could have an adverse impact on our profitability in the event we were found liable and could also adversely affect our reputation. Additionally, the government or the relevant regulatory bodies may require us to shut down our manufacturing plants, which in turn could lead to product shortages that delay or prevent us from fulfilling our obligations to customers.

We are also subject to the laws and regulations governing employees, including in relation to minimum wage and maximum working hours, overtime, working conditions, hiring and termination of employees, contract labour and work permits. We have incurred and expect to continue incurring costs for compliance with such laws and regulations. We have also made and expect to continue making capital expenditures on an on-going basis to comply with all applicable environmental, health and safety and labour laws and regulations. These laws and regulations have, however, become increasingly stringent and it is possible that they will become significantly more stringent in the future. We cannot assure you that we will not be found to be in non-compliance with, or remain in compliance with all applicable environmental, health and safety and labour laws and regulations or the terms and conditions of any consents or permits in the future or that such compliance will not result in a curtailment of production or a material increase in the costs of production.

For instance, the GoI has recently introduced (a) the Code on Wages, 2019; (b) the Code on Social Security, 2020; (c) the Occupational Safety, Health and Working Conditions Code, 2020; and (d) the Industrial Relations Code, 2020 which consolidate, subsume and replace numerous existing central labour legislations. While the rules for implementation under these codes have not been notified, we are yet to determine the impact of all or some such laws on our business and operations which may restrict our ability to grow our business in the future and increase our expenses. In the absence of any precedents on the subject, the application of these provisions is uncertain and may or may not have an adverse tax impact on us.

5. *Our debt was restructured as at March 18, 2017 with overdue principal and interest aggregating to ₹177.41 million with certain banks as at March 18, 2017.*

Our Company had overdue principal and interest aggregating to ₹177.41 million and agreed a restructuring under Scheme for Sustainable Structuring of Stressed Assets and the Overseeing Committee for its outstanding debts pursuant to the master restructuring agreement, dated March 18, 2017, by and among our Company, Bank of India (acting as monitoring institution/ lead bank) and certain lenders (namely, Bank of India, Union Bank of India, Punjab National Bank, Bank of Baroda, Canara Bank and Allahabad Bank) (“**Lenders**”, and such agreement, the “**MRA**”). The terms of the debt restructuring under the MRA included (i) reconstitution of certain terms loans; (ii) reconstitution of certain working capital facilities; (iii) additional funding by way of working capital term loan; (iv) conversion of debt of the Lenders equivalent to ₹192.8 million into equity by way of transfer from Ranjit Pendurthi, Ravi Pendurthi and Pendurthi Brahmanandam: 3,982,441 equity shares of face value of ₹10 each of our Company at price of ₹48.41 per equity share; (v) conversion of debt equivalent to ₹3,180.13 million into optionally convertible debentures with coupon of 0.1% p.a. payable annually and yield to maturity of 10.0% p.a. compounded annually. The overdue principal and interest were repaid by our Company by November 30, 2018. In Fiscal 2019, we recorded as an exceptional item for the write-back of loans and interest of ₹1,142.61 million as a result of the restructuring of our loans during Fiscal 2019. For information about our current liquidity and borrowing, see “*Financial Indebtedness*” and “*History and Certain Corporate Matters - Defaults or re-scheduling, restructuring of borrowings with financial institutions/banks*” beginning on pages 285 and 163, respectively.

6. *The impact of the COVID-19 pandemic is uncertain and still evolving, and could adversely affect our business, results of operations and financial condition.*

In December 2019, a human infection was traced to a novel strain of coronavirus (also known as COVID-19) and has since spread to over 200 countries and territories. The outbreak of COVID-19 was declared a pandemic by the World Health Organization on March 11, 2020, and as of the date of this Draft Red Herring Prospectus, it is still ongoing and rapidly evolving. The GoI initiated a nation-wide lockdown from March 24, 2020 that lasted until May 31, 2020 and has been extended periodically by varying degrees by state governments and local administrations. Although the nationwide lockdown was lifted on June 1, 2020, restrictions on non-essential activities and travel were imposed until August 31, 2020 in multiple states across specific districts that were witnessing increases in COVID-19 cases. The second wave of COVID-19 infections impacted India in April, May and June 2021. The second wave resulted in significant strain on the health infrastructure in the country resulting in several states announcing lockdown measures. The second wave also resulted in a large part of the population working from home and implementing social distancing measures. In June 2021, the COVID-19 reported cases from the second wave declined and the GoI and state governments started gradually easing some of the strict precautionary measures. In January 2022, the reported cases of COVID-19 have increased and new variants of COVID-19 like Omicron and Delta continue to emerge.

Globally, border controls, travel restrictions and quarantine measures have been imposed by various countries in an effort to contain the spread of the COVID-19 outbreak, which have resulted in a period of business disruption as well as restrictions on business activity and the movement of people comprising a significant portion of the world’s population, and a decrease in economic activity in a number of countries, including India. Moreover, there is no assurance that such measures will be effective in ending or restricting the spread of COVID-19, and many countries, including countries that we export our products have experienced further COVID-19 outbreaks even after such measures had been eased.

The COVID-19 pandemic has also resulted in economic challenges driven by labour shortage, logistics disruptions and reduced demand. As a result, many industries have been exposed to disruptions in carrying out business operations, resulting in loss of business and reduction in cash flows, which has created stress in different sectors of the economy. Any downturn in the macroeconomic environment in India could also adversely affect our business, results of operation, financial condition and prospects.

Our manufacturing has been impacted during the COVID -19 pandemic as set forth below.

- Due to the nation-wide lockdown, our manufacturing facility was shut down on March 23, 2020 but reopened on March 30, 2020 after being deemed engaged in essential services. Any future restrictions on our workforce's access to any of our manufacturing facility and the health and availability of our workforce could limit our ability to meet customer orders and have a material adverse effect on our business, results of operations and financial condition.
- Some of our employees have also been infected with the COVID-19 virus during the pandemic. Accordingly, we may lose key management and employee personnel hours due to COVID-19-related illness and related issues in the future.
- We rely on many suppliers and contractors. During the nine months ended December 31, 2021 and Fiscal 2021, we have not faced challenges to obtain materials and supplies but some materials and supplies are now often at higher prices than in the past year. Increases in prices of raw materials could have a material adverse effect on our business, results of operations and financial condition. In addition, global logistics disruptions have resulted in an increase in our freights and logistics costs and may continue to do so.
- Due to COVID-19 lockdowns, the majority of our management and administrative employees worked from their homes remotely and faced technology constraints as their homes may not have been well-equipped to work like they were in the office, including access to networks, information systems, applications and other tools available to them. The continuation of work-from-home measures introduces additional operational risk, especially cybersecurity risk. These cyber risks include greater phishing, malware, and other cybersecurity attacks, vulnerability to disruptions of our information technology infrastructure and telecommunications systems for remote operations, increased risk of unauthorized dissemination of confidential information, limited ability to restore systems in the event of a systems failure or interruption, and a greater risk of a security breach resulting in destruction or misuse of valuable information.
- Our business may be affected by a variety of external factors that may affect the price or marketability of our products and services, including disruptions in the capital markets, changes in interest rates that may increase our funding costs and reduced demand for our products due to economic conditions. The COVID-19 pandemic has significantly increased economic and demand uncertainty and has led to disruption and volatility in the global and domestic capital markets, which could increase the cost of capital and adversely impact access to capital. A period of extremely volatile and unstable market conditions would likely increase our funding costs and negatively affect market risk mitigation strategies. Furthermore, the volatility in global and domestic capital markets may cause increased volatility in currency exchange rates reducing our ability or increase the costs to mitigate these risks. Any depreciation of the Indian rupee could result in lower revenues from foreign currency payments.

The extent to which the COVID-19 pandemic, and the related global economic impact, affect our business, results of operations and financial condition will depend on future developments that are highly uncertain and cannot be predicted, including the spread, scope and duration of the COVID-19 pandemic and any recovery period, the effectiveness of further steps taken by the GoI and the RBI to mitigate the economic impacts in response to the pandemic, the effects on our customers, counterparties, employees and third-party service providers, and the time it takes for economic activities to return to pre-pandemic levels. As of the date of this Draft Red Herring Prospectus, there is significant uncertainty relating to the severity of long-term adverse impact of the ongoing COVID-19 pandemic on the domestic and global economy, domestic and global financial markets, and we are unable to accurately predict the long-term impact of the COVID-19 pandemic on our speciality marine chemicals business. To the extent that the COVID-19 pandemic adversely affects our business and operations, it may also have the effect of heightening many of the other risks described in this section.

7. If we do not successfully develop our new bromine derivative products or continue our product portfolio expansion in a timely and cost-effective manner, our business, financial condition, cash flows and results of operations may be adversely affected.

We plan to expand our product line into bromine derivative performance products in the next two-to-three years, in particular brominated flame retardants, clear brine fluids and bromine catalysts used for the synthesis of pure terephthalic acid ("PTA"). Our future results of operations depend on our ability to successfully develop new products and continue our product portfolio expansion in a timely and cost-effective manner. Our growth strategy

depends on our ability to successfully develop new bromine derivative performance products and continue our product portfolio expansion in a timely and cost-effective manner. The development and commercialisation of new products like bromine derivative performance products are complex, time-consuming, costly and involves business risk. We may be unable to successfully create these new products or encounter unexpected delays in the launch of these products and even if launched as planned, such products may not perform as we expect.

The success of our new bromine derivative performance product offerings will depend on several factors, including our ability to properly anticipate customer needs; obtain timely regulatory approvals; establish collaborations with suppliers and customers; develop and manufacture our products in a timely and cost-effective manner; and successfully market and sell our products. In addition, the development and commercialisation of new products is characterised by significant upfront costs, product development activities, obtaining regulatory approvals, building inventory and sales and marketing. Our planned investments in new manufacturing facilities and equipment for future expansion could result in higher costs, especially in the event of cost overruns, without a proportionate increase in revenues. Additionally, some of our competitors in the marine speciality chemicals segment may have greater financial, research and technological resources. They may also be in a better position to identify market trends, adapt to changes in industry and offer innovative new products. Accordingly, if we do not successfully develop new products or continue our product portfolio expansion in a timely, cost-effective manner that is attractive to our customers, our business, financial condition, cash flows and results of operations may be adversely affected.

8. ***We operate our manufacturing facility and brine reserves on land parcels that were leased to us by the Government of Gujarat and such land leases have expired. If we are unable to renew our land lease, we may be required to relocate our business operations or shut down our manufacturing facility, which would have a material and adverse effect on our business, results of operations and financial condition. Further, our Registered and Corporate Office is also situated on leased premises.***

We operate our manufacturing facility and brine reserves on land that is held by us on a leasehold basis. We entered into Memorandum of understanding (MOU) with Government of Gujarat (“GOG”) during the Vibrant Gujarat Summit dated January 13, 2005 and subsequently entered into a land lease agreement with GOG on July 14, 2008 and further executed a supplementary agreement (MOU) dated August 10, 2010, with Government of Gujarat (for the land lease of our manufacturing facility. Subsequent to the expiry on July 31, 2018, a renewal application was filed on December 28, 2017 as per the guidelines laid down by GOG. As per the MOU and lease agreement executed with GOG, the lease term can be further extended for a duration and conditions as mutually agreed at that time. There is also a GOG circular no 1597/1372/ dated October 9, 2017 which states that such leases can be extended for a period of thirty years. We have been receiving demand notes annually for the revised lease rents as per GOG circular and we have been meeting these payment obligations which are paid upto date. We cannot assure you that we will be able to renew land lease. If our land lease is not renewed or terminated by the GOG, we may be required to relocate our business operations or shut down our manufacturing facility, which would have a material and adverse effect on our business, results of operations and financial condition.

Further, our Registered and Corporate Office is also situated on leased premises. We cannot assure you that we will be able to renew or register our leases on commercially acceptable terms, or at all. In the event that we are required to vacate our current premises, we would be required to make alternative arrangements and we cannot assure that the new arrangements will be on commercially acceptable terms.

9. ***Our reliance on three principal products for substantially of our sales could have an adverse effect on our business.***

Our business involves the sale of three major products segments: industrial salt, bromine and sulphate of potash. The table set forth below provides our gross revenue from operations contributed by each of our products and the percentage of our revenue from operations in the six months ended September 30, 2021 and in Fiscal 2021, Fiscal 2020 and Fiscal 2019.

| Product Segment | Six months ended September 30, 2021 | | Fiscal 2021 | | Fiscal 2020 | | Fiscal 2019 | |
|-----------------|-------------------------------------|-------------------------------|-------------|-------------------------------|-------------|-------------------------------|-------------|-------------------------------|
| | ₹ million | % of revenues from operations | ₹ million | % of revenues from operations | ₹ million | % of revenues from operations | ₹ million | % of revenues from operations |
| Bromine | 2,668.07 | 59.22 | 3,444.10 | 46.49 | 2,155.03 | 35.43 | 2,252.58 | 39.83 |

| Product Segment | Six months ended September 30, 2021 | | Fiscal 2021 | | Fiscal 2020 | | Fiscal 2019 | |
|--------------------|-------------------------------------|-------------------------------|-------------|-------------------------------|-------------|-------------------------------|-------------|-------------------------------|
| | ₹ million | % of revenues from operations | ₹ million | % of revenues from operations | ₹ million | % of revenues from operations | ₹ million | % of revenues from operations |
| Industrial Salt | 1,834.37 | 40.72 | 3,637.15 | 49.10 | 3,520.09 | 57.88 | 2,998.47 | 53.02 |
| Sulphate of Potash | 2.27 | 0.05 | 325.37 | 4.39 | 398.36 | 6.55 | 401.90 | 7.11 |

Factors affecting any of these product segments in general, or any of our customers in particular, could have a cascading adverse effect on our business, financial condition and results of operations. Such factors include, but are not limited to, the following:

- (a). change in any registration requirements or non-renewal of registrations or imposition of a regulatory ban, or trade sanctions imposed across the country or any such restrictions on the business or product or customer's final product;
- (b). loss of market share, which may lead our customers to reduce or discontinue the purchase of our products;
- (c). economic conditions of the markets in which our customers operate;
- (d). regulatory issues faced by the pharmaceuticals, agrochemicals, oil & gas and other end-use industries in India and internationally;
- (e). downturns or industry cycles that impact demand; and
- (f). changes in technology or consumer tastes and requirements that alter demands for our products.

For any of the above reasons or for any other reason whatsoever, in the event sales to our customers were to substantially decrease, our business, financial condition and results of operations could be adversely affected.

10. We rely on a combination of trade secret, copyright law and contractual restrictions to protect our intellectual property. We do not own any patents. Our logo is not registered as a trade mark. If we are unable to protect our intellectual property rights, our business, financial condition and results of operations may be adversely affected.

The protection of our intellectual property is crucial to the success of our business. We rely on a combination of trade secret, copyright law and contractual restrictions to protect our intellectual property. We do not own any patents. While our agreements with our employees and consultants and our technology collaboration agreement with Sojitz Corporation include confidentiality provisions and provisions on ownership of intellectual property, these agreements may not effectively prevent unauthorized use or disclosure of our confidential information, our intellectual property including our proprietary products, technology, systems and processes and may not provide an adequate remedy in the event of unauthorized use or disclosure of our confidential information or infringement of our intellectual property. Despite our efforts to protect our proprietary rights, unauthorized parties may copy aspects of our proprietary products, technology, systems and processes and use information that we consider proprietary. In addition, unauthorized parties may also attempt, or successfully endeavor, to obtain our intellectual property, confidential information, and trade secrets through various methods, including through cybersecurity attacks, and legal or other methods of protecting this data may be inadequate. In addition, our trade secrets may become known or independently developed by our competitors, and in such cases, we may no longer enjoy the exclusive use of some of our formulations or maintain the confidentiality of information relating to our products. As on the date of this Draft Red Herring Prospectus, our Company has made an application to register our logo as a trademark in device category under the Trade Marks Act, 1999.

We may need to litigate to protect our intellectual property or to defend against third party infringement. Any such litigation could be time consuming and costly and the outcome cannot be guaranteed. We may not be able to detect any unauthorized use or take appropriate and timely steps to enforce or protect our intellectual property. Any inability to use or protect our intellectual property could affect our relationships with our customers, which could materially and adversely affect our brand, business, results of operations and financial condition.

11. *Exchange rate fluctuations may adversely affect our results of operations as our sales from exports and a portion of our expenditures are denominated in foreign currencies.*

We are an export-oriented business, and in the six months ended September 30, 2021 and in Fiscal 2021, Fiscal 2020 and Fiscal 2019, 68.13%, 74.41%, 78.41% and 80.39%, respectively, of our revenue from operations were attributed to export sales. In the six months ended September 30, 2021, we exported our products to thirteen countries including China, Japan, South Korea, Qatar, and the rest of Asia. Our sales from exports are denominated in foreign currencies, mostly the U.S. Dollar. Our financial statements, however, are prepared in Indian Rupees. Accordingly, we have currency exposures relating to buying and selling in currencies other than in Indian Rupees, particularly the U.S. Dollar. Therefore, changes in the relevant exchange rates could also affect sales, operating results and assets and liabilities reported in Indian Rupees as part of our financial statements. While we hedge a portion of the resulting net U.S. Dollar foreign exchange position by purchasing foreign currency options, we are still affected by fluctuations in exchange rates among the U.S. dollar and the Indian Rupee and we cannot assure you whether hedging or other risk management strategies will be effective. In the six months ended September 30, 2021 and in Fiscal 2021, Fiscal 2020 and Fiscal 2019, our net foreign currency denominated sales (sales in foreign currency less expenses related to sales in foreign currency) amounted to ₹2,993.78 million, ₹4,823.69 million, ₹4,149.96 million and ₹3,872.99 million, respectively. Accordingly, while we enter into hedging transactions to minimize our currency exchange risks, there can be no assurance that such measures will enable us to avoid the effect of any adverse fluctuations in the value of the Indian Rupee against the U.S. Dollar or other foreign currencies. Additionally, we have earned gains and losses due to these fluctuations in foreign currency in the six months ended September 30, 2021 and in Fiscal 2021, Fiscal 2020 and Fiscal 2019 of ₹13.69 million, ₹92.85 million, (₹161.92 million), and ₹68.82 million, respectively. These gains and losses were related to instances where the market exchange rate at the time of transaction was in our favour or against us as compared to the rates we had applied when the transactions were accounted or hedged. For further information on our exchange rate risk management, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Principal Factors Affecting our Results of Operations – Foreign Exchange Rate Risk*”.

12. *Our manufacturing facility is located in Gujarat exposing us to regulatory and other geography specific risks such as weather and natural occurrences as well as regulatory, economic, demographic and other changes in Gujarat. In particular, excessive rainfalls could decrease the quality of our salt and brine reserves.*

Our manufacturing facility is located at Hajipir, Gujarat. The concentration of all of our operations at one location in Gujarat heightens our exposure to adverse developments related to weather and natural occurrences, as well as regulatory, economic, demographic and other changes in Gujarat, which may adversely affect business, financial condition and results of operations. Excessive rainfalls could decrease the quality of our salt and brine reserves. In addition, with a single location for all our operations other adverse natural occurrences or disasters could have a material adverse effect on our business, financial condition and results of operations.

Further, our manufacturing operations require significant labour and are also reliant on government policies in terms of taxes, duties and incentives made applicable by the Gujarat state government. As a result, any unfavourable policies in Gujarat, could adversely affect our business, financial condition and results of operations. Furthermore, Gujarat has experienced social and civil unrest in the past within the state and such tensions could lead to political or economic instability in Gujarat and a possible adverse effect on our business, financial condition and results of operations. There can be no assurance that such situations will not recur or be more intense than in the past.

13. *We have received notices from regulatory authorities in the past; and in particular from the environmental authorities, which may result in litigation, penalties, fines or cancellation or suspension of our operating licenses.*

Our operations at our manufacturing facility at Hajipir, Gujarat are subject to stringent scrutiny, inspection and audit from third party environmental agencies, including governmental authorities. During the course of and post such audits and inspections, we receive routine notices from the environmental authorities, in connection with each of our manufacturing plants. Certain such notices received are industry-wide notices that are dispatched by the authorities and are not specific to us. We routinely reply to each such notice received. Additionally, we have, from time to time, also received show cause notices from the environmental authorities to which we seek to provide adequate responses. Typically, such notices require us to provide the regulatory authorities with information such as production data during a period, power and water consumption data, amongst others. In the

past we have been instructed to repair pumps and leaks at our manufacturing facility, upgrade our effluent treatment plant infrastructure and install and update software used in our machinery. While no such notice has materialized into a litigation and no material fines or penalties have been imposed by regulatory authorities in the past, we cannot assure you that such notices will not culminate in legal proceedings in the future, neither can we assure you that fines, penalties or damages will not be imposed on us pursuant to such notices.

Furthermore, if the authorities deem that our responses do not sufficiently address the concerns raised in these notices, there is also a possibility that the environmental authorities may cancel, suspend or withdraw the approvals, permits or consents granted to us or may order the closure of the manufacturing unit until the concerns are sufficiently addressed or remedied. In the event that such environmental notices result in litigations, fines or the cancellation of our licenses, it could adversely affect our business, financial condition and results of operations.

14. Our inability to successfully implement some or all our business strategies in a timely manner or at all could have an adverse effect on our business. Further, our inability to effectively manage any of these issues may adversely affect our business growth and, as a result, impact our businesses, financial condition and results of operations.

As part of our strategy aimed towards business growth and improvement of market position, we intend to implement several business strategies, which include:

- Expand into downstream bromine derivative performance products.
- Expand bromine and industrial salt capacities;
- Continue to build a global customer base and enter new geographical markets; and
- Continue to focus on quality, environment, health and safety.

For further information, see “*Business – Our Strategies*” on page 144.

Our strategy may not succeed due to various factors, including our inability to reduce our debt and our operating costs, our failure to develop new products and services with sufficient growth potential as per the changing market preferences and trends, our failure to execute agreements with our technology partners, our failure to effectively market these new products and services or foresee challenges with respect to our business initiatives, our failure to sufficiently upgrade our infrastructure, machines, automation, equipment and technology as required to cater to the requirement of changing demand and market preferences, our failure to maintain highest quality and consistency in our operations or to ensure scaling of our operations to correspond with our strategy and customer demand, changes in GoI policy or regulation, our inability to respond to regular competition, and other operational and management difficulties. Any failure on our part to implement our strategy due to many reasons as attributed aforesaid could be detrimental to our long-term business outlook and our growth prospects and may materially adversely affect our business, financial condition and results of operations. For further details of our strategies, see “*Our Business*” on page 137.

Further, our ability to sustain growth depends primarily upon our ability to manage key issues such as our ability to sustain existing relationships with our clients, ability to obtain raw materials at better prices, ability to compete effectively, ability to scaling up our operations, adhering to high quality and execution standards, our ability to expand our manufacturing capabilities and our presence in India as well as globally, the effectiveness of our marketing initiatives, selecting and retaining skilled personnel. Sustained growth also puts pressure on our ability to effectively manage and control historical and emerging risks. Our inability to effectively manage any of these issues and implement our business strategies may adversely affect our business growth and, as a result, impact our businesses, financial condition and results of operations.

15. Our success largely depends upon the knowledge and experience of our Promoters, Directors and our senior management as well as our ability to attract and retain skilled personnel. Any loss of our Directors, senior management or our ability to attract and retain them and other skilled personnel could adversely affect our business, financial condition and results of operations.

Our success largely depends upon the knowledge and experience of our Promoters, Directors, our senior management as well as our ability to attract and retain skilled personnel. Any loss of our Directors or senior management or our ability to attract and retain them and other skilled personnel could adversely affect our business, financial condition and results of operations. We depend on the management skills and guidance of our Promoters for development of business strategies, monitoring their successful implementation and meeting future challenges. Further, we also significantly depend on the expertise, experience and continued efforts of our senior

management. Our future performance will depend largely on our ability to retain the continued service of our management team. If one or more of our senior management personnel are unable or unwilling to continue in his or her present position, it could be difficult for us to find a suitable or timely replacement.

In addition, we may require a long period of time to hire and train replacement personnel when skilled personnel terminate their employment with us. We may also be required to increase our levels of employee compensation more rapidly than in the past to remain competitive in attracting and retaining skilled employees that our business requires. The loss of the services of such persons could have an adverse effect on our business, results of operations, cash flows and financial condition.

There is significant competition for management and other skilled personnel in the chemicals industry in which we operate, and it may be difficult to attract and retain the personnel we require in the future. There can be no assurance that our competitors will not offer better compensation packages, incentives and other perquisites to such skilled personnel. Further, as on the date of this Draft Red Herring Prospectus, we do not have key man insurance policies. In the event that we are not able to attract and retain talented employees as required for conducting our business, or if we experience high attrition levels which are largely out of our control, or if we are unable to motivate and retain existing employees, our business, financial condition and results of operations may be adversely affected.

16. An inability to comply with repayment and other covenants in the financing agreements could adversely affect our business, financial condition, cash flows and credit rating.

As of September 30, 2021, March 31, 2021, March 31, 2020 and March 30, 2020, our total debt was ₹9,844.44 million, ₹9,788.23 million, ₹9,292.60 million and ₹7,720.21 million, respectively, comprising of non-current borrowings of ₹8,464.75 million, ₹8,464.12 million, ₹8,482.65 million and ₹7,405.18 million, respectively and current borrowings (including current maturities of non-current borrowings) of ₹160.18 million, ₹120.23 million, ₹90.18 million and ₹135.71 million, respectively. The agreements with respect to our borrowings contain restrictive covenants, including, but not limited to, requirements that we obtain consent from the lenders prior to undertaking certain matters including, among others, effecting a merger, amalgamation or scheme of arrangement, change in capital structure of our Company, change in composition of our Board, declaration of dividend, change in constitutional document, changes to the business or diversifying or expanding the business of our Company and making any investments in any persons other than permitted investments. For details, see “*Financial Indebtedness*” beginning on page 285.

Further, under the terms of our borrowings, we are required to create a charge by way of hypothecation on the entire current assets of our Company, together with cash in hand, bank accounts and receivables, and, in our term loans, fixed assets. As these assets are hypothecated in favour of lenders, our rights in respect of transferring or disposing of these assets are restricted. There can be no assurance that we will be able to comply with the financial or other covenants prescribed under the documentation for our financing arrangements or that we will be able to obtain consents necessary to take the actions that may be required to operate and grow our business. Further, if we fail to service our debt obligations, the lenders have the right to enforce the security created in respect of our secured borrowings. If the lenders choose to enforce security and dispose our assets to recover the amounts due from us, our business, financial condition and results of operations may be adversely affected.

For instance, our Company in the past availed restructuring package and restricted its debt aggregating to ₹177.41 million with certain lenders under Scheme for Sustainable Structuring of Stressed Assets and the Overseeing Committee for its outstanding debts and such overdues were paid by our Company by November 30, 2018. For further details, please see “*Risk Factor – Our debt was restructured as at March 18, 2017 with overdue principal and interest aggregating to ₹177.41 million with certain banks as at March 18, 2017*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations-Liquidity and Capital Resources*” beginning on pages 26 and 273, respectively.

Any failure to comply with the conditions and covenants in our financing agreements or the creation of additional encumbrances that is not waived by our lenders or otherwise cured or occurrence of a material adverse event could lead to an event of default and consequent termination of our credit facilities could adversely affect our business, results of operations, financial condition and cash flows.

17. We are dependent on third party transportation and logistics service providers. Any increase in the charges of these entities could adversely affect our business, results of operations and financial condition.

Pursuant to certain of our arrangements with our customers, based on customer preferences, we are required to pay the freight costs for the products we sell. In addition, we may have to pay for transportation costs in relation to the delivery of some of the raw materials and other inputs to our manufacturing facility. As of September 30, 2021, we owned 35 vehicles for our transportation of requirements in India, and we also rely on third party transportation and logistics providers for delivery of our raw materials and products. We do not have long-term contractual arrangements with such third-party transportation and logistics providers. Disruptions of logistics could impair our ability to procure raw materials and/or deliver our products on time, which could materially and adversely affect our business, financial condition and results of operations.

A significant portion of our expenses is due to freight carriage and transport and freight and forwarding expense and export freight charges. Packing, despatching and freight costs represented 35.25%, 41.81%, 40.45% and 33.27%, respectively, of our total expenses in the six months ended September 30, 2021 and in Fiscal 2021, Fiscal 2020 and Fiscal 2019, respectively. Our packing, despatching and freight costs includes the return of our ISO tanks from our customers. We are subject to the risk of increases in freight costs. Freight costs fluctuate with the prices of oil and gas. If we cannot fully offset any increases in freight costs, through increases in the prices for our products, we would experience lower margins. In addition, any increase in export tariffs also will increase expenses which in turn may adversely affect our business, financial condition and results of operations.

While we believe we have adequately insured ourselves against the risk involved in maritime transport, we may be responsible for the transport of our products and accordingly be exposed to the risk of theft, accidents and/or loss of our products in transit. While there have been no material instances of theft, accident or loss in the past three years, we cannot assure you that such incidents will not occur in future. Any such acts could result in serious liability claims (for which we may not be adequately insured) which could have an adverse effect on our business, financial condition and results of operations

18. We require various licenses and approvals for undertaking our businesses and the failure to obtain or retain such licenses or approvals in a timely manner, or at all, may adversely affect our operations.

Our business operations are subject to various laws, the compliance of which is supervised by multiple regulatory authorities and government bodies. In order to conduct our business, we are required to obtain multiple licenses, approvals, permits and consents. For further information, see “*Government and Other Approvals*” on page 293. Additionally, our government approvals and licenses are subject to numerous conditions, some of which are onerous including making an application for amending the existing approval and require us to make substantial expenditure. Most of these approvals and licenses are subject to ongoing inspection and compliance requirements and are valid only for a fixed period of time subject to renewal and accreditation. Additionally, we may need to apply for more approvals in the future including renewal of approvals that may expire from time to time. If we fail to renew, obtain or retain any of such approvals, in a timely manner, or at all, our business and operations may be adversely affected.

Amongst the laws that we must adhere to, environmental, health and safety laws and regulations are one of the most critical laws. These include laws and regulations that limit the discharge of pollutants into the air and water and establish standards for the treatment, storage and disposal of hazardous waste materials, amongst others. Significant fines and penalties may be imposed for non-compliance with such environmental laws. We are also inspected at regular intervals by various environmental protection agencies to ensure our compliance with applicable laws and regulations. We are also required to obtain permits from governmental authorities for certain aspects of our operations. These laws, regulations and permits often require us to purchase and install expensive pollution control equipment or to make operational changes to limit impacts or potential impacts on the environment and/or health of our employees. Further, our compliance with these laws and regulations and our obtaining the necessary governmental permits are often a prerequisite for customer orders. Any actual or alleged failure on our part to comply with the terms and conditions of such regulatory licenses, registrations and approvals could expose us to legal action, compliance costs or liabilities, or could affect our ability to continue to operate at the locations or in the manner in which we have been operating thus far.

19. We face competition from both domestic as well as multinational corporations and our inability to compete effectively may have a material adverse impact on our business, financial condition and results of operations.

Although the specialty marine chemicals industry provides for significant entry barriers, competition in our business is based on pricing, relationships with customers, product quality, customisation and innovation. Our competitors may have greater financial, manufacturing, marketing and other resources, more experience in

obtaining regulatory approvals, greater geographic reach, broader product ranges or a stronger sales force. Our competitors may succeed in developing products that are more effective, popular or cheaper than ours, which may render our products uncompetitive and adversely affect our business, results of operations and financial condition. Further, some of our competitors, which include major multinational corporations, may consolidate and integrate their operations, and the strength of combined companies could affect our competitive position. Consolidated corporations may have greater financial, manufacturing, marketing and other resources, broader product ranges and larger, stronger sales forces, which may make them more competitive than us.

We face pricing pressures from foreign companies, principally in Israel (Dead Sea area), China and North America, that are able to produce chemicals at competitive costs and consequently, may supply their products at cheaper prices. We are unable to assure you that we shall be able to meet the pricing pressures imposed by such multinational competitors which would adversely affect our business, financial condition and results of operations. Additionally, some of our competitors in specialty marine chemicals industry may have greater financial, research and technological resources, larger sales and marketing teams and more established reputation. They may also be in a better position to identify market trends, adapt to changes in industry, innovative new products, offer competitive prices due to economies of scale and also ensure product quality and compliance. Any failure by us to compete effectively, including in terms of pricing or providing quality products, which may adversely affect our business, results of operations and financial condition.

20. We had a net loss after tax in Fiscal 2020, and may incur additional losses in the future.

We reported a consolidated loss after tax of ₹362.35 million in Fiscal 2020. We may incur losses after tax in the future. Our failure to generate profits may adversely affect the market price of our Equity Shares, restrict our ability to pay dividends and impair our ability to raise capital and expand our business. For further details, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on page 241.

21. There are pending litigations against our Company and certain of our Promoters. Any adverse decision in such proceedings may render us/them liable to liabilities/penalties and may adversely affect our business, results of operations and financial condition.

Certain legal proceedings involving our Company and certain of our Promoters are pending at different levels of adjudication before various courts, tribunals and authorities. In the event of adverse rulings in these proceedings or consequent levy of penalties, we may need to make payments or make provisions for future payments and which may increase expenses and current or contingent liabilities.

A summary of outstanding litigation proceedings involving our Company, our subsidiary and Promoters, as disclosed in “Outstanding Litigation and Material Developments” on page 289 in terms of the SEBI ICDR Regulations as of the date of this Draft Red Herring Prospectus is provided below.

(in ₹ million, unless otherwise specified)

| Particulars | Criminal Proceeding | Tax Proceeding | Statutory or Regulatory Proceeding | Disciplinary actions by SEBI or Stock Exchanges against our Promoters | Material Civil Litigation* | Aggregate amount involved** |
|---|---------------------|--------------------------|------------------------------------|---|----------------------------|-----------------------------|
| Company | | | | | | |
| By our Company | - | - | - | N.A. | - | - |
| Against our Company | - | 8 ⁽¹⁾ (2) (3) | - | N.A. | 1 | 170.12 ⁽¹⁾ |
| Directors (Other than Promoters) | | | | | | |
| By our Directors | - | - | - | N.A. | - | - |
| Against our Directors | - | - | - | N.A. | - | - |
| Promoters | | | | | | |
| By our Promoters | - | - | - | N.A. | - | - |
| Against our Promoters | 1 | - | - | - | - | - |
| Subsidiaries | | | | | | |
| By our Subsidiary | - | - | - | N.A. | - | - |
| Against our Subsidiary | - | - | - | N.A. | - | - |

* This comprises the pending proceedings which may have a material impact on our Company, in accordance with the Materiality Policy.

** To the extent quantifiable.

- (1) Includes amount paid to income tax department (Out of four cases, two cases pertaining to assessment year 2017-18 and 2018-19 were not considered in the contingent liability in the above table as the company is having carry forward losses).
- (2) In addition to these matters, our Company has also received two notices from offices of TDS circle involving aggregate tax interest and penalty amount of ₹ 13.44 million.
- (3) In addition to these matters, our Company has also received one notice from Office of Development Commissioner Kandla Special Economic Zone, Gandhidham involving tax interest and penalty amount of ₹ 33.92 million.

For further information, see “*Outstanding Litigation and Material Developments*” on page 289.

We cannot assure you that any of the outstanding litigation matters will be settled in our favour, or that no (additional) liability will arise out of these proceedings. Our Company is in the process of litigating these matters, and based on the assessment in accordance with applicable accounting standard our Company has presently not made provision for any of the pending legal proceedings. In addition to the foregoing, we could also be adversely affected by complaints, claims or legal actions brought by persons, before various forums such as courts, tribunals, consumer forums or sector-specific or other regulatory authorities in the ordinary course or otherwise, in relation to our products and services, our technology and/or intellectual property, our branding or marketing efforts or campaigns or our policies or any other acts/omissions. Further, we may be subject to legal action by our employees and/or ex-employees in relation to alleged grievances such as termination of their employment with our Company. There can be no assurance that such complaints or claims will not result in investigations, enquiries or legal actions by any courts, tribunals or regulatory authorities against us.

22. *We do not have long-term agreements with suppliers for our raw materials and an increase in the cost of, or a shortfall in the availability or quality of such raw materials could have an adverse effect on our business, financial condition and results of operations.*

During the six months ended September 30, 2021 and during Fiscal 2021, Fiscal 2020 and Fiscal 2019, our cost of materials consumed amounted to ₹215.69 million, ₹167.46 million, ₹249.99 million, and ₹342.38 million, respectively, and our cost of materials consumed as a percentage of our gross revenue from operations was 4.79%, 2.26%, 4.11% and 6.05%, respectively. We source the raw materials that we use in our business domestically in India. We generally keep an inventory of two months’ supply of required raw materials. We usually do not enter into long-term supply contracts with any of our raw material suppliers and typically source raw materials from third-party suppliers under contracts of shorter period or the open market. The absence of long-term contracts at fixed prices exposes us to volatility in the prices of raw materials that we require and we may be unable to pass these costs onto our customers, which may reduce our profit margins. We face a risk that one or more of our existing suppliers may discontinue their supplies to us, and any inability on our part to procure raw materials from alternate suppliers in a timely fashion, or on commercially acceptable terms, may adversely affect our business, financial condition and results of operations.

23. *Our Company may not be successful in penetrating new export markets.*

Expansion into new export markets subjects us to various challenges, including those relating to our lack of familiarity with the culture and economic conditions of these new regions, language barriers, difficulties in staffing and managing such operations, and the lack of brand recognition and reputation in such regions. As part of our strategy, we are planning to expand into Europe and the United States for bromine derivative performance products and into the United States for industrial salt and sulphate of potash. In addition, the risks involved in entering new geographic markets and expanding operations, may be higher than expected, and we may face significant competition in such markets. By expanding into new geographical regions, we could be subject to additional risks associated with establishing and conducting operations, including compliance with a wide range of laws, regulations and practices; exposure to expropriation or other government actions; and political, economic and social instability.

24. *We have incurred significant capital expenditure during the last six months and during the last three fiscal years. We may require substantial financing for our business operations and planned capital expenditure and the failure to obtain additional financing on terms commercially acceptable to us may adversely affect our ability to grow and our future profitability.*

During the six months ended September 30, 2021 and during Fiscal 2021, Fiscal 2020 and Fiscal 2019, we incurred capital expenditure of ₹679.54 million, ₹362.12 million, ₹1,747.87 million, and ₹337.34 million, respectively. A significant amount of our capital expenditure in these periods was aimed at increasing our

manufacturing capacities. Our management adopts and implements business strategies that take into account a number of macro and micro economic considerations, including our current financial condition and expected levels of growth over the medium to long term. In addition, we expect to fund our capital expenditure from our internal accruals.

There can be no assurance that our expansion plans will be implemented as planned or on schedule, or that we will achieve our increased planned output capacity or operational efficiency. If we experience significant delays or mishaps in the implementation of the expansion plans or if there are significant cost overruns, then the overall benefit of such plans to our revenues and profitability may decline. To the extent that the planned expansion does not produce anticipated or desired output, revenue or cost-reduction outcomes, our business, financial condition and results of operations will be adversely affected.

In the future, we may require additional financing for our business operations and planned capital expenditure to maintain and grow our existing infrastructure, purchase equipment and develop and implement new technologies in our new and existing manufacturing facilities. The actual amount and timing of our future capital requirements may differ from estimates as a result of, among other things, unforeseen delays or cost overruns in developing our products, changes in business plans due to prevailing economic conditions, unanticipated expenses and regulatory changes. To the extent our planned expenditure requirements exceed our available resources, we will be required to seek additional debt or equity financing. Additional debt financing could increase our interest costs and require us to comply with additional restrictive covenants in our financing agreements. Additional equity financing could dilute our earnings per Equity Share and your investment in our Company and could adversely impact our future Equity Share price.

Our ability to obtain additional financing on favourable terms, if at all, will depend on a number of factors, including our future financial condition, results of operations and cash flows, the amount and terms of our existing indebtedness, general market conditions and market conditions for financing activities and the economic, political and other conditions in the markets where we operate. Our ability to raise debt financing on acceptable terms also depends on our credit ratings. For further information on the risks associated with credit ratings, see “- Any downgrade of our debt ratings could adversely affect our business.” on page 39. We cannot assure you that we will be able to raise additional financing on acceptable terms in a timely manner or at all. Our failure to renew arrangements for existing funding or to obtain additional financing on acceptable terms and in a timely manner could adversely impact our planned capital expenditure, our business, financial condition and results of operations.

25. Any failure to comply with quality standards may lead to cancellation of existing and future orders and could negatively impact our business, financial condition, results of operations and prospects.

We develop, manufacture and market speciality marine chemicals including industrial salt, bromine and sulphate of potash. Our products go through various quality checks at various stages including random sampling check and quality check by internal and external agencies. Further, failure of our products to meet prescribed quality standards may result in rejection and reworking of our products. This may result in our customers cancelling present or future purchases of our products and could adversely affect our business, financial condition and results of operations.

Our facility has an ISO 9001:2015 certification. While we have put in place quality control procedures, we cannot assure that our products will always be able to satisfy our prescribed quality standards. Our quality control procedures may fail to test for all possible conditions of use or identify all defects in the manufacturing of our products. Any failure on our part to successfully maintain quality standards for our products may affect our customer relationships, which may adversely affect our business, financial condition and results of operations.

26. Our performance may be adversely affected if we are not successful in forecasting customer demands, managing our inventory or working capital.

We maintain relatively high inventory levels of industrial salt. We do not maintain inventory of bromine due to its volatile and hazardous nature. We use our ERP software to evaluate our inventory balances of materials based on shelf life, expected sourcing levels, known uses and anticipated demand based on forecasted customer order activity and changes in our product sales mix. Efficient inventory management is important to our business. To be successful, we must maintain sufficient inventory levels and an appropriate product sales mix to meet our customers' demands, without allowing those levels to increase to such an extent that the costs associated with storing and holding other inventory adversely affects our results of operations. In addition, our working capital

requirements have increased in recent years due to the general growth of our business. If a client defaults in making its payment on a product to which we have devoted significant resources, it may also affect our profitability and liquidity and decrease the capital resources that are otherwise available for other uses. All of these factors may result, or have resulted, in increases in our working capital requirements. If we are unable to meet our working capital needs, or secure other financing when needed, on acceptable commercial terms or at all, it may adversely affect our business, financial condition and results of operations.

27. *Our insurance coverage may not adequately protect us against all losses or the insurance cover may not be available for all the losses as per the insurance policy, which could adversely affect business, financial condition and results of operations.*

Our operations are subject to various risks inherent to the chemicals industry and to the sale and maintaining inventory of products, as well as other risks such as theft, robbery, acts of terrorism and other force majeure events. As of September 30, 2021, the total amount of our insurance coverage was ₹ 17,325 million. The total carrying value of assets (including property, plant and equipment, capital work in progress, right of use assets and intangible assets) was ₹ 10,987 million, as of September 30, 2021. Consequently, our insurance cover for the carrying value of the assets (including property, plant and equipment, capital work in progress, right of use asset and intangible assets) was 157.69%, as of September 30, 2021.

We maintain insurance coverage for anticipated risks which are standard for our type of business and operations. Our insurance policies cover our manufacturing facility, warehouses and offices from losses in the case of fire, special perils, burglary and theft. We have also obtained inventory insurance for our products, insurance for liabilities and losses incurred during implementation of our various projects, and director'' and officer'' liability insurance. There are many events that could significantly impact our operations, or expose us to third-party liabilities, for which we may not be adequately insured. There can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part, or on time. To the extent that we suffer any loss or damage that is not covered by insurance or exceeds our insurance coverage, our business, results of operations and financial condition could be adversely affected. For further details of insurance, see *“Our Business - Insurance”* on page 153.

28. *Our statutory auditor and previous statutory auditor have included certain observations in the audit reports pursuant to the Companies (Auditor’s Reports) Order, 2016. Further, our Statutory Auditor has included an other matter in the examination report on Restated Financial Information relating to our erstwhile subsidiary.*

Pursuant to the Companies (Auditor’s Reports) Order, 2016, our statutory auditor and previous statutory auditor included observations in the audit reports on our audited financial statements, which among others, include the following observations:

| As at and for the year ended March 31, | Paragraph No | Comments/ Remarks in the Annexure to the audit report as specified under Companies (Auditor's Report) Order 2016 |
|--|--------------|--|
| 2019 | 1(b) | The fixed asset was physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, material discrepancies were noticed on physical verification of fixed assets and such discrepancies aggregating to ₹ 45.71 million in the carrying value of fixed assets have been properly dealt with in the books of accounts. |
| 2019 | 7(a) | Undisputed statutory dues including provident fund, income tax, custom duty, goods and services tax, cess have not been regularly deposited with the appropriate authorities and there have been serious delays in a large number of cases from the period April to November 2018. The company has been regular in depositing undisputed statutory dues including provident fund, income tax, custom duty, goods and services tax, cess with the appropriate authorities for the period December 2018 to March 2019 |
| 2019 | 7(c) | Dues of Income tax which have not been deposited as on March 31, 2019, on account of disputes with Commissioner of Income Tax Appeals for the period 2012-13 which amounts to ₹ 54.00 million (out of which ₹ 33.34 million are unpaid) |

| As at and for the year ended March 31, | Paragraph No | Comments/ Remarks in the Annexure to the audit report as specified under Companies (Auditor's Report) Order 2016 | | | |
|--|--|--|--|----------|--------------------------------------|
| 2019 | 8 | As reported by the predecessor auditor in Annexure A to the audit opinion dated October 26, 2018, on the financial statements for the year ended March 31, 2018 the Company has overdue principal of ₹ 220.47 million and interest of ₹ 12.99 million in respect to the borrowings from banks as at March 31, 2018. In our opinion and according to the information and explanation given to us, the Company had overdue principal and interest with the following banks as at November 22, 2018 which were paid by November 30, 2018. | | | |
| | | Particulars | Amount of default of payment (₹ in Millions) | | Period of default |
| | | | Principal | Interest | |
| | | Due to Banks: | | | Instalment due in September 30, 2018 |
| | | Bank of India | 38.32 | - | |
| | | Punjab National Bank | 45.14 | 0.00 | |
| | | Bank of Baroda | 14.96 | - | |
| | | Allahabad Bank | 10.32 | - | |
| | | Canara Bank | 28.82 | - | |
| | | Union Bank | 38.07 | 1.79 | |
| | Our Company has repaid the borrowings and redeemed the optionally convertible debentures on November 22, 2018. Our Company has not defaulted in the payment of interest on non-convertible debentures for the period from November 22, 2018 to March 31, 2019. | | | | |
| 2021 | 7(a) | No Undisputed statutory dues including provident fund, income tax, custom duty, goods and services tax, cess were in arrears as at March 31, 2021 for a period more than six months from the date they become payable except for ₹ 0.02 million in tax deductible at source for the Fiscal 2020-21 | | | |
| 2021 | 7(b) | No dues of income tax, sales tax, service tax, goods and service tax, duty of customs, excise duty and value added tax as at March 31, 2021 which have not been deposited with appropriate authorities on account of any dispute except for ₹ 62.17 million which is in the nature of Central Sales Tax; Gujarat Value Added Tax for the Fiscal 2015 to 2018 with Joint Commissioner Rajkot and ₹ 82.54 million for the Fiscal 2012-2014 with Income Tax Appellate Tribunal. | | | |

Further, our statutory auditor has included the following matter in their examination report relating to our erstwhile subsidiary (namely, Marine Chemicals Trading Pte. Ltd.) for the financial year ended March 31, 2019 in the Restated Financial Information:

Attention is drawn to a material uncertainty related to going concern paragraph of the Marine Chemicals Trading Pte. Ltd audit report for fiscal year ended March 31, 2019, which describes that Marine Chemicals Trading Pte. Ltd incurred a net loss of US\$9,534 for fiscal year ended March 31, 2019. Moreover, as at March 31, 2019, the current liabilities of Marine Chemicals Trading Pte. Ltd exceeded its current assets by US\$72,142. These conditions indicated the existence of a material uncertainty which may cast doubt on the ability of the company to continue as a going concern and to realize its assets and discharge its liabilities in the ordinary course of business. Company management has prepared the financial statements on a going concern basis on the assumption that the company will continue as a going concern based on the financial support from the Company. The other auditor's opinion was not modified in respect of this matter.

There can be no assurance that our statutory auditors will not in the future make any modifications, reservations, qualifications, adverse observations or matters of emphasis in our audited financial statements in this regard.

29. Failure or disruption of our IT, manufacturing automation systems and/or ERP systems may adversely affect our business, financial condition and results of operations.

We have implemented various information technology ("IT") and/or enterprise resource planning ("ERP") solutions to cover key areas of our operations, procurement, dispatch and accounting. We also have various automation systems and software that automate our manufacturing and production. These systems are potentially vulnerable to damage or interruption from a variety of sources, which could result from (among other causes) cyber-attacks on or failures of such infrastructure or compromises to its physical security, as well as from

damaging weather or other acts of nature. A significant or large-scale malfunction or interruption of one or more of our IT systems, ERP systems or manufacturing automation systems could adversely affect our ability to keep our operations running efficiently and affect product availability, particularly in the country, region or functional area in which the malfunction occurs, and wider or sustained disruption to our business cannot be excluded. In addition, it is possible that a malfunction of our data system security measures could enable unauthorized persons to access sensitive business data, including information relating to our intellectual property or business strategy or those of our customers. Such malfunction or disruptions could cause economic losses for which we could be held liable or cause damage to our reputation. Any of these developments, alone or in combination, could have a material adverse effect on our business, financial condition and results of operations. Further, unavailability of, or failure to retain, well trained employees capable of constantly servicing our IT, manufacturing automation systems and/or ERP systems may lead to inefficiency or disruption of our operations and thereby adversely affecting our business, financial condition and results of operations.

30. Our proposed capacity expansion plans relating to our manufacturing facilities are subject to the risk of unanticipated delays in implementation and cost overruns.

We are proposing to expand our operations by expanding our industrial salt and bromine capacities. Our capital expenditure plans are subject to a number of variables, including possible cost overruns; accidents, construction and development delays or defects; construction being affected by adverse weather conditions; satisfactory and timely performance by construction contractors; receipt of any governmental or regulatory approvals and permits; political risk; availability of financing on acceptable terms; and changes in management's views of the desirability of current plans, among others. We may also require additional financing in order to expand and upgrade our existing facilities as well as to construct new facilities. Consequently, we cannot assure you that any of our expansion projects will be completed as planned or on schedule, or that we will achieve our increased planned output capacity or operational efficiency. If we experience significant delays in the implementation of our expansion plans or if there are significant cost overruns, the overall benefit of such plans to our revenues and profitability may decline. If the expenditure that we incur does not produce anticipated or desired results, our business, financial condition and results of operations will be adversely affected. For further information, see "Business - Our Strategies" on page 144.

31. Our contingent liabilities could materially and adversely affect our business, results of operations and financial condition.

As of September 30, 2021, we had contingent liabilities amounting to ₹217.56 million. The table below sets forth details of contingent liabilities:

| (in ₹ million) | |
|--|--------------------------|
| Particulars | As of September 30, 2021 |
| Disputed service tax, sales tax, income tax and wealth tax dues under appeal | 166.25 |
| Capital commitments | 51.31 |
| Total | 217.56 |

Most of the liabilities have been incurred in the normal course of business. If these contingent liabilities were to fully materialize or materialize at a level higher than we expect, it may materially and adversely impact our business, results of operations and financial condition. For further information, see "Financial Information - Note 35.1" on page 235.

32. Our business may expose us to potential product liability claims and recalls, which could adversely affect our results operation, goodwill and the marketability of our products.

We may be exposed to risks of products recalls and returns. In addition, we may be exposed to potential product liability claims, and the severity and timing of such claims are unpredictable. While we have taken insurance to protect us from such claims; however, this insurance coverage may be inadequate or not applicable to a particular set of claims. We face the risk of loss resulting from, and the adverse publicity associated with, product liability lawsuits, whether or not such claims are valid. We may also be subject to claims resulting from manufacturing defects or negligence in storage or handling which may lead to the deterioration of our products. Product liability claims, regardless of their merits or the ultimate success of the defence against them, are expensive. Even unsuccessful product liability claims would likely require us to incur substantial amounts on litigation and require our management's time and focus. Accordingly, such product liability claims, may adversely affect our results of operation, goodwill and the marketability of our products.

33. Any downgrade of our debt ratings could adversely affect our business.

As of the date of this Draft Red Herring Prospectus, we have received the following credit ratings on our debt and credit facilities.

| Instrument or Rating Type | Amount (₹ in million) | Date | Ratings |
|---------------------------------|--------------------------|------------------|----------|
| Long Term Fund Based Facilities | 8,400.00 | January 29, 2021 | ICRA BB- |

These ratings assess our overall financial capacity to pay our obligations and are reflective of our ability to meet financial commitments as they become due. There can be no assurance that these ratings will not be revised or changed by the above rating agencies due to various factors, including on account of the COVID-19 pandemic. Any downgrade in our credit ratings may increase interest rates for refinancing our outstanding debt, which would increase our financing costs, and adversely affect our future issuances of debt and our ability to raise new capital on a competitive basis.

34. If we are unable to establish and maintain an effective internal controls and compliance system, our business and reputation could be adversely affected.

We are responsible for establishing and maintaining adequate internal measures commensurate with the size and complexity of operations. Our internal audit functions make an evaluation of the adequacy and effectiveness of internal systems on an ongoing basis so that our operations adhere to our policies, compliance requirements and internal guidelines. We periodically test and update our internal processes and systems and there have been no past material instances of failure to maintain effective internal controls and compliance system. However, we are exposed to operational risks arising from the potential inadequacy or failure of internal processes or systems, and our actions may not be sufficient to ensure effective internal checks and balances in all circumstances.

We take reasonable steps to maintain appropriate procedures for compliance and disclosure and to maintain effective internal controls over our financial reporting so that we produce reliable financial reports and prevent financial fraud. As risks evolve and develop, internal controls must be reviewed on an ongoing basis. Maintaining such internal controls requires human diligence and compliance and is therefore subject to lapses in judgment and failures that result from human error. Any lapses in judgment or failures that result from human error can affect the accuracy of our financial reporting, resulting in a loss of investor confidence and a decline in the price of our equity shares.

Further, our operations are subject to anti-corruption laws and regulations. These laws generally prohibit us and our employees and intermediaries from bribing, being bribed or making other prohibited payments to government officials or other persons to obtain or retain business or gain some other business advantage. We participate in collaborations and relationships with third parties whose actions could potentially subject us to liability under these laws or other local anti-corruption laws. While our code of conduct requires our employees and intermediaries to comply with all applicable laws, and we continue to enhance our policies and procedures in an effort to ensure compliance with applicable anti-corruption laws and regulations, these measures may not prevent the breach of such anti-corruption laws, as there are risks of such breaches in emerging markets, such as India, including within the chemicals sector. If we are not in compliance with applicable anti-corruption laws, we may be subject to criminal and civil penalties, disgorgement and other sanctions and remedial measures, and legal expenses, which could have an adverse impact on our business, financial condition and results of operations. Likewise, any investigation of any potential violations of anti-corruption laws by the relevant authorities could also have an adverse impact on our business and reputation.

35. We procure water, coal and diesel, at our manufacturing facility and any disruption in the supply of such utilities could adversely affect our manufacturing operations.

We procure water, coal and diesel from third parties for use at our facility. Reliance on third parties for exposes us to risks such as shortage or break down in supply, the correction of which is in the hands of such third parties. In case of a break-down of our relationship with the utility providers, we are unable to assure you that we shall be able to source such utilities from alternate sources in a timely manner, which could adversely affect our business, financial condition and results of operations.

36. The demand of our products in foreign countries is subject to international market conditions and regulatory risks that could adversely affect our business, financial condition and results of operations.

In the six month ended September 30, 2021, we exported our products to 13 countries. During the six month period ended September 30, 2021 and during Fiscal 2021, Fiscal 2020 and Fiscal 2019, our revenues from exports were ₹3,069.32 million, ₹5,512.09 million, ₹4,768.39 million, and ₹4,546.22 million, respectively, and our gross revenues from exports as a percentage of gross revenues from operations were 68.13%, 74.41%, 78.41% and 80.39%, respectively, during the same periods. Therefore, any developments in the global marine speciality chemical industry or the industries in which our customers operate could have an impact on our sales from exports. From time to time, tariffs, quotas and other tariff and non-tariff trade barriers may be imposed on our products in jurisdictions in which we operate or seek to sell our products. There can be no assurance that China, Japan, other Asian countries, and the European community, among others, where we seek to sell our products will not impose trade restrictions on us in future. We may also be prohibited from exporting to certain restricted countries that may be added to a sanctions list maintained by the Government of India or other foreign governments, such as the Specially Designated Nationals and Blocked Persons list maintained by the Office of Foreign Assets Control of the US Department of Treasury in the United States. Any such imposition of trade barriers may have a material adverse effect on our business, financial condition and results of operations.

37. *We engage contract labour for carrying out certain business operations.*

In order to retain operational efficiencies, we engage independent contractors through whom we engage contract labour for performance of certain functions at our manufacturing units as well as at our offices. Although we do not engage these labourers directly, we are responsible for any wage payments to be made to such labourers in the event of default by such independent contractors. Any requirement to fund their wage requirements may have an adverse impact on our business, financial condition and results of operations.

38. *Failure to maintain confidential information of our customers could adversely affect our results of operations or damage our reputation.*

We enter into confidentiality agreements and non-disclosure agreements with our customers and other third parties. Our agreements with our customers also contain confidentiality and non-disclosure clauses. As per these agreements, we are required to keep confidential, the know-how and technical specifications, if any, provided to us by these customers. In the event of any breach or alleged breach of our confidentiality agreements with our customers, these customers may terminate their engagements with us or initiate litigation for breach of contract. Moreover, most of these contracts do not contain provisions limiting our liability with respect to breaches of our obligation to keep the information we receive from them confidential. As a result, if our customers' confidential information is misappropriated by us or our employees, our customers may consider us liable for that act and seek damages and compensation from us, in addition, to seeking termination of the contract. Assertions of misappropriation of confidential information or the intellectual property of our customers against us, if successful, could have a material adverse effect on our business, financial condition and results of operations. Even if such assertions against us are unsuccessful, they may cause us to incur reputational harm and substantial cost.

39. *Our Company has unsecured loans which are repayable on demand. Any demand from lenders for repayment of such unsecured loans may adversely affect our cash flows.*

As of September 30, 2021, our Company has unsecured bill discounting amounting to ₹127.61 million, and may in the future continue to avail unsecured borrowings, which may be recalled at any time, with or without the existence of an event of default, on short or no notice. Such recalls on borrowed amounts may be contingent upon happening of an event beyond our control and there can be no assurance that we will be able to persuade our lender to give us extensions or to refrain from exercising such recalls, which may adversely affect business, financial condition and results of operations. For further details, see “*Financial Indebtedness*” on page 285.

40. *Employee misconduct could harm us and is difficult to detect and deter.*

Although we closely monitor our employees, misconduct, including acts of bribery, corruption or fraud by employees or executives, such acts could include binding us to transactions that exceed authorized limits or present unacceptable risks, or they may hide unauthorized or unlawful activities from us, which may result in substantial financial losses and damage to our reputation and loss of business from our customers. Employee or executive misconduct could also involve the improper use or disclosure of confidential information, which could result in regulatory sanctions and serious reputational or financial harm, including harm to our brand. It is not always possible to deter employee or executive misconduct and the precautions taken and systems put in place to prevent and detect such activities may not be effective in all cases. Any instances of such misconduct could

adversely affect our business and our reputation.

41. *We have in the past entered into related party transactions and may continue to do so in the future, which may potentially involve conflicts of interest with the equity shareholders.*

We have in the course of our business entered into, and will continue to enter into, several transactions with our related parties including remuneration paid to our Directors. For further information, see “*Financial Information*” on page 193. We cannot assure you that we will receive similar terms in our related party transactions in the future and that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties.

The transactions we have entered into and any further transactions that we may have with our related parties could potentially involve conflicts of interest which may be detrimental to us. We cannot assure you that such transactions, individually or in the aggregate, will not have an adverse effect on our business, financial condition and results of operations, including because of potential conflicts of interest or otherwise.

42. *Certain of our Directors, Promoter and key management personnel may have interests other than reimbursement of expenses incurred and normal remuneration or benefits in our Company.*

Certain of our Directors, Promoter and key management personnel may be interested in our Company, in addition to regular remuneration or benefits and reimbursement of expenses, to the extent of the Equity Shares by them or their relative, and any dividends, bonuses or other distributions on such Equity Shares. For further details, other than reimbursement of expenses incurred or normal remuneration or benefits, see “*Our Management – Interest of Directors*” and “*Our Management – Interests of Key Managerial Personnel*” on page 172 and 183.

43. *Our Promoters have interest in entities, which are in businesses similar to ours and this may result in conflict of interest with us.*

Our Promoters have interest in Jakhau Salt Company Private Limited and Bharath Salt Refineries Limited, which are engaged in the business of manufacturing of industrial salt. As these entities are in similar lines of business to our Company, there can be no assurance that conflicts of interest will not occur between our business and the businesses of such entities, which could have an adverse effect on our business, financial condition and results of operations.

44. *After the completion of the Offer, our Promoters will continue to collectively hold substantial shareholding in our Company.*

Currently, our Promoters own an aggregate of 70.30% of our outstanding Equity Shares. Following the completion of the Offer, certain Promoters will continue to hold majority of our shareholding of our post-Offer Equity Share capital which will allow them to exercise significant control over the outcome of the matters submitted to our shareholders for approval. For details of their shareholding pre- and post- Offer, see “*Capital Structure*” on page 72. This concentration of ownership may delay, defer or even prevent a change in control of our Company and may make some transactions more difficult without the support of these shareholders. In addition, these Shareholders have the ability to exercise influence over our business, and may cause us take actions that are not in, or may be different from the interest of our other shareholders, including matters relating to our management and policies and the election of our directors and senior management, the approval of lending and investment policies, capital expenditure, declaration of dividend, strategic acquisitions and fund raising activities.

45. *Information relating to the installed manufacturing capacity of our manufacturing facility included in this Draft Red Herring Prospectus are based on various assumptions and estimates and future production and capacity may vary.*

Information relating to the historical installed capacity and estimated capacity utilization of our manufacturing facility included in this Draft Red Herring Prospectus is based on various assumptions and estimates of our management and an independent chartered engineer. Actual production volumes and capacity utilization rates may differ significantly from the estimated production capacities and historical capacity utilization of our manufacturing facility. Investors should therefore not place undue reliance on our historical installed capacity information for our existing manufacturing facility included in this Draft Red Herring Prospectus.

46. *We have listed ₹8,400 million non-convertible debentures on the BSE. Any non-compliance with our listing obligations may subject us to penalties.*

In November 2018, we entered into agreements with the India Resurgence Fund Scheme – I, India Resurgence Fund Scheme – II and Piramal Glass Private Limited for the issue of ₹8,400 million non-convertible debentures (“NCDs”) with face value of ₹1.00 million each, of which are ₹8,400 million are outstanding as at December 31, 2021 and interest accrued but not due was ₹ 1,166.70 million as at December 31, 2021. For further details of the NCDs, including indicative terms and conditions thereof, see “*Financial Indebtedness*” on page 285. Our NCDs are listed on the BSE, and we are subject to certain continuing listing requirements in respect of these listed NCDs. There has been no frequent trading of the NCDs on the BSE. Any non-compliance by us with such listing requirements may subject us to penalties or may constitute a default under the NCDs. In terms of the Listing Regulations, a listed entity is required to prepare and submit un-audited or audited quarterly standalone financial results on a quarterly basis in the prescribed format within 45 days from the end of the quarter, other than last quarter, to the recognised stock exchange. Our Company has requested extension of time for submission of such financial results for the quarter ended December 31, 2021 as our Company has been unable to submit the same due to COVID-19. Should the extension be not granted, our Company may be subject to fine of ₹ 5,000 per day for non-compliance with provisions related to continuous disclosures under the Listing Regulations.

Our Company proposes to utilise an estimated amount of ₹ 8,000.00 million from the Net Proceeds towards redemption or earlier redemption of NCDs issued by our Company either in full or in part, and the interest accrued therein. For further information, see “*Objects of the Offer – Utilisation of Net Proceeds*” on page 83.

47. *Any variation in the utilisation of the Net Proceeds would be subject to certain compliance requirements, including prior shareholders’ approval.*

Our proposed objects of the Offer are set forth under “*Objects of the Offer*” on page 83. At this stage, we cannot determine with any certainty if we would require the Net Proceeds to meet any other expenditure or fund any exigencies arising out of competitive environment, business conditions, economic conditions or other factors beyond our control. In accordance with Sections 13(8) and 27 of the Companies Act 2013, we cannot undertake any variation in the utilisation of the Net Proceeds without obtaining the shareholders’ approval through a special resolution. In the event of any such circumstances that require us to undertake variation in the disclosed utilisation of the Net Proceeds, we may not be able to obtain the shareholders’ approval in a timely manner, or at all. Any delay or inability in obtaining such shareholders’ approval may adversely affect our business or operations.

Further, our Promoters would be required to provide an exit opportunity to Shareholders who do not agree with our proposal to change the objects of the Offer or vary the terms of such contracts, at a price and manner as prescribed by SEBI. Additionally, the requirement on Promoters to provide an exit opportunity to such dissenting shareholders may deter our Promoters from agreeing to the variation of the proposed utilisation of the Net Proceeds, even if such variation is in the interest of our Company. Further, we cannot assure you that the Promoters or the controlling shareholders of our Company will have adequate resources at their disposal at all times to enable them to provide an exit opportunity at the price prescribed by SEBI. In light of these factors, we may not be able to undertake variation of objects of the Offer to use any unutilized proceeds of the Offer, if any, or vary the terms of any contract referred to in the Draft Red Herring Prospectus, even if such variation is in the interest of our Company. This may restrict our Company’s ability to respond to any change in our business or financial condition by re-deploying the unutilised portion of Net Proceeds, if any, or varying the terms of contract, which may adversely affect our business and results of operations.

Further, we will appoint a monitoring agency for monitoring the utilisation of proceeds of the Offer in accordance with Regulation 41 of the SEBI ICDR Regulations and the monitoring agency will submit its report to us on a quarterly basis in accordance with the SEBI ICDR Regulations.

48. *Our funding requirements and the proposed deployment of Net Proceeds have not been appraised by any bank or financial institution or any other independent agency and our management will have broad discretion over the use of the Net Proceeds.*

We intend to utilize the Net Proceeds of the Offer as set forth in “*Objects of the Offer*” beginning on page 83. The funding requirements mentioned as a part of the objects of the Offer are based on internal management estimates and have not been appraised by any bank or financial institution. This is based on current conditions and is subject to change in light of changes in external circumstances, costs, business initiatives, other financial conditions or business strategies. Various risks and uncertainties, including those set forth in this section, may limit or delay

our efforts to use the Net Proceeds to achieve profitable growth in our business.

Accordingly, use of the Net Proceeds for other purposes identified by our management may not result in actual growth of our business, increased profitability or an increase in the value of our business and your investment.

49. Certain sections of this Draft Red Herring Prospectus contain information from the Company Commissioned F&S Report, which we commissioned and paid by us and any reliance on such information for making an investment decision in the Offer is subject to inherent risks.

Certain sections of this Draft Red Herring Prospectus include information based on, or derived from, the Company Commissioned F&S Report or extracts of the Company Commissioned F&S Report prepared by Frost & Sullivan, which is not related to our Company, Directors or Promoters. We commissioned and paid for this report for the purpose of confirming our understanding of the industry in connection with the Offer. All such information in this Draft Red Herring Prospectus indicates the Company Commissioned F&S Report as its source. Accordingly, any information in this Draft Red Herring Prospectus derived from, or based on, the Company Commissioned F&S Report should be read taking into consideration the foregoing.

Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Further, the Company Commissioned F&S Report is not a recommendation to invest / disinvest in any company covered in the Company Commissioned F&S Report. Accordingly, prospective investors should not place undue reliance on, or base their investment decision solely on this information.

In view of the foregoing, you may not be able to seek legal recourse for any losses resulting from undertaking any investment in the Offer pursuant to reliance on the information in this Draft Red Herring Prospectus based on, or derived from, the Company Commissioned F&S Report. You should consult your own advisors and undertake an independent assessment of information in this Draft Red Herring Prospectus based on, or derived from, the Company Commissioned F&S Report before making any investment decision regarding the Offer. See “*Industry Overview*” on page 96. For the disclaimers associated with the Company Commissioned F&S Report, see “*Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation – Industry and Market Data*” on page 19.

50. We track certain operational metrics with internal systems and tools. Certain of our operational metrics are subject to inherent challenges in measurement which may adversely affect our business and reputation.

We track certain operational metrics, including transaction volumes and key business and non-GAAP metrics such as EBITDA, EBITDA margin and ROCE, among others, with internal systems and tools and which may differ from estimates or similar metrics published by third parties due to differences in sources, methodologies, or the assumptions on which we rely. Our internal systems and tools have a number of limitations, and our methodologies for tracking these metrics may change over time, which could result in unexpected changes to our metrics, including the metrics we publicly disclose. If the internal systems and tools we use to track these metrics undercount or over count performance or contain algorithmic or other technical errors, the data we report may not be accurate. While these numbers are based on what we believe to be reasonable estimates of our metrics for the applicable period of measurement, there are inherent challenges in measuring how our platforms are used across large populations. In addition, limitations or errors with respect to how we measure data or with respect to the data that we measure may affect our understanding of certain details of our business, which could affect our long-term strategies. If our operating metrics are not accurate representations of our business, if investors do not perceive our operating metrics to be accurate, or if we discover material inaccuracies with respect to these figures, we expect that our business, reputation, results of operations and financial condition would be adversely affected.

51. We will not receive any proceeds from the Offer for Sale. The Selling Shareholder will receive the net proceeds from the Offer for Sale.

The Offer consists of a Fresh Issue and an Offer for Sale. The Selling Shareholders shall be entitled to the net proceeds from the Offer for Sale, which comprise proceeds from the Offer for Sale net of Offer expenses shared by the Selling Shareholders, and our Company will not receive any proceeds from the Offer for Sale.

External Risks

52. *A slowdown in economic growth in India could cause our business to suffer.*

Our performance and the growth of our business are necessarily dependent on the health of the overall Indian economy. Any slowdown or perceived slowdown in the Indian economy or future volatility in global commodity prices could adversely affect our business. 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 business. In particular, the COVID-19 pandemic caused an economic downturn in India and globally. The second wave of COVID-19 infections impacted India in April, May and June 2021. The overall impact on India's economy for year ended March 31, 2022, remains uncertain but is likely to be negative. Any downturn in the macroeconomic environment in India could also adversely affect our business, financial condition, results of operations and prospects.

India's economy could be adversely affected by a general rise in interest rates or inflation, adverse weather conditions affecting agriculture, commodity and energy prices as well as various other factors. A slowdown in the Indian economy could adversely affect the policy of the GoI towards our industry, which may in turn adversely affect our financial performance and our ability to implement our business strategy.

The Indian economy is also influenced by economic and market conditions in other countries, particularly emerging market conditions in Asia. A decline in India's foreign exchange reserves and exchange rate fluctuations may also affect liquidity and interest rates in the Indian economy, which could adversely impact our financial condition. A loss of investor confidence in other emerging market economies or any worldwide financial instability may adversely affect the Indian economy, which could materially and adversely affect our business, financial condition, results of operations and prospects.

Further, other factors which may adversely affect the Indian economy are scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India and scarcity of financing of our expansions; volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges; changes in India's tax, trade, fiscal or monetary policies, like application of GST; political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighbouring countries; occurrence of natural or man-made disasters; infectious disease outbreaks or other serious public health concerns; prevailing regional or global economic conditions, including in India's principal export markets; and other significant regulatory or economic developments in or affecting India or its financial services sectors.

53. *Our business is affected by global economic conditions, especially in the geographies we cater to, which may have an adverse effect on our business, financial condition, results of operations and prospects.*

Our business depends substantially on global economic conditions. During the six months ended September 30, 2021 and during Fiscal 2021, Fiscal 2020 and Fiscal 2019, our sales from exports, as a percentage of our revenue from operations were 68.13%, 74.41%, 78.41% and 80.39%, respectively. A significant number of our customers and the majority of the end users of our products are located and primarily operating in Europe, North and South America, and Asia and some of them were adversely impacted by the economic downturn in these economies, disruption in banking and financial systems, economic weakness, unfavourable government policies, rising inflation, lowering of spending power and customer confidence, and political uncertainty.

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Financial turmoil in Asia, U.S. and elsewhere in the world in recent years has affected the Indian economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our business, results of operations and financial condition.

The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections in recent years. Financial markets and the supply of credit could continue to be negatively impacted by ongoing concerns surrounding the sovereign debts and/or fiscal deficits of several countries in Europe, the possibility of further downgrades of, or defaults on, sovereign debt, concerns about a slowdown in growth in certain economies and uncertainties regarding the stability and overall standing of the European Monetary Union.

A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in the Indian financial markets and indirectly in the Indian economy in general. Any worldwide financial instability could influence the Indian economy. In response to such developments, legislators and financial regulators in the United States, Europe and other jurisdictions, including India, have implemented several policy measures designed to add stability to the financial markets. In addition, any increase in interest rates by the United States Federal Reserve will lead to an increase in the borrowing costs in the United States which may in turn impact global borrowing as well. Furthermore, in several parts of the world, there are signs of increasing retreat from globalization of goods, services and people, as pressure for the introduction of a protectionist regime is building and such developments could adversely affect Indian exports. However, the overall impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have the intended stabilizing effects. In the event that the current adverse conditions in the global credit markets continue or if there is any significant financial disruption, this could have an adverse effect on our business, results of operations and financial condition.

Since December 2019, the ongoing outbreak of COVID-19 has affected countries globally, with the World Health Organisation declaring the outbreak as a pandemic on March 12, 2020. There have been border controls, lockdowns and travel restrictions imposed by various countries, as a result of the COVID-19 outbreak. Such outbreak of an infectious disease together with the resulting restrictions on travel and/or imposition of lockdown measures have resulted in protracted volatility in domestic and international markets has resulted in a global slowdown and crisis. In particular, the COVID-19 outbreak has caused stock markets worldwide to fluctuate significantly in value and has impacted global economic activity. A number of governments have revised gross domestic product growth forecasts for 2020 and 2021 downwards in response to the economic slowdown caused by the spread of COVID-19, and it is possible that the outbreak of COVID-19 will cause a prolonged global economic crisis or recession.

If we are unable to successfully anticipate and respond to changing economic and market conditions, our business, results of operations and financial condition and prospects may be adversely affected.

54. Changing regulations in India could lead to new compliance requirements that are uncertain.

The regulatory and policy environment in which we operate is evolving and is subject to change. The GoI may implement new laws or other regulations and policies that could affect our business in general, which could lead to new compliance requirements, including requiring us to obtain approvals and licenses from the Government and other regulatory bodies, or impose onerous requirements.

For instance, the GoI has recently introduced (a) the Code on Wages, 2019; (b) the Code on Social Security, 2020; (c) the Occupational Safety, Health and Working Conditions Code, 2020; and (d) the Industrial Relations Code, 2020 which consolidate, subsume and replace numerous existing central labour legislations. While the rules for implementation under these codes have not been notified, we are yet to determine the impact of all or some such laws on our business and operations which may restrict our ability to grow our business in the future and increase our expenses. In the absence of any precedents on the subject, the application of these provisions is uncertain and may or may not have an adverse tax impact on us.

Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy in the jurisdictions in which we operate, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current businesses or restrict our ability to grow our businesses in the future.

55. Natural calamities, climate change and health epidemics and pandemics such as COVID-19 could adversely affect the Indian economy and our business, financial condition, and results of operations. In addition, hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect our business, financial condition and results of operations.

India has experienced natural calamities, such as earthquakes, tsunamis and floods in recent years. Natural calamities could have an adverse impact on the Indian economy which, in turn, could adversely affect our business, and may damage or destroy our manufacturing and R&D facilities or other assets which are concentrated in one location. Any of these natural calamities could adversely affect our business, financial condition and results of operations.

A number of countries in Asia, including India, as well as countries in other parts of the world, are susceptible to contagious diseases and, for example, have had confirmed cases of the highly pathogenic H7N9, H5N1 and H1N1 strains of influenza in birds and swine. In addition, the COVID-19 pandemic, has caused a worldwide health crisis and economic downturn. Any future outbreak of health epidemics may restrict the level of business activity in affected areas, which may, in turn, adversely affect our business. See “-The impact of the COVID-19 pandemic is uncertain and still evolving, and could adversely affect our business, results of operations and financial condition” on page 26.

Our operations including our manufacturing facility and research and development activities may be damaged or disrupted as a result of natural calamities. Such events may lead to the disruption of information systems and telecommunication services for sustained periods. They also may make it difficult or impossible for employees to reach our business locations. Damage or destruction that interrupts our provision of services could adversely affect our reputation, our relationships with our customers, our senior management team’s ability to administer and supervise our business or it may cause us to incur substantial additional expenditure to repair or replace damaged equipment or rebuild parts of our facilities. Any of the above factors may adversely affect our business, results of operations and financial condition.

India has from time-to-time experienced instances of social, religious and civil unrest and hostilities between neighbouring countries. Recently there have been ongoing mass protest by farmers, against three farm acts which were passed by the Parliament of India in September 2020. The introduction of the law caused protests in several parts of the country like Delhi, Haryana and Punjab. In case there are mass protests leading to civil unrest, such incidents could impact both our operations and adversely affect our business, financial condition and results of operations. Present relations between India and Pakistan continue to be fragile on the issues of terrorism, armaments and Kashmir. Military activity or terrorist attacks in the future could influence the Indian economy by disrupting communications and making travel more difficult and such political tensions could create a greater perception that investments in Indian companies involve higher degrees of risk. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy and could have a material adverse effect on the market for securities of Indian companies.

56. *Inflation in India could have an adverse effect on our profitability and if significant, on our financial condition.*

In recent months, consumer and wholesale prices in India have exhibited increased inflationary trends, as the result of an increase in crude oil prices, higher international commodity prices, and higher domestic consumer and supplier prices. The Consumer Price Index increased from 3.4% (average) in Fiscal 2019 to 4.8% (average) in Fiscal 2020 to an estimated 6.0% (average) in Fiscal 2021 although the RBI has enacted certain policy measures designed to curb inflation, these policies may not be successful. Continued high rates of inflation may increase our expenses related to salaries or wages payable to our employees, raw materials and other expenses. There can be no assurance that we will be able to pass on any additional expenses to our customers or that our revenue will increase proportionately corresponding to such inflation. Accordingly, high rates of inflation in India could have an adverse effect on our business, financial condition and results of operations.

57. *Significant differences exist between Ind-AS and other accounting principles, such as U.S. GAAP and IFRS, which may be material to the financial statements prepared and presented in accordance with Ind-AS contained in this Draft Red Herring Prospectus.*

Our Restated Financial Information as of, and for the six month period ended September 30, 2021 and the years ended, March 31, 2021, 2020 and 2019 and have been prepared and presented in accordance with Ind-AS. Ind-AS differs from accounting principles with which prospective investors may be familiar in other countries, such as U.S. GAAP and IFRS. Significant differences exist between Ind-AS, U.S. GAAP and IFRS, which may be material to the financial statements prepared and presented in accordance with Ind-AS contained in this Draft Red Herring Prospectus. Accordingly, the degree to which the financial information included in this Draft Red Herring Prospectus will provide meaningful information is dependent on the prospective investor’s familiarity with Ind-AS and the Companies Act. Any reliance by persons not familiar with Ind-AS on the financial disclosures

presented in this Draft Red Herring Prospectus should accordingly be limited.

58. *The Indian tax regime is currently undergoing substantial changes which could adversely affect our business and the trading price of the Equity Shares.*

Our business, financial condition and results of operations could be adversely affected by any change in the extensive central and state tax regime in India applicable to us and our business. Tax and other levies imposed by the central and state governments in India that affect our tax liability, include central and state taxes and other levies, income tax, turnover tax, goods and service tax, stamp duty and other special taxes and surcharges, which are introduced on a temporary or permanent basis from time to time. This extensive central and state tax regime is subject to change from time to time. The final determination of our tax liability involves the interpretation of local tax laws and related regulations in each jurisdiction, as well as the significant use of estimates and assumptions regarding the scope of future operations and results achieved and the timing and nature of income earned and expenditures incurred.

For instance, the Government of India has implemented two major reforms in Indian tax laws, namely the GST, and provisions relating to general anti-avoidance rules (“GAAR”). The indirect tax regime in India has undergone a complete overhaul. The indirect taxes on goods and services, such as central excise duty, service tax, central sales tax, state value added tax, surcharge and excise have been replaced by Goods and Service Tax with effect from July 1, 2017. The GST regime is relatively new and therefore is subject to amendments and its interpretation by the relevant regulatory authorities. GAAR became effective from April 1, 2017. The tax consequences of the GAAR provisions being applied to an arrangement may result in, among others, a denial of tax benefit to us and our business. In the absence of any precedents on the subject, the application of these provisions is subjective. If the GAAR provisions are made applicable to us, it may have an adverse tax impact on us. Further, if the tax costs associated with certain of our transactions are greater than anticipated because of a particular tax risk materializing on account of new tax regulations and policies, it could affect our profitability from such transactions.

Further, the Finance Act, 2020, has, amongst others things, notified changes and provided a number of amendments to the direct and indirect tax regime, including, without limitation, a simplified alternate direct tax regime and that dividend distribution tax (“DDT”), will not be payable in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020, and accordingly, such dividends would not be exempt in the hands of the shareholders, both resident as well as non-resident and are subject to tax deduction at source. The Company may or may not grant the benefit of a tax treaty (where applicable) to a non-resident shareholder for the purposes of deducting tax at source from such dividend. Investors should consult their own tax advisors about the consequences of investing or trading in the Equity Shares.

59. *Any adverse change in India’s sovereign credit rating by international rating agencies could adversely affect our business, results of operations, financial condition and cash flows.*

In November 2016, Standard & Poor’s, an international rating agency, reiterated its negative outlook on India’s credit rating. It identified India’s high fiscal deficit and heavy debt burden as the most significant constraints on its rating, and recommended the implementation of reforms and containment of deficits. Standard & Poor’s affirmed its outlook on India’s sovereign debt rating to “stable”, while reaffirming its “BBB-” rating. In May 2017, Fitch, another international rating agency, affirmed India’s sovereign outlook to “stable” and affirmed its rating as “BBB-”. In November 2017 Moody’s Investors Service (“Moody’s”) upgraded the Sovereign Credit Rating of India to Baa2 from Baa3 and changed the outlook on the rating to stable from positive. On June 1, 2020, Moody’s downgraded India’s sovereign rating to the lowest investment grade and maintained the outlook from stable to negative. This is a result of the pandemic, which has exacerbated India’s weak fiscal setting. In October 2021, S&P Global affirmed its BBB-long-term sovereign ratings on India with a stable outlook. Prior to the onset of the pandemic, India’s GDP growth slowed on account of existing vulnerabilities such as a weak financial sector and subdued private investment. Going forward, the sovereign ratings outlook will remain dependent on whether the government is able to transition the economy into a high-growth environment, as well as exercise adequate fiscal restraint. Any adverse change in India’s credit ratings by international rating agencies may adversely impact the Indian economy and consequently our business, results of operations, financial condition and cash flows.

60. *The extent and reliability of Indian infrastructure, to the extent insufficient, could adversely impact our business, financial condition and results of operations.*

India’s physical infrastructure is less developed than that of many developed nations. Any congestion or disruption with its port, rail and road networks, electricity grid, communication systems or any other public facility could

disrupt our normal business activity. Any deterioration of India's physical infrastructure would harm the national economy, disrupt the transportation of goods and supplies including our specialty marine chemical products, and add costs to doing business in India. These problems could interrupt our business operations, which could have adverse effect on our business, financial condition and results of operations.

61. *Foreign investors are subject to foreign investment restrictions under Indian laws which limit our ability to attract foreign investors, which may adversely impact the market price of our 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 restrictions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or falls under any of the exceptions referred to above, then the prior approval of the RBI will be required. Additionally, shareholders who seek to convert the Indian Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no objection/tax clearance certificate from the income tax authority. We cannot assure investors that any required approval from the RBI or any other Indian government agency can be obtained on any particular terms, or at all. For further details, please see on “*Restrictions on Foreign Ownership of Indian Securities*” on page 341.

In accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT as consolidated in the FDI Policy with effect from October 15, 2020, and the Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2020 which came into effect from April 22, 2020, any investment, subscription, purchase or sale of equity instruments by entities of a country which share a land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, will require prior approval of the Government of India. Any such approval(s) would be subject to the discretion of the regulatory authorities. Restrictions on foreign investment activities and impact on our ability to attract foreign investors may cause uncertainty and delays in our future investment plans and initiatives. We cannot assure you that any required approval from the relevant governmental agencies can be obtained on any particular terms or at all. Further, if our Company ceases to be “owned and controlled” by resident Indian entities, we will be subject to additional investment and exit restrictions under the FDI Policy and the FEMA.

62. *It may not be possible for investors to enforce any judgment obtained outside India against us, the Book Running Lead Managers or any of their directors and executive officers in India respectively, except by way of a lawsuit in India.*

Our Company is a limited liability company incorporated under the laws of India. Our Board of Directors comprises members all of whom are Indian citizens. All of our Key Managerial Personnel are residents of India and majority of the assets of our Company and such persons are located in India. As a result, it may not be possible for investors outside India to effect service of process upon our Company or such persons in India, or to enforce against them judgments obtained in courts outside India.

India has reciprocal recognition and enforcement of judgments in civil and commercial matters with only a limited number of jurisdictions, which includes, among others, the United Kingdom, Singapore, United Arab Emirates and Hong Kong. In order to be enforceable, a judgment from a jurisdiction with reciprocity must meet certain requirements of the Code of Civil Procedure, 1908. Judgments or decrees from jurisdictions, which do not have reciprocal recognition with India, cannot be executed in India. Therefore, a final judgment for the payment of money rendered by any court in a non-reciprocating territory for civil liability, whether or not predicated solely upon the general laws of the non-reciprocating territory, would not be enforceable in India. Even if an investor obtained a judgment in such a jurisdiction against us or our officers or directors, it may be required to institute a new proceeding in India and obtain a decree from an Indian court. However, the party in whose favour such final judgment is rendered may bring a new suit in a competent court in India based on a final judgment that has been obtained in a non-reciprocating territory within three years of obtaining such final judgment in the same manner as any other suit filed to enforce a civil liability in India. If, and to the extent that, an Indian court were of the opinion that fairness and good faith so required, it would, under current practice, give binding effect to the final judgment that had been rendered in the non-reciprocating territory, unless such a judgment contravenes principles of public policy in India. It is unlikely that an Indian court would award damages on the same basis or to the same extent as was awarded in a final judgment rendered by a court in another jurisdiction if the Indian court believed that the amount of damages awarded was excessive or inconsistent with Indian practice. In addition, any person seeking to enforce a foreign judgment in India is required to obtain prior approval of the RBI to repatriate any amount recovered pursuant to the execution of such a judgment.

63. *Our business and activities may be regulated by the Competition Act, 2002 and proceedings may be enforced against us.*

The Competition Act seeks to prevent business practices that have an appreciable adverse effect on competition in the relevant market in India. Under the Competition Act, any arrangement, understanding or action in concert between enterprises, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition in India is void and attracts substantial monetary penalties. Further, any agreement among competitors which directly or indirectly involves the determination of purchase or sale prices, limits or controls production, supply, markets, technical development, investment or provision of services, shares the market or source of production or provision of services in any manner by way of allocation of geographical area, type of goods or services or number of consumers in the relevant market or in any other similar way or directly or indirectly results in bid-rigging or collusive bidding is presumed to have an appreciable adverse effect on competition.

The Competition Act also prohibits abuse of a dominant position by any enterprise. If it is proved that the contravention committed by a company took place with the consent or connivance or is attributable to any neglect on the part of, any director, manager, secretary or other officer of such company, that person shall be also guilty of the contravention and may be punished. On March 4, 2011, the GoI notified and brought into force the combination regulation (merger control) provisions under the Competition Act with effect from June 1, 2011. These provisions require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset and turnover based thresholds to be mandatorily notified to, and pre-approved by, the Competition Commission of India, or CCI. Additionally, on May 11, 2011, the CCI issued the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011, as amended, which sets out the mechanism for implementation of the merger control regime in India.

The Competition Act aims to, among other things, prohibit all agreements and transactions, including agreements between vertical trading partners i.e. entities at different stages or levels of the production chain in different markets, which may have an appreciable adverse effect on competition in India. Consequently, all agreements entered into by us could be within the purview of the Competition Act. We may also be subject to queries from the CCI pursuant to complaints by consumers or any third persons, which could be made without any or adequate basis given our market presence. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside of India if such agreement, conduct or combination has an appreciable adverse effect on competition in India. However, the effect of the provisions of the Competition Act on the agreements entered into by us cannot be predicted with certainty at this stage.

Risks Relating to the Equity Shares

64. *Our Equity Shares have never been publicly traded, and after the Offer, the Equity Shares may experience price and volume fluctuations, and an active trading market for the Equity Shares may not develop. Further, the Offer Price may not be indicative of the market price of the Equity Shares after the Offer.*

Prior to the Offer, there has been no public market for the Equity Shares, and an active trading market on the Stock Exchanges may not develop or be sustained after the Offer. Listing and quotation does not guarantee that a market for the Equity Shares will develop, or if developed, the liquidity of such market for the Equity Shares. The Offer Price of the Equity Shares is proposed to be determined through a book-building process and may not be indicative of the market price of the Equity Shares at the time of commencement of trading of the Equity Shares or at any time thereafter. The market price of the Equity Shares may be influenced by many factors, some of which are beyond our control, including:

- the failure of security analysts to cover the Equity Shares after this Offer, or changes in the estimates of our performance by analysts;
- the activities of competitors and suppliers;
- future sales of the Equity Shares by our Company or our shareholders;
- investor perception of us and the industry in which we operate;
- our quarterly or annual earnings or those of our competitors;
- developments affecting fiscal, industrial or environmental regulations;
- the public's reaction to our press releases and adverse media reports; and
- general economic conditions.

As a result of these factors, investors may not be able to resell their Equity Shares at or above the initial public

offering price. In addition, the stock market often experiences price and volume fluctuations that are unrelated or disproportionate to the operating performance of a particular company. These broad market fluctuations and industry factors may materially reduce the market price of the Equity Shares, regardless of our Company's performance. There can be no assurance that the investor will be able to resell their Equity Shares at or above the Offer Price.

65. *Currency exchange rate fluctuations may affect the value of the Equity Shares.*

The exchange rate between the Rupee and other foreign currencies, including the U.S. Dollar, the British pound sterling, the Euro, the Hong Kong Dollar, the Singapore Dollar and the Japanese Yen, has changed substantially in recent years and may fluctuate substantially in the future. Fluctuations in the exchange rate between the foreign currencies with which an investor may have purchased Rupees may affect the value of the investment in the Company's Equity Shares. Specifically, if there is a change in relative value of the Rupee to a foreign currency, each of the following values will also be affected:

- the foreign currency equivalent of the Rupee trading price of the Company's Equity Shares in India;
- the foreign currency equivalent of the proceeds that you would receive upon the sale in India of any of the Company's Equity Shares; and
- the foreign currency equivalent of cash dividends, if any, on the Company's Equity Shares, which will be paid only in Rupees.

You may be unable to convert Rupee proceeds into a foreign currency of your choice, or the rate at which any such conversion could occur could fluctuate. In addition, the Company's market valuation could be seriously harmed by a devaluation of the Rupee if investors in jurisdictions outside India analyse its value based on the relevant foreign currency equivalent of the Company's results of operations and financial condition.

66. *We cannot assure payment of dividends on the Equity Shares in the future.*

Our Company has not declared dividends on our Equity Shares during the current Fiscal Year and the last three Fiscal Years. Our ability to pay dividends in the future will depend upon our dividend policy, future results of operations, financial condition, cash flows, working capital requirements and capital expenditure requirements and other factors considered relevant by our directors and shareholders. Our ability to pay dividends may also be restricted under certain financing arrangements that we may enter into. We cannot assure you that we will be able to pay dividends on the Equity Shares at any point in the future. For details pertaining to dividend declared by us in the past, see "*Dividend Policy*" on page 192.

67. *The determination of the Price Band is based on various factors and assumptions and the Offer Price of the Equity Shares may not be indicative of the market price of the Equity Shares after the Offer. Further, the current market price of some securities listed pursuant to certain previous issues managed by the Book Running Lead Managers is below their respective issue prices.*

The determination of the Price Band is based on various factors and assumptions, and will be determined by our Company and the Selling Shareholders in consultation with the Book Running Lead Managers. Furthermore, the Offer Price of the Equity Shares will be determined by our Company and the Selling Shareholders in consultation with the Book Running Lead Managers through the Book Building Process. These will be based on numerous factors, including factors as described under "*Basis for Offer Price*" beginning on page 89 and may not be indicative of the market price for the Equity Shares after the Offer.

In addition to the above, the current market price of securities listed pursuant to certain previous initial public offerings managed by the Book Running Lead Managers is below their respective issue price. For further details, see "*Other Regulatory and Statutory Disclosures – Price information of past issues handled by the BRLMs*" beginning on page 306. The factors that could affect the market price of the Equity Shares include, among others, broad market trends, financial performance and results of our Company post-listing, and other factors beyond our control. We cannot assure you that an active market will develop or sustained trading will take place in the Equity Shares or provide any assurance regarding the price at which the Equity Shares will be traded after listing.

68. *Investors may be subject to Indian taxes arising out of income arising on the sale of and dividend on the Equity Shares.*

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares

held as investments in an Indian company are generally taxable in India. Any capital gain realized on the sale of listed equity shares on a Stock Exchange held for more than 12 months immediately preceding the date of transfer will be subject to long term capital gains in India at the specified rates depending on certain factors, such as whether the sale is undertaken on or off the Stock Exchanges, the quantum of gains and any available treaty relief. Accordingly, we may be subject to payment of long term capital gains tax in India, in addition to payment of Securities Transaction Tax ("STT"), on the sale of any Equity Shares held for more than 12 months immediately preceding the date of transfer. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold.

Further, any capital gains realized on the sale of listed equity shares held for a period of 12 months or less immediately preceding the date of transfer will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will not be chargeable to tax in India in cases where relief from such taxation in India is provided under a treaty between India and the country of which the seller is resident and the seller is entitled to avail benefits thereunder, subject to certain conditions. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares.

Similarly, any business income realized from the transfer of Equity Shares held as trading assets is taxable at the applicable tax rates subject to any treaty relief, if applicable, to a non-resident seller. Additionally, in terms of the Finance Act, 2018, which has been notified on March 29, 2018 with effect from April 1, 2018, the tax payable by an assessee on the capital gains arising from transfer of long term capital asset (introduced as section 112A of the Income-Tax Act, 1961) shall be calculated on such long-term capital gains at the rate of 10%, where the long-term capital gains exceed ₹100,000, subject to certain exceptions in case of a resident individuals and HUF.

Further, the Finance Act, 2019 has made various amendments in the taxation laws and has also clarified that, in the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of securities other than debentures, on a delivery basis is specified at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount. These amendments have come into effect from July 1, 2020.

Additionally, the Finance Act does not require DDT to be payable in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020, and accordingly, such dividends would not be exempt in the hands of the shareholders, both resident as well as non-resident. The Company may or may not grant the benefit of a tax treaty (where applicable) to a non-resident shareholder for the purposes of deducting tax at source pursuant to any corporate action including dividends.

69. *QIBs and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid, and Retail Individual Investors are not permitted to withdraw their Bids after Bid/Offer Closing Date.*

Pursuant to the SEBI ICDR Regulations, QIBs and Non-Institutional Investors are required to pay the Bid Amount on submission of the Bid and are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid. Retail Individual Investors can revise their Bids during the Bid/Offer Period and withdraw their Bids until Bid/Offer Closing Date. While our Company is required to complete all necessary formalities for listing and commencement of trading of the Equity Shares on all Stock Exchanges where such Equity Shares are proposed to be listed including Allotment pursuant to the Offer within six Working Days from the Bid/Offer Closing Date, or such other time period as required under the applicable laws, events affecting the Bidders' decision to invest in the Equity Shares, including material adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operation or financial condition may arise between the date of submission of the Bid and Allotment. Our Company may complete the Allotment of the Equity Shares even if such events occur, and such events limit the Bidders' ability to sell the Equity Shares Allotted pursuant to the Offer or cause the trading price of the Equity Shares to decline on listing.

70. *There is no guarantee that our Equity Shares will be listed on the BSE and NSE in a timely manner or at all.*

In accordance with Indian law and practice, permission for listing and trading of our Equity Shares will not be granted until after certain actions have been completed in relation to this Offer and until Allotment of Equity

Shares pursuant to this Offer. In accordance with current regulations and circulars issued by SEBI, our Equity Shares are required to be listed on the BSE and NSE within such time as mandated under UPI Circulars, subject to any change in the prescribed timeline in this regard. However, we cannot assure you that the trading in our Equity Shares will commence in a timely manner or at all. Any failure or delay in obtaining final listing and trading approvals may restrict your ability to dispose of your Equity Shares.

71. Holders of Equity Shares could be restricted in their ability to exercise pre-emptive rights under Indian law and could thereby suffer future dilution of their ownership position.

Under the Companies Act, a company having share capital and incorporated in India must offer holders of its Equity Shares pre-emptive rights to subscribe and pay for a proportionate number of Equity Shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the Equity Shares who have voted on such resolution. However, if the laws of the jurisdiction that holders are in does not permit the exercise of such pre-emptive rights without us filing an offering document or registration statement with the applicable authority in such jurisdiction, the holders will be unable to exercise such pre-emptive rights unless we make such a filing. The Company may elect not to file a registration statement in relation to pre-emptive rights otherwise available by Indian law to the holders. To the extent that the holders are unable to exercise pre-emptive rights granted in respect of the Equity Shares, they may suffer future dilution of your ownership position and their proportional interests in our Company would be reduced.

72. Any future issuance of Equity Shares or convertible securities or other equity linked securities by our Company may dilute holders' shareholding and sales of the Equity Shares by our major shareholders may adversely affect the trading price of the Equity Shares.

Any future equity issuances by us, including a primary offering, may lead to the dilution of investors' shareholdings in us. Any disposal of Equity Shares by our major shareholders or the perception that such issuance or sales may occur, including to comply with the minimum public shareholding norms applicable to listed companies in India may adversely affect the trading price of the Equity Shares, which may lead to other adverse consequences including difficulty in raising capital through offering of the Equity Shares or incurring additional debt. There can be no assurance that we will not issue further Equity Shares or that the shareholders will not dispose of the Equity Shares. Any future issuances could also dilute the value of your investment in the Equity Shares. In addition, any perception by investors that such issuances or sales might occur may also affect the market price of the Equity Shares.

73. A third party could be prevented from acquiring control of our Company because of anti-takeover provisions under Indian law.

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of our Company, even if a change in control would result in the purchase of your Equity Shares at a premium to the market price or would otherwise be beneficial to you. Such provisions may discourage or prevent certain types of transactions involving actual or threatened change in control of our Company. Under the SEBI Takeover Regulations, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of our Company. Consequently, even if a potential takeover of our Company would result in the purchase of the Equity Shares at a premium to their market price or would otherwise be beneficial to its stakeholders, it is possible that such a takeover would not be attempted.

74. Rights of shareholders of companies under Indian law may be more limited than under the laws of other jurisdictions.

Our Articles of Association, composition of our Board, Indian laws governing our corporate affairs, the validity of corporate procedures, directors' fiduciary duties, responsibilities and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive and widespread as shareholders' rights under the laws of other countries or jurisdictions.

SECTION III: INTRODUCTION

THE OFFER

The following table sets forth details of the Offer:

| | |
|--|--|
| Offer* | Up to [●] Equity Shares aggregating up to ₹ [●] million |
| <i>of which:</i> | |
| Fresh Issue ^{(1)*} | Up to [●] Equity Shares aggregating up to ₹ 10,000.00 million |
| Offer for Sale ⁽²⁾ | Up to 19,071,288 Equity Shares aggregating up to ₹ [●] million by the Selling Shareholders |
| The Offer consists of: | |
| QIB Portion ⁽³⁾⁽⁴⁾ | Not less than [●] Equity Shares |
| <i>of which:</i> | |
| - Anchor Investor Portion | Up to [●] Equity Shares |
| - Net QIB Portion (assuming the Anchor Investor Portion is fully subscribed) | [●] Equity Shares |
| <i>of which:</i> | |
| a) Mutual Fund Portion (5% of the Net QIB Portion) | [●] Equity Shares |
| b) Balance for all QIBs including Mutual Funds | [●] Equity Shares |
| Non-Institutional Portion | Not more than [●] Equity Shares |
| Retail Portion | Not more than [●] Equity Shares |
| Pre and post-Offer Equity Shares | |
| Equity Shares outstanding prior to the Offer (as of the date of this Draft Red Herring Prospectus) | 96,333,405 Equity Shares [^] |
| Equity Shares outstanding after the Offer | [●] Equity Shares |
| Use of Net Proceeds | See “ <i>Objects of the Offer</i> ” on page 83 for information about the use of the proceeds from the Fresh Issue. Our Company will not receive any proceeds from the Offer for Sale. |

* Our Company in consultation with the BRLMs, may consider the Pre-IPO Placement aggregating up to ₹ 2,000.00 million, which shall not exceed 20% of the Fresh Issue portion. If the Pre-IPO Placement is completed, the Fresh Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Offer complying with Rule 19(2)(b) of the SCRR.

[^] Number of Equity Shares outstanding as on the date of this Draft Red Herring Prospectus, prior to conversion of 171,899; 328,202 and 171,899 CCDs held by IRF I, IRF II and PNRPL, respectively, which shall be converted into 1,775,449; 3,389,817 and 1,775,449 Equity Shares, respectively, prior to filing of the Red Herring Prospectus with the RoC in accordance with Regulation 5(2) of the SEBI ICDR Regulations.

⁽¹⁾ The Fresh Issue has been authorized by a resolution of our Board dated October 12, 2021 and by a special resolution of our Shareholders dated November 15, 2021. Further, our Board has taken on record the approval for the Offer for Sale by the Selling Shareholders pursuant to its resolution dated February 18, 2022.

⁽²⁾ Each of the Selling Shareholders, severally and not jointly, confirms that the Offered Shares have been held by them and are eligible for being offered for sale in the Offer as required under Regulation 8 of the SEBI ICDR Regulations. For more details, see “Capital Structure” on page 72. The Selling Shareholders have confirmed and approved their respective participation in the Offer for Sale as set out below:

| S. No. | Name of Selling Shareholder | Equity Shares offered in the Offer for Sale | Date of consent letter | Date of authorisation |
|--------|-----------------------------|---|------------------------|-----------------------|
| 1. | CS LLP | Up to 5,301,405 | January 29, 2022 | January 12, 2022 |
| 2. | IRF I [#] | Up to 3,732,526 | February 7, 2022 | January 4, 2022 |
| 3. | IRF II [#] | Up to 6,304,831 | February 7, 2022 | January 4, 2022 |
| 4. | PNRPL [#] | Up to 3,732,526 | January 27, 2022 | January 24, 2022 |

[#] 171,899; 328,202 and 171,899 CCDs are held by IRF I, IRF II and PNRPL, respectively, which shall be converted into 1,775,449; 3,389,817 and 1,775,449 Equity Shares, respectively, prior to filing of the Red Herring Prospectus with the RoC in accordance with Regulation 5(2) of the SEBI ICDR Regulations.

⁽³⁾ Our Company and the Selling Shareholders, in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis. The QIB Portion will accordingly be reduced for the Equity Shares allocated to Anchor Investors. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription in the Anchor Investor Portion, the remaining Equity Shares shall be added to the Net QIB Portion. 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. In the event the aggregate demand from Mutual Funds is less than as specified above, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the Net QIB Portion and allocated proportionately to the QIB Bidders (other than

Anchor Investors) in proportion to their Bids. For details, see “Offer Procedure” on page 322.

- ⁽⁴⁾ *Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category except in the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories of Bidders at the discretion of our Company and the Selling Shareholders in consultation with the BRLMs and the Designated Stock Exchange, subject to applicable law.*

Allocation to Bidders in all categories, except the Anchor Investor Portion and the Retail Portion, shall be made on a proportionate basis subject to valid Bids received at or above the Offer Price, as applicable. The allocation to each RIB shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares, if any, shall be allocated on a proportionate basis. Allocation to Anchor Investors shall be on a discretionary basis. For details, see “Offer Procedure” on page 322.

For details of the terms of the Offer, see “Terms of the Offer” on page 313.

SUMMARY OF FINANCIAL INFORMATION

The following tables set forth the summary financial information derived from the Restated Financial Information as of and for the six months ended September 30, 2021 and the Fiscals ended March 31, 2021, March 31, 2020 and March 31, 2019. The summary financial information presented below should be read in conjunction with “*Financial Information*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 193 and 241, respectively.

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Restated Statement of Assets and Liabilities

(In ₹ million)

| Particulars | As at September 30, 2021 (Standalone) | As at March 31, 2021 (Standalone) | As at March 31, 2020 (Consolidated) | As at March 31, 2019 (Consolidated) |
|---|--|---|---|---|
| A. ASSETS | | | | |
| Non-Current Assets | | | | |
| a. Property, plant and equipment | 10,009.57 | 10,071.87 | 8,822.54 | 9,045.83 |
| b. Capital work in progress | 636.17 | 189.32 | 1,581.85 | 90.70 |
| c. Right-of-use assets | 339.46 | 333.66 | 331.42 | 315.84 |
| d. Intangible assets | 1.38 | 1.32 | 1.17 | 0.83 |
| e. Financial assets | | | | |
| i) Investments | 0.89 | 0.87 | 0.84 | - |
| ii) Other financial assets | 17.44 | 16.24 | 17.47 | 41.38 |
| f. Income tax asset (Net) | - | - | - | 58.66 |
| g. Deferred tax asset (Net) | 332.09 | 532.94 | 770.79 | 906.91 |
| h. Other non current assets | 197.74 | 172.03 | 138.21 | 256.77 |
| Total non-current assets | 11,534.74 | 11,318.25 | 11,664.29 | 10,716.92 |
| Current Assets | | | | |
| a. Inventories | 1,191.08 | 1,106.26 | 988.21 | 627.51 |
| b. Financial assets: | | | | |
| i) Investments | 381.20 | 411.69 | 470.73 | - |
| ii) Trade receivables | 900.15 | 680.73 | 444.55 | 670.03 |
| iii) Cash and cash equivalents | 247.18 | 315.04 | 244.79 | 472.36 |
| iv) Other bank balances | 184.84 | 3.09 | 2.70 | 2.70 |
| v) Loans | 6.47 | 4.62 | 3.96 | 0.81 |
| vi) Other financial assets | 143.73 | 141.96 | 7.28 | 6.34 |
| c. Other current assets | 297.06 | 342.54 | 459.52 | 108.46 |
| Total current assets | 3,351.71 | 3,005.93 | 2,621.74 | 1,888.21 |
| TOTAL ASSETS | 14,886.45 | 14,324.18 | 14,286.03 | 12,605.13 |
| B. EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| a. Equity Share Capital | 192.67 | 192.67 | 192.67 | 192.67 |
| b. Other Equity | 1,109.80 | 531.00 | (132.97) | 231.03 |
| Total equity | 1,302.47 | 723.67 | 59.70 | 423.70 |
| Liabilities | | | | |
| Non-Current Liabilities | | | | |
| a. Financial Liabilities | | | | |
| i) Borrowings | 8,464.75 | 8,464.12 | 8,482.65 | 7,405.18 |
| ii) Lease liabilities | 408.42 | 401.78 | 381.62 | 334.40 |
| iii) Other financial liabilities | 1,219.50 | 1,203.88 | 719.77 | 23.04 |
| b. Other non-current liabilities | 1,544.69 | 1,703.76 | 2,107.02 | 2,984.34 |
| c. Provisions | 4.10 | 4.12 | - | - |
| Total non-current liabilities | 11,641.46 | 11,777.66 | 11,691.06 | 10,746.96 |
| Current Liabilities | | | | |
| a. Financial Liabilities: | | | | |
| i) Borrowings | 160.18 | 120.23 | 90.18 | 135.71 |
| ii) Lease liabilities | 56.41 | 49.06 | 37.46 | 26.32 |
| iii) Trade payables | | | | |
| A. Outstanding dues of micro enterprises and small enterprises; | 62.27 | 22.84 | 43.22 | - |
| B. Outstanding dues of creditors other than above | 1,121.16 | 1,094.99 | 1,627.94 | 1,052.52 |
| iv) Other financial liabilities | 180.09 | 140.92 | 48.13 | 195.99 |
| b. Other Current Liabilities | 350.68 | 386.17 | 681.26 | 21.78 |
| c. Provisions | 11.73 | 8.64 | 7.08 | 2.15 |
| Total Current Liabilities | 1,942.52 | 1,822.85 | 2,535.27 | 1,434.47 |
| Total Liabilities | 13,583.98 | 13,600.51 | 14,226.33 | 12,181.43 |

| Particulars | As at September 30, 2021 (Standalone) | As at March 31, 2021 (Standalone) | As at March 31, 2020 (Consolidated) | As at March 31, 2019 (Consolidated) |
|---|--|---|---|---|
| TOTAL EQUITY AND LIABILITIES | 14,886.45 | 14,324.18 | 14,286.03 | 12,605.13 |

Restated Statement of Profit and Loss

(In ₹ million)

| S. No. | Particulars | Six months period ended September 30, 2021 (Standalone) | Year ended March 31, 2021 (Standalone) | Year ended March 31, 2020 (Consolidated) | Year ended March 31, 2019 (Consolidated) |
|--------|---|---|--|--|--|
| I. | Revenue from operations | 4,505.10 | 7,407.64 | 6,081.70 | 5,655.06 |
| II. | Other income | 85.77 | 140.26 | 88.27 | 74.00 |
| III. | Total income (I+II) | 4,590.87 | 7,547.90 | 6,169.97 | 5,729.06 |
| IV. | Expenses | | | | |
| | Cost of materials consumed | 215.69 | 167.46 | 249.99 | 342.38 |
| | Purchases of stock-in-trade | - | - | 111.17 | 94.21 |
| | Changes in Inventories of finished goods, work-in-progress and stock in trade | (61.59) | (78.52) | (357.79) | 523.77 |
| | Employee benefits expense | 184.36 | 353.20 | 344.69 | 303.86 |
| | Finance costs | 817.38 | 1,303.92 | 1,217.58 | 1,176.40 |
| | Depreciation and amortisation expense | 327.72 | 553.97 | 517.61 | 493.17 |
| | Other expenses | 2,325.26 | 4,343.22 | 4,253.78 | 3,664.04 |
| | Total expenses (IV) | 3,808.82 | 6,643.25 | 6,337.03 | 6,597.83 |
| V. | Profit / (Loss) before exceptional items and tax (III-IV) | 782.05 | 904.65 | (167.06) | (868.77) |
| VI. | Exceptional items: | | | | |
| | Write back of loans and interest | - | - | - | 1,142.61 |
| VII. | Profit / (Loss) for the period / year before tax (V+VI) | 782.05 | 904.65 | (167.06) | 273.84 |
| VIII. | Income tax expense: | | | | |
| | - Current tax | - | - | - | - |
| | - MAT credit write off | - | - | 58.66 | - |
| | - Deferred tax | 201.46 | 238.59 | 136.63 | (125.88) |
| | Total Income tax expenses (VIII) | 201.46 | 238.59 | 195.29 | (125.88) |
| IX. | Profit / (Loss) for the period / year after tax (VII-VIII) | 580.59 | 666.06 | (362.35) | 399.72 |
| X. | Other Comprehensive Income | | | | |
| | Items that will not be reclassified to Profit or Loss | | | | |
| | Remeasurements of the defined benefit plans | (2.39) | (3.00) | (2.00) | (0.55) |
| | Income tax expenses relating to the above | 0.60 | 0.75 | 0.50 | 0.19 |
| | Exchange differences on translation of foreign operations | - | - | (0.15) | (0.25) |
| | Total other comprehensive (loss) for the period/year, net of tax (X) | (1.79) | (2.25) | (1.65) | (0.61) |
| XI. | Total Comprehensive Income / (Loss) for the period / year (IX+X) | 578.80 | 663.81 | (364.00) | 399.11 |
| XII. | Earnings Per Equity Share (Face value of Rs. 2 each) | | | | |
| | Basic and Diluted earnings per share (In Rs.) | 5.62 | 6.45 | (3.51) | 5.44 |

| S. No. | Particulars | Six months period ended September 30, 2021 (Standalone) | Year ended March 31, 2021 (Standalone) | Year ended March 31, 2020 (Consolidated) | Year ended March 31, 2019 (Consolidated) |
|---------------|---|--|---|---|---|
| | (EPS for the Six months ended September 30, 2021 is not annualized) | | | | |

Restated Statement of Cash Flow

(In ₹ million)

| Particulars | For the six months period ended September 30, 2021 (Standalone) | | For the Year ended March 31, 2021 (Standalone) | | For the Year ended March 31, 2020 (Consolidated) | | For the Year ended March 31, 2019 (Consolidated) | |
|--|---|----------|--|----------|--|----------|--|--------|
| A. Cash flow from operating activities | | | | | | | | |
| Profit / (Loss) before tax | | 782.05 | | 904.65 | | (167.06) | | 273.84 |
| Adjustments for: | | | | | | | | |
| Exceptional items | | | | | - | | (1,142.61) | |
| Depreciation and Amortisation of property, plant and equipment | 327.72 | | 553.97 | | 517.61 | | 493.17 | |
| Finance costs recognised in profit or loss | 817.38 | | 1,303.92 | | 1,217.58 | | 1,176.40 | |
| Profit on sale of Mutual funds | (6.17) | | (13.98) | | (10.81) | | (0.98) | |
| Impairment of property, plant and equipment | - | | - | | - | | 45.71 | |
| Assets written off | - | | 4.65 | | 4.90 | | - | |
| Interest income from fixed deposit | (5.75) | | (8.57) | | 0.19 | | (0.36) | |
| Profit on sale of asset (net) | - | | 2.09 | | (1.46) | | - | |
| Provision for doubtful receivables / advances | (54.44) | | 48.51 | | (49.89) | | 151.30 | |
| Write off of service tax refund claims | - | | - | | 11.67 | | - | |
| Write back of payables | - | | (3.22) | | (11.11) | | - | |
| Unrealised net foreign exchange (gain) / loss | 77.83 | | 81.80 | | 161.92 | | (69.08) | |
| Operating profit before working capital changes | | 1,156.58 | | 1,969.17 | | 1,840.60 | | 653.56 |
| Movements in working capital: | | | | | | | | |
| (Increase) / decrease in trade receivables | (157.07) | | (265.40) | | 270.48 | | (556.64) | |
| (Increase) / decrease in inventories | (84.83) | | (118.04) | | (360.70) | | 497.85 | |
| (Increase) / decrease in other assets | 18.21 | | (63.41) | | (241.99) | | 396.54 | |
| (Increase) / decrease in demand deposits on lien | - | | - | | - | | 2.77 | |
| Increase / (decrease) in trade payables | 66.48 | | (551.18) | | 629.74 | | (361.75) | |

| Particulars | For the six months period ended September 30, 2021 (Standalone) | | For the Year ended March 31, 2021 (Standalone) | | For the Year ended March 31, 2020 (Consolidated) | | For the Year ended March 31, 2019 (Consolidated) | |
|---|---|-----------------|--|-------------------|--|---------------|--|-------------------|
| Increase / (decrease) in provisions | 0.68 | | 2.67 | | 4.94 | | (5.15) | |
| Increase / (decrease) in other liabilities | (241.97) | | (687.49) | | (498.02) | | 2,271.47 | |
| | | (398.50) | | (1,682.85) | | (195.54) | | 2,245.09 |
| Cash generated from operations | | 1,540.13 | | 1,190.97 | | 1,478.01 | | 3,172.49 |
| Income Tax paid | | - | | - | | (2.50) | | (10.35) |
| Net cash generated from operating activities | | 1,540.13 | | 1,190.97 | | 1,475.51 | | 3,162.14 |
| B. Cash flow from investing activities | | | | | | | | |
| Interest received | 4.17 | | 8.57 | | 10.56 | | 1.36 | |
| Purchase of / proceeds from sale of Mutual funds | 36.65 | | 72.99 | | (460.77) | | 0.98 | |
| Investment in/maturity of bank deposits, net | (181.74) | | (0.40) | | - | | - | |
| Payments for property, plant and equipment | (679.78) | | (105.47) | | (1,520.31) | | (316.71) | |
| Proceeds from sale of property, plant and equipment | - | | 6.79 | | 4.02 | | - | |
| Net foreign exchange gain / (loss) | | | | | (0.15) | | 65.80 | |
| Net cash (used in) investing activities | | (820.70) | | (17.52) | | (1,966.65) | | (248.57) |
| C. Cash flow from financing activities | | | | | | | | |
| Proceeds from borrowings | 147.08 | | 101.29 | | 1,178.14 | | 7,468.13 | |
| Repayment from borrowings | (106.49) | | (90.63) | | (13.48) | | (8,319.00) | |
| Change in working capital borrowing | - | | - | | - | | (526.88) | |
| Repayment towards lease liabilities | (58.14) | | (110.44) | | (75.08) | | (68.93) | |
| Interest paid - Others | (769.74) | | (1,003.42) | | (826.00) | | (1,116.69) | |
| Net cash generated from / (used in) financing activities | | (787.29) | | (1,103.20) | | 263.58 | | (2,563.37) |

| Particulars | For the six months period ended September 30, 2021 (Standalone) | | For the Year ended March 31, 2021 (Standalone) | | For the Year ended March 31, 2020 (Consolidated) | | For the Year ended March 31, 2019 (Consolidated) | |
|---|---|---------|--|--------|--|----------|--|--------|
| Net (decrease) / increase in cash and cash equivalents | | (67.86) | | 70.25 | | (227.57) | | 350.20 |
| Cash and cash equivalents at the beginning of the period/year | | 315.04 | | 244.79 | | 472.36 | | 122.16 |
| Cash and Cash equivalents at the end of the period/year | | 247.18 | | 315.04 | | 244.79 | | 472.36 |

GENERAL INFORMATION

Corporate Identity Number: U24298TN2009PLC072270

Company Registration Number: 072270

Registered and Corporate Office:

Archean Chemical Industries Limited

No. 2, North Crescent Road

T Nagar

Chennai 600 017

Tamil Nadu, India

Tel.: +91 44 6109 9999

For details in relation to the changes in the registered office of our Company, see “*History and Certain Corporate Matters - Changes in our registered office*” on page 161.

Address of the Registrar of Companies

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

Registrar of Companies, Tamil Nadu at Chennai

Block No.6

B Wing 2nd Floor

Shastri Bhawan 26

Haddows Road

Chennai 600 034

Tamil Nadu, India

Board of Directors

As on the date of this Draft Red Herring Prospectus, our Board comprises the following persons:

| Name | Designation | DIN | Address |
|-----------------------------------|------------------------|----------|--|
| Ranjit Pendurthi | Managing Director | 01952929 | No. 21, Giri Road, Thiyagaraya Nagar, Chennai 600 017, Tamil Nadu, India |
| Ravi Pendurthi* | Non-Executive Director | 02334379 | No. 21, Giri Road, Thiyagaraya Nagar, Chennai 600 017, Tamil Nadu, India |
| Subrahmanyam Meenakshisundaram | Non-Executive Director | 01176085 | 3-B, Ram Thulsi Apartment, No. 20 Melony Road, Thiyagaraya Nagar, Chennai 600 017, Tamil Nadu, India |
| Padma Chandrasekaran | Independent Director | 06609477 | 1C, 4th Street, Dr. Radhakrishnan Salai, Mylapore, Chennai 600 004, Tamil Nadu, India |
| Chittoor Ghatambu Sethuram | Independent Director | 01081951 | F2, SPL-Aiswarya, 7, First Avenue, Ashok Nagar, Chennai 600 083, Tamil Nadu, India |
| Kandheri Munaswami Mohandass | Independent Director | 00707839 | Flat No. 205, Block A, E- Residencies, No. 2, Club House Road, Mount Road, Anna Sallai, Chennai 600 002, Tamil Nadu, India |

* Appointed as an additional Director on our Board with effect from January 29, 2022 subject to approval of the Shareholders.

For further details of our Directors, see “*Our Management*” on page 168.

Company Secretary and Compliance Officer

Abhishek Pandey is the Company Secretary and Compliance Officer. His contact details are as follows:

No. 2, North Crescent Road,
T Nagar,
Chennai 600 017
Tamil Nadu, India
Tel: +91 44 6109 9999
E-mail: info@archeanchemicals.com

Book Running Lead Managers

IIFL Securities Limited

10th Floor, IIFL Centre
Kamala City, Senapati Bapat Marg
Lower Parel (West)
Mumbai 400 013
Maharashtra, India
Tel: +91 22 4646 4600

E-mail: acil.ipo@iiflcap.com

Investor Grievance E-mail: ig.ib@iiflcap.com

Website: www.iiflcap.com

Contact Person: Mukesh Garg/ Yogesh Malpani

SEBI Registration No.: INM000010940

ICICI Securities Limited

ICICI Venture House
Appasaheb Marathe Marg
Prabhadevi
Mumbai 400 025
Maharashtra, India
Tel: +91 22 6807 7100

E-mail: archean.ipo@icicisecurities.com

Investor Grievance E-mail:

customercare@icicisecurities.com

Website: www.icicisecurities.com

Contact Person: Gaurav Mittal

SEBI Registration No.: INM000011179

JM Financial Limited

7th Floor, Cnergy
Appasaheb Marathe Marg
Prabhadevi
Mumbai 400 025
Maharashtra, India
Tel: + 91 22 6630 3030/ +91 22 6630 3262

E-mail: archean.ipo@jmfl.com

Investor Grievance E-mail: grievance.ibd@jmfl.com

Website: www.jmfl.com

Contact Person: Prachee Dhuri

SEBI Registration No.: INM000010361

Inter-se allocation of responsibilities

The following table sets forth the inter-se allocation of responsibilities for various activities among the Book Running Lead Managers:

| S. No. | Activity | Responsibility | Co-ordination |
|--------|---|---------------------------|---------------|
| 1. | Capital structuring, due diligence of Company including its operations / management / business plans / legal etc., Drafting and design of Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus. Ensure compliance and completion of prescribed formalities with the Stock Exchanges, SEBI and RoC including finalisation of RHP, Prospectus, Offer Agreement, Underwriting Agreements and RoC filing | IIFL, I-SEC, JM Financial | IIFL |
| 2. | Drafting and approval of all statutory advertisements | IIFL, I-SEC, JM Financial | IIFL |
| 3. | Drafting and approval of all publicity material other than statutory advertisements as mentioned in point 2 above, including corporate advertising and brochures and filing of media compliance report. | IIFL, I-SEC, JM Financial | JM Financial |
| 4. | Appointment of intermediaries - Registrar to the Offer, advertising agency, printer (including coordination of all agreements) | IIFL, I-SEC, JM Financial | IIFL |
| 5. | Appointment of all other intermediaries, including Sponsor Bank, monitoring agency, etc. (including coordination of all agreements) | IIFL, I-SEC, JM Financial | I-SEC |
| 6. | Preparation of road show presentation and FAQs | IIFL, I-SEC, JM Financial | JM Financial |
| 7. | International institutional marketing of the Offer, which will cover, inter alia: | IIFL, I-SEC, JM Financial | JM Financial |

| S. No. | Activity | Responsibility | Co-ordination |
|--------|---|---------------------------|---------------|
| | <ul style="list-style-type: none"> Marketing strategy Finalising the list and division of international investors for one-to-one meetings Finalising international road show and investor meeting schedules | | |
| 8. | Domestic institutional marketing of the Offer, which will cover, inter alia: <ul style="list-style-type: none"> Marketing Strategy Finalising the list and division of domestic investors for one-to-one meetings Finalising domestic road show and investor meeting schedules | IIFL, I-SEC, JM Financial | IIFL |
| 9. | Retail marketing and non-institutional marketing of the Offer, which will cover, inter-alia: <ul style="list-style-type: none"> Finalising media, marketing, public relations strategy and publicity budget, frequently asked questions at retail road shows Finalising brokerage, collection centres Finalising centres for holding conferences for brokers etc. Follow-up on distribution of publicity and Offer material including form, RHP/ Prospectus and deciding on the quantum of the Offer material | IIFL, I-SEC, JM Financial | I-SEC |
| 10. | Coordination with Stock Exchanges for Anchor coordination, Anchor CAN and intimation of anchor allocation, book building software, bidding terminals and mock trading and deposit of 1% security deposit with the designated stock exchange | IIFL, I-SEC, JM Financial | JM Financial |
| 11. | Managing the book and finalization of pricing in consultation with Company and Selling Shareholders | IIFL, I-SEC, JM Financial | I-SEC |
| 12. | Post-Offer activities – management of escrow accounts, finalisation of the basis of allotment based on technical rejections, post Offer stationery, essential follow-up steps including follow-up with bankers to the Offer and Self Certified Syndicate Banks and coordination with various agencies connected with the post-offer activity such as registrar to the offer, bankers to the offer, Self-Certified Syndicate Banks etc. listing of instruments, demat credit and refunds/ unblocking of monies, announcement of allocation and dispatch of refunds to Bidders, etc., payment of the applicable STT on behalf of Selling Shareholders, coordination for investor complaints related to the Offer, including responsibility for underwriting arrangements, submission of final post issue report and coordination with SEBI and Stock Exchanges for refund of 1% security deposit. | IIFL, I-SEC, JM Financial | IIFL |

Legal Counsel to the Company as to Indian Law

J. Sagar Associates

Sandstone Crest
Sushant Lok Phase 1
Gurgaon 122 009
Haryana, India
Tel: +91 124 439 0600

Legal Counsel to the Book Running Lead Managers as to Indian Law

Crawford Bayley & Co.

State Bank Building, 4th floor
NGN Vaidya Marg, Fort
Mumbai 400 023,
Maharashtra, India
Tel: +91 22 2266 3353

Legal Counsel to the Book Running Lead Managers as to U.S. and International Law

Dentons US LLP

2000 McKinney Avenue,
Suit 1900,
Dallas, Texas 75201 United States

Tel: +1 214 259 0952

Legal Counsel to the Investor Selling Shareholders as to Indian Law

Cyril Amarchand Mangaldas

5th floor

Peninsula Chambers

Peninsula Corporate Park, Ganpatrao Kadam Marg

Lower Parel, Mumbai 400 013

Maharashtra, India

Tel: +91 22 2496 4455

Statutory Auditor to our Company

PKF Sridhar & Santhanam LLP

KRD GEE GEE Crystal, 7th floor

91-92, Dr. Radhakrishnan Salai

Mylapore, Chennai 600 004

Tamil Nadu, India

Tel.: +91 44 2811 2985/86/87/88

Email: Prasana@pkfindia.in

Firm Registration Number: 003990S / S200018

Peer Review Certificate Number: 011985

Changes in Statutory Auditors

Except as disclosed below, there has been no change in the statutory auditors of our Company during the three years preceding the date of this Draft Red Herring Prospectus.

| Particulars | Date of change | Reason for change |
|---|-----------------------|---|
| PKF Sridhar & Santhanam LLP KRD GEE GEE Crystal, 7th Floor 91-92, Dr. Radhakrishnan Salai Mylapore, Chennai 600 004 Tamil Nadu, India Email: Prasanna@pkfindia.in Firm Registration Number: 003990S / S200018 Peer Review Certificate Number: 011985 | July 16, 2021 | Appointment as the Statutory Auditors to fill-in casual vacancy |
| Deloitte Haskins & Sells LLP ASV N Ramana Tower 52, Venkatanarayana Road T. Nagar, Chennai 600 017 Tamil Nadu, India Email: usparvathi@DELOITTE.com Firm Registration Number: 117366W/W-100018 Peer Review Certificate Number: 009919 | July 9, 2021 | Resignation due to reduction in audit fees by our Company pursuant to Company's cost cutting measures |

Registrar to the Offer

Link Intime India Private Limited

C 101, 247 Park

L.B.S Marg

Vikhroli (West)

Mumbai 400 083

Maharashtra, India

Tel: +91 22 4918 6200

E-mail: archean.ipo@linkintime.co.in

Investor Grievance E-mail: archean.ipo@linkintime.co.in

Website: www.linkintime.co.in

Contact Person: Shanti Gopalkrishnan

SEBI Registration No.: INR000004058

Syndicate Members

[•]

Escrow Collection Bank(s)

[•]

Refund Bank(s)

[•]

Public Offer Account Bank(s)

[•]

Sponsor Bank(s)

[•]

Banker to our Company

ICICI Bank Limited

No. 1, Cenotaph Road

Chennai 600 018

Tamil Nadu, India

Contact Person: Nikhar Jain/ Pratiyush Rai

Tel: +91 63811 45319/ +91 95130 68177

E-mail: nikhar.jain@icicibank.com/ pratiyush.k@icicibank.com

Website: <https://www.icicibank.com/>

Designated Intermediaries

Self-Certified Syndicate Banks

The list of SCSBs notified by SEBI for the ASBA process is available at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 or www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35, as applicable, or at such other website as may be prescribed by SEBI from time to time. A list of the Designated SCSB Branches with which an ASBA Bidder (other than an RIB using the UPI Mechanism), not bidding through Syndicate/Sub Syndicate or through a Registered Broker, RTA or CDP may submit the Bid cum Application Forms, available at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34>, or at such other websites as may be prescribed by SEBI from time to time.

SCSBs and mobile applications enabled for UPI Mechanism

In accordance with SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019 and SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, RIBs Bidding using the UPI Mechanism may apply through the SCSBs and mobile applications whose names appears on the website of the SEBI (<https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40>) and (<https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43>) respectively, as updated from time to time.

Syndicate SCSB Branches

In relation to Bids (other than Bids by Anchor Investor) submitted to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Bid cum Application Forms from the members of the Syndicate is available on the website of the SEBI

(<https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35>) and updated from time to time. For more information on such branches collecting Bid cum Application Forms from the Syndicate at Specified Locations, see the website of the SEBI <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> as updated from time to time.

Registered Brokers

The list of the Registered Brokers eligible to accept ASBA forms, including details such as postal address, telephone number and e-mail address, is provided on the websites of the Stock Exchanges at www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx? and www.nseindia.com/products/content/equities/ipos/ipo_mem_terminal.htm, respectively, as updated from time to time.

Registrar and Share Transfer Agents

The list of the RTAs eligible to accept ASBA Forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, is provided on the websites of the Stock Exchanges at www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx? and www.nseindia.com/products/content/equities/ipos/asba_procedures.htm respectively, as updated from time to time.

Collecting Depository Participants

The list of the CDPs eligible to accept ASBA Forms at the Designated CDP Locations, including details such as their name and contact details, is provided on the websites of the Stock Exchanges at www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx? and www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, respectively, as updated from time to time.

Experts

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent dated February 17, 2022 from PKF Sridhar & Santhanam LLP, Chartered Accountants, to include their name as required under Section 26(1) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Draft Red Herring Prospectus, and as an “expert” as defined under Section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditors, and in respect of (i) their examination report dated January 15, 2022 on the Restated Financial Information; and (ii) their report dated February 15, 2022 on the statement of possible special tax benefits in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S. Securities Act.

Our Company has received the consent dated February 1, 2022 from M. Ulaganathan, to include his name in this Draft Red Herring Prospectus as an “expert” in terms of the Companies Act, 2013 to the extent of and in his capacity as a chartered engineer in relation to his certificate dated February 1, 2022 on installed capacity, actual production and capacity utilisation at our manufacturing facility located in Hajipir, Gujarat, and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Monitoring Agency

Our Company will appoint a monitoring agency to monitor utilization of the Net Proceeds, in accordance with Regulation 41 of the SEBI ICDR Regulations, prior to the filing of the Red Herring Prospectus.

Appraising Entity

None of the objects of the Offer for which the Net Proceeds will be utilised have been appraised by any agency.

Credit Rating

As this is an offer of Equity Shares, there is no credit rating for the Offer.

IPO Grading

No credit rating agency registered with the SEBI has been appointed in respect of obtaining grading for the Offer.

Debenture Trustees

As this is an offer of Equity Shares, no debenture trustee has been appointed for the Offer.

Green Shoe Option

No green shoe option is contemplated under the Offer.

Filing of this Draft Red Herring Prospectus

A copy of this Draft Red Herring Prospectus has been filed electronically on the SEBI Intermediary Portal at <https://siportal.sebi.gov.in/intermediary/index.html>, in accordance with SEBI circular bearing reference SEBI/HO/CFD/DIL1/CIR/P/2018/011 dated January 19, 2018 and emailed at cfddil@sebi.gov.in. in accordance with the instructions issued by the SEBI on March 27, 2020, in relation to “Easing of Operational Procedure - Division of Issues and Listing – CFD.”

A copy of the Red Herring Prospectus, along with the material contracts and documents required to be filed under Section 32 of the Companies Act will be filed with the RoC and a copy of the Prospectus to be filed under Section 26 of the Companies Act will be filed with the RoC.

Book Building Process

Book building, in the context of the Offer, refers to the process of collection of Bids from investors on the basis of the Red Herring Prospectus and the Bid cum Application Forms (and the Revision Forms) within the Price Band, which will be decided by our Company and Selling Shareholders, in consultation with the BRLMs, and if not disclosed in the Red Herring Prospectus, will be advertised [●] editions of [●], an English national daily newspaper, [●] editions of [●], a Hindi national daily newspaper and [●] editions of [●], a Tamil daily newspaper (Tamil being the regional language of Tamil Nadu where our Registered Office is located), each with wide circulation, at least two Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites. The Offer Price shall be determined by our Company and the Selling Shareholders, in consultation with the BRLMs, after the Bid/Offer Closing Date. For further details, see “*Offer Procedure*” on page 322.

All Bidders, except Anchor Investors, are mandatorily required to use the ASBA process for participating in the Offer by providing details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by SCSBs. In addition to this, the RIBs may participate through the ASBA process by either (a) providing the details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by the SCSBs; or (b) through the UPI Mechanism. Anchor Investors are not permitted to participate in the Offer through the ASBA process.

In accordance with the SEBI ICDR Regulations, QIBs and Non-Institutional Bidders are not allowed to withdraw or lower the size of their Bids (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. RIBs can revise their Bids during the Bid/Offer Period and withdraw their Bids on or before the Bid/Offer Closing Date. Further, Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/Offer Period. Allocation to the Anchor Investors will be on a discretionary basis.

The Book Building Process is in accordance with guidelines, rules and regulations prescribed by SEBI and are subject to change from time to time. Bidders are advised to make their own judgement about an investment through this process prior to submitting a Bid.

Bidders should note the Offer is also subject to: (i) obtaining final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and (ii) filing of the Prospectus with the RoC.

For further details on the method and procedure for Bidding, see “*Offer Structure*” and “*Offer Procedure*” on pages 319 and 322, respectively.

Illustration of Book Building and Price Discovery Process

For an illustration of the Book Building Process and the price discovery process, see “Offer Procedure” on page 322.

Underwriting Agreement

The Underwriting Agreement has not been executed as on the date of this Draft Red Herring Prospectus. After the determination of the Offer Price but prior to the filing of the Prospectus with the RoC, our Company and the Selling Shareholders will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Offer. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters will be several and will be subject to certain conditions to closing, as specified therein.

The Underwriting Agreement is dated [●]. The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC)

| Name, Address, Telephone Number and Email Address of the Underwriters | Indicative Number of Equity Shares to be Underwritten | Amount Underwritten (in ₹ million) |
|---|---|------------------------------------|
| [●] | [●] | [●] |
| [●] | [●] | [●] |
| [●] | [●] | [●] |

The abovementioned underwriting commitments are indicative and will be finalised after pricing of the Offer, the Basis of Allotment and actual allocation in accordance with provisions of the SEBI ICDR Regulations.

In the opinion of our Board (based on representations made to our Company by the Underwriters), the resources of the abovementioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The abovementioned Underwriters are registered with the SEBI under Section 12(1) of the SEBI Act as merchant bankers with SEBI or registered as brokers with the Stock Exchanges. Our Board/ IPO Committee, at its meeting held on [●], has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitment set forth in the table above.

Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors respectively procured by them in accordance with the Underwriting Agreement. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscribers for or subscribe to the Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement. The extent of underwriting obligations and the Bids to be underwritten in the Offer shall be as per the Underwriting Agreement.

CAPITAL STRUCTURE

The share capital of our Company, as on the date of this Draft Red Herring Prospectus, is set forth below.

(Except share data and unless otherwise provided, in ₹)

| Particulars | Aggregate value at face value (₹) | Aggregate value at Offer Price* |
|---|-----------------------------------|---------------------------------|
| A. AUTHORIZED SHARE CAPITAL⁽¹⁾ | | |
| 160,000,000 Equity Shares of face value of ₹ 2 each | 320,000,000 | - |
| B. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER (PRIOR TO CONVERSION OF THE CCDs) | | |
| 96,333,405 Equity Shares of face value of ₹ 2 each | 192,666,810 | - |
| ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER (UPON CONVERSION OF THE CCDs) | | |
| 103,274,120 Equity Shares of face value of ₹ 2 each ⁽²⁾ | 206,548,240 | - |
| C. PRESENT OFFER | | |
| Offer of up to [●] Equity Shares of face value ₹ 2 aggregating to up to ₹ [●] million ⁽³⁾ | [●] | [●] |
| <i>which includes</i> | | |
| Fresh Issue of up to [●] Equity Shares of face value ₹ 2 aggregating up to ₹ 10,000.00 million ^{(3)#} | [●] | [●] |
| Offer for Sale of up to 19,071,288 Equity Shares of face value ₹ 2 aggregating up to ₹ [●] million ^{(3) (4)} | [●] | [●] |
| D. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE OFFER | | |
| [●] Equity Shares of face value ₹ 2 each* | [●] | - |
| E. SECURITIES PREMIUM ACCOUNT | | |
| Before the Offer (as on the date of Draft Red Herring Prospectus) | | 1,508,552,258 [^] |
| After the Offer | | [●] |

* To be included upon finalization of Offer Price.

Our Company, in consultation with the BRLMs, may consider the Pre-IPO Placement aggregating up to ₹ 2,000.00 million which shall not exceed 20% of the Fresh Issue portion. If the Pre-IPO Placement is completed, the Fresh Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Offer complying with Rule 19(2)(b) of the SCRR.

[^] To be updated upon conversion of CCDs prior to filing of the Red Herring Prospectus with the RoC.

⁽¹⁾ For details in relation to changes in the authorised share capital of our Company in last 10 years, see "History and Certain Corporate Matters – Amendments to the Memorandum of Association" on page 162.

⁽²⁾ 171,899; 328,202 and 171,899 CCDs are held by IRF I, IRF II and PNRPL, respectively, which shall be converted into 1,775,449; 3,389,817 and 1,775,449 Equity Shares, respectively, prior to filing of the Red Herring Prospectus with the RoC in accordance with Regulation 5(2) of the SEBI ICDR Regulations.

⁽³⁾ The Fresh Issue has been authorized by a resolution of our Board dated October 12, 2021 and by a special resolution of our Shareholders dated November 15, 2021. Further, our Board has taken on record the approval for the Offer for Sale by the Selling Shareholders pursuant to its resolution dated February 18, 2022.

⁽⁴⁾ Each of the Selling Shareholders, severally and not jointly, confirms that the Offered Shares have been held by them are eligible for being offered for sale in the Offer as required under Regulation 8 of the SEBI ICDR Regulations.

Notes to the Capital Structure

1. Share Capital History of our Company

a. History of Equity Share capital

The following table sets forth the history of the Equity Share capital of our Company:

| Date of allotment | Number of equity shares allotted | Face value per equity share (₹) | Issue price per equity share (₹) | Nature of consideration | Reason/ Nature of allotment | Cumulative number of equity shares | Cumulative paid-up equity share capital (₹) |
|--|----------------------------------|---------------------------------|----------------------------------|-------------------------|---|------------------------------------|---|
| July 14, 2009 | 100,050 | 10 | 10 | Cash | Initial subscription to the MoA ⁽¹⁾ | 100,050 | 1,000,500 |
| March 21, 2011 | 500,000 | 10 | 450.10 | Cash | Further Issue ⁽²⁾ | 600,050 | 6,000,500 |
| March 21, 2011 | 9,399,950 | 10* | 109.21 | Cash | Further Issue ⁽³⁾ | 10,000,000 | 100,000,000 |
| October 17, 2018 | 9,266,681 | 10 | 48.41 | Cash | Pursuant to conversion of loan into equity ⁽⁴⁾ | 19,266,681 | 192,666,810 |
| Pursuant to a resolution of our Board dated October 12, 2021 and Shareholders' resolution dated November 15, 2021, equity shares of face value of ₹ 10 each of our Company were sub-divided into equity shares of face value of ₹ 2 each. Consequently, the issued and subscribed share capital of our Company comprising 19,266,681 equity shares of face value of ₹ 10 each was sub-divided into 96,333,405 equity shares of face value of ₹ 2 each. | | | | | | | |
| Total | | | | | | 96,333,405 | 192,666,810 |

* The equity shares were partly paid as on the date of allotment. Please refer to footnote (3) below.

⁽¹⁾ Subscription to the MoA by Pendurti Brahmanandam (50,000 equity shares); Pendurti Pramila (50,000 equity shares); Ranjit Pendurthi (10 equity shares); P Sita Mahalakshmi (10 equity shares); Ravi Pendurthi (10 equity shares); Subrahmanyam Meenakshisundaram (10 equity shares) and Kunnakad Jaishankar (10 equity shares).

⁽²⁾ 500,000 equity shares allotted to Sojitz Corporation.

⁽³⁾ Allotment of 2,950,000 equity shares to Pendurti Brahmanandam; 499,900 equity shares to Pendurti Pramila; 975,025 equity shares to Ravi Pendurthi; 975,025 equity shares to Ranjit Pendurthi and 4,000,000 equity shares to Jakhau Salt Company Private Limited. The equity shares were partly paid as on the date of allotment with unpaid paid-up capital to the extent of ₹ 3.00 per equity share (excluding premium). Subsequently, 9,399,950 partly paid equity shares were made fully paid pursuant to the Board resolution dated March 21, 2014.

⁽⁴⁾ Allotment of 3,891,758 equity shares to Chemikas Speciality LLP and 5,374,923 equity shares to Ranjit Pendurthi against conversion of the unsecured loan to the extent outstanding as on March 31, 2018 (i.e., ₹ 448.60 million).

b. History of Preference Share capital

Our Company does not have any preference share capital as on the date of the Draft Red Herring Prospectus.

c. Shares issued for consideration other than cash or out of revaluation of reserves

Our Company has not issued any Equity Shares out of revaluation of reserves or for consideration other than cash since its incorporation.

d. Shares issued under any scheme of arrangement

Our Company has not allotted any Equity Shares pursuant to any scheme approved under Sections 230 to 234 of the Companies Act, 2013.

e. Issue of Shares at a price lower than the Offer Price in preceding one year from date of the Draft Red Herring Prospectus

Our Company has not issued any Equity Shares in the last one year immediately preceding the date of this Draft Red Herring Prospectus, at a price which may be lower than the Offer Price.

2. History of the share capital held by our Promoters, Minimum Promoters' Contribution and lock-in requirements

As on the date of this Draft Red Herring Prospectus, our Promoters hold, in aggregate 67,724,755 Equity Shares, which constitutes 70.30 % of the issued, subscribed and paid-up Equity Share capital of our Company.

a. Build-up of the shareholding of our Promoters in our Company

As on the date of this Draft Red Herring Prospectus, our Promoters collectively hold an aggregate of

67,724,755 Equity Shares, equivalent to 70.30% (65.58%, assuming conversion of the CCDs held by IRF I, IRF II and PNRPL) of the pre-Offer issued, subscribed and paid-up Equity Share capital of our Company.

The details regarding the shareholding of our Promoters since incorporation of our Company is set forth in the table below:

| Date of allotment/ transfer | Reason/ Nature of transaction | Number of equity shares | Nature of consideration | Face value (₹) | Issue price/ Transfer price per equity share (₹) | % of pre- Offer capital | % of pre- Offer capital (on fully diluted basis)* | % of post- Offer capital |
|---|---|-------------------------|-------------------------|----------------|--|-------------------------|---|--------------------------|
| Chemikas Speciality LLP | | | | | | | | |
| March 13, 2017 | Transfer from Jakhau Salt Company Private Limited | 4,000,000 | Cash | 10 | 48.41 | 20.76% | 19.37% | [●] |
| October 17, 2018 | Pursuant to conversion of loan into equity | 3,891,758 | Cash | 10 | 48.41 | 20.20% | 18.84% | [●] |
| Pursuant to a resolution of our Board dated October 12, 2021 and Shareholders' resolution dated November 15, 2021, equity shares of face value of ₹ 10 each of our Company were sub-divided into equity shares of face value of ₹ 2 each. Consequent to the sub-division, CS LLP held 3,94,58,790 Equity Shares of face value of ₹ 2 each. | | | | | | | | |
| Total (A) | | 3,94,58,790 | | | | 40.96% | 38.21% | [●] |
| Ravi Pendurthi | | | | | | | | |
| July 14, 2009 | Initial subscription to the MoA | 10 | Cash | 10 | 10 | Negligible [^] | Negligible ^{e^} | [●] |
| August 24, 2009 | Transfer to Pendurthi Pramila | (10) | Cash | 10 | 10 | Negligible [^] | Negligible ^{e^} | [●] |
| January 18, 2011 | Transfer from Pendurthi Pramila | 24,975 | Cash | 10 | 10 | 0.13% | 0.12 % | [●] |
| March 21, 2011 | Further Issue | 975,025 | Cash | 10 | 109.21 | 5.06% | 4.72 % | [●] |
| March 18, 2017 | Transfer to Union Bank of India | (24,975) | Cash [#] | 10 | 48.41 | (0.13)% | (0.12) % | [●] |
| March 18, 2017 | Transfer to Bank of India | (964,598) | Cash [#] | 10 | 48.41 | (5.01)% | (4.67) % | [●] |
| November 8, 2018 | Transfer from Ranjit Pendurthi | 2,683,991 | Gift | 10 | - | 13.93% | 12.99 % | [●] |
| December 27, 2018 | Transfer from Pendurthi Brahmanandam | 132,178 | Gift | 10 | - | 0.69% | 0.64 % | [●] |
| Pursuant to a resolution of our Board dated October 12, 2021 and Shareholders' resolution dated November 15, 2021, equity shares of face value of ₹ 10 each of our Company were sub-divided into equity shares of face value of ₹ 2 each. Consequent to the sub-division, Ravi Pendurthi held 14,132,980 Equity Shares of face value of ₹ 2 each. | | | | | | | | |
| January 18, 2022 | Transfer to Ranjit Pendurthi | (12,524,212) | Gift | 2 | - | 13.00% | (12.13) % | [●] |
| Total (B) | | 1,608,768 | | | | 1.67% | 1.56% | [●] |
| Ranjit Pendurthi | | | | | | | | |
| July 14, 2009 | Initial subscription to the MoA | 10 | Cash | 10 | 10 | Negligible [^] | Negligible ^{e^} | [●] |
| August 24, 2009 | Transfer to Pendurthi Pramila | (10) | Cash | 10 | 10 | Negligible [^] | Negligible ^{e^} | [●] |
| January 18, 2011 | Transfer from Pendurthi Pramila | 24,975 | Cash | 10 | 10 | 0.13% | 0.12 % | [●] |
| March 21, 2011 | Further Issue | 975,025 | Cash | 10 | 109.21 | 5.06% | 4.72 % | [●] |
| March 18, 2017 | Transfer to Union Bank of India | (77,558) | Cash [#] | 10 | 48.41 | (0.40)% | (0.38) % | [●] |
| March 18, 2017 | Transfer to Punjab National Bank | (918,955) | Cash [#] | 10 | 48.41 | (4.77)% | (4.45) % | [●] |

| Date of allotment/ transfer | Reason/ Nature of transaction | Number of equity shares | Nature of consideration | Face value (₹) | Issue price/ Transfer price per equity share (₹) | % of pre- Offer capital | % of pre- Offer capital (on fully diluted basis)* | % of post- Offer capital |
|---|--|-------------------------|-------------------------|----------------|--|-------------------------|---|--------------------------|
| October 17, 2018 | Pursuant to conversion of loan into equity | 5,374,923 | Cash | 10 | 48.41 | 27.90% | 26.02% | [●] |
| November 8, 2018 | Transfer to Ravi Pendurthi | (2,683,991) | Gift | 10 | - | (13.93)% | (12.99)% | [●] |
| December 27, 2018 | Transfer from Pendurthi Brahmanandam | 132,178 | Gift | 10 | - | 0.69% | 0.64% | [●] |
| Pursuant to a resolution of our Board dated October 12, 2021 and Shareholders' resolution dated November 15, 2021, equity shares of face value of ₹ 10 each of our Company were sub-divided into equity shares of face value of ₹ 2 each. Consequent to the sub-division, Ranjit Pendurthi held 14,132,985 Equity Shares of face value of ₹ 2 each. | | | | | | | | |
| January 18, 2022 | Transfer from Ravi Pendurthi | 12,524,212 | Gift | 2 | - | 13.00% | 12.13% | [●] |
| Total (C) | | 26,657,197 | | | | 27.67% | 25.81% | [●] |
| Total (A+B+C) | | 67,724,755 | | | | 70.30% | 65.58% | [●] |

* 171,899; 328,202 and 171,899 CCDs are held by IRF I, IRF II and PNRPL, respectively, which shall be converted into 1,775,449; 3,389,817 and 1,775,449 Equity Shares, respectively, prior to filing of the Red Herring Prospectus with the RoC in accordance with Regulation 5(2) of the SEBI ICDR Regulations.

Transfer of equity shares pursuant to Master Restructuring Agreement in relation to debt restructuring by our Company. For details, see "History and Certain Corporate Matters" on page 161.

^ Less than 0.01%.

Except as disclosed below, all the Equity Shares held by our Promoters were fully paid-up on the respective dates of acquisition of such Equity Shares.

| Date of allotment | Name of Promoter | Number of equity shares | Face value (₹) | Issue price per equity share (₹) |
|-------------------|------------------|-------------------------|----------------|----------------------------------|
| March 21, 2011 | Ravi Pendurthi | 975,025 | 10* | 109.21 |
| March 21, 2011 | Ranjit Pendurthi | 975,025 | 10* | 109.21 |

* The equity shares were partly paid as on the date of allotment with unpaid paid-up capital to the extent of ₹ 3.00 per equity share (excluding premium). Subsequently, the partly paid equity shares were made fully paid pursuant to the Board resolution dated March 21, 2014.s

b. Details of Minimum Promoters' Contribution and lock-in

- Pursuant to Regulations 14 and 16 of the SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post-Offer Equity Share capital of our Company held by our Promoters shall be locked in for a period of eighteen months as minimum promoters' contribution from the date of Allotment in the Offer ("Minimum Promoters' Contribution") and the shareholding of our Promoters in excess of 20% of the fully diluted post-Offer Equity Share capital shall be locked in for a period of six months from the date of Allotment in the Offer, as a majority of the Net Proceeds are not proposed to be utilized for capital expenditure. As per the applicable provisions of SEBI ICDR Regulations, "capital expenditure" means civil work, miscellaneous fixed assets, purchase of land, building and plant and machinery etc.
- Details of the Equity Shares to be locked-in for eighteen months from the date of Allotment in the Offer as Minimum Promoters' Contribution are set forth in the table below:*

| Name of Promoter | Number of Equity Shares locked-in | Date of allotment/ acquisition of Equity Shares | Date of transaction when fully paid up | Nature of allotment | Face Value per Equity Share (₹) | Issue/ Acquisition price per Equity Share (₹) | % of the pre- Offer paid-up capital | % of the post- Offer paid-up capital | Date up to which Equity Shares are subject to lock-in |
|------------------|-----------------------------------|---|--|---------------------|---------------------------------|---|-------------------------------------|--------------------------------------|---|
| [●] | [●] | [●] | [●] | [●] | [●] | [●] | [●] | [●] | [●] |
| [●] | [●] | [●] | [●] | [●] | [●] | [●] | [●] | [●] | [●] |

| Name of Promoter | Number of Equity Shares locked-in | Date of allotment/ acquisition of Equity Shares | Date of transaction when fully paid up | Nature of allotment | Face Value per Equity Share (₹) | Issue/ Acquisition price per Equity Share (₹) | % of the pre- Offer paid-up capital | % of the post- Offer paid-up capital | Date up to which Equity Shares are subject to lock-in |
|------------------|-----------------------------------|---|--|---------------------|---------------------------------|---|-------------------------------------|--------------------------------------|---|
| [•] | [•] | [•] | [•] | [•] | [•] | [•] | [•] | [•] | [•] |
| Total | [•] | | | | | | [•] | [•] | [•] |

** To be updated prior to filing of the Prospectus with the RoC*

Our Promoters have given their consent to include such number of Equity Shares held by them, constituting 20% of the fully diluted post-Offer Equity Share capital of our Company as Minimum Promoters' Contribution. Our Promoters have agreed not to sell, transfer, charge, pledge or otherwise encumber in any manner the Minimum Promoters' Contribution from the date of this Draft Red Herring Prospectus, until the expiry of the lock-in period specified above, or for such other time as required under SEBI ICDR Regulations, except as may be permitted, in accordance with the SEBI ICDR Regulations.

- (iii). Our Company undertakes that the Equity Shares that are being locked-in are not and will not be, ineligible for computation of Minimum Promoters' Contribution in terms of Regulation 15 of the SEBI ICDR Regulations. In this connection, our Company confirms the following:
- The Equity Shares offered for Minimum Promoters' Contribution do not include Equity Shares acquired during the three immediately preceding years (i) for consideration other than cash, and revaluation of assets or capitalisation of intangible assets and have not been issued against Equity Shares which are otherwise ineligible for computation of Minimum Promoters' Contribution, (ii) pursuant to a bonus issue out of revaluation reserves or unrealised profits of our Company or from a bonus issue against Equity Shares, which are otherwise ineligible for computation of Minimum Promoters' Contribution;
 - The Minimum Promoters' Contribution does not include any Equity Shares acquired during the immediately preceding one year at a price lower than the price at which the Equity Shares are being offered to the public in the Offer;
 - Our Company was incorporated pursuant to conversion of a partnership firm into a company in the year 2009. No Equity Shares have been issued to our Promoters upon such conversion, in the last one year;
 - The Equity Shares forming part of the Minimum Promoters' Contribution are not subject to any pledge; and
 - All the Equity Shares held by our Promoters are in dematerialised form as on the date of this Draft Red Herring Prospectus.

c. Details of Equity Shares locked-in for six months

In addition to the Minimum Promoters' Contribution, which will be locked in for eighteen months as specified above, the entire pre-Offer Equity Share capital held by persons (including those Equity Shares held by our Promoters in excess of the Minimum Promoters' Contribution) will be locked-in for a period of six months from the date of Allotment in the Offer, except for (i) the Equity Shares offered pursuant to the Offer for Sale; and (ii) the Equity Shares held by VCFs or Category I AIF or Category II AIF or FVCI, subject to certain conditions set out in Regulation 17 of the SEBI ICDR Regulations, provided that such Equity Shares will be locked-in for a period of at least six months from the date of purchase by the VCFs or Category I AIF or Category II AIF or FVCI. Additionally, in accordance with Regulation 8A of the SEBI ICDR Regulations, as the Offer is in compliance with Regulation 6(2), the relaxation from lock-in period provided under Regulation 17(c) of the SEBI ICDR Regulations shall not be available to any Shareholder(s) holding, individually or with persons acting in concert, more than 20% of pre-Offer shareholding of our Company on fully diluted basis. Any unsubscribed portion of the Offered Shares would also be locked-in as required under Regulation 17 read with Regulation 8A of the SEBI ICDR Regulations.

d. Lock-in of Equity Shares Allotted to Anchor Investors

Any Equity Shares Allotted to Anchor Investors under the Anchor Investors Portion shall be locked-in for a period of 30 days from the date of Allotment or such other period prescribed under applicable law.

e. Other lock-in requirements:

Pursuant to Regulation 21 of the SEBI ICDR Regulations, Equity Shares held by our Promoters and locked-in, as mentioned above, may be pledged as collateral security for a loan granted by a scheduled commercial bank, a public financial institution, NBFC-SI or a housing finance company, subject to the following:

- (i). with respect to the Equity Shares locked-in for six months from the date of Allotment, such pledge of the Equity Shares must be one of the terms of the sanction of the loan; and
- (ii). with respect to the Equity Shares locked-in as Minimum Promoters' Contribution for eighteen months from the date of Allotment, the loan must have been granted to our Company for the purpose of financing one or more of the objects of the Offer, which is not applicable in the context of this Offer.

However, the relevant lock-in period shall continue post the invocation of the pledge referenced above, and the relevant transferee shall not be eligible to transfer to the Equity Shares till the relevant lock-in period has expired in terms of the SEBI ICDR Regulations.

Pursuant to Regulation 22 of the SEBI ICDR Regulations, Equity Shares held by our Promoters and locked-in, as mentioned above, may be transferred to and amongst the members of our Promoter Group or to any new promoter, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI Takeover Regulations, as applicable.

Further, in terms of Regulation 22 of the SEBI ICDR Regulations, the Equity Shares held by persons other than the Promoters prior to the Offer and locked-in for a period of six months from the date of Allotment in the Offer may be transferred to any other person holding the Equity Shares which are locked-in along with the Equity Shares proposed to be transferred, subject to continuation of the lock-in in the hands of transferees for the remaining period and compliance with the SEBI Takeover Regulations.

f. Recording on non-transferability of Equity Shares locked-in

As required under Regulation 20 of the SEBI ICDR Regulations, our Company shall ensure that the details of the Equity Shares locked-in are recorded by the relevant Depositories.

3. Shareholding of members of Promoter Group

The members of the Promoter Group (other than our Promoters) do not hold any Equity Shares as on the date of this Draft Red Herring Prospectus.

Except as set forth above in “- *Build-up of the shareholding of our Promoters in our Company*”, none of the members of the Promoter Group, our Directors and their relatives have purchased or sold any securities of our Company during the period of six months immediately preceding the date of this Draft Red Herring Prospectus.

4. Shareholding Pattern of our Company

The table below presents the shareholding pattern of our Company as on the date of this Draft Red Herring Prospectus:

| Category (I) | Category of shareholder (II) | Number of shareholders (III) | Number of fully paid up equity shares held (IV) | Number of Partly paid-up equity shares held (V) | Number of shares underlying Depository Receipts (VI) | Total number of shares held (VII) =(IV)+(V)+ (VI) | Shareholdin g as a % of total number of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2) | Number of Voting Rights held in each class of securities (IX) | | | | Number of shares Underlying Outstanding convertible securities (including Warrants) (X)* | Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) as a % of (A+B+C2) | Number of Locked in shares (XII) | | Number of Shares pledged or otherwise encumbered (XIII) [#] | | Number of equity shares held in dematerialized form (XIV) |
|-----------------|--|------------------------------------|--|---|---|---|---|---|--------------------------|------------|-----------------------------------|--|--|--|--|--|---|--|
| | | | | | | | | Number of Voting Rights | | | Total as a % of (A+B+ C) | | | Number (a) | As a % of total Shares held (b) | Number (a) | As a % of total Shares held (b) | |
| | | | | | | | | Class e.g.: Equity Shares | Class e.g.: Others | Total | | | | | | | | |
| (A) | Promoters and Promoter Group | 3 | 67,724,755 | - | - | 67,724,755 | 70.30 | 67,724,755 | - | 67,724,755 | 70.30 | - | 65.58 | - | - | - | - | 67,724,755 |
| (B) | Public | 4 | 28,608,650 | - | - | 28,608,650 | 29.70 | 28,608,650 | - | 28,608,650 | 29.70 | 6,940,715 | 34.42 | - | - | - | - | 26,108,650 |
| (C) | Non Promoter- Non Public | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (C1) | Shares underlying depository receipts | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (C2) | Shares held by employee trusts | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | Total | 7 | 96,333,405 | - | - | 96,333,405 | 100.00 | 96,333,405 | - | 96,333,405 | 100.00 | 6,940,715 | 100.00 | - | - | - | - | 93,833,405 |

* 171,899; 328,202 and 171,899 CCDs are held by IRF I, IRF II and PNRPL, respectively, which shall be converted into 1,775,449; 3,389,817 and 1,775,449 Equity Shares, respectively, prior to filing of the Red Herring Prospectus with the RoC in accordance with Regulation 5(2) of the SEBI ICDR Regulations.

[#] In terms of the promoter undertaking dated February 10, 2022 ("**Promoter Undertaking**"), until nine months from listing of Equity Shares pursuant to the Offer, our Promoters have agreed not to create or permit to arise or exit any encumbrance on the Equity Shares (except permitted disposal) held by our Promoters in favour of any person, without prior approval of IDBI Trusteeship Services Limited. Further, subject to applicable law, within not later than five business days after completion of six months from listing of Equity Shares pursuant to the Offer, our Promoters have agreed to pledge such number of Equity Shares in favour of IDBI Trusteeship Services Limited, as specified under the Promoter Undertaking, to secure debentures issued by Archean Salt Holdings Private Limited, Jakhau Salt Company Private Limited and Bharath Salt Refineries Limited.

5. The BRLMs and their respective associates (as defined under the SEBI Merchant Bankers Regulations) do not hold any Equity Shares as on the date of this Draft Red Herring Prospectus. The BRLMs and their respective affiliates may engage in transactions with and perform services for our Company, the Selling Shareholders and their respective affiliates or associates in the ordinary course of business or may in the future engage in commercial banking and investment banking transactions with our Company or the Selling Shareholders or their respective affiliates or associates, for which they may in the future receive customary compensation.

6. Shareholding of our Directors and Key Managerial Personnel in our Company

Except as stated below, none of our Directors or Key Managerial Personnel holds any Equity Shares in our Company as of the date of this Draft Red Herring Prospectus:

| S. No. | Name | Number of Equity Shares | % of pre- Offer capital | % of pre- Offer capital (including conversion of CCDs)* | % of post- Offer capital |
|--------------|------------------|-------------------------|-------------------------|---|--------------------------|
| 1. | Ranjit Pendurthi | 26,657,197 | 27.67% | 25.81% | [●] |
| 2. | Ravi Pendurthi | 1,608,768 | 1.67% | 1.56% | [●] |
| Total | | 28,265,965 | 29.34% | 27.37% | [●] |

* 171,899; 328,202 and 171,899 CCDs are held by IRF I, IRF II and PNRPL, respectively, which shall be converted into 1,775,449; 3,389,817 and 1,775,449 Equity Shares, respectively, prior to filing of the Red Herring Prospectus with the RoC in accordance with Regulation 5(2) of the SEBI ICDR Regulations.

7. Details of equity shareholding of the major equity Shareholders of our Company

- (a) As on the date of this Draft Red Herring Prospectus, our Company has seven Shareholders.
- (b) Set forth below are details of Shareholders holding 1% or more of the paid-up Equity Share capital of our Company as on the date of filing of this Draft Red Herring Prospectus:

| S No. | Name of Shareholder | No. of Equity Shares | Percentage of total shareholding (%) | No. of Equity Shares on a fully diluted basis (including upon conversion of CCDs)* | Percentage of total shareholding (%) on a fully diluted basis (including upon conversion of CCDs) |
|--------------|---------------------|----------------------|--------------------------------------|--|---|
| 1. | CS LLP | 39,458,790 | 40.96% | 39,458,790 | 38.21% |
| 2. | Ranjit Pendurthi | 26,657,197 | 27.67% | 26,657,197 | 25.81% |
| 3. | Ravi Pendurthi | 1,608,768 | 1.67% | 1,608,768 | 1.56% |
| 4. | IRF II | 11,742,530 | 12.19% | 15,132,347 | 14.65% |
| 5. | IRF I | 7,183,060 | 7.46% | 8,958,509 | 8.67% |
| 6. | PNRPL | 7,183,060 | 7.46% | 8,958,509 | 8.67% |
| 7. | Sojitz Corporation | 2,500,000 | 2.60% | 2,500,000 | 2.42% |
| Total | | 96,333,405 | 100.00% | 103,274,120 | 100.00% |

* 171,899; 328,202 and 171,899 CCDs are held by IRF I, IRF II and PNRPL, respectively, which shall be converted into 1,775,449; 3,389,817 and 1,775,449 Equity Shares, respectively, prior to filing of the Red Herring Prospectus with the RoC in accordance with Regulation 5(2) of the SEBI ICDR Regulations.

- (c) Set forth below are details of Shareholders holding 1% or more of the paid-up Share capital of our Company as on 10 days prior to the date of filing of this Draft Red Herring Prospectus:

| S No. | Name of Shareholder | No. of Equity Shares | Percentage of total shareholding (%) | No. of Equity Shares on a fully diluted basis (including upon conversion of CCDs)* | Percentage of total shareholding (%) on a fully diluted basis (including upon conversion of CCDs) |
|-------|---------------------|----------------------|--------------------------------------|--|---|
| 1. | CS LLP | 39,458,790 | 40.96% | 39,458,790 | 38.21% |
| 2. | Ranjit Pendurthi | 26,657,197 | 27.67% | 26,657,197 | 25.81% |
| 3. | Ravi Pendurthi | 1,608,768 | 1.67% | 1,608,768 | 1.56% |

| S No. | Name of Shareholder | No. of Equity Shares | Percentage of total shareholding (%) | No. of Equity Shares on a fully diluted basis (including upon conversion of CCDs)* | Percentage of total shareholding (%) on a fully diluted basis (including upon conversion of CCDs) |
|--------------|---------------------|----------------------|--------------------------------------|--|---|
| 4. | IRF II | 11,742,530 | 12.19% | 15,132,347 | 14.65% |
| 5. | IRF I | 7,183,060 | 7.46% | 8,958,509 | 8.67% |
| 6. | PNRPL | 7,183,060 | 7.46% | 8,958,509 | 8.67% |
| 7. | Sojitz Corporation | 2,500,000 | 2.60% | 2,500,000 | 2.42% |
| Total | | 96,333,405 | 100.00% | 103,274,120 | 100.00% |

* 171,899; 328,202 and 171,899 CCDs are held by IRF I, IRF II and PNRPL, respectively, which shall be converted into 1,775,449; 3,389,817 and 1,775,449 Equity Shares, respectively, prior to filing of the Red Herring Prospectus with the RoC in accordance with Regulation 5(2) of the SEBI ICDR Regulations.

- (d) Set forth below are details of Shareholders holding 1% or more of the paid-up Share capital of our Company as on the date one year prior to the date of filing of this Draft Red Herring Prospectus:

| S No. | Name of Shareholder | No. of Equity Shares | Percentage of total shareholding (%) | No. of equity shares of ₹ 10 each on a fully diluted basis (including upon conversion of CCDs)* | Percentage of total shareholding (%) on a fully diluted basis (including upon conversion of CCDs) |
|--------------|---------------------|----------------------|--------------------------------------|---|---|
| 1. | CS LLP | 7,891,758 | 40.96% | 7,891,758 | 38.21% |
| 2. | Ranjit Pendurthi | 2,826,597 | 14.67% | 2,826,597 | 13.68% |
| 3. | Ravi Pendurthi | 2,826,596 | 14.67% | 2,826,596 | 13.68% |
| 4. | IRF II | 2,348,506 | 12.19% | 3,026,469 | 14.65% |
| 5. | IRF I | 1,436,612 | 7.46% | 1,791,702 | 8.67% |
| 6. | PNRPL | 1,436,612 | 7.46% | 1,791,702 | 8.67% |
| 7. | Sojitz Corporation | 500,000 | 2.60% | 500,000 | 2.42% |
| Total | | 19,266,681 | 100.00% | 20,654,824 | 100.00% |

* For details of conversion of CCDs into Equity Shares prior to filing of the Red Herring Prospectus with the RoC in accordance with Regulation 5(2) of the SEBI ICDR Regulations, see “- Details of equity shareholding of the major equity Shareholders of our Company” above.

- (e) Set forth below are details of Shareholders holding 1% or more of the paid-up Share capital of our Company as on the date two years prior to the date of filing of this Draft Red Herring Prospectus:

| S No. | Name of Shareholder | No. of Equity Shares | Percentage of total shareholding (%) | No. of equity shares of ₹ 10 each on a fully diluted basis (including upon conversion of CCDs)* | Percentage of total shareholding (%) on a fully diluted basis (including upon conversion of CCDs) |
|--------------|---------------------|----------------------|--------------------------------------|---|---|
| 1. | CS LLP | 7,891,758 | 40.96% | 7,891,758 | 38.21% |
| 2. | Ranjit Pendurthi | 2,826,597 | 14.67% | 2,826,597 | 13.68% |
| 3. | Ravi Pendurthi | 2,826,596 | 14.67% | 2,826,596 | 13.68% |
| 4. | IRF II | 2,348,506 | 12.19% | 3,026,469 | 14.65% |
| 5. | IRF I | 1,436,612 | 7.46% | 1,791,702 | 8.67% |
| 6. | PGPL | 1,436,612 | 7.46% | 1,791,702 | 8.67% |
| 7. | Sojitz Corporation | 500,000 | 2.60% | 500,000 | 2.42% |
| Total | | 19,266,681 | 100.00% | 20,654,824 | 100.00% |

* For details of conversion of CCDs into Equity Shares prior to filing of the Red Herring Prospectus with the RoC in accordance with Regulation 5(2) of the SEBI ICDR Regulations, see “- Details of equity shareholding of the major equity Shareholders of our Company” above.

8. There have been no financing arrangements whereby our Promoters, members of our Promoter Group, our Directors and their relatives have financed the purchase by any other person of securities of our Company, during a period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus.

9. Our Company, Promoters, Directors, and the BRLMs have not entered into any buy-back arrangement or any other similar arrangements for the purchase of Equity Shares.
10. **Archean Chemical - Employee Stock Option Plan 2022 ("ESOP 2022")**

Pursuant to the resolutions passed by our Board and Shareholders on January 29, 2022 and February 1, 2022, our Company approved the ESOP 2022 for issue of options to eligible employees which may result in issue of not more than 1,290,926 Equity Shares. The objective of the ESOP 2022 is to reward our key employees for their association, dedication and contribution to the goals of our Company.

ESOP 2022 is in compliance with the SEBI SBEB Regulations. As of the date of this Draft Red Herring Prospectus, no options have been granted and no Equity Shares have been issued under the ESOP 2022.
11. No person connected with the Offer, including but not limited to, our Company, the members of the Syndicate, our Directors, Promoters or the members of our Promoter Group, shall offer in any manner whatsoever any incentive, whether direct or indirect, in cash, in kind or in services or otherwise to any Bidder for making a Bid.
12. None of the Equity Shares held by our Promoters are pledged or otherwise encumbered as on the date of this Draft Red Herring Prospectus. Further, none of the Equity Shares being offered for sale through the Offer for Sale are pledged or otherwise encumbered, as on the date of this Draft Red Herring Prospectus.
13. The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Draft Red Herring Prospectus.
14. The Equity Shares issued pursuant to the Offer shall be fully paid-up at the time of Allotment, failing which, no Allotment shall be made.
15. Other than 672,000 CCDs (which will convert into 6,940,715 Equity Shares), there are no outstanding warrants, options or rights to convert debentures, loans or other convertible instruments into Equity Shares as on the date of this Draft Red Herring Prospectus.
16. Except for (i) the Pre-IPO Placement; (ii) the conversion of the CCDs held by the IRF I, IRF II and PNRPL into Equity Shares before the filing of the Red Herring Prospectus; and (iii) exercise of any options to be granted pursuant to the ESOP 2022, there will be no further issue of Equity Shares whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from filing of this Draft Red Herring Prospectus with SEBI until the Equity Shares have been listed on the Stock Exchanges.
17. Except for the Fresh Issue and exercise of any options to be granted pursuant to the ESOP 2022, our Company presently does not intend or propose to alter its capital structure for a period of six months from the Bid/Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares, or further issue of Equity Shares (including issue of securities convertible into or exchangeable for, directly or indirectly into Equity Shares), whether on a preferential basis or issue of bonus or rights or further public issue of Equity Shares. However, if our Company enters acquisitions, joint ventures or other arrangements, our Company may, subject to necessary approvals, consider raising additional capital to fund such activity or use Equity Shares as consideration for acquisitions or participation in such joint ventures or other arrangements. Provided, however, that the foregoing restrictions do not apply to the issuance of any Equity Shares under the Offer.
18. Our Promoters and the members of our Promoter Group will not participate in the Offer, except to the extent of the Offer for Sale by the Promoter Selling Shareholder.
19. Our Company shall ensure that any transactions in the Equity Shares by our Promoters and our Promoter Group during the period between the date of filing of this Draft Red Herring Prospectus and the date of closure of the Offer shall be reported to the Stock Exchanges within 24 hours of the transactions.
20. Our Company has not undertaken any public issue of securities and/or of any rights issue of any kind or class of securities since its incorporation.

21. Set forth below is the price at which equity shares and CCDs were acquired in the last three years, by each of the Promoters, Promoter Group, Selling Shareholders and Shareholders entitled with right to nominate Directors or any other rights:

| S. No. | Category | Name of the acquirer | Date of acquisition | Acquisition price per equity share/ CCD | Face Value | Number of equity shares/ CCDs acquired |
|---------------|----------------------|----------------------|---------------------|---|------------|--|
| Equity Shares | | | | | | |
| 1. | Promoters | Ranjit Pendurthi | January 18, 2022 | Nil* | 2 | 12,524,212 |
| 2. | Selling Shareholders | IRF I**# | March 29, 2019 | 20.98 | 2## | 1,679,325 |
| 3. | | IRF II**# | March 29, 2019 | 20.98 | 2## | 2,837,795 |
| 4. | | PNRPL# | March 31, 2020 | 12.40 | 2## | 7,183,060 |
| CCDs | | | | | | |
| 1. | Selling Shareholder | PNRPL | August 26, 2020 | 128.07 | 100 | 171,899 |

* Transfer by way of gift

** For details of rights of IRF I, IRF II and PNRPL to nominate 1 (one) nominee Director to our Board, see "History and Certain Corporate Matters - Material Agreements" on page 164.

171,899; 328,202 and 171,899 CCDs are held by IRF I, IRF II and PNRPL, respectively, which shall be converted into 1,775,449; 3,389,817 and 1,775,449 Equity Shares, respectively, prior to filing of the Red Herring Prospectus with the RoC in accordance with Regulation 5(2) of the SEBI ICDR Regulations.

Pursuant to a resolution of our Board dated October 12, 2021 and Shareholders' resolution dated November 15, 2021, equity shares of face value of ₹ 10 each of our Company were sub-divided into equity shares of face value of ₹ 2 each.

OBJECTS OF THE OFFER

The Offer comprises a Fresh Issue by our Company and an Offer for Sale by the Selling Shareholders.

Offer for Sale

The Selling Shareholders will be entitled to their respective portion of the proceeds of the Offer for Sale after deducting its proportion of Offer expenses and relevant taxes thereon. Our Company will not receive any proceeds from the Offer for Sale and the proceeds received from the Offer for Sale will not form part of the Fresh Issue. The object of the Offer for Sale is to allow the Selling Shareholders to sell up to 19,071,288 Equity Shares held by them aggregating up to ₹ [●] million.

Fresh Issue

The details of the proceeds from the Fresh Issue are summarised in the following table:

| (₹ in million) | |
|--|-------------------|
| Particulars | Estimated amount* |
| Gross proceeds from the Fresh Issue | 10,000.00 |
| (Less) Offer related expenses in relation to the Fresh Issue (only those apportioned to our Company) | [●] |
| Net Proceeds⁽¹⁾ | [●] |

⁽¹⁾ To be finalised upon determination of the Offer Price and will be updated in the Prospectus prior to filing with the RoC.

* Includes, the proceeds, if any, received pursuant to the Pre-IPO Placement. Upon allotment of Equity Shares issued pursuant to the Pre-IPO Placement, our Company shall utilise the proceeds from such Pre-IPO Placement towards the objects of the Offer.

Requirement of funds

Our Company proposes to utilise the Net Proceeds of the Fresh Issue towards funding the following objects:

- Redemption or earlier redemption, in part or full, of NCDs issued by our Company; and
- General corporate purposes (collectively, referred to herein as the “**Objects**”).

In addition, our Company expects to receive the benefits of listing of the Equity Shares on the Stock Exchanges and enhancement of our Company’s visibility and brand image and creation of a public market for our Equity Shares in India.

The main objects clause and objects incidental and ancillary to the main objects as set out in the Memorandum of Association enables our Company to undertake its existing activities and the activities proposed to be funded from the Net Proceeds.

Utilisation of Net Proceeds

The Net Proceeds are proposed to be utilised in the following manner:

| (₹ in million) | |
|--|------------------|
| Particulars | Estimated amount |
| Redemption or earlier redemption, in part or full, of NCDs issued by our Company | 8,000.00 |
| General corporate purposes ⁽¹⁾ | [●] |
| Total | [●] |

⁽¹⁾ To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC. The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds.

Proposed schedule of implementation and deployment of Net Proceeds

We propose to utilise the Net Proceeds for the following Objects in accordance with the estimated schedule of implementation and deployment of funds set forth in the table below:

| (₹ in million) | | | |
|----------------|--|---------------------------------------|---|
| S. No. | Particulars | Amount to be funded from Net Proceeds | Estimated schedule of deployment by Fiscal 2023 |
| 1. | Redemption or earlier redemption, in part or full, of NCDs issued by our Company | 8,000.00 | 8,000.00 |

| S. No. | Particulars | Amount to be funded from Net Proceeds | Estimated schedule of deployment by Fiscal 2023 |
|--------|---|---------------------------------------|---|
| 2. | General corporate purposes ⁽¹⁾ | [●] | [●] |

⁽¹⁾ To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC. The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds. Our Company, in consultation with the BRLMs, may consider a Pre-IPO Placement. If the Pre-IPO Placement is completed, the Fresh Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Offer complying with Rule 19(2)(b) of the SCRR. Upon allotment of Equity Shares issued pursuant to the Pre-IPO Placement and after compliance with requirements prescribed under the Companies Act, our Company shall utilise the proceeds from such Pre-IPO Placement towards one of the objects stated above.

The requirement and deployment of funds as indicated above are based on our internal management estimates, current circumstances of our business and market conditions, and other commercial factors and has not been appraised by any bank or financial institution or any other independent agency. We may have to revise our estimates from time to time on account of various factors, such as financial and market conditions, competition, interest rate fluctuations and other external factors, which may not be within the control of our management. This may entail rescheduling the proposed utilisation of the Net Proceeds and changing the allocation of funds from our planned allocation at the discretion of our management, subject to compliance with applicable laws. We propose to deploy the entire Net Proceeds towards the Objects in Fiscal 2023. However, if the Net Proceeds are not completely utilised for the objects stated above by the end of Fiscal 2023, such amounts will be utilised (in part or full) in subsequent periods, as determined by us, in accordance with applicable law. This may entail rescheduling and revising the proposed utilisation of the Net Proceeds and changing the allocation of funds from its planned allocation at the discretion of our management, subject to compliance with applicable law.

If the actual utilisation towards any of the Objects, as set out above, is lower than the proposed deployment, such balance will be used towards general corporate purposes, provided that the total amount to be utilised towards general corporate purposes will not exceed 25% of the Gross Proceeds, in accordance with the SEBI ICDR Regulations. In case of a shortfall in raising requisite capital from the Net Proceeds towards meeting the Objects, we may explore a range of options including utilising our internal accruals, any additional equity or debt arrangements or both. We believe that such alternate arrangements would be available with our Company to fund any such shortfalls.

Details of the Objects of the Fresh Issue

1. Redemption or earlier redemption, in part or full, of NCDs issued by our Company

Our Company has issued certain listed and redeemable NCDs on certain specified terms and conditions aggregating to ₹ 8,400 million. As on December 31, 2021, the amount outstanding under the borrowing arrangements entered into by our Company was ₹ 8,400 million and interest accrued but not due was ₹ 1,166.70 million. For further details of the NCDs, including indicative terms and conditions thereof, see “*Financial Indebtedness*” on page 285. Our Company proposes to utilise an estimated amount of ₹ 8,000.00 million from the Net Proceeds towards redemption or earlier redemption of NCDs issued by our Company either in full or in part, and the interest accrued therein. Our Company may avail further borrowings after the date of this Draft Red Herring Prospectus.

Given the nature of the NCDs and the terms of redemption or early redemption, the aggregate outstanding amounts under these NCDs may vary from time to time and our Company may, in accordance with the relevant redemptions schedule, repay or refinance the existing borrowings prior to Allotment. Accordingly, our Company may utilise the Net Proceeds for part or full prepayment of any such refinanced facilities or repayment of any additional facilities obtained by our Company. However, the aggregate amount to be utilised from the Gross Proceeds towards redemption and/or earlier redemption, in part or full, of NCDs (including refinanced or additional facilities availed, if any), would not exceed ₹ 8,000.00 million. In light of the above, at the time of filing the Red Herring Prospectus, the table below shall be suitably updated to reflect the revised amounts or borrowings, as the case may be.

We believe the redemption (or earlier redemption) of the NCDs will reduce our outstanding indebtedness, debt servicing costs, improve our debt to equity ratio and enable utilisation of our internal accruals for further investment in our business growth and expansion. Additionally, we believe that the increased leverage capacity of our Company will improve our ability to raise further resources in the future to fund our potential business development opportunities and plans to grow and expand our business.

The following table provides the details of the NCDs availed of by our Company, which are proposed to be redeemed, in full or in part, from the Net Proceeds:

| Name of the Debenture holders/ Debenture Trustee | Nature of borrowings | Purpose* | Amount sanctioned as on December 31, 2021 (₹ in million) | Amount outstanding as on December 31, 2021 (₹ in million) including interest accrued | Repayment Schedule | Prepayment conditions | Interest Rate (%) (p.a.) |
|---|------------------------------|--|--|--|--|-----------------------|--------------------------|
| Debenture holders: IRF I, IRF II and Piramal Investment Advisory Services Private Limited Trustee: IDBI Trusteeship Services Limited | Long term secured borrowings | Repayment of debts and for bromine expansion | 8,400.00 | 9,566.70 | Repayable on maturity date November 21, 2024 subject to terms and conditions relating to voluntary and mandatory repayment | Nil | 17.00% |
| Total | | | 8,400.00 | 9,566.70 | | | |

* In accordance with Clause 9(A)(2)(b) of Part A of Schedule VI of the SEBI ICDR Regulations, our Company has obtained a certificate dated February 17, 2022 from the Statutory Auditor certifying the utilization of loan for the purpose for which it was availed.

The amounts under the NCD facilities may be dependent on various factors and may include intermediate repayments and drawdowns. Accordingly, it may be possible that amount outstanding under the NCD facilities may vary from time to time. We may, from time to time, repay, refinance, enter into further financing arrangements or draw down funds from any other borrowing facilities. In such event, we may utilise the Net Proceeds towards repayment/prepayment of any existing or additional indebtedness which will be selected based on various commercial considerations including, among others, the interest/coupon rate on the indebtedness facility, the amount of the indebtedness outstanding and the remaining tenor of the indebtedness, any conditions attached to the borrowings restricting the ability to pre-pay/repay/redeem the borrowings, receipt of consents for prepayment from the respective lenders, terms and conditions of consents and waivers, presence of onerous terms and conditions under the facility, other commercial considerations and applicable law governing such borrowings.

Our Company has obtained consent from IDBI Trusteeship Services Limited on February 10, 2022 for the redemption of the NCDs by utilizing the Net Proceeds.

2. General Corporate Purposes

The Net Proceeds will first be utilized towards the Objects as set out above. Subject to this, our Company intends to deploy any balance Net Proceeds towards general corporate purposes and the business requirements of our Company and our Subsidiary, as approved by our management, from time to time, subject to such amount not exceeding 25% of the Gross Proceeds, in compliance with the SEBI ICDR Regulations.

The general corporate purposes for which our Company proposes to utilise Net Proceeds include, without limitation, business development initiatives, research and development, acquiring fixed assets, meeting any expense (including capital expenditure requirements / short-term working capital requirements) including salaries and wages, rent, administration, insurance, repairs and maintenance, payment of taxes and duties, meeting expenses incurred in the ordinary course of business and towards any exigencies. The quantum of utilisation of funds towards each of the above purposes will be determined by our Board or a duly appointed committee from time to time, subject to compliance with the necessary provisions of the Companies Act, 2013.

The allocation or quantum of utilization of funds towards the specific purposes described above will be determined by our Board, based on our business requirements and other relevant considerations, from time to time. Our

management, in accordance with the policies of our Board, shall have the flexibility in utilizing surplus amounts, if any. 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.

Means of finance

Fund requirements for the Objects are proposed to be met from the Net Proceeds. Accordingly, we confirm that there is no requirement to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised through the Fresh Issue or through existing identifiable internal accruals as required under Regulation 7(1)(e) the SEBI ICDR Regulations.

Interim use of Net Proceeds

The Net Proceeds pending utilisation for the purposes stated in this section, shall be deposited only with scheduled commercial banks included in the Second Schedule of the Reserve Bank of India Act, 1934, as amended. In accordance with Section 27 of the Companies Act, our Company confirms that it shall not use the Net Proceeds for buying, trading or otherwise dealing in equity shares of any other listed company.

Bridge Financing Facilities

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

Offer Expenses

The total Offer related expenses are estimated to be approximately ₹ [●] million. The Offer related expenses primarily include fees payable to the BRLMs and legal counsels, fees payable to the Auditors, brokerage and selling commission, underwriting commission, commission payable to Registered Brokers, RTAs, CDPs, SCSBs' fees, Sponsor Bank(s)' fees, Registrar's fees, printing and stationery expenses, advertising and marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges.

Other than (a) listing fees; (b) audit fees of statutory auditors (to the extent not attributable to the Offer); and (c) expenses for any product or corporate advertisements consistent with past practice of our Company (other than the expenses relating to marketing and advertisements undertaken in connection with the Offer) which shall be borne by our Company and the fees and expense of the legal counsel to the investor Selling Shareholders being borne by the Investor Selling Shareholder, all costs, charges, fees and expenses relating to the Offer, including road show, accommodation and travel expenses and fees and expenses paid by our Company and the Selling Shareholders to any of the intermediaries shall be paid as per the agreed terms with such intermediaries on a pro rata basis, in proportion to the Equity Shares issued and allotted by the Company in the Fresh Issue and the Offered Shares sold by the Selling Shareholders in the Offer for Sale. The Offer expenses shall be payable in accordance with the arrangements or agreements entered into by our Company with the respective Designated Intermediary.

The break-up for the estimated Offer expenses is set forth below:

| Activity | Estimated expenses (in ₹ million)* | As a % of the total estimated Offer expenses | As a % of the total Offer size |
|--|------------------------------------|--|--------------------------------|
| BRLMs' fees and commissions (including underwriting commission, brokerage and selling commission) | [●] | [●] | [●] |
| Commission/processing fee for SCSBs, Sponsor Bank(s) and Banker(s) to the Offer. Brokerage, underwriting commission and selling commission and bidding charges for members of the Syndicate, Registered Brokers, RTAs and CDPs ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾ | [●] | [●] | [●] |
| Fees payable to the Registrar to the Offer | [●] | [●] | [●] |
| Fees payable to the other advisors to the Offer (fee payable to an chartered accountants appointed for providing confirmations and certificates for the purpose of the Offer; F&S for preparing the industry report commissioned by our Company; the virtual data room provider in connection with due diligence for the Offer; and chartered engineer for certifying the installed and utilization capacity of our manufacturing facility)# | [●] | [●] | [●] |

| Activity | Estimated expenses (in ₹ million)* | As a % of the total estimated Offer expenses | As a % of the total Offer size |
|--|------------------------------------|--|--------------------------------|
| Others | | | |
| (i) Listing fees, SEBI filing fees, upload fees, BSE and NSE processing fees, book building software fees and other regulatory expenses. | [●] | [●] | [●] |
| (ii) Printing and stationery expenses | [●] | [●] | [●] |
| (iii) Advertising and marketing expenses | [●] | [●] | [●] |
| (iv) Fees payable to legal counsels | [●] | [●] | [●] |
| (v) Miscellaneous | [●] | [●] | [●] |
| Total estimated Offer expenses | [●] | [●] | [●] |

* Offer expenses include goods and services tax, where applicable. Offer expenses will be incorporated at the time of filing of the Prospectus with the RoC. Offer expenses are estimates and are subject to change.

- (1) Selling commission payable to the SCSBs on the portion for RIBs, and Non-Institutional Investors which are directly procured and uploaded by the SCSBs, would be as follows:

| | |
|--|---|
| Portion for Retail Individual Bidders* | [●]% of the Amount Allotted (plus applicable taxes) |
| Portion for Non-Institutional Investors* | [●]% of the Amount Allotted (plus applicable taxes) |

*Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price.

- (2) No additional uploading/processing charges shall be payable by our Company and the Selling Shareholders to the SCSBs on the Bid cum Applications Forms directly procured by them.

Processing fees payable to the SCSBs on the portion for RIBs, and Non-Institutional Bidders which are procured by the members of the Syndicate/sub-Syndicate/Registered Broker/RTAs/ CDPs and submitted to SCSB for blocking, would be as follows:

| | |
|--|--|
| Portion for Retail Individual Bidders* | ₹ [●] per valid Bid cum Application Form (plus applicable taxes) |
| Portion for Non-Institutional Investors* | ₹ [●] per valid Bid cum Application Form (plus applicable taxes) |

*Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price

- (3) The Processing fees for applications made by RIBs using the UPI Mechanism would be as follows:

| | |
|---|--|
| Sponsor Bank(s) | ₹ [●] per valid Bid cum Application Form (plus applicable taxes) |
| The Sponsor Bank(s) shall be responsible for making payments to the third parties such as remitter bank, NCPI and such other parties as required in connection with the performance of its duties under the SEBI circulars, the Syndicate Agreement and other applicable laws | |

- (4) Selling commission on the portion for RIBs, and Non-Institutional Bidders which are procured by members of the Syndicate (including their sub-Syndicate Members), Registered Brokers, RTAs and CDPs would be as follows:

| | |
|--|---|
| Portion for Retail Individual Bidders* | [●]% of the Amount Allotted (plus applicable taxes) |
| Portion for Non-Institutional Investors* | [●]% of the Amount Allotted (plus applicable taxes) |

*Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price.

The processing fees for applications made by RIBs using the UPI Mechanism may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI Circular No: SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 read with SEBI Circular No: SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021.

Monitoring Utilization of Funds

In accordance with Regulation 41 of the SEBI ICDR Regulations, our Company shall appoint a Monitoring Agency for monitoring the utilization of Net Proceeds prior to the filing of the Red Herring Prospectus, as the Fresh Issue size exceeds ₹ 1,000 million. The Audit Committee and the Monitoring Agency will monitor the utilization of the Net Proceeds. Our Company undertakes to place the report(s) of the Monitoring Agency on receipt before the Audit Committee without any delay. Our Company will disclose the utilization of the Net Proceeds, including interim use under a separate head in its balance sheet for such fiscal periods as required under the SEBI ICDR Regulations, the Listing Regulations and any other applicable laws or regulations, clearly specifying the purposes for which the Net Proceeds have been utilized. Our Company will also, in its balance sheet for the applicable fiscal periods, provide details, if any, in relation to all such Net Proceeds that have not been utilized, if any, of such currently unutilized Net Proceeds.

Pursuant to Regulation 18(3) and Regulation 32(3) of the Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Net Proceeds. On an annual basis, our

Company shall prepare a statement of funds utilized for purposes other than those stated in this Draft Red Herring Prospectus and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilized. Such disclosure shall be made only until such time that all the Net Proceeds have been utilized in full. The statement shall be certified by the statutory auditor of our Company. Furthermore, in accordance with Regulation 32(1) of the Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilization of the proceeds of the Fresh Issue from the objects of the Fresh Issue as stated above; and (ii) details of category wise variations in the actual utilization of the proceeds of the Fresh Issue from the objects of the Fresh Issue as stated above. This information will also be uploaded onto our website.

Variation in Objects

Our Company shall not vary the Objects of the Offer, as envisaged under Sections 13(8) and 27 of the Companies Act, 2013 and applicable rules, without our Company being authorised to do so by the Shareholders by way of a special resolution. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution ("**Shareholders' Meeting Notice**") shall specify the prescribed details, provide Shareholders with the facility to vote by electronic means and shall be published in accordance with the Companies Act, 2013. The Shareholders' Meeting Notice shall simultaneously be published in the newspapers, one in English, one in Tamil (Tamil also being the regional language of the jurisdiction where our Registered Office is situated).

Appraising agency

None of the Objects for which the Net Proceeds will be utilised have been appraised by any agency.

Other confirmations

None of our Directors or Key Managerial Personnel or our Group Companies will receive any portion of the Net Proceeds of the Fresh Issue. Further, to the extent of being a Promoter Selling Shareholder, our Promoter will receive proceeds from the respective portion of the Offer for Sale.

Except in the normal course of business, there are no material existing or anticipated transactions in relation to the utilisation of the Net Proceeds entered into or to be entered into by our Company with our Promoters, members of Promoter Group, Directors and/or Key Managerial Personnel and Group Companies.

BASIS FOR OFFER PRICE

The Offer Price will be determined by our Company and the Selling Shareholders, in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹ 2 each and the Offer Price is [●] times the Floor Price and [●] times the Cap Price of the Price Band.

Investors should also see “*Our Business*”, “*Risk Factors*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” “*Financial Information*” and “*Summary of Financial Information*” on pages 137, 23, 241, 193 and 56, respectively, to have an informed view before making an investment decision.

Qualitative Factors

Some of the qualitative factors and our strengths which form the basis for computing the Offer Price are:

- Leading market position, expansion and growth in bromine and industrial salt;
- High entry barriers in the specialty marine chemicals industry;
- Established infrastructure and integrated production with cost efficiencies;
- Focus on environment and safety;
- Largest Indian exporter of bromine and industrial salt with global customer base;
- Strong and consistent financial performance; and
- Experienced management team, promoters and financial investors and stakeholders.

For details, see “*Our Business – Strengths*” on page 139.

Quantitative Factors

Certain information presented below relating to our Company is derived from the Restated Financial Information. For details, see “*Financial Information*” on page 193.

Some of the quantitative factors which may form the basis for computing the Offer Price are as follows:

A. Basic and Diluted Earnings Per Share (“EPS”) at face value of ₹ 2, as adjusted for change in capital, as per Ind AS 33:

As derived from the Restated Financial Information:

| Financial Year/ Period ended | Basic EPS (in ₹) | Diluted EPS (in ₹) | Weight |
|--|------------------|--------------------|--------|
| March 31, 2019 (consolidated) | 5.44 | 5.44 | 1 |
| March 31, 2020 (consolidated) | (3.51) | (3.51) | 2 |
| March 31, 2021 (standalone) | 6.45 | 6.45 | 3 |
| Weighted Average | 2.96 | 2.96 | |
| Six months period ended September 30, 2021 (not annualised) (standalone) | 5.62 | 5.62 | |

Notes:

- (1) Weighted average = Aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. (EPS x Weight) for each year /total of weights.
- (2) Pursuant to a resolution of Board dated October 12, 2021 and Shareholders’ resolution dated November 15, 2021, each equity share of our Company of face value of ₹ 10 was sub-divided into equity shares of face value of ₹ 2 each. Consequently, the issued and subscribed share capital of our Company comprising 19,266,681 equity shares of face value of ₹ 10 each was sub-divided into 96,333,405 equity shares of face value of ₹ 2 each. All per share data has been calculated after giving effect to such sub-division in accordance with principles of Ind AS 33- “Earnings per share”. The face value of each Equity Share is ₹ 2 each.
- (3) Basic and diluted earnings/ (loss) per equity share: Profit/ (loss) attributable to equity shareholders for the period or year/weighted average number of Equity Shares (which is after giving effect of conversion of CCDs into equity shares and split of face value from ₹ 10 to ₹ 2), computed in accordance with Indian Accounting Standard 33 notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended.
- (4) Weighted average number of shares is the number of Equity Shares outstanding at the beginning of the period adjusted by the number of shares issued during the period multiplied by the time weighting factor (after giving effect of conversion of

CCDs into equity shares and split of face value from ₹ 10 to ₹ 2). The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the period.

- (5) The above statement should be read with significant accounting policies and the Notes to the Restated Financial Information as appearing in “Financial Information” on page 193.

B. Price/Earning (“P/E”) ratio in relation to the Price Band of ₹[●] to ₹[●] per Equity Share:

| Particulars | P/E at the Floor Price (no. of times) | P/E at the Cap Price (no. of times) |
|--|--|--|
| Based on basic EPS of ₹[●] as per the Restated Financial Information for year ended March 31, 2021 | [●] | [●] |
| Based on diluted EPS of ₹[●] as per the Restated Financial Information for year ended March 31, 2021 | [●] | [●] |

Industry Peer Group P/E ratio

| Particulars | Industry P/E |
|-------------|--------------|
| Highest | 114.36 |
| Lowest | 32.45 |
| Average | 68.16 |

Notes:

- (1) The industry high and low has been considered from the industry peer set provided later in this section. The industry average has been calculated as the arithmetic average P/E of the industry peer set disclosed in this section.

C. Return on Net Worth (“RoNW”)

As derived from the Restated Financial Information:

| Financial Year/ Period ended | RoNW (%) | Weight |
|--|-----------------|--------|
| March 31, 2019 (consolidated) | 94.34 | 1 |
| March 31, 2020(consolidated) | (606.95) | 2 |
| March 31, 2021 (standalone) | 92.04 | 3 |
| Weighted Average | (140.57) | |
| Six months period ended September 30, 2021 (not annualised) (standalone) | 44.58 | |

Notes:

- (1) Return on Net Worth (%): Restated Profit/ (loss) for the year/ period attributable to equity shareholders divided by the Net worth at the end of the year/period.
- (2) Net worth (total equity) means the aggregate of paid up equity share capital and other equity.
- (3) The Weighted Average Return on Net Worth is a product of Return on Net Worth and respective assigned weight, dividing the resultant by total aggregate weight

D. Net Asset Value (“NAV”) per Equity Share

| Financial Year ended/ Period ended | NAV per Equity Share (₹) |
|---------------------------------------|--|
| As on September 30, 2021 (standalone) | 12.61 |
| As on March 31, 2021 (standalone) | 7.01 |
| After the completion of the Offer | At Floor Price: [●] At Cap Price: [●] |
| Offer Price | [●] |

Notes:

- (1) Offer Price per Equity Share will be determined on conclusion of the Book Building Process.
- (2) Net Asset Value per equity share represents net worth attributable to owners of the parent, as restated, divided by the outstanding number of equity shares at the end of the year (which is after giving effect of conversion of CCDs into equity shares and split of face value from ₹ 10 to ₹ 2 as approved by the Shareholders of our Company on November 15, 2021).
- (3) Net worth (total equity) means the aggregate of paid up equity share capital and other equity.

E. Comparison with Listed Industry Peers

| Name of the company | Total income (₹ in million) | Face value per equity share (₹) | P/E | EPS (Basic) (₹) | EPS (Diluted) (₹) | RoNW (%) | NAV per equity share (₹) |
|--|-----------------------------|---------------------------------|--------|-----------------|-------------------|----------|--------------------------|
| Archean Chemical Industries Limited [#] | 7,547.90 | 2 | [•] | 6.45 | 6.45 | 92.04 | 7.01 |
| Listed Peers | | | | | | | |
| Tata Chemicals Limited | 104,342.2 | 10 | 89.15 | 10.06 | 10.06 | 1.79 | 560.93 |
| Deepak Nitrite Limited | 43,812.7 | 2 | 36.66 | 56.88 | 56.88 | 33.06 | 172.05 |
| Aarti Industries Limited | 45,068.0 | 5 | 32.45 | 30.04 | 30.04 | 14.94 | 201.05 |
| Neogen Chemicals Limited | 3,365.5 | 10 | 114.36 | 13.45 | 13.45 | 17.12 | 78.43 |

Source: All the financial information for listed industry peers mentioned above is on a consolidated basis (unless otherwise available only on standalone basis) and is sourced from the annual reports as available of the respective company for the year ended March 31, 2021 submitted to stock exchanges.

Notes:

- (1) P/E Ratio has been computed based on the closing market price of equity shares on NSE on February 17, 2022, divided by the Diluted EPS.
- (2) Return on Net Worth (%) = Net Profit after Tax attributable to owners of the parent divided by Net worth at the end of the year attributable to owners of the parent. Net worth represents the equity share capital and other equity.
- (3) NAV is computed as the net worth at the end of the year attributable to owners of the parent divided by the outstanding number of equity shares at the end of the year.
- [#] Source for our Company: Based on the Restated Financial Information for the year ended March 31, 2021 (which is after giving effect of conversion of CCDs into equity shares and split of face value from ₹ 10 to ₹ 2 as approved by our Board on October 12, 2021 and Shareholders of our Company on November 15, 2021), as applicable).

F. The Offer price is [•] times of the face value of the Equity Shares

The Offer Price of ₹ [•] has been determined by our Company and the Selling Shareholders, in consultation with the BRLMs, on the basis of market demand from investors for Equity Shares through the Book Building Process and is justified in view of the above qualitative and quantitative parameters.

Investors should read the above-mentioned information along with “Risk Factors”, “Our Business”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Financial Information” on pages 23, 137, 241 and 193, respectively, to have a more informed view.

The trading price of the Equity Shares could decline due to the factors mentioned in the “Risk Factors” on page 23 and you may lose all or part of your investment.

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA

To,

**The Board of Directors,
Archean Chemical Industries Limited**
No.2, North Crescent Road,
T. Nagar, Chennai- 600017
Tamil Nadu, India

(the “**Company**”)

Re: Proposed initial public offer of equity shares of face value of Rs. 2 each (the “Equity Shares”) of the “Company” and such offer, the “Offer”.

This report is issued in accordance with the Engagement Letter dated November 15, 2021 and our arrangement letter dated November 15, 2021.

We hereby report that the enclosed Annexure I prepared by the Company, initialed by us and the Company for identification purpose, states the possible special tax benefits available to the Company and its shareholders, under direct and indirect taxes (together “**the Tax Laws**”), presently in force in India as on the signing date. These possible special tax benefits are dependent on the Company and its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company and its shareholders to derive these possible special tax benefits is dependent upon their fulfilling such conditions, which is based on business imperatives the Company may face in the future and accordingly, the Company and its shareholders may or may not choose to fulfill.

The benefits discussed in the enclosed Annexure I cover the possible special tax benefits available to the Company and its shareholders but does not cover any general tax benefits available to the Company and its shareholders. Further, the preparation of the enclosed Annexure I and its contents is the responsibility of the management of the Company and is not exhaustive. We were informed that the 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 and 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 proposed initial public offering of equity shares of the Company comprising a fresh issue of the Equity Shares by the Company and an offer for sale of Equity Shares by certain shareholders 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 possible special tax benefits, which an investor can avail. Neither we are suggesting nor advising the investors to invest money based on this Statement.

We conducted our examination in accordance with the “Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)” (the “**Guidance Note**”) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

We have relied on the representation from the Management of the Company that the Company does not have any material subsidiary.

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.

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

- i) the Company and its shareholders will continue to obtain these possible special tax benefits in future; or

- ii) the conditions prescribed for availing the possible special tax benefits where applicable, have been/ would be met with.

The contents of enclosed Annexure are based on the information, explanation and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our views are based on the existing provisions of the Tax Laws and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to the Company for 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 the Company and any other person in respect of this Statement, except as per applicable law.

We hereby give consent to include this Statement in the Draft Red Herring Prospectus, Red Herring Prospectus, and the Prospectus, and in any other material used in connection with the proposed Offer. The Statement is not to be used, referred to or distributed for any other purpose without our prior written consent.

Yours faithfully,

For M/s. PKF Sridhar & Santhanam LLP

Chartered accountants

Firm Registration Number: 003990S/S200018

S. Prasana Kumar

Partner

Membership No.: 212354

UDIN: 22212354ACOTCW4657

Place: Chennai

Date: February 15, 2022

Encl: As above

ANNEXURE I

ANNEXURE TO THE STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE TAX LAWS IN INDIA

The information outlined below sets out the possible special tax benefits available to the Company and its shareholders in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of equity shares, under the direct tax laws and indirect tax laws in force in India (i.e. applicable for the Financial Year 2021-22 relevant to the assessment year 2022-23). Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives it faces in the future, it may or may not choose to fulfill.

I. Special Tax Benefits available to the Company under the direct and indirect tax laws :

a) Direct Tax:

1. Deduction Under section 80JJAA:

The Company can avail deduction under section 80JJAA of Act in respect of employment of new employee (who have been employed for a minimum period of 240 days during the year) @ 30% of additional employee cost incurred in the course of such business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided.

2. Deduction under Section 115BAA:

The income-tax payable in respect of the total income of a person, being a domestic company, for any previous year relevant to the assessment year beginning on or after the 1st day of April, 2020, shall, at the option of such person, be computed at the rate of twenty-two per cent. The company is currently availing this tax benefit and will continue to avail the same on full filling the conditions stipulated under the said act.

b) Indirect Tax:

1. Letter of undertaking (LUT) under Section 54:

Refund of unutilized ITC of Zero rated supplies made without payment of tax under export under LUT of section 54 of CGST. The company is currently availing this tax benefit and will continue to avail the same on full filling the conditions stipulated under the said act.

2. Scheme of Remission of Duties and Taxes on Exported Products:

Duty credit scrips under Merchandise Export from India Scheme ("MEIS") covered in Chapter 3 – Exports from India Scheme in Foreign Trade Policy 2015-20 as extended till December 31, 2020. New scheme "RoDTEP" comes into force from January 1 2021, and replaces MEIS. However, benefit under this scheme is not extended to Exported Oriented Units. The scheme will ensure that the exporters receive the refunds on the embedded taxes and duties previously non-recoverable. The scheme was brought about with the intention to boost exports which were relatively poor in volume previously. Currently, the rate of duty of remission for the products under RoDTEP scheme is not yet notified by the Government of India.

3. Notification No 52/2003 under Customs Tariff Act:

Para 1 of Notification No. 52/03-Cus. dated. 31.3.2003 and Para 6.01(d)(ii) of FTP; Exported Oriented Units are allowed to import all types of goods (except prohibited goods) namely capital goods, raw materials, consumables, office equipment's etc. for the purpose of manufacture/production of export products and export thereof without payment of the duties/taxes from whole of the duty of customs leviable thereon under the First-Schedule to the Customs Tariff Act, 1975 (51 of 1975) and the additional duty, if any, leviable thereon under sub-sections (1), (3) and (5) of section 3 of the said Customs Tariff Act and the integrated tax and compensation cess leviable thereon under sub-sections (7) and (9), respectively of section 3 of the said Customs Tariff Act. The company is currently availing this tax benefit on capital goods, spare parts and raw materials and will continue to avail the same on full filling the conditions stipulated under the said act.

II. Special Tax Benefits available to the Material Subsidiary Company:

Acume chemicals private limited is the wholly owned subsidiary of the company which is incorporated on November 18, 2021. The subsidiary company can avail concessional tax rate of fifteen percentage under section 115 BAB of Income tax act 1961 which is available to new manufacturing companies on fulfilling the condition stipulated under this section.

However the above company is not a material subsidiary (Refer Note 1 below)

Note 1: Material subsidiaries identified in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, includes a subsidiary whose income or net worth in the immediately preceding year (i.e. 31 March 2021) exceeds 10% of the consolidated income or consolidated net worth respectively, of the holding company and its subsidiaries in the immediate preceding year.

III. Special Tax Benefits available to the Shareholders under the direct and indirect tax Laws:

There are no special tax benefits available for the shareholders of the Company under the provisions of the direct and indirect tax Laws.

Notes:

1. The above Statement of Possible Special Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis.
2. The above Statement of Possible Special Tax Benefits sets out the Possible Special Tax Benefits available to the Company and its shareholders under the current tax laws presently in force in India;
3. 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 Offer;
4. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be subject to any benefits available under the Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile; and the above stated Possible Special Tax Benefits will be available only to the sole/first named holder in case the shares are held by joint shareholders.
5. The Statement is prepared on the basis of information available with the Management of the Company and there is no assurance that:
 - Company or its shareholders will continue to obtain these benefits in future;
 - Conditions prescribed for availing the benefits have been/ would be met with;
 - The revenue authorities/courts will concur with the view expressed herein; and
 - The above views are based on the existing provisions of law and its interpretation, which are subject to change from time to time.

SECTION IV: ABOUT OUR COMPANY

INDUSTRY OVERVIEW

The information contained in this section is derived from various industry and publicly available resources. The information also includes information available from reports or databases of Frost & Sullivan (“F&S”). Neither the Company, its Directors, the BRLMs nor any other person connected with the Issue have independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed, and their reliability cannot be assured. Industry publications are also prepared on information as of specific dates and may no longer be current or reflect current trends. Accordingly, investment decisions should not be based on such information.

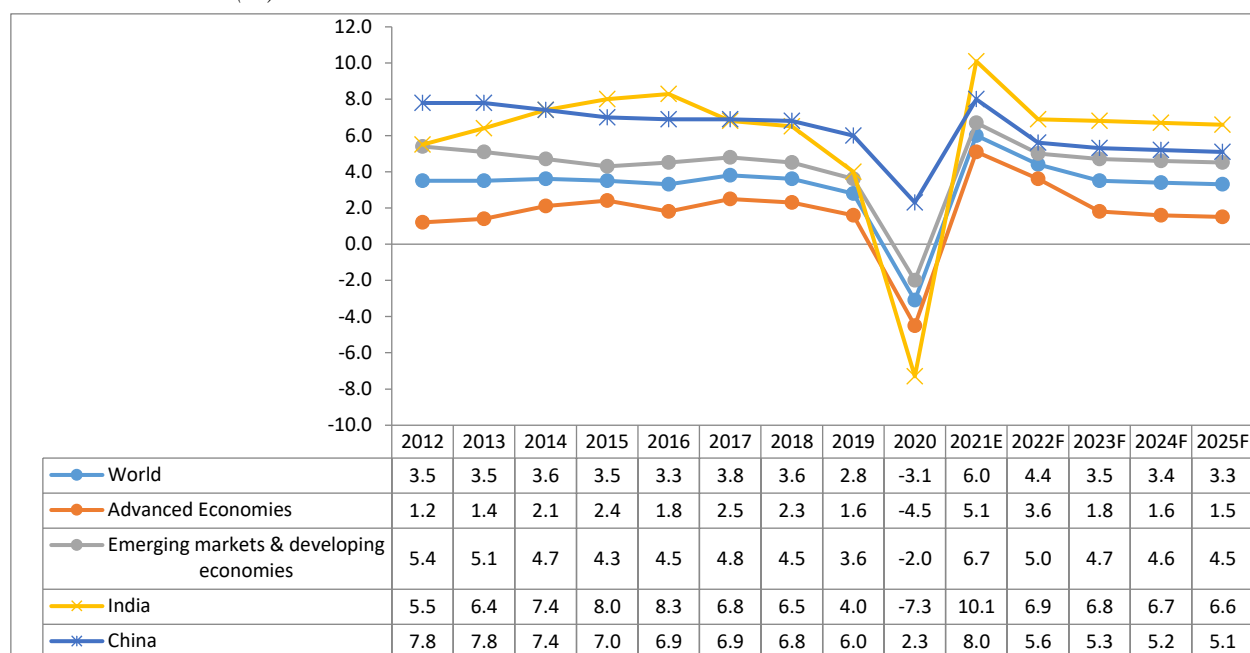
F&S has taken due care and caution in preparing the “Industry Report - India Specialty Chemical Market”, released on January 24, 2022 (the “Company Commissioned F&S Report”) based on the information obtained by F&S from sources which it considers reliable (“Data”). However, F&S does not guarantee the accuracy, adequacy or completeness of the Data / Company Commissioned F&S Report and is not responsible for any errors or omissions or for the results obtained from the use of the Data / Company Commissioned F&S Report. The Company Commissioned F&S Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of the Company Commissioned F&S Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. F&S especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of the Company Commissioned F&S Report. Without limiting the generality of the foregoing, nothing in the Company Commissioned F&S Report is to be construed as F&S providing or intending to provide any services in jurisdictions where F&S does not have the necessary permission and/or registration to carry out its business activities in this regard. The Company will be responsible for ensuring compliances and consequences of non-compliances for use of the Company Commissioned F&S Report or part thereof outside India. No part of the Company Commissioned F&S Report may be published/reproduced in any form without F&S’s prior written approval.

GLOBAL MACROECONOMIC OVERVIEW

Global gross domestic product (GDP) growth

The global economy is going through the most robust post-recession recovery in 80 years in 2021, a year and a half since the onset of the COVID-19 pandemic. Global economic growth is expected to regain its momentum as pandemic control and vaccination is underway. According to the Company Commissioned F&S Report, IMF expects the global economy to grow at 6.0% in calendar year 2021 and 4.4% in calendar year 2022, with emerging markets and developing economies growing at 6.7% in 2021 and 5.0% in 2022.

Real GDP Growth (%) 2012- 2025F



Source: World Economic Outlook, International Monetary Fund Estimate, Moody's Outlook, Company Commissioned F&S Report

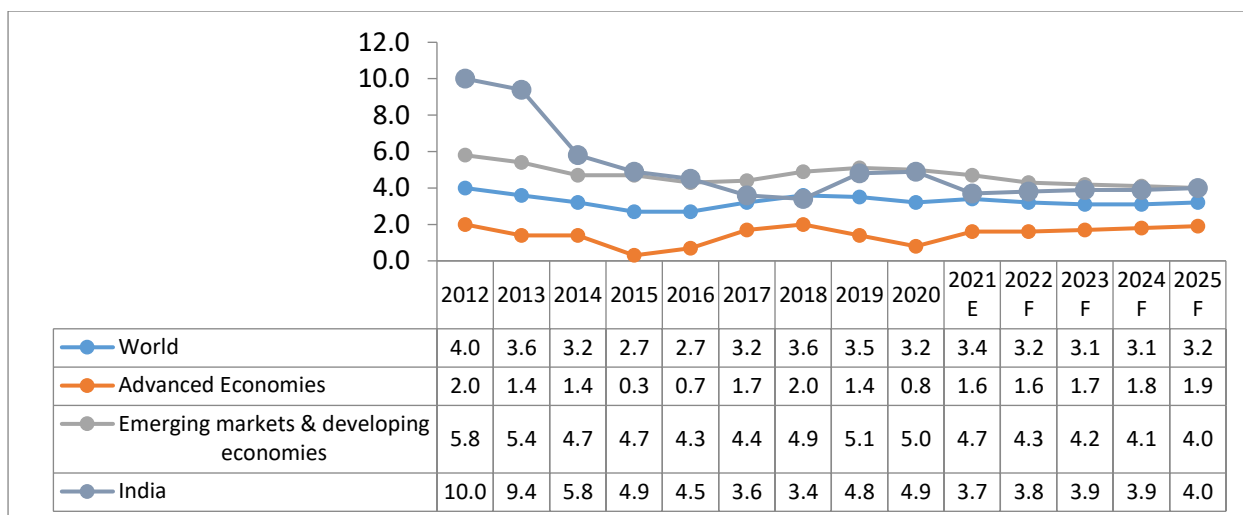
In calendar year 2020, global real GDP contracted by approximately 3.1%. The real GDP of the United States and Canada witnesses a contraction of 3.4% and 5.3%, respectively, in calendar year 2020. European countries and the United Kingdom experienced a more substantial contraction of 5.6% and 9.8%, respectively. In Asia, Japan's real GDP experienced a contraction of 4.6%. According to the Company Commissioned F&S Report, the real GDP of the advanced economies are expected to recover at a slower pace than the global average in calendar year 2021 (5.1% vs. 6.0%).

Real GDP in emerging market and developing economies are forecasted to grow by 6.7% in calendar year 2021, supported by higher demand and elevated commodity prices.

Global inflation rate

The global inflation curve has by large been on the downward curve since 2012 this is largely because the global commodity prices. Commodity prices fell sharply in this period following fall in prices of Brent crude by approximately 18%. The fall in the prices of the commodities came as a result of slackening demand from China, the single largest commodity consuming country. At the start of this decade, data shows GDP growth and industrial productions have fallen to 3-year lows in China. Another factor affecting global commodity prices was uncertainty in the Euro zone. Business confidence in Germany had dropped to a two-year low, US manufacturing declined and China's factory sector contracted. As a result, crude oil and copper post their biggest declines. Following these factors, growth in early start of this decade, in the global economy remained very bleak which resulted in reduced commodity prices thereby lowering inflation.

Inflation Rate (end of period consumer prices) (%) 2012 – 2025F

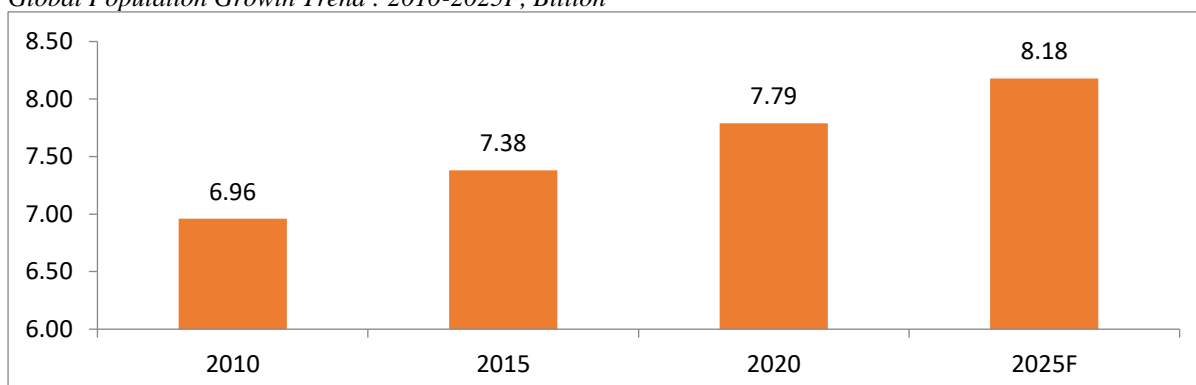


Source: World Economic Outlook, International Monetary Fund Estimate-April 2021, Frost & Sullivan; Company Commissioned F&S Report

Global Population Growth Trend

The total global population has more than doubled since the 1950s, and continues to increase. Populous middle-income countries account for a considerable share of the growth in world population between calendar years 2010 to 2025. Just five nations – China, India, Indonesia, Pakistan and Nigeria – are expected to account for around 859 million births from 2020 until 2025. If the current trend continues, the majority of the next billion births is destined to be born in low- and middle-income countries. A lot of pressure is thus on key sectors and care industries, such as agriculture, pharmaceuticals and healthcare, to support this growing world population.

Global Population Growth Trend : 2010-2025F, Billion



Source: World Bank, UNICEF

MACROECONOMIC OVERVIEW OF INDIA

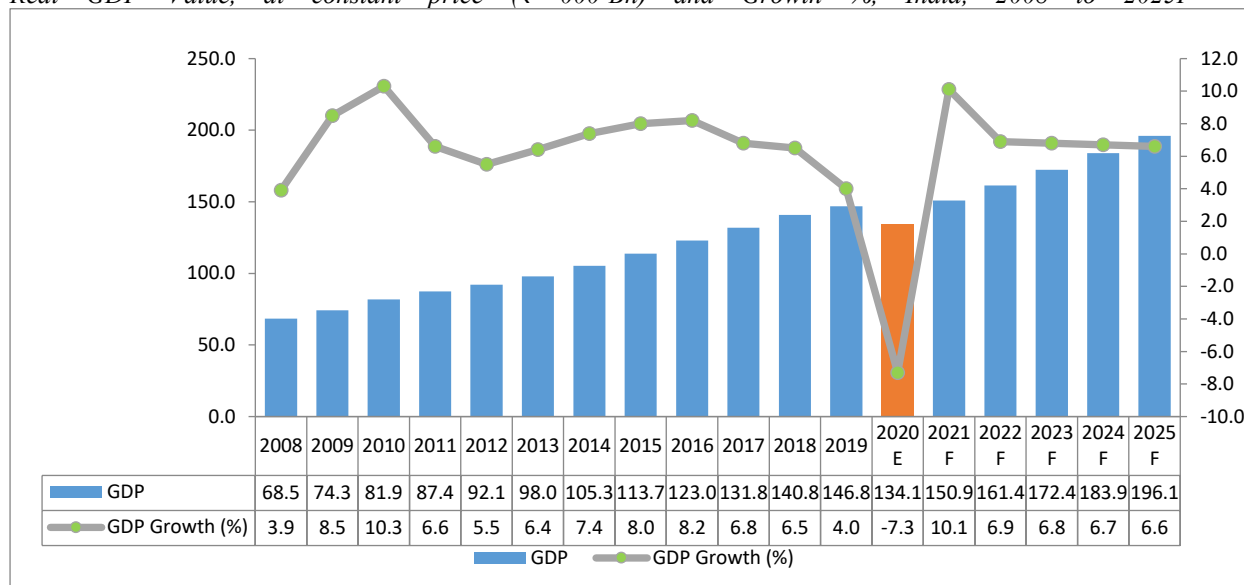
Gross domestic product (GDP) growth in India

From calendar years 2012 to 2016, market-friendly policies safeguarded India from the subdued global economy; and improved macroeconomic fundamentals and robust capital inflow strengthened India's economic growth from 5.5% in 2012 to 8.2% in 2016. However, in 2017, real GDP in India declined to 6.8% from 8.2% in 2016 due to the external vulnerabilities such as global slowdown, the impact of demonetization and the transitory effect of goods and services tax (GST) implementation. The economic growth of India slipped further in 2019 as a result of the lingering effect of demonetization and the other political reforms. Growth has remained relatively slow due to the prolonged on-going stress among non-bank financial institutions (NBFIs), obstructing the overall credit provision of the financial system. The already slow Indian economy has been derailed from its growth track in 2020 as a result of a national shutdown imposed in March 2020 to halt the spread of COVID-19. India's real GDP contracted to 7.3% in calendar 2020.

However, the medium-term outlook of India's real GDP is expected to improve and record a growth rate of

approximately 6.6% by calendar year 2025, on account of the strong macroeconomic fundamentals including moderate inflation, the implementation of key structural reforms and the improved fiscal and monetary policies.

Real GDP Value, at constant price (₹ 000'Bn) and Growth %, India, 2008 to 2025F

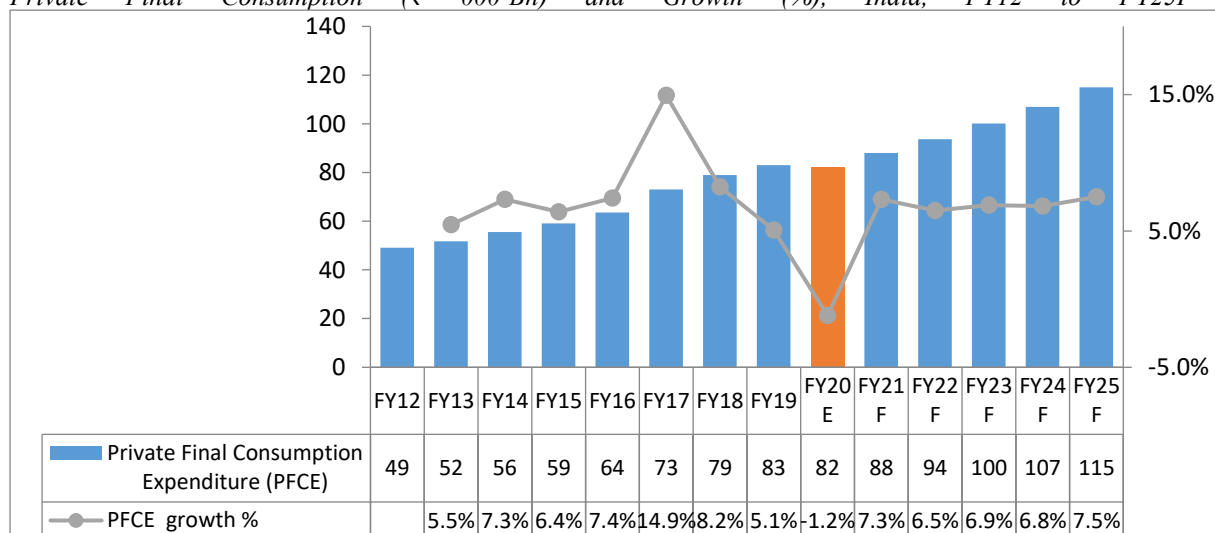


Source: Moody's Outlook, Moody's press release 2020, International Monetary Fund Estimate, Dun and Bradstreet, Frost & Sullivan; Company Commissioned F&S Report

Private final consumption expenditure (PFCE) growth in India

In fiscal 2020, Private Final Consumption Expenditure (PFCE) accounted for approximately 57% of India's real GDP. Real private final consumption expenditure (PFCE) is expected to decline by 1.2% owing to the impact of COVID-19 pandemic during fiscal 2021 but is expected to record a 7.3% growth during fiscal 2021. Looking ahead, PFCE is expected to stabilize between 6.9% to 7.5% through fiscal 2023 to fiscal 2025.

Private Final Consumption (₹ 000'Bn) and Growth (%), India, FY12 to FY25F

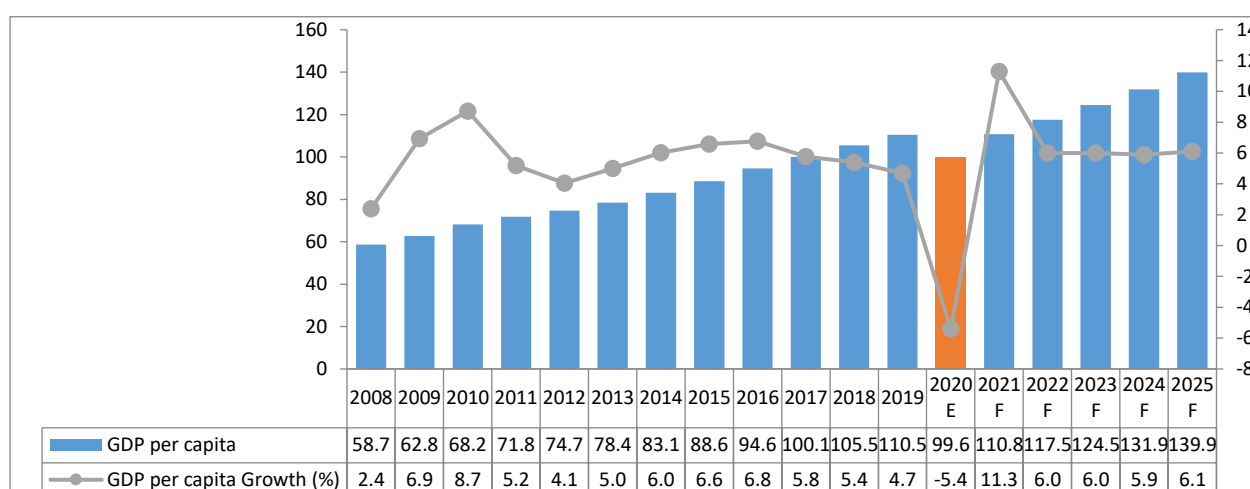


Source: MOSPI - Second Advance Estimates of National Income, 2019-20, at 2011-12 prices; Revised outlook based on Covid-19 not published by MOSPI; Company Commissioned F&S Report

GDP per capita in India

According to the Company Commissioned F&S Report, the GDP per capita at constant prices in India in 2020 witnessed its lowest growth rate since 1990 at -5.4%. However, with the economy getting back on track slowly, the GDP per capita growth is expected to increase to approximately 6.1% in 2025.

GDP per Capita Value, at constant price (₹'000) and Growth %, India, 2008 to 2025F



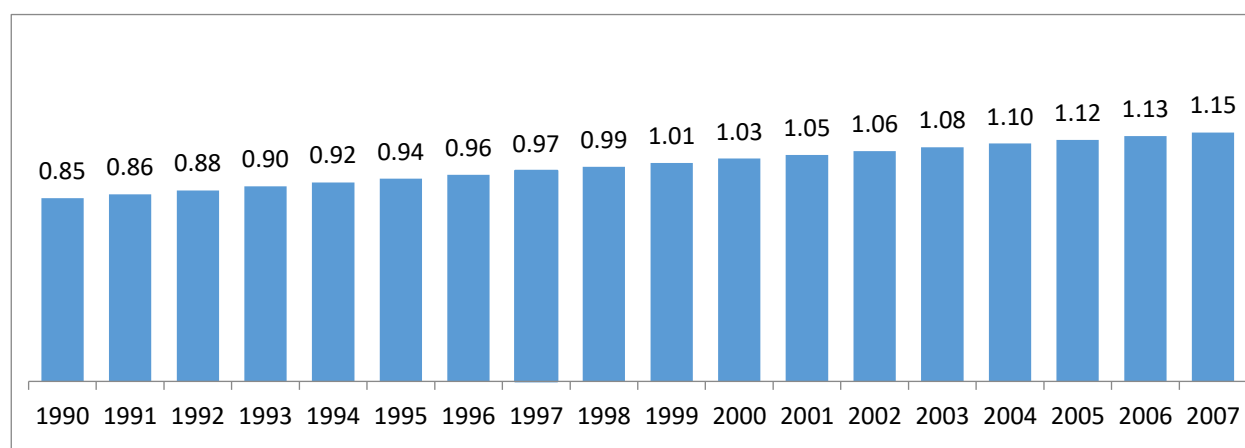
Source: World Economic Outlook, International Monetary Fund Estimates-April 2021, Frost & Sullivan; Outlook for 2021 and onwards is based on IMF data published in April 2020. Covid-19 impact not registered in the outlook 2021 onwards; Company Commissioned F&S Report

Population growth in India

With a population of 1.35 billion in calendar year 2019, India is the second largest populated country in the world. The population is estimated to grow at a CAGR of 1.3% during 2019 to 2025, enabling India to surpass China as the most populous country in the world by 2025.

India has a relatively young demographic profile, with an average median age of 26.7 years in 2019 and is estimated to be 28.2 years by 2020; one of the lowest globally as compared to 37.2 years in the US, 45.8 years in Japan and 36.3 years in China in 2020.

India Population in billion, Historical and Projected, 1990-2007

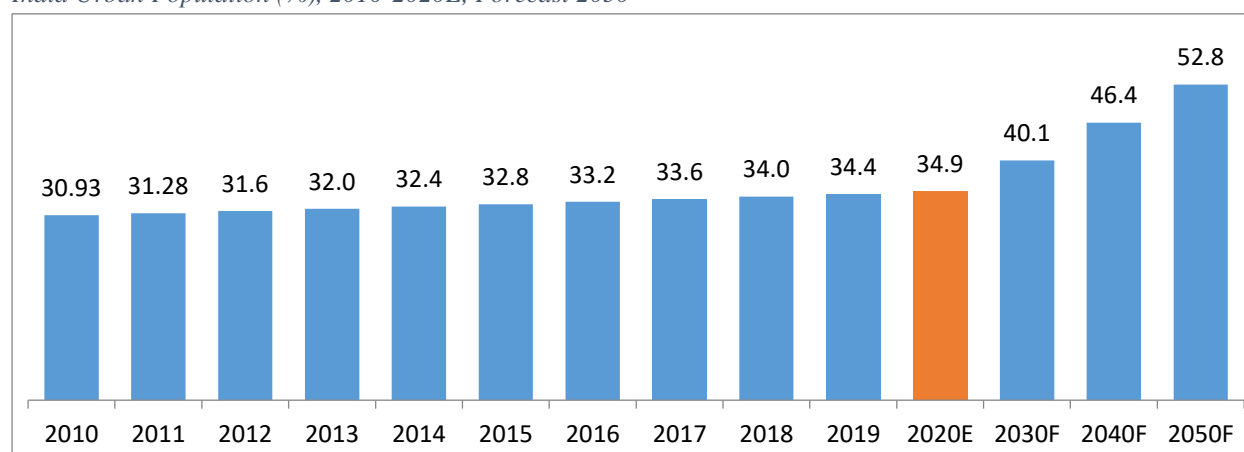


Source: World Bank: Health Nutrition and Population Statistics: Population estimates and projections, International Monetary Fund; Company Commissioned F&S Report

Urbanization in India

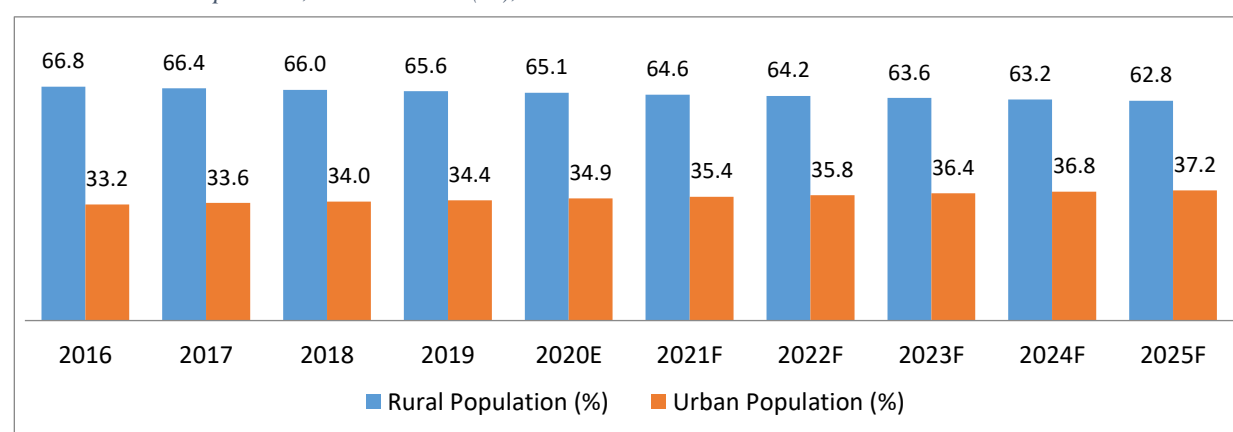
The growing urban population of India has led to an increase in the urbanization of the country. There has been a drastic increase in urban towns and cities in the country over the past few years. With almost 10 million immigrants from rural areas to cities and towns every year, India's urban population increased from 27.8% in 2001 to 32.8% in 2015 and is expected to further increase to 34.9% in 2020.

India Urban Population (%), 2010-2020E, Forecast 2050



Source: World Bank: Health Nutrition and Population Statistics: population estimates and projections; Company Commissioned F&S Report

Rural vs Urban Population, India Outlook (%), 2016-2025F



Source: World Bank: Health Nutrition and Population Statistics: Population estimates and projections, UN household size and composition database; Company Commissioned F&S Report

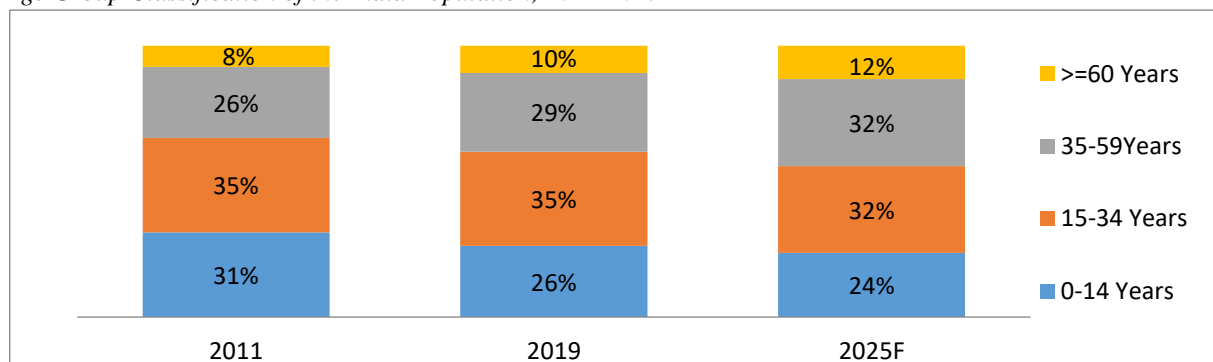
Demographic dividend

Demographic dividend is considered to be an important factor for a country's economic growth as the working age population is usually more productive. India is set to witness a considerable increase in the working population over the next decade. The median age in India will be 28.2 years by 2020 and 31.4 years by 2030.

The Indian economy has a potential to grow at a rapid rate as the working-age population (15-59 years) comprises almost 64% of the total Indian population in 2019. Moreover, the youth (15-34 years) make up the majority of the working-age population.

The Government has established the National Skill Development Corporation (NSDC) to achieve the overall target of skilling up 500 million people in India by 2022 by encouraging private sector initiatives in skill development programmes and providing funds.

Age Group Classification of the India Population, 2011-2025F

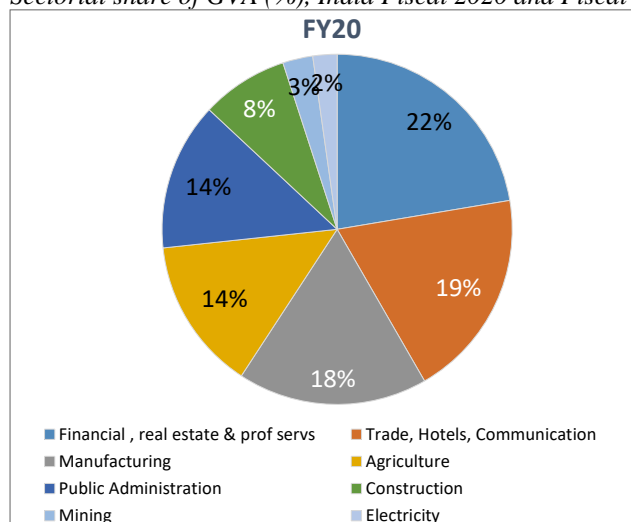


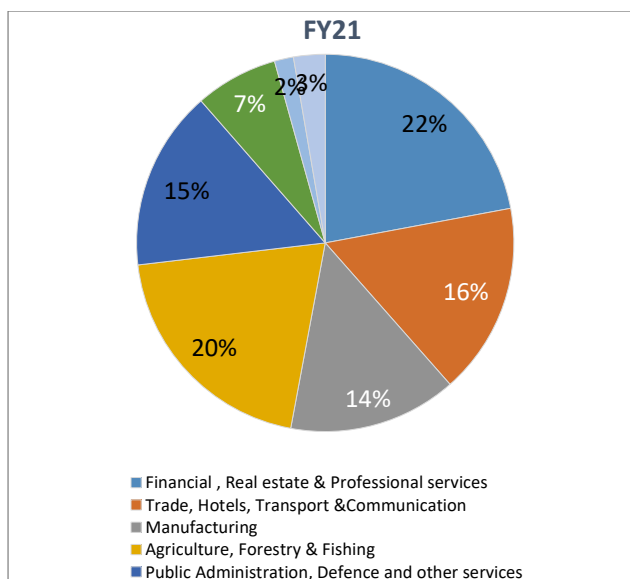
Source: World Bank: Health Nutrition and Population Statistics: Population estimates and projections; Company Commissioned F&S Report

Sectoral share of Gross Value Added (GVA) in India

In terms of the contribution of various sectors to India's Gross Value Added (GVA) in Fiscal 2020, the service sector is the dominant sector with a revenue share of 55%, followed by industry at 31% and agriculture at 14%. The key industries in the country are textiles, chemicals, steel, cement and food processing. The Government is working towards increasing the share of the manufacturing sector, a sub-component of industry. The Government's 'Make in India' campaign aims at increasing the contribution of the manufacturing sector from 18% in Fiscal 2020 to 25% by Fiscal 2025.

Sectoral share of GVA (%), India Fiscal 2020 and Fiscal 2021





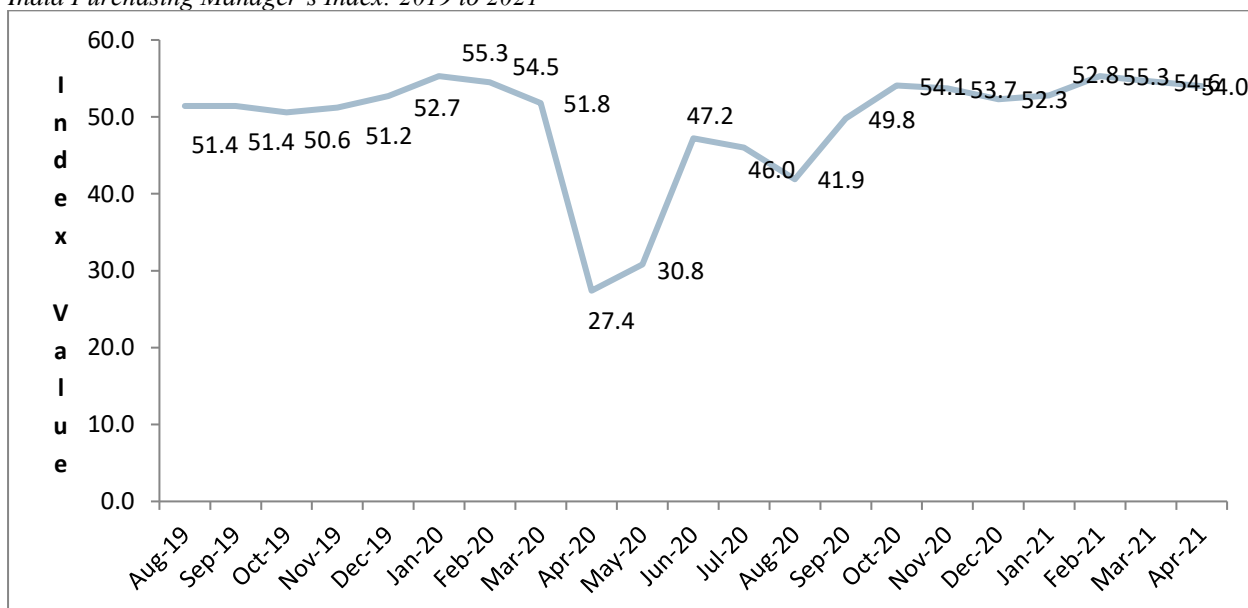
Source: MOSPI – Second Advanced Estimates of National Income 2020-2021, at 2011-12 prices; Company Commissioned F&S Report

Index of Industrial Production (IIP) in India

The country's index of industrial production (IIP) surged 134.4% year-on-year to 126.6 in the month of April 2021 primarily due to a low base in the previous year, according to the data released by the Ministry of Statistics & Programme Implementation (MoSPI).

The high-frequency indicators suggest that the economy picked up pace toward the end of August 2020 even though COVID -19 cases continued to rise again. The cases started to rise in India by May 2020 which reached a peak in September 2020 and started to flatten by December 2020. A second wave of COVID-19 pandemic in India began in the end of March 2021.

India Purchasing Manager's Index: 2019 to 2021



Source: MOSPI; Company Commissioned F&S Report

India's expenditure on research and development (R&D)

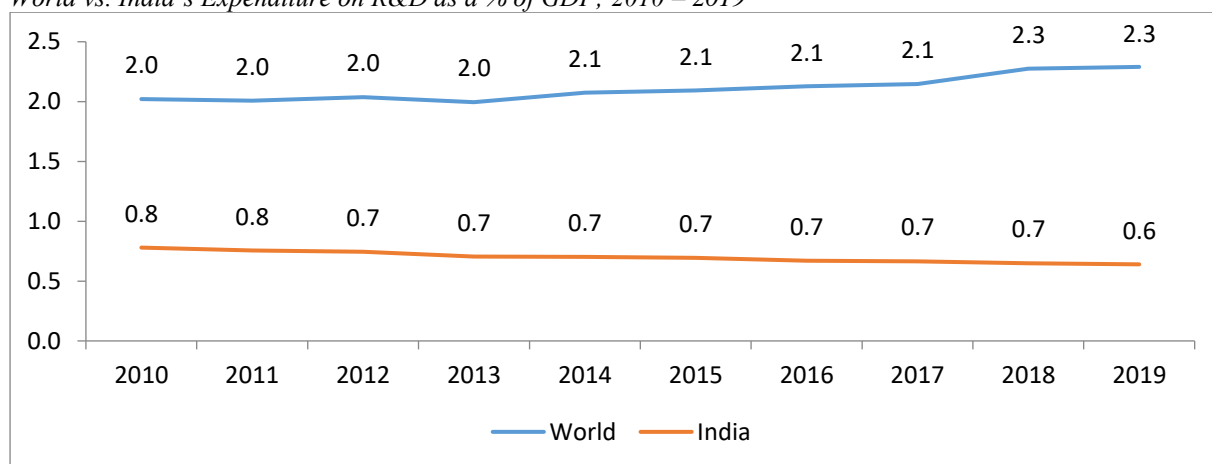
Investment in research and development (R&D) is an important parameter manifesting data-driven and research-

backed policymaking. It also supports creation of intellectual property rights and competitiveness. As a part of the Sustainable Development Goals, countries aim to substantially increase public and private spending in research as well as to increase the number of researchers by 2030. Investment in research and innovation in India, which currently stands at about 0.65% of GDP in Fiscal 2021, needs to be significantly enhanced. India has witnessed a stagnant range of 0.6% to 0.7% of GDP in the last two decades.

During the pandemic, India has witnessed the importance of indigenous research in different sectors, such as agriculture, healthcare, information technology and manufacturing. The National Research Foundation (NRF) and the *Aatmanirbhar Bharat* programme are expected to give a boost to the society and community relevant research.

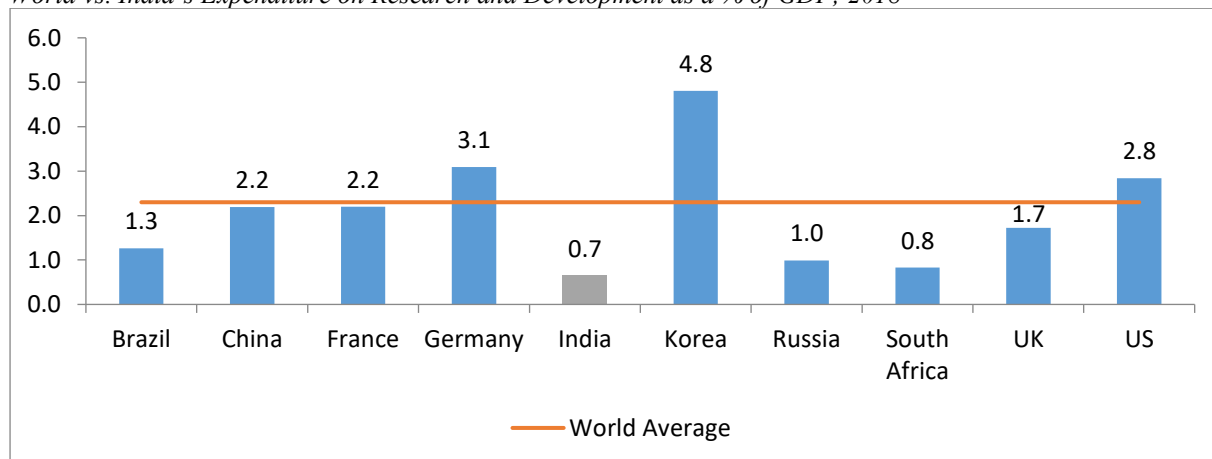
India is now focussing on increasing the R&D spend to bring India on par with the other countries as it is significantly lower than the top 10 economies' spend of 1-3%. It remains low despite the Centre's higher contribution to GERD (gross domestic expenditure on R&D). Ramping up investment in research and development (R&D) will be the key for India to become the third largest economy, and increased investment from the private sector will be vital for this. According to Frost & Sullivan, India will need to allot at least 2% of GDP to research and development in the near future.

World vs. India's Expenditure on R&D as a % of GDP; 2010 – 2019



Source: World Bank; Company Commissioned F&S Report

World vs. India's Expenditure on Research and Development as a % of GDP; 2018



Note: Brazil and South Africa values are dated to 2017 as the World Bank has not updated the 2018 numbers; World average is 2.3%; Company Commissioned F&S Report

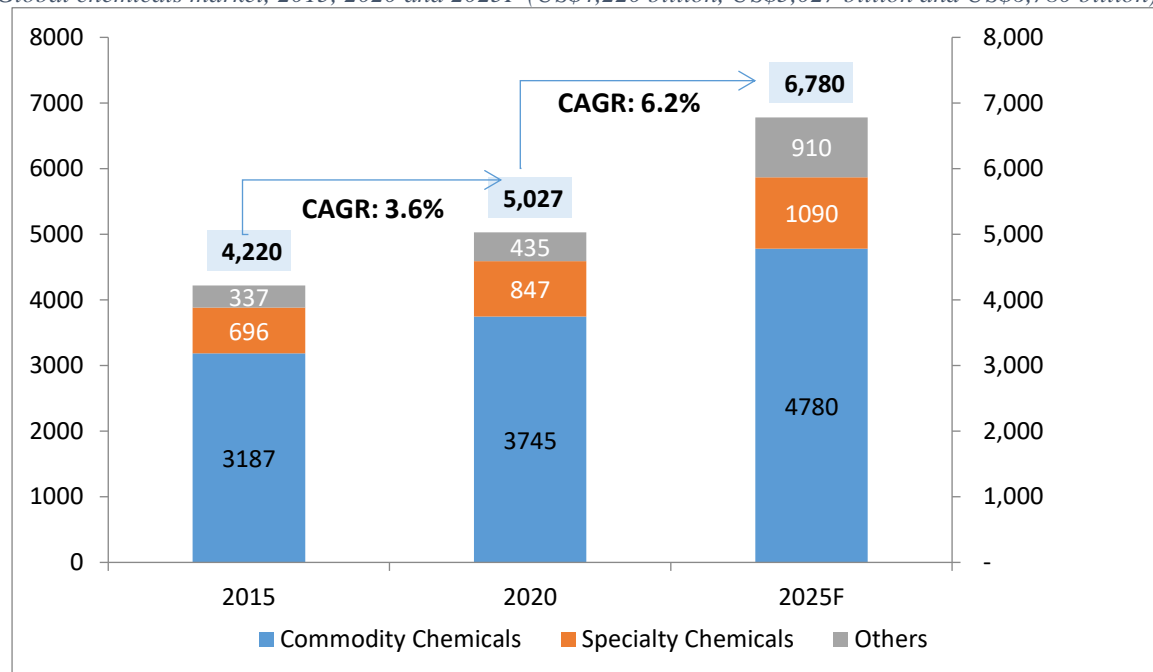
OVERVIEW OF THE GLOBAL CHEMICALS INDUSTRY

Value of the global chemical industry

In calendar year 2020, the global chemicals market was valued at approximately US\$5,027 billion, with China accounting for a substantial market share (39%), followed by the European Union (15%) and the United States (13%). In calendar year 2020, India accounted for an approximately 4% market share in the global chemicals market. According to the Company Commissioned F&S Report, the global chemicals market is expected to grow

at a CAGR of 6.2% CAGR from US\$5,027 billion in calendar year 2020 to reach US\$6,780 billion by calendar year 2025. According to the Company Commissioned F&S Report, from calendar years 2020 to 2025, the Asia Pacific (APAC) chemicals market is expected to grow at the fastest rate of 7-8%, while the chemicals markets in Western Europe, North America, and Japan are expected to grow at a slower rate of 3-4% since they are relatively mature.

Global chemicals market, 2015, 2020 and 2025F (US\$4,220 billion, US\$5,027 billion and US\$6,780 billion)

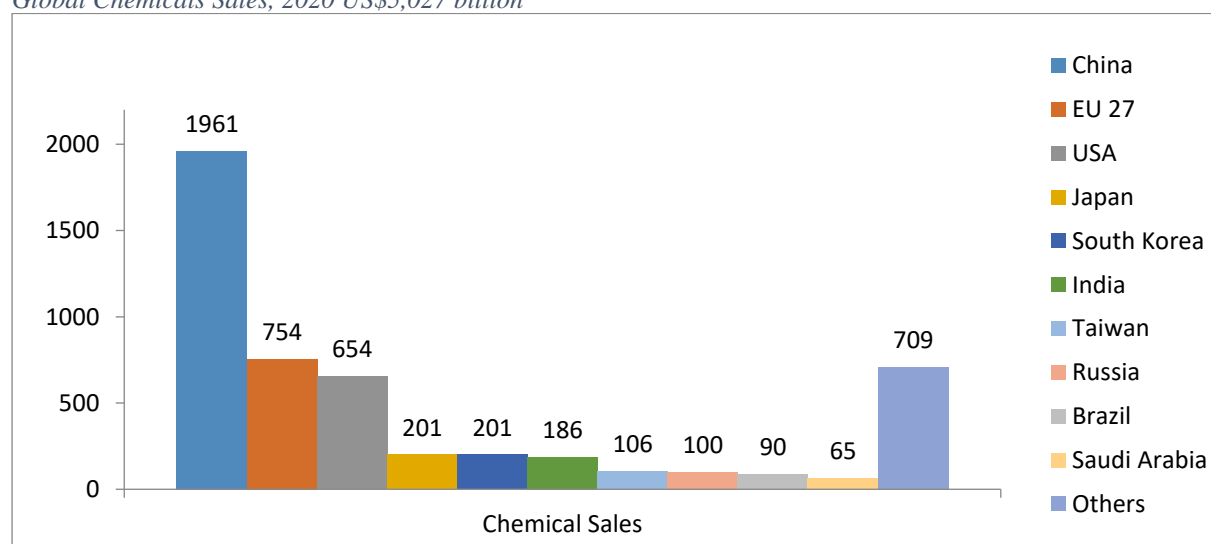


Source: Company Commissioned F&S Report

Note: Others mainly include Biotech chemicals.

According to the Company Commissioned F&S Report, the BRIC countries (Brazil, Russia, India, China and South Africa) accounted for approximately 48% of the global chemical sales in 2020.

Global Chemicals Sales, 2020 US\$5,027 billion



Source: CEFIC, IBEF; Company Commissioned F&S Report

Type of chemicals

Chemicals may be categorized into three broad categories: commodity chemicals, specialty chemicals and others.

- **Commodity Chemicals:** Commodity chemicals are common chemicals that can be produced in bulk quantities by a large number of chemical manufacturers. Commodity chemicals include plastics, synthetic fibres, films, certain paints and pigments, explosives, and petrochemicals. There is limited product differentiation within the sector; products are sold for their composition. The commodities market is highly fragmented. In 2020, each of the leading companies in the market (namely, The Dow Chemical and BASF SE) accounted for less than 5% of the total market. Other industry leaders include Bayer AG, DuPont de Nemours, and AkzoNobel. More than 85% of the market share, however, is accounted for by a mix of other companies. The end user markets include other basic chemicals, specialties, and other chemical products; manufactured goods such as textiles, automobiles, appliances, and furniture; and pulp and paper processing, oil refining, aluminium processing, and other manufacturing processes. Markets also include some non-manufacturing industries.
- **Specialty Chemicals:** The specialty chemicals market is characterized by high value-added, low volume chemical production. These chemicals are used in a wide variety of products, including fine chemicals, additives, advanced polymers, adhesives, sealants and specialty paints, pigments, and coatings. The specialty market is extremely fragmented. The consolidation of companies has been a major trend, and is expected to continue. Similar to the commodity sector, the specialty sector is affected by high costs of energy and feedstock. Intangible value issues include heightened emphasis on research, customer migration to alternative products, and the impact of regulations on products.
- **Other Chemicals:** Other chemicals mainly include biotech chemicals.

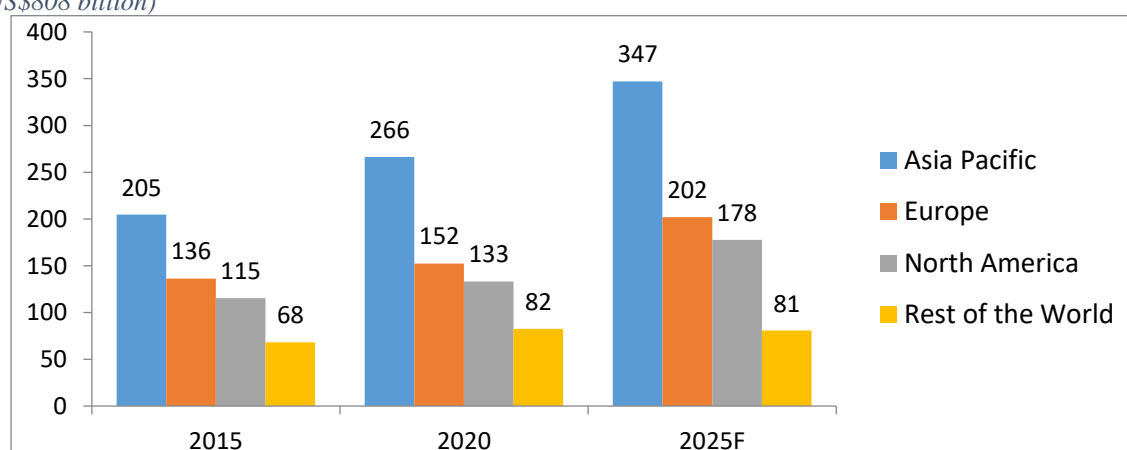
Global specialty chemicals market

Value of the global specialty chemicals market

Specialty chemicals are low-volume and high-value products which are sold on the basis of their quality or utility, rather than composition. Thus, they may be used primarily as additives or to provide a specific attribute to the end products. The focus is on value addition to the end products and the properties or technical specifications of the specialty chemicals.

Rapid industrialisation in India and China is expected to drive demand for specialty chemicals. Asia Pacific (APAC) dominated the global specialty chemicals market in calendar year 2020 with a 42.0% market share, owing to its huge customer base, increasing industrial production and robust growth of the construction sector in the region. APAC is followed by Europe and North America, with a 23.9% and 20.9% market share in calendar year 2020, respectively.

Global Specialty Chemicals Market by Geography, 2015, 2020, 2025F Value (US\$525 billion, US\$635 billion, US\$808 billion)



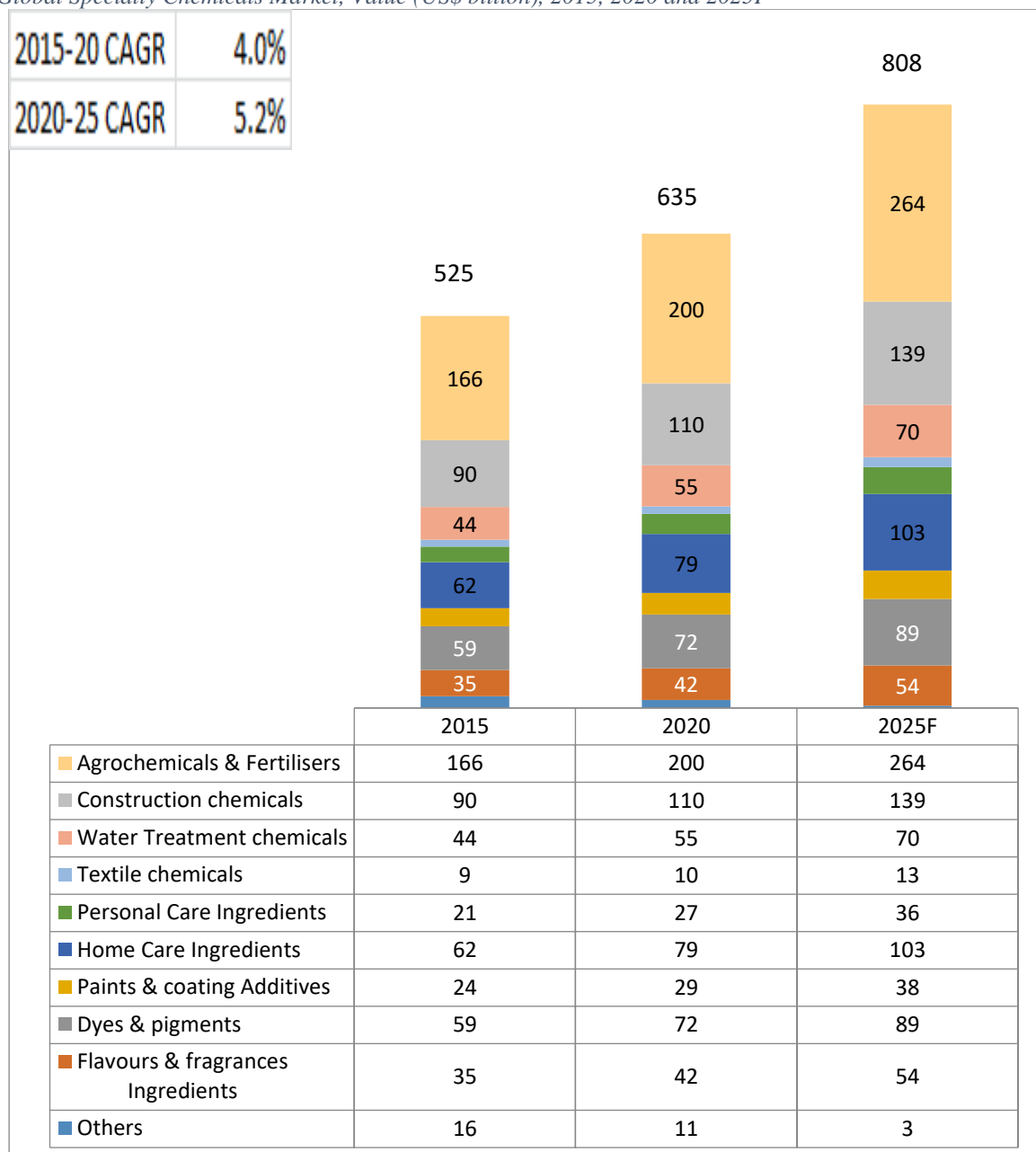
Source: Company Commissioned F&S Report

Global specialty chemicals market by segments

Specialty chemicals industry can be categorised into a mix of end-use driven segments and application-driven

segments. The various segments across specialty chemicals industry differ in competitive intensity, margin profiles, defensibility against raw material cost movements and growth.

Global Specialty Chemicals Market, Value (US\$ billion), 2015, 2020 and 2025F

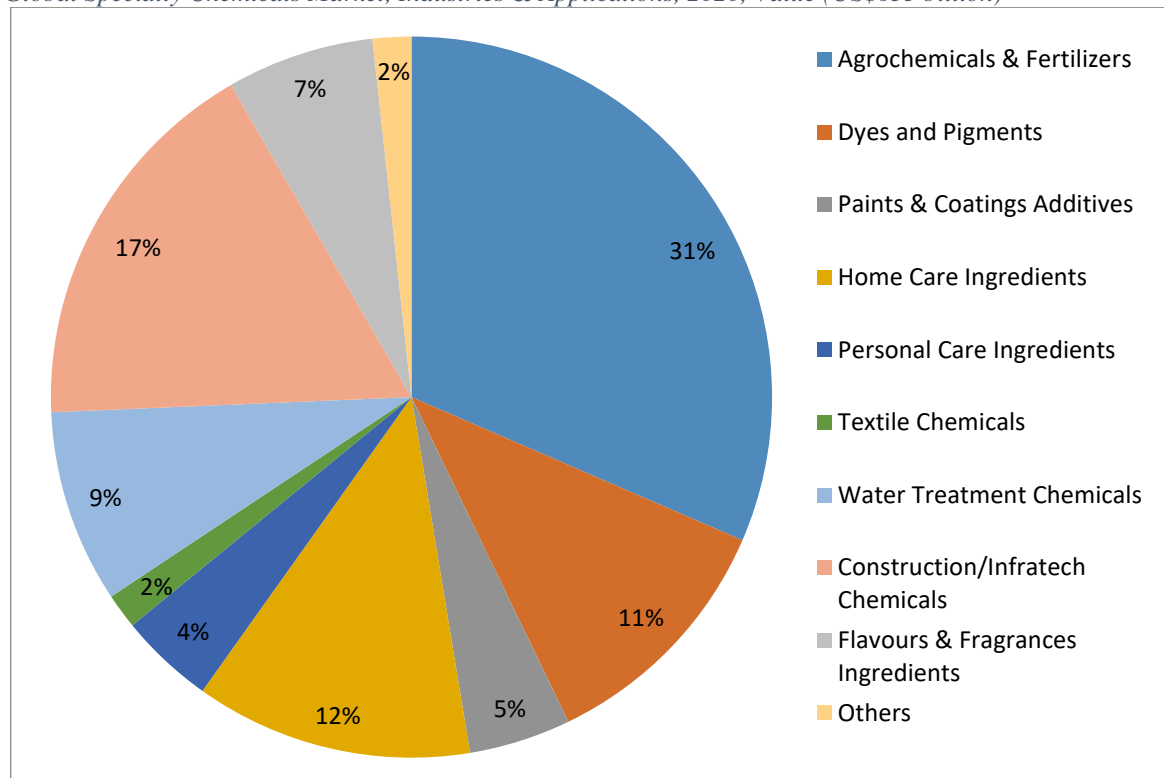


| CAGR | Agrochemicals & fertilizers | Dyes and Pigments | Paints & Coatings Additives | Home Care Ingredients | Personal Care Ingredients | Textile Chemicals | Water Treatment Chemicals | Construction/Infrastructure Chemicals | Flavours & Fragrances Ingredients | Total |
|----------|-----------------------------|-------------------|-----------------------------|-----------------------|---------------------------|-------------------|---------------------------|---------------------------------------|-----------------------------------|-------|
| 2015-20 | 3.9% | 4.1% | 4.2% | 5.0% | 4.9% | 2.5% | 4.3% | 4.1% | 3.9% | 4.0% |
| 2020-25F | 5.7% | 4.3% | 5.0% | 5.4% | 6.2% | 3.8% | 5.0% | 4.8% | 5.2% | 5.2% |

Others include: Sealants and Adhesives, Polymer Additives etc.
Source: Frost & Sullivan; Company Commissioned F&S Report

According to the Company Commissioned F&S Report, in calendar year 2020, the global specialty chemicals industry is valued at US\$635 billion. Agrochemicals & fertilizers made up the largest segment of the industry, accounting for approximately 31% of the global specialty chemicals industry in calendar year 2020.

Global Specialty Chemicals Market, Industries & Applications, 2020, Value (US\$635 billion)



Source: Company Commissioned F&S Report

In APAC, with a high population base and majority of countries being underdeveloped or developing nations, there is high rate of construction activities resulting in higher demand for construction chemicals and paints & coatings additives. Embracing modern practices in the fields, agrochemicals segment has seen tremendous growth particularly in respect of pesticides and fertilizer consumption. The consumption of pesticides in APAC recorded the fastest growth rate on a global basis and reached a projected volume of approximately 797.5 kilo tons (KT) in 2020. According to the Company Commissioned F&S Report, in 2020, China, India and Japan represent the largest agrochemicals markets in the Asian continent. In 2020, China is leading the agrochemicals market with its developing agricultural sector along with the need for its growing population. Globally, China is not only the largest producer but also the largest consumer of fertilizers.

Key industry trends in the next five years

Green chemicals

With an increasing awareness of the ill-effects of certain chemicals on humans and the environment, there is a growing trend in the chemicals industry to shift towards what is known as “green” chemicals or more accurately sustainable chemistry. Green chemicals are products which are bio-degradable and which show a significant reduction in environmental impact when applied. Reduction in environment impact may be achieved either through (i) reduction of energy and water consumption in the process or (ii) reduction in chemical and biochemical oxygen demand of the waste generated, which in turn result in reduction of treatment costs. The demand for green chemicals is particularly high from the textile industry which is one of the major end-users of chemicals. The evolution of green chemistry in the chemical industry will be a critical trend fuelling the growth of the green chemicals market. According to the Company Commissioned F&S Report, the value of the global green chemicals market is expected to grow at a CAGR of 10.5% from US\$27 billion in 2020 to reach approximately US\$40 to 50 billion by 2025.

Shift of manufacturing activities from China to India

As a result of the COVID-19 pandemic, many global companies are considering reducing the dependence of their manufacturing activities on China. Many companies are no longer considering China as their first preferred location for setting up factories. Taking advantage of this situation, the Indian Government has taken policy initiatives to attract companies looking to shift their manufacturing base to India in the post COVID-19 scenario. Global manufacturers have initiated talks with Indian firms to explore the possibility of shifting a part of their supply chains from China to India as they seek to diversify their operations geographically.

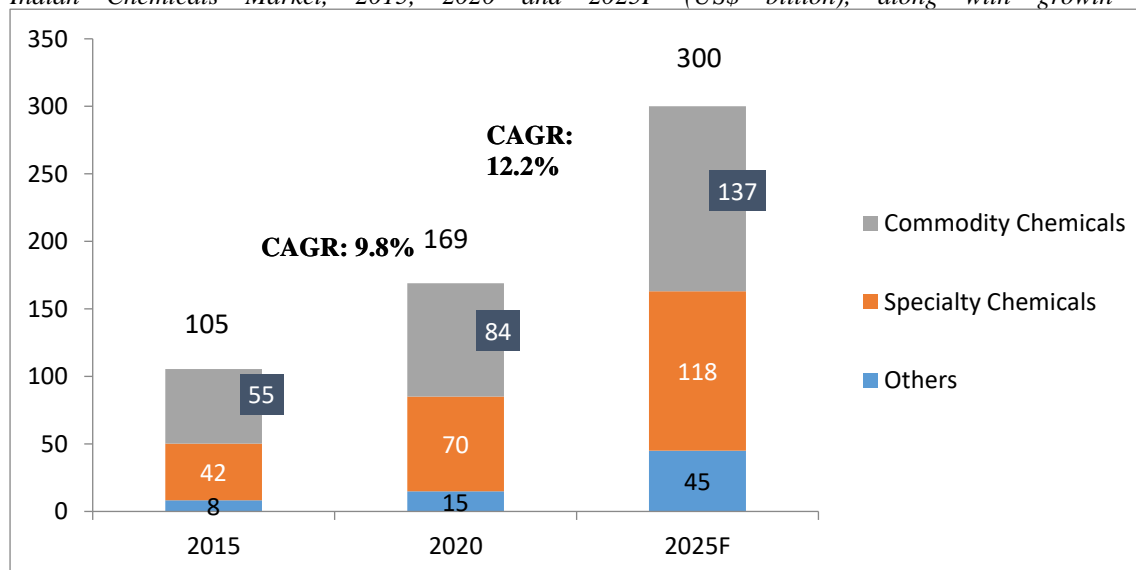
The tightening of environmental protection norms in China since January 2015 has resulted in an increase in operating costs, closures and relocations of certain manufacturing facilities. With rising labour costs and the recent trade tension between China and the United States, Chinese exports have reduced in recent years. All of these factors resulted in a shift of key raw materials purchases by global companies from China to India. In addition, Indian companies, which have been heavily reliant on sourcing from China, are now starting to adopt local sourcing. In summary, the increase of local sourcing by Indian companies and the shift of manufacturing activities by global companies from China to India are expected to boost the manufacturing sector in India, including the chemicals manufacturing segment.

OVERVIEW OF THE CHEMICALS INDUSTRY IN INDIA

Value of the Indian chemicals industry

According to the Company Commissioned F&S Report, in calendar year 2020, the Indian chemicals industry was valued at US\$169 billion, representing approximately 4% of the value of the global chemicals industry. According to the Company Commissioned F&S Report, the value of the Indian chemicals industry is expected to grow at a CAGR of 12.2% from US\$186 billion in 2020 to US\$300 billion in 2025. According to the Company Commissioned F&S Report, in fiscal 2020, the Indian chemical industry contributed approximately 6.6% of the national gross domestic product and accounted for 15-17% of value of the India's manufacturing sector.

Indian Chemicals Market, 2015, 2020 and 2025F (US\$ billion), along with growth rates



Source: Company Commissioned F&S Report

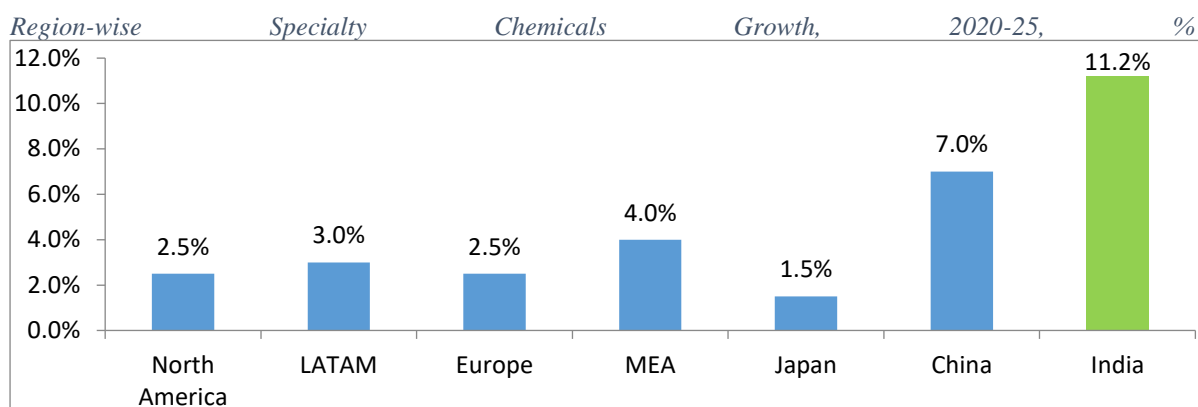
Note: Indian chemical industry generally showcases Agrochemicals & Fertilizers outside of Specialty chemicals. In the above graph the specialty chemicals section, however, is inclusive of Agrochemicals & Fertilizers to maintain consistency with the Global section.

The value of the commodity chemicals segment and the specialty chemicals segment accounted for approximately 50% and 42% of the Indian chemicals industry, respectively. The growth rate of the Indian specialty chemicals segment in 2015-2020 was higher than the growth rate of the Indian commodity chemicals (10.4% vs. 8.7%). From 2020 to 2025, the Indian specialty chemicals segment is expected to grow at a CAGR of 11.2%.

| | Commodity Chemicals | Specialty Chemicals |
|---------|---------------------|---------------------|
| 2015-20 | 8.7% | 10.4% |

| | | |
|----------|-------|-------|
| 2020-25F | 10.3% | 11.2% |
|----------|-------|-------|

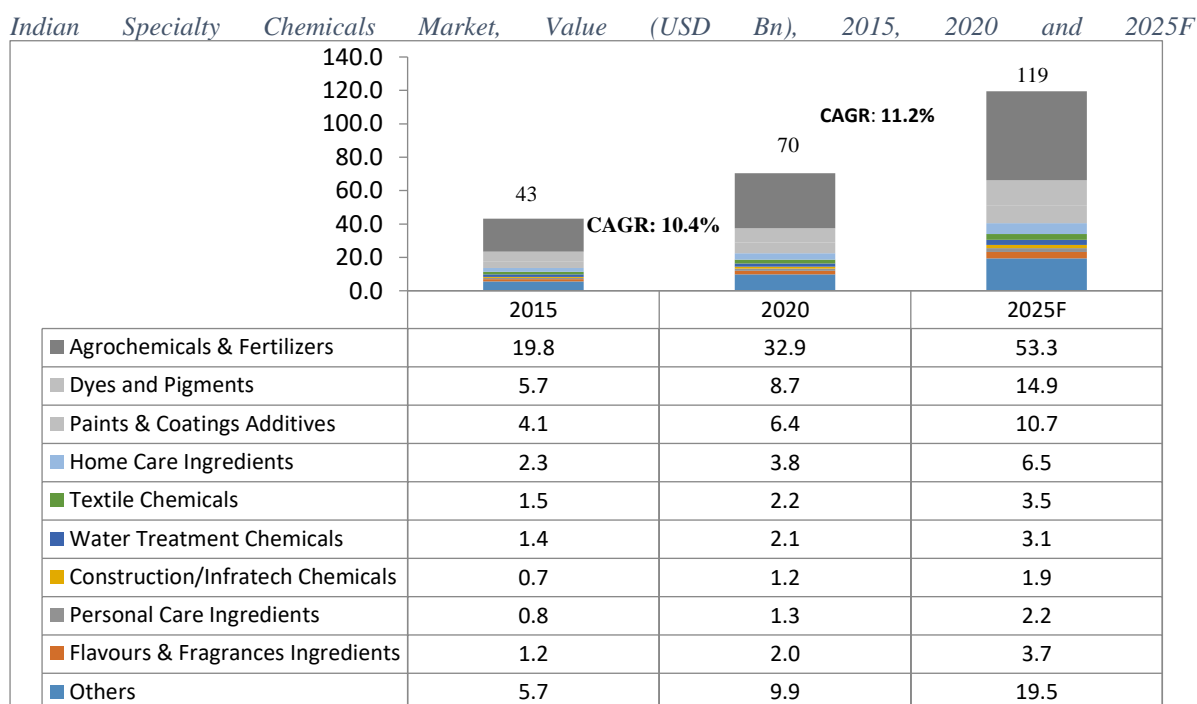
Source: Company Commissioned F&S Report



Source: Frost & Sullivan; Company Commissioned F&S Report

Indian specialty chemicals market by segments

Similar to the global specialty chemicals industry, the Indian specialty chemicals industry can be categorised into a mix of end-use driven segments and application-driven segments.



"Others" includes Sealants and Adhesives, Polymer Additives etc.

Source: Company Commissioned F&S Report

Inclusions:

- **Agrochemicals and Fertilizers:** Agrochemicals include organic fertilizers, liming and acidifying agents (which are designed to change the pH), soil conditioners, insecticides and pesticides, fungicides, herbicides, and other chemicals like crop-growth regulators. Fertilizers are mainly inorganic compounds of nitrogen like urea or ammonium nitrate, compounds of phosphorous and potassium.
- **Dyes and Pigments:** These are inclusive of Reactive Dyes, Disperse Dyes, Acid Direct Dyes, Azo Dyes, Sulphur Dyes, Solvent Dyes, Vat Dyes, Food Colorants, Organic Pigments, Optical Whitening agents, Inorganic Pigments, Pigment emulsions among others
- **Construction/Infra-tech Chemicals:** These are inclusive of concrete admixtures (plasticizers, accelerators, retarders, air entrainers), waterproofing (bitumen, PVC, silicon, SBR and others), protective coatings (epoxy, PUR, PE, alkyl, acrylic and others), concrete repair mortar (cement based and plaster based), plasters, base coats among others

- *Paints and Coatings Additives: These are made up of insulating paint additives, powder coating additives, catalysts, wetting agents, levelers, clarifier, coupling agents, deflocculants, thinners, thickeners, anti-caking agents and other chemicals.*
- *Water Treatment Chemicals: These are made up of PH neutralizers, algaecides, antifoams (including insoluble oils, silicones, alcohols, stearates and glycols), biocides, boiler water chemicals, coagulants and flocculants, corrosion inhibitors, disinfectants, defoamers among others.*
- *Textile Chemicals: These are inclusive of coating & sizing agents, colorants & auxiliaries, finishing agents, surfactants, de-sizing agents, bleaching agents, leather chemicals among others.*
- *Flavors and Fragrances: Essential Oils (orange, corn mint, eucalyptus, pepper mint, lemon), Oleoresins (paprika, black pepper, turmeric, ginger, others), Aroma chemicals (esters, alcohol, aldehyde, phenol, others), others.*
- *Home & Personal Care Ingredients: These are inclusive of formaldehyde, glycerols, titanium dioxide, isopropyls, alcohols, dimethicone, sodium lauryl sulphate, parabens, tocopherols benzones, oleochemicals, surfactants, polymers, botanical extracts among others.*

Trend in evolution of products

Traditionally, low-cost labour and readily available raw material provided an edge to the Indian manufacturing companies. Increasingly, though, specialty chemicals companies are focusing beyond these traditional cost advantages. Product development capabilities have become progressively more important and are the key differentiator among various companies in the industry.

The concept of green chemicals in India is evolving. The rising pollution and harm caused to water bodies owing to emission of harmful chemical effluents into water is leading to rise in concern of sustainability. The companies in India are still in the process of incorporating this new concept from raw materials to manufacturing activities. Major challenge to the adoption of these environmental friendly chemicals by service providers and consumers is the high initial cost of such products. However, even though green chemicals cost more at the initial stage, their usage over a period of time has shown a reduction in price by approximately 18-20%.

The pharmaceutical industry was among the first to embrace green chemistry (GC) for its significant potential to reduce costs and risks. The market for GC is expected to outpace the growth of overall global chemical market in the coming decades as companies respond to consumer demand for more sustainable products and tightening regulations on the use and generation of hazardous substances. According to the Company Commissioned F&S Report, value of green pharmaceuticals as a segment is projected to grow to US\$96.2 billion in 2026, from US\$27 billion in 2016. Indian Government bodies such as the Department of Science and Technology, the Ministry of Chemicals and Fertilizers, and the Department of Pharmaceuticals, are beginning to establish various green chemistry initiatives and in some cases to partner with SMEs to partially fund investments in green technology. Generic drug pharma and active pharmaceutical ingredients (API) manufacturers in India exhibit significant interest and some advances in using GC principles. At the same time, majority (65%) of Indian companies rely on treatment and disposal of wastewater instead of source reduction and one in five (20%) does not use any GC metrics. According to the Company Commissioned F&S Report, generic drug pharma is more advanced in adopting GC principles than API manufacturers. Regulatory risk and time pressures to deliver drugs were reported as the two most significant barriers for greater adoption of GC in India, while cost savings and environmental regulations were cited as the top two drivers.

High barriers to entry in the Indian Specialty chemicals industry

There are high barriers to entry in the Indian chemicals industry, primarily due to the following factors:-

- Involvement of complex chemistries in the manufacturing of products:** The production process of specialty chemicals is complex and requires high level of technical knowledge and R&D capabilities. Companies need to invest substantially in facilities (such as research and development centres) as well as technical knowledge and training, creating barrier to entry for new entrants.
- Rigorous product approval standard:** Specialty chemicals products are subject to very sensitive and rigorous product approval systems with stringent impurity specifications. Intermediates that are used for API drugs are subject to an even more stringent quality and manufacturing process requirements. Typically, approval of any such product takes a few years. The costs and time involved create high barriers to entry to new entrants in the industry.
- Long-term relationship between suppliers and customers:** Suppliers of specialty chemicals usually enjoy long-term relationship with customers. This is partially due to the high costs involved in switching to new suppliers. Customers typically select suppliers after carefully reviewing them and tend to develop long-term

relationships with them as well as limit the number of such suppliers.

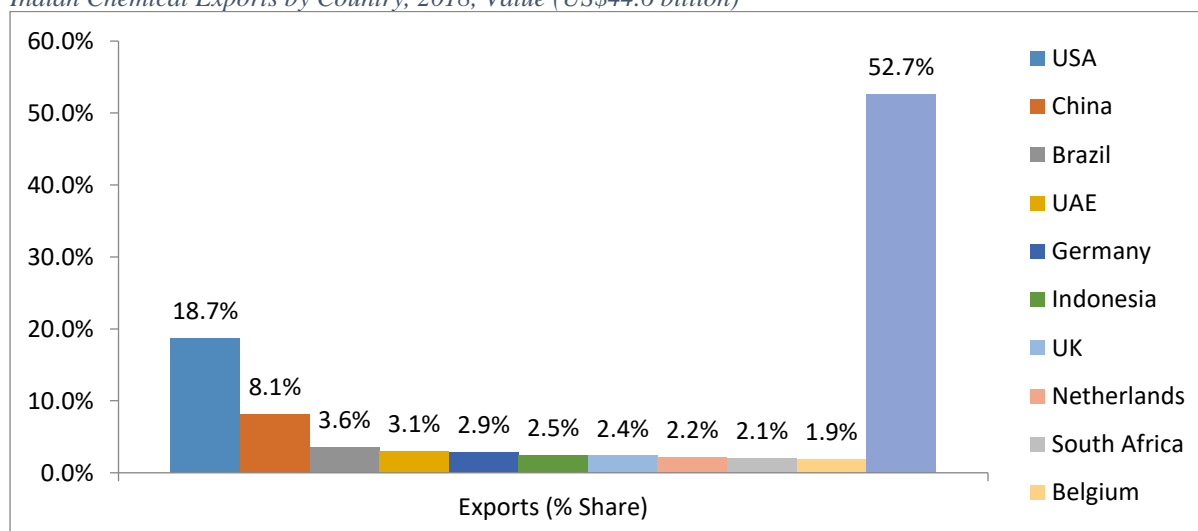
d) Other factors contributing to the high barriers to entry for specialty chemicals companies, API and drug intermediates manufacturers include stringent quality requirement (specifically those for human consumption), lengthy and costly registration process, high level of product customization, differentiated business models, among others.

India's exports and imports of chemicals

Value of India's exports and imports of chemicals

According to the Company Commissioned F&S Report, India's chemical exports recorded a CAGR of approximately 13% between 2015 and 2019, compared to approximately 7% for China. According to the Company Commissioned F&S Report, the top partner countries and regions to which India exported chemicals were United States, China, Brazil, United Arab Emirates and Germany. While India exported chemicals worth US\$44.6 billion in calendar year 2018, over 35% of which were exported to the abovementioned five countries. The key sub-segments likely to benefit from higher exports would be colorants and agrochemicals, with export shares of 45-50% and 50-55%, respectively, for the period from 2015 to 2019.

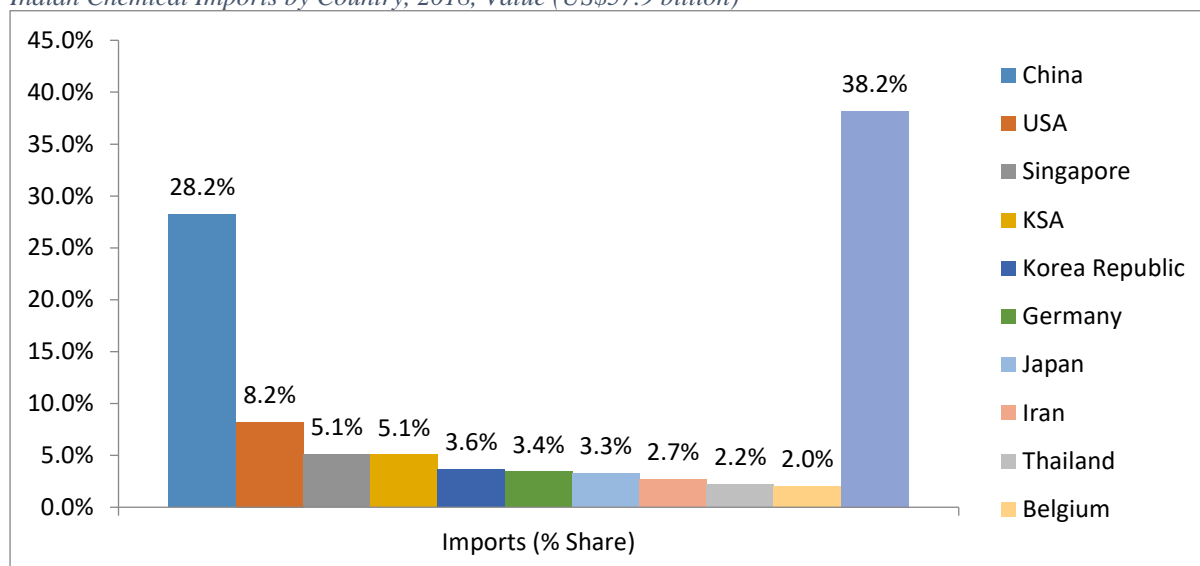
Indian Chemical Exports by Country, 2018, Value (US\$44.6 billion)



Source: wits.worldbank.org; Company Commissioned F&S Report

According to the Company Commissioned F&S Report, in calendar year 2018, the top partner countries and regions from which India imported chemicals included China, the United States, Singapore, Saudi Arabia and Korea Republic. Indian imports were valued at US\$57.9 billion in calendar year 2018, with China contributing to almost 28% of India's total imports.

Indian Chemical Imports by Country, 2018, Value (US\$57.9 billion)



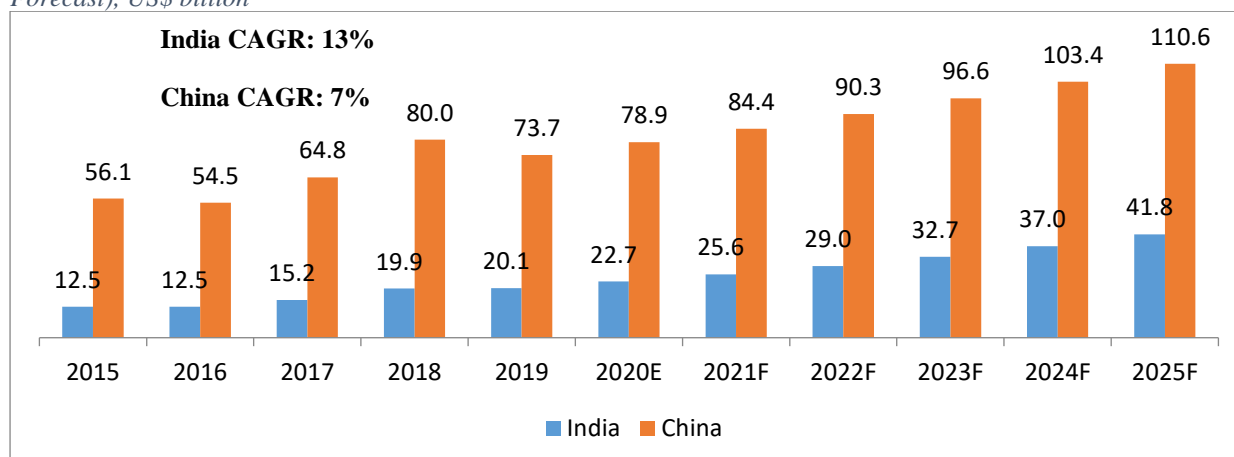
Source: wits.worldbank.org; Company Commissioned F&S Report

Chemicals exports trend – India and China

China's specialty chemicals market has seen a downturn in recent years due to various factors. Most prominent amongst these are the recent environmental norms introduced by the Chinese government in 2015, which have led to shutdown of a number of chemical plants. According to the Company Commissioned F&S Report, in 2017, an estimated 40% of the chemical manufacturing capacity in China was temporarily shut down for safety inspections, with over 80,000 manufacturing units charged and fined for breaching emission limits. As a result of stringent environmental norms, the Chinese chemical companies are witnessing a rise in capital expenditure and operational costs, making them less competitive in the export market.

Several global players prefer a "China + 1 offshore strategy", with manufacturing capacities shifting to cost efficient markets with strong technology capabilities like India. Stringent environmental regulations and increased cost of labor have already stifled growth in China. The pandemic has compounded the situation further as companies across the world are looking for alternate supply solutions. Japan's announcement to offer incentives to companies shifting base from China to India further proves the strong desires for certain countries to reduce dependence on China and develop local supply chains. Joint ventures or technology transfers will drive the knowledge wave for the Indian industry, given stronger IP protection rights. The spillover impact of China's declining competitiveness has set the stage for India to intensify its effort to capture larger market share.

Chemicals Exports Trend – India vs China (Calendar year 2015 – 19 Actuals, Calendar year 2020 – 25 Forecast), US\$ billion



Source: World Bank, Company Commissioned F&S Report

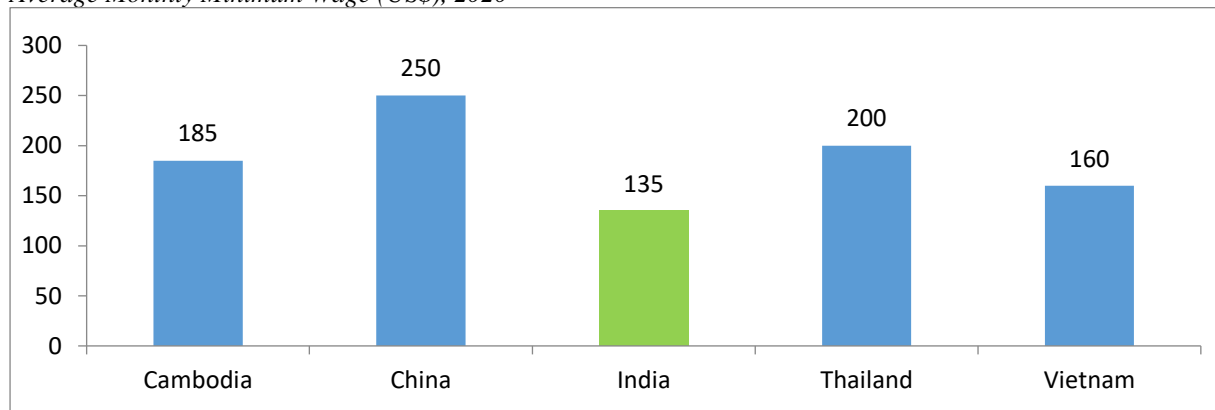
Note: The forecasted data is not published by World Bank; it has been calculated considering the same CAGRs for both the countries. The actual CAGR for India and China respectively for the period 2015-2019 stood at around 13% and 7%; as

World Bank does not forecast the export trends, the same CAGR (13% for India and 7% for China) has been considered for the forecast period 2020-2025.

Low Cost and Availability of Skilled Labour in India and China

Labour represents one of the main costs of manufacturing goods. According to the Company Commissioned F&S Report, importers have watched China's labour costs soar in recent decades, often growing by 10-15% annually. In 2020, India's average monthly minimum wage stood at US\$135, as compared to US\$250 in China. Rising labour costs coupled with imposition of tariffs by the United States on Chinese goods in recent years, India's case as a cost-effective manufacturing alternative is strengthened. Frost & Sullivan expects that importers of labour-intensive products, such as specialty chemicals, are in the best position to realize cost savings by moving to India.

Average Monthly Minimum Wage (US\$), 2020



Source: ASEAN Briefings; Company Commissioned F&S Report

Government policies and initiatives in India

Aatmanirbhar Bharat Abhiyan

On May 12, 2020, the Government announced the *Aatmanirbhar Bharat Abhiyan* which combined relief, policy reforms and fiscal and monetary measures to help businesses and individuals to cope with the situation created by the pandemic and helps transform India into a self-reliant economy. Supplemental measures, namely *Aatmanirbhar Bharat Abhiyan 2.0* and *Aatmanirbhar Bharat Abhiya 3.0*, were announced subsequently as well. Government seized on opportunity presented by the crisis to push forward long-pending industrial and other economic reforms in a least political resistant atmosphere. This campaign is especially expected to benefit the specialty chemicals sector, with several players hoping to position themselves as an alternative to China as the coronavirus crisis prompts companies to diversify their supply chains.

In particular, the Government announced a production linked incentive (PLI) scheme for the promotion and manufacturing of pharmaceutical raw materials in India. The government's move is aimed to boost domestic manufacturing and cut dependence on imports of critical Active Pharmaceutical Ingredients (APIs). Further, the government has also decided to develop three mega bulk drug parks in partnership with states. These schemes will likely appeal more to the smaller players and should foster more investments. The Government is also in the process of launching a production-linked incentive (PLI) for the chemical sector to increase self-reliance in the country. This move is to reduce country's dependency on imports of basic chemicals. The PLI scheme will help the sector to identify import-dependent chemicals and work towards producing them within the country.

Specialty chemical companies will look at import substitution along with export opportunities to further drive their business.

Encouraging foreign direct investment (FDI)

Lately, India has become an attractive destination for foreign investment owing to its large and rapid growing consumer market in addition to a developed commercial banking network, availability of skilled manpower and a package of fiscal incentives for foreign investors. Presently, 100% FDI is allowed under the automatic route in the chemicals sector with few exceptions (such as hazardous chemicals). According to the Company Commissioned F&S Report, total FDI inflow in the chemicals (other than fertilisers) sector in India reached US\$17.77 billion between April 2000 and June 2020. The manufacturing of most chemical products, including

among others, organic/inorganic dyestuff and pesticides, are de-licensed.

Market Access Initiative imposed by the Ministry of Commerce and Industry

Across India, the recent revision of the Market Access Initiative by the Ministry of Commerce and Industry aims at benefiting the small to mid-segment newer industry players which do not possess global sales and marketing reach. As a result of the revised MAI policies, the robust growth in Contract Research & Manufacturing Services (CRAMS) industry in India will support newer economies such as Myanmar, Cambodia to collaborate with the local Indian players beneficial for the overall growth of the Asian economy. Moving forward, with a total of over 300 USFDA approved manufacturing sites, the country can become the global leader in the CRAMS industry with the implementation of mandates including Schedule M (Good Manufacturing Practices (GMP) for Premises & Materials and Requirements of GMP in Plant and Equipment) outlining various requirements for manufacturing good quality drugs and pharmaceuticals, by applying Current Good Manufacturing Practice (CGMP) guidelines.

Intellectual Property right protection

With the rapid globalisation and opening up of the Indian economy, “Intellectual Capital” has become one of the key wealth drivers in the present international trade. Intellectual property rights have become significantly conspicuous on the legal horizon of India both in terms of new statutes and judicial pronouncements. India ratified the agreement for establishing the World Trade Organization (the “WTO”), which contains the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS). Indian Statutes, enforcement provisions and methods of dispute resolution with respect to intellectual property (IP) protection are fully TRIPS-compliant. India has laws covering various areas of intellectual property as trademarks, patents, copyrights and related Rights, industrial designs, information technology and cyber-crimes, data protection, among others.

PLI for agrochemicals sector

The government is also expected to introduce a production-linked incentive scheme for the agrochemicals sector with incentives of 10-20% output and creating an end-to-end manufacturing ecosystem through cluster development. The sector can progress by adopting a multi-pronged approach by leveraging the reforms in rules and regulations as well as ‘Make in India’. Indian government has set up a 2034 vision for the chemicals and petrochemicals sector to seize the opportunities to strengthen domestic manufacturing, reduce imports and attract investment for manufacturing key chemicals in the country. The government has taken initiative to promote and facilitate ‘*Aatmanirbhar Bharat*’ (self-reliance India) in the chemicals and petrochemicals sector. The government might relook at the Pesticides Management 2020 Bill as it does not meet the farmer’s requirement; most clauses being redrafted from Insecticides Act 1968 and Rules 1971.

Lower Corporate tax rate

India is taking initiatives to boost the manufacturing sector. To encourage investment in the manufacturing sector, the Indian government has taken proactive steps, including offering competitive tax rates. In 2019, the corporate tax rate was reduced in India for the first time in three decades, and the manufacturing sector benefited the most from the slashed taxation rate. For manufacturing firms incorporated after October 1, 2019 and beginning operations before March 31, 2023, the corporate tax rate has been slashed from 25% to 15% (this will amount to an effective tax rate of approximately 17%, including surcharge and cess).

This lower tax rate has allowed India to compete with Association of Southeast Asian Nations’ (ASEAN’s) emerging economies, such as Vietnam, Thailand, and Indonesia, for foreign investment more effectively. India, however, has an edge over these nations due to its larger market, cheap labour pool, and quick availability of labour.

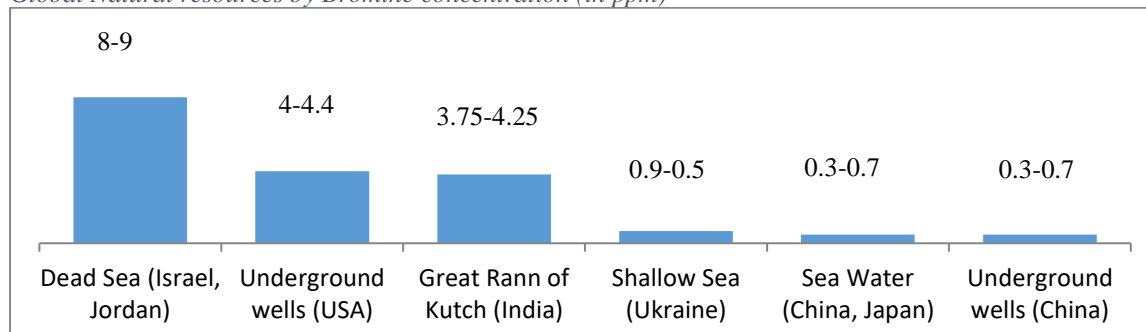
OVERVIEW OF ELEMENTAL BROMINE

Introduction of bromine

Bromine is a halogen chemical element. Bromine is a reddish-brown liquid with an appreciable vapour pressure at room temperature. Bromine vapour is amber in colour. Bromine has a pungent odour and is irritating to the skin, eyes, and respiratory system. Exposure to concentrated bromine vapour, even for a short time, may be fatal. Like the other halogens, bromine exists as diatomic molecules in all aggregation states. It is widely used as a reactant and catalyst for manufacturing a variety of products, such as agrochemicals, biocides, water disinfectants, pharmaceuticals intermediates, dyes, completion fluids, flame retardants, and photographic chemicals.

Bromine is a naturally occurring element. The most recoverable form of bromine is from soluble salts found in seawater (chief commercial source), salt lakes, inland seas and brine wells. Bromine is produced from brine after separation of most of the sodium chloride and potash. Bromine in much higher concentrations are found in inland seas and brine wells. Much of the bromine and brominated compounds are manufactured at the Dead Sea in Israel, Jordan and in the United States.

Global Natural resources by Bromine concentration (in ppm)

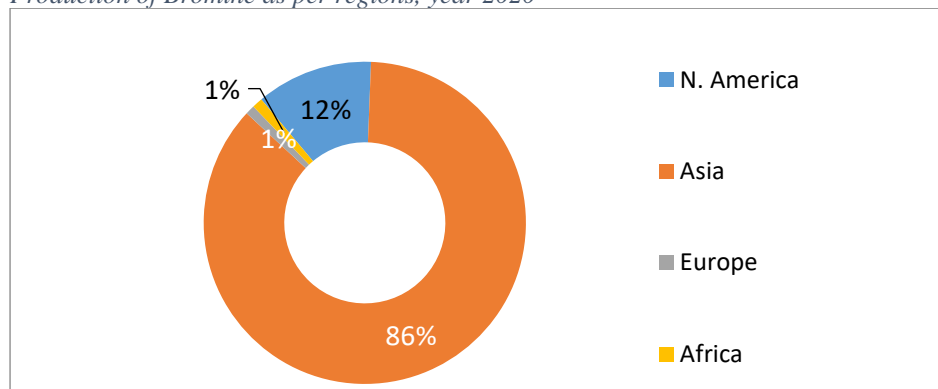


Source: Albemarle investor presentation, Frost & Sullivan Analysis; Company Commissioned F&S Report

Production cost of bromine

According to the Company Commissioned F&S Report, the typical cost of production of elemental bromine is approximately US\$500-600 per Metric Ton (MT) for Israel and Jordan, US\$800-1,000 per MT for Arkansas, US\$ 900-1,100 per MT for India, US\$ 1,500- 1,700 per MT for China and USD 2,500 or above per MT for Japan. Considering the lower cost of production Israel and Jordan have high production capacities and are market leaders in bromine production.

Production of Bromine as per regions, year 2020

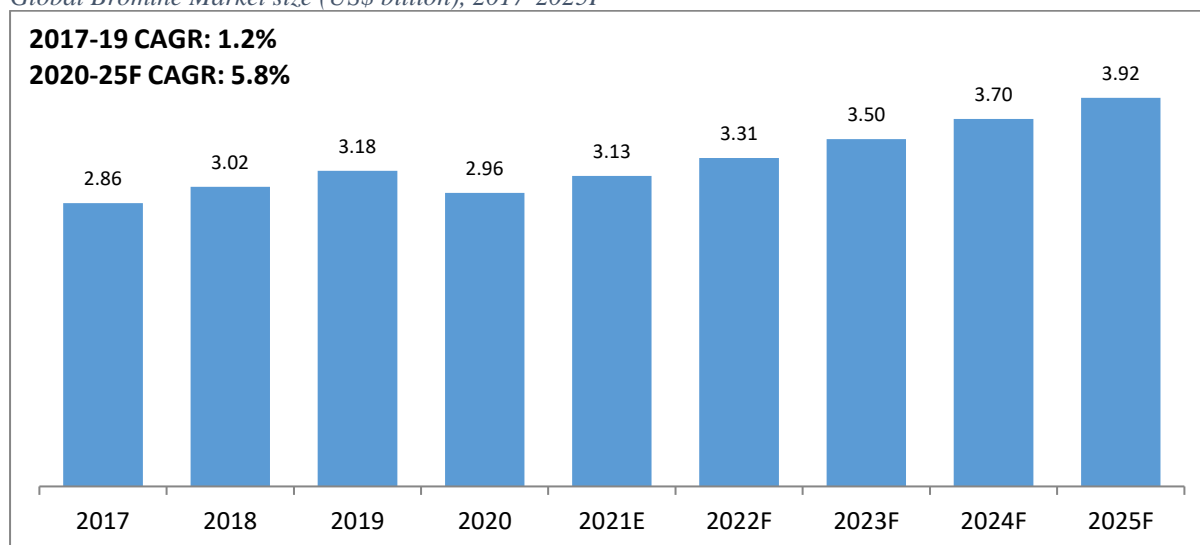


Source: Industry Experts, Frost and Sullivan analysis; Company Commissioned F&S Report

Overview of the global bromine market

According to the Company Commissioned F&S Report, the global bromine industry was valued at approximately US\$3.13 billion in calendar year 2021. From 2017 to 2019, the global bromine industry grew at a CAGR of 1.2% from US\$2.86 billion in 2017 to US\$3.18 billion in 2019. According to the Company Commissioned F&S Report, the global bromine industry is expected to grow at a CAGR of 5.8% from between 2020 and 2025.

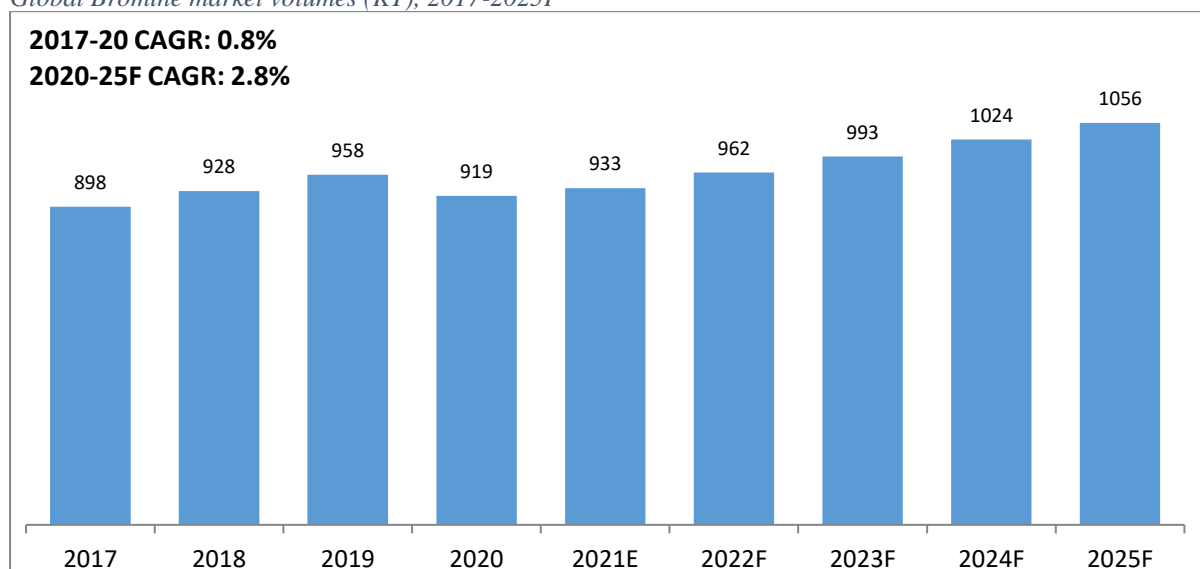
Global Bromine Market size (US\$ billion), 2017-2025F



Source: Statista and Frost and Sullivan analysis; Company Commissioned F&S Report

The following table sets forth the global production volumes of bromines from 2017:

Global Bromine market volumes (KT), 2017-2025F

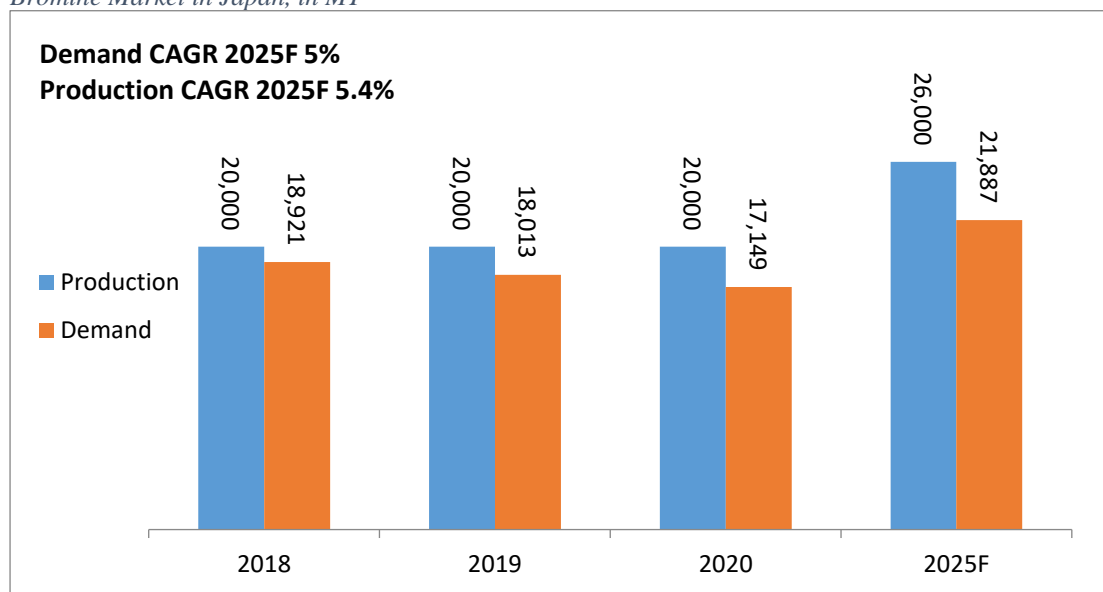


Source: Statista and Frost and Sullivan analysis; Company Commissioned F&S Report

Japan – one of the high growth regions

The bromine market in Japan has witnessed growth in the last few years, owing to the growing economy of the country and increasing consumption of bromine in major industries, such as electronics, oil & gas, agriculture, automotive, and construction. Substantial development in infrastructure and increasing demand for flame retardants in automobile and construction & insulation is expected to drive the bromine market in this region.

Bromine Market in Japan, in MT



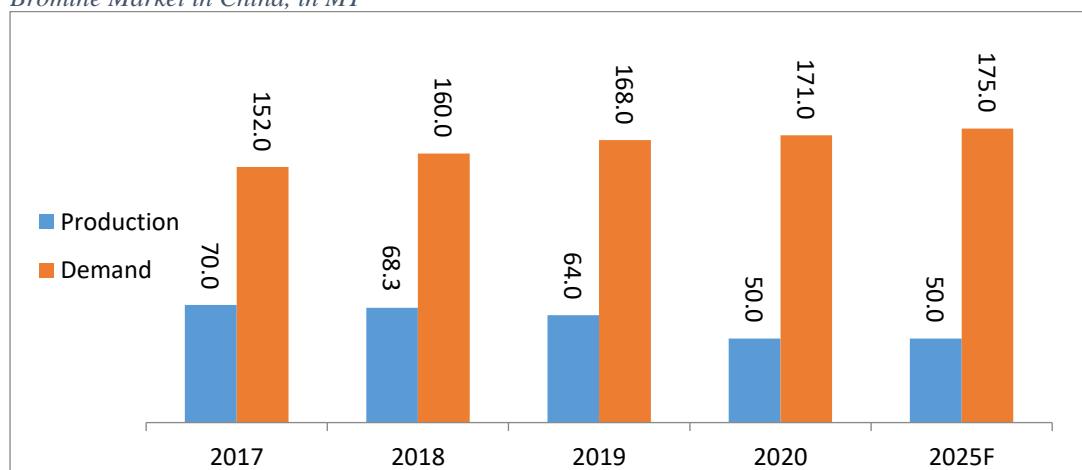
Source: Statista, Frost and Sullivan analysis; Company Commissioned F&S Report

China – one of the high growth regions

China is expected to be the dominant and fastest-growing market for bromine in the Asia Pacific region, mainly due to the escalating demand for brominated flame retardants in the country. Electronic products, such as smartphones, TVs, wires, cables, etc., recorded the highest growth in the electronics segment. The country serves not only domestic demand for electronics but also exports electronic output to other countries. In China, with the increase in the disposable income of the middle-class population and the rising demand for electronic products countries importing electronic products from China, the production of electronics is projected to grow. With the growing electronics and construction industry, the demand for the bromine-based flame-retardant application is expected to increase.

The Chinese bromine production is expected to reduce driven by reduction in capacity due to depleting resources that was about 4% per annum. The environmental issues and corresponding crack down by the authorities has also led to some production plants being shut due to regulatory scrutiny. This will lead to China importing more volumes of Bromine. China is focused only on imports to meet its domestic requirements.

Bromine Market in China, in MT

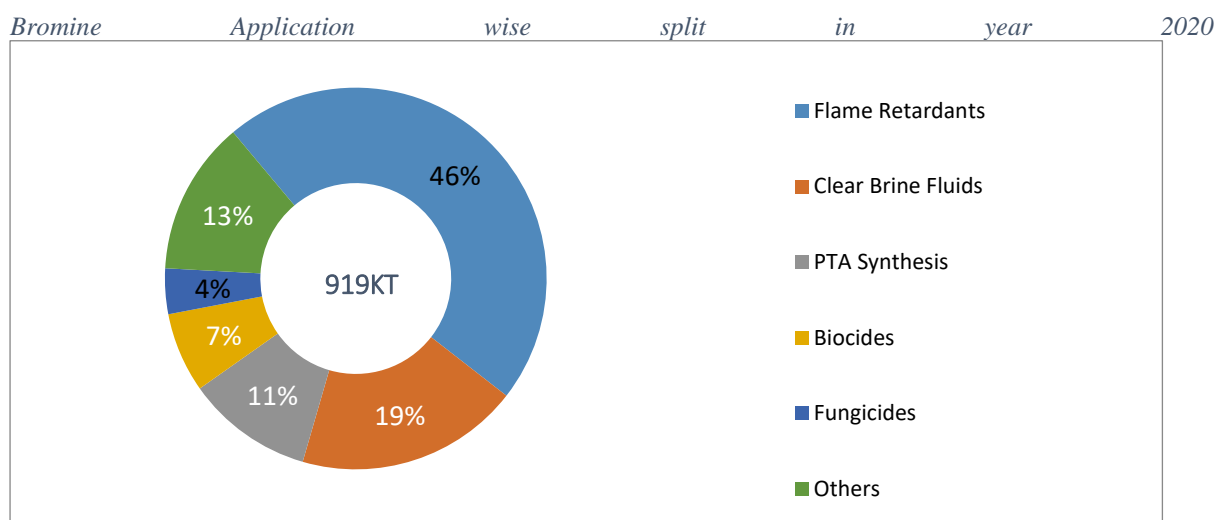


Source: ICL disclosures, Frost and Sullivan analysis; Company Commissioned F&S Report

China which was producing up to 64,000 MT till 2019 of bromine, saw a dip in production to 50,000 MT in year 2020 driven by the pandemic restriction and reduced exports of downstream products. As best case considering the depleting resources, China is expected to produce approximately 50,000 MT of bromine by year 2025.

Bromine by application segments globally

Bromine finds applications in chemicals, rubbers, plastics, agrochemicals, oil and gas, pharmaceuticals, electronics, textiles and other industries. Global bromine market can be segmented into applications such as flame retardants, clear brine fluids, biocides, brominated organic intermediates, fungicides and others.



Source: Industry Expert, Frost and Sullivan analysis; Company Commissioned F&S Report

| End use applications | Expected Growth Rate (2020 to 2025) |
|----------------------|-------------------------------------|
| Flame Retardants | 5.5-6.5% |
| Clear Brine Fluids | 5.2-6.2% |
| PTA Synthesis | 5.0-6.0% |
| Biocides | 4.8-5.8% |
| Fungicides | 5.0-6.0% |
| Others | 4.3-5.3% |

Source: Company Commissioned F&S Report

Bromine flame retardants

Bromine is commonly used in flame retardants due to its high atomic mass and its general versatility across a wide range of applications and polymers. There are more than 70 different types of brominated flame retardants (BFRs) with different properties (reactive, polymeric, halogenated, etc.). Depending on the composition, nature and application of the materials or products that need to be rendered fire-safe, the correct type of flame retardants can be used.

BFRs are commonly used to prevent fires in electronics and electrical equipment, which accounts for more than 50% of their applications. According to the Company Commissioned F&S Report, the global electronic manufacturing and associated goods are expected to reach US\$624.38 billion in 2025 from US\$526 billion in 2021 (estimated) growing at the rate of 5.4% CAGR.

In addition, BFRs are used in wire and cable compounds, for example, for use in buildings and vehicles and other building materials, such as insulation foams. According to the Company Commissioned F&S Report, the global automotive sector is also recovering from the pandemic effect and expected to grow to US\$25.72 billion by 2025 from US\$20.32 billion in 2020, at a CAGR of 4.8%.

EU countries are focused on the implementation of stringent fire safety regulations in the automotive, electronics, consumer goods, and textile industries. Apart from the EU, countries across the globe also follow different fire safety standards and regulations. Therefore, it is important for the manufacturers of automobiles, electronics, consumer goods, and textiles to meet the fire safety regulations of the respective countries. These safety standards and regulations have, therefore, increased the demand for flame retardants globally. According to the Company Commissioned F&S Report, the global BFRs market is expected to grow at a CAGR of 6% from US\$1,460 billion in 2021 (estimated) to US\$1,843 billion in 2025.

Clear brine fluids

Bromine is widely utilized in the oil & gas drilling industry in the form of clear brine fluids. The types of clear brine fluids, besides being a derivative of bromine are calcium bromide, zinc bromide, and sodium bromide fluids. Clear brine fluid is a chemical compound that is used at times along with additives in well completion operations to make the solids free from brines. These fluids are extensively used in the oil & gas well-drilling industry to reduce the likelihood of damage to the well bore and productive zone. Brine fluids have a high density, thus prevent migration of fluids between underground formations through the well bore.

According to the Company Commissioned F&S Report, the global clear brine fluids market is projected to register a CAGR of more than 3.6% from US\$1,073 million in 2021 (estimated) to US\$1,236 million in 2025.

Pure Terephthalic Acid (PTA)

Bromide is used in the production of pure terephthalic acid (PTA). PTA is the important source material for the production of polyester. A majority of PTA is consumed in the development of polyester resins, such as polyester films, polyester fiber & yarn, and PET material bottles. PTA is also used as an intermediate in the manufacturing of liquid crystal polymers, plasticizers, polybutylene terephthalate, and others (that include cyclohexane dimethanol, terephthaloyl chloride, polytrimethylene terephthalate, and copolyester ether elastomers). Polyesters manufactured using PTA are used in various industries, such as textiles and packaging. With overall growth in economic affordability, the increase in adoption of polymers, PTA requirement is expected to increase with time. According to the Company Commissioned F&S Report, the global PTA market is expected to grow at a CAGR of 6.6% from US\$317 billion in 2020 to US\$437 billion in 2025.

Brominated organic intermediates

The brominated organic intermediates are under the derivative segment of the bromine industry. Organic bromine compounds have traditionally played an important role as intermediates in the production of agrochemicals, pharmaceuticals and dyes, while new process developments that results in new applications in UV sunscreens, high performance polymers and others. Organic bromine is also used as a reactant and catalyst for manufacturing a variety of products such as agrochemicals, biocides, water disinfectants, pharmaceutical intermediates, dyes, completion fluids, flame retardants, and photographic chemicals, among others.

Bromine flow batteries

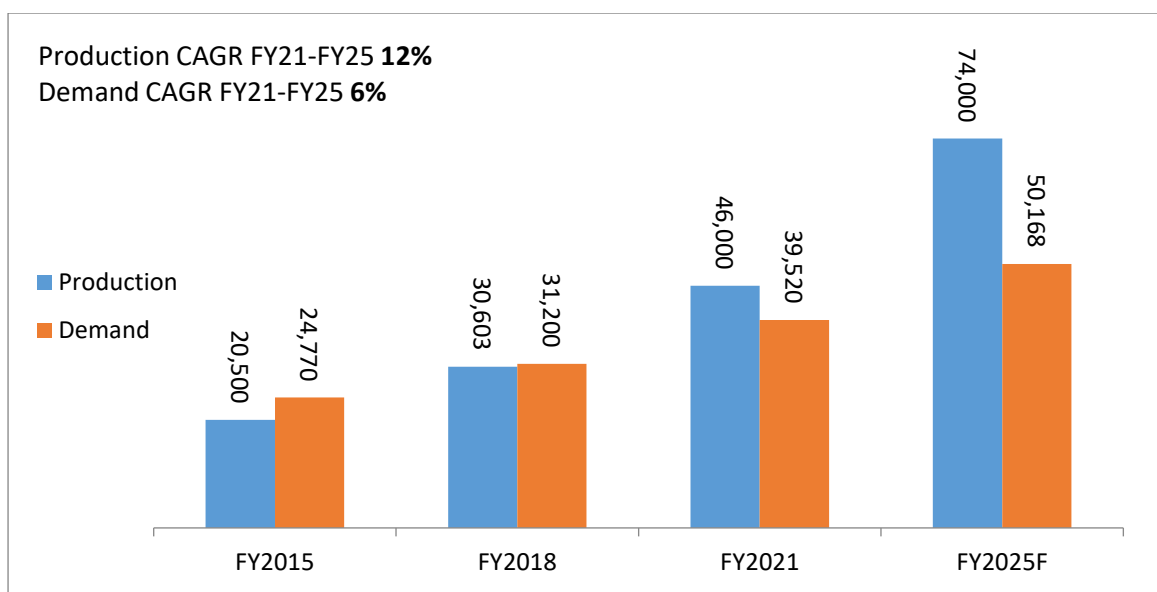
Over the past several years intensive research and development efforts in the industrial energy storage solutions sector by certain industry players have resulted in the development of batteries that store large amounts of energy. One promising storage solution is that of bromine flow batteries. Hydrogen-bromine flow batteries are a reliable source of sustainable power for large scale industrial units and are currently being used as reliable energy storage solutions in various industrial units around the globe. These flow batteries are based on bromine compounds which are Bromine derivatives. They have been proven to store energy for longer periods and more safely than common lithium-ion batteries. According to the Company Commissioned F&S Report, recent studies predict flow batteries will become a significant factor in the world's energy storage market over the coming decade.

According to the Company Commissioned F&S Report, the global flow battery market is expected to grow at a CAGR of 12.3% from US\$175.48 million in 2020 to US\$489.00 in 2025. Government of India has approved ₹180.0 billion for battery manufacturing linked to PLI to Electric Vehicle (EV), thereby indicating a strong push for the same in India.

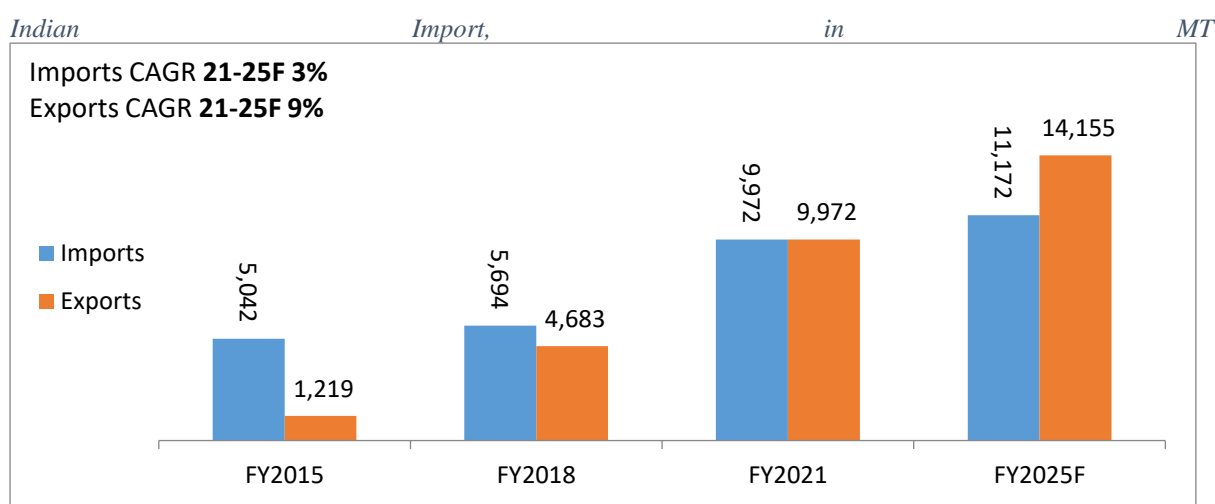
Overview of the Indian bromine industry

India's bromine production is from Bittern and produced from the underground brine mainly concentrated towards the western state of Gujarat. According to the Company Commissioned F&S Report, with abundant resources, India's bromine capacity has developed rapidly, from 20,000 MT in year 2008 to 60,000 MT in year 2020. According to the Company Commissioned F&S Report, the production of bromine in India increased from 20,500 MT in Fiscal 2015 to approximately 46,000 MT in Fiscal 2021 (estimated), out of which approximately 13,500 MT was used for captive consumption.

Indian Bromine Volumes, in MT



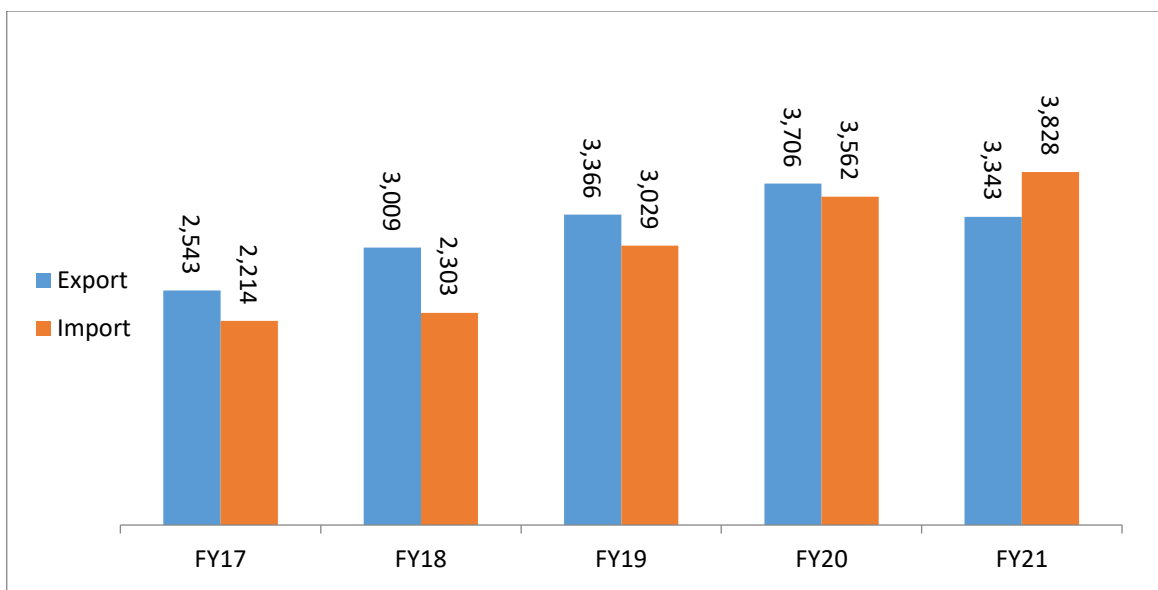
Source: Industry Experts, Frost and Sullivan analysis; Company Commissioned F&S Report



Source: Trade data, Frost and Sullivan analysis; Company Commissioned F&S Report

As demand for bromine in India exceeds its production volume, a portion of the bromine demand were satisfied by imports. In 2020, imports have been from nations like Jordan (53%), Israel (41%), United States (4%). On the other hand, bromine has been exported by India at higher prices than bromine imported in India. According to the Company Commissioned F&S Report, most of the bromine (approximately 95%) were exported to China and other nations like Russian Federation, Ukraine, United Kingdom and Vietnam.

Prices of Bromine, US\$/MT

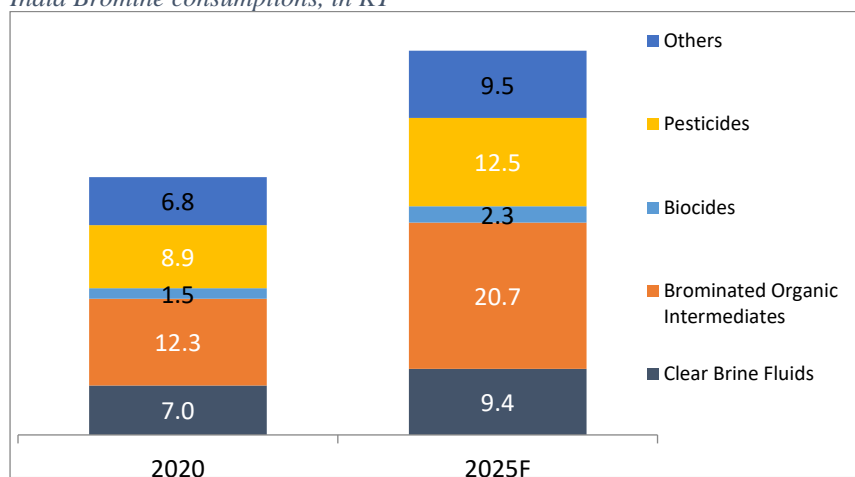


Source: Trade data and Frost and Sullivan analysis; Company Commissioned F&S Report

Application of bromine in India

Bromine usage in India is dominated by brominated organic intermediates (a total of 107 bromo-organic compounds are widely used), biocides, pesticides and other applications (like in water treatment, etc.).

India Bromine consumptions, in KT



Source: Industry Experts, Frost and Sullivan analysis; Company Commissioned F&S Report

| End Use Applications | Expected Growth Rate (2020-2025) |
|----------------------------------|----------------------------------|
| Brominated Organic Intermediates | 10.5-11.5% |
| Biocides | 8.5-9.5% |
| Pesticides | 6.5-7.5% |
| Clear Brine Fluids | 5.5-6.5% |
| Others | 5.5-6.5% |

Note: "Others" includes bromine for flow batteries, oxyacids, etc.

Source: Company Commissioned F&S Report

Brominated organic intermediates

Pharmaceuticals and agrochemicals intermediates form one of the most promising sectors for Indian specialty chemicals. With growing export markets and level of value addition possibilities the sector is expected to witness high level of investments. The BOI fine chemicals are serving the following applications end markets:

| Application sectors | End use application areas |
|---------------------|--|
| 1. Life science | Pharma (API's), Agro (AI's), Cosmetics and Flavours & Fragrances |
| 2. Industrial | Biocides, Catalyst (Quaternary Amoniumbromides) alkylation agent and special Cleaning Solvents (Precision Cleaning, Degreasing). |

Source: Company Commissioned F&S Report

India is the fourth-largest producer of agrochemicals in the world. With increasing population, decreasing arable land, increasing demand for high-value agricultural products and increasing efforts from the industry and the Government to promote awareness and technology penetration, the agrochemicals industry in India is expected to grow at a CAGR of 8-10% from 2021 to 2025, according to the Company Commissioned F&S Report, driving the demand for brominated organic intermediates. The demand for brominated organic intermediates is highest among all the bromine derivatives in India and also expected to increase at highest CAGR of 11% from 2019 to 2025, according to the Company Commissioned F&S Report.

Biocides

Bromine biocides can be divided in two categories:

1. Oxidizing biocides, including elemental bromine, Br₂, and other compounds such as Halobrom. These biocides are often used for swimming pools, cooling towers, treatment of municipal sewage and sanitary disinfection.
2. Non-oxidizing biocides (in particular halogen derivatives from organic compounds) are usually more complex and expensive materials used mainly for industrial coatings and dyes, glues and sealants, and certain polymers.

The high rate of industrialization, driving need for improved water systems, growth of the adhesives and sealants market and the automotive industry, increasing metalworking fluids usage, domestic ship growth with focus on off-shore exploration, as well as changing consumer demographics, are some of the key growth factors for biocides. According to the Company Commissioned F&S Report, demand for biocides is also expected to increase at a CAGR of 9% from 2019 to 2025.

Pesticides

Agriculture is the backbone of the India's economy as it employs approximately half of the India's workforce and contributed to ~17% of India's GDP in Fiscal 2020. Pesticides can play a vital role when judiciously applied protects the crop and produce from pests and increase the farm productivity. As per Federation of Indian Chambers of Commerce & Industry (FICCI), Indian population is increasing and the per capita size of land decreasing, the use of pesticides in India has to improve further. According to the Company Commissioned F&S Report, demand for bromine based pesticides are expected to increase at a CAGR of 7% from 2019 to 2025.

Clear brine fluids

According to the Company Commissioned F&S Report, crude oil consumption in India is expected to grow at a CAGR of 3.6% from 221.6 million tonnes in 2017 to approximately 500 million tonnes by 2040. India's oil demand is projected to rise at the fastest pace in the world to reach 10 million barrels per day by 2030, from 5.05 million barrels per day in 2020. According to the Company Commissioned F&S Report, bromine derivatives usage as clear brine fluids is expected to increase at a CAGR of 6% from 2021 to 2025.

High barrier to entry in the Indian bromine industry

There are high barriers to entry in the Indian bromine industry, primarily due to the following factors:-

- a) Regulatory approvals: Set up of new bromine production operations are subject to restrictions regulatory approvals and compliance with various regulatory restrictions, which requires significant financial resources.
- b) Handling of bromine requires special expertise: Bromine transport requires nickel and lead lined ISO tankers to be handled by skilled personnel. Each bromine ISO tank is required to be checked annually by an inspector of an internationally authorized expert body, in accordance with the regulations.

- c) High gestation period: Bromine business requires a high gestation period of about 4-5 years prior to actual production.
- d) Requirement for environmental health and safety procedures: Many companies are not capable of having the technical, safety team support required to manage bromine in all lifecycle of extraction, purification, storage, derivatives reactions and handling of bromine or bromine derivatives. Audits of proper environmental health and safety procedures are required for bromine production companies.
- e) Others: By nature, there is limited availability of raw materials for bromine production as well as limited number of locations with suitable climate and access to reserves.

Key players in the Indian bromine industry

Sea bittern obtained in Kutch has very good contents of bromine and can be used for bromine manufacturing. Most important factor to consider is Bromine concentration in brine for a plant to operate profitably. The area for feed is limited to Rann of Kutch which is 200km x 200km 7 meter deep sponge with 40% porosity. BSF permission is essential to access the sponge. All the existing players have taken up the most feasible area available in the region. Accordingly, or any new plant, availability of rich raw material is a concern.

Producers of elemental bromine in India are as follows:

| Key Manufacturers | Location | Annual Capacity |
|-------------------------------------|---|--------------------|
| Archean Chemical Industries Ltd. | Plant is located at Hajipir, Kutch District | 42.5 KT |
| Satyesh Brine Chem | Plant is located at Hajipir, Kutch District | 25 KT |
| Solaris ChemTech Industries Limited | Plant is located at Khavda, Gujarat | 23 KT [#] |
| Agrocel Industries Pvt. Ltd. | Plant is located in Greater Rann of Kutch | 10 KT [#] |
| Nirma Limited | Plant is located in Kalatalav village, near Bhavnagar in Gujarat state. | 3 KT |
| Tata Chemicals Ltd. | Plant is located at Mithapur, Gujarat | 2.4 KT |
| Dev Salt Private Ltd | Plant is located at Morbi district of Gujarat | 2.5 KT |

Note (#): Both Agrocel Industries Pvt. Ltd. and Solaris ChemTech Industries Limited are now part of the Excel Group of Companies having both bromine production and bromine derivatives manufacturing.

Source: Company Commissioned F&S Report

The production, captive consumption and net merchant sales of the key players in Fiscal 2021 are set out below:

Bromine production and captive Volumes for FY21, in KT

| Company | Production Numbers (KT) | Captive Consumption (KT) | Net merchant sales (KT) |
|----------------------------------|-------------------------|--------------------------|-------------------------|
| Archean Chemical Industries Ltd. | 14.00 | - | 14 |
| Satyesh Brine Chem | 3.00 | - | 3 |
| Solaris Chemtech | 18.00 | 10.5 | 8.5 |
| Agrocel | 7.00 | | |
| Nirma | 2.00 | 2 | - |
| Tata Chemicals | 1.00 | 1 | - |
| Dev Salt Private Ltd | 1.00 | - | 1 |
| Total Production | 46.00 | 13.5 | 32.5 |

Source: Company Commissioned F&S Report

Archean Chemical Industries Ltd. commands leadership position in Indian bromine merchant sales (traded bromine in market) based on bromine production and captive consumption. According to the Company Commissioned F&S Report, Archean Chemical Industries Ltd. is leading bromine supplier in India as well the biggest exporter of bromine from India. With the expansion of bromine production facility to approximately 42.5KT per annum, Archean Chemical is likely to cement the leadership position. According to the Company Commissioned F&S Report, Archean has leadership position in bromine exports from India with 75.3% market

share in Fiscal 2020 and 82.8% in Fiscal 2021. Archean has a 43% market share in the Indian bromine market in Fiscal 2021.

OVERVIEW OF INDUSTRIAL SALT

Salt, or sodium chloride, is a chemical compound with the chemical formula NaCl; for every gramme of salt, almost 40 per cent is sodium (Na), the sixth most abundant element on Earth, and a little over 60 per cent is chlorine (Cl). Salt is a white, crystalline compound, has low toxicity and is completely non-flammable. Salt is added to food as a flavour enhancer (table salt) and is a daily diet requirement of humans. Sodium and chloride are required for cells to function, and cannot be produced by the body, making salt an essential nutrient. According to the Company Commissioned F&S Report, there are 14,000 commercial uses for salt, which is a source of sodium and chlorine – basic components of an array of materials, such as plastics, glass, synthetic rubber, cleansers, pesticides, paints, adhesives, fertilizers, explosives and metal coatings.

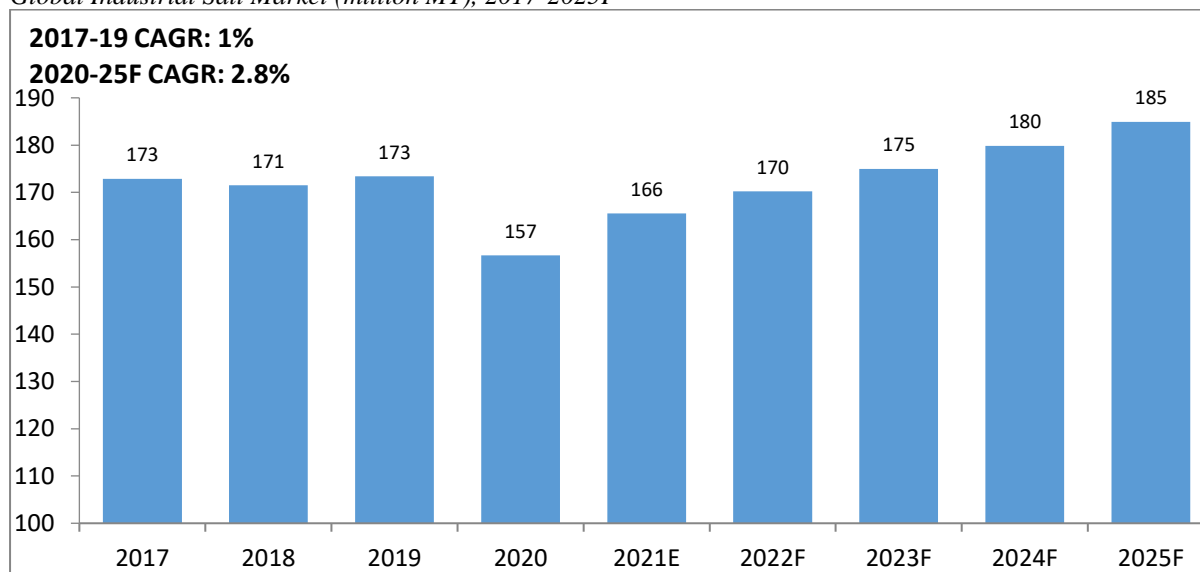
There are three sources of salt according to method of recovery;

1. Rock Salt, from the surface or underground mining of halite deposits;
2. Solar Salt, from the solar evaporation of seawater (also known as sea salt), landlocked bodies of saline water, or primary or by-product brines (such as from the desalinations of mine water) as well as vacuum pan salt, from the mechanical evaporation of a purified brine feedstock;
3. Brine, from the solution mining of underground halite.

Overview of the global market for industrial salt

According to the Company Commissioned F&S Report, the global industrial salt has seen no major growth from 2017 to 2019 with consumption at 173 million MT. However, it is expected that the global market will grow at a CAGR of 2.8% from 157 million MT in 2020 to 185 million MT in 2025, according to the Company Commissioned F&S Report.

Global Industrial Salt Market (million MT), 2017-2025F



Source: Statista, Frost and Sullivan analysis; Company Commissioned F&S Report

In India, Industrial salt is produced using the evaporation method, which is more cost-efficient when compared to mining method. Cost of production of Salt from Brine majorly consists of the processing cost, utility, manpower costs, fixed costs and transportation to the market/ consumer. According to the Company Commissioned F&S Report, the cost of production for industrial salt from sea water brine in India is approximately US\$12 to US\$15 per MT.

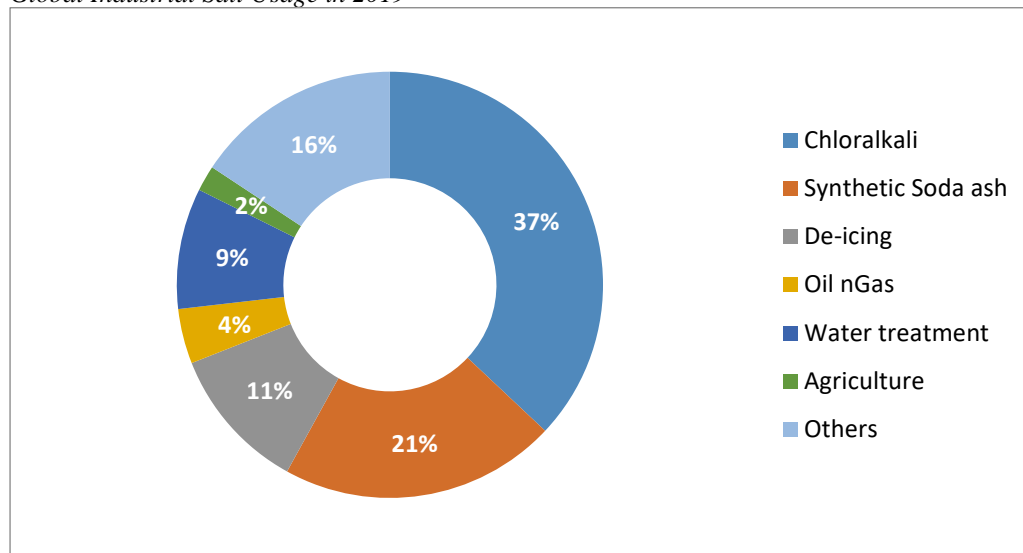
Global industrial salt industry by application segments

The global industrial salt industry can be segmented by applications into oil & gas, chemical processing, water treatment and de-icing.

Out of which, the chemical processing segment is anticipated to hold the largest share in the industrial salt market

on account of the growing demand for industrial salt in soda ash, chlorine and caustic soda production. The segment for de-icing is also expected to occupy a notable share in the market in the near future owing to the effective ice control properties of industrial salt such as high efficiency at lower temperatures. Furthermore, the section for oil & gas application is projected to grow significantly during the forecast period, which can be associated with the high consumption of industrial salt during drilling and extraction procedures.

Global Industrial Salt Usage in 2019



Source: Industry Experts and Frost and Sullivan analysis; Company Commissioned F&S Report

Use of industrial salt in the chemical industry

Chlor-alkali production is the largest market for salt, accounting for approximately 37% of world consumption in 2019. Chlor-alkali products such as chlorine, caustic soda, and soda ash play a vital role in the chemical industry. These products are necessary raw materials in major bulk chemical industries and utilized in various industrial and manufacturing value chains. The products are used in different applications such as plastics, alumina, paper & pulp, and others and find applications in diverse end-use industries (construction, automotive, and others). Thus, rising chemical output and strong economic conditions in emerging countries are expected to drive the growth of the chlor-alkali market. According to the Company Commissioned F&S Report, the global chlor-alkali market is estimated to be US\$50.4 billion in 2021 and expected to grow to US\$54.3 billion up to 2025.

Use of industrial salt for de-icing

One of the industrial salt uses is de-icing. Industrial salt is majorly employed for the maintenance of roads, sidewalks, and platforms. De-icing road salt is often spread across the roads creating a layer of brine before the surface freezes. This process delays or prevents the formation of ice.

Use of industrial salt in the oil & gas industry

Industrial salt is often used in an oil drilling rig to make it more efficient and safer. Other than this, industrial salt is utilized as an additive in mud used as drilling fluid.

The application industrial salt in the oil industry:

- Industrial salt increases the density of the soil and thus makes the drilling process safer.
- Industrial salt applications in mud used as drilling fluid acts as a lubricant and coolant for the drilling head.
- Salt applications in the oil industry can also serve as flocculants, diverting agents, acidizing specialty additives, thinners/dispersants, and stabilizers.

The use of Enhanced Oil Recovery (EOR) technique to carry out efficient oil and gas operations in the country has widely influenced the growth of the market over the last few years. The use of brine with diluted salt content has been proven as an effective way to enhance oil operation efficiencies.

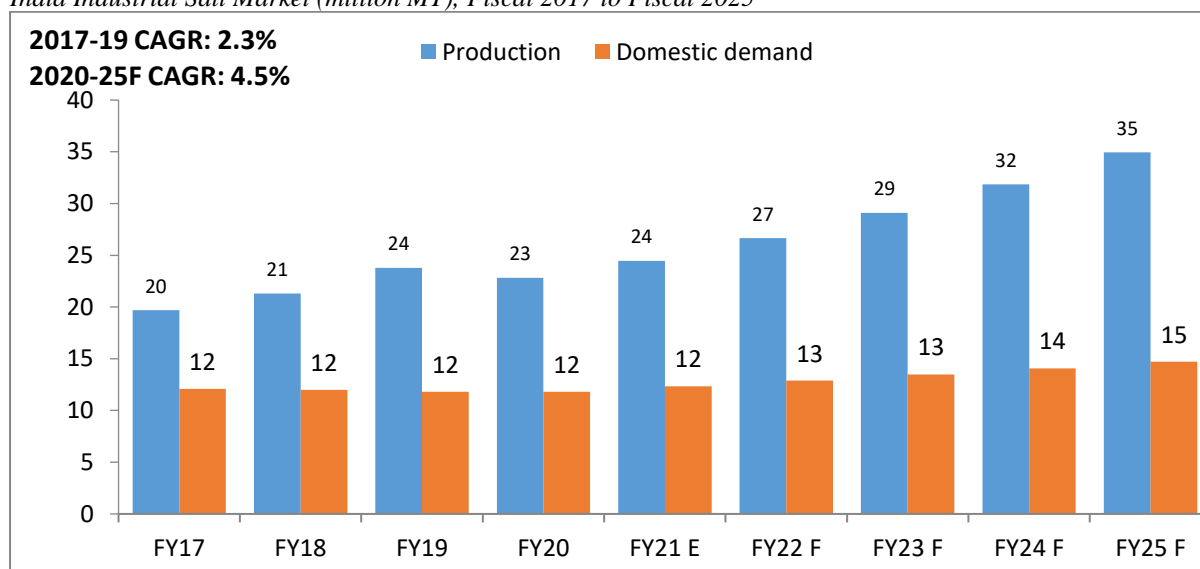
According to the Company Commissioned F&S Report, the crude oil desalter's market is expected to grow a rate

of 8.8% CAGR from 2021 to 2026.

Overview of the Indian industrial salt industry

In 2019, the per-capita consumption of salt in India was approximately 14 kg, which includes edible and industrial salt. The current annual requirement of salt in the country in 2021 is estimated to be 11.8 million tonnes for industrial use and export of 13.3 million tonnes to various countries, according to the Company Commissioned F&S Report.

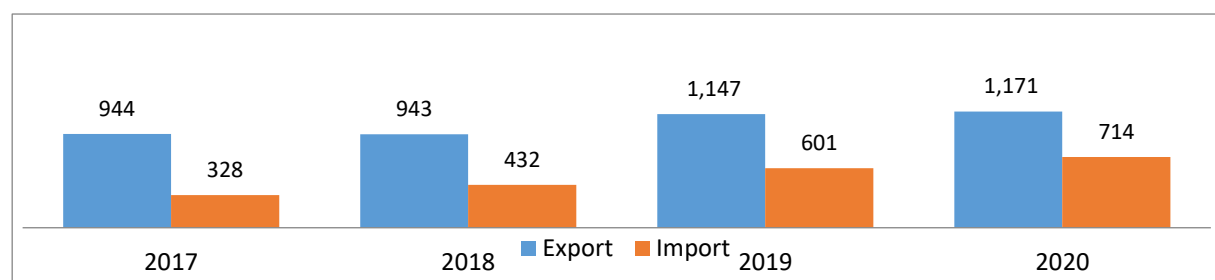
India Industrial Salt Market (million MT), Fiscal 2017 to Fiscal 2025



Source: Statista, Indian Bureau of Mines, Frost and Sullivan analysis; Company Commissioned F&S Report

India backed by huge sea line and oceans on two fronts have high quality manufacturing of industrial Salts. India is the third-largest salt producing country in the world (after the US and China). State-wise, Gujarat, Tamil Nadu and Rajasthan produces salt in excess of their domestic consumption requirements. While Gujarat led by constituting 70% of the country's total production, the share of Tamil Nadu and Rajasthan was 15% and 12%, respectively, in 2019.

Prices of Industrial Salt, FY16- FY20, in ₹/MT

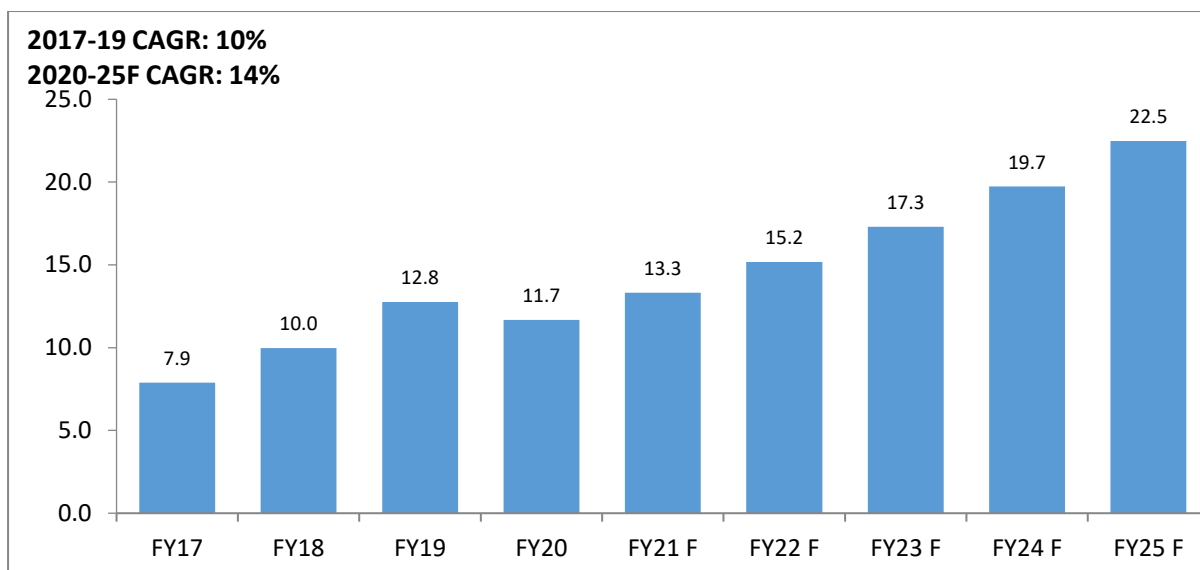


Source: Indian Bureau of Mines; Ministry of Mines website; Company Commissioned F&S Report

Export of Indian industrial salt

According to the Company Commissioned F&S Report, in 2020, India was ranked 6th with the share in export of 6.58% globally 50th with the share in import of 0.28% of industrial salt. During Fiscal 2020, the exports of salt (other than common salt) by India decreased by about 8.42% to about 11.68 million tonnes, from about 12.76 million tonnes in the previous year.

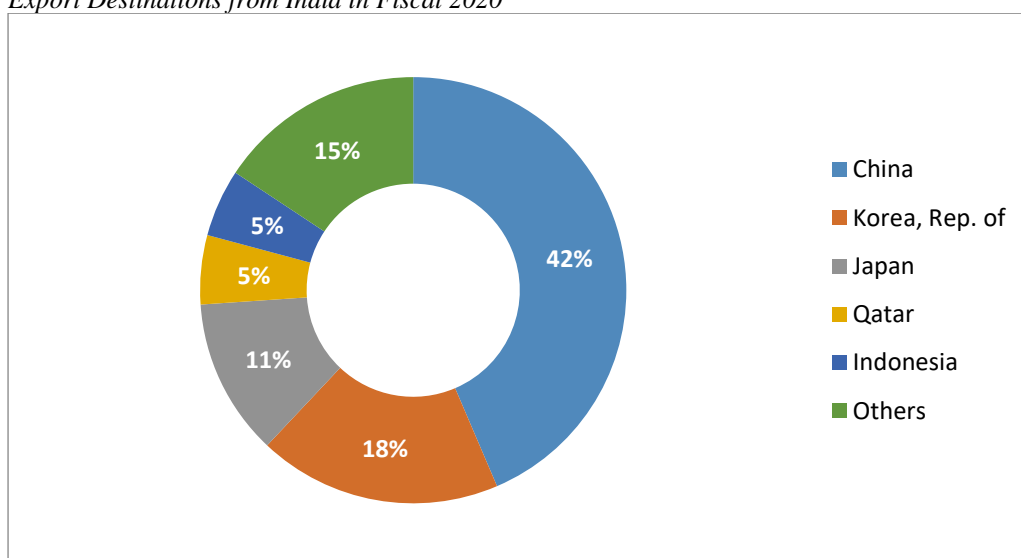
India Industrial Salt Export (million MT), 2017-2025F



Source: Indian Bureau of Mines, Frost and Sullivan analysis

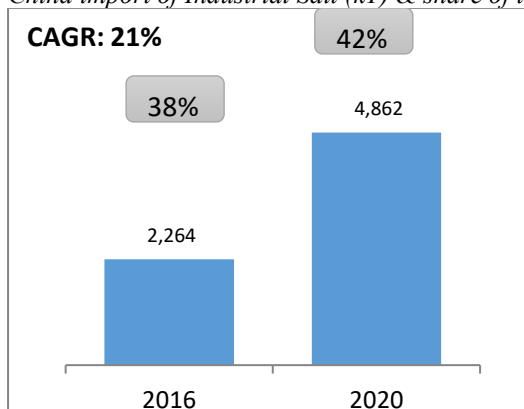
According to the Company Commissioned F&S Report, in Fiscal 2020, exports of industrial salt from India were mainly to China. (42%), Republic of Korea (18%), Japan (11%) and Qatar, Indonesia & Vietnam (5% each).

Export Destinations from India in Fiscal 2020



Source: Indian Bureau of Mines, Frost and Sullivan analysis; Company Commissioned F&S Report

China import of Industrial Salt (kT) & share of total India's export (in rectangle)

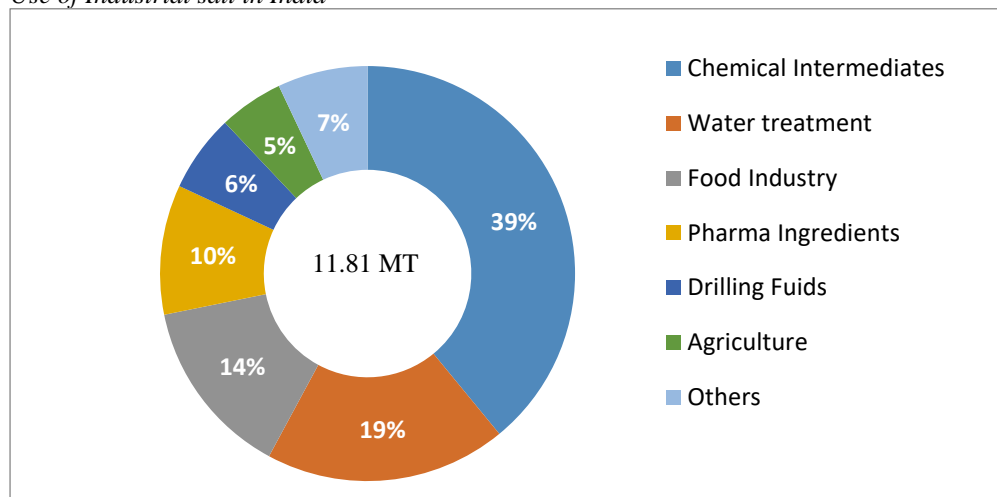


Source: Indian Bureau of Mines, Frost and Sullivan analysis; Company Commissioned F&S Report

India's industrial salt industry by application segments

Salt is an important raw material used in Chemical Industry. It is used in the production of basic chemicals like sodium carbonate (soda ash), caustic soda, hydrochloric acid, chlorine, bleaching powders, chlorates, sodium sulphate (salt cake) and sodium metal. These basic chemicals, in turn, are used in the preparation of various end-products, such as, soaps, detergents, chlorinated hydrocarbons and carbon tetrachloride. Other important applications where salt is widely used are in food processing; as freezing point depressant in refineries & milk supply schemes; treatment of industrial wastes; purification of drinking water; and manufacture of synthetic indigo, explosives, papers, etc. The rock salt produced from Mandi mines contains 67.81% NaCl which is not suitable for human consumption as the content of sodium chloride is low from the required 96% NaCl necessary for human consumption. However, this salt finds application as essential supplement in cattle feeds.

Use of Industrial salt in India



Source: Industry Expert, Frost and Sullivan analysis
Chemical intermediates includes Chloroalkali and soda ash industry

Use of industrial salt in the production of caustic soda

Caustic soda is one of the important chemicals which finds use in major industries such as the textile, pulp & paper, aluminum, polyvinyl chloride (PVC), pharmaceutical, dye stuffs, soap and detergents, and fertilizers etc. The most common method of its production in India is by the electrolysis of industrial salt. During the electrolysis process, chlorine and hydrogen are produced as by-products. Typically, with 1.7 MT of salt, 1 MT of caustic soda, 0.89 MT of chlorine and 25 kg of hydrogen gases are produced.

In India, caustic soda industry has market volumes of 3.43 million MT in Fiscal 2021 and expected to grow at 5.43% to reach 5.52 million MT by year 2030.

Use of industrial salt in the water industry

Another important application of industrial salt or rock salt is in water treatment plants. Salt is used as the raw materials for many water treatment plants. This use is essential to maintain the efficiency of resins that help to provide better softer water. According to the Company Commissioned F&S Report, the water treatment segment is likely to grow at a CAGR of 10.2% from US\$2.4 billion to US\$4.3 billion.

Use of industrial salt in the food industry

From ancient days, salt is being used as food preservative specifically for meat, fish, dairy products and other food products. Commonly this preservation is referred as salt curing. Salt can also act as binding and emulsifying agent. Salt and proteins interact to provide an essential water-binding function. Salt inhibit or controls fermentation rate by decreasing the rate of gas production which result in the longer proof times. Hence it acts as fermentation regulator. Salt plays an important role in cheese making particularly in deciding the final texture of cheese. According to the Company Commissioned F&S Report, India's food processing sector is one of the largest in the world and its output is expected to grow at a CAGR of 12.5% from US\$263 billion in Fiscal 2020 to reach US\$535 billion by Fiscal 2026.

Use of industrial salt in the pharmaceutical industry

Over 50% of all drug molecules used in medicine exist as salts, most frequently as the hydrochloride, sodium, or sulphate salts. Sodium salts form 9% percentage of salt form as a function of all medicinal compounds. According to the Company Commissioned F&S Report, India's domestic pharmaceutical market is estimated at US\$42 billion in 2021 and likely to reach US\$65 billion by 2024 and further expand to reach approximately US\$ 120-130 billion by 2030.

Key players in the Indian industrial salt industry

While there are umpteen small traders and exporters from India only few top exporters from India having export volumes more than 1 million MT in Fiscal 2021. They include the following:

| Sr. | Company Name | Export (Mn MT) |
|-----|---|----------------|
| 1. | Archean Chemical Industries Ltd. | 2.7 |
| 2. | The Kutch Salt And Allied Industries Ltd. group (including Friends Impex India) | 1.2 |

Source: Company Commissioned F&S Report

According to the Company Commissioned F&S Report, Archean Chemical Industries Ltd. was the leading and the largest industrial salt exporter in India by volume in Fiscal 2021. Archean Chemical Industries Ltd. has well-developed and integrated scale salt works in Gujarat in India and enjoys cost advantage the facilities' proximity to port.

OVERVIEW OF SULPHATE OF POTASH

Introduction of sulphate of potash

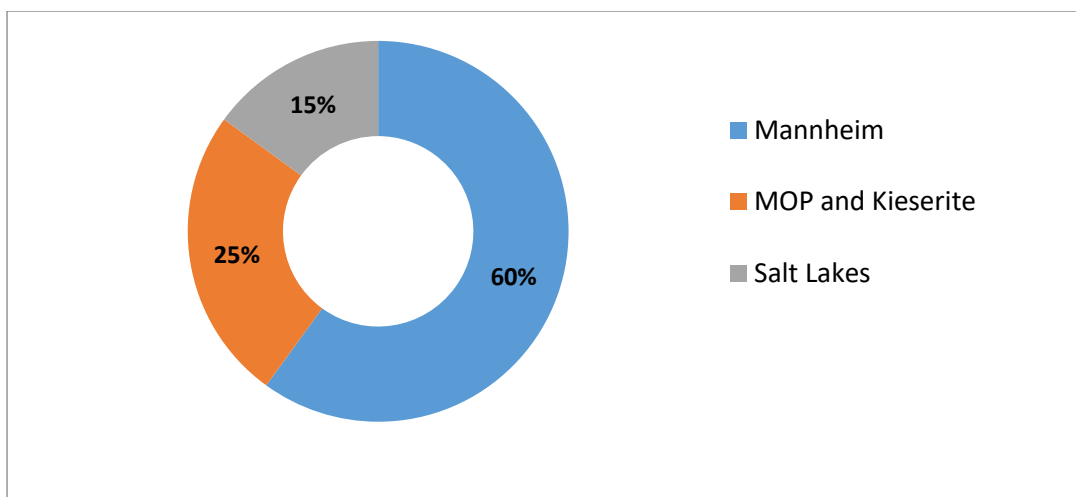
Potassium sulphate is an inorganic chemical compound with other names as sulphate of potash (SOP), arcanite or potash of sulphur. Chemically it is an ionic compound with solubility in water dissociating into two ions - potassium cation and sulphate anion. Potassium sulphate is a white, odorless solid that is a hygroscopic product, which means that it can become damp when it comes into contact with air.

SOP, which is also known as Potassium Sulphate (K_2SO_4), is a premium quality nutrient for the growth of high-value crops.

The key production processes for SOP are as follows:

- **Extraction from mineral ores:** Primary production method include directly extracting SOP from mineral ores containing both potassium and sulphate. This method is currently rare and may yield by-products, which can contribute additional revenue.
- **Mannheim process:** The most common secondary production method of SOP is referred to as the Mannheim process. More than half of global SOP production volume is derived by reacting Muriate of Potash (MOP, chemical formula KCl) with sulphuric acid in a Mannheim furnace at temperatures above 700 degrees Celsius, yielding both potassium sulphate and hydrochloric acid. Due to the high input costs, energy intensity and waste disposal costs of this process, it is typically higher cost than primary SOP production from brine evaporation.
- **Ion exchange:** Other than the Mannheim process, the second most common production process is through ion exchange, namely that MOP is reacted with magnesium sulfate (kieserite) to produce SOP and by-product magnesium chloride, which can be sold in the merchant market as well.
- **Salt-water brine:** Another SOP production method is based on salt-water brine. In salt production from sea water, water is evaporated in open ponds and common salt NaCl is crystalized and harvested. At the end of sea salt production usually large quantities of high salinity brines, so-called bittern remains. Minerals can be extracted and recovered from sea bittern and be converted into by-products, in particular SOP.

Global Production of SOP processes



Source: Salt Lake Potash Ltd, Frost and Sullivan analysis; Company Commissioned F&S Report

| Region | Process Method | World Capacity | Process Inputs | Products | Future Outlook |
|---|---------------------------|----------------|---|--|--|
| China/ Europe | Mannheim | 60% | <ul style="list-style-type: none"> • MOP • Sulphuric Acid • Energy | <ul style="list-style-type: none"> • SOP • Hydrochloric Acid | High cost/ By-Product limits growth |
| Europe | MOP and Kieserite | 25% | <ul style="list-style-type: none"> • MO • Kieserite • Energy | <ul style="list-style-type: none"> • SOP • Magnesium Chloride | No Additional Deposits |
| China/ USA/ Chile/ India/ Australia | Salt Lakes/ Salt Brine | 15% | <ul style="list-style-type: none"> • Lake Brines • Energy | <ul style="list-style-type: none"> • SOP • Magnesium Chloride • Sodium Chloride | No Additional Suitable Lakes, limited brine availability; those who have access to raw material have immense advantage |

Source: Company Commissioned F&S Report

Uses of sulphate of potash

SOP as a fertilizer

SOP is usually defined as an essential nutrient for plants that serves to generate proper synthesis of proteins, to regulate the balance water, to assist the plant in case of periods of drought and they have a better resistance to diseases. SOP is straight potassic fertiliser which is chloride (Cl) free and has low salt index. It is also known as fertilizer for improving quality and is applied to crops in open field as well as under protected cultivation.

SOP for medical uses

In the field of medicine, potassium sulphate also has a fairly important use as it is used to reduce the plasma concentration of potassium when hypokalemia occurs. It is also the main ion of many of the excitable cells that exist in the human body, for example cardiac cells, so when there is a serious decrease in potassium, the cardiac system is affected and potassium sulphate turns out to be the ideal medicine to be able to correct the problem immediately. By having a cathartic action, it also helps with constipation problems as they make the expulsion of stool through the colon an easier process. Potassium Sulphate is also used in the field of veterinary medicine.

SOP for uses in other industries

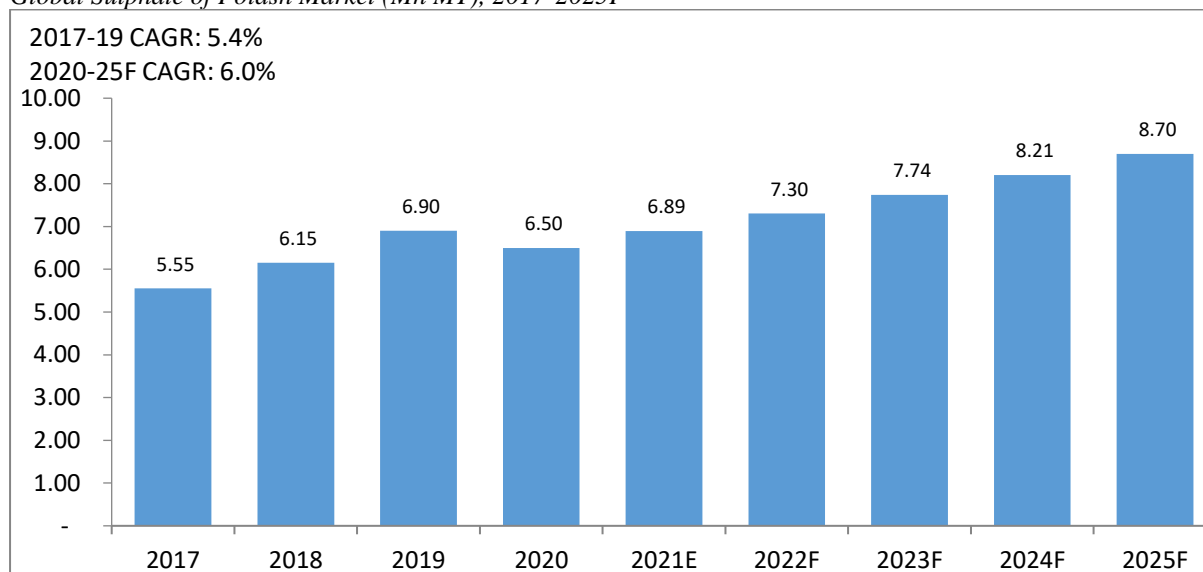
Besides being an excellent fertilizer for crops, potassium sulphate is also used as raw material in various industries, including without limitation:

- Glass: SOP is a necessary component in the manufacturing process of the glass and in the process of manufacturing of the potassium carbonate and the alum.
- Cosmetic: In the cosmetic field, SOP is used as a type of reagent.
- Food & Beverages: In the manufacture of beverages such as beer, SOP works as a type of water corrective agent. SOP also works as a type of flavouring agent for food.
- Others: SOP can be used as a pyrotechnic as it produces a purple flame. Potassium sulphate is also used as a flash reducer in artillery propellant charges. It reduces muzzle flash, flare back and blast over pressure.

Overview of global market for SOP

The global Sulphate of Potash market was approximately 6.5million MT in 2020. Global Sulfate of Potash market is expected to reach 8.698 million MT by 2025 from 6.5million MT in 2020, at a CAGR of 6.0% in the forecast period 2021 to 2025.

Global Sulphate of Potash Market (Mn MT), 2017-2025F



Source: SOPerrior Fertilizer Corp, Frost and Sullivan analysis; Company Commissioned F&S Report

The global SOP market is driven by the rising advantages of SOP over MOP. In addition, rising middle-class population is anticipated to boost the growth of the market, as living standards improve, consumption of fruits increases at a faster rate than broad acre staples such as wheat and rice. The major factors contributing to the growth of the market includes factors such as rising global population and income growth in key emerging markets, reduction in arable land and chase for higher yields. The global SOP industry may be negatively hindered by growth in the trend of organic food consumption.

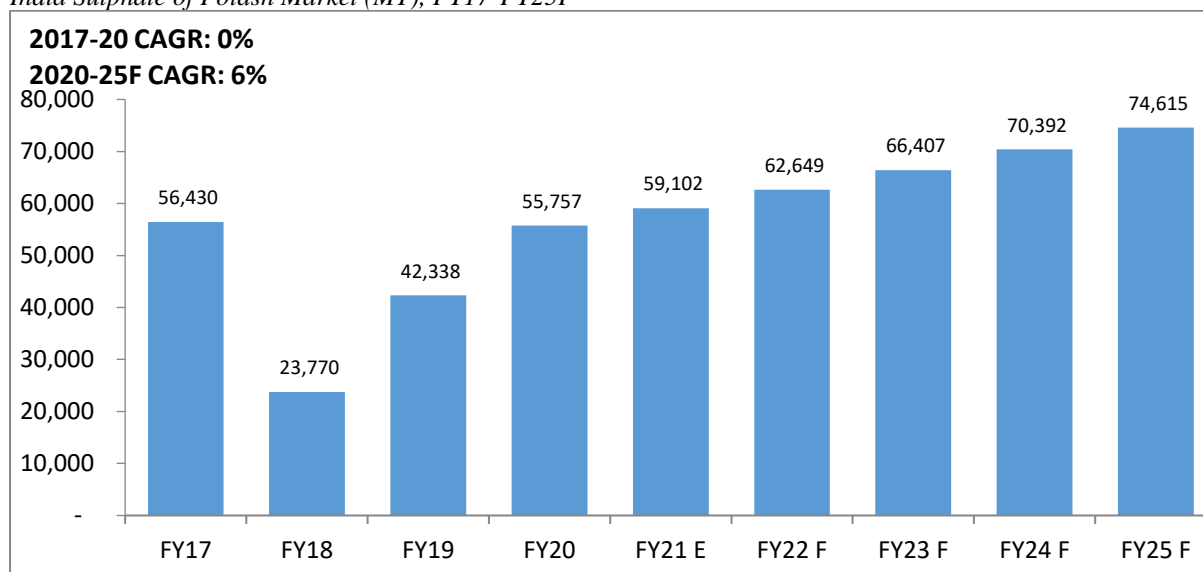
China, which is the largest consumer of SOP in the world, accounts for more than 45% of global demand in 2020. With a population of 1.4 billion, it is the world's largest producer of tobacco, fruits and vegetables – premium crops that are better suited to SOP. Over the past 20 years, the demand for SOP in China has experienced significant growth, growing from approximately 0.5 million MT per year in the early 1990s to approx. 2.9 million MT in 2020.

Overview of the Indian SOP market

Being second most populous country India has huge food requirements and limited arable land to produce that food grains. Hence the need for fertilisers is increasing in India. About 90% of the potassium sulphate consumed in India is for agricultural purposes as fertilizers in tobacco, citrus fruits such as pineapples, tomatoes and oranges, walnuts, etc.

The overall SOP market in India was approximately 55,757 MT in Fiscal 2020. According to the Company Commissioned F&S Report, the growth in SOP in India is expected to follow the global trend of approximately 6% until the year 2025.

India Sulphate of Potash Market (MT), FY17-FY25F

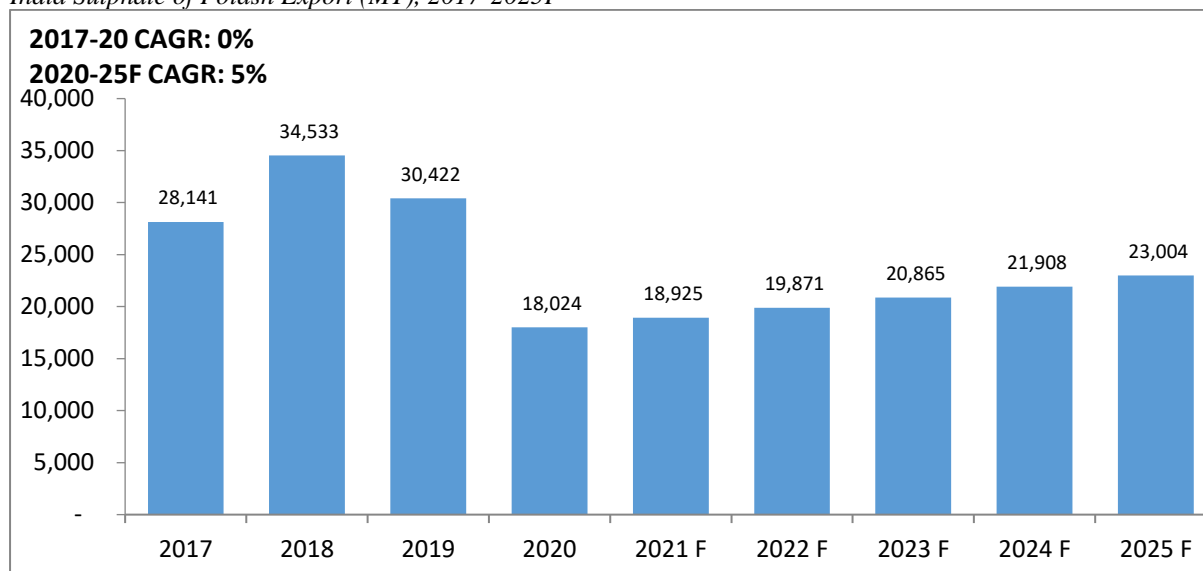


Source: Statista, Frost and Sullivan analysis; Company Commissioned F&S Report

Export of SOP by India

In calendar year 2020, exports of SOP by India were mainly to Netherlands (43%), Croatia (17%), UAE (12%) and Morocco & Peru (6% each). In Fiscal 2021, the exports of SOP decreased by about 40% mainly due to constraints in logistics and pandemic driven reduced requirements. According to the Company Commissioned F&S Report, further growth in exports is expected as India has good trade channels as well as increased trade with these countries. Also post pandemic most western countries want “China+1” suppliers to safe-guard their downstream production.

India Sulphate of Potash Export (MT), 2017-2025F

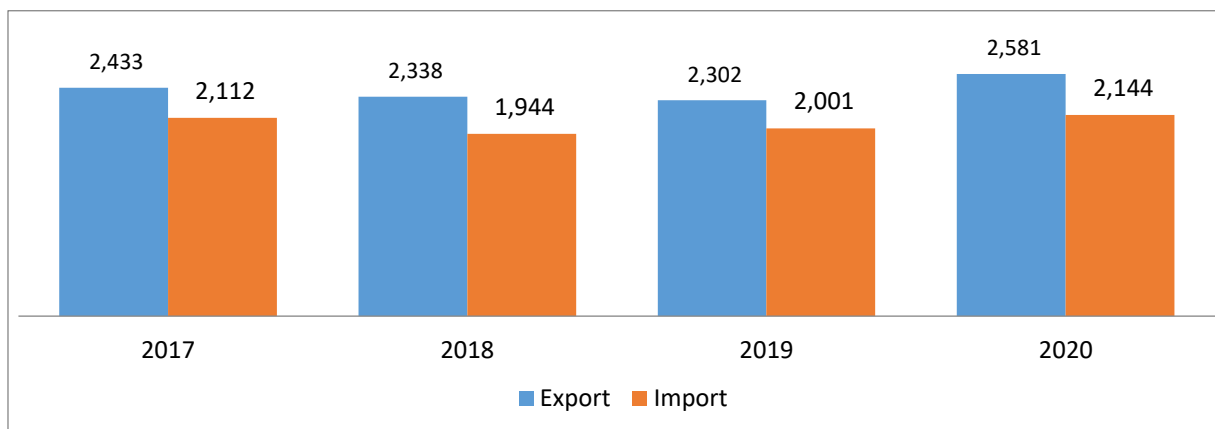


Source: Trade data, Frost and Sullivan analysis; Company Commissioned F&S Report

Import of SOP by India

India imports sulphate of potash from producers in Taiwan, China, Indonesia and some developed countries including Germany. In 2020, the market price of a tonne of exported Sulphate of Potash was US\$2,581 per MT while the cost of imported SOP was US\$2,144 per MT, according to the Company Commissioned F&S Report.

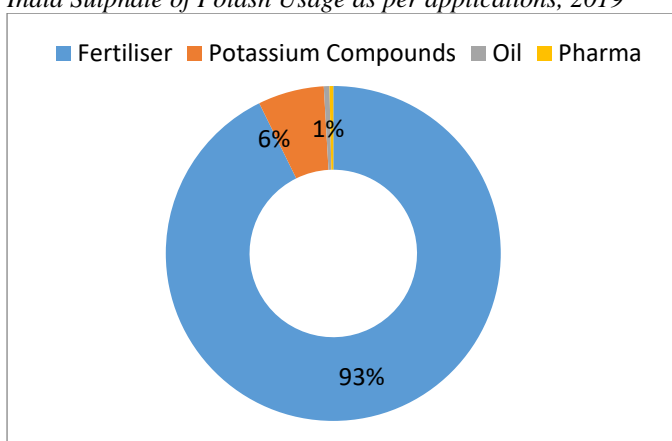
Prices of Sulphate of Potash, FY17- FY20, in USD/MT



Source: Tradedata, Frost and Sullivan analysis; Company Commissioned F&S Report

SOP by application segments in India

India Sulphate of Potash Usage as per applications, 2019



Source: Trade Data, Frost and Sullivan analysis

Fertiliser

Sulphate of potash is a premium potash fertilizer with a number of benefits over the more commonly used muriate of potash (MOP). Sulphate of potash is recommended by Potash Research Institute of India and used by the farmers. SOP offers many advantages, such as, increased crop yield, ease of usage in plants, as well as adequate sulphur and potassium content, among others. That apart, SOP usage reduces the toxic effects of chloride build up in soil, especially in dry conditions. Muriate of potash as a source of potassium is discouraged as chlorides affect adversely colour, texture, flavour, taste, combustibility and the keeping quality of leaf in storage.

Rising population of India and India is expected to become most populous country of the world by 2030. The rising population in India will lead to increased demand and consumption of food and drinks. With time the GDP and per capita income are also increasing which will lead to an increase in demand for more fruit and vegetable consumption, cosmetics, pharmaceuticals, consumer goods, and so on. According to the Company Commissioned F&S Report, India's demand for food grain is expected to grow at a CAGR of 1.7% from 292 million MT in Fiscal 2020 to 345 million MT in Fiscal 2030. Over the last few years, the production of fruits, vegetables, tree nuts (and tobacco as well) has registered a significant growth, primarily driven by the population growth and changing consumer preference for healthier diets. Hence, there has been an increase in agricultural schemes by Government bodies to initiate the development of modern technology and high yield crops, which is increasing the demand for potassium sulphate and its application as a fertilizer and consecutively driving the market growth.

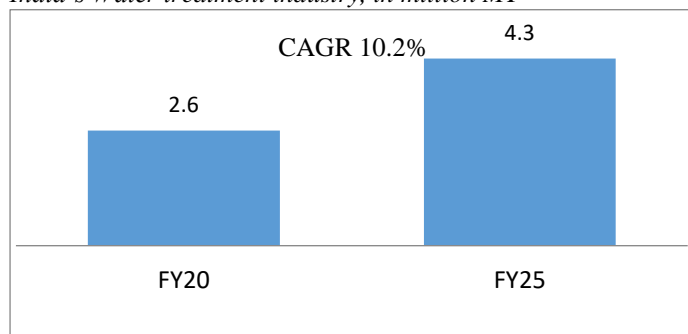
Although India is the third largest consumer of fertilisers with the consumption growing at around 5% average growth rate, per hectare consumption is still lower compared to many developing countries, implying potential for further growth in the use of fertilisers.

Potassium compounds

Potash Alum and Potassium persulfate are the two important potassium compounds.

Potash alum is used for longer food life, enhancing food taste, flavour & texture. It is also used in water purification treatment to improve the sedimentation of drinking water. In India, with the growth in population, the water treatment segment is expected to grow at double digit CAGR of 10.2% from Fiscal 2020 to Fiscal 2025, according to the Company Commissioned F&S Report. Persulphates are used as oxidizing agents for the treatment of water. With the increasing concerns about the environment and potable water requirements, the consumption of persulphates in the water treatment industry is expected to increase.

India's Water treatment industry, in million MT



Source: Company Commissioned F&S Report

Potash Alum is also used in leather tanning and as cosmetics like aftershave. Potassium persulfate is used as polymerisation initiators, as heat stabilisers (PVC, Nylon).

Oil exploration

India's oil demand is projected to rise at the fastest pace in the world to reach 10 million barrels per day by 2030, from 5.05 million barrel per day in 2020. Hence there is huge emphasis on oil production and explorations.

SOP is added to drilling fluids in oil exploration activities and have the advantage of leaving fluids which are rich in potassium and may be used as fertilizer or otherwise disposed of without environmental damage.

India has launched India Hydrocarbon Vision 2025, laying foundation for its future focus areas like intensification of exploration efforts and achievement of 100% coverage of unexplored basins in a time bound manner to enhance domestic availability of oil and gas. According to the Company Commissioned F&S Report, the drilling and oil exploration industry in India is expected to grow at a CAGR of 6% from 2019 to 2030.

Pharmaceutical drugs

Upcoming opportunity for this market is the application of potassium sulphate in the production of pharmaceutical drugs. In recent times, they are majorly used in osmotic laxatives in the pharmaceutical industry. With ageing population, sedentary lifestyle and changing food habits, laxative markets are growing substantially in India, according to the Company Commissioned F&S Report.

Requirements for fertilizer grade potassium sulphate

The SOP material shall be crystalline, white or light grey in colour and free from visible contamination with clay and grit. The particle size of the material shall not be less than 0.25 mm, that is 95% of the material shall be retained over 250-micron Indian Standard sieve. In India, the material shall also comply with IS 2764 (1980), requirements as set forth below:

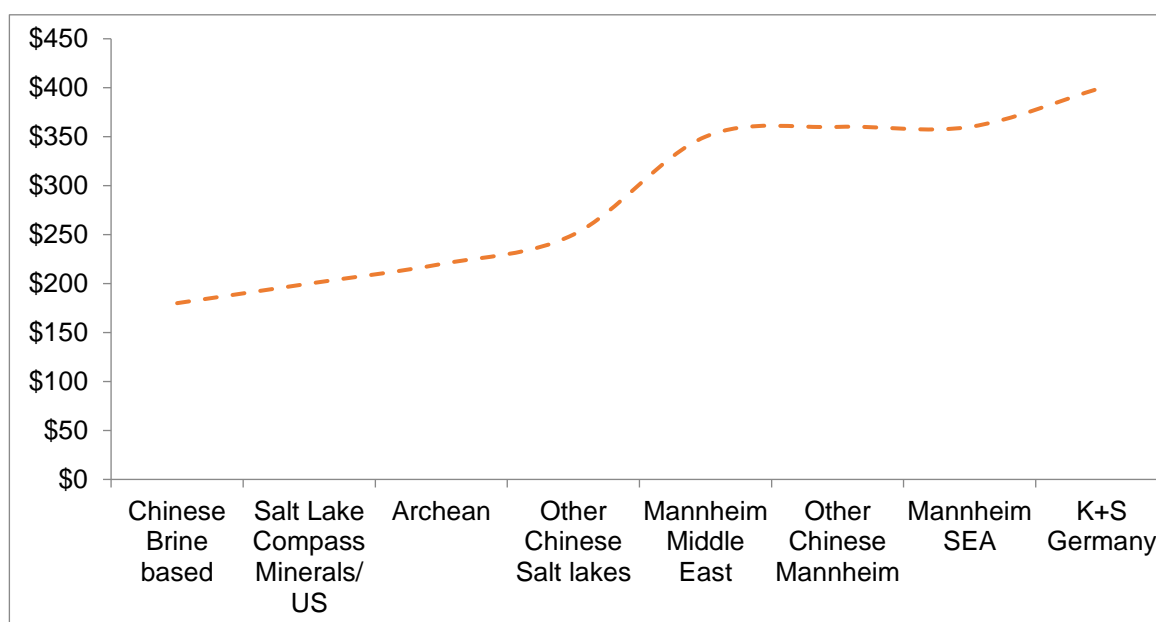
| S.No. | Characteristics | Requirement |
|-------|---|-------------|
| (i) | Potash Content (as K ₂ O), percent by mass, Min. | 48% |
| (ii) | Moisture percentage by mass, max. | 1.5% |
| (iii) | Total chlorides (as Cl) by mass, max. | 2.5% |
| (iv) | Sodium (as Na Cl) by mass, max. | 2.0% |

To ensure adequate availability of right quality of fertilizers at right time and at right price to farmers, SOP was declared as an essential commodity. Any SOP which is sold as fertiliser grade is subject to scrutiny and inspections by the Fertilizer Control Order (FCO) in India.

Key Players in the global POS industry

Sulphate of Potash is predominately produced from sea brine in India. Archean Chemical Industries Ltd. is India's only large-scale producer of fertiliser grade water soluble sulphate of potash. Globally, the other key players in the POS industry include Tessenderlo Group, Nutrien and Mosaic Company.

The cost of production of SOP is lowest for brine-based production. Typical global cost of production curve is as shown below, with Archean Chemical Industries Ltd. among the top three cost competitive producers globally. Variations in cost curve happen every year considering the local utility costs, local inflation hence such curves are included without any single point cost of production but relative cost of production expected from various sources.



Source: Company Commissioned F&S Report

OUR BUSINESS

Some of the information contained in this section, including information with respect to our strategies, contain forward-looking statements that involve risks and uncertainties. You should read the section titled “Forward-Looking Statements” on page 21 of this Draft Red Herring Prospectus for a discussion of the risks and uncertainties related to those statements and also the section titled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 23 and 241, respectively of this Draft Red Herring Prospectus for a discussion of certain factors that may affect our business, results of operations and financial condition. The actual results of the Company may differ materially from those expressed in or implied by these forward-looking statements.

Unless otherwise indicated, industry and market data used in this section has been derived from the Company Commissioned F&S Report, and exclusively commissioned by and paid for by us in connection with the Offer. Unless otherwise indicated, all financial, operational, industry and other related information derived from the Company Commissioned F&S Report and included herein with respect to any particular year, refers to such information for the relevant year.

EBITDA, EBITDA margin, Adjusted EBITDA, Adjusted EBITDA Margin and other non-GAAP financial information are presented for supplemental informational purposes only, have limitations as analytical tools and should not be considered in isolation or as a substitute for financial information presented in accordance with Ind AS. Non-GAAP financial information may be different from similarly-titled non-GAAP measures used by other companies. In addition, they are subject to inherent limitations as they reflect the exercise of judgment by management about which expenses and income are excluded or included in determining these Non-GAAP financial measures. A reconciliation of these non-GAAP measures are provided in the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on page 241 for each Non-GAAP financial measure to the most directly comparable financial measure prepared in accordance with Ind AS. Investors are encouraged to review the related Ind AS financial measures and the reconciliation of Non-GAAP financial measures to their most directly comparable Ind AS financial measures and to not rely on any single financial measure to evaluate our business.

Our fiscal year ends on March 31 of each year, and references to a particular fiscal period are to the twelve months ended March 31 of that year. References to a six month period or “Half Year” are to the six months ended September 30 of a particular fiscal year. Unless otherwise specified or as the context requires, financial information included in this section for Half Year Fiscal 2022, Fiscal 2021, Fiscal 2020 and Fiscal 2019 is derived from our Restated Financial Statements.

Unless otherwise stated, references in this section to “our Company”, “we”, “us”, and “our” are to Archean Chemical Industries Limited and our subsidiary.

Overview

We are a leading specialty marine chemical manufacturer in India and focused on producing and exporting bromine, industrial salt, and sulphate of potash to customers around the world. (Source: Company Commissioned F&S Report, January 2022). According to Frost & Sullivan, we are the largest exporter of bromine and industrial salt in India in Fiscal 2021 and have amongst the lowest cost of production globally in both bromine and industrial salt. (Source: Company Commissioned F&S Report, January 2022). We produce our products from our brine reserves in the Rann of Kutch, located on the coast of Gujarat, and we manufacture our products at our facility near Hajipir in Gujarat. As of September 30, 2021, we marketed our products to 13 global customers in 13 countries and to 29 domestic customers. Our bromine is used as key initial level materials, which have applications in the pharmaceuticals, agrochemicals, water treatment, flame retardant, additives, oil & gas and energy storage batteries. Industrial salt is an important raw material used in chemical industry for production of sodium carbonate (soda ash), caustic soda, hydrochloric acid, chlorine, bleaching powders, chlorates, sodium sulphate (salt cake) and sodium metal. Sulphate of potash is used as a fertilizer and also has medical uses. In the six months ended September 30, 2021 and in Fiscal 2021, Fiscal 2020 and Fiscal 2019, our sales of bromine constituted 59.22%, 46.49%, 35.43% and 39.83%, respectively, of our revenue from operations, our sales of industrial salt constituted 40.72%, 49.10%, 57.88% and 53.02%, respectively, of our revenue from operations and our sales of sulphate of potash constituted 0.05%, 4.39%, 6.55% and 7.11%, respectively, of our revenue from operations.

Bromine is recovered from soluble salts found in seawater, salt lakes, inland seas and brine wells. Bromine is produced from brine after separation of most of the sodium chloride and potash. According to Frost & Sullivan,

we command a leadership position in Indian bromine merchant sales (traded bromine in the market) by volume in Fiscal 2021, and we are the largest exporter of Bromine from India. (Source: *Company Commissioned F&S Report, January 2022*). In the six months ended September 30, 2021 and in Fiscal 2021, Fiscal 2020 and Fiscal 2019, we exported 46.29%, 46.10%, 39.79% and 51.22%, respectively, of our bromine production abroad, mainly to China. The balance of our bromine production is sold in the domestic market. Bromine is a highly corrosive, hazardous and toxic chemical and its handling requires a high degree specialized expertise which we have developed. The transportation of bromine is also dangerous and requires nickel and lead lined ISO containers, of which we had (owned and leased) 226 such containers for our export business as of February 15, 2022. According to Frost & Sullivan, the bromine global market size was US\$3.13 billion in CY2021, and the market is expected to grow at a CAGR of 5.8% between CY2020 and CY2025. (Source: *Company Commissioned F&S Report, January 2022*). In addition, Frost & Sullivan anticipates a growing demand for bromine and bromine performance derivatives driven by a host of factors including an increasing demand for flame retardants, increasing consumption of oil well chemicals and increasing use of hydrogen and zinc bromide in flow batteries. (Source: *Company Commissioned F&S Report, January 2022*). In response to this demand, we intend to, and are in the process of, increasing our manufacturing capacity for bromine production. In addition, plan to expand our product line into bromine derivative performance products in the next two-to-three years, in particular brominated flame retardants, clear brine fluids and bromine catalysts used for the synthesis of pure terephthalic acid (“PTA”).

Industrial salt has a high demand due to the diversity of applications in the oil & gas industry, chlor-alkali industry, and de-icing chemical industry. According to Frost & Sullivan, we were the largest exporter of industrial salt in India with exports of 2.7 million MT in Fiscal 2021. (Source: *Company Commissioned F&S Report, January 2022*) In the six months ended September 30, 2021 and in the Fiscal 2021, Fiscal 2020 and Fiscal 2019, we exported 100% of our industrial salt production, primarily to customers in Japan and China. According to Frost & Sullivan, global demand for industrial salt was 173 million MT in each of CY 2017, CY 2018 and CY 2019 and declined to 153 million MT in CY 2020 but is expected to grow at a CAGR of 2.8% between CY2020 and CY2025. (Source: *Company Commissioned F&S Report, January 2022*). Frost & Sullivan anticipates a growing demand for industrial salt will be driven primarily by increasing industrialization owing to its wide range of industrial applications. In particular, demand is expected to increase from the food and beverage industry, the chlor-alkali sector in the chemical industry as well as chemical processing, water treatment, agriculture and de-icing. (Source: *Company Commissioned F&S Report, January 2022*).

Sulphate of potash, also known as potassium sulphate, is a high-end, specialty fertilizer for chlorine-sensitive crops and also has medical uses to reduce the plasma concentration of potassium when hypokalemia occurs. We are the only manufacturer of sulphate of potash from natural sea brine in India. (Source: *Company Commissioned F&S Report, January 2022*). According to Frost & Sullivan, global demand for sulphate of potash was 6.5 million MT in CY 2020 but is expected to grow at a CAGR of 6.0% between CY2020 and CY2025. (Source: *Company Commissioned F&S Report, January 2022*). The sulphate of potash market is being driven by the advantages of sulphate of potash over muriate of potash and growing demand from a growing middle-class population driving the use of fertilizers primarily for growing fruit and vegetables. (Source: *Company Commissioned F&S Report, January 2022*). We aim to be the key producer and supplier of sulphate of potash in India.

Our marine chemicals business is predominately conducted on a business-to-business basis both in India and internationally. We are an export-oriented business, and, in the six months ended September 30, 2021 and in Fiscal 2021, Fiscal 2020 and Fiscal 2019, 68.13%, 74.41%, 78.41% and 80.39%, respectively, of our revenue from operations were attributed to export sales. The key geographies to which we export our products include China, Japan, South Korea, Qatar, Belgium and the Netherlands. Some of our major customers include Sojitz Corporation, which is also a shareholder in our Company, Shandong Tianyi Chemical Corporation, Unibrom Corporation, Wanhau Chemicals and Qatar Vinyl Company Limited.

We have an integrated production facility for our bromine, industrial salt, and sulphate of potash operations, located at Hajipir, Gujarat, which is located on the northern edge of the Rann of Kutch brine fields. Our manufacturing facility is located in close proximity to the captive Jakhau Jetty and Mundra Port, where we transport our products to our customers internationally. Our facility and its surrounding salt fields and brine reservoirs span approximately 240 sq.km. As of September 30, 2021 and March 31, 2021, our manufacturing facility had an installed capacity of 28,500 MT per annum of bromine, 3,000,000 MT per annum of industrial salt and 130,000 MT per annum of sulphate of potash. In the six months ended September 30, 2021 and in Fiscal 2021, our capacity utilization was 67.83% and 115.69%, respectively, of bromine, 102.66% and 95.98%, respectively of industrial salt and 0.06% and 1.54% of sulphate of potash. See “—Manufacturing” below. According to Frost & Sullivan, we have one of the largest salt works at one single location in the world. (Source: *Company Commissioned F&S Report, January 2022*). Our industrial salt washing facility has three washeries, each having

a capacity of 200 tons/hour. Our facility is equipped with its own quality department, effluent treatment plant, sewage treatment plant and stockyard.

Key Financial Information and Key Performance Indicators (KPIs)

Set forth below is certain of our key financial information.

(in ₹ millions except percentages and ratios)

| Particulars | Six months ended September 30, 2021 | Fiscal 2021 | Fiscal 2020 | Fiscal 2019 |
|------------------------------------|-------------------------------------|-------------|-------------|-------------|
| Revenue from operations | 4,505.10 | 7,407.64 | 6,081.70 | 5,655.06 |
| EBITDA | 1,927.16 | 2,762.53 | 1,568.13 | 1,943.41 |
| EBITDA margin | 42.78% | 37.29% | 25.78% | 34.37% |
| Profit/(loss) after tax | 580.59 | 666.06 | (362.35) | 399.72 |
| PAT margin | 12.89% | 8.99% | -5.96% | 7.07% |
| Capital expenditure | 679.54 | 362.12 | 1,747.87 | 337.34 |
| Net cash generated from operations | 1,540.13 | 1,190.97 | 1,475.51 | 3,162.14 |
| ROCE ⁽¹⁾ | 14.35%* | 21.01% | 11.23% | 17.81% |

⁽¹⁾ ROCE is calculated by earnings before interest and tax divided by total assets less current liabilities.

* Not annualised

For information about Non-GAAP financial measures as set forth in the table above, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations - Key Performance Indicators and Non-GAAP Financial Measures*” on page 259.

Strengths

We believe that we possess a number of competitive strengths, which enable us to successfully execute our business strategies, including the following:

Leading market position, expansion and growth in bromine and industrial salt

We are a leading specialty marine chemical manufacturer in India since 2013. (Source: *Company Commissioned F&S Report, January 2022*). According to Frost & Sullivan, we are the largest exporter of bromine and industrial salt in India in Fiscal 2021 and have amongst the lowest cost of production globally in both bromine and industrial salt. (Source: *Company Commissioned F&S Report, January 2022*). We attribute our strong market position to factors such as our long-standing relationship with global customers, our established infrastructure and access to brine reserves at the Rann of Kutch, our manufacturing facility close proximity to the captive Jakhau Jetty and Mundra Port and our consistent delivery of high-quality products. Our leadership position and low cost-production offers us competitive advantages such as product pricing, economies of scale, and the ability to scale our business, increase customer loyalty and expand our client base, all of which have in turn resulted in the growth of revenues and EBITDA in the last three fiscal years.

The table set forth below sets out our market position in India and globally for each of our products, as of September 30, 2021.

| Product | Company Market Position in India ⁽¹⁾ | Volume Produced in Fiscal 2021 (MT) ⁽²⁾ | Volume CAGR (Fiscal 2019 to Fiscal 2021) | Revenue Fiscal 2021 (₹ million) | Percentage of revenue from exports Fiscal 2021 |
|--------------------|---|--|--|---------------------------------|--|
| Bromine | Largest export and leader in merchant sales (3) | 14,751 | 12.74% | 3,444.10 | 46.10% |
| Industrial Salt | Largest exporter | 2,879,533 | 8.90% | 3,637.15 | 100.00% |
| Sulphate of Potash | Only Producer in India | 2,002 | N/A | 325.37 | 88.32% |

Notes:

(1) Market share by volume for CY2021. Source: *Company Commissioned F&S Report, January 2022*.

(2) Production volume as certified by M.Ulaganathan, Chartered Engineer.

(3) Merchant sales are traded bromine in the market rather than captive production.

We command a leadership position in Indian bromine merchant sales (traded bromine in the market) by volume in Fiscal 2021, and we are the largest exporter of Bromine from India. (Source: *Company Commissioned F&S Report, January 2022*). According to Frost & Sullivan, the bromine global market size was US\$3.13 billion in CY2021, and the market is expected to grow at a CAGR of 5.8% between CY2020 and CY2025. (Source: *Company Commissioned F&S Report, January 2022*). Frost & Sullivan anticipates a growing demand for bromine and bromine derivative performance products driven by a host of factors including an increasing demand for flame retardants, increasing consumption of oil well chemicals and increasing use of hydrogen bromide in flow batteries. (Source: *Company Commissioned F&S Report, January 2022*).

We were the largest exporter of industrial salt in India with exports of 2.7 million MT in Fiscal 2021. (Source: *Company Commissioned F&S Report, January 2022*) According to Frost & Sullivan, global demand for industrial salt was 173 million MT in each of CY 2017, CY 2018 and CY 2019 and declined to 153 million MT in CY 2020 but is expected to grow at a CAGR of 2.8% between CY2020 and CY2025. (Source: *Company Commissioned F&S Report, January 2022*). Frost & Sullivan anticipates a growing demand for industrial salt will be driven primarily by increasing industrialization owing to its wide range of industrial applications. In particular, demand is expected to increase from the food and beverage industry, the chlor-alkali sector in the chemical industry as well as chemical processing, water treatment, agriculture and de-icing. (Source: *Company Commissioned F&S Report, January 2022*).

We are the only manufacturer of sulphate of potash in India. (Source: *Company Commissioned F&S Report, January 2022*). According to Frost & Sullivan, global demand for sulphate of potash was 6.5 million MT in CY 2020 but is expected to grow at a CAGR of 6.0% between CY2020 and CY2025. (Source: *Company Commissioned F&S Report, January 2022*). The sulphate of potash market is being driven by the advantages of sulphate of potash over muriate of potash and growing demand driven by its use in fertilizers primarily for growing fruit and vegetables and medical uses as low potassium levels have been linked to cancer and certain cardiovascular diseases. We aim to be the key producer and supplier of sulphate of potash in India.

High entry barriers in the specialty marine chemicals industry

The specialty marine chemicals industry in which we operate has high entry barriers, which include the high cost and intricacy of product development, manufacture, and investment in salt beds, the limited availability of raw materials necessary for production, the limited number of locations with a suitable climate and access to reserves, and the lead time and expenditure required for research and development and building customer confidence and relationships, which can only be achieved through a long gestation period. (Source: *Company Commissioned F&S Report, January 2022*).

Given the nature of the application of our products and the processes involved, our products are subject to, and measured against, high quality standards and sensitive and rigorous product approval systems with stringent impurity specifications. Further, because end products manufactured by our customers are typically subject to stringent regulatory and industry standards, any change in the vendor of the products may require significant time and expense for customers, which acts as an entry barrier and disincentives any such change. Thus, customer acquisition is difficult and limits the number of competitors involved in the manufacturing of our products. According to Frost & Sullivan, we have cultivated strong relationships with its customers over the years, established a strategic and successful integrated manufacturing facility, and has proven to be a reputable producer with a track record of providing high quality products that is difficult to replicate. (Source: *Company Commissioned F&S Report, January 2022*).

Further, bromine and certain raw materials that we use in production are highly corrosive, hazardous and toxic chemicals. Therefore, handling these chemicals requires a high degree of technical skill and specialized expertise, and operations involving such hazardous chemicals must be undertaken only by personnel who are well trained to handle such chemicals. We believe that the level of technical skill and expertise that is essential for handling such chemicals can only be achieved over a period of time, which creates entry barriers for new market entrants. We believe our experienced personnel have the technical skill and expertise necessary for handling such products.

Additionally, we use brine from our own reservoirs as a raw material, which provides us with a cost advantage over other producers, creating further barriers for new entrants. (Source: *Company Commissioned F&S Report, January 2022*). Our existing brine fields were established over a period of three to four years before commercial cultivation was possible and, accordingly, the development time of brine reservoirs creates an entry barrier to potential domestic competitors. In addition, the Rann of Kutch brine fields are located in environmentally sensitive

coastal areas which require a number of regulatory hurdles before production could be established. (Source: *Company Commissioned F&S Report, January 2022*).

Established infrastructure and integrated production with cost efficiencies

We have an integrated production facility for our bromine, industrial salt, and sulphate of potash operations, located at Hajipir, Gujarat, which is located on the northern edge of the Rann of Kutch brine fields. Our facility and its surrounding salt fields and brine reservoirs span approximately 240 sq.km. As of March 31, 2021, our manufacturing facility had an installed capacity of 28,500 MT per annum of bromine, 3,000,000 MT per annum of industrial salt and 130,000 MT per annum of sulphate of potash. In the six months ended September 30, 2021 and in Fiscal 2021, our capacity utilization was 67.83% and 115.69%, respectively, of bromine, 102.66% and 95.98%, respectively of industrial salt and 0.06% and 1.54% of sulphate of potash. See “—Manufacturing” below. According to Frost & Sullivan, we have one of the largest salt works at one single location in the world. Our industrial salt washing facility has three washeries, each having a capacity of 200 tons/hour. Our facility is equipped with its own quality department, effluent treatment plant, sewage treatment plant and stockyard. Our operations have an ISO 9001:2015 certification.



Archean Chemical to Jhakau jetty: 110 kms

Archean Chemical to Mundra port: 150 kms

Our manufacturing facility is located in close proximity to the Jakhau Jetty and Mundra Port, where we transport our products to our customers internationally. The Jakhau Jetty is a fair-weather facility, operating for seven to eight months a year between the months of October/November through May. The Jakhau Jetty has a designed capacity of 5 million MT per annum and a capacity to load 28,000 MT. It is equipped with a twin conveyor system, diesel generator sets and is supported by a stockyard with storage capacity in excess of 350,000 MT to ensure continuous availability of products for customers

We have made significant investments in capital expenditures for the improvement and maintenance of our facility, including investments in salt beds, which typically have a three-to-four-year gestation period, and investments in ISO containers for the export of bromine of which we had (owned and leased) 226 as of February 15, 2022. The transportation of bromine is also dangerous and requires lead lined ISO containers. Our ISO containers enable more efficient freight shipping than conventional shipping, provide an advantage of scale at ports, are safer and more reliable in transport, and provide a cost-advantage and greater flexibility for exporting our products.

In India, industrial salt is produced using the solar evaporation method, which is more cost-efficient when compared to mining method in the opinion of Frost & Sullivan. The cost of production of salt from brine primarily consists of the processing cost, utility, manpower costs, fixed costs and transportation to the market/consumer. We have increased the mechanization of our production process which will bring further increased efficiencies and product consistency. (Source: *Company Commissioned F&S Report, January 2022*). The cost of production

for Industrial salt from sea water brine is about US\$12 to 15 per MT, while our costs are in the range of US\$5.5-6 per MT. (Source: Company Commissioned F&S Report, January 2022). Further our quality of salt is on par with Grade 1 salt required by chlor-alkali producers. (Source: Company Commissioned F&S Report, January 2022). Our best-in-class cost position along with the quality of our product has enabled us to be a competitive salt exporter to South East Asian markets and West Asia for over nine years. (Source: Company Commissioned F&S Report, January 2022).

In bromine production, India is among the top 5 cost competitive producers globally with China and Japan being more expensive and the United States (Arkansas), Israel and Jordan less expensive than India. (Source: Company Commissioned F&S Report, January 2022). Our cost competitiveness has helped us become the largest Indian exporter of bromine and the leader in merchant sales (traded bromine in the market rather than captive production).

We believe that having an integrated manufacturing site with access to the Rann of Kutch reserves and a close connectivity to ports allows us to manage the production process efficiently and to deliver high quality and timely products to our customers.

Focus on environment and safety

Environment and safety considerations are an important part of our operations. We undertake an annual environment and safety audit and strive to ensure that we do not discharge any harmful elements from our manufacturing operations. As of September 30, 2021, we had an environmental, health and safety team of 12 employees.

As part of our environmental and sustainability efforts, we have implemented an environmental management plan, which is focused on the following:

- ensuring that our manufacturing facility is compliant with environmental guidelines and standards set forth by regulatory agencies;
- ensuring that adequate pollution control systems are installed and operating satisfactorily;
- ensuring that the pollution concentration of treated effluent, ambient air, and stack air are within the prescribed standards set forth by regulatory agencies; and
- ensuring proper waste management handling and disposal system procedures are in place and followed by all of our employees.

Salient features of our environmental management plan include:

- *Environment Management Cell Program:* Our Environmental Management Cell program is headed by our senior management team and assisted by a team of trained environmental professionals. The main function of the program is to ensure compliance with environmental regulations, monitor our effluent treatment plant and sewage treatment plant operations, handle hazardous waste management and disposal, and provide employee training on environmental management and compliance.
- *Stack Air and Ambient Air Monitoring:* We have installed air monitoring equipment at various locations in our manufacturing facility. Monthly monitoring is conducted by a third-party vendor, which monitors the flue gas emission of our facility including both stack and ambient air parameters.
- *Water Quality Monitoring:* Monthly water quality monitoring and sampling of our effluent treatment plant and sewage treatment plant operations is conducted by a third-party vendor. Water quality parameters analysed for our effluent treatment plant include pH, colour, temperature, suspended solids, oil and grease, and ammoniacal nitrogen. Water quality parameters analysed for our sewage treatment plant include pH, suspended solids, biological oxygen demand, oil and grease, and residual chlorine.
- *Noise Level Monitoring:* Monthly noise level monitoring and sampling is conducted by a third-party vendor at various locations of our manufacturing facility.
- *BQVI Tanks.* We use of ISO tanks certified by the Bureau Veritas Quality International (“BVQI”) for safety. As bromine is a hazardous chemical, safe transportation is our priority. As of February 15, 2022, we had 226 (owned and leased) ISO tanks and all of our tanks are BVQI certified for safety.

Largest Indian exporter of bromine and industrial salt with global customer base

We have 13 global customers and 29 domestic customers. Our major customers include, for industrial salt, Sojitz Corporation (which is also a shareholder in our Company), Wanhau Chemicals and Qatar Vinyl Company Limited; and for bromine, Shandong Tianyi Chemical Corporation and Unibrom Corporation.

In the six months ended September 30, 2021 and in Fiscal 2021, Fiscal 2020 and Fiscal 2019, our largest customer, Sojitz Corporation, contributed 25.17%, 30.51%, 31.94% and 14.71%, respectively, of our revenue from operations; our top 10 customers contributed 72.30%, 75.70%, 77.14% and 64.64%, respectively, of our revenue from operations; and our top 20 customers contributed 90.34%, 88.66%, 92.05% and 85.47%, respectively, of our revenue from operations. In the six months ended September 30, 2021 and in Fiscal 2021, Fiscal 2020 and Fiscal 2019, our industrial salt sales to Sojitz Corporation accounted for 61.80%, 61.95%, 54.98% and 27.63%, respectively, of our total salt sales, while no customer accounted for more than 20% of our total bromine sales.

We are an export-oriented business, and, in the six months ended September 30, 2021 and in Fiscal 2021, Fiscal 2020 and Fiscal 2019, 68.13%, 74.41%, 78.41% and 80.39%, respectively, of our revenue from operations were attributed to export sales. Some of the key geographies to which we export our products include China, Japan, South Korea, Qatar, Belgium and the Netherlands. We enjoy relationships in excess of five years with seven out of our top ten customers. Our long-term relationships and ongoing active engagements with customers also allow us to plan our capital expenditure, enhance our ability to benefit from increasing economies of scale with stronger purchasing power for raw materials and a lower cost base. These enduring customer relationships also have helped us expand our product offerings and geographic reach. According to Frost & Sullivan, our supply to multi-national customers for more than 9 years reflects our consistent volume and quality supplies which are critical for end users given the constraint around logistics and storage. (Source: Company Commissioned F&S Report, January 2022).

The table set forth below sets out our sales from exports as a percentage of our revenue from operations during the six months ended September 30, 2021 and in Fiscal 2021, Fiscal 2020, and Fiscal 2019, as well as our sales domestically.

| Product Segment | Six months ended September 30, 2021 | | Fiscal 2021 | | Fiscal 2020 | | Fiscal 2019 | |
|--------------------|---------------------------------------|---|---------------------------------------|---|---------------------------------------|---|---------------------------------------|---|
| | % of revenue from operations (export) | % of revenue from operations (domestic) | % of revenue from operations (export) | % of revenue from operations (domestic) | % of revenue from operations (export) | % of revenue from operations (domestic) | % of revenue from operations (export) | % of revenue from operations (domestic) |
| Bromine | 46.29% | 53.71% | 46.10% | 53.90% | 39.79% | 60.21% | 51.22% | 48.78% |
| Industrial Salt | 100.00% | 0.00% | 100.00% | 0.00% | 100.00% | 0.00% | 100.00% | 0.00% |
| Sulphate of Potash | 0.00% | 100.00% | 88.32% | 11.68% | 98.09% | 1.91% | 98.04% | 1.96% |

Our sales across geographies are augmented by our sales and marketing team, including our relationship with Sojitz Corporation, which are instrumental in effective supply-chain management as well as monitoring exposures to risks that may arise from customer or geographical concentration. We believe that as a result of our diversified customer base, our long-standing relationships with our customers, and our ability to service large export markets with strong regulatory standards, we are well equipped to retain our presence in the market and build upon these relationships to increase our product base and reach new customers.

Strong and consistent financial performance

We have built our business organically and have demonstrated consistent growth in terms of revenues and profitability. In Fiscal 2021, we were among the fastest growing specialty marine chemical companies in India and the largest exporter of bromine and industrial salt by volume in India. (Source: Company Commissioned F&S Report, January 2022). Our revenue from operations have increased at a CAGR of 9.42 % from ₹5,655.06 million in Fiscal 2019 to ₹7,407.64 million in Fiscal 2021. Our revenue from operations was ₹4,505.10 million in the six months ended September 30, 2021. Our revenue from exports have grown at a CAGR of 6.63 % from ₹4,546.22 million in Fiscal 2019 to ₹5,512.09 million in Fiscal 2021. We have benefited from our fixed sales contracts with agreed pricing and volumes of approximately 12 months duration with our bromine customers of approximately 24 months duration with our industrial salt customers.

In the six months ended September 30, 2021 and in Fiscal 2021, Fiscal 2020 and Fiscal 2019, our EBITDA was ₹1,927.16 million, ₹2,762.53 million, ₹1,568.13 million, and ₹1,943.41 million, respectively, while our EBITDA margins in the same periods were 42.78%, 37.29%, 25.78% and 34.37%, respectively. Our profit/(loss) after tax was ₹580.59 million, ₹666.06 million, (₹362.35 million), and ₹399.72 million, for the six months ended September 30, 2021 and for Fiscal 2021, Fiscal 2020 and Fiscal 2019, respectively, while our PAT margins were 12.89%, 8.99%, (5.96%) and 7.07%, respectively, for the same periods.

During the six months ended September 30, 2021 and during Fiscal 2021, Fiscal 2020 and Fiscal 2019, our ROCE was 14.35% (not annualised), 21.01%, 11.23% and 17.81%, respectively.

Experienced management team, promoters and financial investors and stakeholders

We are led by a qualified and experienced management team that we believe has the expertise and vision to manage and grow our business. Our management team's collective experience and capabilities enables us to understand and anticipate market trends, manage our business operations and growth, leverage customer relationships, and respond to changes in customer preferences.

Our management team continues to focus on production, marketing and new growth areas in their respective product segments. We believe that the knowledge and experience of our promoters, along with senior management, team of skilled personnel, and financial investors and stakeholders, provides us with a significant competitive advantage as we seek to expand our production capacities and product portfolio into downstream specialty marine chemicals, as well as in our existing markets and new markets.

Our Promoters include Mr. Ravi Pendurthi and Mr. Ranjit Pendurthi.

Mr. Ravi Pendurthi holds a bachelor's degree in science and business administration from Monmouth University, New Jersey. Mr. Ranjit Pendurthi is the Managing Director of our Company. He has been a part of our Company since its inception. Mr. Ranjit Pendurthi holds a master's degree of business administration from the University of Chicago, Illinois, USA. He has 21 years of experience in the chemical business.

We additionally benefit from the industry experience of our financial investors and stakeholders. In 2011, we established our relationship with Sojitz Corporation, a Japanese trading conglomerate and a major customer, which allowed us to develop new solar evaporation ponds in India based on the growing demand in Asia and offtake by Sojitz. In 2018, India Resurgence Fund, a joint venture between Piramal Enterprises Limited and Bain Capital Credit ("IndiaRF") invested US \$156 million in our Company in year 2018, which allowed us to refinance our debt, offer capital investment to optimize output across product lines, and provided working capital.

Our Strategies

Our key strategies are set forth below.

Expand into downstream bromine derivative performance products

We plan to expand our product line into bromine derivative performance products in the next two-to-three years, in particular brominated flame retardants, clear brine fluids and bromine catalysts used for the synthesis of PTA.

According to Frost & Sullivan, global demand for bromine derivatives is expected to increase with

- the global market for brominated flame retardants growing at a CAGR of 11% from US\$1,460 million in CY2021 to US\$1,843 million in CY2025;
- the global market for clear brine fluids growing at a CAGR of 3.6% from US\$1,073 million in CY2021 to US\$1,236 million in CY2025; and
- the global market for PTA growing at a CAGR of 6.6% from US\$307 million in CY 2020 to US\$437 million in CY2025. (Source: Company Commissioned F&S Report, January 2022).

Brominated flame retardants are used in the electronics industry, wire and cable compounds and in everyday commodities such as rubber, textiles, washing machine, computers, televisions and others. (Source: Company Commissioned F&S Report, January 2022). Clear brine fluids are used to produce calcium bromide, which is used in oil drilling and organic synthesis, and sodium bromide, which is used in water treatment, and zinc bromide which is used in water treatment and flow batteries. (Source: Company Commissioned F&S Report, January

2022). PTA is consumed in the development of polyester resins, such as polyester films, polyester fibre and yarn, and PET material bottles. PTA is also used as an intermediate in the manufacturing of liquid crystal polymers, plasticizers, polybutylene terephthalate, and others. (Source: Company Commissioned F&S Report, January 2022).

We are setting up a new facility to manufacture bromine performance derivatives products through our subsidiary, Acume Chemicals Private Limited. The proposed facility will be constructed on 34,983 square meters parcel of land which has been allotted to us from the GIDC, Ankleshwar. The installed capacity of the facility is proposed to be an aggregate of:

- *High end Flame retardant* - 10,000 TPA, which is expected to commence commercial operations by second quarter of Fiscal 2024.
- *Clear Brine fluids* – 13,000 TPA, which is expected to commence commercial operations by second quarter of Fiscal 2024.
- *PTA* – 5,000 TPA, which is expected to commence commercial operations by second quarter of Fiscal 2024.

In respect of the production of flame retardant, we have entered into an agreement to design, engineer, construct, commission and operate the plant to produce with a Chinese technology provider. The technology tie up also includes buyback of minimum of 90% of the produced quantity by the Chinese technology provider at mutually agreed pricing terms.

In respect of PTA and clear brine fluids we have experienced professionals and in house R&D specialists with extensive knowledge in the process of production of clear brine fluids and the bromine catalysts needed for PTA synthesis. The total estimated cost for setting up the bromine performance derivatives products is approximately ₹2,517 million, which we intend to fund through our internal accruals.

Expand our bromine and industrial salt capacities

According to Frost & Sullivan, the bromine global market size was US\$3.03 billion in CY2020, and the market is expected to grow at a CAGR of 5.6% between CY2020 and CY2025. (Source: Company Commissioned F&S Report, January 2022). Due to our market leadership position in merchant sales (traded bromine in the market) in India and our low production costs, we believe that we are well positioned to capitalize on these growth opportunities. We intend to, and are in the process of, increasing our manufacturing capacity for bromine production. To achieve the expansion of our bromine capacity, we added in Fiscal 2021 a feed enrichment section at our site in Hajipir, Gujarat which will improve bromine recovery from our sea bittern. This expansion added 18,000 metric tons per annum to our bromine capacity. We are looking to add an additional 12,500 MT per annum capacity in Fiscal 2022 at an estimated cost of approximately ₹178.84 million which we intend to fund through our internal accruals.

In addition, to cater to the growing demand from our existing customers and to meet requirements of new customers, we intend to expand our manufacturing capacities for industrial salt production by adding an additional washery of 250 tons per hour. We expect that this additional washery will be operational in Fiscal 2023.

Continue to build our global customer base and enter new geographical markets

We export our products to 13 global customers in 13 countries. We enjoy relationships in excess of five years with seven out of our top ten customers. We believe that the long-standing relationships that we have enjoyed with our customers over the years and the repeat and increased orders received from them are an indicator of our position as a preferred source as compared to our competition.

We intend to focus on increasing our wallet share with existing customers. We have built long-standing relationships with our customers through various strategic endeavours, which we intend to leverage by entering into long-term marketing arrangements. In addition, we intend to continue to leverage our existing sales and marketing network, diversified product portfolio and our industry standing to establish relationships with new multinational, regional and local customers.

We are expanding globally to serve our existing direct end-use customers as well as to secure new direct end-use customers and expand the reach of our products in new markets. We intend to achieve this by having dedicated sales and marketing teams whose primary focus will be on business development in international markets and in certain focus geographies like Asia and Europe. Our focus will also be to strengthen our sales team in India, Asia

and Europe to ensure that we are able to deliver products to our customers in a timely manner.

Continue to focus on quality, environment, health and safety

We will continue to focus on sustainability by emphasizing quality, environment, health and safety. We believe that maintaining a high standard of quality for our products is critical to our brand and continued growth. Across our manufacturing facility, we have put in place quality systems that cover all areas of our business processes from manufacturing and supply chain to product delivery to ensure consistent quality, efficacy and safety of our products. Our products adhere to global quality standards. Our products go through various quality checks at various stages, including random sampling check and quality check by internal and external agencies. Many of our key customers have audited and approved our facility and manufacturing processes in the past and may undertake similar audits periodically in the future. We also undertake an annual environmental, social and governance (“ESG”) audit.

We consider the potential impact of our activities on the local environment and have set stringent environmental standards, which meet regulatory requirements. We strive to ensure that we do not discharge any harmful elements from our manufacturing operations. In that regard, we will continue to emphasize the monitoring of our effluent treatment plant and sewage treatment plant operations, handling of hazardous waste and disposal, and providing employee training on environmental management and compliance. Further, while the power needs for our manufacturing facility are presently powered by coal, we are actively working towards transitioning to solar energy to mitigate our reliance on coal towards eco-friendly renewable resources. In addition, we are equipping our fleet of 35 vehicles for the transportation of our salt products in India with LNG tanks to reduce our consumption of diesel fuel.

Our Products

We develop and manufacture specialty marine chemicals in India and market our products in India and internationally. Our integrated manufacturing facility is structured around three products: bromine, industrial salt, and sulphate of potash.

The table set forth below provides our revenue from operations contributed to each of our products and the percentage of our revenue from operations in the six months ended September 30, 2021 and in Fiscal 2021, Fiscal 2020 and Fiscal 2019.

| Product Segment | Six months ended September 30, 2021 | | Fiscal 2021 | | Fiscal 2020 | | Fiscal 2019 | |
|--------------------|-------------------------------------|------------------------------|-------------|------------------------------|-------------|------------------------------|-------------|------------------------------|
| | ₹ million | % of revenue from operations | ₹ million | % of revenue from operations | ₹ million | % of revenue from operations | ₹ million | % of revenue from operations |
| Bromine | 2,668.07 | 59.22 | 3,444.10 | 46.49 | 2,155.03 | 35.43 | 2,252.58 | 39.83 |
| Industrial Salt | 1,834.37 | 40.72 | 3,637.15 | 49.10 | 3,520.09 | 57.88 | 2,998.47 | 53.02 |
| Sulphate of Potash | 2.27 | 0.05 | 325.37 | 4.39 | 398.36 | 6.55 | 401.90 | 7.11 |

Bromine

Bromine is the only non-metallic element that is a liquid at standard conditions. Bromine is widely distributed in nature but in relatively small amounts, mainly as soluble salts. It is found in the form of bromide in sea water and in natural deposits, together with chloride. It is a member of the halogen family and is found naturally in seawater, underground brine deposits and other water reservoirs.

Bromine concentration and the method of extraction varies depending upon the nature of its source. The lower the concentration of bromine in the brines, the more difficult and expensive it is to extract. Bromine is produced from the highly concentrated brine (bittern) that is left over after precipitation of potash and magnesium salts (kainite), which is used as a raw material for our production of sulphate of potash.

Elemental bromine is the starting point for manufacturing a wide range of bromine derivative performance products. Our bromine and bromine-based business are used in a broad range of end-use industries and have applications in the pharmaceuticals, fumigants and agrochemicals, water treatment, mercury control, flame retardants, additives and oil & gas segments of the chemicals industry. Globally the nations that are the leading in

the production of bromine are United States, along with China, India Israel, Jordan and as major producers of elemental bromine. (*Source: Company Commissioned F&S Report, January 2022*).

In the six months ended September 30, 2021 and in Fiscal 2021, Fiscal 2020 and Fiscal 2019, we exported 46.29%, 46.10%, 39.79% and 51.22%, respectively, of our bromine production abroad, mainly to China. The balance of our bromine production is sold in the domestic market.

Industrial Salt

Industrial salt is the principal material in chlorine and caustic soda production (together, known as chloralkali) and is widely used in the chemical and food and beverage industries. Chlorine finds end-uses in vinyl, phosgene, chloromethanes, chlorinated C3, water treatment, synthesis HCl, bleach, and other organic and inorganic chemical material. Caustic soda finds end-uses in alumina, paper and pulp, soap and detergents, textiles, water treatment, bleach, and other organic and inorganic chemical material.

In the six months ended September 30, 2021 and in Fiscal 2021, Fiscal 2020 and Fiscal 2019, we exported 100% of our industrial salt production abroad, primarily to customers in Japan and China.

Sulphate of Potash

Sulphate of potash, also known as potassium sulphate, is a high-end, specialty fertilizer for chlorine-sensitive crops. It is one of the most popular forms of low chloride potash, largely due to its high 50-52% K₂O content, which contains about 50% of plant food.

Sulphate of potash has major application in agriculture, providing both potassium and sulphur in soluble forms. This stimulates the growth of strong stems and provides disease resistance to crops and plants by promoting thickness of the outer cell walls. Further, sulphate of potash can reduce moisture loss from growing plants, thereby providing drought resistance, and has been proven to improve yield, nutritional value, colour, flavour, and storing quality of fruits and vegetables. It has proven to be particularly effective in the cultivation of citrus fruits, pomegranates, grapes, vegetables, tobacco and nuts. In addition, due to its low saline index, sulphate of potash can also benefit soil containing a high-salt content. Hence, the primary end-use industries for our sulphate of potash includes the agrochemicals industry, which uses our product for the manufacture of fertilizer.

In Fiscal 2021, Fiscal 2020 and Fiscal 2019, we exported 88.32%, 98.09% and 98.04%, respectively, of our sulphate of potash production abroad, mainly to Europe. The balance of our sulphate of potash production is sold in the domestic market.

We are one of the few companies having received certification under the Registration, Evaluation, Authorisation and Restriction of Chemicals (“REACH”), a European Union regulation enacted to address the production and use of chemical substances. Our REACH certification allows us to export our sulphate of potash products to our European customers.

Our Customers

As of September 30, 2021, we marketed our products to 13 global customers in 13 countries and to 29 domestic customers. Our customers include leading domestic and international multinational companies. Our major customers include Sojitz Corporation, which is also a shareholder in our Company, Shandong Tianyi Chemical Corporation, Unibrom Corporation, Wanhau Chemicals and Qatar Vinyl Company Limited.

We enjoy relationships of over 5 years with seven out of our top ten customers. Our long-term relationships and ongoing active engagements with customers also allow us to plan our capital expenditure, enhance our ability to benefit from increasing economies of scale with stronger purchasing power for raw materials and a lower cost base. These enduring customer relationships also have helped us expand our product offerings and geographic reach.

In the six months ended September 30, 2021 and in Fiscal 2021, Fiscal 2020 and Fiscal 2019, our largest customer, Sojitz Corporation, contributed 25.17%, 30.51%, 31.94% and 14.71%, respectively, of our revenue from operations; our top 10 customers contributed 72.30%, 75.70%, 77.14% and 64.64%, respectively, of our revenue from operations; and our top 20 customers contributed 90.34%, 88.66%, 92.05% and 85.47%, respectively, of our revenue from operations. In the six months ended September 30, 2021 and in the Fiscal 2021, Fiscal 2020 and

Fiscal 2019, our industrial salt sales to Sojitz Corporation accounted for 61.80%, 61.95%, 54.98% and 27.63%, respectively, of our total salt sales, while no customer accounted for more than 20% of our total bromine sales.

Some of our key bromine and industrial salt customer relationships are provided below:

Bromine

| S. No. | Name of Customer | Year Customer Relationship Commenced |
|--------|--------------------------------------|--------------------------------------|
| 1. | Unibrom Corp | 2014 |
| 2. | Chinese trading company | 2014 |
| 3. | Chinese chemical company | 2015 |
| 4. | Shandong Tianyi Chemical Corporation | 2017 |

Industrial Salt

| S. No. | Name of Customer | Year Customer Relationship Commenced |
|--------|--------------------------|--------------------------------------|
| 1. | Sojitz Corporation | 2013 |
| 2. | Chinese chemical company | 2017 |
| 3. | Indian trading company | 2018 |
| 4. | Wanhua Chemical | 2018 |

We have benefited from our fixed sales contracts with agreed pricing and volumes of approximately 12 months duration with our bromine customers representing all of our bromine sales in Fiscal 2021 and of approximately 24 months duration with our industrial salt customers representing all of our salt sales in Fiscal 2021.

For other customers, we instead rely on purchase orders to govern the volume and other terms of our sales of products. Many of the purchase orders we receive from our customers specify a price per unit and delivery schedule.

Exports

We are an export-oriented business, and, in the six months ended September 30, 2021 and in Fiscal 2021, Fiscal 2020 and Fiscal 2019, 68.13%, 74.41%, 78.41% and 80.39%, respectively, of our revenue from operations were attributed to export sales. In the six months ended September 30, 2021, we exported our products to thirteen countries including China, Japan, South Korea, Qatar, and the rest of Asia.

Geographic Split of Revenue from Operations

The table set forth below provides geographic split of our revenue from operations and as a percentage of revenue from operations in the six months ended September 30, 2021 and in Fiscal 2021, Fiscal 2020 and Fiscal 2019.

| Geography | Six months ended September 30, 2021 | | Fiscal 2021 | | Fiscal 2020 | | Fiscal 2019 | |
|--------------------------------------|-------------------------------------|------------------------------|-----------------|------------------------------|-----------------|------------------------------|-----------------|------------------------------|
| | ₹ million | % of revenue from operations | ₹ million | % of revenue from operations | ₹ million | % of revenue from operations | ₹ million | % of revenue from operations |
| India (domestic) | 1,435.78 | 31.87% | 1,895.55 | 25.59% | 1,313.32 | 21.59% | 1,108.84 | 19.61% |
| Japan | 283.23 | 6.29% | 746.37 | 10.08% | 742.09 | 12.20% | 395.62 | 7.00% |
| China | 1,505.14 | 33.41% | 2,792.67 | 37.70% | 2,507.99 | 41.24% | 3,316.76 | 58.65% |
| South Korea | 501.05 | 11.12% | 926.8 | 12.51% | 593.28 | 9.76% | 68.61 | 1.21% |
| Rest of Asia | 779.9 | 17.31% | 758.91 | 10.24% | 534.29 | 8.79% | 371.21 | 6.56% |
| Europe | 0.0 | 0.00% | 287.34 | 3.88% | 390.73 | 6.42% | 394.02 | 6.97% |
| Total Revenue from Operations | 4,505.10 | 100.00% | 7,407.64 | 100.00% | 6,081.70 | 100.00% | 5,655.06 | 100.00% |

Manufacturing

Our Manufacturing Facility

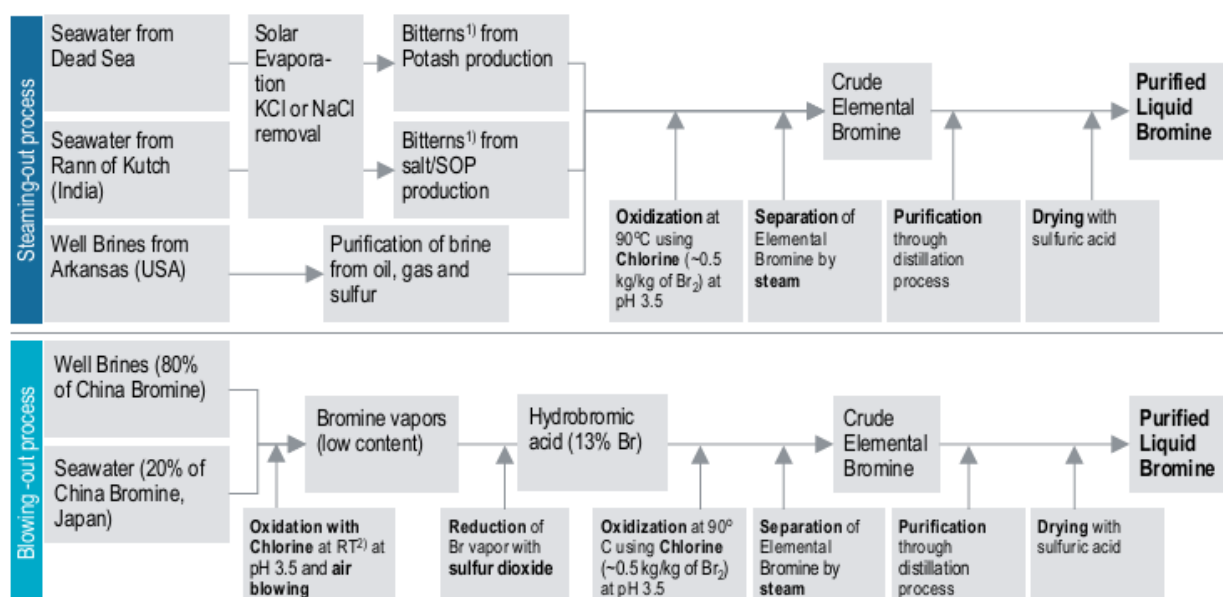
We have an integrated production facility for our bromine, industrial salt, and sulphate of potash operations, located at Hajipir, Gujarat, which is located on the northern edge of the Rann of Kutch brine fields. Our facility and its surrounding salt fields and brine reservoirs span approximately 240 sq.km. Our manufacturing facility had an installed capacity of 28,500 MT per annum of bromine, 3,000,000 MT per annum of industrial salt and 130,000 MT per annum of sulphate of potash, as certified by M.Ulaganathan, Chartered Engineer. Our integrated facility has three product lines: bromine, industrial salt, and sulphate of potash. Our facility is equipped with its own quality department, central quality assurance and quality control department, co-generation power plant, desalination plant, effluent treatment plant, sewage treatment plant and warehouse.

Our manufacturing facility is located in close proximity to the captive Jakhau Jetty and Mundra Port, where we transport our products to our customers around the world. Our close proximity to the two ports allows us to deliver high quality and timely products to our global customers.

Bromine

The technical know-how and technology for our bromine plant was provided by a German engineering company pursuant to a technology transfer agreement. We produce liquid bromine with specifications of <60 ppm of chlorine and < 30 ppm of moisture. There are generally two processes for bromine production: (i) the steaming-out process and (ii) the blowing-out process. The type of process utilized is largely dependent on access to brine and the feedstock grade (i.e., grams of bromine/litre of brine). The steaming-out process typically requires a minimum feedstock more than two grams of bromine/litre of brine and is less energy intensive, while the blowing-out process may use a lower feedstock grade as air is used for blowing out the bromine. We operate and utilize the steaming-out process.

The below graphic summarizes the two primary processes:



As of September 30, 2021, our bromine installed capacity was of 28,500 MT per annum. We have identified bromine as the product of focus for our company and plan to further expand our bromine capacity as our business strategy is to expand our product line into downstream bromine derivative products.

Industrial Salt

There are generally three processes for industrial salt production: (i) solar evaporation, (ii) vacuum evaporation, and (iii) rock salt mining. The type of process utilized is largely dependent on access to salt reserves and geography. We operate and utilize the solar evaporation process, which includes the following steps (in

chronological order):

- **Sea Water Pumping:** Sea water (i.e., brine) is pumped into reservoirs and condensers, where constant evaporation by the sun concentrates the brine from 25 °Be to 27-28 °Be density at normal salt fields. At our field area, brine is available at 20-25 °Be and then pumped directly into salt crystallizers for salt precipitation.
- **Crystallization:** At our crystallizers, the salt is deposited on the salt bed at a rate of 2.5-3 cm/month. Salt crystallization occurs between 25 to 29 °Be density. Once the desired density is reached, the brine is pumped out.
- **Solar Salt Harvesting:** The crystalized salt is then harvested annually, producing a total of 25-30 cm of salt. Harvesting is performed through harvesters & excavators and transported to the washery.
- **Washery:** The salt is then run through automated washery units, which run for 22 hours/day to remove impurities from the salt.
- **Quality Checks:** A quality check is then performed to ensure the salt meets the applicable specifications before it is supplied to the customer. The primary parameters analysed include calcium (< 0.05%), magnesium (< 0.03%) and the calcium to magnesium ratio (around 1.5).
- **Transportation for Export:** Following the quality check, the salt is then transported to the stockyard, where it is then transported to the Jakhau Jetty or the Mundra Port for export to our customers.



Sea Water Sourcing



Reservoirs



Condensers



Crystallizers Scrapping



Washery



Transport through Jetty/Port

As of September 30, 2021, our industrial salt installed capacity was 3,000,000 MT per annum. Due to the strategic location of our facility near one of the largest salt reserves in the world, which spans an area of approximately 240 sq. kms, we have a production cost of US \$5.5 per to US\$6.0 per MT. (Source: Company Commissioned F&S Report, January 2022).

To cater to the growing demand from our existing customers and to meet requirements of new customers, we intend to expand our manufacturing capacities for industrial salt production by adding an additional washery of 250 tons per hour. We expect that this additional washery will be operational by Fiscal 2023.

Sulphate of Potash

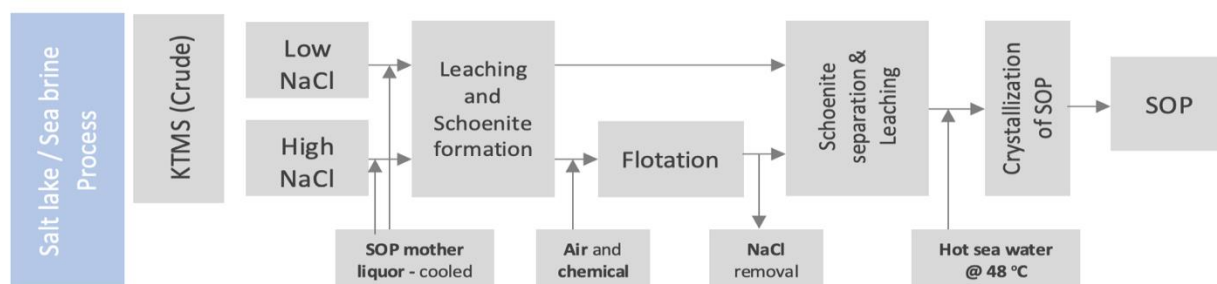
The technical know-how and technology for our sulphate of potash plant was provided under contract with a German engineering company. There are generally three processes for sulphate of potash production: (i) the Mannheim process, (ii) the MOP and Kieserite process and (iii) the salt lake / sea water process. The Mannheim process and the MOP and Kieserite process require potash as a raw material and are significantly more expensive than the salt lake process. The salt lake process uses kainite type mixed salt ("KTMS"), in expensive by product from the salt production in potassium rich brines. We operate and utilize the salt lake / sea water process.

In this process, KTMS is used as raw material, which gets precipitated in due course of evaporation of brine after salt precipitation. The precipitated KTMS is then harvested and stored. In the processing plant, KTMS is decomposed to schoenite, an intermediate product of sulphatic salts of potassium and magnesium. Upon thermal decomposition, the schoenite yields sulphate of potash, which is then dried and packed. The sulphate of potash produced by this process is of low chloride, a valuable market product.

The recovery of sulphate of potash is based on potassium chloride ("KCl") and sodium chloride ("NaCl") content. Lower levels of NaCl yields better recovery of sulphate of potash from KTMS and an increased level of NaCl yields lower outputs. Further, we recently upgraded our facility and flotation circuit to improve conversion ratio,

which determines the overall output of our manufacturing process. As we continue to improve our KTMS ratio, we expect the costs associated with our utilities and raw materials to decrease and improve our sulphate of potash production substantially. The KTMS that we have harvested has had a higher level of NaCl, and accordingly have taken professional advice on improving the quality of our KTMS. The method of precipitation of KTMS was changed from parallel to series mode in the crystallizers which is expected to yield a lower NaCl content.

The below graphic summarizes our manufacturing process of sulphate of potash:



As of September 30, 2021, our sulphate of potash installed capacity was 130,000 MT per annum.

Capacity Production and Utilization

The following tables set forth our installed capacity, actual production and utilization for our manufacturing plant in Hajipir as of, and for the period ended, March 31, 2021, 2020 and 2019 as of, and for the period ended, September 30, 2021. The information in the table has been certified by M.Ulaganathan, Chartered Engineer.

| Production Stream | As of, and for the period ended, March 31, 2021 | | | As of, and for the period ended, March 31, 2020 | | | As of, and for the period ended, March 31, 2019 | | |
|--------------------|---|-------------------|-------------|---|-------------------|-------------|---|-------------------|-------------|
| | Installed Capacity | Actual Production | Utilization | Installed Capacity | Actual Production | Utilization | Installed Capacity | Actual Production | Utilization |
| | MT | MT | % | MT | MT | % | MT | MT | % |
| | | | | | | | | | |
| Bromine | 28,500 | 14,751 | 115.69% | 10,500 | 8,855 | 84.33% | 10,500 | 10,294 | 98.04% |
| Industrial Salt | 3,000,000 | 2,879,533 | 95.98% | 3,000,000 | 2,905,054 | 96.84% | 3,000,000 | 2,229,370 | 74.31% |
| Sulphate of Potash | 130,000 | 2,002 | 1.54% | 130,000 | 19,042 | 14.65% | 130,000 | 13,084 | 10.06% |

| Production Stream | As of, and for the period ended, September 30, 2021 | | |
|--------------------|---|-------------------|----------------------------|
| | Installed Capacity ⁽¹⁾ | Actual Production | Utilization ⁽²⁾ |
| | MT | MT | % |
| Bromine | 28,500 | 9,666 | 67.83% |
| Industrial Salt | 3,000,000 | 1,539,885 | 102.66% |
| Sulphate of Potash | 130,000 | 39 | 0.06% |

Notes:

(1) Installed capacity per annum.

(2) The utilisation percentage for the period ended September 30, 2021 is not annualized.

Power and Fuel

We generate electricity for use at our manufacturing plant through our co-generation captive power plant, which has capacity of 10 MW. The processed steam is extracted through double controlled extraction from the turbine of the co-generation plant. Imported coal from Indonesia is used as raw material and also sourced from domestic traders in Kandla, India. We are actively working towards transitioning to solar energy to mitigate our reliance on coal towards eco-friendly renewable resources.

Our plant has a desalination unit of three x 3.75 minimal liquid discharge (MLD) capacity with two units running and one standby. The unit can handle saline water concentration up to 49,000 total dissolved solids (TDS). The configuration of the desalination unit is SWRO, BWRO and EDU. We also have a 1.5 MLD brackish water reverse osmosis unit and a demineralized water production unit which covers all of our present needs and will cover our future expansion. Our power and fuel expenses together comprised 10.89%, 8.06%, 7.01% and 7.00% of our total expenses in the six months ended September 30, 2021 and in Fiscal 2021, Fiscal 2020 and 2019, respectively.

Inventory Management

Our finished products are stored on-site at our manufacturing facility. Our primary raw materials come from our brine field. The solids are stored as heaps and brine in a feed bittern storage pond. The other raw materials for use in production are stored at our warehouse on-site. Most of our raw material suppliers are located within 500 km from our manufacturing facility. We typically keep an inventory of bought out raw materials, work in progress and recoveries at our facilities to mitigate the risk of raw material price movements. These inventory levels are planned based on existing and expected orders, which are confirmed due to our long-standing relationships with customers. We maintain a lead-time material requirement planning system and utilize our ERP software to manage our levels of inventory on a real-time basis.

Raw Materials and Suppliers

The major raw materials for our process plant come from our brine field, which include industrial salt, kainite and end bittern, which has high grams per litre of bromine content. Other raw materials we use in our manufacturing process are primarily sourced from third party suppliers in India. Most of the other raw materials are sourced from domestic suppliers who are located within 500 km from our manufacturing facility. During the six months ended September 30, 2021 and during Fiscal 2021, Fiscal 2020 and Fiscal 2019, our cost of materials consumed amounted to ₹215.69 million, ₹167.46 million, ₹249.99 million, and ₹342.38 million, respectively, and our cost of materials consumed as a percentage of our revenue from operations was 4.79%, 2.26%, 4.11% and 6.05%, respectively. Our raw materials include brine, chlorine, sulfuric acid, sulphur, lime, caustic soda, coal, water and castor oil.

The prices of our raw materials are based on, or linked to, the international prices of such raw material and the variations are typically passed on to the customer. We usually do not enter into long-term supply contracts with any of our raw material suppliers and typically source raw materials from third-party suppliers under contracts of shorter periods or the open market.

Logistics

We transport our raw materials and our finished products typically by road and sea. Our facility is equipped with a stockyard, enabling smooth functioning of our operations. We sell our products on a cost, insurance and freight basis, free on-board basis, consignee basis and on a door delivery/DDP basis. In addition, we may have to pay for transportation costs in relation to the delivery of some of the raw materials and other inputs to our manufacturing facility. As of September 30, 2021, we owned 35 vehicles for our transportation requirement in India and we also rely on third party transportation and logistics providers for delivery of our raw materials and products. We have long-term contractual arrangements with such third-party transportation and logistics providers.

Where we are responsible for shipping the products to the customer, our freight forwarders arrange for the finished products to be trucked to our customers in India or to the port for export, as applicable. We ship our bromine products in our ISO containers which are then returned to us by our customers. Our custom house agents handle the requisite clearance procedures. For exports, our freight forwarders co-ordinate with the shipping line to file and release the necessary bills of lading.

A significant portion of our expenses is due to freight carriage and transport and freight and forwarding expense and export freight charges. Packing, dispatching and freight costs represented 29.80%, 37.49%, 42.15% and 38.81%, respectively, of our revenue from operations in the six months ended September 30, 2021 and in Fiscal 2021, Fiscal 2020 and Fiscal 2019, respectively. Our packing, dispatching and freight costs includes the return of our ISO containers from our customers.

Sales and Marketing

Our business is predominantly conducted on a business-to-business basis and our focus is on maintaining constant contact with customers and to ensure timely delivery. Our sales and marketing activities for our products are carried out by our sales and marketing personnel, who are responsible for taking new orders, quoting rates and understanding the needs of our customers. As of September 30, 2021, we had a sales and marketing team of three personnel.

In order to serve our existing direct end-use customers as well as to secure new direct end-use customers and expand the reach of our products to new markets, we are expanding globally. We intend to achieve this by having dedicated teams whose primary focus will be on business development in international markets and in certain focus geographies, such as the Americas, Asia and Europe.

Environment, Health and Safety

We are subject to national, regional and state laws and government regulations in India, including in relation to safety, health, environmental protection and labour. These laws and regulations impose controls on air and water discharge, noise levels, storage handling, employee exposure to hazardous substances and other aspects of our manufacturing operations. Further, our products, including the process of manufacture, storage and distribution of such products, are subject to numerous laws and regulations in relation to quality, safety and health. We handle and use hazardous materials in our manufacturing activities, and the improper handling or storage of these materials could result in accidents, injuries to our personnel, and damage to our property and the environment.

We believe that accidents and occupational health hazards can be significantly reduced through a systematic analysis and control of risks and by providing appropriate training to our management team and our employees. We undertake an annual ESG audit and strive to ensure that we do not discharge any harmful elements from our manufacturing operations. Our facility has an ISO 9001:2015 certification. As of September 30, 2021, we had an environmental, health and safety team of twelve employees.

We prioritize the health and safety of our employees and undertake several initiatives to promote employee health and quality of life. We work to ensure a safe and healthy workplace and provide our employees with the benefits, resources, and flexibility to maintain and improve their wellness. In this regard, we have a safety head at each of our plants and have installed sensors inside our plants to continuously monitor any leaks so that we can resolve any issues immediately.

Competition

The speciality marine chemicals industry presents significant entry barriers, including customer validation and approvals, expectation from customers for process innovation and cost reduction, high quality standards and stringent specifications. Our competition varies by market, geographic area and type of product. As a result, to remain competitive in our markets, we must continuously strive to reduce our costs of production, transportation and distribution and improve our operating efficiencies. We face competition primarily from international manufacturers, especially producers in Israel (Dead Sea area), and North America. We compete primarily on the basis of product quality, technology, cost, delivery and service, as well as quality and depth of senior level relationships. For more information about our industry, see “*Industry Overview*” on page 96.

Insurance

Our operations are subject to risks inherent to manufacturing operations, which include defects, liability for product and/or property damage, malfunctions and failures of manufacturing equipment, fire, explosions, loss-in-transit for our products, accidents, personal injury or death, environmental pollution and natural disasters. We maintain insurance coverage that we consider necessary for our business. We maintain an insurance policy that insures against material damage to buildings, facilities and machinery, furniture, fixtures, fittings, stocks, and machinery breakdown. We also maintain a marine cargo insurance policy that insures consignments of goods by sea and by courier until delivery to the customer’s warehouse and inland movement of bulk cargo in road tankers. In addition, we maintain commercial general liability insurance that covers liability in claims for bodily injury (and medical payments), property damage, and personal and accidental injury.

As of September 30, 2021, the total amount of our insurance coverage was ₹ 17,325 million. The total carrying value of assets (including property, plant and equipment, capital work in progress, right of use assets and intangible assets) was ₹ 10,987 million, as of September 30, 2021. Consequently, our insurance cover for the carrying value of the assets (including property, plant and equipment, capital work in progress, right of use asset

and intangible assets) was 157.69%, as of September 30, 2021.

Intellectual Property

As on the date of this Draft Red Herring Prospectus, our Company has made an application to register our logo as a trademark in device category under the Trade Marks Act, 1999. We have registered the domain name www.archeanchemicals.com, which is renewable periodically.

We also rely on a combination of trade secret, and copyright law and contractual restrictions to protect our intellectual property. We do not own any patents. We have agreements with our employees and consultants which include confidentiality provisions and provisions on ownership of intellectual property developed during employment or specific assignments, as applicable. For further information, see “*Risk Factors - We rely on a combination of trade secret, copyright law and contractual restrictions to protect our intellectual property. We do not own any patents. Our logo is not registered as a trade mark. If we are unable to protect our intellectual property rights, our business, financial condition and results of operations may be adversely affected.*” on page 29.

Employees

As of September 30, 2021, we had 255 employees and over 200 contract workers. The following table sets forth the details of our employees as of September 30, 2021:

| Particulars | Number of Employees |
|-------------------------------|---------------------|
| Management and Administration | 15 |
| Finance | 28 |
| Sales and Marketing | 3 |
| Procurement | 16 |
| Production | 181 |
| Safety Team | 12 |
| Total | 255 |

Our work force is a critical factor in maintaining quality, productivity and safety, which strengthens our competitive position. We aim to develop a culture that is based on fairness and respect. We continuously review our existing human resource initiatives to make them more inclusive, employee engaging and skill-development oriented. We continue to lay emphasis on building and sustaining an excellent culture based on human performance.

We do not have any union at our manufacturing plant. We have not experienced any major work stoppages due to labour disputes or cessation of work in the last three years.

Our workforce has been impacted by COVID-19, see “*Risk Factors — The impact of the COVID-19 pandemic is uncertain and still evolving, and could adversely affect our business, results of operations and financial condition.*” on page 26.

Properties

Our registered office is located at No. 2D, North Crescent Road, Thyagaraya Nagar, Chennai, Tamil Nadu, India 600017.

Principal Properties

The following table sets forth details of our principal properties as of the date of this Draft Red Herring Prospectus.

| Location | Primary Purpose | Freehold or Lease |
|---|------------------------|-------------------|
| No. 2D, North Crescent Road, Thyagaraya Nagar, Chennai, Tamil Nadu, India 600017. | Registered Office | Leased |
| Greater Rann of Kutch, Hajipur, Gujarat | Manufacturing Facility | Leased |

Corporate Social Responsibilities

We value practicing corporate social responsibility (“CSR”) and believe it is vital for us to go on the field and meet the communities in which we operate in and to which we wish to contribute. Our CSR initiatives are focused on education and skill development and healthcare for our staff and local community. As part of this effort, we have carried out activities set forth below:

- supplied drinking water to the villages situated nearby Hajipir Factory and to BSF at Hajipir, Gujarat;
- donated to schools for promoting education at Hajipir, Gujarat;
- donated to GMDC College for promoting a cricket tournament and other sports at Nakhatrana, Gujarat; and
- supported a COVID-19 pandemic, medical camp and medical services.

In September 30, 2021 and in Fiscal 2021, Fiscal 2020 and Fiscal 2019, we have spent ₹6.44 million, ₹5.51 million, ₹6.67 million and ₹8.68 million towards our CSR activities.

COVID-19 – Recent Developments

The outbreak of COVID-19 was declared a pandemic by the World Health Organization on March 11, 2020, and as of the date of this Draft Red Herring Prospectus, it is still ongoing and rapidly evolving. The GoI initiated a nation-wide lockdown from March 24, 2020, that lasted until May 31, 2020, and has been extended periodically by varying degrees by state governments and local administrations. We were required to shut down our manufacturing activities and operations during the nationwide lockdown. However, the activities resumed after a period of seven days. For further information, see *“Risk Factors — The impact of the COVID-19 pandemic is uncertain and still evolving, and could adversely affect our business, results of operations and financial condition.”* on page 26.

KEY REGULATIONS AND POLICIES

The following is an overview of the certain sector specific Indian laws and regulations which are relevant to our business. The tax related statutes and applicable shops and establishment statutes, labour laws and other miscellaneous regulations and statutes apply to us as they do to any other Indian company.

The information detailed in this section has been obtained from various statutes, regulations and/or local legislations and the bye laws of relevant authorities that are available in the public domain. The description of laws and regulations set out below is not exhaustive and is only intended to provide general information and is neither designed nor intended to be a substitute for professional legal advice. For details of government approvals obtained by us in compliance with these regulations, see “Government and Other Approvals” on page 293. The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

Environmental laws

The Environment (Protection) Act, 1986 (“EPA”), Environment Protection Rules, 1986 (the “EP Rules”) and the Environmental Impact Assessment Notification, 2006 (“EIA Notification”)

The EPA has been enacted for the protection and improvement of the environment. The EPA empowers the government to take all measures to protect and improve the quality of environment, such as by laying down standards for emission and discharge of pollutants, providing for restrictions regarding areas where industries may operate and laying down safeguards for handling hazardous substances, amongst others. It is in the form of an umbrella legislation designed to provide a framework for Central Government to coordinate the activities of various central and state authorities established under previous laws. It is also in the form of an enabling law, which delegates wide powers to the executive to enable bureaucrats to frame necessary rules and regulations.

Further, the EP Rules specify, inter alia, the standards for emission or discharge of environmental pollutants, restrictions on the location of industries and restrictions on the handling of hazardous substances in different areas. For contravention of any of the provisions of the EPA or the rules framed thereunder, the punishment includes either imprisonment or fine or both. Additionally, under the EIA Notification and its subsequent amendments, projects are required to mandatorily obtain environmental clearance from the concerned authorities depending on the potential impact on human health and resources.

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

The Water Act aims to prevent and control water pollution and to maintain or restore wholesomeness of water. The Water Act provides for one Central Pollution Control Board, as well as state pollution control boards, to be formed to implement its provisions, including enforcement of standards for factories discharging pollutants into water bodies. Any person intending to establish any industry, operation or process or any treatment and disposal system likely to discharge sewage or other pollution into a water body, is required to obtain the consent of the relevant state pollution control board by making an application.

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

The Air Act aims to prevent, control and abate air pollution, and stipulates that no person shall, without prior consent of the relevant state pollution control board, establish or operate any industrial plant which emits air pollutants in an air pollution control area. They also cannot discharge or cause or permit to be discharged the emission of any air pollutant in excess of the standards laid down by the State Boards. The Central Pollution Control Board and the state pollution control boards constituted under the Water Act perform similar functions under the Air Act as well. Pursuant to the provisions of the Air Act, any person establishing or operating any industrial plant within an air pollution control area, must obtain the consent of the relevant state pollution control board prior to establishing or operating such industrial plant.

The Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 (“Hazardous Waste Rules”)

The Hazardous Waste Rules regulate the management, treatment, storage and disposal of hazardous waste by imposing an obligation on every occupier and operator of a facility generating hazardous waste to dispose of such

waste without harming the environment. The term “hazardous waste” has been defined in the Hazardous Waste Rules and any person who has, control over the affairs of the factory or the premises or any person in possession of the hazardous waste has been defined as an “occupier”. Every occupier and operator of a facility generating hazardous waste must obtain authorization from the relevant state pollution control board. Further, the occupier, importer or exporter is liable for damages caused to the environment resulting from the improper handling and disposal of hazardous waste and must pay any financial penalty that may be levied by the respective state pollution control board.

The Chemical Accidents (Emergency Planning, Preparedness and Response) Rules, 1996 (“Chemical Accidents Rules”)

The Chemical Accidents Rules, formulated pursuant to the provisions of the EPA, seek to manage the occurrence of chemical accidents by, inter alia, setting up a central crisis group and a crisis alert system. The functions of the central crisis group inter alia include, (i) conducting post-accident analysis of major chemical accidents; (ii) rendering infrastructural help in the event of a chemical accident; and (iii) review district off site emergency plans.

The Manufacture, Storage and Import of Hazardous Chemical Rules, 1989 (“HCR Rules”)

The HCR Rules are formulated under the EPA. The HCR Rules are applicable to an industrial activity in which a hazardous chemical which satisfies certain criteria as listed in the schedule thereto, and to an industrial activity in which there is involved a threshold quantity of hazardous chemicals as specified in the schedule thereto. The occupier of a facility where such industrial activity is undertaken has to provide evidence to the prescribed authorities that he has identified the major accident hazards and that he has taken steps to prevent the occurrence of such accident and has to provide to the persons working on the site with the information, training and equipment including antidotes necessary to ensure their safety. Where a major accident occurs on a site or in a pipeline, the occupier shall forthwith notify the concerned authority and submit reports of the accident to the said authority. Furthermore, an occupier shall not undertake any industrial activity unless he has submitted a written report to the concerned authority containing the particulars specified in the schedule to the HCR Rules at least three months before commencing that activity or before such shorter time as the concerned authority may agree.

The Consumer Protection Act, 2019 (the “Consumer Protection Act”)

The Consumer Protection Act was enacted to provide a simpler and quicker access to redress consumer grievances, including in course of both online and offline transactions. It seeks to promote and protects the interest of consumers against deficiencies and defects in goods or services and secure the rights of a consumer against unfair trade practices, which may be practiced by manufacturers and traders. It establishes consumer disputes redressal commissions at the district, state and national levels and a central consumer protection authority, with wide powers of enforcement, to regulate matters relating to violation of consumer rights, unfair trade practices and misleading advertisements. The consumer protection authority has the ability to inquire into violations of consumer rights, investigate and launch prosecution at the appropriate forum, pass orders to recall goods, impose penalties and issue safety notices to consumers against unsafe goods. It also introduces product liability, which can hold the product seller liable for compensation claims.

The Indian Boilers Act, 1923 (“Boilers Act”) and the Indian Boiler Regulations, 1950 (“Boiler Regulations”)

The Boilers Act seeks to regulate, inter alia, the manufacture, possession and use of boilers. In terms of the provisions of the Boilers Act, an owner of a boiler is required to get the boiler registered and certified for its use, by an inspector appointed by the relevant State Government. The Boiler Regulations have been framed under the Boilers Act. The Boiler Regulations deal with the materials, procedure and inspection techniques to be adopted for the manufacture of boilers and boiler mountings and fittings.

The Foreign Trade (Development and Regulation) Act, 1992 (“FTA”)

In India, the main legislation concerning foreign trade is FTA. The FTA read along with relevant rules provides for the development and regulation of foreign trade by facilitating imports into, and augmenting exports from, India and for matters connected therewith or incidental thereto.

As per the provisions of the Act, the Government: (i) may make provisions for facilitating and controlling foreign trade; (ii) may prohibit, restrict and regulate exports and imports, in all or specified cases as well as subject them

to exemptions; and (iii) is authorized to formulate and announce an export and import policy and also amend the same from time to time, by notification in the Gazette.

FTA read with the Indian Foreign Trade Policy 2015 – 2020 (extended up to March 31, 2022) provides that no export or import can be made by a company without an importer-exporter code number unless such person or company is specifically exempt. An application for an importer exporter code number has to be made to the office of the Joint Director General of Foreign Trade, Ministry of Commerce. An importer-exporter code number allotted to an applicant is valid for all its branches, divisions, units and factories. Failure to obtain the IEC number shall attract penalty under the FTA.

Foreign Investment Laws

Foreign investment in India is governed by the provisions of the FEMA along with the rules, regulations and notifications made by the Reserve Bank of India, including the FEMA Non-Debt Rules, as amended thereunder, and the consolidated FDI Policy (“**FDI Policy**”) issued by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (“**DPIIT**”). The FDI Policy consolidates all the press notes, press releases, and clarifications on FDI issued by DPIIT. Foreign investment is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the approval route. Currently 100% FDI is allowed under the automatic route for companies engaged in the manufacturing sector.

Shops and Establishments Legislations

Under the provisions of local shops and establishments legislations applicable in the states in which such establishments are set up, establishments are required to be registered. Such legislations regulate the working and employment conditions of the workers employed in shops and establishments including commercial establishments and provide for fixation of working hours, rest intervals, overtime, holidays, leave, termination of service, maintenance of shops and establishments and other rights and obligations of the employers and employees. Our offices have to be registered under the shops and establishments legislations of the states where they are located.

The Public Liability Insurance Act, 1991 (“PLI Act”) and the Public Liability Insurance Rules, 1991

The PLI Act imposes liability on the owner or controller of hazardous substances for any damage arising out of an accident involving such hazardous substances. A list of hazardous substances covered by the legislation has been enumerated by the government by way of a notification. Under the law, the owner or handler is also required to take out an insurance policy insuring against liability. The rules made under the PLI Act mandate the employer to contribute towards the Environmental Relief Fund a sum equal to the premium paid on the insurance policies.

The Legal Metrology Act, 2009 (the “Legal Metrology Act”) and the Legal Metrology (Packaged Commodities) Rules, 2011

The Legal Metrology Act seeks to establish and enforce standards of weights and measures, regulate trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure or number and for matters connected therewith or incidental thereto. The Legal Metrology Act governs the standards/units/denominations used for weights and measures. It also states that any transaction/contract relating to goods shall be as per the weight/measurement prescribed by the Legal Metrology Act. Such weights and measures are required to be verified and re-verified periodically before usage through government approved test centres. Under the provisions of the Legal Metrology Act, pre-packaged commodities are required to bear statutory declarations and entities are required to obtain a registration before import of any weight or measure. Approval of model is required before manufacture or import of any weight or measure. Any non-compliance or violation under the Legal Metrology Act may result in, inter alia, a monetary penalty on the manufacturer or seizure of goods or imprisonment in certain cases.

The Legal Metrology (Packaged Commodities) Rules, 2011 (the “**Packaged Commodities Rules**”) were framed under Section 52(2) (j) and (q) of the Legal Metrology Act and lay down specific provisions applicable to packages intended for retail sale, wholesale and for export and import. A “pre –packaged commodity” means a commodity which without the purchaser being present is placed in a package of a pre-determined quantity. The key provisions of the Packaged Commodities Rules provide that it is illegal to manufacture, pack, sell, import, distribute, deliver, offer, expose or possess for sale any pre-packaged commodity unless the package is in such standard quantities or number and bears thereon such declarations and particulars as prescribed. Further, all pre-packaged

commodities must conform to the declarations provided thereon as per the requirement of Section 18(1) of the Legal Metrology Act and no pre-packaged commodity shall be packed with error in net quantity beyond the limit prescribed in the first schedule of the Packaged Commodity Rules. The Packaged Commodity Rules were amended in the year 2017 to increase protection granted to consumers. Some recent additions include increased visibility of retail price, removal of dual maximum retail price and bringing e-commerce within the ambit of these rules.

The Bureau of Indian Standards Act, 2016

The Bureau of Indian Standards Act, 2016, has been brought into force with effect from October 12, 2017, repealing and replacing the Bureau of Indian Standards Act, 1986. The BIS Act establishes Bureau of Indian Standards (BIS) as the National Standards Body of India. The BIS Act has enabling provisions for the Government to bring under compulsory certification regime any goods or article of any scheduled industry, process, system or service which it considers necessary in the public interest or for the protection of human, animal or plant health, safety of the environment, or prevention of unfair trade practices, or national security. The BIS Act also allows multiple type of simplified conformity assessment schemes including self-declaration of conformity against a standard which will give simplified options to manufacturers to adhere to the standards and get certificate of conformity. Further, the BIS Act also provides for repair or recall, including product liability of the products bearing a standard mark but not conforming to the relevant Indian Standard.

Other Indian laws

In addition to the above, we are also governed by taxation and labour related laws.

As per notice dated June 28, 2017 by the Ministry of Finance, with effect from July 1, 2017, goods and services tax laws (including Central Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017, States Goods and Services Tax Act, 2017 and Union Territory Goods and Services Tax Act, 2017) are applicable to our Company.

A wide variety of labour laws are also applicable to our Company and our Subsidiary, including:

- the Contract Labour (Regulation and Abolition) Act, 1970;
- the Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
- the Employees' State Insurance Act, 1948;
- the Industrial Disputes Act, 1947 and the Industrial Disputes (Central) Rules, 1957;
- the Maternity Benefit Act, 1961;
- the Minimum Wages Act, 1948;
- the Payment of Bonus Act, 1965;
- the Payment of Gratuity Act, 1972;
- the Payment of Wages Act, 1936;
- the Equal Remuneration Act, 1976;
- the Workmen's Compensation Act, 1923;
- the Industrial Employment (Standing Orders) Act, 1946;
- the Apprentices Act, 1961;
- the Child Labour (Prohibition Regulation) Act, 1986;
- the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013; and
- the Factories Act, 1948.

The Government of India has also enacted the following:

- the Code on Wages, 2019, which received the assent of the President of India on August 8, 2019. The provisions are proposed to be brought into force on a date to be notified by the Central Government. Through its notification dated December 18, 2020, the GoI brought into force sections 42(1), 42(2), 42(3), 42(10), 42(11), 67(ii)(s), 67(ii)(t) (to the extent that they relate to the Central Advisory Board) and 69 (to the extent that it relates to sections 7, 9 (to the extent that they relate to the GoI) and 8 of the Minimum Wages Act, 1986) of the Code on Wages, 2019. It proposes to subsume four separate legislations, namely, the Payment of Wages Act, 1936, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965 and the Equal Remuneration Act, 1976.

- the Occupational Safety, Health and Working Conditions Code, 2020 which received the assent of the President of India on September 28, 2020. The provisions of this code are proposed to be brought into force on a date to be notified by the Central Government. It proposes to subsume several separate legislations, including the Factories Act, 1948, the Contract Labour (Regulation and Abolition) Act, 1970, the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979 and the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996.
- the Industrial Relations Code, 2020 which received the assent of the President of India on September 28, 2020. The provisions of this code are proposed to be brought into force on a date to be notified by the Central Government. It proposes to subsume three separate legislations, namely, the Industrial Disputes Act, 1947, the Trade Unions Act, 1926 and the Industrial Employment (Standing Orders) Act, 1946.
- the Code on Social Security, 2020 which received the assent of the President of India on September 28, 2020. The provisions of this code are proposed to be brought into force on a date to be notified by the Central Government. It proposes to subsume several separate legislations including the Employee's Compensation Act, 1923, the Employees' State Insurance Act, 1948, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Maternity Benefit Act, 1961, the Payment of Gratuity Act, 1972, the Building and Other Construction Workers' Welfare Cess Act, 1996 and the Unorganised Workers' Social Security Act, 2008.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief history of our Company

Our Company was originally formed as a partnership firm under the name of “Archean Chemical Industries” at Chennai, pursuant to a partnership deed dated November 20, 2003 which was registered under the Indian Partnership Act, 1932 with the Registrar of Firms, Chennai on November 25, 2003. The partnership deed was amended on March 23, 2009 to admit new partners to the business of partnership firm. Subsequently, the partnership firm was converted into private limited company under the Companies Act, 1956 with the name “Archean Chemical Industries Private Limited” and a certificate of incorporation dated July 14, 2009 was issued by the Registrar of Companies, Tamil Nadu at Chennai. Consequent upon conversion into a public limited company under the Companies Act, 2013 pursuant to a special resolution passed by our Shareholders on November 15, 2021 and fresh certificate of incorporation dated December 15, 2021 issued by the Registrar of Companies, Tamil Nadu at Chennai, the name of our Company was changed to “Archean Chemical Industries Limited”.

Changes in our registered office

Except as disclosed below, there has been no change in the registered office of our Company since incorporation:

| Date of change of registered office | Details of the address of Registered Office | Reasons for change |
|-------------------------------------|---|-------------------------------|
| July 1, 2015 | The registered office of our Company was changed from 5 th Floor, Tower II, TVH Beliciaa Towers, 94 MRC Nagar, Chennai 600 028, Tamil Nadu, India to First Floor, Sudha Centre, New No. 31, Old No. 19, Dr. Radhakrishnan Salai, Mylapore, Chennai 600 004, Tamil Nadu, India. | Sale of premises by its owner |
| October 11, 2018 | The registered office of our Company was changed from First Floor, Sudha Centre, New No. 31, Old No. 19, Dr. Radhakrishnan Salai, Mylapore, Chennai 600 004, Tamil Nadu, India to No. 20/43, K B Dasan Road, Teynampet, Chennai 600 018, Tamil Nadu, India. | Administrative convenience |
| July 15, 2020 | The registered office of our Company was changed from No. 20/43, K B Dasan Road, Teynampet, Chennai 600 018, Tamil Nadu, India to No. 2, North Crescent Road, T Nagar, Chennai 600 017, Tamil Nadu, India. | Administrative convenience |

Main Objects of our Company

The main objects contained in our Memorandum of Association are as follows:

- “To carry on the business of dealings in marketing, buying, selling, trading, importing, exporting, manufacturing, processing, refining mining of salt rocks, sea salt and salt based chemicals and allied chemicals, marine chemicals, materials and or compounds thereof anywhere in India and abroad.*
- To manufacture, test, purchase, import, export, sell, distribute, stock, deal and trade in Organic and Inorganic chemicals, intermediates, resins, compounds, systems and formulations of all types and articles made therefrom and equipment involved in manufacturing, processing of the same towards all types of end-use applications.*
- To manufacture, test, purchase, import, export, sell, distribute, conduct research and development, stock, deal and trade in Petrochemicals, Polymers, Plastics, Functional additives and Polymers, Fine chemicals, Speciality chemicals, Heavy chemicals, Drugs and pharmaceuticals, Agro chemicals, Insecticides and Pesticides, all Water treatment chemicals, Food chemicals and additives, Natural products and their derivatives, Detergents and surfactants, Antioxidants, Antiozonants, Flame retardants, Stabilisers, Catalysts, Promoters, Inhibitors, including compounding, formulations and processing thereof towards all types of end use applications.*
- To carry on the business of mining, refining, processing, manufacturing, marketing, selling, research and development, trading, exporting and importing of all minerals, ores, inorganic and organic chemicals and their compositions, gases and material deposits.*
- To manufacture, test, purchase, import, export, sell, distribute, stock, deal and trade and conduct research and development in Silicon Metal and Silicon Wafers in all forms, grades, sizes, thickness and qualities and all Silicon based chemicals and compounds in all forms, photovoltaic cells, solar power generation modules,*

panels and systems, solar - powered electrical appliances and accessories, semi conductor materials, electronic micro circuits, LSIs, VVLSIs and products developed therefrom and optical and other sensors based on Silicon Material.

6. *To manufacture, test, purchase, import, export, sell, distribute, stock, deal and trade in plant and machinery, equipment apparatus, extraction of necessary raw materials required for processing the above said chemicals and materials in connection with any of the above mentioned activities.”*

The main objects as contained in our Memorandum of Association enable our Company to carry on the business presently being carried out.

Amendments to the Memorandum of Association

Set out below are the amendments to our Memorandum of Association in the 10 years preceding the date of this Draft Red Herring Prospectus.

| Date of Shareholders' Resolution | Particulars |
|---|---|
| September 12, 2018 | Clause V of the MoA was amended to reflect the increase in authorized share capital of our Company from ₹ 100,000,000 divided into 10,000,000 equity shares of ₹ 10 each to ₹ 230,000,000 divided into 23,000,000 equity shares of ₹ 10 each. |
| November 15, 2021 | Clause V of the MoA was amended to reflect the sub-division of equity share of our Company of ₹ 10 each into five Equity Shares of our Company of ₹ 2 each. Accordingly, the authorized share capital of our Company of ₹ 230,000,000 divided into 23,000,000 equity shares of ₹ 10 each was sub-divided into ₹ 230,000,000 divided into 115,000,000 Equity Shares of ₹ 2 each. |
| November 15, 2021 | Clause V of the MoA was amended to reflect the increase in authorized share capital of our Company from ₹ 230,000,000 divided into 115,000,000 Equity Shares of ₹ 2 each to ₹ 320,000,000 divided into 160,000,000 Equity Shares of ₹ 2 each. |
| November 15, 2021 | Clause I of the MoA was amended to reflect the change in the name of our Company from “Archean Chemical Industries Private Limited” to “Archean Chemical Industries Limited”. |
| February 1, 2022 | Clauses III and IV of the MoA were amended to comply with the provisions of the Companies Act. |

Major events and milestones of our Company

The table below sets forth the major events and milestones in the history of our Company:

| Year | Particulars |
|-------------|--|
| 2011 | Strategic investment of approximately ₹ 225.05 million by Sojitz Corporation |
| 2013 | <ul style="list-style-type: none"> Commenced our industrial salt operations Commenced exports to Japan and South Korea |
| 2014 | <ul style="list-style-type: none"> Commenced production of bromine Commenced exports to China |
| 2015 | <ul style="list-style-type: none"> Commissioned production of sulphate of potash Commenced exports to Belgium |
| 2018 | Strategic investment by India Resurgence Fund, a joint venture between Piramal Enterprises Limited and Bain Capital Credit, and issued listed and redeemable NCDs aggregating to ₹ 8,400 million. The NCDs issued by our Company are listed on the wholesale debt segment of the BSE Limited with ISIN INE128X07028 and scrip code 958408. |
| 2021 | <ul style="list-style-type: none"> Expansion and increase of bromine installed capacity to 28,500 MT Commenced exports to Qatar |

Key Awards, Accreditations and Recognition

Our Company has received the following key awards, accreditation, and recognition:

| Year | Particulars |
|-------------|--|
| 2016 | Received certification of quality management system conforming to the ISO 9001:2015 standards with respect to manufacturing, trading, exporting of industrial salt and marine based salt chemicals |
| 2017 | Accredited three star export house by Director General of Foreign Trade, Ministry of Commerce and Industry, Government of India |

Launch of key products or services, entry into new geographies or exit from existing markets, capacity/facility creation or location of plants

For information on key products launched by our Company or entry into new geographies, see “*Our Business*” on page 137.

Our Company has not exited from existing markets. For details of capacity, facility creation or location of plant, see “*Our Business*” on page 137.

Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamation or revaluation of assets in the last 10 years

Our Company has not made any material acquisitions or divestments of any business or undertaking, and has not undertaken any merger, amalgamation or any revaluation of assets in the last 10 years.

Time and cost over-runs

There have been no time and cost over-runs in respect of our business operations.

Defaults or re-scheduling, restructuring of borrowings with financial institutions/banks

Except as set out below, there have been no defaults or rescheduling/restructuring of borrowings with financial institutions/ banks in respect of borrowings of our Company:

| Year | Particulars |
|------|--|
| 2017 | <ul style="list-style-type: none"> Our Company had overdue principal of ₹ 227.86 million and interest payment of ₹ 131.40 million on the rupee term loans and external commercial borrowings as on March 31, 2017. Pursuant to the master restructuring agreement dated March 18, 2017 entered into by and among our Company, Bank of India (acting as monitoring institution/ lead bank) and certain banks (namely, Bank of India, Punjab National Bank, Bank of Baroda, Allahabad Bank, Canara Bank and Union Bank (collectively, “Restructuring Lenders”), and such agreement, the “MRA”), and our Company’s request for debt restructuring, certain restructuring of borrowings (total borrowing amount of ₹ 6,733 million was restructured) with Restructuring Lenders was done which, among others, included: <ul style="list-style-type: none"> (i). reconstitution of certain terms loans; (ii). reconstitution of certain working capital facilities; (iii). additional funding by way of working capital term loan; (iv). conversion of debt equivalent to ₹ 192.8 million into equity by way of transfer from Ranjit Pendurthi, Ravi Pendurthi and Pendurthi Brahmanandam; and (v). conversion of debt equivalent to ₹ 3,180.13 million into optionally convertible debentures with coupon of 0.1% p.a. payable annually and yield to maturity of 10.0% p.a. compounded annually. <p>Such restructuring was done in terms of the RBI circular no. RBI/2015-16/422:DBR No. BP.BC.103/21.04.132/ 2015-16 dated June 13, 2016 – Scheme of Sustainable Structuring of Stressed Assets (S4A) and Overseas Committee (OC).</p> <p>Such borrowings under the MRA have been paid by our Company by November 30, 2018.</p> |
| 2018 | <ul style="list-style-type: none"> Our Company had an overdue principal and interest of ₹ 220.47 million and ₹ 12.99 million, respectively, with respect to borrowings from banks as at March 31, 2018. Our Company had overdue principal and interest with the Restructuring Lenders as at November 22, 2018 aggregating to ₹ 177.41 million with instalment due in September 2018. <p>Such overdues were paid by our Company by November 30, 2018.</p> |

Lock-out and strikes

As on the date of this Draft Red Herring Prospectus, there have been no lockouts or strikes at any time in our Company.

Significant financial and strategic partners

As on the date of this Draft Red Herring Prospectus, our Company does not have any significant financial or strategic partners.

Material Agreements

Shareholders agreement dated October 16, 2018 entered into by and among our Company, India Resurgence Fund, Scheme I (“IRF I”), India Resurgence Fund, Scheme II (“IRF II”), Piramal Glass Private Limited (“PGPL”), Sojitz Corporation, our Promoters and Pendurti Brahmanandam, as amended by way of amendment to shareholders agreement dated September 29, 2020 by and among our Company, IRF I, IRF II, Piramal Natural Resources Private Limited (“PNRPL”), Sojitz Corporation and our Promoters (“SHA”) and amendment agreement dated February 13, 2022 read with deed of adherence dated August 26, 2020 entered into by and among PNRPL, our Company, IRF I, IRF II, Sojitz Corporation and our Promoters (“Deed of Adherence”)

Our Company, IRF I, IRF II, PGPL, Sojitz Corporation, our Promoters and Pendurti Brahmanandam entered into the SHA to govern their rights as Shareholders and management of our Company.

Pursuant to the Deed of Adherence and in consideration of PGPL having transferred the entire securities of our Company held by it (i.e., (i) 1,436,612 equity shares of face value of ₹ 10 each; and (ii) 171,899 CCDs to PNRPL, PNRPL has agreed to be bound by the terms that were applicable to PGPL and be entitled to the same rights as that of PGPL under the SHA and other transaction documents thereto.

The SHA, among others, provides, subject to the terms and conditions contained therein, certain rights and obligations including without limitation: (i) right to joint sale of all the securities held by the parties, (ii) pre-emption rights in the event of issue of new shares; (iii) right of prior written consent in the event of transfer of shares by any person; (iv) tag along rights in the event of any transfer of shares to any third party; (v) right of inspection; (vi) exit rights; (vii) information rights; (viii) reserved matters; and (ix) right to nominate directors and observers.

Pursuant to the terms of the SHA and the amendment agreement dated February 13, 2022 (“**Amendment Agreement**”):

- (i). All special rights available to our Shareholders under the SHA, will automatically terminate upon Allotment of Equity Shares on the Stock Exchanges pursuant to the Offer, (without requiring any further action by any party) except that subject to the approval of the Shareholders by way of a special resolution in the first general meeting convened after the commencement of trading of the Equity Shares on the Stock Exchanges (“**Trade Date**”), so long as IRF I, IRF II and PNRPL (jointly or severally) hold at least 10% of the share capital of our Company (on a fully diluted basis), IRF I, IRF II and PNRPL (jointly and not severally) shall have the right to nominate 1 (one) nominee Director to our Board.

However, (a) if the aggregate holding of IRF I, IRF II and PNRPL in share capital of our Company (on a fully diluted basis) goes below 10%; or (b) immediately after 6 (six) months from the Trading Date, whichever is earlier, such nomination right will be extinguished forever with respect to IRF I, IRF II and PNRPL;

- (ii). The Amendment Agreement may be terminated, among others, (a) upon the mutual agreement of the parties; (b) automatically on June 30, 2022 or such other mutually agreed date between the Company (**Long-Stop Date**) (if the trading of the Equity Shares pursuant to the Offer does not commence by the Long-Stop Date), and IRF I, IRF II and PNRPL; (c) automatically on the date of termination of the Offer Agreement; (d) in the event the proposed structure and allocation of the Offer is not in accordance with the understanding in the CCD Subscription Agreement and the Offer Agreement; or (e) automatically on the date on which our Board decides not to undertake the Offer or to withdraw any offer document filed with any regulator in respect of the Offer.

Share purchase agreement dated October 16, 2018 entered into by and among our Company, IRF I, IRF II, PGPL, Pendurti Brahmanandam (“PGSPA”); lenders share purchase agreement dated September 20, 2018 entered into by and among Bank of India, Union Bank of India, Punjab National Bank, Bank of Baroda, Allahabad Bank (such banks, the “Sellers”), our Company, IRF I, IRF II and PGPL (“Lenders SPA I”); and

lenders share purchase agreement dated October 3, 2018 entered into by and among Canara Bank, our Company, IRF I, IRF II and PGPL (“Lenders SPA II”)

Pursuant to the PGSPA, Pendurti Brahmanandam transferred aggregate of 1,239,289 equity shares of face value of ₹ 10 each of our Company to IRF I, IRF II and PGPL for aggregate consideration of ₹ 130 million.

Pursuant to the Lenders SPA I, IRF I, IRF II and PGPL purchased 3,362,798 equity shares of face value of ₹ 10 each of our Company from Sellers for aggregate consideration of approximately ₹ 162.79 million.

Pursuant to the Lenders SPA II, IRF I, IRF II and PGPL purchased 619,643 equity shares of face value of ₹ 10 each of our Company from Canara Bank for aggregate consideration of approximately ₹ 29.99 million.

CCD subscription agreement dated September 20, 2018 entered into by and among our Company, India Resurgence Fund, Scheme I (“IRF I”), India Resurgence Fund, Scheme II (“IRF II”), Piramal Glass Private Limited (“PGPL”), our Promoters and Pendurti Brahmanandam as amended by (i) amendment to the CCD subscription agreement dated September 29, 2020 by and among our Company, IRF I, IRF II, Piramal Natural Resources Limited (“PNRPL”, together with IRF I and IRF II, the “Investors”) and our Promoters; and (ii) second amendment to the CCD subscription agreement dated February 10, 2022 entered into by and among our Company, IRF I, IRF II, PNRPL and our Promoters (“CCD Subscription Agreement”)

Pursuant to the CCD Subscription Agreement, (a) IRF I subscribed to 171,899 CCDs for an aggregate consideration of ₹ 17,189,900; (b) IRF II subscribed to 328,202 CCDs for an aggregate consideration of ₹ 32,820,200; and (c) PGPL subscribed to 171,899 CCDs for an aggregate consideration of ₹ 17,189,900. Pursuant to deed of adherence dated August 26, 2020, among others, 171,899 CCDs were transferred by PGPL to PNRPL for an aggregate consideration of ₹ 22,015,583.

In terms of the CCD Subscription Agreement, (a) the holders of the CCDs are entitled to receive interest on annual basis, in respect of par value of the CCD at per annum rate of 0.01%; and (b) maturity date of the CCDs is 10 years from the date of allotment (*i.e.*, from November 22, 2018). 672,000 CCDs will convert into Equity Shares prior to filing of the Red Herring Prospectus with the Registrar of Companies at a conversion term agreed amongst the parties in terms of the CCD Subscription Agreement. Upon conversion of such CCDs, CCD holders will be allotted 6,940,715 Equity Shares prior to filing of the Red Herring Prospectus.

Pursuant to amendment to the CCD Subscription Agreement in relation to upside arrangement, on the occasion of the Investors’ exit from our Company, the Investors will transfer to our Promoters (prior to the filing of the Prospectus) such number of Equity Shares as agreed to and on terms and conditions specified under the CCD Subscription Agreement. Our Company will not receive any proceeds pursuant the upside arrangement under the CCD Subscription Agreement.

Share subscription agreement dated February 6, 2011 (“Sojitz SSA”) entered into by and among our Company, Sojitz Corporation, Pendurti Brahmanandam, Pendurti Pramila, Ranjit Pendurthi and Ravi Pendurthi

Pursuant to the Sojitz SSA, Sojitz Corporation subscribed to 500,000 equity shares of face value of ₹ 10 each of our Company for an aggregate consideration of ₹ 225.05 million.

Other Material Agreements

Except as disclosed above, as on the date of this Draft Red Herring Prospectus, our Company has not entered into any subsisting material agreements (other than in the ordinary course of business of our Company) and there are no other subsisting shareholders’ agreements with respect to our Company. For details with respect to agreements in relation to the business and operations of our Company, see “*Our Business*” on page 137.

Agreements with Key Managerial Personnel, Director, Promoters or any other employee

Except as disclosed above, as on the date of this Draft Red Herring Prospectus, there are no agreements entered into by our Key Managerial Personnel or Promoters or Directors or any other employee of our Company, either by themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of our Company.

Holding company, joint ventures or associate companies

As on the date of this Draft Red Herring Prospectus, our Company does not have any holding company, joint venture and associate company.

Subsidiary of our Company

As on the date of this Draft Red Herring Prospectus, our Company has one wholly-owned Subsidiary, namely, Acume Chemicals Private Limited.

1. Acume Chemicals Private Limited (“ACPL”)

Corporate Information

ACPL was incorporated on November 18, 2021 as a private limited company under the Companies Act, 2013. The CIN of ACPL is U24290TN2021PTC148007. The registered office of ACPL is located at No. 2, North Crescent Road, T Nagar Chennai 600 017, Tamil Nadu, India.

ACPL is authorised to engage in the business of, among others, dealings in marketing, buying, selling, trading, importing, exporting, manufacturing, processing, refining mining of salt rocks, sea salt and salt based chemicals and allied chemicals, marine chemicals, bromine and other chemical derivatives, materials and or compounds thereof anywhere in India and abroad.

Capital Structure

The authorised share capital of ACPL is ₹ 50,000,000 divided into 5,000,000 equity shares of face value ₹ 10 each and the paid-up share capital of ACPL is ₹ 50,000,000 divided into 5,000,000 equity shares of face value ₹ 10 each.

Shareholding Pattern

| Name of the Shareholder | Number of equity shares of face value ₹ 10 each | Percentage of the total shareholding (%) |
|---|--|---|
| Our Company | 4,999,999 | 99.99% |
| Subrahmanyam Meenkashisundaram (on behalf of our Company) | 1 | Negligible [^] |
| Total | 5,000,000 | 100.00 |

[^] Less than 0.01%.

Marine Chemicals Trading Pte Limited (“MCTPL”) was a foreign wholly-owned subsidiary acquired by our Company on January 9, 2016, having its registered office at 7500A Beach Road, #11-303, Singapore 199591. MCTPL was struck off on December 7, 2020.

Interest in our Company

Our Subsidiary does not have any business interest in our Company.

Other confirmations

Our Subsidiary is not listed on any stock exchange in India or abroad. Further, neither have any of the securities of our Subsidiary been refused listing by any stock exchange in India or abroad, nor have any of our Subsidiary failed to meet the listing requirements of any stock exchange in India or abroad.

Common Pursuits

Our Subsidiary is authorised to engage in the business of, among others, dealings in marketing, buying, selling, trading, importing, exporting, manufacturing, processing, refining mining of salt rocks, sea salt and salt based chemicals and allied chemicals, marine chemicals, bromine and other chemical derivatives, materials and or compounds thereof anywhere in India and abroad. Accordingly, there may arise certain common pursuits amongst our Subsidiary and our Company. However, there is no conflict of interest amongst our Subsidiary and our Company as our Subsidiary is controlled by us. We shall adopt necessary procedures and practices as permitted by law to address any instances of conflict of interest, if and when they may arise.

Accumulated Profits or Losses

There are no accumulated profits and losses of any subsidiary that are not accounted for by our Company in the Restated Financial Information.

Guarantees given to third parties by a promoter offering its Equity Shares

As of the date of this Draft Red Herring Prospectus, the Promoter Selling Shareholder has not provided any guarantees to third parties.

OUR MANAGEMENT

Board of Directors

In terms of the Companies Act and our Articles of Association, our Company is required to have not less than 3 (three) Directors and not more than 15 (fifteen) Directors. As on the date of this Draft Red Herring Prospectus, our Board comprises 6 (six) Directors including 1 (one) Executive Director, 2 (two) Non-Executive Directors and 3 (three) Independent Directors, including 1 (one) woman Independent Director.

The following table sets forth details regarding our Board of Directors as of the date of this Draft Red Herring Prospectus:

| Name, date of birth, designation, address, occupation, current term, period of directorship and DIN | Age (years) | Other directorships |
|--|-------------|---|
| Ranjit Pendurthi <i>Designation:</i> Managing Director <i>Address:</i> No. 21, Giri Road, Thiagaraya Nagar, Chennai 600 017, Tamil Nadu, India <i>Date of birth:</i> February 11, 1974 <i>Occupation:</i> Business <i>Current Term:</i> Five years from November 27, 2018 to November 26, 2023 (redesignated as Managing Director from whole-time Director with effect from September 4, 2020) <i>Period of Directorship:</i> Since November 27, 2018 <i>DIN:</i> 01952929 | 47 | <i>Indian Companies</i> <ul style="list-style-type: none"> • Acume Chemicals Private Limited • Archean Design and Development Private Limited • Archean Fertilizer Private Limited • Archean Salt Holdings Private Limited • Jakhau Salt Company Private Limited • KGF Granites Private Limited <i>Foreign Companies</i> Nil |
| Ravi Pendurthi <i>Designation:</i> Non-Executive Director* <i>Address:</i> No. 21, Giri Road, Thiagaraya Nagar, Chennai 600 017, Tamil Nadu, India <i>Date of birth:</i> December 5, 1971 <i>Occupation:</i> Business <i>Current Term:</i> Liable to retire by rotation <i>Period of Directorship:</i> Since January 29, 2022 <i>DIN:</i> 02334379 | 50 | <i>Indian Companies</i> <ul style="list-style-type: none"> • Archean Industries Private Limited • Greenergy India Private Limited • Jakhau Salt Company Private Limited • KGF Granites Private Limited • Seleccion Consulting Private Limited <i>Foreign Companies</i> Nil |
| Subrahmanyam Meenakshisundaram <i>Designation:</i> Non-Executive Director <i>Address:</i> 3-B, Ram Thulsi Apartment, No. 20 Melony Road, Thiagaraya Nagar, Chennai 600 017, Tamil Nadu, India <i>Date of birth:</i> March 26, 1954 <i>Occupation:</i> Professional <i>Current Term:</i> Liable to retire by rotation <i>Period of Directorship:</i> Since March 24, 2010 | 67 | <i>Indian Companies</i> <ul style="list-style-type: none"> • Acume Chemicals Private Limited • Archean Design and Development Private Limited • Archean Fertilizer Private Limited • Archean Salt Holdings Private Limited • Bharat Ssangyong Salt Corporation Limited • Bharath Salt Refineries Limited • Cloudgen Digital Private Limited • Good Navigation Private Limited • Goodearth Maritime Limited • Opera Holdings Private Limited |

| Name, date of birth, designation, address, occupation, current term, period of directorship and DIN | Age (years) | Other directorships |
|---|-------------|---|
| <i>DIN:</i> 01176085 | | <ul style="list-style-type: none"> • Total Maritime Design Private Limited • Vinmir Resources Private Limited • Vishka Shipbuilding Private Limited <i>Foreign Companies</i> Nil |
| Padma Chandrasekaran <i>Designation:</i> Independent Director <i>Address:</i> 1C, 4th Street, Dr. Radhakrishnan Salai, Mylapore, Chennai 600 004, Tamil Nadu, India <i>Date of birth:</i> March 15, 1961 <i>Occupation:</i> Consultant <i>Current Term:</i> Period of five years from November 13, 2019 to November 12, 2024 <i>Period of Directorship:</i> Since November 13, 2019 <i>DIN:</i> 06609477 | 60 | <i>Indian Companies</i> <ul style="list-style-type: none"> • Adani Capital Private Limited • Health Sensei India Private Limited • PNB Metlife India Insurance Company Limited • SKYFI Education Labs Private Limited <i>Foreign Companies</i> Nil |
| Chittoor Ghatambu Sethuram <i>Designation:</i> Independent Director <i>Address:</i> F2, SPL-Aiswarya, 7, First Avenue, Ashok Nagar, Chennai 600 083, Tamil Nadu, India <i>Date of birth:</i> May 10, 1955 <i>Occupation:</i> Service <i>Current Term:</i> Period of five years from December 6, 2021 <i>Period of Directorship:</i> Since December 6, 2021 <i>DIN:</i> 01081951 | 66 | <i>Indian Companies</i> <ul style="list-style-type: none"> • Best Value Chem Private Limited <i>Foreign Companies</i> Nil |
| Kandheri Munaswamy Mohandass <i>Designation:</i> Independent Director <i>Address:</i> Flat No. 205, Block A, E- Residencies, No. 2, Club House Road, Mount Road, Anna Sallai, Chennai 600 002, Tamil Nadu, India <i>Date of Birth:</i> July 10, 1951 <i>Occupation:</i> Professional <i>Current Term:</i> Period of five years from December 6, 2021 <i>Period of Directorship:</i> Since December 6, 2021 <i>DIN:</i> 00707839 | 70 | <i>Indian Companies</i> <ul style="list-style-type: none"> • Aptus Finance India Private Limited • Aptus Value Housing Finance India Limited <i>Foreign Companies</i> Nil |

* Appointed as an additional Director on our Board with effect from January 29, 2022 subject to approval of the Shareholders.

Relationship between our Directors and/or Directors and Key managerial Personnel

Except Ranjit Pendurthi and Ravi Pendurthi (who are brothers), none of our Directors are related to each other or to any of the Key Managerial Personnel.

Brief Biographies of Directors

Ranjit Pendurthi is the Managing Director of our Company. He has been associated with our Company since incorporation. He holds a degree of master of business administration from University of Chicago, Illinois, USA and. He has 21 years of experience in the chemical business.

Ravi Pendurthi is a Non-Executive Director on the Board of our Company. He holds a degree of bachelor of science (business administration with a concentration in management) from Monmouth University, New Jersey. He has 14 years of experience in the chemical industry. He has been previously associated with Jakhau Salt Company Private Limited and Bharath Salt Refineries Limited.

Subrahmanyam Meenakshisundaram is a Non-Executive Director on the Board of our Company. He has been associated with our Company since incorporation. He is admitted as an associate and fellow of the Institute of Chartered Accountants of India and holds a degree of bachelor of commerce from University of Madras. He has approximately four decades of experience in accounting, finance and tax. He was previously associated with Muljibhai Madhvani & Co. Limited, Chemplast Sanmar Limited, Electronics Corporation of India Limited and Mohan Breweries and Distilleries Limited.

Padma Chandrasekaran is an Independent Director on the Board of our Company. She holds a post graduate diploma in business administration from Indian Institute of Management, Ahmedabad, a degree of bachelor of science from University of Calcutta and a degree of master of business administration with prime emphasis in telecommunication from University of San Francisco. She has several years of experience in various fields such as information technology and financial services. She is associated with various companies, including PNB Metlife India Insurance Company Limited, Adani Capital Private Limited and SKYFI Education Labs Private Limited.

Chittoor Ghatambu Sethuram is an Independent Director on the Board of our Company. He holds a post graduate diploma in business administration from Indian Institute of Management, Ahmedabad and a degree of bachelor of technology in chemical engineering from Regional Engineering College, Jawaharlal Nehru Technology University, Andhra Pradesh. He has over three decades of experience in chemical industry. He has been associated with Polyolefins Industries Limited, Sanmar Speciality Chemicals Limited, Pidilite Industries Limited and Thirumalai Chemicals Limited.

Kandheri Munaswamy Mohandass is an Independent Director on the Board of our Company. He is admitted as an associate and fellow of the Institute of Chartered Accountants of India and holds a degree of bachelor of science from University of Madras. He is also entitled to practice as chartered accountant by the Institute of Chartered Accountants of India. He has over four decades of experience in audit, tax, project finance, corporate restructuring and corporate laws advisory. He is a senior partner of M/s. K.M. Mohandass and Co, Chartered Accountants. He is also a director on Aptus Value Housing Finance India Limited (an entity listed on BSE and NSE).

Details regarding directorships of our Directors in listed companies

None of our Directors is or was a director of any company listed on any stock exchange, whose shares have been or were suspended from being traded on any of the stock exchanges during the five years preceding the date of this Draft Red Herring Prospectus, during the term of his/her directorship in such company.

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

Confirmations

Except to the extent of capital contribution made by our individual Promoters (namely, Ranjit Pendurthi, Managing Director; and Ravi Pendurthi, Non-Executive Director) in our corporate Promoter, none of our Directors are interested as a member in any firm or company which has any interest in our Company.

No consideration in cash or shares or otherwise has been paid or agreed to be paid to any of our Directors or to

the firms, trusts or companies in which they are interested as a member by any person either to induce them to become, or to help them qualify as a Director, or otherwise for services rendered by them or by the firm, trust or company in which they are interested, in connection with the promotion or formation of our Company.

Further, none of our Directors has been identified as Wilful Defaulter and Fraudulent Borrower as defined under the SEBI ICDR Regulations.

None of our Directors has been declared a fugitive economic offender in accordance with the Fugitive Economic Offenders Act, 2018.

Terms of appointment of Executive Director

Ranjit Pendurthi

Ranjit Pendurthi was appointed as our whole time Director with effect from November 27, 2018 for a period of five years, pursuant to the Board resolution dated November 23, 2018 and the resolution passed by the Shareholders in their meeting held on November 27, 2018. Subsequently, pursuant to the Board resolution dated September 4, 2020, his designation was changed to Managing Director. In terms of the Board resolution dated July 1, 2021, he is entitled to remuneration effective from April 1, 2021, as set out below:

| Salary Components | Per Month (In ₹) | Per Annum (In ₹) |
|--|------------------|---------------------|
| Basic | 1,536,826 | 18,441,912 |
| House rent allowance @ 50% | 768,413 | 9,220,956 |
| Medical allowance | 1,250 | 15,000 |
| Conveyance allowance | 1,600 | 19,200 |
| Other allowance | 1,275,633 | 15,307,596 |
| Gross salary (A) | 3,583,722 | 43,004,664 |
| Annual benefits | | |
| Company contribution to provident fund @ 12% | 184,420 | 2,213,040 |
| Gratuity (4.81% of Basic) | 73,922 | 887,064 |
| HRA | HRA | HRA |
| Annual fixed compensation (A+B) | | 46,104,768 |
| Variable pay (C) | | - |
| Total CTC per annum (A+B+C) | | 46,104,768 |
| Gratuity will be paid as per the conditions of the Payment of Gratuity Act, 1972 | | |
| # Any other deductions and contributions will be applicable as per the local legislative rules and regulations and applicable laws including any amendments thereto. | | |
| Perquisites | | One car with driver |

Payments or benefits to Directors

Our Company has not entered into any contract appointing or fixing the remuneration of a Director in the two years preceding the date of this Draft Red Herring Prospectus.

There is no contingent or deferred compensation accrued for Fiscal 2021 and payable to our Directors, which does not form a part of their remuneration.

Except payment of ₹ 1.75 million to Subrahmanyam Meenakshisundaram in the professional capacity of advisor pursuant to engagement letter dated July 24, 2020, in Fiscal 2021, our Company has not paid any compensation or granted any benefit on an individual basis to any of our Directors (including contingent or deferred compensation) other than the remuneration paid to them for such period.

(1) Remuneration to Executive Director

Details of the remuneration paid to our Managing Director in the Fiscal 2021 are set forth below.

| Name of Director | Remuneration for Financial Year 2021 (₹ in million) |
|------------------|---|
| Ranjit Pendurthi | 32.47 |

(2) Remuneration to Non-Executive Director

Except payment of sitting fees in terms of the Companies Act, 2013 and reimbursement of expenses, our Non-Executive are not entitled to any remuneration from our Company.

Details of the remuneration paid to our Non-Executive Directors in the Fiscal 2021 are set forth below.

| Name of Director | Remuneration for Fiscal 2021 (₹ in million) |
|--------------------------------|---|
| Subrahmanyam Meenakshisundaram | Nil [#] |
| Ravi Pendurthi* | Nil |

[#] Subrahmanyam Meenakshisundaram was engaged in the professional capacity of advisor pursuant to engagement letter dated July 24, 2020 and received ₹ 1.75 million in the Fiscal 2021 in such capacity.

* Appointed in Fiscal 2022, and therefore, no remuneration, sitting fees or commission was paid for Fiscal 2021.

(3) Remuneration to Independent Directors

Pursuant to the Board resolution dated November 13, 2019, each Independent Director is entitled to receive sitting fees of ₹ 0.05 million per meeting for attending meetings of the Board, within the limits prescribed under the Companies Act, 2013, and the rules made thereunder. Details of the remuneration paid to our Independent Directors in the Fiscal 2021 are set forth below.

| Name of Director | Sitting fees for Fiscal 2021 (₹ in million) |
|-------------------------------|---|
| Padma Chandrasekaran | 0.15 |
| Chittoor Ghatambu Sethuram* | Nil |
| Kandheri Munaswamy Mohandass* | Nil |

* Appointed on December 6, 2021, and therefore, no remuneration, sitting fees or commission was paid for Fiscal 2021.

Remuneration paid by our Subsidiary

None of our Directors received remuneration for the Fiscal 2021 or are entitled to receive remuneration from our Subsidiary.

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

None of our Directors have any arrangement or understanding with the major Shareholders, customers, suppliers or others, pursuant to which any of our Directors were appointed on our Board or as a member of the senior management.

Shareholding of Directors in our Company

As per our Articles of Association, our Directors are not required to hold any qualification shares.

For details of Equity Shares held by the Directors as on date of this Draft Red Herring Prospectus, see “*Capital Structure – Shareholding of our Directors and Key Managerial Personnel in our Company*” on page 79.

Interest of Directors

- All our Directors may be deemed to be interested to the extent of remuneration and reimbursement of expenses, if any, payable to them by our Company as well as sitting fees, if any, payable to them for attending meetings of our Board or Committees thereof. For further details, see “– *Terms of appointment of Executive Director*” and “– *Payment or benefit to Directors*” above.
- Except for Ranjit Pendurthi and Ravi Pendurthi, who are our Promoters, none of our Directors have any interests in the promotion or formation of our Company other than in the ordinary course of business. Further, Subrahmanyam Meenakshisundaram was allotted 10 equity shares of face value of ₹ 10 each pursuant to subscription of the MoA.
- Our Directors may also be interested to the extent of Equity Shares, if any (together with dividends and other distributions in respect of such Equity Shares), held by them or their relatives or entities in which they are associated, directly or indirectly, as promoters, directors, partners, proprietors or trustees or held by their relatives.
- No loans have been availed by our Directors from our Company or the Subsidiary.

- (e). Our Directors may be interested in the contracts, transactions, agreements or arrangements entered into or to be entered into by our Company with any company in which they hold directorships or any partnership firm in which they are partners as declared in their respective capacity. For details, see “*Related Party Transactions*” on page 240.
- (f). Subrahmanyam Meenakshisundaram was engaged in the professional capacity of advisor pursuant to engagement letter dated July 24, 2020 and received ₹ 1.75 million in Fiscal 2021 in such capacity by our Company. Except as disclosed above, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of our Directors except the normal remuneration for services rendered as Directors.
- (g). Except as disclosed below, none of our Directors have any interest in any property acquired or proposed to be acquired by our Company or transaction for acquisition of land, construction of building and supply of machinery, etc.

Our Company has taken on lease certain premises located at 1st floor, Anandam, D-4 N-U, 10 B, Shakti Nagar, Gandhidum (Kutch) Gujarat 370201, India, from Ranjit Pendurthi, Managing Director, pursuant to rental agreement dated June 1, 2011, for use by our Company. This rental agreement is valid until May 30, 2025. In terms of this rental agreement, our Company is required to pay a monthly rent of ₹ 0.3 million with effect from April 1, 2018. The rental agreement provide for rent escalation, calculated at the rate of 5% every year on the year’s rent. The lock-in period is five years from June 1, 2018.

- (h). Except as stated in “*Related Party Transactions*” on page 240, and to the extent set out above, our Directors do not have any other interest in our business.

Bonus or profit-sharing plan for the Directors

None of the Directors is party to any bonus or profit-sharing plan of our Company.

Service contracts with Directors

Our Company has not entered into any service contracts with any Director, which provide for benefits upon termination of employment.

Changes in the Board in the last three years

| Name | Date of Appointment/ Cessation | Reason |
|------------------------------|---------------------------------------|---|
| Ravi Pendurthi | January 29, 2022 | Appointment as Non-Executive Director |
| Shantanu Yeshwant Nalavadi | January 29, 2022 | Resignation as the nominee Director |
| Vishal Kumar Gupta | January 29, 2022 | Resignation as the nominee Director |
| Kandheri Munaswamy Mohandass | December 6, 2021 | Appointed as the Independent Director |
| Chittoor Ghatambu Sethuram | December 6, 2021 | Appointed as the Independent Director |
| Vishal Kumar Gupta | September 4, 2020 | Appointed as the nominee Director |
| Nithin Kaimal | December 9, 2019 | Resignation as the nominee Director |
| Padma Chandrasekaran | November 13, 2019 | Appointment as the Independent Director |

Note: The table above does not include certain changes including regularisation or change in designations.

Borrowing Powers of Board

Pursuant to our Articles of Association, the applicable provisions of the Companies Act, 2013 and a resolution passed by our Shareholders in their meeting held on December 29, 2021, our Board has been authorized to borrow any monies or financial indebtedness (together with money already borrowed or financial indebtedness already availed) in excess of aggregate of our Company’s aggregate paid-up share capital and free reserves (that is to say reserves not set apart for any specific purpose) provided that the total amount of money so borrowed or financial indebtedness availed by our Board shall not at any time exceed ₹ 12,500 million.

Corporate Governance

The provisions relating to corporate governance prescribed under the Listing Regulations will be applicable to us immediately upon listing of the Equity Shares on the Stock Exchanges. Our Company is in compliance with the requirements of the applicable regulations in respect of corporate governance in accordance with the Listing

Regulations and the Companies Act, 2013, pertaining to the constitution of the Board and committees thereof. Our Board has been constituted in compliance with the Companies Act and the Listing Regulations.

As on the date of this Draft Red Herring Prospectus, our Board comprises 6 (six) Directors including 1 (one) Executive Director, 2 (two) Non-Executive Directors and 3 (three) Independent Directors, including 1 (one) woman Independent Director. In compliance with Section 152 of the Companies Act, not less than two thirds of the Directors (excluding Independent Directors) are liable to retire by rotation.

Our Company undertakes to take all necessary steps to continue to comply with all the requirements of Listing Regulations and the Companies Act.

Committees of the Board

Our Board may constitute committees to delegate certain powers as permitted under the Companies Act, 2013.

In terms of the Listing Regulations and the provisions of the Companies Act, 2013, our Company has constituted the following Board level committees:

Audit Committee

The members of the Audit Committee are:

| S. No. | Name of the Director | Designation | Position in the Committee |
|--------|--------------------------------|------------------------|---------------------------|
| 1. | Kandheri Munaswamy Mohandass | Independent Director | Chairperson |
| 2. | Padma Chandrasekaran | Independent Director | Member |
| 3. | Subrahmanyam Meenakshisundaram | Non-Executive Director | Member |

The Audit Committee was last re-constituted pursuant to resolution passed by our Board in its meeting held on January 29, 2022. The scope and functions of the Audit Committee are in accordance with Section 177 of the Companies Act, 2013, Regulation 18 of the Listing Regulations and its terms of reference include the following:

Powers of Audit Committee

The Audit Committee shall have powers, including the following:

1. to investigate any activity within its terms of reference;
2. to seek information from any employee;
3. to obtain outside legal or other professional advice;
4. to secure attendance of outsiders with relevant expertise, if it considers necessary; and
5. such other powers as may be prescribed under the Companies Act and Listing Regulations.

Role of Audit Committee

The role of the Audit Committee shall include the following:

1. oversight of financial reporting process and the disclosure of financial information relating to our Company to ensure that the financial statements are correct, sufficient and credible;
2. recommendation for appointment, re-appointment, replacement, remuneration and terms of appointment of auditors of our Company and the fixation of the audit fee;
3. approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. formulation of a policy on related party transactions, which shall include materiality of related party transactions;
5. reviewing, at least on a quarterly basis, the details of related party transactions entered into by our Company pursuant to each of the omnibus approvals given;
6. examining and reviewing, with the management, the annual financial statements and auditor's report

thereon before submission to our Board for approval, with particular reference to:

- (a). Matters required to be included in the director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
 - (b). Changes, if any, in accounting policies and practices and reasons for the same;
 - (c). Major accounting entries involving estimates based on the exercise of judgment by management;
 - (d). Significant adjustments made in the financial statements arising out of audit findings;
 - (e). Compliance with listing and other legal requirements relating to financial statements;
 - (f). Disclosure of any related party transactions; and
 - (g). Modified opinion(s) in the draft audit report.
- 7. reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to our Board for approval;
 - 8. reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to our Board to take up steps in this matter;
 - 9. reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
 - 10. approval of any subsequent modification of transactions of our Company with related parties and omnibus approval for related party transactions proposed to be entered into by our Company, subject to the conditions as may be prescribed;

Explanation: The term "related party transactions" shall have the same meaning as provided in Clause 2(zc) of the Listing Regulations and/or the applicable Accounting Standards and/or the Companies Act, 2013.

- 11. scrutiny of inter-corporate loans and investments;
- 12. valuation of undertakings or assets of our Company, wherever it is necessary;
- 13. evaluation of internal financial controls and risk management systems;
- 14. reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- 15. reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- 16. discussion with internal auditors of any significant findings and follow up thereon;
- 17. reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to our Board;
- 18. discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- 19. recommending to our Board the appointment and removal of the external auditor, fixation of audit fees and approval for payment for any other services;
- 20. looking into the reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- 21. reviewing the functioning of the whistle blower mechanism;
- 22. monitoring the end use of funds raised through public offers and related matters;

23. overseeing the vigil mechanism established by our Company, with the chairman of the Audit Committee directly hearing grievances of victimization of employees and directors, who used vigil mechanism to report genuine concerns in appropriate and exceptional cases;
24. approval of appointment of chief financial officer (i.e., the whole-time finance director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
25. reviewing the utilization of loans and/or advances from / investment by the holding company in the subsidiary exceeding ₹ 1,000,000,000 or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing;
26. carrying out any other function as is mentioned in the terms of reference of the Audit Committee;
27. consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders; and
28. carrying out any other functions required to be carried out by the Audit Committee as contained in the Listing Regulations or any other applicable law, as and when amended from time to time.

The Audit Committee shall mandatorily review the following information:

- (a). Management discussion and analysis of financial condition and results of operations;
- (b). Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- (c). Management letters / letters of internal control weaknesses issued by the statutory auditors;
- (d). Internal audit reports relating to internal control weaknesses;
- (e). The appointment, removal and terms of remuneration of the chief internal auditor;
- (f). Statement of deviations in terms of the Listing Regulations:
 - (i). quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) where the Equity Shares are proposed to be listed in terms of the Listing Regulations; and
 - (ii). annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice in terms of the Listing Regulations.
- (g). review the financial statements, in particular, the investments made by any unlisted subsidiary.

Nomination and Remuneration Committee

The members of the Nomination and Remuneration Committee are:

| S. No. | Name of the Director | Designation | Position in the Committee |
|--------|--------------------------------|------------------------|---------------------------|
| 1. | Chittoor Ghatambu Sethuram | Independent Director | Chairperson |
| 2. | Kandheri Munaswamy Mohandass | Independent Director | Member |
| 3. | Subrahmanyam Meenakshisundaram | Non-Executive Director | Member |

The Nomination and Remuneration Committee was last re-constituted by our Board at their meeting held on January 29, 2022. The scope and functions of the Nomination and Remuneration Committee are in accordance with Section 178 of the Companies Act, 2013 and regulation 19 of the Listing Regulations. The terms of reference of the Nomination and Remuneration Committee include the following:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to our Board a policy relating to the remuneration of the directors, key managerial personnel and other employees:

The Nomination and Remuneration Committee, while formulating the above policy, should ensure that:

- the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run our Company successfully;
 - relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short- and long-term performance objectives appropriate to the working of the Company and its goals.
2. Formulation of criteria for evaluation of independent directors and our Board;
 3. Devising a policy on Board diversity;
 4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to our Board their appointment and removal and shall specify the manner for effective evaluation of performance of our Board, its committees and individual directors to be carried out either by our Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance;
 5. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
 6. Recommend to our Board, all remuneration, in whatever form, payable to senior management;
 7. Carrying out any other functions required to be carried out by the Nomination and Remuneration Committee as contained in the Listing regulations or any other applicable law, as and when amended from time to time;
 8. Analysing, monitoring and reviewing various human resource and compensation matters;
 9. Deciding whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
 10. Determining our Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;
 11. Recommending to our Board, all remuneration, in whatever form, payable to senior management and other staff, as deemed necessary;
 12. Administering, monitoring and formulating detailed terms and conditions of the employee stock option scheme, if any, of our Company;
 13. Reviewing and approving our Company's compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;
 14. Performing such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, if applicable;
 15. Framing suitable policies, procedures and systems to ensure that there is no violation of securities laws, as amended from time to time, including:
 - the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and

- the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, by the trust, our Company and its employees, as applicable;
16. Performing such other activities as may be delegated by the Board or specified/ provided under the Companies Act, 2013 to the extent notified and effective, as amended or by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended or by any other applicable law or regulatory authority;
 17. For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to our Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the committee may:
 - use the services of an external agencies, if required;
 - consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - consider the time commitments of the candidates.

Stakeholders' Relationship Committee

The members of the Stakeholders' Relationship Committee are:

| S. No. | Name of the Director | Designation | Position in the Committee |
|--------|--------------------------------|------------------------|---------------------------|
| 1. | Subrahmanyam Meenakshisundaram | Non-Executive Director | Chairperson |
| 2. | Chittoor Ghatambu Sethuram | Independent Director | Member |
| 3. | Ranjit Pendurthi | Managing Director | Member |

The Stakeholders' Relationship Committee was last re-constituted by our Board of Directors at their meeting held on January 29, 2022. The scope and functions of the Stakeholders' Relationship Committee are in accordance with Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations. The terms of reference of the Stakeholders' Relationship Committee include the following:

1. Resolving the grievances of the security holders of our Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc;
2. Review of measures taken for effective exercise of voting rights by shareholders;
3. Review of adherence to the service standards adopted by our Company in respect of various services being rendered by the registrar and share transfer agent;
4. Considering and specifically looking into various aspects of interest of shareholders, debenture holders and other security holders;
5. Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;
6. Giving effect to all transfer/transmission of shares and debentures, dematerialisation of shares and re-materialisation of shares, split and issue of duplicate/consolidated share certificates, compliance with all the requirements related to shares, debentures and other securities from time to time;
7. Review of the various measures and initiatives taken by our Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company;
8. Carrying out such other functions as may be specified by our Board from time to time or specified/provided under the Companies Act or Listing Regulations, or by any other regulatory authority.

Corporate Social Responsibility Committee

The members of the Corporate Social Responsibility Committee are:

| S. No. | Name of the Director | Designation | Position in the Committee |
|--------|--------------------------------|------------------------|---------------------------|
| 1. | Subrahmanyam Meenakshisundaram | Non-Executive Director | Chairperson |
| 2. | Padma Chandrasekaran | Independent Director | Member |
| 3. | Ravi Pendurthi | Non-Executive Director | Member |

The Corporate Social Responsibility Committee was last re-constituted by our Board of Directors at their meeting held on January 29, 2022. The terms of reference of the Corporate Social Responsibility Committee of our Company are as per Section 135 of the Companies Act, 2013 and the applicable rules thereunder, including:

1. formulate and recommend to our Board, a “Corporate Social Responsibility Policy” which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act;
2. review and recommend the amount of expenditure to be incurred on the activities referred to in clause (1);
3. monitor the corporate social responsibility policy of our Company and its implementation from time to time; and
4. any other matter as the Corporate Social Responsibility Committee may deem appropriate after approval of our Board or as may be directed by the Board from time to time.

Risk Management Committee

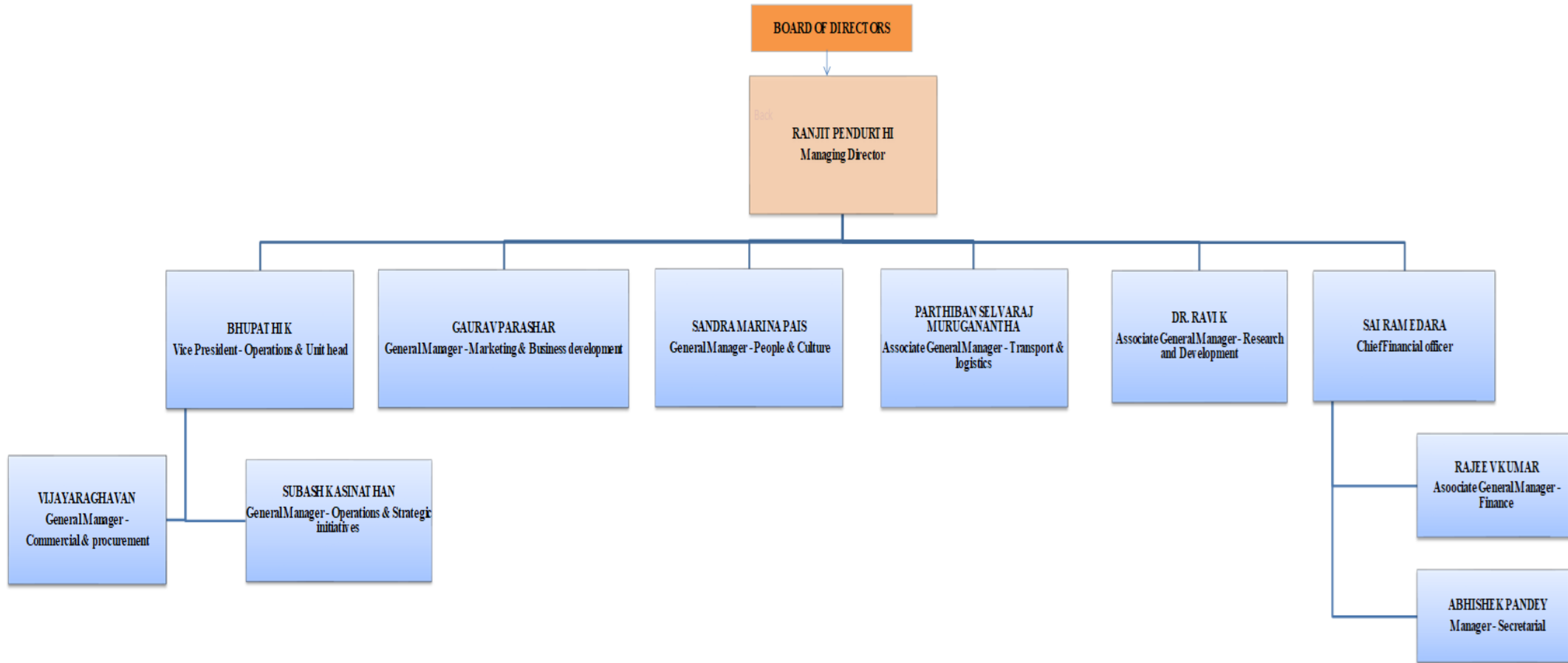
The members of the Risk Management Committee are:

| S. No. | Name of the Director | Designation | Position in the Committee |
|--------|--------------------------------|------------------------|---------------------------|
| 1. | Subrahmanyam Meenakshisundaram | Non-Executive Director | Chairperson |
| 2. | Chittoor Ghatambu Sethuram | Independent Director | Member |
| 3. | Ranjit Pendurthi | Managing Director | Member |

The Risk Management Committee was constituted by our Board of Directors at their meeting held on December 6, 2021. The scope and function of the Risk Management Committee are in accordance with Regulation 21 of the Listing Regulations. The terms of reference of the Risk Management Committee are as follows:

1. To formulate a detailed risk management policy which shall include:
 - A framework for identification of internal and external risks specifically faced by our Company, in particular including financial, operational, sectoral, sustainability (particularly, environmental social and governance related risks), information, cyber security risks or any other risk as may be determined by the committee.
 - Measures for risk mitigation including systems and processes for internal control of identified risks.
 - Business continuity plan.
2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of our Company;
3. To co-ordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per framework laid down by our Board;
4. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
5. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
6. To keep our Board informed about the nature and content of its discussions, recommendations and actions to be taken;
7. The appointment, removal and terms of remuneration of the chief risk officer (if any) shall be subject to review by the Risk Management Committee.

Management Organisation Chart



Key Managerial Personnel

In addition to Ranjit Pendurthi, our Managing Director, the following persons are our Key Managerial Personnel. For details of the brief profile of our Managing Director, see “- *Brief Biographies of Directors*” on page 170. The brief profiles of our other Key Managerial Personnel are as set out below:

Abhishek Pandey is the Company Secretary and Compliance Officer of our Company with effect from January 1, 2022. He has been admitted as an associate of the Institute of Company Secretaries of India and holds a degree of bachelor of commerce from University of Calcutta. He has approximately seven years of experience in secretarial compliance. He was previously associated with Bharath Salt Refineries Limited, Ispat Damodar Private Limited and Baid Holdings Private Limited. Since he was appointed in Fiscal 2022, he did not receive any remuneration in Fiscal 2021 from our Company.

Bhupathi K is the vice-president - operations and unit head of our Company. He has been part of our Company since November 20, 2021. He is a certified boiler operations engineer and holds a degree of bachelor of mechanical engineering from Government College of Technology, Coimbatore. He has 28 years of experience in spearheading production, maintenance, erection and commissioning, quality and projects with key focus on profitability. He has also received an award of distinguished achiever from Kumar Mangalam Birla. He has been previously associated with Epsilon Carbon Private limited, Philips Carbon Black Limited, E.I.D - Parry India Limited, Phillips Carbon Black Limited and Hi-Tech Carbon. Since he was appointed in Fiscal 2022, he did not receive any remuneration in Fiscal 2021 from our Company.

Gaurav Parashar is the general manager- marketing and business development of our Company. He has been part of our Company since April 1, 2021. He has completed master program in business administration with specialisation in trade and purchase management from National Institute of Business Management, New Delhi, and holds degree of bachelor of engineering in electronics and communications from R.K.D.F Institute of Science and Technology, Bhopal. He has over a decade of experience in marketing and business development. He has been previously associated with Pt. Kaltim Global Indonesia, Adani Enterprises Limited and Adani Exports Limited. Since he was appointed in Fiscal 2022, he did not receive any remuneration in Fiscal 2021 from our Company.

Parthiban Selvaraj Muruganantha is the associate general manager – transport and logistics of our Company. He has been part of our Company since April 1, 2019. He holds degrees of master of studies in shipping and port management from Alagappa University and bachelor of science in computer science from Bharathiar University. He has 17 years of experience in shipping and port management. He has been previously associated with Core Minerals, Jakhau Salt Company Private Limited, Orient Resources, Goodearth Maritime Limited, Brisk Marine Services, Globus Marine Services Private Limited and DA-Desk FZE. During Fiscal 2021, he received a remuneration of ₹ 1.03 million from our Company.

Rajeev Kumar is the associate general manager- finance of our Company. He has been part of our Company since April 1, 2017. He holds a certificate from Indian Institute of Banking & Finance for completion and passing of CAIIB examination. He also holds post graduate diploma in management with specialisation in banking, insurance and financial services from Asian School of Business Management, Bhubaneswar and a degree of bachelor of commerce from St. Xavier’s College, Ranchi. He has 12 years of experience in finance. He has been previously associated with Jakhau Salt Company Private Limited, Goodearth Maritime Limited and State Bank of Hyderabad. During Fiscal 2021, he received a remuneration of ₹ 1.86 million from our Company.

Dr. Ravi K is the associate general manager- research and development of our Company. He has been part of our Company since January 1, 2021. He holds degrees of doctor of Philosophy in Chemistry from Annamalai University, master of science in Chemistry from Annamalai University and degree of bachelor of science from University of Madras. He was a member to the board of governors for the Central Polytechnic College, Chennai. He has 35 years of experience in contract research and custom synthesis projects. He has been previously associated with Altus Alumina Speciality Private Limited, Survival Technologies Private Limited, Proventus Life Sciences Private Limited, Malladi Drugs & Pharmaceuticals Limited, Inspec Laboratories Private Limited, Inspec Chemicals Private Limited, Kothari Sugars and Chemicals Limited, Tanfac Industries Limited and Maruti Laboratories Private Limited. During Fiscal 2021, he received a remuneration of ₹ 0.46 million from our Company.

Sai Ram Edara is the Chief Financial Officer of our Company with effect from September 4, 2020. He has been a part of Archean group since 2018 as group chief financial officer. He holds degrees of bachelor of commerce

and bachelor of law from Osmania University, Hyderabad. He is also admitted as an associate and fellow of the Institute of Chartered Accountants of India, and as an associate of the Institute of Company Secretaries of India. He has 29 years of experience in financial reporting, fund raising and taxation. He was previously associated with A&R Built Packing Limited, Tyche Electronics Limited, Shaw Wallace Distilleries Limited, Neuland Laboratories Limited, NSL Sugars Limited and Ganga Kaveri Seeds Private Limited. During Fiscal 2021, he received a remuneration of ₹ 9.88 million from our Company.

Sandra Marina Pais is the general manager- people and culture of our Company. She has been part of our Company since July 1, 2021. She holds degrees of master of human resource management from Pondicherry University; master of science from University of Madras and bachelor of science from University of Madras. She has 25 years of experience in human resource operations and organisational development. She has been previously associated with Hitachi Payment Services Private Limited, T2S software Solutions Private Limited, Prizm Payments Services Private Limited, Ramco Systems Limited, Imagequity, DSQ Software Limited, Genesis Info Services Private Limited, India Software Group and Blueshift. Since she was appointed in Fiscal 2022, she did not receive any remuneration in Fiscal 2021 from our Company.

Subash Kasinathan is the general manager- operations and strategic initiative of our Company. He has been part of our Company since October 11, 2010. He holds degrees of International executive master of business administration in project management from Ural Federal Universitys Business School and bachelor of technology in chemical engineering from Anna University. He has been elected as a member of Institute of Engineers (India) and is authorised to use the style and title of Chartered Engineer (India) and by the Institute of Engineers (India). He has 17 years of experience in process and project engineering. He has been previously associated with Aria Chemicals Private Limited, Tebodin Mahesh Consultants & Engineers India Private Limited, Aum Consultancy Private Limited and Hema Engineering Industries Limited. During Fiscal 2021, he received a remuneration of ₹ 3.61 million from our Company.

Vijayaraghavan Srinivasan is the general manager- commercial and procurement of our Company. He has been part of our Company since August 1, 2015. He holds degrees of bachelor of engineering (Production) from Marathwada University. He has 20 years of experience in operations, maintenance, project and team management. He has been previously associated with Wellbrines Chemicals Limited, Jakhau Salt Company Private Limited, Core Minerals and Orient Resources. During Fiscal 2021, he received a remuneration of ₹ 3.71 million from our Company.

Relationship between our Key Managerial Personnel

None of our Key Managerial Personnel are related to each other.

Service Contracts with Key Managerial Personnel

Other than statutory benefits upon termination of their employment in our Company on retirement, no officer of our Company, including our Directors and the Key Managerial Personnel has entered into a service contract with our Company pursuant to which they are entitled to any benefits upon termination of employment.

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

There is no arrangement or understanding with the major shareholders, customers, suppliers or others, pursuant to which our Key Management Personnel have been appointed.

Payment or Benefit to our Key Managerial Personnel

Except applicable statutory benefits, none of our Key Managerial Personnel are entitled to receive any benefits on their retirement or on termination of their employment with our Company.

Contingent and deferred compensation payable to Key Managerial Personnel

As on the date of this Draft Red Herring Prospectus, there is no contingent or deferred compensation accrued for the year payable to Key Managerial Personnel, which does not form a part of their remuneration.

Bonus or profit sharing plan of the Key Managerial Personnel

None of our Key Managerial Personnel is party to any bonus or profit sharing plan of our Company, other than the performance linked incentives given to Key Managerial Personnel.

Status of Key Managerial Personnel

All our Key Managerial Personnel are permanent employees of our Company.

Shareholding of Key Managerial Personnel

For details of Equity Shares held by our Key Management Personnel as of the date of this Draft Red Herring Prospectus, see “*Capital Structure – Shareholding of our Directors and Key Managerial Personnel in our Company*” on page 79.

Interests of Key Managerial Personnel

Our Key Managerial Personnel (other than our Directors and Promoter) do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per the terms of their appointment, reimbursement of expenses incurred by them during the ordinary course of business and statutory benefits such as gratuity, provident fund and pension entitled to our Key Managerial Personnel.

Company has given a staff loan to Rajeev Kumar. As of January 31, 2022, outstanding loan amount is ₹ 0.84 million. No loans have been availed by any other Key Managerial Personnel from our Company.

Attrition rate of Key Managerial Personnel

The attrition of the Key Managerial Personnel of our Company is not high compared to the industry.

Changes in the Key Managerial Personnel

Except as disclosed in “– *Changes in the Board in the last three years*” and as disclosed below, there have been no changes in our Key Managerial Personnel in the last three years:

| Name | Date of change | Current Designation | Reason for change |
|--------------------------------|-----------------------|---|--------------------------|
| Abhishek Pandey | January 1, 2022 | Company Secretary and Compliance Officer | Appointment |
| Balaji Ganesh Singh | November 30, 2021 | Company Secretary | Resignation |
| Bhupathi K | November 20, 2021 | Vice President- Operations and Unit Head | Appointment |
| Sandra Marina Pais | July 1, 2021 | General Manager- People and Culture | Appointment |
| Gaurav Parashar | April 1, 2021 | General Manager- Marketing and Business Development | Appointment |
| Dr. Ravi K | January 1, 2021 | Assistant General Manager- Research and Development | Appointment |
| Sai Ram Edara | September 4, 2020 | Chief Financial Officer | Appointment |
| Balaji Anna Ranganathan | August 28, 2019 | Chief Financial Officer | Resignation |
| Parthiban Selvaraj Muruganatha | April 1, 2019 | Associate General Manager – Commercial | Appointment |

Note: The table above does not include change in designations.

Employee stock option plan and employee stock purchase plan

For details of our employee stock option plan, see “*Capital Structure - Archean Chemical - Employee Stock Option Plan 2022 (“ESOP 2022”)*” on page 81.

Payment or Benefit to officers of our Key Managerial Personnel (non-salary related)

No non-salary amount or benefit has been paid or given to any of our Company’s officers including Key Managerial Personnel within the two preceding years or is intended to be paid or given as on the date of this Draft Red Herring Prospectus.

OUR PROMOTERS AND PROMOTER GROUP

Our Promoters are Chemikas Speciality LLP, Ravi Pendurthi and Ranjit Pendurthi.

As on the date of this Draft Red Herring Prospectus, our Promoters collectively hold an aggregate of 67,724,755 Equity Shares, equivalent to 70.30% (65.58%, assuming conversion of the CCDs held by IRF I, IRF II and PNRPL) of the pre-Offer issued, subscribed and paid-up Equity Share capital of our Company. For further details of shareholding of our Promoters, see “*Capital Structure*” on page 72.

Details of our Promoters

Corporate Promoter

1. Chemikas Speciality LLP (“CS LLP”)

CS LLP was originally incorporated as a private limited company under the name of “Goodearth Ferilsers Company Private Limited”, registered under Companies Act 2013, with registrar of company, Chennai, Tamil Nadu *vide* certificate of incorporation dated June 15, 2010. Subsequently private limited company was converted into limited liability partnership with name “Goodearth Fertilsiers Company LLP”, under the Limited Liability Partnership Act, 2008, on April 20, 2018 with LLP identification number AAM-4634. Subsequently, the name was changed to “Chemikas Speciality LLP” on January 10, 2022.

Its registered office is located at No. 2, North Crescent Road, T Nagar, Chennai 600 017, Tamil Nadu.

CS LLP is authorised to engage in the business of manufacture, production, development of chemical fertilisers, bio-fertilizers, petro chemicals, refining industrial chemicals, and hydrocarbons, their inputs and technologies and allied products/ byproducts and conversion, storage and marketing. There have been no changes to the primary business activities of the CS LLP.

Ravi Pendurthi and Ranjit Pendurthi are partners and of CS LLP having 2% and 98%, respectively, in the capital of CS LLP.

The designated partners of CS LLP are Ranjit Pendurthi and Ravi Pendurthi.

As at the date of Draft Red Herring Prospectus, CS LLP hold 39,458,790 representing 40.96% of the pre-Offer issued, subscribed and paid-up Equity Share capital of our Company.

Except as set out below, there has been no change in the control of CS LLP:

| Name of the Partner | Control immediately prior to December 6, 2021 (in %) | Control (in %) (with effect from December 6, 2021) (in %) |
|---------------------|--|---|
| Ravi Pendurthi | 50 | 2 |
| Ranjit Pendurthi | 50 | 98 |
| Total | 100 | 100 |

Our Company confirms that PAN details, bank account number, LLP identification number of CS LLP and the address of the registrar of companies where CS LLP is registered, have been submitted to the Stock Exchanges at the time of filing the Draft Red Herring Prospectus with them.

Individual Promoters

2. Ravi Pendurthi



Ravi Pendurthi (DIN: 02334379), aged 50 years, is one of our Promoters.

Date of Birth: December 5, 1971

Address: No. 21, Giri Road, Thiyagaraya Nagar, Chennai 600 017, Tamil Nadu, India.

Permanent Account Number: AEHPR7148M

3. Ranjit Pendurthi



Ranjit Pendurthi (DIN: 01952929), aged 47 years, is one of our Promoters and Managing Director of our Company.

Date of Birth: February 11, 1974

Address: No. 21, Giri Road, Thiyagaraya Nagar, Chennai 600 017, Tamil Nadu, India.

Permanent Account Number: ADKPR1327C

Brief biographies of individual Promoters

For the complete profile of Ranjit Pendurthi and Ravi Pendurthi, along with details of his educational qualifications, experience in the business or employment, position/posts held in the past, directorships held, special achievements and business and financial activities, if any, see “*Our Management – Board of Directors*” on page 168.

Our Company confirms that the PAN, Aadhaar and driving license details, bank account numbers and passport numbers of our individual Promoters have been submitted to the Stock Exchanges at the time of filing this Draft Red Herring Prospectus with them.

Experience of our Promoters

Our Promoters have adequate experience in the business activities undertaken by our Company.

Other ventures of our Promoters

Other than as disclosed in “– *Our Promoter Group*” below and in section “*Our Management – Other Directorships*” on page 168, our Promoters are not involved in any other ventures.

Interests of our Promoters

Interest of our Promoters in the promotion of our Company

Our Promoters are interested in our Company to the extent:

- (i). that they have promoted our Company;
- (ii). of their respective shareholding in our Company and the dividends payable and any other distributions in respect of their respective shareholding in our Company;
- (iii). of any remuneration, or reimbursement received by them from our Company, in the capacity of our Director;
- (iv). rent payable on the property leased to our Company;
- (v). subject to directorship if held, and payments made for services rendered by entities in which our Promoters have been interested in.

Additionally, our Promoters may be interested in transactions entered into by our Company with other entities (i) in which our Promoters hold shares, or (ii) controlled by our Promoters or their relatives. For details regarding the shareholding of our Promoters and other interests in our Company, see the sections “*Capital Structure*”, “*Our Management*” and “*Financial Information – Annexure 6 – Note 34 – Related Party Transaction*” on pages 72, 168 and 234, respectively.

Interest of our Promoters in the property of our Company

Our Company has taken on lease certain premises located at 1st floor, Anandam, D-4 N-U, 10 B, Shakti Nagar, Gandhidum (Kutch) Gujarat 370201, India, from Ranjit Pendurthi, Managing Director, pursuant to rental agreement dated June 1, 2011, for use by our Company. This rental agreement is valid until May 30, 2025. In terms of this rental agreement, our Company is required to pay a monthly rent of ₹ 0.3 million with effect from April 1, 2018. The rental agreement provide for rent escalation, calculated at the rate of 5% every year on the year’s rent. The lock-in period is five years from June 1, 2018.

Except as disclosed above, our Promoters have no interest in any property acquired in the three years preceding the date of this Draft Red Herring Prospectus or proposed to be acquired by our Company, or in any transaction by our Company for acquisition of land, construction of building or supply of machinery.

Interest of our Promoters in our Company arising out of being a member of a firm or company

Other than as disclosed in “*Related Party Transactions*”, our Promoters are interested as partners in CS LLP which has interest in our Company. Further, no sum has been paid or agreed to be paid to our Promoters or to any firm or company in which our Promoters are interested as members, in cash or shares or otherwise by any person either to induce our Promoters to become, or qualify them as a director or promoter, or otherwise for services rendered by our Promoters or by such firm or company in connection with the promotion or formation of our Company.

Payment of benefits to our Promoters or our Promoter Group

Except as stated in “*Financial information – Annexure 6 – Note 34 – Related Party Transaction*” and “*Our Management*” and “*Financial Information*” on pages 234 and 168, respectively, no amount or benefit has been paid or given to our Promoters or members of our Promoter Group during the two years preceding the filing of this Draft Red Herring Prospectus nor is there any intention to pay or give any amount or benefit to our Promoters or members of our Promoter Group.

Material Guarantees

Our Promoters have not given any material guarantee to any third party with respect to the Equity Shares, as on the date of this Draft Red Herring Prospectus.

Companies or Firms with which our Promoters have disassociated in the last three years

Except as disclosed below, our Promoters have not disassociated themselves from any company or firm in the three years immediately preceding the date of this Draft Red Herring Prospectus:

| S. No. | Name of Promoter(s) | Name of the company/ firm disassociated from | Date of Disassociation | Reasons for and circumstances leading to disassociation and terms of disassociation |
|--------|---------------------|--|------------------------|---|
| 1. | Ravi Pendurthi | Jakau Industries Private Limited | February 2, 2021 | Closure of company |
| 2. | Ranjit Pendurthi | BSRL Salt Refineries (Machilipatnam) Private Limited | March 3, 2021 | Closure of company |

Change in control of our Company

Our Promoters, Ravi Pendurthi and Ranjit Pendurthi are the original promoters of our Company. Further, there has not been any change in the control of our Company in the five years immediately preceding the date of this Draft Red Herring Prospectus.

Our Promoter Group

The following individuals and entities form part of the Promoter Group of our Company in terms of Regulation 2(1) (pp) of the SEBI ICDR Regulations.

A. Natural persons forming part of the Promoter Group

| S. No. | Name of member of our Promoter Group | Relationship with our Promoter |
|-------------------------|--------------------------------------|--------------------------------|
| Ravi Pendurthi | | |
| 1. | Madhavy Raj | Spouse |
| 2. | Pendurthi Brahmanandam | Father |
| 3. | Pendurthi Pramila | Mother |
| 4. | Radha Pendurthi | Daughter |
| 5. | Ranjit Pendurthi | Brother |
| 6. | Sudhir Raj | Spouse's father |
| 7. | Gita Raj | Spouse's mother |
| 8. | Suneethi Raj | Spouse's sister |
| Ranjit Pendurthi | | |
| 1. | P Sita Mahalakshmi | Spouse |
| 2. | Pendurthi Brahmanandam | Father |
| 3. | Pendurthi Pramila | Mother |
| 4. | Pendurthi Vineet | Son |
| 5. | Pendurthi Anwita | Daughter |
| 6. | Ravi Pendurthi | Brother |
| 7. | Immanni Seshagiri Rao | Spouse's father |
| 8. | Immanni Satyavani | Spouse's mother |
| 9. | Immanni Venkat | Spouse's brother |
| 10. | Immanni Ravi | Spouse's brother |

B. Entities forming part of the Promoter Group

1. Aauric Holdings Pte. Limited
2. Acume Chemicals Private Limited
3. AGPL Investments Pte. Limited
4. Archean Design and Development Private Limited
5. Archean Fertilizer Private Limited
6. Archean Industries Private Limited
7. Archean Minerals Pte. Limited
8. Archean Salt Holdings Private Limited
9. Bahuvidhaah Holdings Private Limited
10. Bharat Ssangyong Salt Corporation Limited
11. Chemikas Speciality LLP
12. Core Minerals Private Limited
13. Good Navigation Private Limited

14. Goodearth Maritime Limited
15. Goodearth Maritime Limited, Jersey
16. Greenergy India Private Limited
17. Hulit Resources Private Limited
18. KGF Granites Private Limited
19. Opera Holdings Private Limited
20. Scorechem Chemicals Private Limited
21. Senfer Investments Limited
22. Total Maritime Design Private Limited
23. Vayu Wind Energies Limited
24. Vinmir Resources Private Limited
25. Vishaka Ship Building Private Limited
26. Core Minerals
27. Orient Resources

OUR GROUP COMPANIES

In terms of the SEBI ICDR Regulations, for the purpose of identification of group companies, our Company has considered (i) companies (other than our Promoters and Subsidiary) with which our Company has entered into related party transactions during the period for which the Restated Financial Information has been included in this Draft Red Herring Prospectus as covered under the applicable accounting standards, and (ii) such other companies as considered material by the Board, in accordance with the Materiality Policy.

For the purposes of (ii) above, in terms of the Materiality Policy, a company (other than our Promoters and Subsidiary) has been considered material and disclosed as a group company if:

- (a) our Company and/or our Promoters hold 10% or more of the equity share capital of such company; and
- (b) our Company has entered into one or more transactions with such company during the last completed fiscal year and stub period, if any, (“**Test Period**”), which individually or cumulatively in value exceeds 5% of the total income of our Company for that respective Test Period as per the Restated Financial Information.

Based on the above, our Company has following group companies as on the date of this Draft Red Herring Prospectus:

1. Archean Industries Private Limited;
2. Archean Salt Holdings Private Limited;
3. Bahuvidhaah Holdings Private Limited;
4. Bharath Salt Refineries Limited;
5. Cloudgen Digital Private Limited;
6. Goodearth Maritime Limited;
7. Jakhau Salt Company Private Limited; and
8. Sea Salt Holding Pte. Limited.

Details of our Group Companies

The details of our Group Companies are provided below:

A. Details of our top five Group Companies

In terms of the SEBI ICDR Regulations, the following information based on the audited financial statements, in respect of top five Group Companies, for the last three years shall be hosted on the website of our Group Companies:

- reserves (excluding revaluation reserve);
- sales;
- profit after tax;
- earnings per share;
- diluted earnings per share; and
- net asset value.

| S. No. | Name of Group Company | Address of Registered Office | Website wherein financial information derived from the audited financial statements of the Group Company for the last three financial years, as required by the SEBI ICDR Regulations, are available |
|--------|-------------------------------------|---|--|
| 1. | Jakhau Salt Company Private Limited | No. 2, North Crescent Road T. Nagar Chennai 600 017, Tamil Nadu, India. | jakhausalt.com/about.html |
| 2. | Bharath Salt Refineries Limited | No. 2, North Crescent Road T. Nagar Chennai 600 017, Tamil Nadu, India. | bharathsalt.com/about.html |
| 3. | Archean Industries Private Limited | No. 2, North Crescent Road T. Nagar Chennai 600 017, Tamil Nadu, India. | www.aipl.in.net/about.html |

| S. No. | Name of Group Company | Address of Registered Office | Website wherein financial information derived from the audited financial statements of the Group Company for the last three financial years, as required by the SEBI ICDR Regulations, are available |
|--------|----------------------------------|---|--|
| 4. | Goodearth Maritime Limited | No. 2, North Crescent Road T. Nagar Chennai 600 017, Tamil Nadu, India. | https://www.goodearth.co.in/s |
| 5. | Cloudgen Digital Private Limited | 2-22-106/B/1, Vijay Nagar Colony, Allwyn Colony, Hyderabad, Telangana 500072, India | www.archeanchemicals.com/investor-relations/ |

It is clarified that such details available on the websites of aforesaid Group Companies do not form a part of this Draft Red Herring Prospectus.

B. Details of our other Group Companies

| S. No. | Name of Group Company | Address of Registered Office |
|--------|---------------------------------------|--|
| 1. | Archean Salt Holdings Private Limited | No. 2, North Crescent Road T. Nagar Chennai 600 017, Tamil Nadu, India |
| 2. | Bahuvridhaah Holdings Private Limited | No. 2, North Crescent Road T. Nagar Chennai 600 017, Tamil Nadu, India |
| 3. | Sea Salt Holding Pte. Limited | 7500a Beach Road, #06-308, The Plaza, Singapore (199591) |

Nature and extent of interest of Group Companies

In the promotion of our Company

None of our Group Companies have any interest in the promotion of our Company.

In the properties acquired by our Company in the past three years before filing this Draft Red Herring Prospectus or proposed to be acquired by our Company

None of our Group Companies are interested in the properties acquired by our Company in the three years preceding the filing of this Draft Red Herring Prospectus or proposed to be acquired by our Company as on the date of this Draft Red Herring Prospectus.

In transactions for acquisition of land, construction of building and supply of machinery, etc.

None of our Group Companies are interested in any transactions for acquisition of land, construction of building or supply of machinery, etc.

Common pursuits among the Group Companies and our Company

Except Jakhau Salt Company Private Limited and Bharath Salt Refineries Limited, which are engaged in the business of manufacturing of industrial salt, none of the Group Companies are involved in the same line of business as our Company and accordingly none of our Group Companies have any common pursuits with our Company.

However, we do not perceive any conflict of interest with our Group Companies as our Group Companies are controlled by members of the Promoter Group and there is no significant product overlap between our Company and such Group Companies. We shall adopt necessary procedures and practices as permitted by law to address any instances of conflict of interest, if and when they may arise.

Related Business Transactions within our Group Companies and significance on the financial performance of our Company

Except as disclosed in “Financial Information – Annexure 6 – Note 34 – Related Party Transactions” on page 234, there are no related business transactions with the Group Companies.

Litigation

As on the date of this Draft Red Herring Prospectus, there is no pending litigation involving our Group Companies which will have a material impact on our Company.

Business interest of Group Companies

Except in the ordinary course of business and as stated in “*Financial Information – Annexure 6 – Note 34 – Related Party Transactions*” on page 234, none of our Group Companies have any business interest in our Company.

Confirmations

None of our Group Companies have any securities listed on a stock exchange.

DIVIDEND POLICY

The declaration and payment of dividends is recommended by our Board and approved by our Shareholders, at their discretion, subject to the provisions of the Articles of Association, Companies Act and other applicable law. The dividend policy was approved by our Board on January 29, 2022.

The dividend, if any, will depend on a number of factors, including but not limited to the earnings, capital requirements, contractual obligations, applicable legal restrictions, our Company's liquidity position and future cash flow needs, the prevailing taxation policy or any amendments expected thereof, with respect to distribution of dividend, capital expenditure requirements considering opportunities for expansion and acquisition, cost and availability of alternative sources of financing, prevailing macroeconomic and business conditions, and overall financial position of our Company and other factors considered relevant by our Board. We may retain all our future earnings, if any, for use in the operations and expansion of our business. For further details, see "*Risk Factors – We cannot assure payment of dividends on the Equity Shares in the future.*" on page 51.

In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under the loan or financing arrangements our Company is currently availing of or may enter into to finance our fund requirements for our business activities. For further details, see "*Financial Indebtedness*" on page 285.

Our Company has not declared any dividends in the three Fiscals immediately preceding the filing of this Draft Red Herring Prospectus. Further, we have not declared any dividends in the six months period ended September 30, 2021 and from October 1, 2021 until the date of this Draft Red Herring Prospectus.

SECTION V: FINANCIAL INFORMATION

FINANCIAL INFORMATION

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INDEPENDENT AUDITOR'S EXAMINATION REPORT ON RESTATED FINANCIAL INFORMATION

To,

**The Board of Directors,
Archean Chemical Industries Limited**
(formerly Archean Chemical Industries Private Limited)
No.2, North Crescent, T. Nagar
Chennai- 600017
Tamil Nadu, India

Dear Sirs / Madam,

1. We, PKF Sridhar & Santhanam LLP, have examined the attached Restated Financial Information of Archean Chemical Industries Limited' (the "Company") and its subsidiary (collectively referred to as "the Group") which comprise the Restated Standalone Statement of Assets and Liabilities as at September 30, 2021 and March 31 2021 and the Restated Consolidated Statement of Assets and Liabilities as at March 31 2020 and March 31 2019; the Restated Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Restated Standalone Statement of Changes in Equity and the Restated Standalone Statement of Cash Flows each of the six months period/ year ended September 30 2021 March 31 2021 and the Restated Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Restated Consolidated Statement of Changes in Equity and the Restated Consolidated Statement of Cash Flows for each of the years ended March 31 2020 and March 31 2019 and the summary of significant accounting policies, read together with the annexures and notes forming part of the Restated Financial Information explained in paragraph 4 below (collectively referred to as "Restated Financial Information"), for the purpose of inclusion in the Draft Red Herring Prospectus/ Red Herring Prospectus/ Prospectus (collectively referred to as "Offer Document") prepared by the Company in connection with its proposed Initial Public Offer of equity shares of Rs. 2 each (the "IPO"). The Restated Financial Information has been approved by the Board of Directors of the Company at their meeting held on 15-01-2022 and is prepared in terms of the requirements of:

- (a) Section 26 of Part I of Chapter III of the Companies Act, 2013, as amended (the "Act") read with of Companies (Prospectus and Allotment of Securities) Rules, 2014 as amended by Companies (Prospectus and Allotment of Securities) Amendment Rules, 2018 ("the Rules");
- (b) the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time in pursuance of provisions of Securities and Exchange Board of India Act, 1992 ("ICDR Regulations"); and
- (c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time, hereafter referred to as "the Guidance Note".

2. Management's responsibility for the Restated Financial Information

The Company's Board of Directors is responsible for the preparation of the Restated Financial Information of the company for the purpose inclusion in the Offer Document to be filed with Securities Exchange Board of India, relevant stock exchanges and Registrar of Companies, Tamil Nadu at Chennai. The Restated Financial Information have been prepared by the management of the Company ('the Management') on the basis of preparation stated in note 1.2 (a) to the Restated Financial Information.

The Management's responsibility includes designing, implementing and maintaining adequate internal controls relevant to the preparation and presentation of the Restated Financial Information. The Management is also responsible for identifying and ensuring that the company complies with the Act, Rules, ICDR Regulations and Guidance note.

3. Auditor's responsibility

Our responsibility is to examine the Restated Financial Information and confirm whether such Restated Financial Information comply with the requirements of the Act, the Rules, ICDR Regulations and the Guidance Note.

We have examined such Restated Financial Information taking into consideration:

- (a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated 15-11-2021 in connection with the proposed issue of equity shares of the Company; and
- (b) The Guidance Note.
- (c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Financial Information; and
- (d) the requirements of Section 26 of the Act and the ICDR Regulations and the Guidance Note.

Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the proposed IPO.

4. Restated Financial Information as per Audited Standalone/ Consolidated Financial Statements

These Restated Financial Information has been compiled by the Management as follows:

- (a) As at and for the six months period/ year ended September 30 2021 and March 31 2021: From the audited standalone financial statements of the Company as at and for the six months period/ year ended September 30 2021 and March 31 2021, prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Amendment Rules, 2016 ("Ind AS Rules"), other accounting principles generally accepted in India and other relevant provisions of the Act which have been approved by the Board of Directors at their meeting held on dated 27-12-2021 and 06-12-2021 respectively.
 - (b) As at and for the years ended March 31 2020 and March 31 2019,: From the audited consolidated financial statements of the Group as at and for the years ended March 31 2020 and March 31 2019, prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Amendment Rules, 2016 ("Ind AS Rules"), other accounting principles generally accepted in India and other relevant provisions of the Act which have been approved by the Board of Directors at their meeting held on dated 05-05-2021 and 13-08-2019 respectively.
5. For the purpose of our examination, we have relied on auditor's report issued by us dated 27-12-2021 and 06-12-2021 on the standalone financial statements of the Company as at and for six months period / year ended September 30 2021 and March 31 2021 respectively and on the auditor's report issued by previous auditors dated 5-05-2021 and 26-08-2019 on the consolidated financial statements of the Group as at and for the year ended March 31 2020 and March 31 2019 respectively as referred to in Paragraph 4 above. Emphasis is supplied

on our reliance of audit report for the year ended March 31 2020 and March 31 2019 respectively as provided by previous auditors.

6. Other matters

- a. The auditors' reports issued by the Company's previous auditor dated 5-05-2021 and 26-08-2019 on the consolidated financial statements of the Group as at and for the years ended March 31, 2020 and March 31, 2019 respectively included the following Other Matters:

We did not audit the financial statements of the subsidiary i.e. Marine Chemicals Trading PTE Ltd for the year ended March 31, 2020 and March 31, 2019, whose share of total assets, total revenues, and net cash flows, included in the Restated Financial Information for each of the financial years as tabulated below:

(Rs. in million)

| Particulars | Year ended 31 March | |
|---------------|---------------------|-------|
| | 2020 | 2019 |
| Total Assets | - | 0.02 |
| Total Revenue | 5.38 | - |
| Net Cash flow | -0.02 | -0.01 |

These financial statements have been audited by other auditors, whose audit reports have been furnished to previous auditors by the Management and their opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these components is based solely on the audit report of the other auditors.

Our opinion on the Restated Financial Information is not modified in respect of above matter with respect to our reliance on the work done and the reports of the other auditors.

- b. The auditors' reports issued by the other auditor dated April 10, 2019 on the financial statements of the subsidiary i.e. Marine Chemicals Trading PTE. Ltd for the financial year ended March 31, 2019 included the following Other Matters:

Attention is drawn to **Material uncertainty related to Going Concern** paragraph in the audit report of subsidiary, which describes as under:

The company incurred a net loss of US\$ 9,534 for the financial year ended 31 March 2019. As at 31 March 2019, the Company's current liabilities exceeded their current assets by US\$ 72,142. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the ability of the company to continue as going concern and to realize its assets and discharge its liabilities in the ordinary course of business.

Management has prepared the financial statements on a going concern basis on the assumption that the company will continue as a going concern based on the financial support from its Holding Company. Our opinion is not modified in respect of this matter.

In the event the Company is unable to continue in existence for the foreseeable future, adjustments may have to be made to reflect the situation that assets may need to be realized other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position.

Our opinion on the restated financial information is not modified in respect of this matter with respect to our reliance on the work done and the reports of the other auditors.

7. Annexure to the audit report on the audited standalone financial statements of the Company as at and for the six month period /years ended September 30 2021, March 31 2021, 2020 and 2019, have the following adverse remarks in the report.

CARO Qualification in the Audit report of the Company

| As at and for the year ended March 31, | Paragraph No | Comments/ Remarks in the Annexure to the audit report as specified under Companies (Auditor's Report) Order 2016 | | |
|--|--------------|---|--|-------------------|
| 2019 | 1(b) | The fixed asset was physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, material discrepancies were noticed on physical verification of fixed assets and such discrepancies aggregating to Rs 45.71 Millions in the carrying value of fixed assets have been properly dealt with in the books of accounts. | | |
| 2019 | 7(a) | Undisputed statutory dues including provident fund, income tax, custom duty, goods and services tax, cess have not been regularly deposited with the appropriate authorities and there have been serious delays in a large number of cases from the period April to November 2018. The company has been regular in depositing undisputed statutory dues including provident fund, income tax, custom duty, goods and services tax, cess with the appropriate authorities for the period December 2018 to March 2019 | | |
| 2019 | 7(c) | Dues of Income tax which have not been deposited as on March 31, 2019 on account of disputes with Commissioner of Income Tax Appeals for the period 2012-13 which amounts to Rs 54.00 million (out of which Rs 33.34 million are unpaid) | | |
| 2019 | 8 | As reported by the predecessor auditor in Annexure A to the audit opinion dated October 26, 2018 on the financial statements for the year ended March 31, 2018 the Company has overdue principal of Rs 220.47 million and interest of Rs 12.99 million in respect to the borrowings from banks as at March 31, 2018 . In our opinion and according to the information and explanation given to us , the Company had overdue principal and interest with the following banks as at November 22, 2018 which were paid by November 30, 2018. | | |
| | | Particulars | Amount of default of payment (Rs. In Millions) | Period of default |
| | | | Principal | Interest |
| | | <u>Due to Banks:</u> | | |
| | | Bank of India | 38.32 | - |
| | | Punjab National Bank | 45.14 | 0.00 |
| | | Bank of Baroda | 14.96 | - |
| | | Allahabad Bank | 10.32 | - |
| | | Canara Bank | 28.82 | - |
| | | Union Bank | 38.07 | 1.79 |
| | | The company has repaid the borrowings and redeemed the optionally convertible debentures on November 22, 2018. The company has not defaulted in the payment of interest on non convertible debentures for the period from November 22, 2018 to March 31, 2019. | | |
| 2021 | 7(a) | No undisputed statutory dues including provident fund, income tax, custom duty, goods and services tax, cess were in arrears as at March 31, 2021 for a period more than six months from the date they become payable except for Rs 0.02 million in tax deductible at source for the FY 2020-21 | | |
| 2021 | 7(b) | No dues of income tax , sales tax, service tax , goods and service tax , duty of customs , excise duty and value added tax as at March 31, 2021 which have not been deposited with appropriate authorities on account of any dispute except for Rs 62.17 million which is in the nature of Central Sales Tax ;Gujarat Value Added Tax for the FY 2015 to 2018 with Joint Commissioner Rajkot and Rs 82.54 million for the FY 2012-2014 with Income Tax Appellate Tribunal (net of amounts paid under protest) | | |

8. Based on our examination and according to the information and explanation provided to us and in accordance with the requirements of Section 26 of Part I of Chapter III of the Act, read with the Rules, the ICDR Regulations, the Guidance Note and terms of our engagement agreed with you, we report that:
- a. The restated summary statement of assets and liabilities of the Company (on standalone/ consolidated basis, as applicable) as at September 30 2021 and each of the year ended March 31 2021, 2020 and 2019 examined by us, as set out in Annexure 1 to the Restated Financial Information, have been arrived at after making adjustments and regroupings/reclassifications as in our opinion, were appropriate and have been fully described in the notes appearing in Annexure 5: Statement of material adjustments and regrouping.
 - b. The restated summary statement of profit and loss (including other comprehensive income) of the Company (on standalone/ consolidated basis, as applicable) for the six months ended September 30 2021 and each of the year ended March 31 2021, 2020 and 2019 examined by us, as set out in Annexure 2 to the Restated Financial Information have been arrived at after making adjustments and regroupings/reclassifications as in our opinion, were appropriate and have been fully described in the notes appearing in Annexure 5: Statement of material adjustments and regrouping.
 - c. The restated summary statement of cash flows of the Company (on standalone/ consolidated basis, as applicable) for the six months ended September 30 2021 and each of the year ended March 31 2021, 2020 and 2019 examined by us, as set out in Annexure 3 to the Restated Financial Information have been arrived at after making adjustments and regroupings/reclassifications as in our opinion were appropriate and have been fully described in the notes appearing in Annexure 5: Statement of material adjustments and regrouping.
 - d. The restated summary statement of changes in equity of the Company (on standalone/ consolidated basis, as applicable) six months ended September 30 2021 and each of the year ended March 31 2021, 2020 and 2019 examined by us, as set out in Annexure 4 to the Restated Financial Information have been arrived at after making adjustments and regroupings/reclassifications as in our opinion, were appropriate and have been fully described in the notes appearing in Annexure 5: Statement of material adjustments and regrouping.
9. Based on the above and according to the information and explanations given to us, we further report that the Restated Financial Information:
- i) has been made after incorporating adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting period/years;
 - ii) has been made after incorporating adjustments for the material amounts in the respective financial years to which they relate;
 - iii) does not contain any extra-ordinary items that need to be disclosed separately;
 - iv) contain exceptional item and has been disclosed separately;
 - v) There are no qualifications in the auditors' reports on the audited standalone financial statements of the Company as at and for the six months period/ year ended September 30, 2021 and March 31 2021, and audited consolidated financial statement of the Group as at and for the year ended March 31 2020 and March 31 2019, which require any adjustments to the Restated Financial Information;
 - vi) does not contain any adverse remarks/ comments in the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India, in the annexure to the auditors' reports on the audited financial statements of the Company as at and for the six months period ended September 30, 2021 and as at and for each of the years ended 31 March 2021, 2020 and 2019, except as given in paragraph 7 above.

10. The restated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on financial statements mentioned in para 4 above.
11. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us or previous auditor nor should this report be construed as a new opinion on any of the financial statements referred to herein.
12. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
13. Our report is intended solely for use of the management and for inclusion in the offer document to be filed with the Securities and Exchange Board of India, stock exchanges where the equity shares are proposed to be listed and the Registrar of Companies, Tamil Nadu at Chennai in connection with the proposed Initial Public Offering of the Company. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing.

For PKF Sridhar & Santhanam LLP

Chartered Accountants

ICAI Firm Registration No.: **003990S/S200018**

S Prasanakumar

Partner

Membership No.: 212354

UDIN: 22212354AAAAAA2072

Place: Chennai

Date: January 15 2022

| Archean Chemical Industries Limited (formerly known as Archean Chemical Industries Private Limited) Annexure 1 : Restated Statement of Assets and Liabilities <i>(All amounts are stated in Rupees in millions, except share data, unless otherwise stated)</i> | | | | | |
|---|----------|--|--|---|---|
| Particulars | Note No. | As at September 30, 2021 (Standalone)* | As at March 31, 2021 (Standalone)* | As at March 31, 2020 (Consolidated) | As at March 31, 2019 (Consolidated) |
| A. ASSETS | | | | | |
| Non-Current Assets | | | | | |
| (a) Property, plant and equipment | 2 | 10,009.57 | 10,071.87 | 8,822.54 | 9,045.83 |
| (b) Capital work in progress | 2 | 636.17 | 189.32 | 1,581.85 | 90.70 |
| (c) Right-of-use assets | 3 | 339.46 | 333.66 | 331.42 | 315.84 |
| (d) Intangible assets | 4 | 1.38 | 1.32 | 1.17 | 0.83 |
| (e) Financial assets : | | | | | |
| (i) Investments | 5A | 0.89 | 0.87 | 0.84 | - |
| (ii) Other financial assets | 6 | 17.44 | 16.24 | 17.47 | 41.38 |
| (f) Income tax asset (Net) | 7 | - | - | - | 58.66 |
| (g) Deferred tax assets (Net) | 18 | 332.09 | 532.94 | 770.79 | 906.91 |
| (h) Other non current assets | 8 | 197.74 | 172.03 | 138.21 | 256.77 |
| Total non-current assets | | 11,534.74 | 11,318.25 | 11,664.29 | 10,716.92 |
| Current Assets | | | | | |
| (a) Inventories | 9 | 1,191.08 | 1,106.26 | 988.21 | 627.51 |
| (b) Financial assets : | | | | | |
| (i) Investments | 5B | 381.20 | 411.69 | 470.73 | - |
| (ii) Trade receivables | 10 | 900.15 | 680.73 | 444.55 | 670.03 |
| (iii) Cash and cash equivalents | 11.1 | 247.18 | 315.04 | 244.79 | 472.36 |
| (iv) Other bank balances | 11.2 | 184.84 | 3.09 | 2.70 | 2.70 |
| (v) Loans | 6A | 6.47 | 4.62 | 3.96 | 0.81 |
| (vi) Other financial assets | 6 | 143.73 | 141.96 | 7.28 | 6.34 |
| (c) Other current assets | 8 | 297.06 | 342.54 | 459.52 | 108.46 |
| Total current assets | | 3,351.71 | 3,005.93 | 2,621.74 | 1,888.21 |
| TOTAL ASSETS | | 14,886.45 | 14,324.18 | 14,286.03 | 12,605.13 |
| B. EQUITY AND LIABILITIES | | | | | |
| Equity | | | | | |
| (a) Equity Share Capital | 12 | 192.67 | 192.67 | 192.67 | 192.67 |
| (b) Other Equity | 13 | 1,109.80 | 531.00 | (132.97) | 231.03 |
| Total equity | | 1,302.47 | 723.67 | 59.70 | 423.70 |
| Liabilities | | | | | |
| Non-Current Liabilities | | | | | |
| (a) Financial Liabilities : | | | | | |
| i. Borrowings | 14 | 8,464.75 | 8,464.12 | 8,482.65 | 7,405.18 |
| ii. Lease liabilities | 15 | 408.42 | 401.78 | 381.62 | 334.40 |
| iii. Other financial liabilities | 16 | 1,219.50 | 1,203.88 | 719.77 | 23.04 |
| (b) Other non-current liabilities | 17 | 1,544.69 | 1,703.76 | 2,107.02 | 2,984.34 |
| (c) Provisions | 20A | 4.10 | 4.12 | - | - |
| Total non-current liabilities | | 11,641.46 | 11,777.66 | 11,691.06 | 10,746.96 |
| Current Liabilities | | | | | |
| (a) Financial liabilities : | | | | | |
| i. Borrowings | 14 | 160.18 | 120.23 | 90.18 | 135.71 |
| ii. Lease liabilities | 15 | 56.41 | 49.06 | 37.46 | 26.32 |
| iii. Trade payables | | | | | |
| (A) Outstanding dues of micro enterprises and small enterprises; | 19 | 62.27 | 22.84 | 43.22 | - |
| (B) Outstanding dues of creditors other than above | | 1,121.16 | 1,094.99 | 1,627.94 | 1,052.52 |
| iv. Other financial liabilities | 16 | 180.09 | 140.92 | 48.13 | 195.99 |
| (b) Other Current Liabilities | 17 | 350.68 | 386.17 | 681.26 | 21.78 |
| (c) Provisions | 20 | 11.73 | 8.64 | 7.08 | 2.15 |
| Total current liabilities | | 1,942.52 | 1,822.85 | 2,535.27 | 1,434.47 |
| Total Liabilities | | 13,583.98 | 13,600.51 | 14,226.33 | 12,181.43 |
| TOTAL EQUITY AND LIABILITIES | | 14,886.45 | 14,324.18 | 14,286.03 | 12,605.13 |
| Notes forming part of restated financial information | 1-42 | | | | |

* Refer Note 1.2 (a) for basis of preparation and presentation of restated financial information.

As per our report of even date attached

For PKF Sridhar & Santhanam LLP

Chartered Accountants

Firm Registration No:003990S/S200018

For and on behalf of the Board of Directors

S.Meenakshisundaram

Director

DIN: 01176085

P. Ranjit

Managing Director

DIN: 01952929

S. Prasana Kumar

Partner

Membership No:212354

E. Sairam

Chief Financial Officer

Abhishek Pandey

Company Secretary

Memb No. A39831

Place : Chennai

Date : January 15, 2022

Place : Chennai

Date : January 20, 2022

Archean Chemical Industries Limited (formerly known as Archean Chemical Industries Private Limited)

Annexure 2 :Restated Statement of Profit And Loss

(All amounts are stated in Rupees in millions, except share data, unless otherwise stated)

| S.No | Particulars | Note No. | Six month ended September 30, 2021 (Standalone)* | Year ended March 31, 2021 (Standalone)* | Year ended March 31, 2020 (Consolidated) | Year ended March 31, 2019 (Consolidated) |
|------|---|----------|--|---|--|--|
| I | Revenue from operations | 21 | 4,505.10 | 7,407.64 | 6,081.70 | 5,655.06 |
| II | Other income | 22 | 85.77 | 140.26 | 88.27 | 74.00 |
| III | Total income (I+II) | | 4,590.87 | 7,547.90 | 6,169.97 | 5,729.06 |
| IV | Expenses: | | | | | |
| | Cost of materials consumed | 23 | 215.69 | 167.46 | 249.99 | 342.38 |
| | Purchases of stock-in-trade | | - | - | 111.17 | 94.21 |
| | Changes in Inventories of finished goods, work-in-progress and stock in trade | 24 | (61.59) | (78.52) | (357.79) | 523.77 |
| | Employee benefits expense | 25 | 184.36 | 353.20 | 344.69 | 303.86 |
| | Finance costs | 26 | 817.38 | 1,303.92 | 1,217.58 | 1,176.40 |
| | Depreciation and amortisation expense | 27 | 327.72 | 553.97 | 517.61 | 493.17 |
| | Other expenses | 28 | 2,325.26 | 4,343.22 | 4,253.78 | 3,664.04 |
| | Total expenses (IV) | | 3,808.82 | 6,643.25 | 6,337.03 | 6,597.83 |
| V | Profit / (Loss) before exceptional items and tax (III-IV) | | 782.05 | 904.65 | (167.06) | (868.77) |
| VI | Exceptional items: | | | | | |
| | Write back of loans and interest | | - | - | - | 1,142.61 |
| VII | Profit / (Loss) for the period / year before tax (V+VI) | | 782.05 | 904.65 | (167.06) | 273.84 |
| VIII | Income tax expense: | | | | | |
| | - Current tax | | - | - | - | - |
| | - MAT credit write off | 29 | - | - | 58.66 | - |
| | - Deferred tax | 29 | 201.46 | 238.59 | 136.63 | (125.88) |
| | Total Income tax expenses (VIII) | | 201.46 | 238.59 | 195.29 | (125.88) |
| IX | Profit / (Loss) for the period / year after tax (VII-VIII) | | 580.59 | 666.06 | (362.35) | 399.72 |
| X | Other Comprehensive Income | | | | | |
| | Items that will not be reclassified to Profit or Loss | | | | | |
| | Remeasurements of the defined benefit plans | | (2.39) | (3.00) | (2.00) | (0.55) |
| | Income tax expenses relating to the above | | 0.60 | 0.75 | 0.50 | 0.19 |
| | Exchange differences on translation of foreign operations | | - | - | (0.15) | (0.25) |
| | Total other comprehensive (loss) for the period/year, net of tax (X) | | (1.79) | (2.25) | (1.65) | (0.61) |
| XI | Total Comprehensive Income / (Loss) for the period / year (IX+X) | | 578.80 | 663.81 | (364.00) | 399.11 |
| XII | Earnings Per Equity Share (Face value of Rs. 2 each) | | | | | |
| | Basic and Diluted earnings per share (In Rs.) | 31 | 5.62 | 6.45 | (3.51) | 5.44 |

(EPS for the Six months ended September 30, 2021 is not annualized)

Notes forming part of restated financial information

1-42

* Refer Note 1.2 (a) for basis of preparation and presentation of restated financial information.

As per our report of even date attached
For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm Registration No:003990S/S200018

S. Prasana Kumar
Partner
Membership No:212354

Place : Chennai
Date : January 15, 2022

For and on behalf of the Board of Directors

S.Meenakshisundaram
Director
DIN: 01176085

E Sairam
Chief Financial Officer

Place : Chennai
Date : January 15, 2022

P. Ranjit
Managing Director
DIN: 01952929

Abhishek Pandey
Company Secretary
Memb No. A39831

Archean Chemical Industries Limited (formerly known as Archean Chemical Industries Private Limited)
Annexure 3 :Restated Statement of Cash Flow
(All amounts are stated in Rupees in millions, except share data, unless otherwise stated)

| Particulars | For the Six months ended September 30, 2021 (Standalone)* | | For the Year ended March 31, 2021 (Standalone)* | | For the Year ended March 31, 2020 (Consolidated) | | For the Year ended March 31, 2019 (Consolidated) | |
|---|---|-----------------|---|-------------------|--|-------------------|--|-------------------|
| A. Cash flow from operating activities | | | | | | | | |
| Profit / (Loss) before tax | | 782.05 | | 904.65 | | (167.06) | | 273.84 |
| Adjustments for : | | | | | | | | |
| Exceptional items | | | | | - | | (1,142.61) | |
| Depreciation and Amortisation of property, plant and equipment | 327.72 | | 553.97 | | 517.61 | | 493.17 | |
| Finance costs recognised in profit or loss | 817.38 | | 1,303.92 | | 1,217.58 | | 1,176.40 | |
| Profit on sale of Mutual funds | (6.17) | | (13.98) | | (10.81) | | (0.98) | |
| Impairment of property, plant and equipment | - | | - | | - | | 45.71 | |
| Assets written off | - | | 4.65 | | 4.90 | | - | |
| Interest income from fixed deposit | (5.75) | | (8.57) | | 0.19 | | (0.36) | |
| Profit on sale of asset (net) | - | | 2.09 | | (1.46) | | - | |
| Provision for doubtful receivables / advances | (54.44) | | 48.51 | | (49.89) | | 151.30 | |
| Write off of service tax refund claims | - | | - | | 11.67 | | - | |
| Write back of payables | - | | (3.22) | | (11.11) | | - | |
| Unrealised net foreign exchange (gain) / loss | 77.83 | | 81.80 | | 161.92 | | (69.08) | |
| Operating profit before working capital changes | | 1,156.58 | | 1,969.17 | | 1,840.60 | | 653.56 |
| Movements in working capital : | | | | | | | | |
| (Increase) / decrease in trade receivables | (157.07) | | (265.40) | | 270.48 | | (556.64) | |
| (Increase) / decrease in inventories | (84.83) | | (118.04) | | (360.70) | | 497.85 | |
| (Increase) / decrease in other assets | 18.21 | | (63.41) | | (241.99) | | 396.54 | |
| (Increase) / decrease in demand deposits on lien | - | | - | | - | | 2.77 | |
| Increase / (decrease) in trade payables | 66.48 | | (551.18) | | 629.74 | | (361.75) | |
| Increase / (decrease) in provisions | 0.68 | | 2.67 | | 4.94 | | (5.15) | |
| Increase / (decrease) in other liabilities | (241.97) | | (687.49) | | (498.02) | | 2,271.47 | |
| | | (398.50) | | (1,682.85) | | (195.54) | | 2,245.09 |
| Cash generated from operations | | 1,540.13 | | 1,190.97 | | 1,478.01 | | 3,172.49 |
| Income Tax paid | | - | | - | | (2.50) | | (10.35) |
| Net cash generated from operating activities | | 1,540.13 | | 1,190.97 | | 1,475.51 | | 3,162.14 |
| B. Cash flow from investing activities | | | | | | | | |
| Interest received | 4.17 | | 8.57 | | 10.56 | | 1.36 | |
| Purchase of / proceeds from sale of Mutual funds | 36.65 | | 72.99 | | (460.77) | | 0.98 | |
| Investment in/maturity of bank deposits, net | (181.74) | | (0.40) | | - | | - | |
| Payments for property, plant and equipment | (679.78) | | (105.47) | | (1,520.31) | | (316.71) | |
| Proceeds from sale of property, plant and equipment | - | | 6.79 | | 4.02 | | - | |
| Net foreign exchange gain / (loss) | - | | - | | (0.15) | | 65.80 | |
| Net cash (used in) investing activities | | (820.70) | | (17.52) | | (1,966.65) | | (248.57) |
| C. Cash flow from financing activities | | | | | | | | |
| Proceeds from borrowings | 147.08 | | 101.29 | | 1,178.14 | | 7,468.13 | |
| Repayment from borrowings | (106.49) | | (90.63) | | (13.48) | | (8,319.00) | |
| Change in working capital borrowing | - | | - | | - | | (526.88) | |
| Repayment towards lease liabilities | (58.14) | | (110.44) | | (75.08) | | (68.93) | |
| Interest paid - Others* | (769.74) | | (1,003.42) | | (826.00) | | (1,116.69) | |
| Net cash generated from / (used in) financing activities | | (787.29) | | (1,103.20) | | 263.58 | | (2,563.37) |
| Net (decrease) / increase in cash and cash equivalents | | (67.86) | | 70.25 | | (227.57) | | 350.20 |
| Cash and cash equivalents at the beginning of the period/year | | 315.04 | | 244.79 | | 472.36 | | 122.16 |
| Cash and Cash equivalents at the end of the period/year | | 247.18 | | 315.04 | | 244.79 | | 472.36 |

*Interest paid of Rs. 1003.42 millions include the amount of Rs. 257.70 millions which has been capitalised in FY 2020-21 pertains to Bromine expansion

Note: The Statement of Cash Flow is prepared using 'Indirect Method' as prescribed in Ind AS 7.

Notes forming part of restated financial information 1-42

* Refer Note 1.2 (a) for basis of preparation and presentation of restated financial information.

As per our report of even date attached
For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm Registration No:003990S/S200018

For and on behalf of the Board of Directors

S.Meenakshisundaram
Director
DIN: 01176085

P. Ranjit
Managing Director
DIN: 01952929

S. Prasana Kumar
Partner
Membership No:212354

E Sairam
Chief Financial Officer

Abhishek Pandey
Company Secretary
Memb No. A39831

Place : Chennai
Date : January 15, 2022

Place : Chennai
Date : January 15, 2022

Archean Chemical Industries Limited (formerly known as Archean Chemical Industries Private Limited)

Annexure 4 : Restatement Statement of Changes in Equity

(All amounts are stated in Rupees in millions, except share data, unless otherwise stated)

(a) Equity Share Capital

| Particulars | No of shares | Rs in millions |
|---|--------------|----------------|
| Balance as at March 31, 2018 | 10,000,000 | 100.00 |
| Changes in equity share capital during the year | | |
| Conversion of promoters' loans to equity shares | 9,266,681 | 92.67 |
| Balance as at March 31, 2019 | 19,266,681 | 192.67 |
| Changes in equity share capital during the year | | |
| Balance as at March 31, 2020 | 19,266,681 | 192.67 |
| Changes in equity share capital during the year | | |
| Balance as at March 31, 2021 | 19,266,681 | 192.67 |
| Changes in equity share capital during the period | | |
| Balance as at September 30, 2021 | 19,266,681 | 192.67 |

| Particulars | Reserves & Surplus | | | | Items of other comprehensive income | Total |
|--|--------------------|-------------------|------------------------------------|---|-------------------------------------|----------|
| | Securities Premium | Retained earnings | Equity component of promoters loan | Equity component of compound financial instrument | Actuarial Gain / (Loss) | |
| (a) Balance at March 31, 2018 (audited) | 1,152.62 | (1,726.56) | 192.79 | - | (0.42) | (381.57) |
| Excess provision for income taxes pertaining to financial years prior to FY 2018-19 has been adjusted in the opening retained earnings | - | 4.82 | - | - | - | 4.82 |
| (a) Balance at March 31, 2018 (restated) | 1,152.62 | (1,721.74) | 192.79 | - | (0.42) | (376.75) |
| 2018-19 | | | | | | |
| (b) Changes in accounting policy/ prior period errors | - | - | - | - | - | - |
| (c) Restated balance at the beginning of the current reporting year (a)+(b) | 1,152.62 | (1,721.74) | 192.79 | - | (0.42) | (376.75) |
| (d) Transfer to retained earnings | - | 399.72 | - | - | - | 399.72 |
| (e) Premium on shares issued upon conversion of promoter loans into equity | 355.93 | - | - | - | - | 355.93 |
| (f) Equity component of Compulsorily convertible debentures carried at amortised cost | - | - | - | 45.53 | - | 45.53 |
| (g) Other comprehensive income for the current year | - | - | - | - | (0.36) | (0.36) |
| (h) Amount converted to equity | - | - | (192.79) | - | - | (192.79) |
| (i) Exchange differences on translation of foreign operations | - | - | - | - | (0.25) | (0.25) |
| (j) Balance at March 31, 2019 | 1,508.55 | (1,322.02) | - | 45.53 | (1.03) | 231.03 |
| 2019-20 | | | | | | |
| (k) Changes in accounting policy/ prior period errors | - | - | - | - | - | - |
| (l) Restated balance at the beginning of the current reporting year (j)+(k) | 1,508.55 | (1,322.02) | - | 45.53 | (1.03) | 231.03 |
| (m) Transfer to retained earnings | - | (362.35) | - | - | - | (362.35) |
| (n) Other comprehensive income for the current year | - | - | - | - | (1.50) | (1.50) |
| (o) Exchange differences on translation of foreign operations | - | - | - | - | (0.15) | (0.15) |
| (p) Balance at March 31, 2020 | 1,508.55 | (1,684.37) | - | 45.53 | (2.68) | (132.97) |
| Adjustment * | | (0.24) | | | 0.40 | 0.16 |
| As on April 01, 2020 | 1,508.55 | (1,684.61) | - | 45.53 | (2.28) | (132.81) |
| 2020-21 | | | | | | |
| (q) Changes in accounting policy/ prior period errors | - | - | - | - | - | - |
| (r) Restated balance at the beginning of the current reporting year (p)+(q) | 1,508.55 | (1,684.61) | - | 45.53 | (2.28) | (132.81) |
| (s) Transfer to retained earnings | - | 666.06 | - | - | - | 666.06 |
| (t) Other comprehensive income for the current year | - | - | - | - | (2.25) | (2.25) |
| (u) Balance at March 31, 2021 | 1,508.55 | (1,018.55) | - | 45.53 | (4.53) | 531.00 |
| Six months ended September 30, 2021 | | | | | | |
| (v) Changes in accounting policy/ prior period errors | - | - | - | - | - | - |
| (w) Restated balance at the beginning of the current reporting year (u)+(v) | 1,508.55 | (1,018.55) | - | 45.53 | (4.53) | 531.01 |
| (x) Transfer to retained earnings | - | 580.59 | - | - | - | 580.59 |
| (y) Other comprehensive income for the current year | - | - | - | - | (1.79) | (1.79) |
| (z) Balance at September 30, 2021 | 1,508.55 | (437.95) | - | 45.53 | (6.32) | 1,109.80 |

* The subsidiary Marine Chemicals Pte Limited was struck off and hence adjustment in reserves to reflect the same

Changes in equity share capital

| Reporting period | Balance at the beginning of the current reporting period / year | Changes in Equity Share Capital due to prior period / year errors | Restated balance at the beginning of the current reporting period / year | Changes in equity share capital during the current reporting period / year | Balance at the end of the current reporting period / year |
|-------------------------------------|---|---|--|--|---|
| Year ended March 31, 2019 | 100.00 | - | 100.00 | 92.67 | 192.67 |
| Year ended March 31, 2020 | 192.67 | - | 192.67 | - | 192.67 |
| Year ended March 31, 2021 | 192.67 | - | 192.67 | - | 192.67 |
| Six months ended September 30, 2021 | 192.67 | - | 192.67 | - | 192.67 |

Notes forming part of restated financial information

1-42

As per our report of even date attached
For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm Registration No:003990S/S200018

For and on behalf of the Board of Directors

S.Meenakshisundaram
Director
DIN: 01176085

P. Ranjit
Managing Director
DIN: 01952929

S. Prasana Kumar
Partner
Membership No:212354

E. Sairam
Chief Financial Officer

Abhishek Pandey
Company Secretary
Memb No. A39831

Place : Chennai
Date : January 15, 2022

Place : Chennai
Date : January 15, 2022

Archean Chemical Industries Limited (formerly known as Archean Chemical Industries Private Limited)

Annexure 5 : Statement of Material adjustment and regrouping

(All amounts are stated in Rupees in millions, except share data, unless otherwise stated)

The Restated Standalone Summary Statement of Assets and Liabilities of the Company as at September 30, 2021 and March 31, 2021, Restated Consolidated Summary Statement of Assets and Liabilities of the Company as at March 31, 2020 and 2019, the related Restated standalone summary statement of Profit and Loss, Restated standalone summary statement of cash flows and restated standalone summary statement of changes in equity for the six-month Six months ended September 30, 2021 and for the years ended March 31, 2021, the related Restated consolidated summary statement of Profit and Loss, Restated consolidated summary statement of cash flows and restated consolidated summary statement of changes in equity for the year ended March 31, 2020 and 2019 are collectively referred to as the "Restated Statements"

1. Material adjustments

The accounting policies as at and for the six-month Six months ended September 30, 2021 are materially consistent with the policies opted for each of the year ended March 31, 2021, 2020 and 2019. The Restated Statements have been prepared based on the respective audited Standalone Financial Statements for the six-month Six months ended September 30, 2021 and for the years ended March 31, 2021 and Consolidated Financial Statement for the year ended March 31, 2020 and 2019.

Reconciliation between audited and restated retained earnings

| Particulars | Notes | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
|---|-------|-----------------------------|-------------------------|-------------------------|-------------------------|
| A. Retained earnings as per Audited Financial Statements | | 1,122.06 | 547.12 | (116.68) | 236.53 |
| Restatement adjustments | | | | | |
| Restatement Adjustments on account of the excess provision of income taxes pertaining to financial years 2018-19 and prior to FY 2018-19 has been restated and adjusted | (a) | - | - | 0.12 | 4.88 |
| Restatement Adjustments on account of adoption of Ind AS 116 including deferred taxes | (b) | (12.26) | (16.12) | (16.41) | (10.38) |
| B. Total impact of restatement adjustments | | (12.26) | (16.12) | (16.29) | (5.50) |
| C. Retained earnings as restated (A+B) | | 1,109.80 | 531.00 | (132.97) | 231.03 |

Reconciliation between audited and restated total profit after tax

| Particulars | Notes | Six months ended September 30, 2021 | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|-------|--|------------------------------|------------------------------|------------------------------|
| A. Total Comprehensive income as per Audited Financial Statements | | 574.94 | 663.64 | -353.21 | 409.43 |
| Restatement Adjustments on account of the excess provision of income taxes pertaining to financial years 2018-19 and prior to FY 2018-19 has been restated and adjusted | (a) | - | (0.12) | (4.76) | 0.06 |
| Restatement Adjustments on account of adoption of Ind AS 116 including deferred taxes | (b) | 3.86 | 0.29 | (6.03) | (10.38) |
| B. Total impact of restatement adjustments | | 3.86 | 0.17 | (10.79) | (10.32) |
| C. Total Comprehensive income as restated (A+B) | | 578.80 | 663.81 | (364.00) | 399.11 |

Notes to Adjustments

(a) For the purpose of preparation of restated financial information, the excess provision of income taxes pertaining to financial years 2018-19 and prior to FY 2018-19, which was accounted in audited financial statement of FY 2019-20 & 2020-21 has been restated and adjusted to provision for tax relating to respective years

(b) For the purpose of preparation of restated financial information, management has evaluated the impact of change in accounting policies on adoption of Ind AS 116 for each of the year ended March 31, 2021 March 31, 2020 and March 31, 2019 and six months ended September 30. Hence in these Restated Statements, Ind AS 116 has been adopted with effect from April 01, 2018 following modified retrospective method. Refer Note 37 for details on transition to IND AS 116.

2. Material regroupings

Appropriate regrouping/reclassifications have been made in the restated financial information in accordance with the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (as amended), in respect of the corresponding items of assets, liabilities, income, expenses, ratios and cash flows in order to align them with the groupings as per the audited financial statements of the Company as at and for the six-month Six months ended September 30, 2021.

3. Material errors

There are no material errors that require any adjustment in the restated financial information

Archean Chemical Industries Limited (formerly known as Archean Chemical Industries Private Limited)
Annexure 6 : Summary Statement of Notes and other explanatory information forming part of Restated Financial Information
(All amounts in INR millions unless otherwise stated)

Note 1

Corporate information

Archean Chemical Industries Limited (formerly known as Archean Chemical Industries Private Limited) was incorporated on July 14, 2009. The Company is into manufacturing of Marine Chemicals. The manufacturing location is at Gujarat.

On December 15, 2021, the Company has changed from private limited to public limited company.

Summary of Significant accounting policies

1.1 Statement of compliances

The Restated Financial Information of the Group are prepared in accordance with Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013 read together with Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013.

1.2 (a) Basis of preparation and presentation

The restated financial information relate to Archean Chemical Industries Limited (referred as "the Company" or "the Holding Company") and its subsidiary Company (Collectively referred to as "the group").

The restated financial information of the Subsidiary used in the consolidation are drawn up to the same reporting date as that of the holding Company i.e. 31 March 2019 and 31 March 2020.

The subsidiary Marine Chemicals Trading Pte Ltd (the wholly owned subsidiary of the Company) had applied to the Accounting and Corporate Regulatory Authority for Strike-off under section 344 of the Companies Act of Singapore and the name of the company was struck off from register on 7-Dec-2020. Hence, the restated financial information for the Six months ended September 30, 2021 and March 31, 2021 represents standalone financial information of the Company.

The restated financial information have been prepared on the historical cost basis, except for certain financial instruments and defined benefit plans which are measured at fair value at the end of each reporting period, as explained in the accounting policies below:

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability take place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

As fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the assets in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the restated financial information are categorized within the fair value hierarchy, described as follows, based on the lowest level inputs that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the restated financial information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. Quantitative disclosures of fair value measurement hierarchy (Refer Note 33)

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in Note 1.24 operating Cycle. Based on the nature of products and services and the time between the acquisition of assets for processing and their realization in cash and cash equivalent, the Group has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

The Group is well paced to meet the cash burn requirements in the coming periods for it to develop and build the business to a profitable level as per the projections prepared by the Group. The Group is also confident of getting its land lease renewed as mentioned in Note 3(b). Hence the Group financials have been prepared on going concern basis.

1.2 (b) Basis of consolidation

Subsidiaries are entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group.

The acquisition method of accounting is used to account for business combinations by the group.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

1.3 Changes in Accounting Standards

There were certain Schedule III amendments of the Companies Act, 2013 effective from 1st April 2021, such changes include clarification/guidance on:

In Balance Sheet:

- i) Lease liabilities should be separately disclosed under the head duly distinguished as current or non-current.
- ii) Certain additional disclosures in the statement of changes in equity.
- iii) Specified format for disclosure of shareholding of promoters.
- iv) Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- v) If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- vi) Specific disclosure under regulatory such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and Advances to Promoters, Directors, Key Managerial Personnel (KMP) and related parties, details of benami property held etc.

1.4 Changes in Accounting Standards that may affect the Group after 30th September 2021

Nil

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1.5 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses.

Properties in course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowings costs capitalized in accordance with companies accounting policy. Such properties are classified to appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Advance paid towards acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non current assets.

Cost of assets not ready to use before put to use are disclosed under 'capital work in progress'.

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. During the FY 20-21, depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets based on the technical evaluation done in FY 20-21, which is determined to be a change in accounting estimate and its being applied prospectively. in whose case the life of the assets has been reassessed, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc. The company revised the useful life of the Property, plant and equipment for below assets

| | |
|--|---------------|
| Building | 30 - 40 years |
| Salt works | 30 years |
| Plant and Machinery - Chemicals | 4 - 40 years |
| Plant and Machinery - Cogeneration plant | 10 - 40 years |
| Vehicles | 8 years |
| Furniture & fixtures | 10 years |

Fixed Assets individually costing Rs. 5,000 or less are fully depreciated in the year of capitalization.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and carrying amount of the asset and is recognized in profit or loss.

For transition to the Ind AS, the Group has decided to continue with the carrying value of all of its Property, Plant and Equipment as at April 01, 2017 (transition date) measured as per the previous GAAP as its deemed cost as of transition date.

1.6 Intangible assets other than goodwill

Intangible assets with finite useful lives are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

The intangible assets are amortised over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Group for its use. The amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

Right to use assets

The Group has adopted Indian Accounting Standards ("Ind AS") 116 "Leases" to all its lease contracts existing on April 1, 2018 adopting modified prospective method for the purpose of restatement. Consequently the Group recorded the lease liability calculated at present value of remaining lease payments discounted at the incremental borrowing rate. Right to use asset has been recognised to this extent .

Derecognition of intangible assets:

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the statement of profit or loss when the asset is derecognised.

Useful lives of intangible assets:

Estimated useful lives of the intangible assets are as follows:

Software licenses - 5 Years

Deemed cost on transition to Ind AS

For transition to Ind AS, the Group has elected to continue with the carrying value of all of its intangible assets recognised as of April 1, 2017 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

1.7 Impairment of tangible & intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the statement of profit and loss.

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1.8 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset -this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
 - a) the Company has the right to operate the asset; or
 - b) the Company designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1 April 2018 for the purpose of restatement.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets (assets of less than INR 1 Million in value). The Company recognises the lease payments associated with these leases as an expense over the lease term.

1.9 Inventories

Inventories are valued at the lower of cost on moving weighted average basis and estimated net realisable value (net of allowances) after providing for obsolescence and other losses, where considered necessary. The cost comprises of cost of purchase, cost of conversion and other costs including appropriate production overheads in the case of finished goods and work-in-progress, incurred in bringing such inventories to their present location and condition, including transportation cost, transit insurance and any other charges. Trade discounts or rebates are deducted in determining the costs of purchase. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sales.

1.10 Cash & Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value

1.11 Foreign currency transactions and translations

(i) Functional and presentation currency

Items included in the restated financial information of the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The restated financial information are presented in Indian Rupee (INR), which is the Group's functional and presentation currency.

(ii) Transactions and balances

In preparing the restated financial information, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

1.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

1.13 Revenue recognition

The Group derives revenues primarily from sale of salt and other marine chemicals. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the probable consideration expected to be received in exchange for those products or services. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

The Group accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the rateable allocation of the discounts/ incentives to each of the underlying performance obligation that corresponds to the progress by the customer towards earning the discount/ incentive. Also, when the level of discount/pricing incentives varies with increases in levels of revenue transactions, the Group recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount/pricing incentives is not recognized until the payment is probable and the amount can be estimated reliably. The Group recognizes changes in the estimated amount of obligations for discounts/pricing incentives in the period in which the change occurs.

Revenue from services has been recognised as and when the service has been performed.

1.14 Other Income

Interest income from a financial asset is recognized when it is probable that the economic benefit will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to the asset's net carrying amount on initial recognition.

Dividend income from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

1.15 Employee benefits

Defined contribution plans

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit plans

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows.

- Service Cost (including current service cost, past service cost, as well as gain and losses on curtailments and settlements)
- Net interest expense or income, and
- Remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss in the line item " Employee Benefits Expense". Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognized in the balance sheet represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans

A liability for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs .

Short - term and other long - term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave in the period related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognized in respect of short term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognized in respect of other long term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by the employees up to the reporting date.

1.16 Provisions and contingencies

Provisions are recognised, when the Group has a present obligation (legal or constructive) as a result of a past event, 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.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Contingent liability is disclosed for (i) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or (ii) Present obligations arising from past events where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent assets are disclosed in the restated financial information by way of notes to accounts only in case of inflow of economic benefits is probable.

1.17 Taxes on income

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the restated financial information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

Current tax is the expected tax payable on the taxable profit for the year using tax rates enacted or substantively enacted by the end of the reporting period and any adjustments to the tax payable in respect of previous years.

The tax currently payable is based on taxable profit for the year, if any. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

1.18 Financial Instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Initial Recognition

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the statement of profit and loss.

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Subsequent Measurement

Financial assets

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets, except for investments forming part of interest in subsidiaries, which are measured at cost.

Classification of financial assets

The Group classifies its financial assets in the following measurement categories:

- a) those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- b) those measured at amortized cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

(a) Amortized Cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on these assets that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

(b) Fair value through other comprehensive income (FVTOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVTOCI). Movements in the carrying amount are taken through OCI. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other income/ (expense).

(c) Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortized cost or FVTOCI are measured at fair value through profit or loss. A gain or loss on these assets that is subsequently measured at fair value through profit or loss is recognized in the statement of profit and loss.

Impairment of financial assets

The Group applies the expected credit loss model for recognizing impairment loss on financial assets measured at amortized cost, trade receivable, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at Fair value through profit or loss.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Group estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayments, extension, call and similar options) through the expected life of that financial instruments.

The Group measures the loss allowance for the financial instruments at an amount equal to the lifetime expected credit losses if the credit risk on those financial instruments has increased significantly since initial recognition.

If the credit risk on financial instruments has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instruments at an amount equal to 12 months expected credit losses. The twelve months expected credit losses are portion of the lifetime expected credit losses and represents lifetime cash shortfalls that will result if default occurs within 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the 12 months.

If the Group measured loss allowance for the financial instruments at life time expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Group again measures the loss allowance based on 12 month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Group uses the change in the risk of a default occurring over the expected life of the financial instruments instead of the change in the amount of expected credit losses. To make that assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increase in credit risk since initial recognition.

For trade receivables or any contractual rights to receive cash or other financial assets that results from transactions that are within the scope of Ind AS 115, the Group always measures the loss allowance at an amount equal to life time expected credit losses.

Further, for the purposes of measuring lifetime expected credit loss allowance for trade receivables, the Group has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward – looking information.

Derecognition of financial assets

A financial asset is derecognized only when the Group has transferred the rights to receive cash flows from the financial asset. Where the Group has transferred an asset, it evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. Where the Group has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Group has not retained control of the financial asset.

Financial liabilities and equity instruments:-

Classification as equity or financial liability

Equity and Debt instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Financial liabilities at amortized cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included in the 'Finance costs' line item.

Financial liabilities at FVTPL

Liabilities that do not meet the criteria for amortized cost are measured at fair value through profit or loss. A gain or loss on these assets that is subsequently measured at fair value through profit or loss is recognized in the statement of profit and loss.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

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1.19 Earnings Per Share

Basic earnings per share is computed by dividing the net profit/(loss) after tax (including the post tax effect of exceptional items, if any) for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of exceptional items, if any) for the period attributable to equity shareholders as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic plus dilutive shares during the year.

1.20 Segment reporting

The Group is engaged in the activities related to manufacture and supply of marine chemicals. The Chief Operating Decision Maker (Board of Directors) review the operating results as a whole for purposes of making decisions about resources to be allocated and assess its performance, and hence the entire operations are to be classified as a single business segment, namely marine chemicals industry. The geographical segments considered for disclosure are – India and Rest of the World. All the manufacturing facilities are located in India. Accordingly, there is no other reportable segment as per Ind AS 108 Operating Segments.

1.21 Use of estimates and judgements

In preparing these restated financial information, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosures of contingent assets & contingent liabilities at the date of financials statements, income and expenses during the period. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Judgements are made in applying accounting policies that have the most significant effects on the amounts recognized in the restated financial information.

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment are reviewed on an ongoing basis.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The areas involving critical estimates or judgments are :

- a. Estimation of useful life of tangible and intangible asset
- b. Estimation of fair value of unlisted securities
- c. Impairment of trade receivables: Expected credit loss
- d. Recognition and measurement of provisions and contingencies; key assumptions about the likelihood and magnitude of an outflow of resources
- e. Measurement of defined benefit obligation: key actuarial assumptions
- f. Lease: Whether an contract contains a lease
- g. Write down in value of Inventories
- h. Estimation for litigations
- i. Impairment of Non Financial Asset

1.22 Export incentives

Export incentives are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that incentives will be received.

1.23 Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is virtually certain to expect ultimate collection.

1.24 Operating Cycle

Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current. For salt at crystalizers, the operating cycle considered being 24 months and consistently applied.

Note 2: Property, Plant and Equipment and Capital Work-in-progress

| Particulars | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
|-----------------------------|--------------------------------|----------------------------|----------------------------|----------------------------|
| Carrying amounts of: | | | | |
| Salt works | 1,938.72 | 1,981.22 | 2,065.99 | 2,150.76 |
| Buildings | 2,531.83 | 2,585.20 | 2,262.44 | 2,281.05 |
| Plant and equipment | 5,358.15 | 5,350.01 | 4,342.63 | 4,566.39 |
| Furniture and Fixtures | 7.13 | 7.11 | 10.32 | 12.35 |
| Office Equipments | 4.90 | 5.13 | 4.47 | 4.87 |
| Computers | 15.51 | 17.71 | 13.19 | 2.76 |
| Vehicles | 153.33 | 125.49 | 123.49 | 27.65 |
| Total | 10,009.57 | 10,071.87 | 8,822.54 | 9,045.83 |

| | | | | |
|--------------------------|--------|--------|----------|-------|
| Capital Work-in-progress | 636.17 | 189.32 | 1,581.85 | 90.70 |
|--------------------------|--------|--------|----------|-------|

CWIP Ageing schedule

| Particulars | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
|---------------------------------------|--------------------------------|----------------------------|----------------------------|----------------------------|
| Projects in progress | | | | |
| Less than 1 year | 621.13 | 175.18 | 1,504.01 | 90.70 |
| 1-2 years | 6.37 | 11.50 | 77.84 | - |
| 2-3 years | 8.67 | 2.64 | - | - |
| More than 3 years | - | - | - | - |
| Total | 636.17 | 189.32 | 1,581.85 | 90.70 |
| Projects temporarily suspended | - | - | - | - |

| Gross block | Salt Works | Buildings | Plant and equipment | Furniture & Fixtures | Office Equipment | Computers | Vehicles | Total |
|--|-----------------|-----------------|------------------------|-------------------------|---------------------|--------------|---------------|------------------|
| Balance as at 31-March-2018 | 2,510.47 | 2,387.17 | 5,146.42 | 11.61 | 11.09 | 6.12 | 51.79 | 10,124.67 |
| Additions | 65.41 | 56.43 | 109.28 | 6.03 | 1.80 | 0.95 | 6.73 | 246.63 |
| Disposals | - | (12.80) | (16.77) | (2.12) | (7.88) | (0.06) | (11.95) | (51.58) |
| Transferred to Right-of-Use Asset | - | - | (130.15) | - | - | - | - | (130.15) |
| Balance as at 31-March-2019 | 2,575.88 | 2,430.80 | 5,108.78 | 15.52 | 5.01 | 7.01 | 46.56 | 10,189.57 |
| Additions | - | 67.86 | 64.33 | 1.40 | 1.19 | 12.61 | 109.34 | 256.71 |
| Disposals | - | - | - | - | - | - | (9.68) | (9.68) |
| Assets written off | - | - | (5.98) | - | (0.38) | - | (0.08) | (6.44) |
| Balance as at 31-March-2020 | 2,575.88 | 2,498.66 | 5,167.13 | 16.92 | 5.82 | 19.62 | 146.14 | 10,430.16 |
| Additions | - | 425.20 | 1,289.44 | 0.41 | 1.81 | 8.86 | 28.94 | 1,754.66 |
| Disposals | - | - | - | - | - | - | (14.07) | (14.07) |
| Assets written off | - | (0.04) | (7.28) | (0.11) | (0.45) | (0.21) | (1.32) | (9.41) |
| Balance as at 31-March-2021 | 2,575.88 | 2,923.82 | 6,449.29 | 17.22 | 7.18 | 28.27 | 159.67 | 12,161.34 |
| Additions | - | 15.09 | 176.52 | 1.90 | 0.41 | 1.06 | 37.71 | 232.69 |
| Disposals | - | - | - | - | - | - | - | - |
| Assets written off | - | - | - | - | - | - | - | - |
| Balance as at 30-September-2021 | 2,575.88 | 2,938.91 | 6,625.81 | 19.12 | 7.59 | 29.33 | 197.38 | 12,394.03 |

| Accumulated depreciation and impairment | Salt Works | Buildings | Plant and equipment | Furniture & Fixtures | Office Equipment | Computers | Vehicles | Total |
|--|---------------|---------------|------------------------|-------------------------|---------------------|--------------|--------------|-----------------|
| Balance as at 31-March-2018 | 342.11 | 76.11 | 292.29 | 1.61 | 2.43 | 1.34 | 10.49 | 726.37 |
| Eliminated on impairment | - | (0.88) | (3.98) | (0.76) | (0.48) | (2.58) | (3.57) | (12.24) |
| Transferred to Right-of-Use Asset | - | - | (20.28) | - | - | - | - | (20.28) |
| Depreciation expense | 83.01 | 74.53 | 274.36 | 2.33 | (1.82) | 5.49 | 12.00 | 449.89 |
| Balance as at 31-March-2019 | 425.12 | 149.75 | 542.39 | 3.18 | 0.14 | 4.25 | 18.92 | 1,143.74 |
| Depreciation expense | 84.77 | 86.47 | 283.48 | 3.42 | 1.32 | 2.18 | 10.87 | 472.51 |
| Disposals | - | - | - | - | - | - | (7.12) | (7.12) |
| Assets written off | - | - | (1.36) | - | (0.12) | - | (0.02) | (1.51) |
| Balance as at 31-March-2020 | 509.89 | 236.22 | 824.50 | 6.60 | 1.34 | 6.43 | 22.64 | 1,607.62 |
| Depreciation expense | 84.77 | 102.40 | 278.02 | 3.57 | 0.91 | 4.29 | 17.84 | 491.80 |
| Disposals | - | - | - | - | - | - | (5.19) | (5.19) |
| Assets written off | - | (0.00) | (3.24) | (0.06) | (0.20) | (0.16) | (1.10) | (4.76) |
| Balance as at 31-March-2021 | 594.66 | 338.62 | 1,099.28 | 10.11 | 2.06 | 10.56 | 34.19 | 2,089.47 |
| Depreciation expense | 42.50 | 68.46 | 168.38 | 1.88 | 0.64 | 3.26 | 9.87 | 294.99 |
| Disposals | - | - | - | - | - | - | - | - |
| Assets written off | - | - | - | - | - | - | - | - |
| Balance as at 30-September-2021 | 637.16 | 407.08 | 1,267.66 | 11.99 | 2.70 | 13.82 | 44.05 | 2,384.46 |

| | | | | | | | | |
|---|-----------------|-----------------|-----------------|--------------|-------------|--------------|---------------|------------------|
| Carrying amount as at March 31, 2019 | 2,150.76 | 2,281.05 | 4,566.39 | 12.35 | 4.87 | 2.76 | 27.65 | 9,045.83 |
| Carrying amount as at March 31, 2020 | 2,065.99 | 2,262.44 | 4,342.63 | 10.32 | 4.47 | 13.19 | 123.49 | 8,822.54 |
| Carrying amount as at March 31, 2021 | 1,981.22 | 2,585.20 | 5,350.01 | 7.11 | 5.13 | 17.71 | 125.49 | 10,071.87 |
| Carrying amount as at September 30, 2021 | 1,938.72 | 2,531.83 | 5,358.15 | 7.13 | 4.90 | 15.51 | 153.33 | 10,009.57 |

Note:

- (a) Contractual obligations : Refer Note 35 for disclosure of contractual commitments for the acquisition of property, plant and equipment.
(b) Also refer note 14 for assets given as security for borrowings.
(c) "Effective 1st April 2020, the Company has reassessed the estimated useful life of certain Plant & Machinery, Building etc., based on a technical evaluation carried out. Due to the reassessment of estimated useful life, depreciation cost has been decreased by Rs. 17.96 millions during the financial year 2020-2021.

Note 3: Right-of-use assets

| Gross carrying value | Land and Building | ISO tanks | Total |
|---|-------------------|---------------|---------------|
| Balance as at 31-March-2018 (Impact of adoption of IND AS 116) | - | 53.05 | 53.05 |
| Additions | 141.20 | 53.79 | 194.99 |
| Transferred from Plant & Machinery | - | 130.15 | 130.15 |
| Balance as at 31-March-2019 | 141.20 | 236.99 | 378.19 |
| Additions | 5.00 | 55.19 | 60.19 |
| Balance as at 31-March-2020 | 146.20 | 292.18 | 438.38 |
| Additions | - | 69.71 | 69.71 |
| Disposals | (9.46) | - | (9.46) |
| Balance as at 31-March-2021 | 136.74 | 361.89 | 498.63 |
| Additions | - | 38.35 | 38.35 |
| Disposals | - | - | - |
| Balance as at 30-September-2021 | 136.74 | 400.24 | 536.98 |

| Accumulated depreciation and impairment | Land and Building | ISO tanks | Total |
|---|-------------------|---------------|---------------|
| Balance as at 31-March-2018 (Impact of adoption of IND AS 116) | - | - | - |
| Transferred from Plant & Machinery | - | 20.28 | 20.28 |
| Depreciation for the year | 5.58 | 36.49 | 42.07 |
| Balance as at 31-March-2019 | 5.58 | 56.77 | 62.35 |
| Depreciation for the year | 8.16 | 36.45 | 44.61 |
| Balance as at 31-March-2020 | 13.74 | 93.22 | 106.96 |
| Depreciation for the year | 7.13 | 54.52 | 61.65 |
| Disposals | (3.64) | - | (3.64) |
| Balance as at 31-March-2021 | 17.23 | 147.74 | 164.97 |
| Depreciation for the period | 3.55 | 29.00 | 32.55 |
| Balance as at 30-September-2021 | 20.78 | 176.74 | 197.52 |

| | | | |
|---|---------------|---------------|---------------|
| Net Carrying amount as at March 31, 2019 | 135.62 | 180.22 | 315.84 |
| Net Carrying amount as at March 31, 2020 | 132.46 | 198.96 | 331.42 |
| Net Carrying amount as at March 31, 2021 | 119.51 | 214.15 | 333.66 |
| Net Carrying amount as at September 30, 2021 | 115.96 | 223.50 | 339.46 |

Note:

(a) Refer note 37 for details on Right of use assets

(b) The Company entered into Memorandum of Undertaking (MOU) dated August 10,2010, with Government of Gujarat (GOG) for the Land lease which expired on July 31, 2018 and the Company had made an application for renewal on December 28, 2017. As per the MOU with GOG, the lease term can be further extended for a duration and conditions as mutually agreed at that time. There is also a GOG circular no 1597/1372/अ dated October 9, 2017 which states that such leases can be extended for a period of thirty years. The company has also been receiving demand note annually for the revised lease rents as per GoG circular and the company has been meeting this payment.

Management made an assessment of the facts disclosed above and taking into consideration of similar experiences during renewal in group company, is confident of obtaining the renewal of land lease. The Useful life of PPE and ROU assets have been determined by the management considering that the lease would be extended. The entire production facility is located on this leased land and the company's revenue comes from operations in this facility only.

| Assets | Net Block as at September 30, 2021 | Net Block as at March 31, 2021 | Net Block as at March 31, 2020 | Net Block as at March 31, 2019 |
|----------------------|------------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Buildings | 2,531.83 | 2,585.20 | 2,262.44 | 2,281.05 |
| Plant and Machinery | 5,358.15 | 5,349.01 | 4,341.60 | 4,565.57 |
| Furniture & Fixtures | 6.17 | 4.85 | 6.07 | 7.39 |
| Vehicles | 124.18 | 94.97 | 95.61 | 8.02 |
| Computers | 12.70 | 14.59 | 9.74 | 1.30 |
| Office Equipment | 4.45 | 4.26 | 3.43 | 3.37 |
| Salt Works | 1,938.71 | 1,981.21 | 2,065.99 | 2,150.76 |
| RoU - Land | 103.57 | 105.50 | 109.36 | 113.22 |
| Total | 10,079.76 | 10,139.59 | 8,894.24 | 9,130.68 |

Note 4 Intangible Assets

| Particulars | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
|----------------------|--------------------------------|----------------------------|----------------------------|----------------------------|
| Carrying amounts of: | | | | |
| Software | 1.38 | 1.32 | 1.17 | 0.83 |
| Total | 1.38 | 1.32 | 1.17 | 0.83 |

| Gross block | Software |
|---------------------------------|----------|
| Balance as at 31 March 2018 | 3.14 |
| Additions | 0.19 |
| Balance as at 31 March 2019 | 3.33 |
| Additions | 0.83 |
| Balance as at 31 March 2020 | 4.16 |
| Additions | 0.66 |
| Balance as at 31 March 2021 | 4.82 |
| Additions | 0.24 |
| Balance as at 30 September 2021 | 5.06 |

| Accumulated depreciation and impairment | |
|---|------|
| Balance as at 31 March 2018 | 1.29 |
| Amortisation expense | 1.21 |
| Balance as at 31 March 2019 | 2.50 |
| Amortisation expense | 0.49 |
| Balance as at 31 March 2020 | 2.99 |
| Amortisation expense | 0.51 |
| Balance as at 31 March 2021 | 3.50 |
| Amortisation expense | 0.18 |
| Balance as at 30 September 2021 | 3.68 |

| | |
|--|------|
| Carrying amount as at 31 March 2019 | 0.83 |
| Carrying amount as at 31 March 2020 | 1.17 |
| Carrying amount as at March 31, 2021 | 1.32 |
| Carrying amount as at September 30, 2021 | 1.38 |

Note 5A - Non Current Investments

| Particulars | As at September 30, 2021 | | As at March 31, 2021 | | As at March 31, 2020 | | As at March 31, 2019 | |
|--|-----------------------------|----------------|-------------------------|----------------|-------------------------|----------------|-------------------------|----------------|
| | No of shares / units | Rs in millions | No of shares / units | Rs in millions | No of shares / units | Rs in millions | No of shares / units | Rs in millions |
| Investment in subsidiary: | | | | | | | | |
| Fully paid ordinary equity shares of Marine Chemicals Trading Pte Ltd - measured at cost | | - | | - | | - | | - |
| Impairment of investments - Refer note 39 | | - | | - | | - | | - |
| Total | | - | | - | | - | | - |
| FVTPL Investments - Mutual Funds * | | | | | | | | |
| Book value | | 0.89 | | 0.87 | | 0.84 | | - |
| Market value | | 0.89 | | 0.87 | | 0.84 | | - |
| Total Non Current Investments | 100 | 0.89 | 100 | 0.87 | 100 | 0.84 | 100 | - |
| Aggregate amount of unquoted investments | | - | | - | | - | | - |
| Aggregate amount of impairment in value of investments | | - | | - | | - | | - |
| Aggregate amount of quoted investments | | 0.89 | | 0.87 | | 0.84 | | - |
| Aggregate market value of quoted investments | | 0.89 | | 0.87 | | 0.84 | | - |

* These investments are earmarked against loans from Hinduja Leyland Finance Limited, a lender towards purchase of trucks by the Company. The breakup of the mutual funds is as below:

| Name of fund | As at September 30, 2021 | | As at March 31, 2021 | | As at March 31, 2020 | | As at March 31, 2019 | |
|----------------------------|-----------------------------|-------------|-------------------------|-------------|-------------------------|-------------|-------------------------|----------|
| | No of units | Value | No of units | Value | No of units | Value | No of units | Value |
| ICICI Liquid Fund - Growth | 2,878 | 0.89 | 2,878 | 0.87 | 2,878 | 0.84 | - | - |
| Total | 2,878 | 0.89 | 2,878 | 0.87 | 2,878 | 0.84 | - | - |

Note 5B - Current Investments

| Particulars | As at September 30, 2021 | | As at March 31, 2021 | | As at March 31, 2020 | | As at March 31, 2019 | |
|-------------------------------------|-----------------------------|--|-------------------------|--|-------------------------|--|-------------------------|--|
| | Rs in millions | | Rs in millions | | Rs in millions | | Rs in millions | |
| FVTPL Investments - Mutual Funds | | | | | | | | |
| Book value | 381.20 | | 411.69 | | 470.73 | | - | |
| Market value | 381.20 | | 411.69 | | 470.73 | | - | |
| Total Investments* | 381.20 | | 411.69 | | 470.73 | | - | |

*Pertains to Escrow accounts for DSRA - Debt service reserve account to the extent of Rs. 374.88 as at September 30, 2021 (March 31, 2021 - Rs. 369.02 and March 31, 2020 -Rs. 184.01) based on arrangement with Debenture trustees

The break-up of the mutual funds is as below:

| Name of fund | As at September 30, 2021 | | As at March 31, 2021 | | As at March 31, 2020 | | As at March 31, 2019 | |
|--|-----------------------------|---------------|-------------------------|---------------|-------------------------|---------------|-------------------------|----------|
| | No of units | Value | No of units | Value | No of units | Value | No of units | Value |
| SBI Liquid Fund Regular Growth | - | | 10,021 | 32.10 | 64,048 | 198.14 | - | - |
| HDFC Liquid Fund - Regular Plan - Growth | 91,849 | 374.88 | 91,849 | 369.02 | 47,381 | 184.01 | - | - |
| ICICI Liquid Fund - Growth | 4,488 | 1.38 | 18,841 | 5.71 | 123,079 | 36.00 | - | - |
| SBI Overnight Fund - Growth | 1,465 | 4.94 | 1,465 | 4.86 | | | - | - |
| ICICI Overnight Fund - Growth | | | | | 488,694 | 52.58 | - | - |
| Total | | 381.20 | | 411.69 | | 470.73 | | - |

Archean Chemical Industries Limited (formerly known as Archean Chemical Industries Private Limited)
Annexure 6 : Summary Statement of Notes and other explanatory information forming part of Restated Financial Information
(All amounts are stated in Rupees in millions, except share data, unless otherwise stated)

Note 6. Other Financial assets

| Particulars | Non current | | | |
|--|-----------------------------|-------------------------|-------------------------|-------------------------|
| | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
| a) Security deposits measured at amortised cost | 11.57 | 10.45 | 10.96 | 9.60 |
| b) Interest accrued on deposits | 5.87 | 5.79 | 6.51 | - |
| c) Deposits against appeals to statutory authorities | - | - | - | 20.67 |
| d) Rental advance | - | - | - | 1.32 |
| e) Other advances | - | - | - | 9.79 |
| | 17.44 | 16.24 | 17.47 | 41.38 |

| Particulars | Current | | | |
|---|-----------------------------|-------------------------|-------------------------|-------------------------|
| | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
| a) Security deposits measured at amortised cost | 119.35 | 119.32 | - | - |
| b) Interest accrued on deposits | 1.54 | 0.03 | - | 6.34 |
| c) Export benefits receivable | 22.61 | 22.61 | 7.28 | - |
| d) Others | 0.23 | - | - | - |
| | 143.73 | 141.96 | 7.28 | 6.34 |

Note 6A. Loans

| Particulars | Current | | | |
|------------------------------|-----------------------------|-------------------------|-------------------------|-------------------------|
| | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
| (Unsecured, considered good) | | | | |
| Loans to employees | 6.47 | 4.62 | 3.96 | 0.81 |
| Total | 6.47 | 4.62 | 3.96 | 0.81 |

Note 7. Income tax asset (Net)

| Particulars | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
|--|-----------------------------|-------------------------|-------------------------|-------------------------|
| MAT Credit entitlement (Refer note 29.1) | - | - | - | 58.66 |
| Total | - | - | - | 58.66 |

Note 8. Other assets

| Particulars | Non-Current | | | |
|---|-----------------------------|-------------------------|-------------------------|-------------------------|
| | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
| a) Capital advances | 173.54 | 150.49 | 117.54 | 256.77 |
| Other advances : | | | | |
| b) Balances with Statutory authorities (Refer Note 8.1) | 24.20 | 21.54 | 20.67 | - |
| | 197.74 | 172.03 | 138.21 | 256.77 |

| Particulars | Current | | | |
|---|-----------------------------|-------------------------|-------------------------|-------------------------|
| | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
| Other advances : | | | | |
| a) Advance to suppliers other than for capital asset | 226.85 | 191.87 | 90.07 | - |
| b) Export benefits receivable | - | - | - | 10.14 |
| c) Balances with Statutory authorities (Refer Note 8.1) | 8.61 | 81.72 | 136.00 | 68.29 |
| d) Export freight prepaid | - | - | 166.54 | - |
| e) Prepaid expenses | 61.60 | 68.95 | 66.91 | 30.02 |
| | 297.06 | 342.54 | 459.52 | 108.46 |

Note 8.1:

The amount included in non current balances with statutory authorities on March 31, 2019 amounting to Rs.11.68 millions pertaining to service tax refund receivable has been rejected by the authorities vide orders dated February 20, 2019. The Company has filed an appeal with the Commissioner of Central Excise (Appeals) on April 22, 2019. However, the Company has written off the amounts in these financial statements on a prudent basis.

Note 9 Inventories

| Particulars | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
|---|-----------------------------|-------------------------|-------------------------|-------------------------|
| a Raw Materials and Components (Refer note 9.a) | 28.07 | 53.59 | 35.07 | 24.09 |
| b Work-in-progress (Refer note 9.b) | 443.56 | 416.13 | 404.12 | 407.61 |
| c Stores & Spares (Refer note 9.c) | 150.06 | 101.30 | 80.29 | 88.36 |
| d Finished Goods (Refer note 9.d) | 569.39 | 535.24 | 468.73 | 107.45 |
| Total | 1,191.08 | 1,106.26 | 988.21 | 627.51 |

Note 9.a Details of raw materials and components

| Particulars | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
|--------------|-----------------------------|-------------------------|-------------------------|-------------------------|
| Chemicals | 21.09 | 48.39 | 28.97 | 17.95 |
| Others | 6.98 | 5.20 | 6.10 | 6.14 |
| Total | 28.07 | 53.59 | 35.07 | 24.09 |

Note 9.b Details of work in progress

| Particulars | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
|--------------------|-----------------------------|-------------------------|-------------------------|-------------------------|
| Salt | 380.47 | 375.57 | 368.70 | 332.44 |
| Sulphate of Potash | 61.06 | 37.29 | 34.01 | 73.80 |
| Others | 2.03 | 3.27 | 1.41 | 1.37 |
| Total | 443.56 | 416.13 | 404.12 | 407.61 |

Note 9.c Details of stores and spares

| Particulars | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
|-------------------|-----------------------------|-------------------------|-------------------------|-------------------------|
| Stores and Spares | 150.06 | 101.30 | 80.29 | 88.36 |
| Total | 150.06 | 101.30 | 80.29 | 88.36 |

Note 9.d Details of finished goods

| Particulars | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
|--------------------|-----------------------------|-------------------------|-------------------------|-------------------------|
| Salt | 552.32 | 520.23 | 245.46 | 56.07 |
| Sulphate of Potash | 0.25 | 0.59 | 206.08 | 41.03 |
| Bromine | 16.82 | 14.42 | 17.19 | 10.35 |
| Total | 569.39 | 535.24 | 468.73 | 107.45 |

Note :

(a) Refer Note 14 for assets pledged as security towards loans

Note 10. Trade Receivables

| Particulars | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
|--|-----------------------------|-------------------------|-------------------------|-------------------------|
| Trade Receivables considered good - Secured | | | | |
| Trade Receivables considered good - Unsecured | 900.15 | 680.73 | 444.55 | 739.78 |
| Trade Receivables which have significant increase in Credit Risk | 60.76 | 115.20 | 79.24 | 5.84 |
| Trade Receivables - credit impaired | 140.59 | 140.59 | 140.59 | 206.04 |
| Total | 1,101.50 | 936.52 | 664.38 | 951.66 |
| Allowance for doubtful debts (expected credit loss allowance) | | | | |
| - towards receivables that are credit impaired | (140.59) | (140.59) | (140.59) | (206.04) |
| - towards other receivables | (60.76) | (115.20) | (79.24) | (75.59) |
| Total | 900.15 | 680.73 | 444.55 | 670.03 |

| Trade Receivables (At Amortised Cost) | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
|--|-----------------------------|-------------------------|-------------------------|-------------------------|
| (i) Undisputed Trade Receivables – considered good | | | | |
| - Less than 6 months | 795.09 | 680.73 | 444.55 | 739.78 |
| - 6 months - 1 year | 70.26 | - | - | - |
| - 1-2 years | 34.80 | - | - | - |
| - 2-3 years | - | - | - | - |
| - More than 3 years | - | - | - | - |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk | - | - | - | - |
| - Less than 6 months | - | 14.03 | 48.15 | - |
| - 6 months - 1 year | - | 0.58 | 15.18 | 5.84 |
| - 1-2 years | 51.30 | 92.66 | 15.91 | - |
| - 2-3 years | 9.46 | 7.93 | - | - |
| - More than 3 years | - | - | - | - |
| (iii) Undisputed Trade Receivables – credit impaired | - | - | - | - |
| - Less than 6 months | - | - | 24.30 | - |
| - 6 months - 1 year | - | - | - | - |
| - 1-2 years | 24.30 | 24.30 | 5.00 | 137.92 |
| - 2-3 years | 0.49 | 5.00 | 61.00 | - |
| - More than 3 years | 115.80 | 111.29 | 50.29 | 68.12 |
| Gross | 1,101.50 | 936.52 | 664.38 | 951.66 |
| Less : Expected Credit Loss | (201.35) | (255.79) | (219.83) | (281.63) |
| Total Trade receivables | 900.15 | 680.73 | 444.55 | 670.03 |

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables by adopting a simplified approach by using provision matrix which is based on historical credit loss experience. The expected credit loss allowance is based on the ageing of the days the receivables are due, the rates as given in the provision matrix and other factors. The range of provision created as a percentage of outstanding under various age groups below 180 days past due comes to 0% - 23%. The Company as a policy provides for 100% for outstanding above 180 days past due taking into account other factors.

| Movement in expected credit loss allowance | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
|---|-----------------------------|-------------------------|-------------------------|-------------------------|
| Balance at beginning of the period / year | (255.79) | (219.83) | (281.63) | (196.34) |
| Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses | 54.44 | (35.96) | 61.80 | (85.29) |
| Balance at end of the period / year | (201.35) | (255.79) | (219.83) | (281.63) |

Note 11 Cash and cash equivalents

| Particulars | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
|--|-----------------------------|-------------------------|-------------------------|-------------------------|
| 11.1 Cash & cash equivalents | | | | |
| (a) Balances with banks in current accounts and deposit accounts | | | | |
| (i) In Current account* | 246.81 | 174.19 | 244.13 | 453.23 |
| (ii) In EEFC Account | - | - | - | 18.79 |
| (iii) In term deposits with banks (original maturities less than 3 months) | - | 140.70 | - | - |
| (b) Cash on hand - Refer below note | 0.37 | 0.15 | 0.66 | 0.34 |
| Total Cash and cash equivalents | 247.18 | 315.04 | 244.79 | 472.36 |

Note - Cash balance in foreign currency as at September 30, 2021 - INR: Nil, March 31, 2021 - INR: Nil, March 31, 2020 - INR: Nil Millions and March 31, 2019 - INR 0.055 millions.

* Includes balance of Rs. 245.52 millions as at September 30, 2021 (March 31, 2021-Rs. 171.44 millions, March 31, 2020 - Rs 243.78 millions, March 31, 2019 - Rs 442.64 millions) in Trust and Retention account maintained with IndusInd bank based on arrangement with Debenture trustees

| Particulars | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
|---|-----------------------------|-------------------------|-------------------------|-------------------------|
| 11.2 Other bank balances | | | | |
| Balances with banks in current accounts and deposit accounts under lien due to be realised immediately upon surrender of expired bank guarantees ** | 3.10 | 3.09 | 2.70 | 2.70 |
| Deposits due to mature after three months but before twelve months from the reporting date | 181.74 | - | - | - |
| Total other bank balances | 184.84 | 3.09 | 2.70 | 2.70 |
| Total Cash and bank balances | 432.02 | 318.13 | 247.49 | 475.06 |

** Balances in deposits accounts subject to lien in favour of banks for obtaining bank guarantees/letter of credits

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Note 12 Equity Share Capital

| Particulars | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
|---|-----------------------------|-------------------------|-------------------------|-------------------------|-----------------------------|-------------------------|-------------------------|-------------------------|
| | No. of Shares | | | | Rs in millions | | | |
| AUTHORISED : | | | | | | | | |
| Equity Shares: | | | | | | | | |
| Equity Shares of Rs.10 each | 23,000,000 | 23,000,000 | 23,000,000 | 23,000,000 | 230.00 | 230.00 | 230.00 | 230.00 |
| ISSUED : | | | | | | | | |
| Equity Shares of Rs.10 each fully paid-up | 19,266,681 | 19,266,681 | 19,266,681 | 19,266,681 | 192.67 | 192.67 | 192.67 | 192.67 |
| SUBSCRIBED AND FULLY PAID UP : | | | | | | | | |
| Equity Shares of Rs.10 each fully paid-up | 19,266,681 | 19,266,681 | 19,266,681 | 19,266,681 | 192.67 | 192.67 | 192.67 | 192.67 |

12.1 Reconciliation of number of shares

| Particulars | Six months ended September 30, 2021 | | 2020-21 | | 2019-20 | | 2018-19 | |
|--|-------------------------------------|-----------------------------|-------------------|-----------------------------|-------------------|-----------------------------|-------------------|-----------------------------|
| | No. of Shares | Amount (Rs. In millions) | No. of Shares | Amount (Rs. In millions) | No. of Shares | Amount (Rs. In millions) | No. of Shares | Amount (Rs. In millions) |
| Equity Shares of Rs.10 each fully paid up | | | | | | | | |
| At the beginning of the period | 19,266,681 | 192.67 | 19,266,681 | 192.67 | 19,266,681 | 192.67 | 10,000,000 | 100.00 |
| Fresh issue of shares | - | - | - | - | - | - | 9,266,681 | 92.67 |
| At the end of the period | 19,266,681 | 192.67 | 19,266,681 | 192.67 | 19,266,681 | 192.67 | 19,266,681 | 192.67 |

12.2 Terms / Rights attached to Equity Shares

The Company has only one class of Equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting except in the case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential accounts, in proportion to their shareholding.

12.3 Details of shares held by each shareholder holding more than 5 percent of equity shares in the company:

| Name of the Share holder | No. of shares held as at | | | | | | | |
|---|--------------------------|--------|----------------|--------|----------------|--------|----------------|--------|
| | September 30, 2021 | | March 31, 2021 | | March 31, 2020 | | March 31, 2019 | |
| | Nos. | % | Nos. | % | Nos. | % | Nos. | % |
| Mr. P. Ravi | 2,826,596 | 14.67% | 2,826,596 | 14.67% | 2,826,596 | 14.67% | 2,826,596 | 14.67% |
| Mr. P. Ranjit | 2,826,597 | 14.67% | 2,826,597 | 14.67% | 2,826,597 | 14.67% | 2,826,597 | 14.67% |
| Chemikas Speciality LLP (formerly known as Goodearth Fertilisers Company LLP) | 7,891,758 | 40.96% | 7,891,758 | 40.96% | 7,891,758 | 40.96% | 7,891,758 | 40.96% |
| India Resurgence Fund Scheme - I | 1,436,612 | 7.46% | 1,436,612 | 7.46% | 1,436,612 | 7.46% | 1,436,612 | 7.46% |
| India Resurgence Fund Scheme - II | 2,348,506 | 12.19% | 2,348,506 | 12.19% | 2,348,506 | 12.19% | 2,348,506 | 12.19% |
| Piramal Natural Resources Private Ltd. | 1,436,612 | 7.46% | 1,436,612 | 7.46% | 1,436,612 | 7.46% | - | - |
| Piramal Glass Limited | - | - | - | - | - | - | 1,436,612 | 7.46% |

12.4 The Company does not have any outstanding shares issued under options.

12.5 The Company does not have any bonus share issued and shares bought back during the period of five years immediately preceding the reporting date (September 30,2021).

12.6 The loans from the following promoters were converted into equity of shares of Rs.10 each with a premium of Rs.38.41 per share in the financial year 2018-19.

| Name of the shareholder | Unsecured loan (Rs.) | Issue price per share (Rs.) | No. of shares* | Amount credited to securities premium (Rs.) |
|---|----------------------|-----------------------------|------------------|---|
| Chemikas Speciality LLP (formerly known as Goodearth Fertilisers Company LLP) | 188.40 | 48.41 | 3,891,758 | 149.48 |
| P. Ranjit | 260.20 | 48.41 | 5,374,923 | 206.45 |
| Total | 448.60 | | 9,266,681 | 355.93 |

12.7 Refer Note 14(a) for the terms of Compulsorily Convertible Debentures ("CCDs") into equity shares.

Shares held by the promoters:

| Promoter Name | As at September 30 , 2021 | | As at March 31, 2021 | | As at March 31, 2020 | | As at March 31, 2019 | |
|---|---------------------------|-------------------|----------------------|-------------------|----------------------|-------------------|----------------------|-------------------|
| | No of shares held | % of total shares | No of shares held | % of total shares | No of shares held | % of total shares | No of shares held | % of total shares |
| Mr. P. Ravi | 2,826,596 | 14.67% | 2,826,596 | 14.67% | 2,826,596 | 14.67% | 2,826,596 | 14.67% |
| Mr. P. Ranjit | 2,826,597 | 14.67% | 2,826,597 | 14.67% | 2,826,597 | 14.67% | 2,826,597 | 14.67% |
| Chemikas Speciality LLP (formerly known as Goodearth Fertilisers Company LLP) | 7,891,758 | 40.96% | 7,891,758 | 40.96% | 7,891,758 | 40.96% | 7,891,758 | 40.96% |

No change in % of shareholding during the current period and in previous periods.

12.8 Refer Note 38 (2) for shares split in the ratio of five shares for every one share with face value revised from Rs. 10/- per share to Rs. 2/- per share.

12.9 Refer Note 31 for EPS calculation

Note 13 Other equity

| Particulars | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
|---|-----------------------------|-------------------------|-------------------------|-------------------------|
| a Securities Premium | 1,508.55 | 1,508.55 | 1,508.55 | 1,508.55 |
| b Retained Earnings (Net of Other Comprehensive Income) | (444.28) | (1,023.08) | (1,687.05) | (1,323.05) |
| c Equity component of Compulsory convertible debentures | 45.53 | 45.53 | 45.53 | 45.53 |
| Total | 1,109.80 | 531.00 | (132.97) | 231.03 |

Details to other equity

| Particulars | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
|---|-----------------------------|-------------------------|-------------------------|-------------------------|
| (a) Securities Premium | | | | |
| Opening balance | 1,508.55 | 1,508.55 | 1,508.55 | 1,152.62 |
| Add : Premium on shares issued during the year | - | - | - | 355.93 |
| | 1,508.55 | 1,508.55 | 1,508.55 | 1,508.55 |
| (b) Retained Earnings | | | | |
| Balance at the beginning of the year | (1,023.08) | (1,687.05) | (1,323.05) | (1,726.98) |
| Adjustment* | - | 0.16 | - | 4.82 |
| Restated opening balance | (1,023.08) | (1,686.89) | (1,323.05) | (1,722.16) |
| Profit attributable to the owners of the company | 580.59 | 666.06 | (362.35) | 399.72 |
| Other comprehensive income | (1.79) | (2.25) | (1.65) | (0.61) |
| Closing balance | (444.28) | (1,023.08) | (1,687.05) | (1,323.05) |
| (c) Equity component of Compulsorily convertible debentures | | | | |
| Opening Balance | 45.53 | 45.53 | 45.53 | 1,927.90 |
| Equity component of Compulsorily convertible debentures carried at amortised cost | - | - | - | 45.53 |
| Less: Promoters' loans converted into equity | - | - | - | (1,927.90) |
| Closing balance | 45.53 | 45.53 | 45.53 | 45.53 |
| Total Other Equity | 1,109.80 | 531.00 | (132.97) | 231.03 |

*

a) Excess provision for income taxes pertaining to financial years prior to FY 2018-19 has been adjusted in the opening retained earnings

b) During FY 2020-21, The subsidiary Marine Chemicals Pte Limited was struck off and hence adjustment in reserves to reflect the same.

Nature and purpose of other reserves

(a) Securities Premium

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act 2013.

(b) Retained Earnings

Retained Earnings represents company's cumulative earnings since its formation less the dividends/ Capitalisation, if any.

(c) Equity component of Compulsorily convertible debentures

Equity component of Compulsorily convertible debentures is the difference between the face value and fair value of the liability towards the 0.01% Compulsorily Convertible Debentures issued on November 22, 2018.

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Note 14 Borrowings

| Particulars | Non-Current | | | |
|---|-----------------------------|-------------------------|-------------------------|-------------------------|
| | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
| Secured | | | | |
| Non convertible debentures issued (Refer Note - 14 (a) below) | 8,400.00 | 8,400.00 | 8,400.00 | 7,397.00 |
| Other Loans | | | | |
| - Daimler Financial Services India Pvt. Ltd. | 6.03 | 6.67 | 7.42 | 5.73 |
| - Toyota Financial Services India Ltd. | - | - | 0.08 | 1.26 |
| - Kotak Mahindra Prime Ltd. | - | - | 0.35 | 1.19 |
| - Indo Star Capital | 12.36 | 16.10 | 23.12 | - |
| - Shriram Transport Finance | 13.49 | 16.40 | 21.75 | - |
| - Hinduja Leyland Finance | 6.87 | 11.11 | 18.92 | - |
| - ICICI Bank | 5.99 | 7.78 | 11.01 | - |
| - Tata motors | 4.97 | 6.06 | - | - |
| - CAT Finance | 8.46 | - | - | - |
| - HDFC Bank Ltd | 6.58 | - | - | - |
| Total | 8,464.75 | 8,464.12 | 8,482.65 | 7,405.18 |

| Particulars | Current | | | |
|--|-----------------------------|-------------------------|-------------------------|-------------------------|
| | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
| Secured | | | | |
| Current maturities of long term debt | | | | |
| - Daimler Financial Services India Pvt. Ltd. | 1.26 | 1.18 | 7.18 | 1.49 |
| - Toyota Financial Services India Ltd. | - | 0.08 | 0.98 | 0.90 |
| - Kotak Mahindra Prime Ltd. | 0.05 | 0.41 | 0.64 | 0.58 |
| - Indo Star Capital | 7.36 | 7.03 | 6.24 | - |
| - Shriram Transport Finance | 5.68 | 5.35 | 4.75 | - |
| - Hinduja Leyland Finance | 8.24 | 7.82 | 7.03 | - |
| - ICICI Bank | 3.43 | 3.22 | 2.74 | - |
| - Tata motors | 2.12 | 2.02 | - | - |
| - CAT Finance | 2.48 | - | - | - |
| - HDFC Bank Ltd | 1.95 | - | - | - |
| Unsecured - at amortised cost | | | | |
| Bills Discounting | 127.61 | 93.12 | 60.62 | 127.86 |
| Loans repayable on demand from related party | - | - | - | 4.88 |
| Total | 160.18 | 120.23 | 90.18 | 135.71 |

(a) Debentures issued:

The Company entered into agreements with India Resurgence Fund Scheme - I, India Resurgence Fund Scheme - II and Piramal Investment Advisory Services Private Limited for issue of

- 8,400 Non-Convertible Debentures with a face value of Rs.10,00,000 each aggregating to Rs. 840,00,00,000 (Series A debentures)
- 1,000 Non-Convertible Debentures with a face value of Rs.10,00,000 each aggregating to Rs. 100,00,00,000 as a contingency facility when required (Series B Debentures) . The Series B debentures have not been issued as at September 30, 2021.
- 672,000 unsecured compulsorily convertible debentures of Rs.100 each aggregating to Rs. 6,72,00,000 (Refer note 16 - other financial liabilities)

The terms of issue of the Series A Non-Convertible debentures ("NCDs") and Compulsorily Convertible debentures ("CCDs") are given below:

| Particulars | NCDs | CCDs |
|---------------|---|---|
| Amount | 7397 NCDs with unit value of Rs. 10,00,000 each has been allotted to Private investors during the year 2018-19 amounting to Rs. 7,397.0 million. 1003 NCDs with unit value of Rs. 10,00,000 each has been allotted to Private investors during the year 2019-20 amounting to Rs. 1,003.0 millions. | 6,72,000 CCDs with unit value of Rs. 100 each has been allotted to Private investors during the year 2018-19 amounting to Rs.67.2 millions. |
| Coupon | 10 % payable monthly before every month end upto 31.05.2020. 12% payable monthly before every month end from 01.06.2020 to 21.11.2024 | 0.01% payable annually before 31st March of every year |

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| | | |
|--------------------------|---|--|
| Yield to Maturity | Yield to maturity (YTM) at 17% p.a. compounded annually (Including coupon) .The coupon of 10 % upto 31.05.2020 and 12% upto 21.11.2024 shall be payable monthly before every month end. | Not Applicable |
| Repayment | <p>1. Repayable on maturity date November 21,2024.</p> <p>2. Voluntarily repayable - Voluntarily repayable by issuer subject to compliance with laws</p> <p>A.First the Series B Debentures at any time after the Deemed date of Allotment of Series B Debentures and B.then the series A Debentures at any time after 18 months from 22nd November 2018 (being deemed date of allotment of the tranche I of series A debentures upto 21 November, 2024</p> <p>3. Mandatorily repayable - In the event that any excess cash is available with the issuer in any month in financial year commencing from financial year 2020-21, on the last date business day of such month, the issuer shall take all necessary actions and redeem in part, the debentures pro rata in accordance with the priority as set out in debenture trust deed</p> | CCDs are convertible at the option of CCD holder into equity shares of the company at any time in the ratio provided in the agreement dated 20.09.2018 . Any CCDs not converted into equity as on 21st November 2028 , will be compulsorily converted into equity shares in the ratio provided in the agreement dated 20.09.2018 |
| Security | <p>First charge over the fixed assets (movable and immovable) and all other present and future assets of the Borrower.</p> <p>First charge on all current Assets, both present and future, of Borrower.</p> | NA |

Security

The Secured Obligations shall be secured in favour of the Debenture Trustee or its agent in form, substance and manner acceptable to the Debenture Holders by:

- (a) a first ranking mortgage/ charge on all the Issuer's immoveable properties, and movable properties including plant and machinery, machine spares, tools and accessories, furniture, fixtures, vehicle and other non-current movable assets, both present and future, except for the immovable land taken on lease by the Issuer from the Government of Gujarat under the GOG Lease Deed;
- (b) a first ranking mortgage/ charge on all the Issuer's tangible and intangible assets, including but not limited to its goodwill, undertaking and uncalled capital, both present and future and all bank accounts of the Issuer and all receivables and proceeds in relation to such assets;
- (c) a first ranking mortgage / charge on all insurance policies, performance bonds, contractors' guarantees and any letter of credit provided by any person in favour of the Issuer under the Material Agreements, if any;
- (d) a first ranking mortgage / assignment on all the rights, titles, permits, clearances, approvals and interests of the Issuer in, to and in respect of the Material Agreements and all contracts relating to the Business (other than any short term purchase orders) listed below:
- (i) all contracts relating to the Expansion Project with an aggregate value of Rs. 50 millions or above;
- (ii) operational contracts under which the Issuer has paid an advance of Rs. 50 millions or above;
- (iii) sales contracts (including as on the date of this Deed and signed by the Issuer in the future) with an aggregate value of Rs. 50 millions or above;
- (iv) Sojitz Exclusive Salt Sales Agreement, Sojitz SoP Sales Agreement, Sojitz Advance Payment Agreement 2 and Sojitz Advance Payment Agreement 3;
- (v) Ports Services Agreement; and
- (vi) Sales and Cost Allocation Agreement;
- (e) a first ranking mortgage/ charge on all the Issuer's current assets;
- (f) a first ranking pledge of 100% (one hundred per cent) of the shares and other securities of the Issuer held by the Promoters (P.Ravi, P.Ranjit and Chemikas Speciality LLP (formerly known as Goodearth Fertilisers Company LLP)), constituting 70.30%; and
- (g) a first ranking charge over the partnership interest of Chemikas Speciality LLP (formerly known as Goodearth Fertilisers Company LLP) , constituting 100% of partnership interest of Chemikas Speciality LLP (formerly known as Goodearth Fertilisers Company LLP) ;
- Pursuant to arrangement between the Company and the debenture holders, the Non-Convertible Debentures have been considered as long term borrowings in these financial statements.

(b) Terms of Secured Loan from others -

| Particulars | Hypothecation details | Term of loan | Rate | Payable in next 12 months |
|--|-----------------------------|--------------|------------|---------------------------|
| - Daimler Financial Services India Pvt. Ltd. | 1 No. Car | 4 years | 12.00% | 1.26 |
| - Kotak Mahindra Prime Ltd. | 1 No. Car | 3 years | 9.81% | 0.05 |
| - Indo Star Capital | 10 no.s commercial vehicles | 5years | 12.00% | 7.36 |
| - Shriram Transport Finance | 10 no.s commercial vehicles | 5years | 12.00% | 5.68 |
| - Hinduja Leyland Finance | 10 no.s commercial vehicles | 4 years | 11.03% IRR | 8.24 |
| - ICICI Bank | 5 No.s Commercial vehicles | 4 years | 12.50% | 3.43 |
| - Tata Motors | 1 No.s Commercial vehicles | 4 years | 12.50% | 2.12 |
| - CAT Finance | 1 No.s Commercial vehicles | 4 years | 8.50% | 2.48 |
| - HDFC Bank Ltd | 2 No.s Commercial vehicles | 4 years | 10.00% | 1.95 |

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Note 15 Lease liabilities

| Particulars | Non-Current | | | |
|---|-----------------------------|-------------------------|-------------------------|-------------------------|
| | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
| Liability on right to use assets under IND AS 116 - Refer note 37 | 408.42 | 401.78 | 381.62 | 334.40 |
| Total | 408.42 | 401.78 | 381.62 | 334.40 |

| Particulars | Current | | | |
|---|-----------------------------|-------------------------|-------------------------|-------------------------|
| | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
| Liability on right to use assets under IND AS 116 - Refer note 37 | 56.41 | 49.06 | 37.46 | 26.32 |
| Total | 56.41 | 49.06 | 37.46 | 26.32 |

Note 16 Other financial liabilities

| Particulars | Non-Current | | | |
|--|-----------------------------|-------------------------|-------------------------|-------------------------|
| | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
| a. Compulsorily convertible debentures carried at amortised cost | 30.57 | 28.93 | 25.84 | 23.04 |
| b. Interest accrued and not due on borrowings | 1,188.93 | 1,174.95 | 693.93 | - |
| Total | 1,219.50 | 1,203.88 | 719.77 | 23.04 |

| Particulars | Current | | | |
|--|-----------------------------|-------------------------|-------------------------|-------------------------|
| | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
| a. Interest accrued and due on customer advances | 26.21 | 26.21 | 26.21 | 15.04 |
| b. Interest accrued and not due on borrowings | | | | 156.28 |
| c. Payable towards procurement of capital assets | 148.51 | 110.53 | 17.99 | - |
| d. Employee benefits payable | 4.32 | 3.13 | 2.88 | 23.55 |
| e. Retention Money | 1.05 | 1.05 | 1.05 | 1.12 |
| Total | 180.09 | 140.92 | 48.13 | 195.99 |

Note 17 Other liabilities

| Particulars | Non-Current | | | |
|---------------------|-----------------------------|-------------------------|-------------------------|-------------------------|
| | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
| a Customer advances | 1,544.69 | 1,703.76 | 2,107.02 | 2,984.34 |
| Total | 1,544.69 | 1,703.76 | 2,107.02 | 2,984.34 |

| Particulars | Current | | | |
|-------------------------|-----------------------------|-------------------------|-------------------------|-------------------------|
| | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
| a Customer advances | 334.93 | 370.62 | 672.29 | - |
| b Statutory Remittances | 15.75 | 15.55 | 8.97 | 21.78 |
| Total | 350.68 | 386.17 | 681.26 | 21.78 |

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Note 18 Deferred tax balances

| Particulars | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
|---|-----------------------------|-------------------------|-------------------------|-------------------------|
| Deferred tax assets | 1,419.79 | 1,590.33 | 1,759.01 | 2,596.50 |
| Deferred tax liabilities | (1,087.70) | (1,057.39) | (988.22) | (1,689.59) |
| Net Deferred Tax Asset / (Liability) | 332.09 | 532.94 | 770.79 | 906.91 |

| Six month ended 30th September, 2021 | Opening balance | Recognised in profit or loss | Recognised in other comprehensive income | Closing balance |
|---|-----------------|---------------------------------|---|-----------------|
| Deferred tax asset / (liabilities) in relation to : | | | | |
| Deferred tax liabilities: | | | | |
| Property plant and equipment | (1,057.39) | (30.31) | | (1,087.70) |
| Deferred tax assets: | | | | |
| Carried forward loss | 1,516.21 | 171.96 | | 1,344.25 |
| Provision for Employee benefits | (0.00) | 0.60 | (0.60) | (0.00) |
| Disallowance u/s 40(a) | 0.23 | 0.14 | | 0.09 |
| Provision for Doubtful Debts / Advances | 67.54 | 16.86 | | 50.68 |
| DTA on timing differences on ROU assets and liabilities | 6.36 | (18.41) | | 24.77 |
| Net Deferred Tax Asset / (Liability) | 532.94 | (201.46) | (0.60) | 332.09 |

| 2020-21 | Opening balance | Recognised in profit or loss | Recognised in other comprehensive income | Closing balance |
|---|-----------------|---------------------------------|---|-----------------|
| Deferred tax asset / (liabilities) in relation to : | | | | |
| Deferred tax liabilities: | | | | |
| Property plant and equipment | (988.22) | (69.17) | | (1,057.39) |
| Deferred tax assets: | | | | |
| Carried forward loss | 1,692.85 | 176.64 | | 1,516.21 |
| Provision for Employee benefits | 1.81 | 2.57 | (0.76) | (0.00) |
| Disallowance u/s 40(a) | 2.32 | 2.09 | | 0.23 |
| Provision for Doubtful Debts / Advances | 55.33 | (12.21) | | 67.54 |
| DTA on timing differences on ROU assets and liabilities | 6.70 | 0.34 | | 6.36 |
| Net Deferred Tax Asset / (Liability) | 770.79 | (238.59) | (0.76) | 532.94 |

| 2019-20 | Opening balance | Recognised in profit or loss | Recognised in other comprehensive income | Closing balance |
|---|-----------------|---------------------------------|---|-----------------|
| Deferred tax asset / (liabilities) in relation to : | | | | |
| Deferred tax liabilities: | | | | |
| Property plant and equipment | (1,689.59) | (701.37) | - | (988.22) |
| Deferred tax assets | | | | |
| Carried forward loss | 2,483.89 | 791.04 | - | 1,692.85 |
| Provision for Employee benefits | 1.74 | 0.43 | (0.50) | 1.81 |
| Disallowance u/s 40(a) | 5.26 | 2.94 | - | 2.32 |
| Provision for Doubtful Debts / Advances | 98.41 | 43.08 | - | 55.33 |
| DTA on timing differences on ROU assets and liabilities | 7.20 | 0.50 | | 6.70 |
| Net Deferred Tax Asset / (Liability) | 906.91 | 136.63 | (0.50) | 770.79 |

| 2018-19 | Opening balance | Recognised in profit or loss | Recognised in other comprehensive income | Closing balance |
|---|-----------------|---------------------------------|---|-----------------|
| Deferred tax asset / (liabilities) in relation to : | | | | |
| Deferred tax liabilities: | | | | |
| Property plant and equipment | (1,411.48) | (278.11) | - | (1,689.59) |
| Deferred tax assets | | | | |
| Carried forward loss | 2,088.28 | 395.61 | - | 2,483.89 |
| Provision for Employee benefits | 2.54 | (0.99) | 0.19 | 1.74 |
| Disallowance u/s 40(a) | 64.98 | (59.72) | - | 5.26 |
| Provision for Doubtful Debts / Advances | 36.52 | 61.89 | - | 98.41 |
| DTA on timing differences on ROU assets and liabilities | - | 7.20 | - | 7.20 |
| Net Deferred Tax Asset / (Liability) | 780.84 | 125.88 | 0.19 | 906.91 |

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Note 19 Trade payables

| Particulars | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
|---|-----------------------------|-------------------------|-------------------------|-------------------------|
| Dues to micro enterprises and small enterprises - Refer Note 37 | 62.27 | 22.84 | 43.22 | - |
| Dues of creditors other than above | 1,121.16 | 1,094.99 | 1,627.94 | 1,052.52 |
| Total | 1,183.43 | 1,117.83 | 1,671.16 | 1,052.52 |

19.1 Trade payables are non-interest bearing and are normally settled as per due dates .

19.2 The company has financial risk management policies in place to ensure that all payables are paid within the agreed credit terms.

| Particulars | Outstanding for following periods | | | |
|---------------------|-----------------------------------|-------------------------|-------------------------|-------------------------|
| | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
| (i) MSME | | | | |
| a) Disputed | - | - | - | - |
| b) Undisputed | - | - | - | - |
| - Less than 1 year | 62.27 | 22.84 | 43.22 | - |
| - 1-2 years | - | - | - | - |
| - 2-3 years | - | - | - | - |
| - More than 3 years | - | - | - | - |
| (ii) Others | - | - | - | - |
| a) Disputed | - | - | - | - |
| b) Undisputed | - | - | - | - |
| - Less than 1 year | 1,112.63 | 1,065.70 | 1,543.23 | 1,010.40 |
| - 1-2 years | 4.36 | 25.20 | 77.33 | 36.42 |
| - 2-3 years | 2.69 | 2.94 | 3.39 | - |
| - More than 3 years | 1.48 | 1.15 | 3.99 | 5.70 |
| Total | 1,183.43 | 1,117.83 | 1,671.16 | 1,052.52 |

Note 20 Provisions - Current

| Particulars | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
|--------------------------------|-----------------------------|-------------------------|-------------------------|-------------------------|
| Provision for Leave encashment | 5.30 | 4.54 | 1.77 | 1.43 |
| Provision for Gratuity | 6.43 | 4.10 | 5.31 | 0.72 |
| Total | 11.73 | 8.64 | 7.08 | 2.15 |

Note 20A Provisions - Non Current

| Particulars | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
|------------------------|-----------------------------|-------------------------|-------------------------|-------------------------|
| Provision for Gratuity | 4.10 | 4.12 | - | - |
| Total | 4.10 | 4.12 | - | - |

Note 21 Revenue from operations

| Particulars | Six months ended September 30, 2021 | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2019 |
|------------------------------|--|------------------------------|------------------------------|------------------------------|
| (a) Sales of Products | | | | |
| Domestic sales | 1,435.39 | 1,872.96 | 1,289.72 | 1,084.60 |
| Export sales | 3,069.32 | 5,512.09 | 4,768.39 | 4,546.22 |
| (b) Other operating revenues | | | | |
| Export Incentives | - | 21.57 | 15.36 | 22.13 |
| Scrap sales | 0.39 | 1.02 | 8.23 | 2.11 |
| Total | 4,505.10 | 7,407.64 | 6,081.70 | 5,655.06 |

Note:

(i) The company has applied Ind AS 115 'Revenue from contracts with customers' with effect from 1 April 2018. The performance obligations under all sales contracts are satisfied at a point of time. Ind AS 115 did not have a material impact on the amount or timing of recognition of reported revenue.

21.1 Disaggregation of Revenue information

The table below presents disaggregated revenues from contracts with customers which is recognised based on goods transferred at a point of time by geography and offerings of the Company.

As per the management, the below disaggregation best depicts the nature, amount, timing and uncertainty of how revenues and cash flows are affected by industry, market and other economic factors.

| Particulars | Six months ended September 30, 2021 | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--|--|------------------------------|------------------------------|------------------------------|
| Revenue by Geography | | | | |
| India | 1,435.78 | 1,895.55 | 1,313.32 | 1,108.84 |
| Rest of the world | 3,069.32 | 5,512.09 | 4,768.38 | 4,546.22 |
| Total revenue from contracts with customers | 4,505.10 | 7,407.64 | 6,081.70 | 5,655.06 |
| Revenue by offerings | | | | |
| Manufactured goods | | | | |
| (a) Marine chemicals | | | | |
| Salt | 1,834.37 | 3,637.15 | 3,520.09 | 2,998.47 |
| Bromine | 2,668.07 | 3,444.10 | 2,155.03 | 2,252.58 |
| Sulphate of Potash | 2.27 | 325.37 | 398.36 | 401.90 |
| (b) Others | 0.39 | 1.02 | 8.22 | 2.11 |
| Total revenue from contracts with customers | 4,505.10 | 7,407.64 | 6,081.70 | 5,655.06 |

21.2 Trade Receivables

The Company classifies the right to consideration in exchange for deliverables as receivable.

A receivable is a right to consideration that is unconditional upon passage of time. Revenue is recognized as and when the related goods are delivered to the customer.

Trade receivable are presented net of impairment in the Balance Sheet.

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Note 22 Other income

| Particulars | Six months ended September 30, 2021 | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--|--|------------------------------|------------------------------|------------------------------|
| Interest income on bank deposits (at amortised cost) | 5.75 | 8.57 | 0.19 | 0.36 |
| Profit on sale from mutual funds | 2.50 | 7.12 | 10.81 | 0.98 |
| Provision no longer required | 54.44 | 2.17 | 75.61 | - |
| Net gain on exchange fluctuation | 13.69 | 92.85 | - | 68.82 |
| Profit on sale of fixed assets | - | - | 1.46 | - |
| Miscellaneous Income | 5.72 | 19.46 | 0.20 | 3.84 |
| Income on mutual funds due to change in fair value | 3.67 | 6.86 | - | - |
| Write back of payables | - | 3.23 | - | - |
| Total | 85.77 | 140.26 | 88.27 | 74.00 |

Note 23 Cost of materials consumed

| Particulars | Six months ended September 30, 2021 | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--------------------------------------|--|------------------------------|------------------------------|------------------------------|
| Opening Stock of Raw Materials | 53.59 | 48.11 | 58.63 | 48.28 |
| Add: Purchases | 190.17 | 172.94 | 239.47 | 352.73 |
| Less: Closing Stock of Raw Materials | 28.07 | 53.59 | 48.11 | 58.63 |
| Consumption of Raw Materials | 215.69 | 167.46 | 249.99 | 342.38 |

Note 24 Changes in Inventories of finished goods, work-in-progress and stock in trade

| Particulars | Six months ended September 30, 2021 | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--------------------------------------|--|------------------------------|------------------------------|------------------------------|
| Opening Stock: | | | | |
| Work-in-process | 416.13 | 404.12 | 407.61 | 936.90 |
| Finished goods | 535.24 | 468.73 | 107.45 | 101.93 |
| Closing Stock: | | | | |
| Work-in-process | 443.57 | 416.13 | 404.12 | 407.61 |
| Finished goods | 569.39 | 535.24 | 468.73 | 107.45 |
| (Increase)/Decrease in Stocks | (61.59) | (78.52) | (357.79) | 523.77 |

Note 25 Employee Benefit expense

| Particulars | Six months ended September 30, 2021 | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|--|------------------------------|------------------------------|------------------------------|
| Salaries, Wages and Bonus | 176.43 | 335.14 | 331.59 | 289.73 |
| Staff welfare | 0.80 | 4.23 | 3.72 | - |
| Contribution to provident and other Funds | 7.13 | 13.83 | 9.38 | 14.13 |
| Total | 184.36 | 353.20 | 344.69 | 303.86 |

Note 26 Finance Cost

| Particulars | Six months ended September 30, 2021 | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--|--|------------------------------|------------------------------|------------------------------|
| Interest on term loans | - | - | - | 383.41 |
| Interest on debentures | 768.72 | 1,207.86 | 1,127.80 | 613.94 |
| Interest on working capital borrowings | 7.74 | 16.35 | 25.80 | 103.11 |
| Interest on finance lease | 32.65 | 74.07 | 57.08 | 56.35 |
| Effective interest on CCDs carried at amortised cost | 1.65 | 3.10 | 2.80 | 1.37 |
| Bank Charges | 5.87 | 1.40 | 2.62 | 11.23 |
| Interest on delayed payment of taxes | 0.75 | 1.14 | 1.48 | 6.99 |
| Total | 817.38 | 1,303.92 | 1,217.58 | 1,176.40 |

Note 27 Depreciation and amortisation expense

| Particulars | Six months ended September 30, 2021 | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|--|------------------------------|------------------------------|------------------------------|
| Depreciation on Property, plant and equipment and Right of Use assets pertaining to continuing operations | 327.54 | 553.43 | 517.12 | 491.96 |
| Amortisation of Intangible assets | 0.18 | 0.54 | 0.49 | 1.21 |
| Total | 327.72 | 553.97 | 517.61 | 493.17 |

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Note 28 Other Expenses

| Particulars | Six months ended September 30, 2021 | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--|--|------------------------------|------------------------------|------------------------------|
| Consumption of stores and spares | 101.63 | 149.87 | 121.60 | 92.99 |
| Power and Fuel | 414.70 | 535.21 | 444.38 | 461.63 |
| Rent expense | 2.96 | 4.80 | 1.59 | 13.68 |
| Travelling and Conveyance | 22.81 | 34.31 | 50.70 | 55.77 |
| Repairs and Maintenance | | | | - |
| - Buildings | 7.33 | 1.40 | 1.84 | 3.86 |
| - Plant and Machinery | 37.23 | 78.35 | 89.59 | 79.75 |
| - Others | 28.16 | 43.86 | 61.64 | 11.56 |
| Insurance | 49.87 | 101.42 | 38.64 | 28.89 |
| Rates and Taxes, excluding taxes on income | 7.84 | 13.75 | 24.26 | 47.91 |
| Packing, Despatching and Freight | 1,342.62 | 2,777.45 | 2,563.28 | 2,194.93 |
| Loading charges | 200.67 | 328.26 | 360.58 | 247.80 |
| Hire charges - equipment | 41.23 | 82.49 | 100.60 | 87.84 |
| Printing and stationery | 0.80 | 1.44 | 1.17 | 1.18 |
| Communication expenses | 2.12 | 5.04 | 5.52 | 4.60 |
| CSR Expenses | 6.44 | 5.51 | 6.67 | 8.68 |
| Audit Fees | 2.10 | 3.53 | 4.41 | 3.72 |
| Legal and professional charges | 39.79 | 54.32 | 150.86 | 68.46 |
| Selling and distribution expenses | 11.16 | 59.49 | 28.55 | 28.88 |
| Provision for Doubtful Debts and Advances | - | 48.51 | 9.23 | 151.24 |
| Impairment of fixed assets | - | 2.09 | - | 45.71 |
| Assets written off | - | 0.46 | 4.90 | - |
| Net loss on exchange fluctuation | - | - | 161.92 | - |
| Administration Expenses | 5.80 | 11.66 | 21.85 | 24.96 |
| Total | 2,325.26 | 4,343.22 | 4,253.78 | 3,664.04 |

28.1 Payment to Statutory Auditors

| Particulars | Six months ended September 30, 2021 | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2019 |
|-------------------------------|--|------------------------------|------------------------------|------------------------------|
| For Statutory Audit | 1.50 | 2.93 | 3.15 | 3.31 |
| For Tax Audit | - | - | - | 0.10 |
| For Other Services | - | - | 1.05 | - |
| For Reimbursement of Expenses | 0.60 | 0.60 | 0.21 | 0.31 |
| Total | 2.10 | 3.53 | 4.41 | 3.72 |

28.2 Expenditure incurred for Corporate social responsibility

| Particulars | Six months ended September 30, 2021 | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--|--|------------------------------|------------------------------|------------------------------|
| Expenditure incurred for Corporate social responsibility | | | | |
| - Towards Archean Foundation | 6.44 | 5.51 | 6.67 | 8.68 |
| Total | 6.44 | 5.51 | 6.67 | 8.68 |

Sec 135 of companies act 2013, requires the Company to spend towards corporate social responsibility.

The company is expected to spend Rs. 7.66 millions for full FY 2021-22 in compliance to this requirement. A sum of Rs. 6.44 millions has been spent till the half year ended September 30, 2021 towards CSR activities as explained below. Balance amount to be spent is Rs.1.22 millions during the next half year.

| Particulars | Six months ended September 30, 2021 | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--|--|------------------------------|------------------------------|------------------------------|
| Amount required to be spent under section 135 of the Companies Act, 2013 | 7.66 | - | - | - |
| Amount spent during the year on: | | | | |
| i) Construction/acquisition of an asset | | | | |
| ii) Purposes other than (i) above | 6.44 | 5.51 | 6.67 | 8.68 |
| Amount unspent * | 1.22 | - | - | - |

The above amount is paid to Archean foundation for CSR activities. Archean foundation is a related party

*The company has time till March 31, 2022 to spend the remaining amount for CSR.

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Note 29 Income Tax Expense

29.1 The Company has exercised the option of lower tax permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Act, 2019 ('the Amendment Act'). Accordingly, the Company has recognised provision for income tax for the year ended March 31, 2020 basis the rate provided in the said Amendment Act. The Company has (i) re-measured the opening balance of Deferred Tax Assets (net); (ii) removed the impact of unabsorbed depreciation to the extent related to additional depreciation claimed under Section 32(1)(ia) and (iii) charged off the Minimum Alternate Tax (MAT) credit balance as at April 1, 2019 aggregating to Rs.58.66 millions which has been included under Tax expense in the financial results for the year ended March 31, 2020.

| Particulars | Six months ended September 30, 2021 | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|--|------------------------------|------------------------------|------------------------------|
| 29.2 Income tax recognised in Profit or Loss | | | | |
| Income tax Expense | | | | |
| Current tax | | | | |
| In respect of the current year | - | - | - | - |
| (Excess) provision for tax relating to prior years | - | - | - | - |
| MAT credit write off | - | - | 58.66 | - |
| Deferred tax | | | | |
| In respect of the current year | 201.46 | 238.59 | (42.05) | 150.03 |
| Tax adjustment for earlier years | - | - | 178.68 | (275.91) |
| Total income tax expense | 201.46 | 238.59 | 195.29 | (125.88) |

| Particulars | Six months ended September 30, 2021 | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|--|------------------------------|------------------------------|------------------------------|
| 29.3 Income tax recognised in other comprehensive income | | | | |
| Deferred tax | | | | |
| Arising on income and expenses recognised in other comprehensive income: | | | | |
| Remeasurement of defined benefit obligation | 0.60 | 0.75 | 0.50 | 0.19 |
| Total income tax recognised in other comprehensive income | 0.60 | 0.75 | 0.50 | 0.19 |
| Bifurcation of the income tax recognised in other comprehensive income into: | | | | |
| Items that will not be reclassified to profit or loss | 0.60 | 0.75 | 0.50 | 0.19 |
| Items that may be reclassified to profit or loss | - | - | - | - |
| Total income tax recognised in other comprehensive income | 0.60 | 0.75 | 0.50 | 0.19 |

29.4 The income tax expense for the year can be reconciled to the accounting profit as follows:

| Particulars | Six months ended September 30, 2021 | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|--|------------------------------|------------------------------|------------------------------|
| (Loss) / Profit before tax | 782.05 | 904.65 | (167.06) | 273.84 |
| Income tax expense calculated at 25.17% (2018-19 - 34.944%) | 196.84 | 227.70 | (42.05) | 95.69 |
| Tax adjustment for earlier years on account of new tax regime being opted on account of: | | | | |
| (a) Effect of changes in tax rate due to new tax regime being opted | - | - | 251.65 | - |
| (b) Other impacts due to permanent allowances/disallowances as per IT Act | 1.62 | 2.89 | - | - |
| (c) Effect of other adjustments / disallowances | 3.00 | 8.00 | (72.97) | (0.86) |
| (d) Effect of disallowances for which deferred tax not recognised in earlier years claimed during 2018-19 | - | - | - | (275.91) |
| (e) Effect of expenses that are not deductible in determining taxable profit | - | - | - | 55.20 |
| (f) MAT Credit Adjustment | - | - | 58.66 | - |
| Income tax expense / (income) recognised in profit or loss | 201.46 | 238.59 | 195.29 | (125.88) |

Note 30 Segment Reporting

The Company is engaged in the activities related to manufacture of marine chemicals. The Chief Operating Decision Maker (Board of Directors) review the operating results as a whole. For purposes of making decisions about resources to be allocated and assess its performance, the entire operations are to be classified as a single business segment, namely Marine Chemicals. The geographical segments considered for disclosure are – India and Rest of the World. All the manufacturing facilities are located in India. Accordingly, there is no other reportable segment as per Ind AS 108 Operating Segments.

30.1 Geographical Information

The Company's revenue from external customers by location of operations and information about its non current assets* by location of operations are detailed below. The geographical segments considered for disclosure are – India and Rest of the World. All the manufacturing facilities are located in India

| Particulars | Revenue from external customers | | | | Non - current assets as at * | | | |
|-------------------|--|------------------------------|------------------------------|------------------------------|-------------------------------|-------------------------|----------------------------|----------------------------|
| | Six months ended September 30, 2021 | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2019 | As at September 30,2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
| India | 1,435.78 | 1,895.55 | 1,313.32 | 1,108.84 | 11,534.74 | 11,318.25 | 11,664.29 | 10,716.92 |
| Rest of the world | 3,069.32 | 5,512.09 | 4,768.38 | 4,546.22 | - | - | - | - |
| Total | 4,505.10 | 7,407.64 | 6,081.70 | 5,655.06 | 11,534.74 | 11,318.25 | 11,664.29 | 10,716.92 |

* Non- current assets are used in the operations of the Company to generate revenues both in India and outside India.

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Note 31 Basic and Diluted Earnings per Share:

| Particulars | Six months ended September 30, 2021 | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--|--|------------------------------|------------------------------|------------------------------|
| Profit for the period / year attributable to owners of the Company (A) | 580.59 | 666.06 | (362.34) | 399.73 |
| Weighted average number of equity shares (B) | 103,274,120 | 103,274,120 | 103,274,120 | 73,544,214 |
| Basic and Diluted Earnings per share (Rs.)-(C)= (A)/(B)- Refer Note 38 (2) | 5.62 | 6.45 | (3.51) | 5.44 |
| Face value per Equity share (Rs.) - Refer Note 38 (2) | 2.00 | 2.00 | 2.00 | 2.00 |

* EPS for the Six months ended September 30, 2021 is not annualized

The earnings used in the calculation of basic and diluted earnings per share as follows.

| Particulars | Six months ended September 30, 2021 | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|--|------------------------------|------------------------------|------------------------------|
| Profit for the period/year net of tax | 580.59 | 666.06 | (362.35) | 399.72 |
| Adjustment: Coupon interest on Compulsorily Convertible Debentures ("CCDs"), net of tax | 0.00 | 0.01 | 0.00 | 0.00 |
| Profit for the period / year attributable to owners of the Company | 580.59 | 666.06 | (362.34) | 399.73 |

The weighted average number of equity shares used in the calculation of basic and diluted earnings per share as follows.

| Particulars | Six months ended September 30, 2021 | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--|--|------------------------------|------------------------------|------------------------------|
| Weighted average number of equity shares (Face Value of Rs 10 each) (A) | 19,266,681 | 19,266,681 | 19,266,681 | 14,214,436 |
| Adjustment | | | | |
| Compulsorily Convertible Debentures ("CCDs") (B) | 1,388,143 | 1,388,143 | 1,388,143 | 494,407 |
| Weighted average number of equity shares used in the calculation of Basic/Diluted earnings per share (Face Value of Rs 10 each) C= (A/B) | 20,654,824 | 20,654,824 | 20,654,824 | 14,708,843 |
| Weighted average number of equity shares used in the calculation of Basic/ Diluted earnings per share (Face Value of Rs 2 each) D= (C/5)- (Refer Note 38 (2)) | 103,274,120 | 103,274,120 | 103,274,120 | 73,544,214 |

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Note 32 Employee benefit plans

A. Defined contribution plans

The Company makes Provident Fund contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 5.99 millions (Years ended March 31,2021 - Rs. 10.15 millions, March 31,2020 - Rs. 9.68 millions and March 31, 2019 - Rs. 7.89 millions) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to the plans by the Company are at rates specified in the rules of the schemes.

B. Defined benefit plans :

Gratuity

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump-sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company makes annual contributions to Life Insurance Corporation of India(LIC). The Company accounts for the liability for gratuity benefits payable in the future based on an actuarial valuation.

The Company is exposed to various risks in providing the above gratuity benefit which are as follows:

Interest Rate risk : The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).

Investment Risk : The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

Salary Escalation Risk : The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Demographic Risk : The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

Longevity risk: The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of plan participants during their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

| Particulars | Gratuity (Funded) | | | |
|---|-----------------------------|-------------------------|-------------------------|-------------------------|
| | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
| Present Value of obligations at the beginning of the period/year | 20.39 | 14.43 | 10.85 | 8.62 |
| Current service cost | 0.51 | 2.99 | 2.63 | 2.23 |
| Interest Cost | 0.62 | 0.79 | 0.73 | 0.62 |
| Re-measurement (gains)/losses: | | | | - |
| - Actuarial gains and losses arising from experience adjustment | 2.63 | 2.91 | 2.04 | 0.07 |
| Benefits paid | (0.53) | (1.28) | (1.82) | (0.68) |
| Liabilities assumed / (transferred) | - | 0.55 | | |
| Present Value of obligations at the end of the period/year | 23.62 | 20.39 | 14.43 | 10.85 |
| Changes in the fair value of planned assets | | | | |
| Fair value of plan assets at beginning of period/year | 12.17 | 9.12 | 10.13 | 4.01 |
| Interest Income | 0.37 | 0.50 | 0.68 | 0.29 |
| Expected Return on plan assets | 0.24 | (0.09) | 0.04 | (0.48) |
| Contributions from the employer | 0.83 | 3.18 | | 6.67 |
| Benefits Paid | (0.53) | (0.54) | (1.73) | (0.36) |
| Actuarial gain/ (loss) on plan assets | | | | |
| Fair Value of plan assets at the end of the period/year | 13.08 | 12.17 | 9.12 | 10.13 |

| Particulars | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
|---|-----------------------------|-------------------------|-------------------------|-------------------------|
| Amounts recognized in the Balance Sheet | | | | |
| Projected benefit obligation at the end of the period/year | (23.62) | (20.38) | (14.43) | (10.85) |
| Fair value of plan assets at end of the period/year | 13.08 | 12.17 | 9.12 | 10.13 |
| Funded status of the plans – Liability recognised in the balance sheet | (10.54) | (8.21) | (5.31) | (0.72) |
| Provision for Gratuity - Non current liability | (4.10) | (4.12) | - | |
| Provision for Gratuity - current liability | (6.43) | (4.10) | (5.31) | (0.72) |

Archean Chemical Industries Limited (formerly known as Archean Chemical Industries Private Limited)
Annexure 6 : Summary Statement of Notes and other explanatory information forming part of Restated Financial Information
(All amounts are stated in Rupees in millions, except share data, unless otherwise stated)

| Particulars | Six months ended September 30, 2021 | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--|--|---------------------------------|---------------------------------|---------------------------------|
| Components of defined benefit cost recognised in profit or loss for the period/year | | | | |
| Current service cost | 0.51 | 2.99 | 2.63 | 2.23 |
| Net Interest Expense | 0.62 | 0.79 | 0.73 | 0.62 |
| Interest income | (0.37) | (0.50) | (0.68) | (0.29) |
| Net Cost in Profit or Loss for the period/year | 0.76 | 3.28 | 2.68 | 2.56 |
| Components of defined benefit cost recognised in Other Comprehensive income for the period/year | | | | |
| Remeasurement on the net defined benefit liability: | | | | |
| - Actuarial gains and losses arising from experience adjustment | 2.63 | 2.91 | 2.04 | 0.07 |
| Return on plan assets | (0.24) | 0.09 | (0.04) | 0.48 |
| Net Cost in Other Comprehensive Income for the period/year | 2.39 | 3.00 | 2.00 | 0.55 |
| Assumptions | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
| Discount rate | 6.06% | 6.06% | 5.45% | 6.76% |
| Expected rate of salary increases | 13.00% | 13.00% | 9.00% | 9.00% |
| Expected rate of attrition | 15.00% | 15.00% | 22.00% | 22.00% |
| Average age of members | 34.05 | 33.86 | 34.33 | 34.38 |
| Average Expected Future service | 5 years | 5 years | 3 years | 3 years |

The company has generally invested the plan assets with the insurer managed funds. The insurance company has invested the plan assets in Government Securities, Debt Funds, Equity shares, Mutual Funds, Money Market Instruments and Time Deposits. The expected rate of return on plan asset is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligation.

(i) The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations

(ii) The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

(iii) The entire Plan Assets are managed by Life Insurance Corporation of India (LIC). The data on Plan Assets has not been furnished by LIC.

(iv) Experience adjustments has been disclosed based on the information available in the actuarial valuation report

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

Mortality - Indian Assured Lives Mortality (2006-08) Ultimate.

The results of sensitivity analysis is given below:

| Particulars | Impact on defined benefit obligation (Rs. in millions) | | | |
|-------------------------|--|-------------------------|-------------------------|-------------------------|
| | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
| Discount rate | | | | |
| - 1% increase (+100 BP) | (1.39) | (1.06) | (0.45) | (0.31) |
| - 1% decrease (-100 BP) | 1.58 | 1.20 | 0.49 | 0.33 |
| Salary growth rate | | | | |
| - 1% increase (+100 BP) | 1.26 | 1.01 | 0.42 | 0.30 |
| - 1% decrease (-100 BP) | (1.18) | (0.93) | (0.39) | (0.28) |
| Attrition rate | | | | |
| - 1% increase (+100 BP) | (0.53) | (0.36) | (0.06) | (0.03) |
| - 1% decrease (-100 BP) | 0.60 | 0.41 | 0.06 | 0.03 |

Please note that the sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods of assumptions used in preparing the sensitivity analysis from prior years.

The company's best estimate of the contribution expected to be paid to the plan during the next year is Rs.6.43 millions (2020-21:Rs. 4.10 millions, 2019-2020: Rs. 5.31 millions and 2018-2019: Rs. 3.34 millions).

C. Long Term Compensated Absence

The compensated absences cover the Company's liability for earned leave.

The amount of provision of Rs. 5.30 millions (March 31, 2021: Rs. 4.54 millions, March 31, 2020 : Rs. 1.77 millions and March 31, 2019: Rs. 1.43 millions) is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

| Assumptions | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
|-----------------------------------|-----------------------------|-------------------------|-------------------------|-------------------------|
| Discount rate | 6.06% | 6.06% | 5.45% | 6.76% |
| Expected rate of salary increases | 13.00% | 13.00% | 9.00% | 9.00% |
| Expected rate of attrition | 15.00% | 15.00% | 22.00% | 22.00% |

Note 33 Financial Instruments

33.1 Capital management

The company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimization of the debt and equity balance.

The company is not subject to any externally imposed capital requirements.

The capital structure of the Company consists of net debt (borrowings as detailed in note 14 and note 16 (accrued interest and current maturities of long term borrowings) offset by cash and bank balances) and total equity of the Company.

The Company during the year has put in place the risk management policy and the same is being reviewed periodically post implementation.

33.1.1 Gearing ratio

The gearing ratio at the end of the reporting period was as follows:

| Particulars | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
|-------------------------------------|--------------------------------|-------------------------|----------------------------|-------------------------|
| Debt * | 9,844.44 | 9,788.23 | 9,292.59 | 7,563.93 |
| Cash and bank balances | 432.02 | 318.13 | 247.48 | 475.06 |
| Net debt | 9,412.42 | 9,470.10 | 9,045.11 | 7,088.87 |
| Equity | 1,302.47 | 723.67 | 59.70 | 423.70 |
| Total Equity** | 1,302.47 | 723.67 | 59.70 | 423.70 |
| Net debt to equity ratio (in times) | 7.23 | 13.09 | 151.52 | 16.73 |

*Debt is defined as long-term, short-term borrowings, liability portion of CCD and customers bill discounting, Interest accrued and not due on borrowings grouped under debt.

** Equity includes all capital and reserves of the company that are managed as capital.

33.2 Categories of financial instruments

| Particulars | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
|---|--------------------------------|----------------------------|-------------------------|----------------------------|
| Financial assets | | | | |
| Measured at fair value through profit or loss (FVTPL) | | | | |
| Financial assets measured at fair value - Mutual fund investments | 382.08 | 412.56 | 471.57 | - |
| Measured at amortised cost | | | | |
| a Cash and bank balances | 432.02 | 318.13 | 247.48 | 475.05 |
| b Other financial assets at amortised cost | 1,067.78 | 843.55 | 473.25 | 718.56 |
| Financial liabilities | | | | |
| a Measured at amortised cost | 11,177.38 | 11,018.05 | 10,986.04 | 8,789.40 |
| b Measured at FVTPL | 495.40 | 479.77 | 444.92 | 383.76 |

33.3 Financial risk management objectives

The Company's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company has implemented a hedging policy during the year, to minimise the effects of foreign exchange fluctuations.

The Corporate Treasury function reports quarterly to the Chief Financial Officer and overseen by the board.

33.4 Market Risk

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Market risk exposures are measured using sensitivity analysis.

There has been no change to the Company's exposure to market risks or the manner in which these risks are being managed and measured.

33.5 Foreign Currency risk management

The Company is exposed to foreign exchange risk arising from foreign currency transactions on account of sale / purchase of goods. Foreign exchange risk arises from recognised assets denominated in a currency that is not the Company's functional currency (Rs). The risk is measured through a forecast of foreign currency cash flows that would arise due to the underlying assets and liabilities held.

The Company has not taken forward contracts, options, futures or any other derivative instruments to manage the foreign currency risk. The strategy followed by the Company is tracking the foreign currency exchange rates and settlement of the payables at the time when the exchange rates are favourable.

| Currency | Liabilities as at | | | | | | | |
|--------------|--------------------|--------------------|----------------|-----------------|----------------|-----------------|----------------|-----------------|
| | September 30, 2021 | September 30, 2021 | March 31, 2021 | March 31, 2021 | March 31, 2020 | March 31, 2020 | March 31, 2019 | March 31, 2019 |
| | FC | INR | FC | INR | FC | INR | FC | INR |
| EUR | 0.33 | 28.69 | 0.16 | 13.58 | 0.44 | 36.54 | - | - |
| GBP | - | - | - | - | - | - | 0.00 | 0.05 |
| SGD | - | - | - | - | - | - | - | - |
| USD | 26.12 | 1,939.42 | 29.78 | 2,189.12 | 37.85 | 2,853.74 | 45.84 | 3,170.77 |
| THB | - | - | - | - | - | - | - | - |
| Total | - | 1,968.11 | | 2,202.70 | | 2,890.28 | | 3,170.82 |

| Currency | Assets as at | | | | | | | |
|--------------|--------------------|--------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | September 30, 2021 | September 30, 2021 | March 31, 2021 | March 31, 2021 | March 31, 2020 | March 31, 2020 | March 31, 2019 | March 31, 2019 |
| | FC | INR | FC | INR | FC | INR | FC | INR |
| EUR | 0.53 | 45.77 | 0.34 | 28.87 | 0.39 | 32.06 | 3.86 | 299.90 |
| GBP | - | - | - | - | - | - | - | - |
| SGD | 0.01 | 0.66 | 0.01 | 0.62 | - | - | 0.01 | 0.57 |
| USD | 10.31 | 765.69 | 11.67 | 857.51 | 7.50 | 565.04 | 8.76 | 606.07 |
| Total | | 812.12 | | 887.00 | | 597.10 | | 906.54 |

33.5.1 Foreign Currency sensitivity analysis

The company is mainly exposed to the currency of USD and EURO.

The following table details the company's sensitivity to a 5% increase and decrease against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit where the rupee strengthens 5% against the relevant currency. For a 5% weakening of the rupee against the relevant currency, there would be a comparable impact on the profit.

| Particulars | Impact on profit or loss for the year | | | |
|----------------------------------|---------------------------------------|---------------------------|---------------------------|---------------------------|
| | Six months ended September 30, 2021 | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2019 |
| Financial Assets (A) | | | | |
| USD | 38.28 | 42.88 | 28.25 | 30.30 |
| EUR | 2.29 | 1.44 | 1.60 | 14.99 |
| Financial Liabilities (B) | | | | |
| USD | 96.97 | 109.46 | 142.69 | 158.54 |
| EUR | 1.43 | 0.68 | 1.83 | 0.00 |
| Total (A) - (B) | (57.83) | (65.82) | (114.67) | (113.25) |

Impact of change in exchange rates of GBP and SGD on profit or loss for the period is immaterial and hence not disclosed.

33.6 Interest rate risk management

The long term borrowings appearing in the balance sheet carries a fixed rate of interest and hence the company is not exposed to interest rate variability. However a portion of customer advances appearing as non current liabilities is carries a variable rate and is exposed to rate fluctuations. The sensitivity analysis is carried out on customer advances and is shown below.

33.7 Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rate had been 50 basis points higher/lower and all other variables were held constant, the company's Profit for the Six months ended September 30, 2021 and years ended March 31, 2021 and March 31, 2020 would not have any impact as there are no liabilities with floating rate as on March 31, 2021 and March 31, 2020 (for the year ended March 31, 2019: decrease/ increase by Rs. 2.824 millions). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

33.8 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The company has adopted a policy of only dealing with creditworthy counterparties. The company uses other publicly available financial information and its own trading records to rate its major customers. The company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved on a regular basis. Also majority of sales are carried out through letter of credit and secured.

33.9 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the company's short-term, medium-term and long-term funding and liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Note 33.9.2 below sets out details of facilities that the Company has at its disposal.

33.9.1 Liquidity and interest risk tables

The following tables detail the company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments other than interest on NCD as at September 30, 2021

| Particulars | Weighted average effective Interest rate (%) | Less than 1 year | Upto 3 years | More than 3 and upto 5 years | More than 5 years | Total contractual cash flows | Carrying amount |
|---|--|------------------|--------------|------------------------------|-------------------|------------------------------|-----------------|
| Accounts payable and acceptances | - | 1,183.42 | - | - | - | 1,183.42 | 1,183.42 |
| Interest accrued but not due on borrowings | - | - | - | 1,188.93 | - | 1,188.93 | 1,188.93 |
| Interest accrued and due on Customer advances | - | 26.21 | - | - | - | 26.21 | 26.21 |
| Others | - | 153.87 | - | - | - | 153.87 | 153.87 |
| Finance lease liability | - | 121.16 | 260.35 | 139.44 | 884.04 | 1,404.99 | 464.82 |
| Fixed interest rate instruments | 16.95% | 168.04 | 66.43 | 8,405.19 | 30.57 | 8,670.23 | 8,655.48 |

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments other than interest on NCD as at March 31, 2021

| Particulars | Weighted average effective Interest rate (%) | Less than 1 year | Upto 3 years | More than 3 and upto 5 years | More than 5 years | Total contractual cash flows | Carrying amount |
|---|--|------------------|--------------|------------------------------|-------------------|------------------------------|-----------------|
| Accounts payable and acceptances | - | 1,117.83 | - | - | - | 1,117.83 | 1,117.83 |
| Interest accrued but not due on borrowings | - | - | - | 1,174.95 | - | 1,174.95 | 1,174.95 |
| Interest accrued and due on Customer advances | - | 26.21 | - | - | - | 26.21 | 26.21 |
| Others | - | 114.71 | - | - | - | 114.71 | 114.71 |
| Finance lease liability | - | 111.35 | 255.95 | 137.28 | 882.71 | 1,387.29 | 450.85 |
| Fixed interest rate instruments | 16.95% | 129.32 | 66.03 | 8,406.46 | 28.93 | 8,630.74 | 8,613.26 |

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments other than interest on NCD as at March 31, 2020

| Particulars | Weighted average effective Interest rate (%) | Less than 1 year | Upto 3 years | More than 3 and upto 5 years | More than 5 years | Total contractual cash flows | Carrying amount |
|---|--|------------------|--------------|------------------------------|-------------------|------------------------------|-----------------|
| Accounts payable and acceptances | - | 1,671.16 | - | - | - | 1,671.16 | 1,671.16 |
| Interest accrued but not due on borrowings | - | - | - | 693.93 | - | 693.93 | 693.93 |
| Interest accrued and due on Customer advances | - | 26.21 | - | - | - | 26.21 | 26.21 |
| Others | - | 21.93 | - | - | - | 21.93 | 21.93 |
| Finance lease liability | - | 95.55 | 194.95 | 226.78 | 860.13 | 1,377.41 | 419.09 |
| Fixed interest rate instruments | 16.95% | 60.62 | 84.83 | 8,427.37 | 25.84 | 8,598.66 | 8,598.66 |

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments other than interest on NCD as at March 31, 2019

| Particulars | Weighted average effective Interest rate (%) | Less than 1 year | Upto 3 years | More than 3 and upto 5 years | More than 5 years | Total contractual cash flows | Carrying amount |
|--|--|------------------|--------------|------------------------------|-------------------|------------------------------|-----------------|
| Accounts payable and acceptances | - | 1,052.52 | - | - | - | 1,052.52 | 1,052.52 |
| Interest accrued but not due on borrowings | - | - | - | - | 156.28 | 156.28 | 156.28 |
| Interest accrued and due on borrowings | - | 15.04 | - | - | - | 15.04 | 15.04 |
| Others | - | 47.70 | - | - | - | 47.70 | 47.70 |
| Non-interest bearing | - | 4.88 | - | - | - | 4.88 | 4.88 |
| Finance lease liability | - | 77.63 | 155.86 | 185.02 | 920.95 | 1,339.46 | 360.72 |
| Fixed interest rate instruments | 10.06% | 130.84 | 8.18 | - | 7,397.00 | 7,536.01 | 7,536.01 |

The carrying amounts of the above are as follows:

| Particulars | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
|---------------------------------|--------------------------------|----------------------------|----------------------------|----------------------------|
| Non-interest bearing | 1,363.51 | 1,258.75 | 1,719.29 | 1,120.14 |
| Finance lease liability | 464.82 | 450.85 | 419.09 | 360.72 |
| Fixed interest rate instruments | 9,844.42 | 9,788.21 | 9,292.59 | 7,692.30 |
| Total | 11,672.75 | 11,497.81 | 11,430.97 | 9,173.16 |

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

| Particulars | Less than 1 year | 1-3 year | 3 - 5 year | More than 5 years | Total |
|----------------------------|------------------|----------|------------|-------------------|-----------------|
| September 30, 2021 | | | | | |
| Investments | 381.20 | 0.89 | | | 382.09 |
| Security Deposits | 119.35 | | | 11.57 | 130.92 |
| Export benefits receivable | 22.61 | | | | 22.61 |
| Trade Receivables | 900.15 | | | | 900.15 |
| Cash and Cash Equivalents | 432.03 | | | | 432.03 |
| March 31, 2021 | | | | | |
| Investments | 411.69 | 0.87 | - | - | 412.56 |
| Security Deposits | 119.32 | - | - | 10.45 | 129.77 |
| Export benefits receivable | 22.61 | - | - | - | 22.61 |
| Trade Receivables | 680.73 | - | - | - | 680.73 |
| Loans | 4.62 | - | - | - | 4.62 |
| Cash and Cash Equivalents | 318.13 | - | - | - | 318.13 |
| March 31, 2020 | | | | | |
| Investments | 470.73 | 0.84 | - | - | 471.57 |
| Security Deposits | - | - | - | 10.96 | 10.96 |
| Export benefits receivable | 7.28 | - | - | - | 7.28 |
| Trade Receivables | 444.55 | - | - | - | 444.55 |
| Loans | 3.96 | - | - | - | 3.96 |
| Cash and Cash Equivalents | 247.49 | - | - | - | 247.49 |
| March 31, 2019 | | | | | |
| Non-interest bearing | 1,148.72 | 20.67 | - | 20.72 | 1,190.09 |

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

33.9.2 Financing facility

As per the debenture trust deed, NCDs of Rs. 7397 millions issued under tranche I programme during the year 2018-19 and the company has issued NCDs worth of Rs.403 millions under tranche III programme and NCDs worth Rs. 600 millions towards bromine expansion under tranche II programme during the year 2019-20 .

33.10 Fair value measurements

This note provides information about how the Company determines fair values of various financial assets and financial liabilities.

33.10.1 Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

| Particulars | Fair Value hierarchy | As at September 30, 2021 | | As at March 31, 2021 | | As at March 31, 2020 | | As at March 31, 2019 | |
|---|----------------------|-----------------------------|------------|-------------------------|------------|-------------------------|------------|-------------------------|------------|
| | | Carrying amount | Fair value | Carrying amount | Fair value | Carrying amount | Fair value | Carrying amount | Fair value |
| Financial Assets | | | | | | | | | |
| Measured at fair value through profit or loss (FVTPL) | | | | | | | | | |
| Financial assets measured at fair value - Mutual fund investments | Level 1 | 387.95 | 387.95 | 412.56 | 412.561 | 471.57 | 471.57 | - | - |
| Financial liabilities | | | | | | | | | |
| (a) Measured at amortised cost | Level 3 | 11,177.44 | 11,177.44 | 11,018.05 | 11,018.05 | 10,986.04 | 10,986.04 | 8,789.40 | 8,789.40 |
| (a) Measured at fair value through profit or loss (FVTPL) | Level 3 | 495.40 | 495.40 | 479.77 | 479.774 | 444.92 | 444.92 | 383.76 | 383.76 |

The fair values of the financial assets and financial liabilities included in the level 1 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

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Note 34 Related party transaction

34.1 Names of Related Parties & Nature of Related Parties relationship

| | |
|---|--|
| i. Entities or persons having significant influence | Chemikas Speciality LLP (formerly known as Goodearth Fertilisers Company LLP) |
| ii. Subsidiary companies | Marine Chemicals Trading Pte Ltd (Struck off on 7-December -2020) |
| iii. Enterprise over which Key Management Personnel exercise significant influence. | Goodearth Maritime Ltd Jakhau Salt Company P Ltd Bharath Salt Refineries Ltd Archean Industries Private Limited Cloudgen Digital Private Limited Sea Salt Holdings Pte Ltd Bahuvidhaah Holdings Private Ltd Archean foundation Archean Salt Holdings P Ltd |
| iv. Key Management Personnel | Mr. P Ranjit - Whole-time Director (Managing Director with effect from September 04, 2020) Mr. E Sairam - Group CFO (CFO with effect from September 04, 2020) Mr. A R Balaji - CFO (Resigned with effect from August 28, 2019) Mr. P Abhishek - Company Secretary (with effect from January 01, 2022) Mr. G Balaji - Company Secretary (Resigned with effect from November 30, 2021) |

34.2 Transactions with related parties

| Particulars | Transaction Value | | | | Amount Outstanding Receivable / (Payable) | | | |
|--|-------------------------------------|---------------------------|---------------------------|---------------------------|---|----------------------|----------------------|----------------------|
| | Six months ended September 30, 2021 | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2019 | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
| Jakhau Salt Co P Ltd | | | | | | | | |
| - Reimbursement of Jetty Expenses | 3.01 | 20.26 | 41.69 | 45.91 | | | | |
| - Purchase of Salt | - | - | 68.31 | 80.02 | (0.75) | (8.11) | (87.36) | (120.52) |
| - Rent Receivable | - | - | - | 0.71 | | | | |
| - Reimbursement of Expenses | 1.43 | 4.82 | 3.54 | - | | | | |
| Chemikas Speciality LLP (formerly known as Goodearth Fertilisers Company LLP) | | | | | | | | |
| - Share Capital Issued | - | - | - | 188.40 | - | - | - | - |
| - Loan waived | - | - | - | 44.60 | - | - | - | - |
| - Others | 0.13 | - | - | - | - | - | - | - |
| Bharath Salt Refineries Ltd | | | | | | | | |
| - Reimbursement of Expenses | 0.86 | 1.14 | (10.13) | 2.35 | | | | |
| - Salt Purchase | - | - | 42.86 | 14.19 | 15.60 | 14.73 | 10.13 | (18.31) |
| - Rent Receivable | - | - | - | 0.71 | | | | |
| - Transportation charges receivable | - | 3.47 | - | - | | | | |
| Archean Salt Holdings P Ltd | | | | | | | | |
| - Subordinated Loan received | - | - | - | - | | | | (4.88) |
| - Sale of SOP | - | - | - | 5.31 | 0.43 | 0.43 | 0.43 | 5.31 |
| - Rent Receivable | - | - | - | 0.04 | | | | - |
| P. Ranjit | | | | | | | | |
| - Share Capital Issued | - | - | - | 260.20 | - | - | - | - |
| - Office Rent (GDM) | 2.25 | 4.40 | 4.43 | 4.25 | (0.38) | (0.36) | (0.32) | (0.39) |
| - Unsecured Loan | - | - | - | - | - | - | - | - |
| Goodearth Maritime Limited | | | | | | | | |
| - Sale of Bromine | - | - | - | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| - Provision for doubtful receivables | - | - | 5.00 | - | (5.00) | (5.00) | - | - |
| - Payment towards jetty services | 3.45 | 279.48 | 55.61 | 21.17 | | | | - |
| - Advances given for jetty charges | 9.81 | 100.35 | - | - | 235.75 | 211.74 | 38.15 | - |
| - Security deposit for jetty charges | - | 118.00 | - | - | | | | - |
| Archean Industries Private Limited | | | | | | | | |
| - Reimbursement of Expenses | - | 2.29 | 3.03 | - | - | - | (0.12) | - |
| Cloudgen Digital Private Limited | | | | | | | | |
| - Consultancy Services availed | - | 0.60 | 0.60 | - | (0.13) | (0.13) | (0.13) | - |
| Sea Salt Holdings Pte Ltd | | | | | | | | |
| - Receivable | - | - | - | - | 65.56 | 65.56 | 65.56 | 58.07 |
| - Provision for doubtful receivables | - | - | - | - | (19.60) | (65.56) | (11.74) | (58.07) |
| - Sale of salt | - | - | 121.80 | 58.07 | - | - | - | - |
| Bahuvudhaah Holdings Pvt Ltd | | | | | | | | |
| - Advances | - | - | - | 0.16 | - | - | 0.16 | 0.16 |
| - Provision against advances | - | - | - | - | - | - | (0.16) | - |
| Archean foundation | | | | | | | | |
| - Towards CSR expenses | 6.44 | 5.51 | 6.67 | 8.68 | - | - | - | - |

The following are the details of the transactions eliminated in the consolidated financial information during the year March 31, 2020 and March 31, 2019

i) Archean Chemical Industries Limited (formerly known as Archean Chemical Industries Private Limited)

| Name of the related party | Nature of Transaction / related parties with whom transactions have taken place | Year ended March 31, 2020 | Year ended March 31, 2019 |
|----------------------------------|---|---------------------------|---------------------------|
| Marine Chemicals Trading Pte Ltd | Advance receivable | - | 0.58 |
| Marine Chemicals Trading Pte Ltd | Advance receivable waived off | 0.58 | - |

ii) Marine Chemicals Trading Pte Ltd

| Name of the related party | Nature of Transaction / related parties with whom transactions have taken place | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---------------------------|---------------------------|
| Archean Chemical Industries Limited (formerly known as Archean Chemical Industries Private Limited) | Advance payable | - | 0.58 |
| Archean Chemical Industries Limited (formerly known as Archean Chemical Industries Private Limited) | Advance payable waived off | 0.58 | - |

Archean Chemical Industries Limited (formerly known as Archean Chemical Industries Private Limited)
Annexure 6 : Summary Statement of Notes and other explanatory information forming part of Restated Financial Information
(All amounts are stated in Rupees in millions, except share data, unless otherwise stated)

34.3 Compensation of Key management personnel

The remuneration of directors and other members of key management personnel during the year was as follows :

| Particulars | Six months ended September 30, 2021 | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|--|------------------------------|------------------------------|------------------------------|
| Employee benefits expense and reimbursements | | | | |
| Mr. P Ranjit | 22.44 | 32.47 | 39.28 | 36.00 |
| Mr. E Sairam | 5.11 | 9.88 | 10.61 | 7.09 |
| Mr. A R Balaji | - | - | 4.95 | 3.14 |
| Mr. G Balaji | 1.48 | 2.49 | 2.57 | 1.58 |

Note 35: Additional information to the restated financial information

35.1 Contingent liabilities and commitments (to the extent not provided for)

| Particulars | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
|--|-----------------------------|-------------------------|-------------------------|-------------------------|
| Contingent liabilities | | | | |
| a. Disputed Service tax, Sales tax, Income tax and Wealth tax dues under appeal (refer Note 35.1 (a)) | 166.25 | 166.25 | - | 54.00 |
| b. Capital Commitments | 51.31 | 362.74 | 156.96 | 642.30 |
| Total | 217.56 | 528.99 | 156.96 | 696.30 |

Note 35.1 (a) Details of disputed statutory dues

| Name of Statute | Period to which amounts relates | Forum where dispute is pending | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 |
|---|---------------------------------|--------------------------------|-----------------------------|-------------------------|-------------------------|
| Sales tax and Gujarat VAT matters in respect of which Company is in appeal. | FY 2015-16 | Joint Commissioner, Rajkot | 32.47 | 32.47 | - |
| | FY 2016-17 | | 27.39 | 27.39 | - |
| | FY 2017-18 | | 2.31 | 2.31 | - |
| Income tax matters decided in the Company favour by appellate authorities for which department is in further appeal | FY 2012-13 | ITAT | 54.00 | 54.00 | - |
| | FY 2013-14 | | 50.08 | 50.08 | - |
| Total | | | 166.25 | 166.25 | - |

| Name of Statute | Nature of Dispute | As at March 31, 2019 | Period to which the amount relates | Forum where dispute is pending |
|----------------------|---------------------------------|----------------------|------------------------------------|--------------------------------|
| Income Tax act, 1961 | Disallowance (Refer note below) | 54.00 | 2012-13 | CIT Appeals |
| | Disallowance | - | 2013-14 | CIT Appeals |
| | | 54.00 | | |

Note: Amounts paid under protest: September 30, 2021: Nil (March 31, 2021: Rs. 21.54 millions, March 31, 2020: Nil, and March 31, 2019 Rs.20.66 millions)

Future cashflows in respect of the above matters are determinable only on receipts of judgments/decisions pending at various forums / authorities.

Note 36 : Dues to Micro, Small and Medium Enterprises:

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at September 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019 has been made in the financial statements based on information received and available with the Company. Further Management has been provided the interest as per provisions of act. The Company has not received any claim for interest from any supplier as at the balance sheet date.

| Particulars | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
|--|-----------------------------|-------------------------|-------------------------|-------------------------|
| The principal amount remaining unpaid to any supplier at the end of each accounting year; | 61.41 | 22.82 | 42.56 | - |
| The interest due thereon remaining unpaid to any supplier at the end of each accounting year; | 0.86 | 0.02 | 0.66 | - |
| The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year; | - | - | - | - |
| The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006; | - | - | - | - |
| The amount of interest accrued and remaining unpaid at the end of each accounting year; and | 0.86 | 0.02 | - | - |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006 | - | 0.02 | 0.26 | - |

Archean Chemical Industries Limited (formerly known as Archean Chemical Industries Private Limited)
Annexure 6 : Summary Statement of Notes and other explanatory information forming part of Restated Financial Information
(All amounts are stated in Rupees in millions, except share data, unless otherwise stated)

37 Impact on adoption of IND AS 116

a) Effective 01 April 2019 the Group adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 01, 2019 using the modified retrospective method. ROU are measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date and any initial direct costs less any lease incentives received. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. - Refer note 1.8

For the purpose of preparing restated financial information, Ind AS 116 has been applied retrospectively with effect from April 01, 2018.

The following is the summary of practical expedients elected on initial application:

1. Applying a single discount rate to a portfolio of leases with reasonably similar characteristics
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of application
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
4. The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying Ind AS 17 and Appendix C to Ind AS 17, determining whether an arrangement contains a lease

The weighted average incremental borrowing rate applied to lease liabilities as at April 01, 2018 is 17%.

The effect of adoption of IND AS 116 is as follows

| Particulars | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
|---|-----------------------------|-------------------------|-------------------------|-------------------------|
| Restated statement of assets and liabilities | | | | |
| Assets | | | | |
| Non- current assets | | | | |
| Right-of-use assets | 339.46 | 333.66 | 331.42 | 315.84 |
| Total assets | 339.46 | 333.66 | 331.42 | 315.84 |
| Liabilities | | | | |
| Lease liabilities | 464.82 | 450.85 | 419.09 | 360.72 |
| Total liabilities | 464.82 | 450.85 | 419.09 | 360.72 |
| Restated statement of profit and loss | | | | |
| Depreciation expense of right-of-use assets | 32.55 | 61.65 | 44.61 | 42.07 |
| Rent | (58.14) | (110.44) | (75.08) | (68.93) |
| Interest on lease liabilities | 32.65 | 74.07 | 57.08 | 56.35 |
| Restated profit for the period/year | 7.06 | 25.28 | 26.61 | 29.49 |
| Restated statement of cash flow | | | | |
| Impact on restated profit before tax | (7.06) | (25.28) | (26.61) | (29.49) |
| Depreciation expense of right-of-use assets | 32.55 | 61.65 | 44.61 | 42.07 |
| Interest on lease liabilities | 32.65 | 74.07 | 57.08 | 56.35 |
| Rent waiver on lease liabilities | - | - | - | - |
| Cash generated from operations (A) | 58.14 | 110.44 | 75.08 | 68.93 |
| Interest received | - | - | - | - |
| Lease receipts | - | - | - | - |
| Net cash flows from investing activities (B) | - | - | - | - |
| Repayment towards lease liabilities | (58.14) | (110.44) | (75.08) | (68.93) |
| Net cash outflows from financing activities (C) | (58.14) | (110.44) | (75.08) | (68.93) |
| Net increase in cash and cash equivalents during the period / year (A+B+C) | - | - | - | - |

The Group has lease contracts for land, building and ISO Tanks used in its operations. The land lease have a lease term of 30 years. Leases of building generally have lease terms between 4 - 7 years. Leases of ISO Tanks generally have a lease term of 7 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The Group also has certain leases of building, with lease term less than 12 months where it applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right of use assets and the movements during the period:

| Particulars | Property | ISO Tanks | Total |
|---------------------------------|---------------|---------------|---------------|
| As at April 01, 2018 | - | 162.92 | 162.92 |
| Additions | 141.20 | 53.79 | 194.99 |
| Depreciation expense | (5.58) | (36.49) | (42.07) |
| As at March 31, 2019 | 135.62 | 180.22 | 315.84 |
| Additions | 5.00 | 55.19 | 60.19 |
| Depreciation expense | (8.16) | (36.45) | (44.62) |
| As at March 31, 2020 | 132.45 | 198.96 | 331.41 |
| Additions | - | 69.71 | 69.71 |
| Disposal | (5.82) | - | (5.82) |
| Depreciation expense | (7.13) | (54.52) | (61.65) |
| As at March 31, 2021 | 119.50 | 214.15 | 333.65 |
| Additions | - | 38.35 | 38.35 |
| Disposal | - | - | - |
| Depreciation expense | (3.55) | (29.00) | (32.55) |
| As at September 30, 2021 | 115.95 | 223.50 | 339.45 |

Set out below are the carrying amounts of lease liabilities and the movements during the period:

| Particulars | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
|-----------------------------|-----------------------------|-------------------------|-------------------------|-------------------------|
| Opening | 450.84 | 419.08 | 360.72 | 181.33 |
| Additions | 38.35 | 69.71 | 55.19 | 194.99 |
| Accretion of interest | 32.65 | 74.07 | 57.08 | 56.35 |
| Payments | (58.14) | (110.44) | (75.08) | (68.93) |
| Disposal | - | (6.23) | - | - |
| Foreign exchange difference | 1.13 | 4.66 | 21.17 | -3.02 |
| Closing | 464.83 | 450.84 | 419.08 | 360.72 |
| Current | 56.41 | 49.06 | 37.46 | 26.32 |
| Non-current | 408.42 | 401.78 | 381.62 | 334.40 |

| Particulars | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
|---|-----------------------------|-------------------------|-------------------------|-------------------------|
| Maturity analysis - contractual undiscounted cash flows | | | | |
| - Less than one year | 121.15 | 111.35 | 95.55 | 77.63 |
| - One to five years | 399.78 | 393.23 | 421.72 | 340.88 |
| - More than five years | 884.04 | 882.71 | 860.13 | 920.95 |
| Total undiscounted lease liabilities | 1,404.97 | 1,387.29 | 1,377.40 | 1,339.46 |
| Lease liabilities included in the financial statement | | | | |
| - Current | 56.41 | 49.06 | 37.46 | 26.32 |
| - Non Current | 408.42 | 401.78 | 381.62 | 334.40 |

The carrying amount of financial assets and financial liabilities in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that eventually be received or settled.

The effective interest rate for lease liabilities is 17%, with maturity between 2023-2048.

The impact of change in account policy due to adoption of Ind AS 116 is as follows (FY 18-19)

| Particulars | Gross | Impact relating to already existing finance lease | Net |
|--|--------------|---|--------------|
| Increase in finance cost by | 56.35 | 16.58 | 39.77 |
| Increase in depreciation of Right of use assets by | 42.07 | 21.57 | 20.50 |
| Decrease in foreign exchange difference | (3.02) | - | (3.02) |
| Decrease in rent expense by | (68.93) | (29.25) | (39.68) |
| Deferred tax impact on above | (7.20) | - | (7.20) |
| Total | 19.27 | 8.90 | 10.37 |
| Earnings per share prior to adoption of Ind AS 116 | | | 5.58 |
| Earnings per share post adoption of Ind AS 116 | | | 5.44 |

The following are the amounts recognised in profit or loss:

| Particulars | Six months ended September 30, 2021 | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|--|------------------------------|------------------------------|------------------------------|
| Depreciation expense of right-of-use assets | 32.55 | 61.65 | 44.62 | 42.07 |
| Interest expense on lease liabilities | 32.65 | 74.07 | 57.08 | 56.35 |
| Expense relating to short-term leases (included in other expenses) | 0.32 | 0.43 | 0.64 | 13.04 |
| Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets (included in other expenses) | 2.64 | 4.37 | 0.95 | 0.64 |
| Total amount recognised in profit or loss | 68.16 | 140.52 | 103.29 | 112.10 |

The Company had total cash outflows for leases of ₹ 58.14 millions in 30 September 2021 (₹ 110.44 millions in March 31, 2021; ₹ 75.08 millions in March 31, 2020; ₹ 68.93 millions in March 31, 2019).

Archean Chemical Industries Limited (formerly known as Archean Chemical Industries Private Limited)
Annexure 6 : Summary Statement of Notes and other explanatory information forming part of Restated Financial Information
(All amounts are stated in Rupees in millions, except share data, unless otherwise stated)

38. Events after the reporting date

1. On December 15, 2021. The class of the company has changed to Public limited from Private limited and the CIN changed to U24298TN2009PLC072270
2. Shareholders vide their EGM resolution dated November 15, 2021 had approved the equity shares split in the ratio of 5 shares for every one share with face value revised from Rs. 10 per share to Rs. 2 per share and the allotment carried out on December 16, 2021. Accordingly the EPS figures for current and comparative periods have been adjusted retrospectively as per Para 64 of IND AS 33, Earnings per share.
3. Acume chemicals private limited, wholly owned subsidiary of the company incorporated on November 18, 2021

39. Others

Marine Chemicals Trading Pte Ltd (the wholly owned subsidiary of the Company) had applied to the Accounting and Corporate Regulatory Authority for Strike-off under section 344 of the Companies Act of Singapore and the name of the company had been struck off from register on 7-Dec-2020. Intimation to AD bank had been submitted on 17-June-2021. The company had written off the carrying value of its investments in the subsidiary during the financial year 2020-21.

40. Approval of financial statements

The financial statements were approved for issue by the Board of Directors on January 15, 2022

41. The implementation of the Code on Social Security, 2020 is getting postponed. The Company will assess the impact thereof and give effect in the Financial Statements when the date of implementation of the codes and the Rules / Schemes thereunder are notified.

42. The previous year figures have been regrouped / rearranged to conform to current year classification.

For and on behalf of the Board of Directors

S.Meenakshisundaram

Director

DIN: 01176085

P. Ranjit

Managing Director

DIN: 01952929

E. Sairam

Chief Financial Officer

Abhishek Pandey

Company Secretary

Mem No. A39831

Place : Chennai

Date : January 15, 2022

OTHER FINANCIAL INFORMATION

The accounting ratios required under Clause 11 of Part A of Schedule VI of the SEBI ICDR Regulations are given below:

| Particulars | As at period / year ended | | | |
|-----------------------------------|---------------------------|----------------|----------------|----------------|
| | September 30, 2021 | March 31, 2021 | March 31, 2020 | March 31, 2019 |
| Basic earnings per share (in ₹) | 5.62* | 6.45 | (3.51) | 5.44 |
| Diluted earnings per share (in ₹) | 5.62* | 6.45 | (3.51) | 5.44 |
| Return on net worth (%) | 44.58* | 92.04 | (606.95) | 94.34 |
| Net asset value per share (in ₹) | 12.61 | 7.01 | 0.58 | 5.76 |
| EBITDA (in ₹ million) | 1,927.16 | 2,762.53 | 1,568.13 | 1,943.41 |

*Not annualised

Notes: The ratios have been computed as under:

1. *Basic and diluted EPS: Restated profit / (loss) for the period/year attributable to equity shareholders of the Company divided by total weighted average number of equity shares outstanding at the end of the year (adjusted for the impact of sub-division). Basic and diluted EPS are computed in accordance with Ind AS 33 - Earnings per share notified accounting standard by the Companies (Indian Accounting Standards) Rules of 2015 (as amended) and post conversion of CCDs.*
2. *Return on Net Worth (%): Restated Profit/ (loss) for the year/ period attributable to equity shareholders divided by the Net worth at the end of the year/period.*
3. *Net worth (total equity) means the aggregate of paid up equity share capital and other equity.*
4. *Net asset value (per Equity Share) means total equity as restated divided by number of Equity Shares outstanding at the end of the year adjusted for the impact of sub-division after the end of the year and post conversion of CCDs but before the date of filing of this Draft Red Herring Prospectus.*
5. *EBITDA = EBITDA stands for earnings before interest, taxes, depreciation and amortisation which has been arrived at by adding finance expense, depreciation expense, exceptional items and total tax expense to the restated profit for the year.*
6. *Accounting and other ratios are derived from the Restated Financial Information.*

In accordance with the SEBI ICDR Regulations the audited standalone financial statements of our Company for Fiscals 2021, 2020 and 2019 (collectively, the “**Audited Financial Statements**”) are available on our website at www.archeanchemicals.com/investor-relations/.

Our Company is providing a link to this website solely to comply with the requirements specified in the SEBI ICDR Regulations. The Audited Financial Statements do not constitute, (i) a part of this Draft Red Herring Prospectus; or (ii) a prospectus, a statement in lieu of a prospectus, an offering circular, an offering memorandum, an advertisement, an offer or a solicitation of any offer or an offer document or recommendation or solicitation to purchase or sell any securities under the Companies Act, the SEBI ICDR Regulations, or any other applicable law in India or elsewhere. The Audited Financial Statements should not be considered as part of information that any investor should consider for subscription to or purchase of any securities of our Company and should not be relied upon or used as a basis for any investment decision.

None of our Company or any of its advisors, nor BRLMs or the Selling Shareholders, nor any of their respective employees, directors, affiliates, agents or representatives accept any liability whatsoever for any loss, direct or indirect, arising from any information presented or contained in the Audited Financial Statements, or the opinions expressed therein.

RELATED PARTY TRANSACTIONS

For details of the related party transactions, as per the requirements under applicable Accounting Standards, *i.e.*, Ind AS 24 ‘Related Party Disclosures’ for six months ended September 30, 2021 and Fiscals 2021, 2020 and 2019 and as reported in the Restated Financial Information, see “*Financial Information – Annexure 6 – Note 34 – Related Party Transaction*” beginning on page 234.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations is based on, and should be read in conjunction with, our Restated Financial Information (including the schedules, notes and significant accounting policies thereto), included in the section titled "Financial Information" beginning on page 193 of this Draft Red Herring Prospectus.

Our Restated Financial Information have been derived from our audited standalone financial statements for the six months ended September 30, 2021 and Fiscal 2021 and our audited consolidated financial statements for Fiscal 2020 and Fiscal 2019 and restated in accordance with the SEBI ICDR Regulations and the ICAI Guidance Note. Marine Chemicals Trading Pte. Ltd. was a wholly-owned subsidiary of our Company until December 7, 2020, after which our Company did not own interests in any subsidiaries until the incorporation of our Subsidiary, Acume Chemicals Private Limited on November 19, 2021. Accordingly, our Restated Financial Information for our Restated Financial Information for the six-month period ended September 30, 2021 and Fiscal 2021 were based on our audited standalone financial statements and for the Fiscal 2020 and Fiscal 2019 were based on our audited consolidated financial statements for such Fiscals.

Our financial statements are prepared in accordance with Ind AS, notified under the Companies (Indian Accounting Standards) Rules, 2015, and read with Section 133 of the Companies Act, 2013 to the extent applicable. Ind AS differs in certain material respects from IFRS and U.S. GAAP and other accounting principles with which prospective investors may be familiar. Accordingly, the degree to which the financial statements prepared in accordance with Ind AS included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Ind AS accounting policies. We have not attempted to quantify the impact of IFRS or U.S. GAAP on the financial information included in this Draft Red Herring Prospectus, nor do we provide a reconciliation of our financial information to IFRS or U.S. GAAP. Any reliance by persons not familiar with Ind AS accounting policies on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited.

Unless otherwise indicated or the context requires otherwise, (i) the financial information for the six-month period ended September 30, 2021, and for Fiscal 2021 included herein have been derived from our restated standalone balance sheets as at September 30, 2021 and March 31, 2021 and restated standalone statements of profit and loss, cash flows and changes in equity for the six-month period ended September 30, 2021 and for the fiscal year ended March 31, 2021 of the Company, together with the statement of significant accounting policies, and other explanatory information thereon, and (ii) the financial information for Fiscal 2020 and Fiscal 2019 included herein has been derived from our restated consolidated balance sheets as at March 31, 2020 and March 31, 2019 and restated consolidated statements of profit and loss, cash flows and changes in equity for the fiscal years ended March 31, 2020 and March 31, 2019 of the Company, together with the statement of significant accounting policies, and other explanatory information thereon.

Our fiscal year ends on March 31 of each year, and references to a particular fiscal year are to the 12 months ended March 31 of that year. All references to a year are to that Fiscal Year, unless otherwise noted. References to a six-month period or "Half Year" are to the six months ended September 30 of a particular fiscal year.

Some of the information contained in this section, including information with respect to our strategies, contain forward-looking statements that involve risks and uncertainties. You should read the section titled "Forward-Looking Statements" beginning on page 21 of this Draft Red Herring Prospectus for a discussion of the risks and uncertainties related to those statements and also the section titled "Risk Factors" and "Our Business" beginning on pages 23 and 137, respectively, of this Draft Red Herring Prospectus for a discussion of certain factors that may affect our business, results of operations and financial condition. The actual results of the Company may differ materially from those expressed in or implied by these forward-looking statements.

Unless otherwise stated, a reference to "the Company" or "our Company" is a reference to Archean Chemical Industries Limited on a standalone basis, while any reference to "we", "us", "our" and the "Group" refers to Archean Chemical Industries Limited and its subsidiary on a consolidated basis.

Overview

We are a leading specialty marine chemical manufacturer in India and focused on producing and exporting bromine, industrial salt, and sulphate of potash to customers around the world. (Source: *Company Commissioned F&S Report, January 2022*). According to Frost & Sullivan, we are the largest exporter of bromine and industrial salt in India in Fiscal 2021 and have amongst the lowest cost of production globally in both bromine and industrial salt. (Source: *Company Commissioned F&S Report, January 2022*). We produce our products from our brine reserves in the Rann of Kutch, located on the coast of Gujarat, and we manufacture our products at our facility near Hajipir in Gujarat. As of September 30, 2021, we marketed our products to 13 global customers in 13 countries and to 29 domestic customers. Our bromine is used as key initial level materials, which have applications in pharmaceuticals, agrochemicals, water treatment, flame retardant, additives, oil & gas and energy storage batteries. Industrial salt is an important raw material used in the chemical industry for production of sodium carbonate (soda ash), caustic soda, hydrochloric acid, chlorine, bleaching powders, chlorates, sodium sulphate (salt cake) and sodium metal. Sulphate of potash is used as a fertilizer and also has medical uses. In the six months ended September 30, 2021 and in Fiscal 2021, Fiscal 2020 and Fiscal 2019, our sales of bromine constituted 59.22%, 46.49%, 35.43% and 39.83%, respectively, of our revenue from operations, our sales of industrial salt constituted 40.72%, 49.10%, 57.88% and 53.02%, respectively, of our revenue from operations, and our sales of sulphate of potash constituted 0.05%, 4.39%, 6.55% and 7.11%, respectively, of our revenue from operations.

According to Frost & Sullivan, we command a leadership position in Indian bromine merchant sales (traded bromine in the market) by volume in Fiscal 2021, and we are the largest exporter of bromine from India. (Source: *Company Commissioned F&S Report, January 2022*). In the six months ended September 30, 2021, and in Fiscal 2021, Fiscal 2020 and Fiscal 2019, we exported 46.29%, 46.10%, 39.79% and 51.22%, respectively, of our bromine production abroad, mainly to China. The balance of our bromine production is sold in the domestic market. Bromine is a highly corrosive, hazardous and toxic chemical and its handling requires a high degree specialized expertise which we have developed. The transportation of bromine is also dangerous and requires nickel- and lead-lined ISO containers, of which we had (owned and leased) 226 such containers for our export business as of February 15, 2022. According to Frost & Sullivan, the bromine global market size was US\$3.13 billion in CY2021, and the market is expected to grow at a CAGR of 5.8% between CY2020 and CY2025. (Source: *Company Commissioned F&S Report, January 2022*). In addition, Frost & Sullivan anticipates a growing demand for bromine and bromine performance derivatives driven by a host of factors including an increasing demand for flame retardants, increasing consumption of oil well chemicals and increasing use of hydrogen and zinc bromide in flow batteries. (Source: *Company Commissioned F&S Report, January 2022*). In response to this demand, we intend to, and are in the process of, increasing our manufacturing capacity for bromine production. In addition, we plan to expand our product line into bromine derivative performance products in the next two-to-three years, in particular brominated flame retardants, clear brine fluids and bromine catalysts used for the synthesis of pure terephthalic acid ("PTA").

According to Frost & Sullivan, we were the largest exporter of industrial salt in India with exports of 2.7 million MT in Fiscal 2021. (Source: *Company Commissioned F&S Report, January 2022*). In the six months ended September 30, 2021, and in the Fiscal 2021, Fiscal 2020 and Fiscal 2019, we exported 100% of our industrial salt production, primarily to customers in Japan and China. According to Frost & Sullivan, global demand for industrial salt was 173 million MT in each of CY2017, CY2018 and CY2019 and declined to 153 million MT in CY2020, but is expected to grow at a CAGR of 2.8% between CY2020 and CY2025. (Source: *Company Commissioned F&S Report, January 2022*). Frost & Sullivan anticipates a growing demand for industrial salt will be driven primarily by increasing industrialization owing to its wide range of industrial applications. In particular, demand is expected to increase from the food and beverage industry, the chlor-alkali sector in the chemical industry as well as chemical processing, water treatment, agriculture and de-icing. (Source: *Company Commissioned F&S Report, January 2022*).

We are the only manufacturer of sulphate of potash from natural sea brine in India. (Source: *Company Commissioned F&S Report, January 2022*). According to Frost & Sullivan, global demand for sulphate of potash was 6.5 million MT in CY 2020 but is expected to grow at a CAGR of 6.0% between CY2020 and CY2025. (Source: *Company Commissioned F&S Report, January 2022*). The sulphate of potash market is being driven by the advantages of sulphate of potash over muriate of potash and growing demand from a growing middle-class population driving the its use in fertilizers primarily for growing fruit and vegetables. (Source: *Company Commissioned F&S Report, January 2022*). We aim to be the key producer and supplier of sulphate of potash in India.

Our marine chemicals business is predominately conducted on a business-to-business basis both in India and internationally. We are an export-oriented business, and, in the six months ended September 30, 2021, and in Fiscal 2021, Fiscal 2020 and Fiscal 2019, we exported 68.13%, 74.41%, 78.41% and 80.39%, respectively, of our

products internationally, including to China, Japan, South Korea, Qatar, Belgium and the Netherlands. Some of our major customers include Sojitz Corporation, which is a technology partner and stakeholder in our Company, Shandong Tianyi Chemical Corporation, Unibrom Corporation, Wanhau Chemicals and Qatar Vinyl Company Limited.

We have an integrated production facility for our bromine, industrial salt, and sulphate of potash operations, located at Hajipir, Gujarat, which is located on the northern edge of the Rann of Kutch brine fields. Our manufacturing facility is located in close proximity to the captive Jakhau Jetty and Mundra Port, where we transport our products to our customers internationally. Our facility and its surrounding salt fields and brine reservoirs span approximately 240 sq.km. As of March 31, 2021, our manufacturing facility had an installed capacity of 28,500 MT per annum of bromine, 3,000,000 MT per annum of industrial salt and 130,000 MT per annum of sulphate of potash. In the six months ended September 30, 2021 and in Fiscal 2021, our capacity utilization was 67.83% and 115.69%, respectively, of bromine, 102.66% and 95.98%, respectively of industrial salt and 0.06% and 1.54% of sulphate of potash. See “*Our Business – Manufacturing*” beginning on page 148 of this Draft Red Herring Prospectus for more information. According to Frost & Sullivan, we have one of the largest salt works at one single location in the world. Our industrial salt washing facility has three washeries, each having a capacity of 200 tons/hour. Our facility is equipped with its own quality department, effluent treatment plant, sewage treatment plant and stockyard. Our operations have ISO 9001:2015 certification.

Principal Factors Affecting our Results of Operations

Our financial performance and results of operations are influenced by a variety of factors, some of which are beyond our control, including without limitation, global and domestic competition, general economic conditions, changes in conditions in the markets of our end-user products, changes in costs of raw materials, and evolving government regulations and policies. Some of the more important factors are discussed below, as well as in the section titled “*Risk Factors*” beginning on page 23.

Funding Mix and Cost of Funding

We require substantial capital to maintain, expand and upgrade our existing facilities, including investments in our salt beds, brine reservoirs and ISO containers (for the export of bromine), as well as to acquire to new sites, which would enable us to expand our facility and infrastructure and increase our access to raw material reserves. We rely primarily on internal cash generated from our operations and third-party debt (term loans) to fund our capital expenditure requirements.

As at September 30, 2021, we operate an integrated production facility located at Hajipir, Gujarat in India, and we had (owned and leased) 226 ISO containers for our export business as of February 15, 2022. In the six months ended September 30, 2021, and in Fiscal 2021, Fiscal 2020 and Fiscal 2019, we incurred capital expenditure of ₹679.54 million, ₹362.12 million, ₹1,747.87 million and ₹337.34 million, respectively. We have made significant investments in capital expenditures for the improvement and maintenance of our facility, including investments in salt beds, which typically have a three-to-four-year gestation period, upgrading our facility and flotation circuit to improve our Kainite Type Mixed Salt (“KTMS”) conversion ratio, and investments in ISO containers for the export of bromine.

We are planning to expand our product line into bromine performance derivative products in the next two-to-three years, in particular brominated flame retardants, clear brine fluids and bromine catalysts used for the synthesis of pure terephthalic acid (“PTA”). To develop production of bromine derivative products, we are setting up a new facility in Randedi, Gujarat, which will be constructed on a 34,983 square meter parcel of land that was allotted to us from the GIDC, Ankleshwar. The total estimated cost for constructing the new facility and setting up the bromine performance derivatives products production is ₹2,517.00 million through Fiscal 2024.

Interest expenses on our borrowings have historically formed a material part of our expenses. In the six months ended September 30, 2021, and in Fiscal 2021, Fiscal 2020 and Fiscal 2019, our finance costs represented 18.14%, 17.60%, 20.02% and 20.80%, respectively, of our revenue from operations. A majority of our borrowings is comprised of NCDs, which bear interest at a fixed rate of 17% per annum. We are planning to repay a substantial portion of the NCDs from cash generated from operations and a portion of the net proceeds the Issue. See “*Objects of the Offer*” on page 83 for more information. We are also working to organize low-cost working capital finance, which would reduce our overall cost of borrowings.

The actual amount and timing of our future capital requirements may differ from estimates as a result of, among

other things, unforeseen delays or cost overruns in developing our products, changes in business plans due to prevailing economic conditions, unanticipated expenses and regulatory changes. To the extent our planned expenditure requirements exceed our available resources, we will be required to seek additional debt or equity financing. Additional debt financing could increase our interest costs and require us to comply with additional restrictive covenants in our financing agreements. Additional equity financing could dilute our earnings per Equity Share and your interest in the Company and could adversely impact our Equity Share price.

COVID-19

The outbreak of the COVID-19 pandemic, as well as GoI measures to reduce the spread of COVID-19, has had a material impact on our business and results of operations. The GoI initiated a nation-wide lockdown from March 24, 2020, that lasted until May 31, 2020, and has been extended periodically by varying degrees by state governments and local administrations. Although the nationwide lockdown was lifted on June 1, 2020, restrictions on non-essential activities and travel were imposed until August 31, 2020, in multiple states across specific districts that were witnessing increases in COVID-19 cases. The second wave of COVID-19 infections impacted India in April, May and June 2021 and resulted in a significant strain on the health infrastructure in the country resulting in several states announcing lockdown measures. In June 2021, the COVID-19 reported cases from the second wave declined and the GoI and state governments started gradually easing some of the strict precautionary measures. However, as of the date of this Draft Red Herring Prospectus, the COVID-19 pandemic is still ongoing and rapidly evolving. A large part of the Indian population continues to work from home and are practicing social distancing measures in public spaces.

The COVID-19 pandemic has had, and continues to have, an impact on overall global and Indian economic conditions. According to the Company Commissioned F&S Report, India's GDP contracted to 7.3% in 2020 following the lockdowns imposed due to COVID-19, which led to a slowdown in many sectors. For Fiscal 2022, the F&S Report estimates that India's GDP will rebound to approximately 9.5% GDP growth in 2021. However, COVID-19 will remain for several months, with projections of a third wave in India. (*Source: Company Commissioned F&S Report, January 2022*).

The COVID-19 pandemic has also resulted in economic challenges driven by labour shortages, logistics disruptions and reduced demand. As a result, many industries have been exposed to disruptions in carrying out business operations, resulting in loss of business and reduction in cash flows, which has created stress in different sectors of the economy. Our business operations were affected to a certain extent. During Fiscal 2021, which covered the first wave of COVID-19 from April 2020 to June 2020, we instituted alternative work arrangements in line with Government notifications, including allowing 50% of staff to work on alternate days in a 12-hour shift. We implemented other measures to address employee safety, including regular distribution of free facemasks, daily temperature monitoring of employees, deploying hand sanitizer throughout our facilities, regular office and vehicle sanitization, and permitted employees the flexibility to work from home wherever possible. We also organized vaccination drives for our employees and distributed provisions to near-by villages as a goodwill measure. We instituted a policy to reimburse the costs of vaccines for our employees and their immediate family members and announced that we would compensate the legal heir in case of a death of an employee due to COVID-19 in an amount equal to one year's gross salary.

In addition, we were affected to a certain extent by the worldwide logistics issues during the COVID-19 pandemic, as we export a significant amount of our products outside of India. As a result, we experienced increased costs for and/or delays in transporting our finished products to customers, as well as for deliveries of raw materials from suppliers. There is no assurance that such logistics issues will not continue or further worsen as the pandemic continues.

We were required to shut down our manufacturing activities and operations during the nationwide lockdown. Due to the nation-wide lockdown, our manufacturing facility was shut down on March 23, 2020 but reopened on March 30, 2020 after being deemed engaged in essential services. Since reopening, our manufacturing facility has been operating at normal capacity while we continue to comply with all government and health agency recommendations and requirements, as well as protecting the safety of our employees and communities. We believe we have sufficient inventory to continue to produce at current levels, however, any government mandated shutdowns could impact our ability to acquire additional raw materials and disrupt our customers' purchases.

The scope and nature of the impacts from COVID-19, most of which are beyond our control, continue to evolve, and the outcome is uncertain. While our results of operations for Fiscal 2020, Fiscal 2021 and the six months ended September 30, 2021 were not significantly impacted by the pandemic, we cannot assure you that the

pandemic will not impose any adverse impact on our business operations or financial condition in the future. The ultimate extent of the effects of the COVID-19 pandemic on us, and the end markets we serve, is highly uncertain and will depend on future developments and such effects could exist for an extended period even after the pandemic ends. To the extent the COVID-19 pandemic does adversely affect our business, financial condition or results of operations, it may also have the effect of heightening many of the factors listed in the section “*Risk Factors*” beginning on page 23.

Operating costs and efficiencies

Given the nature of our business, operating costs and efficiencies are critical to maintaining our competitiveness and profitability. Certain of our expenses represent a large portion of our operating expenses. During the six months ended September 30, 2021, and in Fiscal 2021, Fiscal 2020 and Fiscal 2019, (i) our packing, dispatching and freight charges amounted to ₹1,342.62 million, ₹2,777.45 million, ₹2,563.28 million and ₹2,194.93 million, respectively, which represented 29.80%, 37.49%, 42.15% and 38.81% of our total revenue from operations for the respective periods, and (ii) our power and fuel costs amounted to ₹414.70 million, ₹535.21 million, ₹444.38 million and ₹461.63 million, respectively, which represented 9.21%, 7.23%, 7.31% and 8.16% of our total revenue from operations for the respective periods. Accordingly, our profitability is partially dependent on our ability to spread fixed production costs over higher production volumes.

Our operations are integrated across the product manufacturing cycle. We have an integrated production facility in Hajipir, Gujarat, for our bromine, industrial salt, and sulphate of potash operations. Our manufacturing facility is located in close proximity to the captive Jakhau Jetty and Mundra Port, where we transport our products to our customers internationally. Our facility and its surrounding salt fields and brine reservoirs span approximately 240 sq.km. Our industrial salt washing facility has three washeries, each having a capacity of 200 tons/hour. Our facility is equipped with its own quality department, effluent treatment plant, sewage treatment plant and stockyard. This vertical integration of our operations has enabled us to streamline our production processes, achieve shorter development and delivery times, exercise greater control over key inputs and processes, and enhance quality control. We continually undertake efforts to reduce our costs, such as reducing power and fuel usage, managing our packing, dispatching and freight costs, increasing mechanization of our production and rationalising our labour. Our packing, dispatching and freight charges, as a percentage of revenue from operations, were lower in the six months ended September 30, 2021 and Fiscal 2021, when compared to Fiscal 2020 and Fiscal 2019, which was primarily due to the increasing proportion of bromine sales in our sales mix, as packing, dispatching and freight costs are primarily incurred for salt sales. During the six months ended September 30, 2021 and Fiscal 2021, sales of bromine were higher compared to prior period, thus reducing the overall packing, dispatching and freight costs as a proportion of overall revenue from operations. However, our power and fuel costs, as a percentage of revenue from operations, increased in the six months ended September 30, 2021, when compared to Fiscal 2021, Fiscal 2020 and Fiscal 2019, which was primarily due to increases in coal and/or crude oil prices. Coal and/or crude oil prices could further increase, which would increase our power and fuel costs could have an adverse effect on our financial condition and results of operations. Our ability to reduce our operating costs in line with customer demand is subject to risks and uncertainties, as our costs depend, in large part, on external factors beyond our control.

We also incur certain costs in order to ensure that our chemical products that we supply to our customers are of high quality, timely and free of impurities. Such costs relate to matters such as capital expenditure, testing and validation and supplying the materials through ISO containers for our bromine product. Quality assurance & quality control are critical to our operations and a failure to prevent the passing down of subpar quality products to our global customers may lead to material adverse effects on our business and financial condition.

Reliance on major customers

Our customers include a host of multinational, regional and local companies. However, our top 20 customers represent a significant portion of our revenue. Our ability to manage and sustain customer relationships is critical to our business. Some of our major customers include Sojitz Corporation, which is a technology partner and stakeholder in the Company, Shandong Tianyi Chemical Corporation, Unibrom Corporation, Wanhau Chemicals and Qatar Vinyl Company Limited. Of our revenue from operations in the six months ended September 30, 2021, and in Fiscal 2021, Fiscal 2020 and Fiscal 2019, our largest customer, Sojitz Corporation, contributed 25.17%, 30.51%, 31.94% and 14.71%, respectively; our top 10 customers contributed to approximately 72.30%, 75.70%, 77.14% and 64.64%, respectively; and our top 20 customers contributed 90.34%, 88.66%, 92.05% and 85.47%, respectively. In the six months ended September 30, 2021, and in Fiscal 2021, Fiscal 2020 and Fiscal 2019, our industrial salt sales to Sojitz Corporation accounted for 61.80%, 61.95%, 54.98% and 27.63%, respectively, of

our total salt sales, while no other customer accounted for more than 20% of our total salt sales.

We expect that we will continue to be reliant on our major customers for the foreseeable future. We have long-term relationships and ongoing active engagements with many of our customers.

Reliance on relatively few products

The majority of our revenues are derived from a concentrated products portfolio. Our principal products are bromine, industrial salt and sulphate of potash. In the six months ended September 30, 2021, and in Fiscal 2021, Fiscal 2020 and Fiscal 2019, sales of bromine represented 59.22%, 46.49%, 35.43% and 39.83% of our revenues from operations, respectively, and sales of industrial salt represented 40.72%, 49.10%, 57.88% and 53.02% of our revenues from operations, respectively.

We have benefited from the Bromine Expansion project and from higher sales volumes of bromine by approximately 21.20% in Fiscal 2021 as compared to Fiscal 2020. We enter into fixed sales contracts with agreed pricing and volumes of approximately four months' duration for our domestic bromine customers and 12 months' duration with our non-domestic bromine customers, and approximately 24 months' duration with our industrial salt customers. However, in the event that our customers do not renew or otherwise agree to new fixed sales contracts, but instead rely on purchase orders to govern the volume and other terms of sales of products, or there is any failure to retain such customers on terms that are commercially viable, or there is any decrease in orders from a major customer or a significant portion of our customers for our products, or there are any defaults or delays in payments by a major customer or a significant portion of our customers, our business, financial condition and results of operations could be materially and adversely affected.

Foreign exchange rate risk

Our financial statements are prepared in Indian Rupees. However, as an export-oriented business, our sales from exports are denominated in foreign currencies, mostly the U.S. Dollar. For the six months ended September 30, 2021, and in Fiscal 2021, Fiscal 2020 and Fiscal 2019, 68.13%, 74.41%, 78.41% and 80.39%, respectively, of our revenue from operations were attributed to export sales. In the six months ended September 30, 2021, and in Fiscal 2021, Fiscal 2020 and Fiscal 2019, our net foreign currency denominated sales (sales in foreign currency less expenses related to sales in foreign currency, excluding Deemed Exports) amounted to ₹2,993.78 million, ₹4,823.69, million, ₹4,149.96 million and ₹3,872.99 million, respectively. Exchange rate fluctuations also affect our ability to service our debt obligations denominated in foreign currencies. We are mainly exposed to fluctuations in exchange rates among the U.S. Dollar and Euro. We have not taken forward contracts, options, futures or other derivative instruments to manage our foreign currency risk. In the six months ended September 30, 2021, and in Fiscal 2021 and Fiscal 2019, we recorded net gains on exchange fluctuations of ₹13.69 million, ₹92.85 million and ₹68.82 million, respectively, due to these fluctuations in foreign currency. In Fiscal 2020, we recorded a net loss on exchange fluctuation of ₹161.92 million. There can be no assurance that we will continue to record gains from foreign exchange fluctuations or any hedging measures we take will enable us to avoid the effect of any adverse fluctuations in the value of the Indian Rupee against the U.S. Dollar, Euro or other foreign currencies.

Debt restructuring

Our Company had overdue principal and interest aggregating to ₹177.41 million and agreed a restructuring under Scheme for Sustainable Structuring of Stressed Assets and the Overseeing Committee for its outstanding debts pursuant to the master restructuring agreement, dated March 18, 2017, by and among our Company, Bank of India (acting as monitoring institution/ lead bank) and certain lenders (namely, Bank of India, Union Bank of India, Punjab National Bank, Bank of Baroda, Canara Bank and Allahabad Bank) ("Lenders", and such agreement, the "MRA"). The terms of the debt restructuring (total borrowing amount of ₹6,733 million was restructured) under the MRA included (i) reconstitution of certain terms loans; (ii) reconstitution of certain working capital facilities; (iii) additional funding by way of working capital term loan; (iv) conversion of debt of the Lenders equivalent to ₹192.8 million into equity by way of transfer from Ranjit Pendurthi, Ravi Pendurthi and Pendurthi Brahmanandam: 3,982,441 equity shares of face value of ₹10 each of our Company at price of ₹48.41 per equity share; (v) conversion of debt equivalent to ₹3,180.13million into optionally convertible debentures with coupon of 0.1% p.a. payable annually and yield to maturity of 10.0% p.a. compounded annually. The overdue principal and interest were repaid by our Company by November 30, 2018. In Fiscal 2019, we recorded as an exceptional item for the write-back of loans and interest of ₹1,142.61 million as a result of the restructuring of our loans during Fiscal 2019. For information about our current liquidity and borrowing, see "Financial Indebtedness" and "History and

Certain Corporate Matters - Defaults or re-scheduling, restructuring of borrowings with financial institutions/banks” beginning on pages 285 and 163, respectively.

Competition

Our products are used in numerous end-user industries, such as pharmaceuticals, agrochemicals, water treatment, flame retardant, additives, oil & gas and energy storage batteries. The broad-spectrum application of our products in the chemical industry is for advanced intermediates and significantly higher value specialty chemicals, which we believe is a unique position in the Indian chemical industry. Despite such uniqueness, it is inevitable that we face competition from other manufacturers, especially global manufacturers, for different products that we manufacture. Our competitors may succeed in developing products that are more effective, popular or cheaper than ours, which may render our products uncompetitive and adversely affect our business, results of operations and financial condition. Some foreign companies, including without limitation manufacturers in Israel (Dead Sea are), China and North America, may be able to produce marine chemicals at competitive costs and, consequently, supply their products at cheaper prices. Such competitors may also have greater financial and technological resources and may also have larger sales and marketing teams. They might be in a better position to identify market trends, adapt to changes in industry, innovate new products, offer competitive prices due to economies of scale and ensure product quality and compliance. Further, some of our competitors, which include major multinational corporations, may consolidate and integrate their operations, and the strength of combined companies could affect our competitive position. We are unable to assure you that we will be able to continue to charge pricing at commercially acceptable levels. Any inability to do so will adversely affect our financial condition and results of operation. Some of our competitors may also have greater financial and technological resources and may also have larger sales and marketing teams. Any inability on our part to remain competitive in our markets will adversely affect our financial condition and results of operation.

Significant Accounting Policies

Marine Chemicals Trading Pte. Ltd. was a wholly-owned subsidiary of our Company until December 7, 2020, the date on which the company was struck off from the register under Singapore law, after which our Company did not own interests in any subsidiaries. Accordingly, the Restated Financial Information comprise of the Restated Standalone Statement of Assets and Liabilities as at September 30, 2021 and March 31, 2021, the related Restated Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Restated Standalone Statement of Changes in Equity, and the Restated Standalone Statement of Cash Flows for the six months period ended September 30, 2021 and for the fiscal year ended March 31, 2021, and the Restated Consolidated Statement of Assets and Liabilities as at March 31, 2020 and March 31, 2019, the related Restated Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Restated Consolidated Statement of Changes in Equity, and the Restated Consolidated Statement of Cash Flows for the fiscal years ended March 31, 2020 and March 31, 2019, and the Significant Accounting Policies and Restated Other Financial Information. Marine Chemicals Trading Pte. Ltd. was an immaterial subsidiary having revenue, assets and equity less than 0.5% of the Group’s revenue, assets and equity, respectively.

We have applied the following accounting policies in preparing our financial statements for the six months ended September 30, 2021:

1.1 Statement of compliances

The Restated Financial Statements of the Group have been prepared in accordance with Indian accounting standards (“Ind AS”) notified under Section 133 of the Companies Act, 2013, read together with Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013.

The Restated Financial Statements are presented in Indian Rupees (INR) which is also the Group’s functional currency. All values are rounded to nearest millions except when otherwise stated.

The Restated Financial Statements have been prepared on a historical cost basis, except for the following:

- a) Certain financial assets and liabilities measured at fair value as explained in the accounting policies; and
- b) Defined benefit plan assets measured at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

1.2 (a) Basis of preparation and presentation

The Restated Financial Statements relate to the Company and its wholly-owned subsidiary company, Marine Chemicals Trading Pte Ltd (collectively referred to as “the Group”). The restated financial information of the Subsidiary used in the consolidation are drawn up to the same reporting date as that of the Company, i.e., 31 March 2019 and 31 March 2020. The subsidiary had applied to the Accounting and Corporate Regulatory Authority for strike-off under section 344 of the Companies Act of Singapore and the name of the company was struck off from register on 7-Dec-2020. Hence, the restated financial information for the period ended March 31, 2021 and September 30, 2021 represents standalone financial information of Archean Chemical Industries Limited.

The Restated Financial Statements been prepared on the historical cost basis, except for certain financial instruments and defined benefit plans which are measured at fair value at the end of each reporting period, as explained in the accounting policies below:

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability take place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

As fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the assets in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the restated financial information are categorized within the fair value hierarchy, described as follows, based on the lowest level inputs that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the restated financial information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as

explained above.

Quantitative disclosures of fair value measurement hierarchy (*Refer Note 33 to the Restated Financial Statements.*)

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in Note 1.24 operating Cycle. Based on the nature of products and services and the time between the acquisition of assets for processing and their realization in cash and cash equivalent, the Group has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

The Group is well paced to meet the cash burn requirements in the coming periods for it to develop and build the business to a profitable level as per the projections prepared by the Group. The Group is also confident of getting its land lease renewed as mentioned in Note 3(b) to the Restated Financial Statements. Hence the Group financials have been prepared on going concern basis.

1.2 (b) Basis of consolidation

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

The acquisition method of accounting is used to account for business combinations by the Group.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

1.3 Changes in Accounting Standards

There were certain amendments to the Accounting Standards on miscellaneous issues. Such changes include clarification/guidance on:

In Balance Sheet:

- i) Lease liabilities should be separately disclosed under the head duly distinguished as current or non-current.
- ii) Certain additional disclosures in the statement of changes in equity.
- iii) Specified format for disclosure of shareholding of promoters.
- iv) Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- v) If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- vi) Specific disclosure under regulatory such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and Advances to Promoters, Directors, Key Managerial Personnel (KMP) and related parties, details of benami property held etc.

1.4 Changes in Accounting Standards that may affect the Group after 31st March 2021

Nil.

1.5 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses.

Properties in course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowings costs capitalized in accordance with companies accounting policy. Such properties are classified to appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Advance paid towards acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets.

Cost of assets not ready to use before put to use are disclosed under 'capital work in progress'.

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. During the FY 20-21, depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets based on the technical evaluation done in FY 20-21, which is determined to be a change in accounting estimate and its being applied prospectively. in whose case the life of the assets has been reassessed, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc. The company revised the useful life of the Property, plant and equipment for below assets

| | |
|--|---------------|
| Building | 30 - 40 years |
| Salt works | 30 years |
| Plant and Machinery - Chemicals | 4 -40 years |
| Plant and Machinery - Cogeneration plant | 10 - 40 years |
| Vehicles | 8 years |
| Furniture & fixtures | 10 years |

Fixed Assets individually costing Rs. 5,000 or less are fully depreciated in the year of capitalization.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and carrying amount of the asset and is recognized in profit or loss.

For transition to the Ind AS, the Group has decided to continue with the carrying value of all of its Property, Plant and Equipment as at April 01, 2017 (transition date) measured as per the previous GAAP as its deemed cost as of transition date.

1.6 Intangible assets other than goodwill

Intangible assets with finite useful lives are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

The intangible assets are amortised over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Group for its use. The amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits

in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

Right to use assets

The Group has adopted Indian Accounting Standards ("Ind AS") 116 "Leases" to all its lease contracts existing on April 1, 2018 adopting modified prospective method. Consequently, the Group recorded the lease liability calculated at present value of remaining lease payments discounted at the incremental borrowing rate. Right to use asset has been recognised to this extent.

Derecognition of intangible assets:

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the statement of profit or loss when the asset is derecognised.

Useful lives of intangible assets:

Estimated useful lives of the intangible assets are as follows:

Software licenses - 5 Years

Deemed cost on transition to Ind AS

For transition to Ind AS, the Group has elected to continue with the carrying value of all of its intangible assets recognised as of April 1, 2017 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

1.7 Impairment of tangible & intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the statement of profit and loss.

1.8 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset -this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
 - the Group has the right to operate the asset; or
 - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1 April 2018 for the purpose of restatement.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets (assets of less than INR 10 lakhs in value). The Group recognises the lease payments associated with these leases as an expense over the lease term.

1.9 Inventories

Inventories are valued at the lower of cost on moving weighted average basis and estimated net realisable value (net of allowances) after providing for obsolescence and other losses, where considered necessary. The cost comprises of cost of purchase, cost of conversion and other costs including appropriate production overheads in the case of finished goods and work-in-progress, incurred in bringing such inventories to their present location and condition, including transportation cost, transit insurance and any other charges. Trade discounts or rebates are deducted in determining the costs of purchase. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sales.

1.10 Cash & Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

1.11 Foreign currency transactions and translations

(i) Functional and presentation currency

Items included in the restated financial information of the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The restated financial information are presented in Indian Rupee (INR), which is the Group's functional and presentation currency.

(ii) Transactions and balances

In preparing the restated financial information, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

1.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

1.13 Revenue recognition

The Group derives revenues primarily from sale of salt and other marine chemicals. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the probable consideration expected to be received in exchange for those products or services. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

The Group accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the rateable allocation of the discounts/ incentives to each of the underlying performance obligation that corresponds to the progress by the customer towards earning the discount/ incentive. Also, when the level of discount/pricing incentives varies with increases in levels of revenue transactions, the Group recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount/pricing incentives is not recognized until the payment is probable and the amount can be estimated reliably. The Group recognizes changes in the estimated amount of obligations for discounts/pricing incentives in the period in which the change occurs.

Revenue from services has been recognised as and when the service has been performed.

1.14 Other Income

Interest income from a financial asset is recognized when it is probable that the economic benefit will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to the asset's net carrying amount on initial recognition.

Dividend income from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

1.15 Employee benefits

Defined contribution plans

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have

rendered service entitling them to the contributions.

Defined benefit plans

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- Service Cost (including current service cost, past service cost, as well as gain and losses on curtailments and settlements);
- Net interest expense or income, and
- Remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss in the line item " Employee Benefits Expense". Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognized in the balance sheet represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

Short-term and other long-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave in the period related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognized in respect of short term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognized in respect of other long term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by the employees up to the reporting date.

1.16 Provisions and contingencies

Provisions are recognised, when the Group has a present obligation (legal or constructive) as a result of a past event, 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.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Contingent liability is disclosed for (i) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or (ii) Present obligations arising from past events where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. When some or all of the economic benefits required

to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent assets are disclosed in the restated financial information by way of notes to accounts only in case of inflow of economic benefits is probable.

1.17 Taxes on income

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the restated financial information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

Current tax is the expected tax payable on the taxable profit for the year using tax rates enacted or substantively enacted by the end of the reporting period and any adjustments to the tax payable in respect of previous years.

The tax currently payable is based on taxable profit for the year, if any. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

1.18 Financial Instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Initial Recognition

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the statement of profit and loss.

Subsequent Measurement

Financial assets

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets, except for investments forming part of interest in subsidiaries, which are measured at cost.

Classification of financial assets

The Group classifies its financial assets in the following measurement categories:

- a) those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- b) those measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

(a) Amortized Cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on these assets that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

(b) Fair value through other comprehensive income (FVTOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVTOCI). Movements in the carrying amount are taken through OCI. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other income/ (expense).

(c) Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortized cost or FVTOCI are measured at fair value through profit or loss. A gain or loss on these assets that is subsequently measured at fair value through profit or loss is recognized in the statement of profit and loss.

Impairment of financial assets

The Group applies the expected credit loss model for recognizing impairment loss on financial assets measured at amortized cost, trade receivable, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at Fair value through profit or loss.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impairment financial assets). The Group estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayments, extension, call and similar options) through the expected life of that financial instruments.

The Group measures the loss allowance for the financial instruments at an amount equal to the lifetime expected credit losses if the credit risk on those financial instruments has increased significantly since initial recognition.

If the credit risk on financial instruments has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instruments at an amount equal to 12 months expected credit losses. The twelve months expected credit losses are portion of the lifetime expected credit losses and represents lifetime cash shortfalls that will result if default occurs within 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the 12 months.

If the Group measured loss allowance for the financial instruments at life time expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Group again measures the loss allowance based on 12 month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Group uses the change in the risk of a default occurring over the expected life of the financial instruments instead of the change in the amount of expected credit losses. To make that assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increase in credit risk since initial recognition.

For trade receivables or any contractual rights to receive cash or other financial assets that results from transactions that are within the scope of Ind AS 115, the Group always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purposes of measuring lifetime expected credit loss allowance for trade receivables, the Group has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward – looking information.

Derecognition of financial assets

A financial asset is derecognized only when the Group has transferred the rights to receive cash flows from the financial asset. Where the Group has transferred an asset, it evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. Where the Group has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Group has not retained control of the financial asset.

Financial liabilities and equity instruments:-

Classification as equity or financial liability

Equity and Debt instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Financial liabilities at amortized cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included in the 'Finance costs' line item.

Financial liabilities at FVTPL

Liabilities that do not meet the criteria for amortized cost are measured at fair value through profit or loss. A gain or loss on these assets that is subsequently measured at fair value through profit or loss is recognized in the statement of profit and loss.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

1.19 Earnings Per Share

Basic earnings per share is computed by dividing the net profit/(loss) after tax (including the post tax effect of

exceptional items, if any) for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of exceptional items, if any) for the period attributable to equity shareholders as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic plus dilutive shares during the year.

1.20 Segment reporting

The Group is engaged in the activities related to manufacture and supply of marine chemicals. The Chief Operating Decision Maker (Board of Directors) review the operating results as a whole for purposes of making decisions about resources to be allocated and assess its performance, and hence the entire operations are to be classified as a single business segment, namely marine chemicals industry. The geographical segments considered for disclosure are – India and Rest of the World. Our manufacturing facility is located in India. Accordingly, there is no other reportable segment as per Ind AS 108 Operating Segments.

1.21 Use of estimates and judgements

In preparing these restated financial information, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosures of contingent assets & contingent liabilities at the date of financials statements, income and expenses during the period. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Judgements are made in applying accounting policies that have the most significant effects on the amounts recognized in the restated financial information.

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment are reviewed on an ongoing basis.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The areas involving critical estimates or judgments are:

- a) Estimation of useful life of tangible and intangible asset
- b) Estimation of fair value of unlisted securities
- c) Impairment of trade receivables: Expected credit loss
- d) Recognition and measurement of provisions and contingencies; key assumptions about the likelihood and magnitude of an outflow of resources
- e) Measurement of defined benefit obligation: key actuarial assumptions
- f) Lease: Whether an contract contains a lease
- g) Write down in value of Inventories
- h) Estimation for litigations
- i) Impairment of Non Financial Asset

1.22 Export incentives

Export incentives are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that incentives will be received.

1.23 Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is virtually certain to expect ultimate collection.

1.24 Operating Cycle

Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current. For salt at crystalizers, the

operating cycle considered being 24 months and consistently applied.

Changes in accounting policies, if any, in the Half Year 2022 and Fiscals 2021, 2020 and 2019 and their effect on our profits and reserves

For the purpose of preparation of Restated Financial Information, the management of our Company has evaluated the impact of change in accounting policies on adoption of Ind AS 116 for each of the year ended March 31, 2021, March 31, 2020, and March 31, 2019, and six months ended September 30, 2021. Hence in the Restated Financial Information, Ind AS 116 has been adopted with effect from April 01, 2018, following modified retrospective method. For further information, please Refer Note 37 of the Restated Financial Information on page 236, for details on transition to IND AS 116.

Key Performance Indicators and Non-GAAP Financial Measures

In addition to our results determined in accordance with Ind AS, we believe the following non-GAAP measures are useful to our Company and our investors as a means of assessing and evaluating our operating performance in comparison to prior periods: EBITDA, EBITDA Margin, Adjusted EBITDA, Adjusted EBITDA Margin, Current Ratio, Debt-Equity Ratio, Debt Service Coverage Ratio, Return on Equity Ratio, Cost of Goods Sold, Inventory Turnover Ratio, Trade Receivables Turnover Ratio, Trade Payables Turnover Ratio, Net Profit Ratio, Return on Capital Employed (ROCE), and Return on Investment. We use the following non-GAAP financial information to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe that non-GAAP financial information, when taken collectively with financial measures prepared in accordance with Ind AS, may be helpful to investors because it provides an additional tool for investors to use in evaluating our ongoing operating results and trends and in comparing our financial results with other companies in our industry because it provides consistency and comparability with past financial performance. However, our management does not consider these non-GAAP measures in isolation or as an alternative to financial measures determined in accordance with Ind AS.

Non-GAAP financial information is presented for supplemental informational purposes only, has limitations as an analytical tool and should not be considered in isolation or as a substitute for financial information presented in accordance with Ind AS. Non-GAAP financial information are not recognized under Ind AS and do not have standardized meanings prescribed by IND AS. In addition, non-GAAP financial measures used by us may differ from similarly titled non-GAAP measures used by other companies. The principal limitation of these non-GAAP financial measures is that they exclude significant expenses and income that are required by Ind AS to be recorded in our financial statements, as further detailed below. In addition, they are subject to inherent limitations as they reflect the exercise of judgment by management about which expenses and income are excluded or included in determining these non-GAAP financial measures. A reconciliation is provided below for each non-GAAP financial measure to the most directly comparable financial measure prepared in accordance with Ind AS. Investors are encouraged to review the related Ind AS financial measures and the reconciliation of non-GAAP financial measures to their most directly comparable Ind AS financial measures included below and to not rely on any single financial measure to evaluate our business.

(₹ in millions, except for ratios and percentages)

| Particulars | As at, or for the six months ended, September 30, 2021 | As at, or for the fiscal year ended, March 31, | | |
|---|--|--|-----------|----------|
| | | 2021 | 2020 | 2019 |
| EBITDA ⁽¹⁾ | 1,927.16 | 2,762.53 | 1,568.13 | 1,943.41 |
| EBITDA Margin ⁽²⁾ | 42.78% | 37.29% | 25.78% | 34.37% |
| Adjusted EBITDA ⁽³⁾ | 1,927.16 | 2,762.53 | 1,568.13 | 800.80 |
| Adjusted EBITDA Margin ⁽⁴⁾ | 42.78% | 37.29% | 25.78% | 14.16% |
| Current Ratio ⁽⁵⁾ | 1.73 | 1.65 | 1.03 | 1.32 |
| Debt-Equity Ratio ⁽⁶⁾ | 7.56 | 13.53 | 155.66 | 18.22 |
| Debt Service Coverage Ratio ⁽⁷⁾ | 2.04 | 1.64 | 1.06 | 0.20 |
| Return on Equity Ratio ^{(8)*} | 57.31% | 170.05% | (149.92)% | 462.49% |
| Cost of Goods Sold ^{(9)*} | 2,455.66 | 3,914.21 | 3,599.46 | 3,942.86 |
| Inventory Turnover Ratio ^{(10)*} | 3.92 | 7.07 | 7.53 | 6.45 |
| Trade Receivables Turnover Ratio ^{(11)*} | 5.70 | 13.17 | 10.91 | 12.10 |

| | | | | |
|--|--------|--------|-----------|--------|
| Trade Payables Turnover Ratio ^{(12)*} | 2.13 | 2.81 | 2.64 | 3.21 |
| Net Profit Ratio ⁽¹³⁾ | 12.89% | 8.99% | (5.96)% | 7.07% |
| Return on Capital Employed (ROCE) ^{(14)*} | 14.35% | 21.01% | 11.23% | 17.81% |
| Return on Investment ^{(15)*} | 44.62% | 92.21% | (619.09)% | 94.53% |

Notes:

* Amounts for the six months ended September 30, 2021 are not annualised.

- (1) EBITDA is calculated as the sum of (i) restated profit/(loss) for the period/year, (ii) total tax expenses, (iii) depreciation and amortisation expenses, and (iv) finance costs.
- (2) EBITDA Margin is calculated as EBITDA divided by revenue from operations.
- (3) Adjusted EBITDA is calculated as EBITDA before exceptional items.
- (4) Adjusted EBITDA Margin is calculated as Adjusted EBITDA divided by revenue from operations.
- (5) Current Ratio is calculated as current assets divided by current liabilities.
- (6) Debt-Equity Ratio is calculated as Total Debt divided by Shareholders Equity.
- (7) Debt Service Coverage Ratio is calculated as Earnings Available for Debt Services divided by Interest & Lease Payments.
- (8) Return on Equity Ratio is calculated as profit for the period/year available for equity shareholders divided by average shareholders' equity.
- (9) Cost of Goods Sold is calculated as total expenses less the sum of (i) finance costs, (ii) rent expense, (iii) travelling and conveyance, (iv) insurance, (v) rates and taxes (excluding taxes on income), (vi) CSR expenses, (vii) audit fees, (viii) legal and professional charges, (ix) selling and distribution expenses, (x) provision for doubtful debts and advances, (xi) impairment of fixed assets, (xii) assets written off, and (xiii) freight and shipment, sampling expenses
- (10) Inventory Turnover Ratio is calculated as revenue from operations divided by average inventory.
- (11) Trade Receivables Turnover Ratio is calculated as revenue from operations divided by average accounts receivable.
- (12) Trade Payables Turnover Ratio is calculated as Cost of Goods Sold divided by average trade payables.
- (13) Net Profit Ratio is calculated as restated profit/(loss) for the period/year divided by revenue from operations.
- (14) Return on Capital Employed (ROCE) is calculated as profit before interest and tax (PBIT) divided by Capital Employed.
- (15) Return on Investment is calculated as restated profit/(loss) for the period/year divided by Tangible net worth.

EBITDA, EBITDA Margin, Adjusted EBITDA, Adjusted EBITDA Margin and Net Profit Ratio

The following table sets forth our EBITDA, EBITDA Margin, Adjusted EBITDA, Adjusted EBITDA Margin and Net Profit Ratio, including a reconciliation of each such financial measure to our restated profits/(losses), for the six months ended September 30, 2021, and in Fiscal 2021, Fiscal 2020 and Fiscal 2019.

(₹ in millions, except for percentages)

| Particulars | As at, or for the six months ended, September 30, 2021 | As at, or for the fiscal year ended, March 31, | | |
|--|--|--|-----------------|-----------------|
| | | 2021 | 2020 | 2019 |
| Revenue from operations (A) | 4,505.10 | 7,407.64 | 6,081.70 | 5,655.06 |
| Restated profit/(loss) for the period/year (B) | 580.59 | 666.06 | (362.35) | 399.72 |
| Add: Total income tax expenses (C) | 201.46 | 238.59 | 195.29 | (125.88) |
| Add: Finance costs (D) | 817.38 | 1,303.92 | 1,217.58 | 1,176.40 |
| Add: Depreciation and amortisation expense (E) | 327.72 | 553.97 | 517.61 | 493.17 |
| EBITDA (F=B+C+D+E) | 1,927.16 | 2,762.53 | 1,568.13 | 1,943.41 |
| Less: Write back of loans and interest (G) | - | - | - | 1,142.61 |
| Adjusted EBITDA (H=F+G) | 1,927.16 | 2,762.53 | 1,568.13 | 800.80 |
| EBITDA Margin (I=F/A) | 42.78% | 37.29% | 25.78% | 34.37% |
| Adjusted EBITDA Margin (J=H/A) | 42.78% | 37.29% | 25.78% | 14.16% |
| Net Profit Ratio (K=B/A) | 12.89% | 8.99% | (5.96)% | 7.07% |

Current Ratio

The table below sets out an analysis of our Current Ratio as at September 30, 2021, March 31, 2021, 2020 and 2019:

(₹ in millions, except ratios)

| | As of September 30, 2021 | As of March 31, | | |
|-------------------------------|--------------------------|-----------------|----------|----------|
| | | 2021 | 2020 | 2019 |
| Total Current Assets (A) | 3,351.71 | 3,005.93 | 2,621.74 | 1,888.21 |
| Total Current Liabilities (B) | 1,942.52 | 1,822.85 | 2,535.27 | 1,434.37 |

| | As of September 30, 2021 | As of March 31, | | |
|----------------------------|-----------------------------|-----------------|-------------|-------------|
| | | 2021 | 2020 | 2019 |
| Current Ratio (A/B) | 1.73 | 1.65 | 1.03 | 1.32 |

Debt-Equity Ratio, Return on Capital Employed and Return on Investment

The following table sets forth our Debt-Equity Ratio, Return on Capital Employed and Return on Investment for the six months ended September 30, 2021, and in Fiscal 2021, Fiscal 2020 and Fiscal 2019.

(in ₹ millions, except ratios and percentages)

| Particulars | As at, or for the six months ended, September 30, 2021 | As at, or for the fiscal year ended, March 31, | | |
|---|--|---|------------------|-----------------|
| | | 2021 | 2020 | 2019 |
| Non-current borrowings (1) | 8,464.75 | 8,464.12 | 8,482.65 | 7,405.18 |
| Current borrowings (including current maturities of non-current borrowings) (2) | 160.18 | 120.23 | 90.18 | 135.71 |
| CCD liability (3) | 30.57 | 28.93 | 25.84 | 23.04 |
| Interest accrued and not due on debentures (4) | 1,188.93 | 1,174.95 | 693.93 | 156.28 |
| Total Debt (A=(1)+(2)+(3)+(4)) | 9,844.43 | 9,788.23 | 9,292.60 | 7,720.21 |
| Shareholders' equity (B) | 1,302.47 | 723.67 | 59.70 | 423.70 |
| Debt-Equity Ratio (C=A/B) | 7.56 | 13.53 | 155.66 | 18.22 |
| | | | | |
| Tangible net worth (5) | 1,301.09 | 722.34 | 58.53 | 422.87 |
| Capital Employed (D=A+(5)) | 11,145.52 | 10,510.57 | 9,351.12 | 8,143.08 |
| | | | | |
| Restated profit/(loss) for the period/year (E) | 580.59 | 666.06 | (362.35) | 399.72 |
| Add: Total income tax expenses (F) | 201.46 | 238.59 | 195.29 | (125.88) |
| Add: Finance costs (G) | 817.38 | 1,303.92 | 1,217.58 | 1,176.40 |
| Profit before interest and tax (PBIT) (H=E+F+G) | 1,599.44 | 2,208.56 | 1,050.52 | 1,450.24 |
| Return on Capital Employed (I=(H/D))* | 14.35% | 21.01% | 11.23% | 17.81% |
| Return on Investment (J=(E/(5))* | 44.62% | 92.21% | (619.09)% | 94.53% |

* Amounts for the six-month period ended September 30, 2021 are not annualised.

Debt Service Coverage Ratio

The following table sets forth our Debt Service Coverage Ratio for the six months ended September 30, 2021, and in Fiscal 2021, Fiscal 2020 and Fiscal 2019.

(in ₹ millions, except ratios)

| Particulars | As at, or for the six months ended, September 30, 2021 | As at, or for the fiscal year ended, March 31, | | |
|--|--|---|-----------------|-----------------|
| | | 2021 | 2020 | 2019 |
| Restated profit/(loss) before tax for the period/year (A) | 782.05 | 904.65 | (167.06) | 273.84 |
| Add: Depreciation and amortisation expenses (B) | 327.72 | 553.97 | 517.61 | 493.17 |
| Add: Interest on term loans, working capital & interest on finance lease & interest on CCD (C) | 810.76 | 1,301.38 | 1,213.48 | 1,158.18 |
| Earnings Available for Debt Services (D=A+B+C) | 1,920.53 | 2,760.00 | 1,564.03 | 1,925.20 |
| | | | | |
| Interest & Lease Payments (E=(1+2+3+4)) | 942.74 | 1,686.06 | 1,474.49 | 9,489.77 |
| Interest on term loans, working capital & Int. On Finance lease (1) | 810.76 | 1,301.38 | 1,213.48 | 1,158.19 |
| Interest capitalized – bromine expansion | - | 257.70 | 229.54 | - |

| Particulars | As at, or for the six months ended, September 30, 2021 | As at, or for the fiscal year ended, March 31, | | |
|---|--|--|-------------|-------------|
| | | 2021 | 2020 | 2019 |
| (2) | | | | |
| Loans repaid (3) | 106.49 | 90.63 | 13.48 | 8,319.00 |
| Reduction in lease liability of ISO tanks Finance lease (4) | 25.49 | 36.37 | 18.00 | 12.59 |
| Debt Service Coverage Ratio (F=D/E) | 2.04 | 1.64 | 1.06 | 0.20 |

Return on Equity Ratio

The following table sets forth our Return on Equity Ratio for the six months ended September 30, 2021, and in Fiscal 2021, Fiscal 2020 and Fiscal 2019.

(in ₹ millions, except percentages)

| Particulars | As at, or for the six months ended, September 30, 2021 | As at, or for the fiscal year ended, March 31, | | |
|--|--|--|------------------|----------------|
| | | 2021 | 2020 | 2019 |
| Restated profit/(loss) for the period/year available for equity shareholders (A) | 580.59 | 666.06 | (362.35) | 399.72 |
| Average shareholders' equity (B) | 1,013.07 | 391.68 | 241.70 | 71.06 |
| Return on Equity Ratio (C=A/B)* | 57.31% | 170.05% | (149.92)% | 562.49% |

* Amounts for the six-month period ended September 30, 2021 are not annualised.

Cost of Goods Sold

The following table sets forth our Cost of Goods Sold for the six months ended September 30, 2021, and in Fiscal 2021, Fiscal 2020 and Fiscal 2019.

(in ₹ millions)

| Particulars | As at, or for the six months ended, September 30, 2021 | As at, or for the fiscal year ended, March 31, | | |
|--|--|--|-----------------|-----------------|
| | | 2021 | 2020 | 2019 |
| Total expenses (A) | 3,808.82 | 6,643.25 | 6,337.03 | 6,597.83 |
| Less: Finance costs (B) | 817.38 | 1,303.92 | 1,217.58 | 1,176.40 |
| Less: Rent expense (C) | 2.96 | 4.80 | 1.59 | 13.68 |
| Less: Traveling and conveyance (D) | 22.81 | 34.31 | 50.70 | 55.77 |
| Less: Insurance (E) | 49.87 | 101.42 | 38.64 | 28.89 |
| Less: Rates and taxes, excluding taxes on income (F) | 7.84 | 13.75 | 24.26 | 47.91 |
| Less: CSR expenses (G) | 6.44 | 5.51 | 6.67 | 8.68 |
| Less: Audit fees (H) | 2.10 | 3.53 | 4.41 | 3.72 |
| Less: Legal and professional charges (I) | 39.79 | 54.32 | 150.86 | 68.46 |
| Less: Selling and distribution expenses (J) | 11.16 | 59.49 | 28.55 | 28.88 |
| Less: Provision for doubtful debts and advances (K) | - | 48.51 | 9.23 | 151.24 |
| Less: Impairment of fixed assets (L) | - | 2.09 | - | 45.71 |
| Less: Assets written off (M) | - | 0.46 | 4.90 | - |
| Less: Freight and shipment, sampling expenses (N) | 392.82 | 1,096.92 | 1,200.19 | 1,025.63 |
| Cost of Goods Sold (O=A-B-C-D-E-F-G-H-I-J-K-L-M-N)* | 2,455.66 | 3,914.21 | 3,599.46 | 3,942.86 |

Inventory Turnover Ratio

The following table sets forth our Inventory Turnover Ratio for the six months ended September 30, 2021, and in Fiscal 2021, Fiscal 2020 and Fiscal 2019.

(in ₹ millions, except ratios)

| Particulars | As at, or for the six months ended, September 30, 2021 | As at, or for the fiscal year ended, March 31, | | |
|--|--|--|-------------|-------------|
| | | 2021 | 2020 | 2019 |
| Revenue from operations (A) | 4,505.10 | 7,407.64 | 6,081.70 | 5,655.06 |
| Average inventory (B) | 1,148.67 | 1,047.23 | 807.86 | 876.41 |
| Inventory Turnover Ratio (C=A/B)* | 3.92 | 7.07 | 7.53 | 6.45 |

* Amounts for the six-month period ended September 30, 2021 are not annualised.

Trade Receivables Turnover Ratio and Trade Payables Turnover Ratio

The following table sets forth our Trade Receivables Turnover Ratio and Trade Payables Turnover Ratio for the six months ended September 30, 2021, and in Fiscal 2021, Fiscal 2020 and Fiscal 2019.

(in ₹ millions, except ratios)

| Particulars | As at, or for the six months ended, September 30, 2021 | As at, or for the fiscal year ended, March 31, | | |
|--|--|--|-----------------|-----------------|
| | | 2021 | 2020 | 2019 |
| Revenue from operations (A) | 4,505.10 | 7,407.64 | 6,081.70 | 5,655.06 |
| Average trade receivables (B) | 790.44 | 562.64 | 557.29 | 467.36 |
| Trade Receivables Turnover Ratio (C=A/B)* | 5.70 | 13.17 | 10.91 | 12.10 |
| | | | | |
| Cost of Goods Sold (D) | 2,455.66 | 3,914.21 | 3,599.46 | 3,942.86 |
| Average trade payables (E) | 1,150.63 | 1,394.50 | 1,361.84 | 1,230.14 |
| Trade Payables Turnover Ratio (F=D/E)* | 2.13 | 2.81 | 2.64 | 3.21 |

* Amounts for the six-month period ended September 30, 2021 are not annualised.

Overview of Revenue and Expenditure

The following descriptions set forth information with respect to key components of our income statement.

Revenue

Revenue from operations

Revenue from operations comprises (i) revenue from sales of products manufactured by us; and (ii) other operating revenues. Such sales of products can be divided into (i) domestic sales and (ii) export sales. Set forth below is a breakdown of our revenue from operations for the period/years indicated.

(₹ in millions)

| Particulars | Six months ended September 30, 2021 | | Fiscal 2021 | | Fiscal 2020 | | Fiscal 2019 | |
|---------------------------------------|-------------------------------------|---------------------|-----------------|---------------------|-----------------|---------------------|-----------------|---------------------|
| | Amount | Percentage of total | Amount | Percentage of total | Amount | Percentage of total | Amount | Percentage of total |
| | (₹ million) | (%) | (₹ million) | (%) | (₹ million) | (%) | (₹ million) | (%) |
| Revenue from operations | | | | | | | | |
| Sales of products | | | | | | | | |
| Domestic sales | 1,435.39 | 31.86 | 1,872.96 | 25.28 | 1,289.72 | 21.21 | 1,084.60 | 19.18 |
| Export sales | 3,069.32 | 68.13 | 5,512.09 | 74.41 | 4,768.39 | 78.41 | 4,546.22 | 80.39 |
| Revenue from sales of products | 4,504.71 | 99.99 | 7,385.05 | 99.70 | 6,058.11 | 99.61 | 5,630.82 | 99.57 |
| Other operating revenues | | | | | | | | |
| Export incentives | - | - | 21.57 | 0.29 | 15.36 | 0.25 | 22.13 | 0.39 |
| Scrap sales | 0.39 | 0.01 | 1.02 | 0.01 | 8.23 | 0.14 | 2.11 | 0.04 |
| Other operating | 0.39 | 0.01 | 22.59 | 0.30 | 23.59 | 0.39 | 24.24 | 0.43 |

| Particulars | Six months ended September 30, 2021 | | Fiscal 2021 | | Fiscal 2020 | | Fiscal 2019 | |
|--------------------------------------|--|------------------------|-----------------|------------------------|-----------------|------------------------|-----------------|------------------------|
| | Amount | Percentage of total | Amount | Percentage of total | Amount | Percentage of total | Amount | Percentage of total |
| | (₹ million) | (%) | (₹ million) | (%) | (₹ million) | (%) | (₹ million) | (%) |
| revenues | | | | | | | | |
| Total revenue from operations | 4,505.10 | 100.00 | 7,407.64 | 100.00 | 6,081.70 | 100.00 | 5,655.06 | 100.00 |

Set forth below is a breakdown of our revenue from operations for the period/years indicated, broken down by type of manufactured good.

(₹ in millions)

| | Six months ended September 30, 2021 | | Fiscal 2021 | | Fiscal 2020 | | Fiscal 2019 | |
|--|--|------------------------|-----------------|------------------------|-----------------|------------------------|-----------------|------------------------|
| | Amount | Percentage of total | Amount | Percentage of total | Amount | Percentage of total | Amount | Percentage of total |
| | (₹ million) | (%) | (₹ million) | (%) | (₹ million) | (%) | (₹ million) | (%) |
| Revenue by offerings | | | | | | | | |
| Manufactured goods | | | | | | | | |
| (a) Marine chemicals | | | | | | | | |
| Salt | 1,834.37 | 40.72 | 3,637.15 | 49.10 | 3,520.09 | 57.88 | 2,998.47 | 53.02 |
| Bromine | 2,668.07 | 59.22 | 3,444.10 | 46.49 | 2,155.03 | 35.43 | 2,252.58 | 39.83 |
| Sulphate of Potash | 2.27 | 0.05 | 325.37 | 4.39 | 398.36 | 6.55 | 401.90 | 7.11 |
| (b) Others | 0.39 | 0.01 | 1.02 | 0.01 | 8.22 | 0.14 | 2.11 | 0.04 |
| Revenue from contracts with customers | 4,505.10 | 100.00 | 7,407.64 | 100.00 | 6,081.70 | 100.00 | 5,655.06 | 100.00 |

Other income

Other income primarily comprises interest income, provision no longer required, net gain on exchange fluctuation, profit from the sale of mutual funds, amongst others.

Expenses

Our expenses comprise the following:

- Cost of materials consumed: Cost of materials consumed comprises (i) the cost of raw materials used in the manufacture of our products; (ii) the cost of packing materials; (iii) the cost of stores and spares; and (iv) the cost of other materials. Our raw materials include Sulphuric Acid, Chlorine and Caustic Lye, amongst others.
- Changes in inventories of finished goods, work-in-progress and stock-in-trade: Changes in inventories of finished goods, work-in-progress and stock-in-trade denotes increase/decrease in inventories of finished goods, work-in-progress and stock-in-trade between opening and closing dates of a reporting period.
- Employee benefit expense: Employee benefit expense comprises salaries, wages and bonus, contribution to provident and other funds and staff welfare expenses.
- Finance cost: Finance cost comprises interest expenses on term loans, debentures, working capital borrowings and finance leases, bank charges and interest on delayed payment of taxes.
- Depreciation and amortisation expense: Depreciation and amortisation expense comprises depreciation of tangible assets including our plant and machinery, building, factory equipment, computer equipment, office and other equipment, furniture and fixture, amongst others; and amortisation of intangible assets including computer software and others.

- f) Other expenses: Other expenses comprise primarily of (a) packing, dispatching and freight expenses, which includes transportation cost to ports, barging / stevedoring expense, ocean freight, amongst others; (b) power and fuel expenses, which includes coal and diesel expenses; (c) loading charges; and (d) other expenses, such as insurance, legal and professional charges, repairs and maintenance, travelling and conveyance, and selling and distribution expenses, amongst others.

Set forth below is a breakdown of our total expenses as a percentage of our revenue from operations for the period/years indicated.

| | Six months ended September 30, 2021 | | Fiscal 2021 | | Fiscal 2020 | | Fiscal 2019 | |
|---|--|--|-----------------|--|-----------------|--|-----------------|--|
| | Amount | Percent age of revenue from operatio ns | Amount | Percent age of revenue from operati ons | Amount | Percent age of revenue from operati ons | Amount | Percent age of revenue from operatio ns |
| | (₹ million) | (%) | (₹ million) | (%) | (₹ million) | (%) | (₹ million) | (%) |
| Cost of materials consumed | 215.69 | 4.79 | 167.46 | 2.26 | 249.99 | 4.11 | 342.38 | 6.05 |
| Purchases of stock-in-trade | - | - | - | - | 111.17 | 1.83 | 94.21 | 1.67 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | (61.59) | (1.37) | (78.52) | (1.06) | (357.79) | (5.88) | 523.77 | 9.26 |
| Employee benefits expense | 184.36 | 4.09 | 353.20 | 4.77 | 344.69 | 5.67 | 303.86 | 5.37 |
| Finance cost | 817.38 | 18.14 | 1,303.92 | 17.60 | 1,217.58 | 20.02 | 1,176.40 | 20.80 |
| Depreciation and amortisation expense | 327.72 | 7.27 | 553.97 | 7.48 | 517.61 | 8.51 | 493.17 | 8.72 |
| Other expenses | 2,325.26 | 51.61 | 4,343.22 | 58.63 | 4,253.78 | 69.94 | 3,664.04 | 64.79 |
| Total expenses | 3,808.82 | 84.54 | 6,643.25 | 89.68 | 6,337.03 | 104.20 | 6,597.83 | 116.67 |

Income Tax Expenses

Our income tax expenses represent the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by income tax payable for earlier years and deferred tax charges or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). Income tax expenses for the six-month period ended September 30, 2021 and in Fiscals 2021, 2020 and 2019, amounted to ₹201.46 million, ₹238.59 million, ₹195.29 million and ₹(125.88) million, respectively.

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled or the asset realized. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Deferred tax is reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably certain, as the case may be, to be realized.

Operating Segment

Our Company is exclusively engaged in the business of manufacturing of marine chemicals. As such, in accordance with Ind AS, our Company's business is considered to constitute one single business segment.

Geographic information

The geographic information analyses our revenues by our country of domicile and other countries for the

periods/years indicated. In presenting geographic information, revenue has been based on the location of the customers.

(₹ in millions)

| Revenue by Geography | For the six-month period ended September 30, 2021 | For Fiscal 2021 | For Fiscal 2020 | For Fiscal 2019 |
|--|---|-----------------|-----------------|-----------------|
| India | 1,435.78 | 1,895.55 | 1,313.32 | 1,108.84 |
| Rest of the world | 3,069.32 | 5,512.09 | 4,768.38 | 4,546.22 |
| Total revenue from contracts with customers | 4,505.10 | 7,407.64 | 6,081.70 | 5,655.06 |

The following table sets out the total carrying amount of our non-current assets as at September 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019, broken down by location of the assets. Our manufacturing facility is located in India.

(₹ in millions)

| Non-current assets* | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
|---------------------|--------------------------|----------------------|----------------------|----------------------|
| India | 11,534.74 | 11,318.25 | 11,664.29 | 10,716.92 |
| Rest of the world | - | - | - | - |
| Total | 11,534.74 | 11,318.25 | 11,664.29 | 10,716.92 |

* Non-current assets are used in the operations of the Company to generate revenues both in India and outside India.

Results of operations based on our Restated Financial Statements

Set forth below is certain select financial information based on our Restated Financial Statements for the six-month period ended September 30, 2021 and for Fiscal 2021, Fiscal 2020 and Fiscal 2019, the components of which are also expressed as a percentage of our total income, for the periods indicated.

| | Six months ended September 30, 2021 | | Fiscal 2021 | | Fiscal 2020 | | Fiscal 2019 | |
|---|-------------------------------------|-----------------------------|-----------------|-----------------------------|-----------------|-----------------------------|-----------------|-----------------------------|
| | Amount | Percent age of total income | Amount | Percent age of total income | Amount | Percent age of total income | Amount | Percent age of total income |
| | (₹ million) | (%) | (₹ million) | (%) | (₹ million) | (%) | (₹ million) | (%) |
| Income | | | | | | | | |
| Revenue from operations | 4,505.10 | 98.13 | 7,407.64 | 98.14 | 6,081.70 | 98.57 | 5,655.06 | 98.71 |
| Other income | 85.77 | 1.87 | 140.26 | 1.86 | 88.27 | 1.43 | 74.00 | 1.29 |
| Total income | 4,590.87 | 100.00 | 7,547.90 | 100.00 | 6,169.97 | 100.00 | 5,729.06 | 100.00 |
| Expenses | | | | | | | | |
| Cost of materials consumed | 215.69 | 4.70 | 167.46 | 2.22 | 249.99 | 4.05 | 342.38 | 5.98 |
| Purchases of stock-in-trade | - | - | - | - | 111.17 | 1.80 | 94.21 | 1.64 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | (61.59) | (1.34) | (78.52) | (1.04) | (357.79) | (5.80) | 523.77 | 9.14 |
| Employee benefits expense | 184.36 | 4.02 | 353.20 | 4.68 | 344.69 | 5.59 | 303.86 | 5.30 |
| Finance cost | 817.38 | 17.80 | 1,303.92 | 17.28 | 1,217.58 | 19.73 | 1,176.40 | 20.53 |
| Depreciation and amortisation expense | 327.72 | 7.14 | 553.97 | 7.34 | 517.61 | 8.39 | 493.17 | 8.61 |
| Other expenses | 2,325.26 | 50.65 | 4,343.22 | 57.54 | 4,253.78 | 68.94 | 3,664.04 | 63.96 |
| Total expenses | 3,808.82 | 82.97 | 6,643.25 | 88.01 | 6,337.03 | 102.71 | 6,597.83 | 115.16 |
| Restated profit / (loss) before exceptional items and tax | 782.05 | 17.03 | 904.65 | 11.99 | (167.06) | (2.71) | (868.77) | (15.16) |
| Exceptional items | | | | | | | | |

| | Six months ended September 30, 2021 | | Fiscal 2021 | | Fiscal 2020 | | Fiscal 2019 | |
|--|--|--------------------------------------|---------------|--------------------------------------|-----------------|--------------------------------------|-----------------|--------------------------------------|
| | Amount | Percent age of total income | Amount | Percent age of total income | Amount | Percent age of total income | Amount | Percent age of total income |
| | (₹ million) | (%) | (₹ million) | (%) | (₹ million) | (%) | (₹ million) | (%) |
| Write back of loans and interest | - | - | - | - | - | - | 1,142.61 | 19.94 |
| Restated profit / (loss) before tax | 782.05 | 17.03 | 904.65 | 11.99 | (167.06) | (2.71) | 273.84 | 4.78 |
| Income tax expense | | | | | | | | |
| Current tax | - | - | - | - | - | - | - | - |
| (Excess) provision for tax relating to prior years | - | - | - | - | - | - | - | - |
| MAT credit write-off | - | - | - | - | 58.66 | 0.95 | - | - |
| Deferred tax | 201.46 | 4.39 | 238.59 | 3.16 | 136.63 | 2.21 | (125.88) | (2.20) |
| Total income tax expenses | 201.46 | 4.39 | 238.59 | 3.16 | 195.29 | 3.17 | (125.88) | (2.20) |
| Restated profit / (loss) for the period after tax | 580.59 | 12.65 | 666.06 | 8.83 | (362.35) | (5.88) | 399.72 | 6.98 |

Six months ended September 30, 2021

Income

Our total income was ₹4,590.87 million for the six months ended September 30, 2021, of which ₹4,505.10 million, or 98.13%, was derived from revenue from operations.

Revenue from Operations

Our revenue from operations was ₹4,505.10 million in the six months ended September 30, 2021. For the six months ended September 30, 2021, our revenue from sales of products was ₹4,504.71 million, of which:

- ₹3,069.32 million, or 68.13%, was derived from export sales, and ₹1,435.39 million, or 31.87%, was derived from domestic sales; and
- ₹2,668.07 million, or 59.22%, was derived from sales of bromine, and ₹1,834.38 million, or 40.72%, was derived from sales of salt.

In the six months ended September 30, 2021, we sold 9,597.91 MT of bromine at an average unit price of ₹277,984/MT and 1.52 MMTA of industrial salt at an average unit price of ₹1,206.83/MT.

Other Income

Our other income was ₹85.77 million in the six months ended September 30, 2021 and principally comprised provision no longer required of ₹54.44 million, net gain on exchange fluctuation of ₹13.69 million, miscellaneous income of ₹5.72 million, and interest income of ₹5.75 million.

Expenses

Cost of Goods Sold

Our Cost of Goods Sold, which is calculated as our total expenses, less finance costs and certain other expenses (see “– Key Performance Indicators and Non-GAAP Financial Measures” beginning on page 259 for more information) was ₹2,455.66 million for the six months ended September 30, 2021, which represented 54.51% of total revenue from operations for the period.

Employee benefits expense

Our employee benefits expense was ₹184.36 million in the six months ended September 30, 2021, which principally comprised salaries and wages of ₹176.43 million, contributions to provident and other funds of ₹7.13 million and staff welfare expenses of ₹0.80 million.

Finance cost

Our finance cost was ₹817.38 million in the six months ended September 30, 2021, which primarily comprised interest expenses on (i) debentures of ₹768.72 million and (ii) finance leases of ₹32.65 million.

Depreciation and amortisation expense

Our depreciation and amortisation expense was ₹327.72 million in the six months ended September 30, 2021, which primarily comprised depreciation on property, plant and equipment and Right of Use assets pertaining to continuing operations of ₹327.54 million.

Other expenses

Our other expenses were ₹2,325.26 million in the six months ended September 30, 2021. Other expenses for the period primarily comprised of (i) packing, dispatching and freight charges of ₹1,342.62 million, (ii) power and fuel expense of ₹414.70 million, (iii) loading charges of ₹200.67 million, and (iv) consumption of stores and spares of ₹101.63 million.

Restated profit / (loss) before tax

As a result of the foregoing, we recorded a restated profit before tax of ₹782.05 million in the six months ended September 30, 2021.

Income tax expenses

For the six months ended September 30, 2021, our tax expenses, which comprised entirely of deferred tax, was ₹201.46 million.

Restated profit / (loss) for the period after tax

As a result of the foregoing, we recorded a restated profit for the period after tax of ₹580.59 million for the six months ended September 30, 2021.

Results of operations for the Fiscal 2021 compared with Fiscal 2020

(₹ in millions)

| Particulars | For the year ended March 31, | | Change (%) |
|---|------------------------------|-----------------|--------------|
| | 2021 | 2020 | |
| Income | | | |
| Revenue from operations | 7,407.64 | 6,081.70 | 21.80 |
| Other income | 140.26 | 88.27 | 58.90 |
| Total income | 7,547.90 | 6,169.97 | 22.33 |
| Expenses | | | |
| Cost of materials consumed | 167.46 | 249.99 | (33.01) |
| Purchases of stock-in-trade | - | 111.17 | (100.00) |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | (78.52) | (357.79) | (78.05) |
| Employee benefits expense | 353.20 | 344.69 | 2.47 |
| Finance cost | 1,303.92 | 1,217.58 | 7.09 |
| Depreciation and amortisation expense | 553.97 | 517.61 | 7.02 |
| Other expenses | 4,343.22 | 4,253.78 | 2.10 |
| Total expenses | 6,643.25 | 6,337.03 | 4.83 |
| Restated profit / (loss) before exceptional items and tax | 904.65 | (167.06) | N/A |
| Exceptional items: | | | |
| Write back of loans and interest | - | - | - |
| Restated profit / (loss) for the year before | 904.65 | (167.06) | N/A |

| Particulars | For the year ended March 31, | | Change (%) |
|--|------------------------------|-----------------|--------------|
| | 2021 | 2020 | |
| tax | | | |
| Income tax expense: | | | |
| Current tax | - | - | - |
| (Excess) provision for tax relating to prior years | - | - | - |
| MAT credit write-off | - | 58.66 | (100.00) |
| Deferred tax | 238.59 | 136.63 | 74.63 |
| Total income tax expenses | 238.59 | 195.29 | 22.17 |
| Restated profit / (loss) for the year after tax | 666.06 | (362.35) | N/A |

Total Income

Our total income increased by 22.33% to ₹7,547.90 million for Fiscal 2021 from ₹6,169.97 million for Fiscal 2020. In Fiscal 2021 and Fiscal 2020, our revenue from operations constituted 98.14% and 98.57% of our total income, respectively.

Revenue from Operations

Our revenue from operations increased by 21.80% to ₹7,407.64 million for Fiscal 2021 from ₹6,081.70 million for Fiscal 2020. This increase can be primarily attributed to a 59.82% increase in revenue from sales of bromine. In respect of bromine, our sales volume increased to 12,033 MT in Fiscal 2021 from 8,755 MT in Fiscal 2020, and our average unit price increased to ₹286,221/MT in Fiscal 2021 from ₹246,148/MT in Fiscal 2020. Our bromine manufacturing capacity expanded to 28,500 MT per annum in Fiscal 2021 from 10,500 MT per annum previously, which enabled us to increase production levels to meet customer demand. The average unit selling price of our bromine products increased by 16.28% due to global increase in bromine pricing, in part caused by the continued decreasing bromine production from China.

Our other operating revenues decreased by 4.24% to ₹22.59 million for Fiscal 2021 from ₹23.59 million for Fiscal 2020. Such decrease was primarily due to a decrease in scrap sales from ₹8.23 million in Fiscal 2020 to ₹1.02 million in Fiscal 2021, which was partially offset by an increase in export incentives from ₹15.36 million in Fiscal 2020 to ₹21.57 million in Fiscal 2021.

Other Income

Our other income increased by 58.90% to ₹140.26 million in Fiscal 2021 from ₹88.27 million in Fiscal 2020, which was primarily due to a net gain on exchange fluctuation of ₹92.85 million in Fiscal 2021 on account of a restatement of foreign balances (Rupee appreciated from ₹75.39:US\$1.00 as at March 31, 2020 to ₹73.50:US\$1.00 as at March 31, 2021) and an increase in miscellaneous income to ₹19.46 million in Fiscal 2021 from ₹0.20 million in Fiscal 2020. Such increase was partially offset by a decrease in provision no longer required to ₹2.17 million in Fiscal 2021 from ₹75.61 million in Fiscal 2020.

Expenses

Cost of Goods Sold

Our Cost of Goods Sold, which is calculated as our total expenses, less finance costs and certain other expenses, increased by ₹314.75 million, or 8.74%, to ₹3,914.21 million for Fiscal 2021 from ₹3,599.46 million for Fiscal 2020. As a percentage of total revenue from operations for the fiscal year, our Cost of Goods Sold decreased from 59.19% in Fiscal 2020 to 52.84%, which was primarily due a decrease in the loading charges by 1% and a foreign exchange loss in Fiscal 2020 of 3%, a decrease in depreciation expenses and employee benefit expenses by 1% as a percentage of total revenue from operations offset in part by an increase in consumption of raw material due to higher sales mix of bromine of 11.06% in Fiscal 2021.

For more information on the calculation of Cost of Goods Sold, see “– Key Performance Indicators and Non-GAAP Financial Measures” beginning on page 259 of this section for more information.

Employee benefits expense

Our employee benefits expense increased by 2.47% to ₹353.20 million in Fiscal 2021 from ₹344.69 million in Fiscal 2020. This increase was primarily due to an increase of ₹3.55 million, or 1.07%, in salaries, wages and bonuses and an increase of ₹4.45 million, or 47.55%, in contributions to provident and other funds.

Finance cost

Our finance cost increased by 7.09% to ₹1,303.92 million in Fiscal 2021 from ₹1,217.58 million in Fiscal 2020. This increase was primarily due to an increase of ₹80.06 million (or 7.10%), due to an increase in interest accrued but not due as at March 31, 2021.

Depreciation and amortisation expense

Our depreciation and amortisation expense increased by 7.02% to ₹553.97 million in Fiscal 2021 from ₹517.61 million in Fiscal 2020. This increase was primarily due to property, plant & equipment additions (including the bromine expansion capitalized on 18 February 2021) amounting to ₹1,545.70 million, which includes pre-operative expenses of ₹196.33 million. Effective as of 1 April 2020, the Company re-assessed the estimated useful life of certain plant & machinery, buildings, etc., based on a technical evaluation carried out. Due to the reassessment of estimated useful life, depreciation cost has decreased by ₹17.96 million.

Other expenses

Our other expenses increased by 2.10% to ₹4,343.22 million in Fiscal 2021 from ₹4,253.78 million in Fiscal 2020. The increase was mainly driven by (i) an increase of ₹214.17 million, or 8.36%, in packing, dispatching and freight charges, (ii) an increase of ₹90.83 million, or 20.44%, in power and fuel due to an increase in crude oil prices, and (iii) an increase of ₹62.78 million, or 162.48%, in insurance costs due to the increase in tariff and an increase in jetty maintenance charges of ₹228.39 million. Such increases were partially offset by a decrease of ₹96.54 million, or 63.99%, in legal and professional charges and the one-time net loss on exchange fluctuation of ₹161.92 million incurred in Fiscal 2020, which was not incurred in Fiscal 2021.

Restated profit / (loss) before tax

As a result of the foregoing, we recorded a profit before tax of ₹904.65 million in Fiscal 2021, as compared to loss before tax of ₹(167.06) million in Fiscal 2020.

Income tax expense

Our income tax expense increased by 22.17% to ₹238.59 million in Fiscal 2021 from ₹195.29 million in Fiscal 2020, which was primarily due to an increase in the deferred tax charge to ₹238.59 million in Fiscal 2021 from ₹136.63 million in Fiscal 2020. In Fiscal 2020, we had a MAT credit write-off of ₹58.66 million, which was not incurred in Fiscal 2021. There was a decrease in carry forward losses in Fiscal 2021 due to profits earned by the Company during the year and an increase in the taxable depreciation due to additions made in the relevant period.

Restated profit / (loss) for the year after tax

As a result of the foregoing, we recorded a profit for the year of ₹666.06 million in Fiscal 2021 as compared to a loss for the year of ₹(362.35) million in Fiscal 2020.

Results of operations for the Fiscal 2020 compared with Fiscal 2019

(₹ in millions)

| Particulars | For the year ended March 31, | | Change (%) |
|---|------------------------------|-----------------|-------------|
| | 2020 | 2019 | |
| Income | | | |
| Revenue from operations | 6,081.70 | 5,655.06 | 7.54 |
| Other income | 88.27 | 74.00 | 19.28 |
| Total income | 6,169.97 | 5,729.06 | 7.70 |
| Expenses | | | |
| Cost of materials consumed | 249.99 | 342.38 | (26.99) |
| Purchases of stock-in-trade | 111.17 | 94.21 | 18.00 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | (357.79) | 523.77 | N/A |

| Particulars | For the year ended March 31, | | Change (%) |
|--|------------------------------|-----------------|-----------------|
| | 2020 | 2019 | |
| Employee benefits expense | 344.69 | 303.86 | 13.44 |
| Finance cost | 1,217.58 | 1,176.40 | 3.50 |
| Depreciation and amortisation expense | 517.61 | 493.17 | 4.96 |
| Other expenses | 4,253.78 | 3,664.04 | 16.10 |
| Total expenses | 6,337.03 | 6,597.83 | (3.95) |
| Restated profit / (loss) before exceptional items and tax | (167.06) | (868.77) | (80.77) |
| Exceptional items: | | | |
| Write back of loans and interest | - | 1,142.61 | (100.00) |
| Restated profit / (loss) for the year before tax | (167.06) | 273.84 | (161.01) |
| Income tax expense: | | | |
| Current tax | - | - | - |
| (Excess) provision for tax relating to prior years | - | - | - |
| MAT credit write-off | 58.66 | - | N/A |
| Deferred tax | 136.63 | (125.88) | N/A |
| Total income tax expenses | 195.29 | (125.88) | N/A |
| Restated profit / (loss) for the year after tax | (362.35) | 399.72 | (190.65) |

Total Income

Our total income increased by 7.70% to ₹6,169.97 million in Fiscal 2020 from ₹5,729.06 million in Fiscal 2019. In Fiscal 2020 and Fiscal 2019, our revenue from operations constituted 98.57% and 98.71% of our total income, respectively.

Revenue from Operations

Our revenue from operations increased by 7.54% to ₹6,081.70 million in Fiscal 2020 from ₹5,655.06 million in Fiscal 2019. This increase can be primarily attributed to a 17.40% increase in revenue from sales of salt as a result of an increase in sales volume to 2.6 million MMTA (million MT) in Fiscal 2020 from 2.1 MMTA in Fiscal 2019, which was partially offset by a decrease in our average unit price to ₹1,353.88/MT in Fiscal 2020 from ₹1,427.84/MT in Fiscal 2019.

Our other operating revenues decreased by 2.68% to ₹23.59 million for Fiscal 2020 from ₹24.24 million for Fiscal 2019. Such decrease was primarily due to a decrease in export incentives from ₹22.13 million in Fiscal 2019 to ₹15.36 million in Fiscal 2020, which was partially offset by an increase in scrap sales from ₹2.11 million in Fiscal 2019 to ₹8.23 million in Fiscal 2020.

Other Income

Our other income increased by 19.28% to ₹88.27 million in Fiscal 2020 from ₹74.00 million in Fiscal 2019. Such increase was primarily attributable to the recognition in Fiscal 2020 of a provision no longer required in the amount of ₹75.61 million and an increase in profit on sale from mutual funds to ₹10.81 million in Fiscal 2020 from ₹0.98 million in Fiscal 2019, which was partially offset by the lack of any gain from exchange fluctuation in Fiscal 2020 as compared to a net gain on exchange fluctuation of ₹68.82 million in Fiscal 2019.

Expenses

Cost of Goods Sold

Our Cost of Goods Sold, which is calculated as our total expenses, less finance costs and certain other expenses, decreased by ₹343.40 million, or 8.71%, to ₹3,599.46 million for Fiscal 2020 from ₹3,942.86 million for Fiscal 2019, which was primarily due to a one-time write-off of inventory during Fiscal 2019 amounting to ₹406.62 million, a provision for non-moving KTMS of ₹82.33 million and an additional provision on salt amounting to ₹82.03 million, which was partially offset by an increase in certain manufacturing expenses in Fiscal 2020. As a percentage of total revenue from operations for the fiscal year, our Cost of Goods Sold decreased from 69.72% in

Fiscal 2020 to 59.19%. For more information on the calculation of Cost of Goods Sold, see “– Key Performance Indicators and Non-GAAP Financial Measures” beginning on page 259 of this section for more information.

Employee benefits expense

Our employee benefits expense increased by 13.44% to ₹344.69 million in Fiscal 2020 from ₹303.86 million in Fiscal 2019. This increase was primarily due to an increase of ₹41.86 million, or 14.45%, in salaries, wages and bonus.

Finance cost

Our finance costs increased by 3.50% to ₹1,217.58 million in Fiscal 2020 from ₹1,176.40 million in Fiscal 2019. This increase was primarily due to an increase of ₹513.86 million, or 83.70%, in interest on debentures. Such increase was partially offset by a decrease in interest on term loans from ₹383.41 million in Fiscal 2019 to ₹Nil in Fiscal 2020 after we repaid such loans in Fiscal 2019. Interest in debentures was charged off for the full year in Fiscal 2020 as compared to Fiscal 2019. In addition, our borrowings from debentures increased by ₹1,003 million during the Fiscal 2020.

Depreciation and amortisation expense

Our depreciation and amortisation expense increased by 4.96% to ₹517.61 million in Fiscal 2020 from ₹493.17 million in Fiscal 2019, primarily due to an increase in the opening net block for Fiscal 2020.

Other expenses

Our other expenses increased by 16.10% to ₹4,253.78 million in Fiscal 2020 from ₹3,664.04 million in Fiscal 2019. The increase was mainly driven by (i) an increase of ₹368.35 million, or 16.78%, in packing, dispatching and freight charges, (ii) a ₹161.92 million net loss on exchange fluctuation incurred in Fiscal 2020, as compared to ₹Nil in Fiscal 2019, and (iii) an increase of ₹112.78 million, or 45.51%, in loading charges, which was a result of higher transportation costs at the port during the Fiscal 2020 and a foreign exchange loss on our customer advances on account of a depreciation of the Rupee during Fiscal 2020.

Restated profit / (loss) before exceptional items and tax

As a result of the foregoing, we recorded a decreased loss before exceptional items and tax of ₹(167.06) million in Fiscal 2020 as compared to ₹(868.77) million in Fiscal 2019.

Exceptional items

In Fiscal 2019, we recorded a write-back of loans and interest of ₹1,142.61 million as a result of the Fiscal 2019 Debt Restructuring. For more information about the Fiscal 2019 Debt Restructuring, see “History and Certain Corporate Matters” and “– Liquidity and Capital Resources” in this section beginning on pages 161 and 273, respectively. No such write-back was recorded in Fiscal 2020.

Restated profit / (loss) before tax

As a result of the foregoing, we recorded a loss before tax of ₹(167.06) million in Fiscal 2020 as compared to a profit before tax of ₹273.84 million in Fiscal 2019.

Income tax expense

Our income tax expense in Fiscal 2020 was ₹195.29 million primarily due to a deferred tax charge of ₹136.63 million and a MAT credit write-off of ₹58.66 million. In Fiscal 2019, we had an income tax credit of ₹(125.88) million primarily on account of a deferred tax credit of ₹(125.88) million. Our deferred tax asset increased by ₹395 million on account of an increase in carry forward losses, which was partially offset by property, plant and equipment.

Restated profit / (loss) for the year after tax

As a result of the foregoing, we recorded a loss for the year of ₹(362.35) million in Fiscal 2020 as compared to a profit for the year of ₹399.72 million in Fiscal 2019.

Liquidity and Capital Resources

Capital Requirements

Our principal capital requirements are for payment of principal and interest on our borrowings, capital expenditure and working capital. Our principal source of funding has been and is expected to continue to be, cash generated from our operations, supplemented by borrowings through NCDs and from banks and financial institutions and optimisation of operating working capital. For the six months ended September 30, 2021, and in Fiscal 2021, Fiscal 2020 and Fiscal 2019, we met our funding requirements, including satisfaction of debt obligations, capital expenditure, investments, other working capital requirements and other cash outlays, principally with funds generated from operations, optimisation of operating working capital with the balance met from external borrowings and a fund raising by way of NCDs.

Liquidity

Our liquidity requirements arise principally from our operating activities, capital expenditures for construction of new facilities, upgrading and maintenance of existing facilities and undertaking of new projects, the repayment of borrowings and debt service obligations. Historically, our principal sources of funding have included cash generated from operations, borrowings by way of NCDs, short-term and long-term borrowings from banks, credit granted by suppliers, and cash and cash equivalents. We have entered into some post-shipment facilities, which provides sufficient liquidity for our present requirements. We are working to organize low-cost working capital finance, which would reduce our overall cost of borrowings if successful.

We had cash and cash equivalents of ₹247.18 million, ₹315.04 million, ₹244.79 million and ₹472.36 million as of September 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019, respectively.

Cash Flows

The following table summarizes our cash flows for the six months ended September 30, 2021, and in Fiscal 2021, Fiscal 2020 and Fiscal 2019:

| Particulars | For the six months ended September 30, 2021 | (₹ in millions) | | |
|--|---|-----------------------------------|-----------------|---------------|
| | | For the year ended March 31, 2021 | 2020 | 2019 |
| Net cash generated from operating activities | 1,540.13 | 1,190.97 | 1,475.51 | 3,162.14 |
| Net cash (used in) investing activities | (820.70) | (17.52) | (1,966.65) | (248.57) |
| Net cash generated from / (used in) financing activities | (787.29) | (1,103.20) | 263.58 | (2,563.37) |
| Net (decrease) / increase in cash and cash Equivalents | (67.86) | 70.25 | (227.57) | 350.20 |
| Cash and cash equivalents at the beginning of the period/year | 315.04 | 244.79 | 472.36 | 122.16 |
| Cash and cash equivalents at the end of the period/year | 247.18 | 315.04 | 244.79 | 472.36 |

Cash flows generated from operating activities

We generated ₹1,540.13 million net cash from operating activities during the six months ended September 30, 2021. While our restated profit before exceptional items and tax was ₹782.05 million, we had an operating profit before working capital changes of ₹1,156.58 million, primarily due to adjustments for finance costs of ₹817.38 million and depreciation and amortisation expense of ₹327.72 million. Our adjustments for working capital changes for the six months ended September 30, 2021 primarily consisted of a decrease in other liabilities of

₹(241.97) million and increases in trade receivables of ₹(157.07) million and in inventories of ₹(84.83) million, which were partially offset by an increase in trade payables of ₹66.48 million.

We generated ₹1,190.97 million net cash from operating activities during Fiscal 2021. While our restated profit before exceptional items and tax was ₹904.65 million, we had an operating profit before working capital changes of ₹1,969.17 million, primarily due to adjustments for finance costs of ₹1,303.92 million and depreciation and amortisation expense of ₹553.97 million. Our adjustments for working capital changes for Fiscal 2021 primarily consisted of decreases in other liabilities of ₹(687.49) million and in trade payables of ₹(551.18) million and increases in trade receivables of ₹(265.40) million and in inventories of ₹(118.04) million.

We generated ₹1,475.51 million net cash from operating activities during Fiscal 2020. While our restated loss before exceptional items and tax was ₹(167.06) million, we had an operating profit before working capital changes of ₹1,840.60 million, primarily due to adjustments for finance costs of ₹1,217.58 million and depreciation and amortisation expense of ₹517.61 million. Our adjustments for working capital changes for Fiscal 2020 primarily consisted of a decrease in other liabilities of ₹(498.02) million and increases in inventories of ₹(360.70) million and in other assets of ₹(241.99) million, which were partially offset by an increase in trade payables of ₹629.74 million and a decrease in trade receivables of ₹270.48 million. Our cash generated from operating activities was ₹1,478.01 million, adjusted by income tax paid of ₹(2.50) million.

We generated ₹3,162.14 million net cash from operating activities during Fiscal 2019. While our restated profit before exceptional items and tax was ₹273.84 million, we had an operating profit before working capital changes of ₹653.56 million, primarily due to adjustments for finance costs of ₹1,176.40 million and depreciation and amortisation expense of ₹493.17 million, which were partially offset by an adjustment for exceptional items of ₹(1,142.61) million. Our adjustments for working capital changes for Fiscal 2019 primarily consisted of an increase in other liabilities of ₹2,271.47 million and decreases in inventories of ₹497.85 million and in other assets of ₹396.54 million, which were partially offset by an increase in trade receivables of ₹(556.64) million and a decrease in trade payables of ₹(361.75) million. Our cash generated from operating activities was ₹3,172.49 million, adjusted by income tax paid of ₹(10.35) million.

Cash flows used in investing activities

Net cash used in investing activities was ₹(820.70) million in the six months ended September 30, 2021, primarily on account of ₹(679.78) million used for payments for property, plant and equipment principally for bund expansion, and ₹(181.74) million in investments in/maturity of bank deposits (net), which was partially offset by the net proceeds from sale of mutual funds of ₹36.65 million.

Net cash used in investing activities was ₹(17.52) million in Fiscal 2021, primarily on account of ₹(105.47) million used for payments for property, plant and equipment principally for the Bromine Expansion project, which was partially offset by the net proceeds from sale of mutual funds of ₹72.99 million.

Net cash used in investing activities was ₹(1,966.65) million in Fiscal 2020, primarily on account of ₹(1,520.31) million used for payments for property, plant and equipment principally for the Bromine Expansion project, and ₹(460.77) million used for the purchase of mutual funds.

Net cash used in investing activities was ₹(248.57) million in Fiscal 2019, primarily on account of ₹(316.71) million used for payments for property, plant and equipment, which was partially offset by a net foreign exchange gain of ₹65.80 million.

Cash flows generated from / (used in) financing activities

Net cash used in financing activities in the six months ended September 30, 2021 amounted to ₹(787.29) million, which primarily consisted of interest paid – others in the amount of ₹(769.74) million, repayment of borrowings in the amount of ₹(106.49) million and repayment towards lease liabilities in the amount of ₹(58.14) million, which was partially offset by the receipt of proceeds from borrowings in the amount of ₹147.08 million.

Net cash used in financing activities in Fiscal 2021 amounted to ₹(1,103.20) million, which primarily consisted of interest paid – others in the amount ₹(1,003.42) million, the repayment of borrowings in the amount of ₹(90.63) million and the repayment towards lease liabilities in the amount of ₹(110.44) million, which were partially offset

by proceeds from borrowings in the amount of ₹101.29 million. The interest paid – others includes an amount of ₹257.70 million that has been capitalized in Fiscal 2021 in connection with the Bromine expansion project.

Net cash generated from financing activities in Fiscal 2020 amounted to ₹263.58 million, which primarily consisted of proceeds from borrowings in the amount of ₹1,178.14 million, which was partially offset by interest paid – others in the amount ₹(826.00) million and the repayment towards lease liabilities in the amount of ₹(75.08) million.

Net cash used in financing activities in Fiscal 2019 amounted to ₹(2,563.37) million, which primarily consisted the repayment of borrowings in the amount of ₹(8,319.00) million, interest paid – others in the amount ₹(1,116.69) million and a change in working capital borrowing in the amount of ₹(526.88) million, which were partially offset by the proceeds from borrowings in the amount of ₹7,468.13 million.

Capital and Other Commitments

As of September 30, 2021 and March 31, 2021, the estimated amount of contracts remaining to be executed on capital account not provided for was ₹51.31 million and ₹362.74 million, respectively.

Lease Liabilities

We enter into has lease contracts for land and buildings and ISO tanks used in our operations. Leases of right-to-use assets generally have lease terms between 4 to 30 years.

The following table sets forth a summary of our lease liabilities as of September 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019, broken down by current and non-current:

(₹ in millions)

| Particulars | Non-Current | | | |
|---|--------------------------|----------------------|----------------------|----------------------|
| | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
| Liability on right to use assets under Ind AS 116 | 408.42 | 401.78 | 381.62 | 334.40 |
| Total | 408.42 | 401.78 | 381.62 | 334.40 |

(₹ in millions)

| Particulars | Current | | | |
|---|--------------------------|----------------------|----------------------|----------------------|
| | As at September 30, 2021 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
| Liability on right to use assets under Ind AS 116 | 56.41 | 49.06 | 37.46 | 26.32 |
| Total | 56.41 | 49.06 | 37.46 | 26.32 |

Capital Expenditure

In the six months ended September 30, 2021, and in Fiscal 2021, Fiscal 2020 and Fiscal 2019, we incurred capital expenditure of ₹679.54 million, ₹362.12 million, ₹1,747.87 million and ₹337.34 million, respectively. We incurred higher capital expenditure during Fiscal 2020 in connection with the Bromine Expansion project.

We made significant investments in capital expenditures for the improvement and maintenance of our facility, including investments in salt beds, which typically have a three-to-four-year gestation period, upgrading our facility and flotation circuit to improve our Kainite Type Mixed Salt (“KTMS”) conversion ratio, and investments in ISO containers for the export of bromine. Our capital expenditures during these periods were primarily financed by internally-generated resources and long-term borrowings through NCDs.

As part of our growth strategy to diversify our product portfolio into the bromine derivative performance products business, we have approved the construction of a new bromine derivative performance products manufacturing facility to be located in Randedi, Gujarat, which will be owned by our wholly-owned subsidiary, Acume Chemicals Private Limited (the “Proposed Facility”). The proposed installed capacity of the Proposed Facility and the expected dates of commencement of commercial operation of each proposed product are as follows:

| Product | Proposed Installed Capacity | Expected commencement of commercial operation |
|--------------------------|-----------------------------|---|
| High-end flame retardant | 10,000 TPA | Fiscal 2024 |
| PTA synthesis | 5,000 TPA | Fiscal 2024 |
| Clear Brine fluids | 13,000 TPA | Fiscal 2024 |

As of the date of this Draft Red Herring Prospectus, we have completed the acquisition of the land at Plot 21-1 & 21-2, Jhagadia Gujarat Industrial Development Corporation (**GIDC**), Randedi, Gujarat – 393 110 (over a parcel of land admeasuring 34,983 square meters). The plot of land was allotted to our Company pursuant to an allotment letter dated December 24, 2021, issued by GIDC. We are currently in the process of applying for and obtaining the necessary statutory approvals.

The estimated cost for construction and setting up of the Proposed Facility is ₹2,517.00 million. As at December 31, 2021, we have incurred ₹125.51 million in connection with the Proposed Facility establishment. We expect the fund the entire capital expenditure through cash generated from our operations.

We are also looking to add an additional 12,500 MT pr annum to our bromine capacity by Fiscal 2023 at an estimate cost of plant and machinery of approximately ₹178.84 million, which we intend to fund through cash generated from our operations. All other physical plant requirements related to this bromine capacity expansion, such as buildings and other support infrastructure, were already completed as part of the Bromine Expansion project completed in Fiscal 2021.

Contingent Liabilities and Commitments

Contingent liabilities and commitments, to the extent not provided for, as of September 30, 2021, March 31, 2021, 2020 and 2019, as determined in accordance with Ind AS 37, are described below.

(₹ in millions)

| Contingent liabilities | As at September 30, 2021 | As at March 31, | | |
|--|--------------------------|-----------------|---------------|---------------|
| | | 2021 | 2020 | 2019 |
| Disputed service tax, sales tax, income tax and wealth tax dues under appeal | 166.25 | 166.25 | - | 54.00 |
| Capital commitments | 51.31 | 362.74 | 156.96 | 642.30 |
| Total | 217.56 | 528.99 | 156.96 | 696.30 |

For details, see “Financial Information – Notes to Restated Financial Information – Note 35.1 - Contingent liabilities and commitments (to the extent not provided for)” on page 235.

Financial Indebtedness

The following table sets forth our secured and unsecured debt position as of September 30, 2021 and March 31, 2021.

(₹ in millions)

| Indebtedness | As of September 30, 2021 | As of March 31, 2021 |
|--|--------------------------|----------------------|
| Non-Current | | |
| - Secured Borrowings, comprising of: | | |
| - Non-convertible debentures issued | 8,400.00 | 8,400.00 |
| - Vehicle loans | 64.75 | 64.12 |
| - Secured Borrowings | 8,464.75 | 8,464.12 |
| Current | | |
| - Secured Borrowings, comprising of: | | |
| - Current maturities of non-current borrowings | 32.57 | 27.11 |
| - Unsecured Borrowings, comprising of: | | |
| - Bills discounting | 127.61 | 93.12 |
| Total Indebtedness | 8,624.93 | 8,584.35 |

In November 2018, we entered into agreements with the India Resurgence Fund Scheme – I, India Resurgence Fund Scheme – II and Piramal Glass Private Limited for the issue of:

- (i). 8,400 non-convertible debentures with face value of ₹1.00 million each, aggregating to ₹8,400.00 million (“Series A NCDs”);
- (ii). 1,000 non-convertible debentures with face value of ₹1.00 million each, aggregating to ₹1,000.00 million as a contingency facility when required (“Series B NCDs”); and
- (iii). 672,000 unsecured compulsorily convertible debentures of ₹100 each, aggregating to ₹67.20 million (“CCDs”).

The 8,400 Series A NCDs were issued in Fiscal 2019 and have a maturity date of November 21, 2024. The Series A NCDs are secured by a first charge over the fixed assets and all other present and future assets of the Company. The 672,000 CCDs were issued in Fiscal 2019 and are convertible at the option of the holders thereof; any CCDs not converted by November 21, 2028 will be compulsorily converted into Equity Shares in accordance with the terms thereof. The CCDs are unsecured. As of the date of this Draft Red Herring Prospectus, (i) 8,400 Series A NCDs are outstanding, (ii) 672,000 CCDs are outstanding, and (iii) the Series B NCDs have not been issued.

Defaults on our borrowings

Our Company had overdue principal and interest aggregating to ₹177.41 million and agreed a restructuring under Scheme for Sustainable Structuring of Stressed Assets and the Overseeing Committee for its outstanding debts pursuant to the master restructuring agreement, dated March 18, 2017, by and among our Company, Bank of India (acting as monitoring institution/ lead bank) and certain lenders (namely, Bank of India, Union Bank of India, Punjab National Bank, Bank of Baroda, Canara Bank and Allahabad Bank) (“Lenders”, and such agreement, the “MRA”). The terms of the debt restructuring under the MRA included (i) reconstitution of certain terms loans; (ii) reconstitution of certain working capital facilities; (iii) additional funding by way of working capital term loan; (iv) conversion of debt of the Lenders equivalent to ₹192.8 million into equity by way of transfer from Ranjit Pendurthi, Ravi Pendurthi and Pendurthi Brahmanandam: 3,982,441 equity shares of face value of ₹10 each of our Company at price of ₹48.41 per equity share; (v) conversion of debt equivalent to ₹3,180.13 million into optionally convertible debentures with coupon of 0.1% p.a. payable annually and yield to maturity of 10.0% p.a. compounded annually. The overdue principal and interest were repaid by our Company by November 30, 2018. In Fiscal 2019, we recorded as an exceptional item for the write-back of loans and interest of ₹1,142.61 million as a result of the restructuring of our loans during Fiscal 2019. For information about our current liquidity and borrowing, see “*Financial Indebtedness*” and “*History and Certain Corporate Matters - Defaults or re-scheduling, restructuring of borrowings with financial institutions/banks*” beginning on pages 285 and 163, respectively.

Quantitative and Qualitative Disclosures about Market Risk

Our business activities expose us primarily to the financial risks of changes in foreign currency exchange rates and interest rates. Market risk exposures are measured using sensitivity analysis.

Foreign Currency Risk

We are exposed to foreign exchange risk arising from foreign currency transactions on account of sale / purchase of goods. Foreign exchange risk arises from recognised assets denominated in a currency that is not our functional currency (Rs.). The risk is measured through a forecast of foreign currency cash flows that would arise due to the underlying assets and liabilities held.

We have not taken forward contracts, options, futures or any other derivative instruments to manage the foreign currency risk. The strategy followed by the Company is tracking the foreign currency exchange rates and settlement of the payables at the time when the exchange rates are favourable.

The table below sets out the carrying amounts of our foreign currency denominated monetary assets and monetary liabilities as at the end of the reporting period:

| Currency | As at September 30, 2021 | | As at March 31, | | | | | |
|----------|---|--|---|--|---|--|---|--|
| | | | 2021 | | 2020 | | 2019 | |
| | Foreign currency <i>(in millions)</i> | Equivalent amount in rupees (₹ in millions) | Foreign currency <i>(in millions)</i> | Equivalent amount in rupees (₹ in millions) | Foreign currency <i>(in millions)</i> | Equivalent amount in rupees (₹ in millions) | Foreign currency <i>(in millions)</i> | Equivalent amount in rupees (₹ in millions) |
| | Financial Liabilities | | | | | | | |
| EUR | 0.33 | 28.69 | 0.16 | 13.58 | 0.44 | 36.54 | 0.00 | - |
| GBP | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.05 |
| SGD | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | - |
| USD | 26.12 | 1,939.42 | 29.78 | 2,189.12 | 37.85 | 2,853.74 | 45.84 | 3,170.77 |
| THB | 0.00 | 0.00 | 0.00 | 0.00 | - | - | - | - |
| Total | | 1,968.11 | | 2,202.70 | | 2,890.28 | | 3,170.82 |
| | Financial Assets | | | | | | | |
| EUR | 0.53 | 45.77 | 0.34 | 28.87 | 0.39 | 32.06 | 3.86 | 299.90 |
| GBP | - | - | - | - | - | - | - | - |
| SGD | 0.01 | 0.66 | 0.01 | 0.62 | - | - | 0.01 | 0.57 |
| USD | 10.31 | 765.69 | 11.67 | 857.51 | 7.50 | 565.04 | 8.76 | 606.07 |
| Total | | 812.12 | | 887.00 | | 597.10 | | 906.54 |

We are mainly exposed to the United States Dollar and Euro currencies.

The following table details our sensitivity to a 5% increase and decrease against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit where the rupee strengthens 5% against the relevant currency. For a 5% weakening of the rupee against the relevant currency, there would be a comparable impact on the profit.

(₹ in millions)

| Particulars | Impact on profit or loss for the period/year | | | |
|---|---|----------------|-----------------|-----------------|
| | For the six months ended September 30, 2021 | Fiscal 2021 | Fiscal 2020 | Fiscal 2019 |
| <u>Financial Assets (A)</u> | | | | |
| USD | 38.28 | 42.88 | 28.25 | 30.30 |
| EUR | 2.29 | 1.44 | 1.60 | 14.99 |
| <u>Financial Liabilities (B)</u> | | | | |
| USD | 96.97 | 109.46 | 142.69 | 158.54 |
| EUR | 1.43 | 0.68 | 1.83 | 0.00 |
| Total (A)-(B) | (57.83) | (65.82) | (114.67) | (113.25) |

The impact of changes in exchange rates of the GBP and SGD on profit or loss for the period/year is immaterial and hence not disclosed.

Interest Rate Risk

The long-term borrowings appearing in the balance sheet carry a fixed rate of interest and hence we are not exposed to interest rate variability. However, a portion of customer advances appearing as non-current liabilities carries a variable rate and is exposed to rate fluctuations. The sensitivity analysis is carried out on customer advances and is shown below.

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50-basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rate had been 50 basis points higher/lower and all other variables were held constant, the Company's Profit for the six-month period ended September 30, 2021 and fiscal years ended March 31, 2021 and March 31, 2020 would not have any impact as there were no liabilities with floating rate as on March 31, 2021 and March 31, 2020. For the fiscal year ended March 31, 2019: decrease/increase by ₹2.82 million. This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties. The Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved on a regular basis. Also, a majority of sales are carried out through letters of credit and secured.

Liquidity Risk

The ultimate responsibility for liquidity risk management rests with the Company's board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. For details of the facilities that the Company has at its disposal, see "*Restated Financial Information – Notes to Restated Financial Information – Note 33.9.2*" on page 233.

The table below sets out details regarding the contractual maturities of financial liabilities, including estimated interest payments, as at September 30, 2021:

(₹ in millions)

| | Weighted average effective interest rate (%) | Less than 1 year | Up to 3 years | More than 3 and up to 5 years | More than 5 years | Total contractual cashflows | Carrying amount |
|---|--|------------------|---------------|-------------------------------|-------------------|-----------------------------|-----------------|
| Accounts payable and acceptances | - | 1,183.42 | - | - | - | 1,183.42 | 1,183.42 |
| Interest accrued but not due on borrowings | - | - | - | 1,188.93 | - | 1,188.93 | 1,188.93 |
| Interest accrued and due on customer advances | - | 26.21 | - | - | - | 26.21 | 26.21 |
| Others | - | 153.87 | - | - | - | 153.87 | 153.87 |
| Finance lease liability | - | 121.16 | 260.35 | 139.44 | 884.04 | 1,404.99 | 464.82 |
| Fixed interest rate instruments | 16.95% | 168.04 | 66.43 | 8,405.19 | 30.57 | 8,670.23 | 8,655.48 |

The table below sets out details regarding the contractual maturities of financial liabilities, including estimated interest payments other than interest on NCD, as at March 31, 2021:

(₹ in millions)

| | Weighted average effective interest rate (%) | Less than 1 year | Up to 3 years | More than 3 and up to 5 years | More than 5 years | Total contractual cashflows | Carrying amount |
|----------------------------------|--|------------------|---------------|-------------------------------|-------------------|-----------------------------|-----------------|
| Accounts payable and acceptances | - | 1,117.83 | - | - | - | 1,117.83 | 1,117.83 |

| | Weighted average effective interest rate (%) | Less than 1 year | Up to 3 years | More than 3 and up to 5 years | More than 5 years | Total contractual cashflows | Carrying amount |
|---|--|------------------|---------------|-------------------------------|-------------------|-----------------------------|-----------------|
| Interest accrued but not due on borrowings | - | - | - | 1,174.95 | - | 1,174.95 | 1,174.95 |
| Interest accrued and due on customer advances | - | 26.21 | - | - | - | 26.21 | 26.21 |
| Others | - | 114.71 | - | - | - | 114.71 | 114.71 |
| Finance lease liability | - | 111.35 | 255.95 | 137.28 | 882.71 | 1,387.29 | 450.85 |
| Fixed interest rate instruments | 16.95% | 129.32 | 66.03 | 8,406.46 | 28.93 | 8,630.74 | 8,613.26 |

The table below sets out details regarding the contractual maturities of financial liabilities, including estimated interest payments other than interest on NCD, as at March 31, 2020:

(₹ in millions)

| | Weighted average effective interest rate (%) | Less than 1 year | Up to 3 years | More than 3 and up to 5 years | More than 5 years | Total contractual cashflows | Carrying amount |
|---|--|------------------|---------------|-------------------------------|-------------------|-----------------------------|-----------------|
| Accounts payable and acceptances | - | 1,671.16 | - | - | - | 1,671.16 | 1,671.16 |
| Interest accrued but not due on borrowings | - | - | - | 693.93 | - | 693.93 | 693.93 |
| Interest accrued and due on customer advances | - | 26.21 | - | - | - | 26.21 | 26.21 |
| Others | - | 21.93 | - | - | - | 21.93 | 21.93 |
| Finance lease liability | - | 95.55 | 194.95 | 226.78 | 860.13 | 1,377.41 | 419.09 |
| Fixed interest rate instruments | 16.95% | 60.62 | 84.83 | 8,427.37 | 25.84 | 8,598.66 | 8,598.66 |

The table below sets out details regarding the contractual maturities of financial liabilities, including estimated interest payments, as at March 31, 2019:

(₹ in millions)

| | Weighted average effective interest rate (%) | Less than 1 year | Up to 3 years | More than 3 and up to 5 years | More than 5 years | Total contractual cashflows | Carrying amount |
|---|--|------------------|---------------|-------------------------------|-------------------|-----------------------------|-----------------|
| Accounts payable and acceptances | - | 1,052.52 | - | - | - | 1,052.52 | 1,052.52 |
| Interest accrued but not due on borrowings | - | - | - | - | 156.28 | 156.28 | 156.28 |
| Interest accrued and due on customer advances | - | 15.04 | - | - | - | 15.04 | 15.04 |
| Others | - | 47.70 | - | - | - | 47.70 | 47.70 |
| Non-interest | - | 4.88 | - | - | - | 4.88 | 4.88 |

| | Weighted average effective interest rate (%) | Less than 1 year | Up to 3 years | More than 3 and up to 5 years | More than 5 years | Total contractual cashflows | Carrying amount |
|---------------------------------|--|------------------|---------------|-------------------------------|-------------------|-----------------------------|-----------------|
| bearing | | | | | | | |
| Finance lease liability | - | 77.63 | 155.86 | 185.02 | 920.95 | 1,339.46 | 360.72 |
| Fixed interest rate instruments | 10.06% | 130.84 | 8.18 | - | 7,397.0 | 7,536.01 | 7,536.01 |

Reservations, Qualifications and Adverse Remarks Included in Financial Statements

Pursuant to the Companies (Auditor's Reports Order), 2016, our statutory auditor and previous statutory auditor included observations in the audit reports on our audited financial statements, which among others, include the following observations:

| As at and for the year ended March 31, | Paragraph No | Comments/ Remarks in the Annexure to the audit report as specified under Companies (Auditor's Report) Order 2016 | | |
|--|--------------|--|---|-----------------|
| 2019 | 1(b) | The fixed asset was physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, material discrepancies were noticed on physical verification of fixed assets and such discrepancies aggregating to ₹ 45.71 million in the carrying value of fixed assets have been properly dealt with in the books of accounts. | | |
| 2019 | 7(a) | Undisputed statutory dues including provident fund, income tax, custom duty, goods and services tax, cess have not been regularly deposited with the appropriate authorities and there have been serious delays in a large number of cases from the period April to November 2018. The company has been regular in depositing undisputed statutory dues including provident fund, income tax, custom duty, goods and services tax, cess with the appropriate authorities for the period December 2018 to March 2019 | | |
| 2019 | 7(c) | Dues of Income tax which have not been deposited as on March 31, 2019, on account of disputes with Commissioner of Income Tax Appeals for the period 2012-13 which amounts to ₹ 54.00 million (out of which ₹ 33.34 million are unpaid) | | |
| 2019 | 8 | As reported by the predecessor auditor in Annexure A to the audit opinion dated October 26, 2018, on the financial statements for the year ended March 31, 2018 the Company has overdue principal of ₹ 220.47 million and interest of ₹ 12.99 million in respect to the borrowings from banks as at March 31, 2018. In our opinion and according to the information and explanation given to us, the Company had overdue principal and interest with the following banks as at November 22, 2018 which were paid by November 30, 2018. | | |
| | | Particulars | Amount of default of payment (₹ in Millions) | |
| | | | Principal | Interest |
| | | <u>Due to Banks:</u> | | |
| | | Bank of India | 38.32 | - |
| | | Punjab National Bank | 45.14 | 0.00 |
| | | Bank of Baroda | 14.96 | - |
| | | Allahabad Bank | 10.32 | - |
| | | Canara Bank | 28.82 | - |
| | | Union Bank | 38.07 | 1.79 |
| | | Our Company has repaid the borrowings and redeemed the optionally convertible debentures on November 22, 2018. Our Company has not defaulted in the payment of interest on non-convertible debentures for the period from November 22, 2018 to March 31, 2019. | | |
| | | Instalment due in September 30, 2018 | | |
| 2021 | 7(a) | No Undisputed statutory dues including provident fund, income tax, custom duty, goods and services tax, cess were in arrears as at March 31, 2021 for a period more than six months from the date they become payable except for ₹ 0.02 million in tax deductible at source for the Fiscal 2020-21 | | |

| As at and for the year ended March 31, | Paragraph No | Comments/ Remarks in the Annexure to the audit report as specified under Companies (Auditor's Report) Order 2016 |
|--|--------------|--|
| 2021 | 7(b) | No dues of income tax, sales tax, service tax, goods and service tax, duty of customs, excise duty and value added tax as at March 31, 2021 which have not been deposited with appropriate authorities on account of any dispute except for ₹ 62.17 million which is in the nature of Central Sales Tax; Gujarat Value Added Tax for the Fiscal 2015 to 2018 with Joint Commissioner Rajkot and ₹ 82.54 million for the Fiscal 2012-2014 with Income Tax Appellate Tribunal. |

Other matters in our Restated Financial Information in relation to our erstwhile subsidiary Marine Chemicals Trading Pte Ltd for the year ended 31st March 2019:

The company incurred a net loss of US\$ 9,534 for the financial year ended March 31, 2019. As at March 31, 2019, the Company's current liabilities exceeded their current assets by US\$ 72,142. These conditions indicate the existence of material uncertainty which may cast significant doubt on the ability of the company to continue as going concern and to realise its assets and discharge its liabilities in the ordinary course of business. Management has prepared the financial statements on a going concern basis on the assumption that the company will continue as a going concern based on the financial support from our Company. The auditor's opinion was not modified in respect of this matter.

For details, see "*Financial Information*" on page 193.

Except for the foregoing, there have been no reservations or qualifications or adverse remarks of our Statutory Auditors in our financial statements for the six months ended September 30, 2021 and Fiscals 2021, 2020 and 2019.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements, derivative instruments or other relationships with other entities that would have been established for the purpose of facilitating off-balance sheet arrangements.

Related Party Transactions

We enter into various transactions with related parties. For further information see "*Financial Information – Note 34 – Related party transaction*" on page 234 of this Draft Red Herring Prospectus.

Significant Economic Changes

Other than as described above, to the knowledge of our management, there are no other significant economic changes that materially affect or are likely to affect income from continuing operations.

Unusual or Infrequent Events of Transactions

Except as described in this Draft Red Herring Prospectus, there have been no other events or transactions that, to our knowledge, may be described as "unusual" or "infrequent".

Known Trends or Uncertainties

Our business has been affected and we expect will continue to be affected by the trends identified above in the heading titled "Principal Factors Affecting Our Financial Condition and Results of Operations" and the uncertainties described in the section titled "*Risk Factors*" beginning on page 23. To our knowledge, except as described or anticipated in this Draft Red Herring Prospectus, there are no known factors which we expect will have a material adverse impact on our revenues or income from continuing operations.

Future Relationship Between Cost and Income

Other than as described elsewhere in this Draft Red Herring Prospectus, including disclosure regarding the impact

of COVID-19 on our operations, to the knowledge of our management, there are no known factors that might affect the future relationship between costs and revenues.

Significant Developments after September 30, 2021 that may affect our future results of operations

Except as stated in this Draft Red Herring Prospectus, no circumstances have arisen since the date of the Restated Financial Information as disclosed in this Draft Red Herring Prospectus which materially and adversely affect or are likely to affect our operations or profitability, the value of our assets or our ability to pay our material liabilities within the next twelve months.

In connection with our listed NCDs, we expect to publish our unaudited quarterly financial information for the third quarter of Fiscal 2022 ended December 31, 2022 after the date of this Draft Red Herring Prospectus in accordance with the requirements of the Listing Regulations.

CAPITALISATION STATEMENT

The following table sets forth our Company's capitalization as at September 30, 2021, derived from Restated Financial Information, and as adjusted for the Offer. This table should be read in conjunction with the sections titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Risk Factors" on pages 241 and 23, respectively.

| (₹ in million) | | |
|---|------------------------------------|----------------------------|
| Particulars | Pre-Offer as at September 30, 2021 | As adjusted for the Offer* |
| Total debts | | |
| Non current debts (including current maturities)(A) | 9,716.82 | [•] |
| Current debts (B) | 127.61 | [•] |
| Total debt (C) | 9,844.43 | [•] |
| Total Equity | | |
| Share Capital | 192.67 | [•] |
| Instruments entirely equity in nature | - | [•] |
| Other Equity | 1,109.80 | [•] |
| Total Equity(D) | 1,302.47 | [•] |
| Total non-current debt/Total Equity (A/D) | 7.46 | [•] |
| Total debt / Total Equity (C/D) | 7.56 | [•] |

Notes:

- * The corresponding post-Offer capitalization data for each of the amounts given in the above table is not determinable at this stage pending the completion of the Book Building Process and hence the same have not been provided in the above statement. The above has been derived from the Restated Financial Information.

FINANCIAL INDEBTEDNESS

We avail loans and borrowing facilities in the ordinary course of our business for meeting our business requirements. For details of the borrowing powers of our Board, see “*Our Management – Borrowing Powers of Board*” on page 173.

Our Company has obtained the necessary consents required under the trust deed entered into in connection with the NCDs for undertaking activities in relation to the Offer, including effecting a change in our capital structure, change in our shareholding pattern, change in our constitutional documents including amending the memorandum of association and articles of association of our Company, change in the management or board composition, as applicable.

Set forth below is a brief summary of the financial indebtedness of our Company:

| Category of borrowing | Sanctioned amount as on December 31, 2021 (₹ million) | Outstanding amount/ liability as on December 31, 2021 (₹ million)* |
|-------------------------------|---|--|
| Debentures (A) | | |
| NCDs (Secured) | 8,400.00 | 8,400.00 |
| CCDs (Unsecured) | 67.20 | 31.45 ⁽¹⁾ |
| Interest on NCDs | - | 1,166.70 |
| Total | 8,467.20 | 9,598.15 |
| Other loans (B) | | |
| Hire Purchase Loans (Secured) | 128.88 | 88.64 |
| Bills Discounting (Unsecured) | - | 31.91 |
| Total | 128.88 | 120.55 |

* As certified by PKF Sridhar & Santhanam LLP, Chartered Accountants by way of certificate dated February 17, 2022.

⁽¹⁾ Outstanding balance of ₹ 31.45 million represents liability portion of CCD.

Principal terms of borrowing availed by us:

Our Company has entered into agreements with IRF I, IRF II and PGPL for issue of:

- (a). 8,400 NCDs with a face value of ₹ 1,000,000 each aggregating to ₹ 8,400,000,000 (Series A debentures)
- (b). 1,000 NCDs with a face value of ₹ 1,000,000 each aggregating to ₹ 1,000,000,000 as a contingency facility when required (Series B debentures).
- (c). 672,000 unsecured CCDs of ₹ 100 each aggregating to ₹ 6,72,00,000.

The Series B debentures have not been issued as on the date of this Draft Red Herring Prospectus.

Set forth below are the indicative terms of issue of the Series A NCDs and CCDs are given below:

| Particulars | NCDs | CCDs |
|-------------------|--|---|
| Amount | <p>(i). 7,397 NCDs with unit value of ₹ 1,000,000 each has been allotted to private investors during the Fiscal 2019 amounting to ₹ 7,397.0 million.</p> <p>(ii). 1,003 NCDs with unit value of ₹ 1,000,000 each has been allotted to private investors during the Fiscal 2020 amounting to ₹ 1,003.0 million.</p> | 672,000 CCDs with unit value of ₹ 100 each has been allotted to private investors during Fiscal 2019 amounting to ₹ 67.2 million. |
| Coupon | <p>10% payable monthly before every month end upto May 31, 2020.</p> <p>12% payable monthly before every month end from June 1, 2020 to November 21, 2024</p> | 0.01% payable annually before 31st March of every year |
| Yield to Maturity | Yield to maturity at 17% p.a. compounded annually (including coupon). | Not applicable. |

| Particulars | NCDs | CCDs |
|-------------|--|---|
| | The coupon of 10% upto May 31, 2020 and 12% upto November 21, 2024 will be payable monthly before every month end. | |
| Repayment | <p>(i). Repayable on maturity date November 21, 2024.</p> <p>(ii). Voluntarily repayable: Voluntarily repayable by issuer subject to compliance with laws:</p> <p>A. First the Series B debentures at any time after the deemed date of allotment of Series B debentures; and</p> <p>B. then the series A debentures at any time after 18 months from November 22, 2018 (being deemed date of allotment of the tranche I of series A debentures upto November 21, 2024)</p> <p>(iii). Mandatorily repayable:</p> <p>In the event that any excess cash is available with the issuer in any month in financial year commencing from financial year Fiscal 2021, on the last date business day of such month, the issuer will take all necessary actions and redeem in part, the debentures <i>pro rata</i> in accordance with the priority as set out in debenture trust deed.</p> | <p>CCDs are convertible into equity shares of our Company at any time in terms of the CCD Subscription Agreement.</p> <p>Any CCDs not converted into Equity Shares as on November 21, 2028, will be compulsorily converted into Equity Shares in terms of the CCD Subscription Agreement.</p> |
| Security | <p>First charge over the fixed assets (movable and immovable) and all other present and future assets of our Company.</p> <p>First charge on all current assets, both present and future, of our Company.</p> <p>See below description of the secured obligations in respect of the NCDs.</p> | Not applicable. |

The NCDs issued by our Company are listed on the wholesale debt segment of the BSE Limited with ISIN INE128X07028 and scrip code 958408.

Set forth below are certain additional indicative terms of the NCDs:

1. **Security:** The obligation in respect of the NCDs are secured in favour of the debenture trustee or its agent in form, substance and manner acceptable to the debenture holders by:
 - (a). a first ranking mortgage/ charge on all our Company's immovable properties, and movable properties including plant and machinery, machine spares, tools and accessories, furniture, fixtures, vehicle and other non-current movable assets, both present and future, except for the immovable land taken on lease by our Company from the Government of Gujarat under certain the lease deeds;
 - (b). a first ranking mortgage/ charge on all our Company's tangible and intangible assets, including but not limited to its goodwill, undertaking and uncalled capital, both present and future and all bank accounts of our Company and all receivables and proceeds in relation to such assets;
 - (c). a first ranking mortgage/ charge on all insurance policies, performance bonds, contractors' guarantees and any letter of credit provided by any person in favour of our Company under certain material agreements, if any;

- (d). a first ranking mortgage/ assignment on all the rights, titles, permits, clearances, approvals and interests of our Company in, to and in respect of certain material agreements and all contracts relating to the business (other than any short term purchase orders) listed below:
 - (i). all contracts relating to the expansion project in terms of the NCD agreements with an aggregate value of ₹ 50 million or above;
 - (ii). operational contracts under which our Company has paid an advance of ₹ 50 million or above;
 - (iii). sales contracts (including as on the date of the trust deed and signed by our Company in the future) with an aggregate value of ₹ 50 million or above;
 - (iv). Certain specified agreements with Sojitz Corporation, ports services agreement and sales and cost allocation agreement;
 - (e). a first ranking mortgage/ charge on all our Company's current assets;
 - (f). a first ranking pledge of 100% of the shares and other securities of the Company held by the promoters, constituting 70.30% equity share capital of our Company;
 - (g). a first ranking charge over the partnership interest of CS LLP, constituting 100% of partnership interest of CS LLP.
2. **Restrictive Covenants:** The debenture trust deed entered into by us contains certain restrictive covenants which requires us to intimate/ take prior written consent of the debenture trustee before undertaking certain activities, including:
- (a). effecting changes in our Company's capital structure including but not limited to increasing authorised share capital or reduction, return, purchase, repay, cancellation or redemption or buy back any of the share capital or issuance of any shares, securities, share equivalents, debentures or convertible instruments;
 - (b). entering into amalgamation, consolidation, demerger, merger, restructuring, reorganisation or corporate reconstruction;
 - (c). effecting changes in our Company's constitutional documents including amending the memorandum of association and articles of association of our Company;
 - (d). declaring or paying any dividend or other payment or distribution of any kind to the shareholders of our Company except declaration of dividend once in a financial year of an amount not exceeding 20% profit after tax for that year by our Company;
 - (e). change the composition of our Board or in any committee of our Board;
 - (f). forming or modifying any employee stock option plan;
 - (g). effecting any changes to the business or diversifying or expanding the business of our Company;
 - (h). making any investments in any persons other than permitted investments.
3. **Events of default:** Each of the following events and occurrence as set out below will constitute an event of default:
- (i). The non-payment or failure to make payments, when due, to the debenture holders of voluntary or mandatory redemption, fixed interest, additional redemption premium, default interest or obligations owed;
 - (ii). Breach of any covenant, undertaking, condition, term or any other obligation as provided in the debenture trust deed;

- (iii). Failure of our Company to maintain the required balance in the debt service reserve account as required under the debenture trust deed;
- (iv). Incorrect or misleading representation, warranty or statement in any debenture documents or any other document, delivered by or on behalf of our Company under or in connection with any debenture document;
- (v). Failure of our Company to create and perfect the security in accordance with the debenture trust deed or any of the security documents.

This is an indicative list and there may be additional terms that may amount to an event of default under the various borrowing arrangements entered into by us.

4. **Consequences of occurrence of events of default:** In in event of default, the debenture holders may, among others:

- (i). enter upon and take possession of the secured assets of our Company;
- (ii). transfer the secured assets by way of lease, leave and license, sale or otherwise;
- (iii). declare that the debentures will automatically and without any further action, become due for redemption and all the obligations be immediately due and payable;
- (iv). cancel or suspend any undrawn commitments under the debenture trust deed;
- (v). sue for creditors' process and/ or exercise rights with respect to the security in accordance with the debenture documents;
- (vi). utilise any amounts in the accounts (as defined in the trust and retention account agreement) to service and repay the debentures;
- (vii). convert the whole or part of the obligations into fully paid up equity shares of our Company;
- (viii). sell or transfer any shares or securities of our Company to any person;
- (ix). assign or transfer by novation or sell all or part of the rights and obligations of the debenture holders in relation to the debentures, to any person;
- (x). right to take management control of Company and right to appoint or remove personnel (including key managerial personnel) in our Company;
- (xi). stipulate such other conditions which will be binding on the obligors or amend any terms of the debenture documents;
- (xii). exercise such other rights as may be available under the debenture documents or under law.

This is an indicative list and there may be additional restrictive covenants under arrangements entered into by us.

In addition to the NCDs, our Company has also availed certain vehicles loans from banks and non-banking finance companies. The term of such loan ranges between 3 to 5 years. Further, the rate of interest on such loans ranges between 8.50% p.a. to 12.50% p.a. The loans are typically secured by way of hypothecation over the vehicles.

For details of financial and other covenants required to be complied with in relation to our borrowings, see “*Risk Factors – An inability to comply with repayment and other covenants in the financing agreements could adversely affect our business, financial condition, cash flows and credit rating.*” on page 32.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*Except as disclosed below there are no outstanding (i) criminal proceedings involving our Company, Subsidiary, Directors, or Promoters (“**Relevant Parties**”); (ii) actions by statutory or regulatory authorities involving the Relevant Parties; (iii) outstanding claims relating to direct and indirect taxes involving the Relevant Parties; and (iv) other pending litigation as determined to be material by our Board pursuant to the Materiality Policy (as disclosed herein below). Further, (i) there are no disciplinary actions including penalties imposed by SEBI or stock exchanges against our Promoters in the last five Financial Years including any outstanding action; and (ii) there is no pending litigation involving our Group Companies which will have a material impact on our Company.*

For the purposes of (iv) above in terms of the Materiality Policy adopted by a resolution of our Board dated January 15, 2022:

- (1). *Any outstanding litigation/ arbitration proceedings involving our Company and/or Subsidiary has been considered “material” for the purposes of disclosure in this Draft Red Herring Prospectus if:*
 - (a). *the aggregate monetary claim made by or against our Company or its Subsidiary (individually or in aggregate), in any such pending litigation/ arbitration proceeding is equal to or in excess of 1% of profit after tax of our Company, for the last completed financial year as per the Restated Financial Information; or*

1% of the profit after tax of our Company for Fiscal 2021 as per the Restated Financial Information was ₹ 6.66 million.
 - (b). *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 Subsidiary, as applicable; or*
 - (c). *the decision in one litigation is likely to affect the decision in similar litigation proceedings, and the aggregate monetary claim amount in all such litigation 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 above.*
- (2). *Any outstanding litigation/ arbitration proceedings involving any of our Promoters or Directors has been considered material for the purposes of disclosure in this Draft Red Herring Prospectus if the outcome of such litigation (irrespective of any amount involved in such litigation) could have a material adverse effect on the financial position, business, operations, performance, prospects or reputation of our Company.*

For the purposes of the above, pre-litigation notices received by our Company, the Subsidiary, the Promoters, the Directors or Group Companies 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 point (iv) above, until such time such party is impleaded as a defendant or respondent in proceedings before any legal/arbitral forum.

*Further, in accordance with the Materiality Policy, our Company has considered such creditors ‘material’ to whom the amount due is equal to or in excess of 5% of the trade payables of our Company as of the end of the most recent period covered in the Restated Financial Information. The trade payables of our Company as on September 30, 2021 was ₹ 1,183.43 million. Accordingly, a creditor has been considered ‘material’ if the amount due to such creditor exceeds ₹ 59.17 million (being 5% of the total trade payables) as on September 30, 2021. Further, for outstanding dues to any party which is a micro, small or a medium enterprise (“**MSME**”), the disclosure is based on information available with our Company regarding status of the creditor under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as amended.*

Unless stated to the contrary, the information provided below is as of the date of this Draft Red Herring Prospectus. All terms defined in a particular litigation disclosure below are for that particular litigation only.

Litigation involving our Company

Litigation by our Company

Nil

Litigation against our Company

Outstanding material civil litigation

1. Council of Scientific and Industrial Research (“**CSIR**”), a scientific research organization in India and Central Salt and Marine Chemical Research Institute (“**CSMCRI**”), and together with CSIR referred to as “**Parties**”), a constituent laboratory/institute of CSIR had innovated, developed and taken intellectual property rights on process of products on which our Company showed interest to manufacture for commercial use. Our Company entered into a “know-how” agreement (“**Agreement**”) with the Parties, which pertained to licensing and transfer of technical know-how towards the process of three products, sulphate of potash, magnesium oxide and bromine and brominating agent, in consideration of payments by our Company of ₹ 8 million towards license fee; ₹ 1 million towards demonstration fee; and either as a fixed percentage of net sales or one time lump-sum amount towards royalty. Subsequently, the Parties invoked the arbitration clause as per the Agreement due to dispute regarding non-payment towards outstanding license fee and royalty. Arbitral tribunal consisting of three arbitrators was formed. An award dated September 22, 2014 (“**Award 1**”) was passed by two arbitrators from the panel directing our Company to pay ₹ 1.87 million towards the balance of the technology fees and reimbursement of travel cost and service charge cost plus the annual royalty at the rate and in manner specified in the agreement from the date of production of the products. The third arbitrator of the panel passed a separate award dated October 20, 2014, (“**Award 2**”) thereby directing our Company to pay ₹ 1.87 million towards balance of the technology fees and reimbursement of travel cost and service charge cost plus the annual royalty at the rate and in manner specified in the agreement from the date of production of the products plus a lump sum royalty payment of ₹ 12 million. (Award 1 and Award 2 collectively referred as, “**Awards**”). Aggrieved by the Awards, our Company has filed an Arbitration Suit No. 10 of 2015 against the Parties (“**Respondent Nos. 1 and 2**”), D.K. Somasekhara (“**Respondent No. 3**”), N. L. Mitra (“**Respondent No. 4**”) and K. V. Kuppuswamy (“**Respondent No. 5**”) (Respondent Nos. 3, 4 and 5 being the Arbitrators passing the award dated September 22, 2014 and October 20, 2014) before the City Civil Court at Bangalore praying for setting aside the Awards passed by Respondent Nos. 3 and 4 and Respondent No. 5. The matter is currently pending.

Litigation involving our Subsidiary

Litigation against our Subsidiary

Nil

Litigation by our Subsidiary

Nil

Litigation involving our Promoters

Litigation against our Promoters

Outstanding criminal proceedings

1. Ranjit Pendurthi, Pendurthi Pramila and Pendurthi Brahmanandam (collectively referred as “**Petitioners**”) were allocated an extent of 1,000 square meters of open port land in Karwar port and an additional area of 3,000 square meters of open port land at Aligadda in Karwar city, on payment of weekly rentals, with effect from December 4, 2003, for the export of iron ore through Karwar port. The entire management and operation was entrusted to M/s Alvares & Thomas, including but not limited to obtaining necessary statutory and environmental consents, implementation of pollution control measures and smooth export of cargo, regarding which an MoU was executed between the Petitioners and M/s Alvares & Thomas. In

2004, Karnataka State Pollution Control Board (“**Respondent**”) insisted upon the Port Officer, Karwar, (“**Port Officer**”) to avail consent under the Water (Prevention and Control Pollution) Act, 1974 and the Air (Prevention and Control Pollution) Act, 1981 (“**Air Act**”) for the stacking of iron ore in the open port areas. As it was an open area and merely stacking up and exporting of iron ore was done, the Petitioners believed, any consent, if needed, was required to be obtained by the Port Officer. In 2004, the Petitioners through M/s Alvares & Thomas made applications for availing consents from the Respondent which were returned by the Respondent citing that the consent had to be obtained prior to ‘establishing/commissioning’ of the rented out open port areas and certain pollution control measures were not implemented. The Petitioners stopped and gave up the usage and operation of the rented out open areas.

Respondent filed a complaint on April 23, 2006 before the Judicial Magistrate, First Class at Karwar, for offences punishable under Sections 21 and 22, read with Section 37 of the Air Act (C.C No. 546/2006). The Magistrate took cognizance of the offences and issued summons to the Petitioners. The Petitioners then entered appearance and were released on bail. On January 21, 2007, the Petitioners filed a writ Petition before the High Court of Karnataka at Bangalore (Crl. P. No. 387/ 2007) challenging the order of the Magistrate and seeking quashing of the earlier complaint. After the petition was dismissed by the High Court, the Petitioners filed a special leave petition (Crl. M.P. 10047/2015) before the Supreme Court. The Supreme Court quashed the complaint and asked the Respondent to re-initiate the proceedings in the same complaint within two months of its order. Therefore, in July 2015, the Respondent filed another complaint before the Judicial Magistrate First Class, Karwar (C.C. No. 283/2015), for which the Petitioners filed a petition seeking quashing of the filed complaint in the High Court of Karnataka at Bangalore. The High Court of Karnataka granted a stay on the proceedings through the order dated July 6, 2017. The matter is currently pending before the High Court of Karnataka.

Litigation by our Promoters

Nil

Outstanding litigation involving our Group Company which has a material impact on our Company

Nil

Litigation involving our Directors (other than Promoters)

Litigation against our Directors

Nil

Litigation by our Directors

Nil

Tax Proceedings

Except as disclosed below, there are no outstanding tax proceedings involving our Company, Subsidiary, Directors or Promoters.

(in ₹ million)

| Nature of cases | Number of cases | Amount involved (To the extent quantifiable) |
|--|-----------------|--|
| <i>Company</i> | | |
| Direct Tax | 4 | 104.08 ⁽¹⁾⁽²⁾ |
| Indirect Tax | 4 | 62.17 ⁽³⁾ |
| <i>Total</i> | 8 | 166.25 |
| <i>Subsidiary</i> | | |
| Direct Tax | Nil | Nil |
| Indirect Tax | Nil | Nil |
| <i>Directors (Other than our Promoters)</i> | | |
| Direct Tax | Nil | Nil |
| Indirect Tax | Nil | Nil |
| <i>Promoters</i> | | |

| Nature of cases | Number of cases | Amount involved (To the extent quantifiable) |
|-----------------|-----------------|--|
| Direct Tax | Nil | Nil |
| Indirect Tax | Nil | Nil |

- (1) Includes amount paid to income tax department (Out of four cases, two cases pertaining to assessment year 2017-18 and 2018-19 were not considered in the contingent liability in the above table as the company is having carry forward losses).
- (2) In addition to these matters, our Company has also received two notices from offices of TDS circle involving aggregate tax interest and penalty amount of ₹ 13.44 million.
- (3) In addition to these matters, our Company has also received one notice from Office of Development Commissioner Kandla Special Economic Zone, Gandhidham involving tax interest and penalty amount of ₹ 33.92 million.

Outstanding dues to Creditors

As per the Materiality Policy, creditors to whom an amount exceeding ₹ 59.17 million, which is 5% of the total consolidated trade payables of our Company as of the end of the most recent period covered in the Restated Financial Information, i.e., as of September 30, 2021, were considered ‘material’ creditors.

Based on the above, there are 2 material creditors of our Company as on September 30, 2021, to whom an aggregate amount of ₹ 298.21 million was outstanding. Based on this criterion, details of outstanding dues (trade payables) owed to micro, small and medium enterprises (as defined under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006), material creditors and other creditors, as at September 30, 2021 by our Company, are set out below:

| Type of creditors | Number of creditors | Amount involved (in ₹ million) |
|-------------------------------------|---------------------|--------------------------------|
| Micro, small and medium enterprises | 37 | 62.27 |
| Material creditors | 2 | 298.21 |
| Other creditors | 476 | 822.95 |
| Total | 515 | 1,183.43 |

The details pertaining to net outstanding dues towards our material creditors are available on the website of our Company at www.archeanchemicals.com/investor-relations/.

It is clarified that such details available on our website do not form a part of this Draft Red Herring Prospectus.

Material Developments

Other than as stated in “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on page 241, there have not arisen, since the date of the last financial information disclosed in this Draft Red Herring Prospectus, any circumstances which materially and adversely affect, or are likely to affect, our operations, our profitability taken as a whole or the value of our consolidated assets or our ability to pay our liabilities within the next 12 months.

GOVERNMENT AND OTHER APPROVALS

We have set out below an indicative list of approvals obtained by our Company which are considered material and necessary for the purpose of undertaking its business activities. In view of these material approvals, our Company can undertake the Offer, and our Company can undertake its business activities. Other than as stated below, no further material approvals from any regulatory authority are required to undertake the Offer or continue such business activities. In addition, certain of our material approvals may have expired or may expire in the ordinary course of business, from time to time and our Company has either already made an application to the appropriate authorities for renewal of such material approvals or is in the process of making such renewal applications. In relation to the business activities and operations of our Company we have disclosed below the material approvals applied for but not received. For details in connection with the applicable regulatory and legal framework within which we operate, see section “Key Regulations and Policies” on page 156.

I. Approvals relating to the Offer

For the approvals and authorisations obtained by our Company and the Selling Shareholders in relation to the Offer, see “Other Regulatory and Statutory Disclosures – Authority for the Offer” on page 295.

II. Incorporation details of our Company

- (i). Certificate of incorporation dated July 14, 2009 issued by the registrar of companies to our Company, in the name of ‘Archean Chemical Industries Private Limited’.
- (ii). Fresh certificate of incorporation consequent upon conversion from private company to public company dated December 15, 2021 issued by RoC pursuant to change of name to ‘Archean Chemical Industries Limited’.

III. Tax related approvals

- (i). Permanent Account Number AAHCA8471D, issued by the Income Tax Department, Government of India.
- (ii). Tax Deduction Account Number CHEA16535B, issued by the Income Tax Department, Government of India.
- (iii). The Import Export code is 0410046141, issued by the Office of the Additional Director General of Foreign Trade, Chennai.
- (iv). Our Company has obtained GST identification numbers under the applicable provisions of the GST legislations applicable in the states of Gujarat and Tamil Nadu.
- (v). Professional tax registration in the States of Gujarat and Tamil Nadu.

IV. Labour related approvals

Our Company has obtained registrations under various employee and labour related laws including the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952 and Employees State Insurance Act, 1948.

V. Material approvals in relation to our business

Approvals in relation to our manufacturing facility

In order to operate our manufacturing facility at Hajipir, Kutch (Gujrat), our Company requires various approvals and/or licenses under various state and central laws, rules and regulations. These approvals and/or licenses include licenses under:

- (i). the Factories Act, 1948;
- (ii). the Boilers Act, 1923;
- (iii). storage license for petroleum under Petroleum Act 1934;

- (iv). approvals from the central and state pollution control boards under the Water (Prevention and Control of Pollution) Act, 1974, Air (Prevention and Control of Pollution) Act, 1981, Environment (Protection) Act, 1986 and Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016;
- (v). storage license for chlorine storage under the Gas Cylinders Rules, 2004;
- (vi). no-objection certificate from fire safety authorities;
- (vii). industrial entrepreneur memorandum issued by the Secretariat for Industrial Assistance, Ministry of Commerce and Industry;
- (viii). the Legal Metrology Act, 2009; and
- (ix). trade licenses under state municipality rules.

VI. Material approvals applied for but not received

There are no material approvals applied for which has not been received by our Company:

VII. Material approvals to be applied

Except as disclosed below, there are no material approvals which are to be applied for by our Company.

- (i). Registration certificate under the Contract Labour (Regulation and Abolition) Act, 1970.

VIII. Intellectual Property Rights

As on the date of this Draft Red Herring Prospectus, our Company has made an application to register our logo as a trademark in device category under the Trade Marks Act, 1999.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

Corporate Approvals

Our Board has approved the Offer pursuant to the resolution passed at its meeting held on October 12, 2021 and our Shareholders have approved the Fresh Issue pursuant to a resolution dated November 15, 2021 in terms of Section 62(1)(c) of the Companies Act, 2013. Further, our Board has taken on record the approval for the Offer for Sale by the Selling Shareholders pursuant to its resolution dated February 18, 2022.

Our Board has pursuant to the resolution passed at its meeting held on 18, 2022 approved this Draft Red Herring Prospectus for filing with SEBI and the Stock Exchanges.

Approvals from the Selling Shareholders

Each of the Selling Shareholders have, severally and not jointly, confirmed and authorised the transfer of its respective proportion of the Offered Shares pursuant to the Offer for Sale, as set out below:

| Name of the Selling Shareholder | Equity Shares offered in the Offer for Sale | Date of consent letter | Date of authorisation |
|---------------------------------|---|------------------------|-----------------------|
| CS LLP | Up to 5,301,405 | January 29, 2022 | January 12, 2022 |
| IRF I* | Up to 3,732,526 | February 7, 2022 | January 4, 2022 |
| IRF II* | Up to 6,304,831 | February 7, 2022 | January 4, 2022 |
| PNRPL* | Up to 3,732,526 | January 27, 2022 | January 24, 2022 |

* 171,899; 328,202 and 171,899 CCDs are held by IRF I, IRF II and PNRPL, respectively, which shall be converted into 1,775,449; 3,389,817 and 1,775,449 Equity Shares, respectively, prior to filing of the Red Herring Prospectus with the RoC in accordance with Regulation 5(2) of the SEBI ICDR Regulations.

In-principle Listing Approvals

Our Company has received in-principle approvals from BSE and NSE for the listing of the Equity Shares pursuant to their letters dated [●] and [●], respectively.

Prohibition by SEBI or other Governmental Authorities

Our Company, Promoters, members of the Promoter Group, Directors, persons in control of our Company and the persons in control of our corporate Promoter are not prohibited from accessing the capital market or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any other jurisdiction or any other authority/court.

None of the companies with which our Promoters and Directors are associated with as promoters, directors or persons in control have been debarred from accessing capital markets under any order or direction passed by SEBI or any other authorities.

Neither our Company nor our Directors or Promoters have been declared as a 'wilful defaulter' or a 'fraudulent borrower', as defined under the SEBI ICDR Regulations.

Our individual Promoters or Directors have not been declared as fugitive economic offenders under section 12 of the Fugitive Economic Offenders Act, 2018.

The Selling Shareholders, severally and not jointly, confirm that they are not prohibited from accessing the capital market or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any other jurisdiction or any other authority/court.

Directors associated with the Securities Market

None of our Directors are associated with securities market related business, in any manner and there has been no outstanding actions initiated by SEBI against our Directors in the five years preceding the date of this Draft Red Herring Prospectus.

Confirmation under Companies (Significant Beneficial Owners) Rules, 2018

Our Company, Promoters, members of the Promoter Group, and the Selling Shareholders, severally and not jointly, confirm that they are in compliance with the Companies (Significant Beneficial Owners) Rules, 2018, to the extent applicable to them, as on the date of this Draft Red Herring Prospectus.

Eligibility for the Offer

Our Company is eligible for the Offer in accordance with Regulation 6(2) of the SEBI ICDR Regulations, which states as follows:

“An issuer not satisfying the condition stipulated in sub-regulation (1) shall be eligible to make an initial public offer only if the issue is made through the book-building process and the issuer undertakes to allot at least seventy-five per cent. of the net offer to qualified institutional buyers and to refund the full subscription money if it fails to do so.”

We are an unlisted company, not satisfying the conditions specified in Regulation 6(1) of the SEBI ICDR Regulations and are therefore required to allot not less than 75% of the Offer to QIBs to meet the conditions as detailed under Regulation 6(2) of the SEBI ICDR Regulations. In the event that we fail to do so, the full application monies shall be refunded to the Bidders, in accordance with the SEBI ICDR Regulations.

Our Company is in compliance with the conditions specified in Regulation 5 of the SEBI ICDR Regulations, to the extent applicable and, and will ensure compliance with the conditions specified in Regulation 5(2) of the SEBI ICDR Regulations, to the extent applicable. Our Company confirms that it is also in compliance with the conditions specified in Regulation 7(1) of the SEBI ICDR Regulations, to the extent applicable, and will ensure compliance with the conditions specified in Regulation 7(2) of the SEBI ICDR Regulations, to the extent applicable. The status of compliance of our Company with the conditions as specified under Regulations 5 and 7(1) of the SEBI ICDR Regulations are as follows:

- (i). Our Company, our Promoters, members of our Promoter Group, our Directors and the Selling Shareholders are not debarred from accessing the capital markets by SEBI;
- (ii). The companies with which our Promoters and/or Directors are associated as promoter or director are not debarred from accessing the capital markets by SEBI;
- (iii). Neither our Promoters nor Directors are identified as a wilful defaulter and fraudulent borrower (each as defined in the SEBI ICDR Regulations);
- (iv). None of our individual Promoters or Directors are declared as a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018;
- (v). Except the CCDs, there are no outstanding convertible securities of our Company or any other right which would entitle any person with any option to receive Equity Shares of our Company as on the date of filing of this Draft Red Herring Prospectus;
- (vi). Our Company along with the Registrar to our Company, has entered into tripartite agreements dated December 10, 2021 and January 19, 2022 with NSDL and CDSL, respectively, for dematerialization of the Equity Shares;
- (vii). The Equity Shares of our Company held by our Promoters are in dematerialised form; and
- (viii). The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing of this Draft Red Herring Prospectus.

Each of the Selling Shareholders confirms, severally and not jointly, that it has held its respective portion of Offered Shares for a period of at least one year prior to the date of filing of this Draft Red Herring Prospectus and its respective portion of Offered Shares are eligible for sale in the Offer for Sale in accordance with Regulation 8 of the SEBI ICDR Regulations.

Our Company shall not make an Allotment if the number or prospective allottees is less than 1,000 in accordance with Regulation 49(1) of the SEBI ICDR Regulations.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO SECURITIES AND EXCHANGE BOARD OF INDIA (“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 OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, BEING IIFL SECURITIES LIMITED, ICICI SECURITIES LIMITED AND JM FINANCIAL LIMITED (“BRLMs”), HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI ICDR REGULATIONS. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT RED HERRING PROSPECTUS, EACH OF THE SELLING SHAREHOLDERS WILL BE RESPONSIBLE ONLY FOR THE STATEMENTS SPECIFICALLY CONFIRMED OR UNDERTAKEN BY IT IN THIS DRAFT RED HERRING PROSPECTUS IN RELATION TO ITSELF FOR ITS RESPECTIVE PORTION OF OFFERED SHARES. THE BRLMs ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITIES ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BRLMs HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED FEBRUARY 18, 2022 IN THE FORMAT PRESCRIBED UNDER SCHEDULE V (FORM A) OF THE SEBI ICDR REGULATIONS.

THE FILING OF THIS DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013, OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BRLMs, ANY IRREGULARITIES OR LAPSES IN THIS DRAFT RED HERRING PROSPECTUS.

In terms of Regulation 24(3) of SEBI ICDR Regulations, it is obligatory on the BRLMs to perform necessary due diligence on the entire draft offer document, including the information provided under industry report; and to ensure that the information provided in the DRHP is current, reliable, and complete in all aspects, before submitting the offer documents to SEBI.

All legal requirements pertaining to this Offer will be complied with at the time of filing of the Red Herring Prospectus with the Registrar of Companies in terms of Section 32 of the Companies Act, 2013. All legal requirements pertaining to this Offer will be complied with at the time of filing of the Prospectus with the Registrar of Companies in terms of sections 26, 32, 33(1) and 33(2) of the Companies Act, 2013.

Disclaimer from our Company, our Promoters, our Directors, the Selling Shareholders and BRLMs

Our Company, our Promoters, our Directors, the Selling Shareholders and the BRLMs accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our Company’s website www.archeanchemicals.com, or the respective websites of our Promoters or any of the Selling Shareholders or the Group Companies or any affiliate of our Company would be doing so at his or her own risk.

It is clarified that none of the Selling Shareholders, nor any of its respective directors, partners, trustees, affiliates, associates and officers, accept and/or undertake any responsibility for any statements made or undertakings

provided by any person other than those specifically made or undertaken by such Selling Shareholder in this Draft Red Herring Prospectus in relation to itself and its respective portion of the Offered Shares.

The BRLMs accept no responsibility, save to the limited extent as provided in the Offer Agreement, and as will be provided for in the Underwriting Agreement.

All information shall be made available by our Company, Selling Shareholders and the BRLMs to the Bidders and the public at large and no selective or additional information would be made available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at the Bidding Centres or elsewhere.

Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, the Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Selling Shareholders, the Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

The BRLMs and their respective associates and affiliates in their capacity as principals or agents may engage in transactions with, and perform services for, our Company, the Selling Shareholders, their respective group companies, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company, the Selling Shareholders, and their respective group companies, affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

Disclaimer in respect of Jurisdiction

This Offer is being made in India to persons resident in India (who are competent to contract under the Indian Contract Act, 1872, including Indian nationals resident in India, HUFs, companies, other corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, domestic Mutual Funds, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in equity shares, state industrial development corporations, insurance companies registered with IRDAI, provident funds (subject to applicable law) and pension funds, National Investment Fund, insurance funds set up and managed by army, navy or air force of Union of India, insurance funds set up and managed by the Department of Posts, GoI, NBFC-SI and permitted non-residents including FPIs and Eligible NRIs and AIFs that they are eligible under all applicable laws and regulations to purchase the Equity Shares. This Draft Red Herring Prospectus does not constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby, in any jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform him or herself about, and to observe, any such restrictions.

Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) in Chennai only.

This Draft Red Herring Prospectus does not constitute an invitation to subscribe to or purchase the Equity Shares in the Offer in any jurisdiction, including India. Invitations to subscribe to or purchase the Equity Shares in the Offer will be made only pursuant to the Red Herring Prospectus if the recipient is in India or the preliminary offering memorandum for the Offer, which comprises the Red Herring Prospectus and the preliminary international wrap for the Offer, if the recipient is outside India.

Neither the delivery of this Draft Red Herring Prospectus nor the offer of the Offered Shares shall, under any circumstances, create any implication that there has been no change in the affairs of our Company or the Selling Shareholders since the date of this Draft Red Herring Prospectus or that the information contained herein is correct as of any time subsequent to this date.

No person outside India is eligible to Bid for Equity Shares in the Offer unless that person has received the preliminary offering memorandum for the Offer, which contains the selling restrictions for the Offer outside India.

Eligibility and Transfer Restrictions

The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A) in accordance with Rule 144A or another available exemption from the registration requirements of the U.S. Securities Act and (b) outside the United States in “offshore transactions” as defined in, and in reliance on, Regulation S and the applicable laws of the jurisdiction where those offers and sales are made.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be issued or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Until the expiry of 40 days after the commencement of the Offer, an offer or sale of Equity Shares within the United States by a dealer (whether or not it is participating in the Offer) may violate the registration requirements of the U.S. Securities Act if such an offer for sale is made otherwise than in compliance with the available exemptions from registration under the U.S. Securities Act.

Equity Shares Offered and Sold within the United States

Prospective purchasers are hereby notified that the seller of the Equity Shares may be relying on Rule 144A or another available exemption from the registration requirements of the U.S. Securities Act. Each purchaser of the Equity Shares will be deemed to have represented and agreed to the Company, the Selling Shareholders and the BRLMS as follows:

- You are authorised to consummate the purchase of the Equity Shares in compliance with all applicable laws and regulations.
- You (A) are a “qualified institutional buyer” (as defined in Rule 144A), (B) are aware that the sale of the Equity Shares to you is being made in reliance on Rule 144A or another available exemption from the registration requirements of the U.S. Securities Act, and (C) are acquiring such Equity Shares for your own account or for the account of a “qualified institutional buyer”;
- You understand and agree (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer understands and agrees) that the Equity Shares are being offered in a transaction not involving any public offering within the meaning of the U.S. Securities Act, have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be reoffered, resold, pledged or otherwise transferred except (A)(i) in the United States, (1) to a person who the seller reasonably believes is a “qualified institutional buyer” in a transaction meeting the requirements of Rule 144A or another available exemption from registration requirements of the U.S. Securities Act, (2) pursuant to an exemption from the registration requirements under the U.S. Securities Act provided by Rule 144 under the U.S. Securities Act (if available), (3) pursuant to another available exemption from the registration requirements of the U.S. Securities Act, or (4) pursuant to an effective registration statement under the U.S. Securities Act, or (ii) outside the United States in an “offshore transaction” as defined in, and in reliance on, Regulation S, as applicable, and (B) in each case, in accordance with all applicable securities laws of the states of the United States and any other jurisdiction in which such offers or sales are made;
- You agree (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer agrees) that neither you, nor any of your affiliates, nor any person acting on your behalf, will make any “directed selling efforts” as defined in Regulation S, with respect to the Equity Shares. You acknowledge and agree that you are not purchasing any Equity Shares as a result of any directed selling efforts;

- The Equity Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 for re-sales of any Equity Shares;
- You will not deposit or cause to be deposited such Equity Shares into any depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility, so long as such Equity Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act;
- You are a sophisticated investor and have such knowledge and experience in financial, business and investments as to be capable of evaluating the merits and risks of the investment in the Equity Shares. You are experienced in investing in private placement transactions of securities of companies in similar jurisdictions. You and any accounts for you are subscribing to the Equity Shares for (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to the Company, the Selling Shareholders or any of the BRLMs or any of their respective shareholders, directors, officers, employees, counsels, advisors, representatives, agents or affiliates for all or part of any such loss or losses that may be suffered, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) are seeking to subscribe to the Equity Shares in this Offer for investment purposes and not with a view to resell or distribute them and you or they have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by it of all or any part of the Equity Shares, (v) have no need for liquidity with respect to the investment in the Equity Shares, and (vi) have no reason to anticipate any change in its or their circumstances, financial or otherwise, which may cause or require any sale or distribution by it or them of all or any part of the Equity Shares. You acknowledge that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment. You are seeking to subscribe to the Equity Shares in this Offer for your own investment and not with a view to distribution.
- You will notify any transferee to whom you subsequently offer, sell, pledge or otherwise transfer and the executing broker and any other agent involved in any resale of the Equity Shares of the foregoing restrictions applicable to the Equity Shares and instruct such transferee, broker or agent to abide by such restrictions.
- You acknowledge that if at any time your representations cease to be true, you agree to resell the Equity Shares at the Company’s request.
- You acknowledge and agree (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer acknowledges and agrees) that the Company, the Selling Shareholders, the BRLMs, their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agree that, if any of such acknowledgements, representations or agreements are no longer accurate you will promptly notify us; and if you are acquiring any of the Equity Shares as a fiduciary or agent for one or more accounts, you represent that you have sole investment discretion with respect to each such account and that you have full power to make, and do make, the foregoing acknowledgements, representations and agreements on behalf of each such account.
- You agree that any offer, resale, pledge or other transfer, or attempted offer, resale, pledge or other transfer, of the Equity Shares made other than in compliance with the above-stated restrictions will not be recognised by the Company.

You agree that the terms and provisions of the foregoing acknowledgements, representations and agreements shall inure to the benefit of and any document incorporating such acknowledgements, representations and agreements shall be enforceable by the Company, its successors and its permitted assigns, and the terms and provisions hereof shall be binding on its permitted successors in title, permitted assigns and permitted transferees. You understand that these acknowledgments, representations and undertakings are required in connection with United States securities laws and irrevocably authorise the Company to produce these acknowledgments, representations and undertakings (or any document incorporating them) to any interested party in any administrative or legal proceedings or official enquiry with respect to the matters covered herein.

All Other Equity Shares Offered and Sold in the Offer

If you purchase Equity Shares in the Offer outside of the United States, by submitting a bid to purchase Equity

Shares and/or accepting delivery of any Equity Shares, you will be deemed to have represented, warranted, acknowledged and agreed with the Company, the Selling Shareholders and the BRLMs as follows:

- You are authorised to consummate the purchase of the Equity Shares in compliance with all applicable laws and regulations and will comply with all laws, regulations and restrictions which may be applicable in your jurisdiction and you have obtained or will obtain any consent, approval or authorization required for you to purchase and accept delivery of Equity Shares, and you acknowledge and agree that none of the Company, the Selling Shareholders or the BRLMs and their respective affiliates shall have any responsibility in this regard.
- You acknowledge (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer acknowledges) that the Equity Shares are being issued in “offshore transactions” as defined in, and in reliance on, Regulation S and such Equity Shares have not been and will not be registered under the U.S. Securities Act.
- You certify that either (A) you are, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares, are located outside the United States (within the meaning of Regulation S), and you have not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or an economic interest therein to any person in the United States, or (B) you are a broker-dealer acting on behalf of your customer and your customer has confirmed to you that (i) such customer is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares, (ii) such customer is located outside the United States (within the meaning of Regulation S), and (iii) such customer has not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or an economic interest therein to any person in the United States.
- You are aware of the restrictions of the offer, sale and resale of the Equity Shares pursuant to Regulation S.
- You agree (or you are a broker-dealer acting on behalf of a customer that has confirmed to you that such customer agrees) that neither it, nor any of its affiliates, nor any person acting on its behalf, will make any “directed selling efforts” as defined in Regulation S. You acknowledge and agree that you are not purchasing any Equity Shares as a result of any “directed selling efforts” as defined in Regulation S.
- You understand and agree (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer understands and agrees) that the Equity Shares are being offered in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act, that the Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and that such Equity Shares may be offered, resold, pledged or otherwise transferred except (A)(i) in the United States, (1) to a person who the seller reasonably believes is a “qualified institutional buyers” in a transaction meeting the requirements of Rule 144A, (2) pursuant to an exemption from registration under the U.S. Securities Act provided by Rule 144 under the U.S. Securities Act (if available), (3) pursuant to another available exemption from the registration requirements of the U.S. Securities Act, or (4) pursuant to an effective registration statement under the U.S. Securities Act, or (ii) outside the United States in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S, as applicable, and (B) in each case, in accordance with all applicable securities laws of the states of the United States and any other jurisdictions in which such offers or sales are made.
- You are a sophisticated investor and possess such knowledge and experience in financial, business and investments as to be capable of evaluating the merits and risks of the investment in the Equity Shares. You are experienced in investing in private placement transactions of securities of companies in a similar stage of development and in similar jurisdictions. You and any accounts for which you are subscribing to the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to the Company, the Selling Shareholders or the BRLMs or any of their respective shareholders, directors, officers, employees, counsels, advisors, representatives, agents or affiliates for all or part of any such loss or losses that may be suffered, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) are seeking to subscribe to the Equity Shares in this Offer for investment purposes and not with a view to resell or distribute them and you or they have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by it of all or any part of the Equity Shares, (v) have no need for liquidity with respect to the investment in the Equity

Shares, and (vi) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares. You acknowledge that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment.

- You agree to indemnify and hold the Company, the Selling Shareholders and the BRLMs harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations and warranties. You will not hold any of the Company, the Selling Shareholders or the BRLMs liable with respect to its investment in the Equity Shares. You agree that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares.
- Where you are subscribing to the Equity Shares for one or more managed accounts, you represent and warrant that you are authorised in writing, by each such managed account to subscribe to the Equity Shares for each managed account and to make (and it hereby makes) the acknowledgements and agreements herein for and on behalf of each such account, reading the reference to “you” to include such accounts.
- You agree that any offer, resale, pledge or other transfer, or attempted offer, resale, pledge or other transfer, of the Equity Shares made other than in compliance with the above-stated restrictions shall not be recognised by the Company.

If such person is a dealer (as such term is defined under the U.S. Securities Act), it may not resell the Equity Shares in the United States prior to 40 days from the commencement of the offering of the Equity Shares. You acknowledge and agree (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer acknowledges and agrees) that the Company and the BRLMs and their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agree that, if any of such acknowledgements, representations or agreements are no longer accurate, you will promptly notify the Company, the Selling Shareholders and the BRLMs; and if you are acquiring any of the Equity Shares as a fiduciary or agent for one or more accounts, you represent that you have sole investment discretion with respect to each such account and that you have full power to make, and do make, the foregoing acknowledgements, representations and agreements on behalf of each such account. You agree that the terms and provisions of the foregoing acknowledgements, representations and agreements shall inure to the benefit of and any document incorporating such acknowledgements, representations and agreements shall be enforceable by the Company, its successors and its permitted assigns, and the terms and provisions hereof shall be binding on its permitted successors in title, permitted assigns and permitted transferees. You understand that these acknowledgments, representations and undertakings are required in connection with United States securities laws and irrevocably authorize the Company to produce these acknowledgments, representations and undertakings (or any document incorporating them) to any interested party in any administrative or legal proceedings or official enquiry with respect to the matters covered herein.

In relation to each European Economic Area State that has implemented the Prospectus Directive (Directive 2003/71/EC) and amendments thereto, including Directive 2010/73/EU and to the extent applicable, Prospectus Regulation (EU) 2017/1129 (each, a “**Relevant Member State**”), an offer to the public of any Equity Shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- a. to any legal entity which is a qualified investor as defined under the Prospectus Directive;
- b. to fewer than 100 or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors), subject to obtaining the prior consent of the BRLM; or
- c. in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Equity Shares shall result in a requirement for our Company or any BRLM to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive and each person who receives any communication in respect of, or who acquires any Equity Shares under, the offers contemplated in this Draft Red Herring Prospectus will be deemed to have represented, warranted and agreed to with the BRLM and our Company that it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive.

For the purposes of this provision, the expression an “offer to the public” in relation to any of the Equity Shares in any Relevant Member States means the communication in any form and by any means of sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

In the case of any Equity Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the Equity Shares acquired by it in the offering have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Equity Shares to the public in a Relevant Member State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that relevant member state or, where appropriate, approved in another Relevant Member State and notified to the competent authority in the Relevant Member State, all in accordance with the Prospectus Directive, other than their offer or resale to qualified investors or in circumstances in which the prior consent of the BRLM has been obtained to each such proposed offer or resale.

Our Company, the BRLMs and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

This Draft Red Herring Prospectus is an advertisement and is not a prospectus for the purposes of EU Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU and to the extent applicable, Prospectus Regulation (EU) 2017/1129).

Bidders are advised to ensure that any Bid from them does not exceed investment limits or the maximum number of Equity Shares that can be held by them under applicable law. Further, each Bidder where required must agree in the Allotment Advice that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than in accordance with applicable laws.

Disclaimer Clause of BSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus and the Prospectus prior to the RoC filing.

Disclaimer Clause of NSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to NSE. The disclaimer clause as intimated by NSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus and the Prospectus prior to the RoC filing.

Listing

The Equity Shares proposed to be issued through the Red Herring Prospectus and the Prospectus are proposed to be listed on BSE and NSE. Applications will be made to the Stock Exchanges for obtaining permission for listing and trading of the Equity Shares. [●] will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

If the permissions to deal in, and for an official quotation of, the Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company will forthwith repay, without interest, all monies received from the applicants in pursuance of the Red Herring Prospectus, in accordance with applicable law. If such money is not repaid within the prescribed time, then our Company, and every officer in default shall be liable to repay the money, with interest, as prescribed under applicable law. Any expense incurred by our Company on behalf of the Selling Shareholders with regard to interest on such refunds will be reimbursed by the Selling Shareholders. However, each of the Selling Shareholders shall not be liable to pay and / or reimburse any expenses towards refund or any interest thereon in respect to Allotment of its respective proportion of the Offered Shares or otherwise, unless the failure or default or delay, as the case may be, is solely on account of any act by such Selling Shareholder and such liability shall be limited to the extent of its respective Offered Shares.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges are taken within six Working Days from the Bid/ Offer Closing Date or within such other period as may be prescribed. The Selling Shareholders severally and not jointly, confirms that with respect to their Offered Shares, it shall extend reasonable co-operation required by our Company and the BRLMs for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges within six Working Days from the Bid/Offer Closing Date, or within such other period as may be prescribed.

If our Company does not Allot the Equity Shares within six Working Days from the Bid/ Offer Closing Date or within such timeline as prescribed by SEBI, all amounts received in the Public Offer Account will be transferred to the Refund Account and it shall be utilised to repay, without interest, all monies received from Bidders, failing which interest shall be due to be paid to the Bidders at the rate of 15% per annum or such other rate as may be prescribed by the SEBI from time to time, for the delayed period, subject to applicable law.

Consents

Consents in writing of (a) the Selling Shareholders, our Directors, the Company Secretary and Compliance Officer, legal counsels appointed for the Offer, the Chief Financial Officer, banker to our Company, F&S, the BRLMs, Registrar to the Offer, have been obtained; and (b) the Syndicate Members, Monitoring Agency, Escrow Collection Bank(s)/Refund Bank(s)/ Public Offer Account/ Sponsor Bank(s) to act in their respective capacities, will be obtained as required under the Companies Act, 2013. All such consents, where already obtained, have not been withdrawn until the date of this Draft Red Herring Prospectus.

Expert to the Offer

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent dated February 17, 2022 from PKF Sridhar & Santhanam LLP, Chartered Accountants, to include their name as required under Section 26(1) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Draft Red Herring Prospectus, and as an “expert” as defined under Section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditors, and in respect of (i) their examination report dated January 15, 2022 on the Restated Financial Information; and (ii) their report dated February 15, 2022 on the statement of possible special tax benefits in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S. Securities Act.

Our Company has received the consent dated February 1, 2022 from M. Ulaganathan, to include his name in this Draft Red Herring Prospectus as an “expert” in terms of the Companies Act, 2013 to the extent of and in his capacity as a chartered engineer in relation to his certificate dated February 1, 2022 on installed capacity, actual production and capacity utilisation at our manufacturing facility located in Hajipir, Gujarat, and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Particulars regarding capital issues by our Company and listed group companies, subsidiaries or associate entities during the last three years

Our Company has not made any capital issues during the three years preceding the date of this Draft Red Herring Prospectus.

Our Company does not have any listed Group Company or any listed Subsidiary. As on the date of this Draft Red Herring Prospectus, our Company does not have any ‘associate company’ (as defined under the Companies Act).

Commission and Brokerage paid on previous issues of the Equity Shares in the last five years

Since this is the initial public issue of the Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares in the five years preceding the date of this Draft Red Herring Prospectus.

Performance vis-à-vis objects – Public/ rights issue of our Company

Our Company has not undertaken any public or rights issue (as defined under the SEBI ICDR Regulations) in the five years preceding the date of this Draft Red Herring Prospectus.

Performance vis-à-vis objects – Public/ rights issue of the listed subsidiaries/listed Promoter of our Company

Our Subsidiary and our corporate Promoter are not listed on any stock exchange.

Price information of past issues handled by the BRLMs

1) IIFL Securities Limited

1. Price information of past issues handled by IIFL Securities Limited

| Sr. No. | Issue Name | Issue Size (in ₹ million) | Issue Price (₹) | Designated Stock Exchange as disclosed in the Red Herring Prospectus filed | Listing Date | Opening Price on Listing Date | +/- % change in closing price*, [+/- % change in closing benchmark]- 30th calendar days from listing | +/- % change in closing price*, [+/- % change in closing benchmark]- 90th calendar days from listing | +/- % change in closing price*, [+/- % change in closing benchmark]- 180th calendar days from listing |
|---------|--|---------------------------|-----------------------|--|--------------------|-------------------------------|--|--|---|
| 1 | Sansera Engineering Limited | 12,825.20 | 744.00 ⁽¹⁾ | BSE | September 24, 2021 | 811.35 | +0.30%, [+1.29%] | +1.57%, [-5.19%] | N.A. |
| 2 | Aditya Birla Sun Life AMC Ltd | 27,682.56 | 712.00 | NSE | October 11, 2021 | 715.00 | -11.36%, [+0.55%] | -23.85%, [-0.74%] | N.A. |
| 3 | PB Fintech Ltd. | 57,097.15 | 980.00 | NSE | November 15, 2021 | 1,150.00 | +14.86%, [-4.33%] | -20.52%, [-4.06%] | N.A. |
| 4 | S.J.S Enterprises Ltd. | 8,000.00 | 542.00 | NSE | November 15, 2021 | 542.00 | -24.99%, [-4.33%] | -29.33%, [-4.06%] | N.A. |
| 5 | Sapphire Foods India Limited | 20,732.53 | 1,180.00 | NSE | November 18, 2021 | 1,350.00 | +3.69%, [-4.39%] | N.A. | N.A. |
| 6 | Star Health and Allied Insurance Company Limited | 60,186.84 | 900.00 ⁽²⁾ | NSE | December 10, 2021 | 845.00 | -14.78%, [+1.72%] | N.A. | N.A. |
| 7 | Anand Rathi Wealth Limited | 6,593.75 | 550.00 ⁽³⁾ | BSE | December 14, 2021 | 602.05 | +12.38%, [+5.22%] | N.A. | N.A. |
| 8 | Rategain Travel Technologies Limited | 13,357.35 | 425.00 ⁽⁴⁾ | NSE | December 17, 2021 | 360.00 | +11.99%, [+7.48%] | N.A. | N.A. |
| 9 | Data Patterns (India) Limited | 5,882.24 | 585.00 | NSE | December 24, 2021 | 856.05 | +29.70%, [+3.61%] | N.A. | N.A. |
| 10 | Vedant Fashions Limited | 31,491.95 | 866.00 | NSE | February 16, 2022 | 935.00 | N.A. | N.A. | N.A. |

Source: www.nseindia.com; www.bseindia.com, as applicable

(1) A discount of INR 36 per equity share was offered to eligible employees bidding in the employee reservation portion

(2) A discount of INR 80 Per Equity Share was offered to eligible employees bidding in the employee reservation portion

(3) A discount of INR 25 Per Equity Share was offered to eligible employees bidding in the employee reservation portion

(4) A discount of INR 40 Per Equity Share was offered to eligible employees bidding in the employee reservation portion

Note: Benchmark Index taken as NIFTY 50 or S&P BSE SENSEX, as applicable. Price of the designated stock exchange as disclosed by the respective issuer at the time of the issue has been considered for all of the above calculations. The 30th, 90th and 180th calendar day from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30th / 90th / 180th calendar day from listing day is a holiday, the closing data of the previous trading day has been considered. % change taken against the Issue Price in case of the Issuer. NA means Not Applicable. The above past price information is only restricted to past 10 initial public offers.

2. Summary statement of price information of past issues handled by IIFL Securities Limited

| Financial Year | Total No. of IPO's | Total Funds Raised (in ₹ million) | No. of IPOs trading at discount – 30 th calendar days from listing | | | No. of IPOs trading at premium – 30 th calendar days from listing | | | No. of IPOs trading at discount – 180 th calendar days from listing | | | No. of IPOs trading at premium – 180 th calendar days from listing | | |
|----------------|--------------------|-----------------------------------|---|----------------|---------------|--|----------------|---------------|--|----------------|---------------|---|----------------|---------------|
| | | | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% |
| 2019–20 | 5 | 65,827.61 | - | - | 2 | - | 1 | 2 | 1 | 1 | 1 | - | - | 2 |
| 2020-21 | 8 | 47,017.65 | - | - | 4 | 2 | 1 | 1 | - | 1 | - | 3 | 3 | 1 |
| 2021-22 | 17 | 3,58,549.95 | - | - | 5 | - | 4 | 7 | - | - | - | 2 | - | - |

Source: www.nseindia.com; www.bseindia.com, as applicable

Note: Data for number of IPOs trading at premium/discount taken at closing price of the designated stock exchange as disclosed by the respective issuer at the time of the issue has been considered on the respective date. In case any of the days falls on a non-trading day, the closing price on the previous trading day has been considered.

NA means Not Applicable.

2) ICICI Securities Limited

1. Price information of past issues handled by ICICI Securities Limited:

| Sr. No. | Issue Name | Issue Size (Rs. Mn.) | Issue Price (Rs.) | Listing Date | Opening Price on Listing Date | +/- % change in closing price, [+/- % change in closing benchmark]- 30 th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 90 th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 180 th calendar days from listing |
|---------|--|----------------------|-----------------------|-------------------|-------------------------------|---|---|--|
| 1 | Latent View Analytics Limited [^] | 6,000.00 | 197.00 ⁽¹⁾ | November 23, 2021 | 530.00 | +153.58%, [-2.96%] | +142.08%, [-1.42%] | NA* |
| 2 | Tarsons Products Limited [^] | 10,234.74 | 662.00 ⁽²⁾ | November 26, 2021 | 700.00 | -4.16%, [+0.03%] | NA* | NA* |
| 3 | Go Fashion (India) Limited ^{^^} | 10,136.09 | 690.00 | November 30, 2021 | 1,310.00 | +59.75%, [+1.36%] | NA* | NA* |
| 4 | Star Health and Allied Insurance | 60,186.84 | 900.00 ⁽³⁾ | December 10, 2021 | 845.00 | -14.78%, [+1.72%] | NA* | NA* |

| Sr. No. | Issue Name | Issue Size (Rs. Mn.) | Issue Price (Rs.) | Listing Date | Opening Price on Listing Date | +/- % change in closing price, [+/- % change in closing benchmark]- 30 th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 90 th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 180 th calendar days from listing |
|---------|--|----------------------|-----------------------|-------------------|-------------------------------|---|---|--|
| | Company Limited ^{^^} | | | | | | | |
| 5 | Shriram Properties Limited ^{^^} | 6,000.00 | 118.00 ⁽⁴⁾ | December 20, 2021 | 90.00 | -12.42%, [+9.02%] | NA* | NA* |
| 6 | Metro Brands Limited [^] | 13,675.05 | 500.00 | December 2, 2021 | 436.00 | +21.77%, [+4.45%] | NA* | NA* |
| 7 | Supriya Lifescience Limited [^] | 7,000.00 | 274.00 | December 28, 2021 | 425.00 | +78.61%, [-0.07%] | NA* | NA* |
| 8 | AGS Transact Technologies Limited [^] | 6,800.00 | 175.00 | January 31, 2022 | 176.00 | NA* | NA* | NA* |
| 9 | Adani Wilmar Limited ^{^^} | 36,000.00 | 230.00 ⁽⁵⁾ | February 8, 2022 | 227.00 | NA* | NA* | NA* |
| 10 | Vedant Fashions Limited ^{^^} | 31,491.95 | 866.00 | February 16, 2022 | 935.00 | NA* | NA* | NA* |

*Data not available.

[^]BSE as designated stock exchange

^{^^}NSE as designated stock exchange

(1) Discount of Rs. 19 per equity share offered to eligible employees. All calculations are based on Issue Price of Rs. 197.00 per equity share.

(2) Discount of Rs. 61 per equity share offered to eligible employees. All calculations are based on Issue Price of Rs. 662.00 per equity share.

(3) Discount of Rs. 80 per equity share offered to eligible employees. All calculations are based on Issue Price of Rs. 900.00 per equity share.

(4) Discount of Rs. 11 per equity share offered to eligible employees. All calculations are based on Issue Price of Rs. 118.00 per equity share.

(5) Discount of Rs. 21 per equity share offered to eligible employees. All calculations are based on Issue Price of Rs. 230.00 per equity share.

2. Summary statement of price information of past issues handled by ICICI Securities Limited:

| Financial Year | Total no. of IPOs | Total funds raised (₹ million) | Nos. of IPOs trading at discount on as on 30 th calendar days from listing date | | | Nos. of IPOs trading at premium on as on 30 th calendar days from listing date | | | Nos. of IPOs trading at discount as on 180 th calendar days from listing date | | | Nos. of IPOs trading at premium as on 180 th calendar days from listing date | | |
|----------------|-------------------|--------------------------------|--|-------------------|---------------|---|-----------------|---------------|--|-----------------|---------------|---|-----------------|---------------|
| | | | Over 50% | Between 25% - 50% | Less than 25% | Over 50% | Between 25%-50% | Less than 25% | Over 50% | Between 25%-50% | Less than 25% | Over 50% | Between 25%-50% | Less than 25% |
| 2021-22* | 26 | 7,43,520.19 | - | 2 | 6 | 6 | 3 | 6 | - | 1 | 1 | 3 | 1 | 2 |
| 2020-21 | 14 | 1,74,546.09 | - | - | 5 | 5 | 2 | 2 | - | 1 | 3 | 5 | 3 | 2 |
| 2019-20 | 4 | 49,850.66 | - | - | 2 | - | 1 | 1 | 1 | - | - | 2 | - | 1 |

*This data covers issues up to YTD

Notes:

1. Data is sourced either from www.nseindia.com or www.bseindia.com, as per the designated stock exchange disclosed by the respective Issuer Company.
2. Similarly, benchmark index considered is “NIFTY 50” where NSE is the designated stock exchange and “S&P BSE SENSEX” where BSE is the designated stock exchange, as disclosed by the respective Issuer Company.
3. 30th, 90th, 180th calendar day from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30th, 90th, 180th calendar day is a holiday, in which case we have considered the closing data of the previous trading day

3) JM Financial Limited

1. Price information of past issues handled by JM Financial Limited

| Sr. No. | Issue name | Issue Size (₹ million) | Issue price (₹) | Listing Date | Opening price on Listing Date (in ₹) | +/- % change in closing price, [+/- % change in closing benchmark] - 30 th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark] - 90 th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark] - 180 th calendar days from listing |
|---------|---|------------------------|-----------------|-------------------|--------------------------------------|--|--|---|
| 1. | AGS Transact Technologies Limited [#] | 6,800.00 | 175.00 | January 31, 2022 | 176.00 | Not Applicable | Not Applicable | Not Applicable |
| 2. | CMS Info Systems Limited [#] | 11,000.00 | 216.00 | December 31, 2021 | 218.50 | 21.99% [-1.81%] | Not Applicable | Not Applicable |
| 3. | Data Patterns (India) Limited* | 5,882.24 | 585.00 | December 24, 2021 | 856.05 | 29.70% [3.61%] | Not Applicable | Not Applicable |
| 4. | C.E. Info Systems Limited [#] | 10,396.06 | 1,033.00 | December 21, 2021 | 1,394.55 | 70.21% [6.71%] | Not Applicable | Not Applicable |
| 5. | Tega Industries Limited* | 6,192.27 | 453.00 | December 13, 2021 | 760.00 | 30.70% [3.96%] | Not Applicable | Not Applicable |
| 6. | Go Fashion (India) Limited* | 10,136.09 | 690.00 | November 30, 2021 | 1,310.00 | 59.75% [1.36%] | Not Applicable | Not Applicable |
| 7. | Sapphire Foods India Limited | 20,732.53 | 1,180.00 | November 18, 2021 | 1,350.00 | 3.69% [-4.39%] | 20.78% [-2.32%] | Not Applicable |
| 8. | FSN – E-Commerce Ventures Limited ^{*7} | 53,497.24 | 1,125.00 | November 10, 2021 | 2018.00 | 92.31% [-2.78%] | 68.46% [-4.46%] | Not Applicable |
| 9. | Aditya Birla Sun Life AMC Limited* | 27,682.56 | 712.00 | October 11, 2021 | 715.00 | -11.36% [0.55%] | -23.85% [-0.74%] | Not Applicable |
| 10. | Krsnaa Diagnostics Limited ^{*8} | 12,133.35 | 954.00 | August 16, 2021 | 1,005.55 | -9.42% [4.93%] | -27.73% [9.30%] | -32.63% [4.90%] |

Source: www.nseindia.com and www.bseindia.com

[#] BSE as Designated Stock Exchange

* NSE as Designated Stock Exchange

Notes:

1. Opening price information as disclosed on the website of the Designated Stock Exchange.
2. Change in closing price over the issue/offer price as disclosed on Designated Stock Exchange.
3. For change in closing price over the closing price as on the listing date, the CNX NIFTY or S&P BSE SENSEX is considered as the Benchmark Index as per the Designated Stock Exchange disclosed by the respective Issuer at the time of the issue, as applicable.
4. In case of reporting dates falling on a trading holiday, values for the trading day immediately preceding the trading holiday have been considered.
5. 30th calendar day has been taken as listing date plus 29 calendar days; 90th calendar day has been taken as listing date plus 89 calendar days; 180th calendar day has been taken as listing date plus 179 calendar days.
6. Restricted to last 10 issues.
7. A discount of Rs. 100 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion.
8. A discount of Rs. 93 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion.

9. Not Applicable – Period not completed

2. Summary statement of price information of past issues handled by JM Financial Limited

| Financial Year | Total no. of IPOs | Total funds raised (₹ millions) | Nos. of IPOs trading at discount on as on 30 th calendar days from listing date | | | Nos. of IPOs trading at premium on as on 30 th calendar days from listing date | | | Nos. of IPOs trading at discount as on 180 th calendar days from listing date | | | Nos. of IPOs trading at premium as on 180 th calendar days from listing date | | |
|----------------|-------------------|---------------------------------|--|-------------------|---------------|---|-----------------|---------------|--|-----------------|---------------|---|-----------------|---------------|
| | | | Over 50% | Between 25% - 50% | Less than 25% | Over 50% | Between 25%-50% | Less than 25% | Over 50% | Between 25%-50% | Less than 25% | Over 50% | Between 25%-50% | Less than 25% |
| 2021-2022 | 17 | 2,89,814.06 | - | - | 2 | 5 | 5 | 4 | - | 1 | - | 4 | 1 | 2 |
| 2020-2021 | 8 | 62,102.09 | - | - | 3 | 2 | 1 | 2 | - | - | - | 5 | 2 | 1 |
| 2019-2020 | 4 | 36,400.83** | - | - | 1 | - | 1 | 2 | - | 1 | 1 | - | 1 | 1 |

**Spandana Sphoorty Financial Limited raised Rs. 11,898.49 million as against the issue size of Rs. 12,009.36 million

Website for track record of past issues handled by the Book Running Lead Managers

For details regarding the track record of the BRLMs, as specified in the SEBI circular dated January 10, 2012, bearing reference number CIR/MIRSD/1/2012, please see the websites of the BRLMs, as provided in the table below:

| S. No. | Name of the BRLM | Website |
|--------|--------------------------|-------------------------|
| 1. | IIFL Securities Limited | www.iiflcap.com |
| 2. | ICICI Securities Limited | www.icicisecurities.com |
| 3. | JM Financial Limited | www.jmfl.com |

Stock Market Data of Equity Shares

This being an initial public offer of Equity Shares of our Company, the Equity Shares are not listed on any stock exchange and accordingly, no stock market data is available for the Equity Shares.

Mechanism for Redressal of Investor Grievances

The Registrar Agreement provides for the retention of records with the Registrar to the Offer for a period of at least eight years from the date of listing and commencement of trading of the Equity Shares on the Stock Exchanges, to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

SEBI, by way of its circular dated March 16, 2021 as amended by the SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 (“**March 2021 Circular**”), has identified the need to put in place measures, in order to manage and handle investor issues arising out of the UPI Mechanism, inter alia, in relation to delay in receipt of mandates by Bidders for blocking of funds due to systemic issues faced by Designated Intermediaries/SCSBs and failure to unblock funds in cases of partial allotment/non allotment within prescribed timelines and procedures.

In terms of SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/22, dated February 15, 2018, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of the Equity Shares. SCSBs are required to resolve these complaints within 15 days, failing which the concerned SCSB would have to pay interest at the rate of 15% per annum for any delay beyond this period of 15 days. Separately, pursuant to the March 2021 Circular, the following compensation mechanism shall be applicable for investor grievances in relation to Bids made through the UPI Mechanism for public issues opening on or after May 1, 2021, for which the relevant SCSBs shall be liable to compensate the investor:

| Scenario | Compensation amount | Compensation period |
|--|--|--|
| Delayed unblock for cancelled / withdrawn / deleted applications | ₹100 per day or 15% per annum of the Bid Amount, whichever is higher | From the date on which the request for cancellation / withdrawal / deletion is placed on the bidding platform of the Stock Exchanges till the date of actual unblock |
| Blocking of multiple amounts for the same Bid made through the UPI Mechanism | 1. Instantly revoke the blocked funds other than the original application amount; and 2. ₹100 per day or 15% per annum of the total cumulative blocked amount except the original Bid Amount, whichever is higher | From the date on which multiple amounts were blocked till the date of actual unblock |
| Blocking more amount than the Bid Amount | 1. Instantly revoke the difference amount, i.e., the blocked amount less the Bid Amount; and 2. ₹100 per day or 15% per annum of the difference amount, whichever is higher | From the date on which the funds to the excess of the Bid Amount were blocked till the date of actual unblock |
| Delayed unblock for non – Allotted/ partially Allotted applications | ₹100 per day or 15% per annum of the Bid Amount, whichever is higher | From the Working Day subsequent to the finalisation of the Basis of Allotment till the date of actual unblock |

Further, in the event there are any delays in resolving the investor grievance beyond the date of receipt of the complaint from the investor, for each day delayed, the BRLMs shall be liable to compensate the investor ₹100 per day or 15% per annum of the Bid Amount, whichever is higher. The compensation shall be payable for the period ranging from the day on which the investor grievance is received till the date of actual unblock.

All grievances in relation to the Bidding process may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary to whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or first Bidder, Bid cum Application Form number, Bidder DP ID, Client ID, UPI ID, PAN, date of the submission of Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder. Further, the Bidder shall also enclose a copy of the Acknowledgment Slip duly received from the concerned Designated Intermediary in addition to the information mentioned herein.

The Registrar to the Offer shall obtain the required information from the SCSBs and Sponsor Bank(s) for addressing any clarifications or grievances of ASBA Bidders. Our Company, the BRLMs and the Registrar to the Offer accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under applicable SEBI ICDR Regulations.

Investors can contact our Company Secretary and Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, non-credit of allotted Equity Shares in the respective beneficiary account, non-receipt of refund intimations and non-receipt of funds by electronic mode.

Anchor Investors are required to address all grievances in relation to the Offer to the BRLMs.

Our Subsidiary is not listed on any stock exchange.

Our Company, the BRLMs and the Registrar to the Offer accept no responsibility for errors, omissions, commission or any acts of the Designated Intermediaries including any defaults in complying with its obligations under applicable SEBI ICDR Regulations.

Disposal of Investor Grievances by our Company

Our Company has obtained authentication on the SCORES in terms of the SEBI circular bearing number CIR/OIAE/1/2013 dated April 17, 2013 and shall comply with SEBI circular bearing number CIR/OIAE/1/2014 dated December 18, 2014 in relation to redressal of investor grievances through SCORES.

Our Company has not received investor complaints in relation to the Equity Shares for the three years prior to the filing of the Draft Red Herring Prospectus, hence no investor complaint in relation to our Company is pending as on the date of filing of the Draft Red Herring Prospectus.

Our Company estimates that the average time required by our Company or the Registrar to the Offer or the SCSB in case of ASBA Bidders, for the redressal of routine investor grievances shall be 10 Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has also appointed Abhishek Pandey, Company Secretary of our Company, as the Compliance Officer for the Offer and he may be contacted in case of any pre-Offer or post-Offer related issues. For details, see “*General Information*” on page 64.

Each of the Selling Shareholders has, severally and not jointly, authorised the Company Secretary and Compliance Officer of the Company, and the Registrar to the Offer to redress any complaints received from Bidders in respect of its respective portion of the Offered Shares.

Our Company has constituted a Stakeholders’ Relationship Committee to review and redress the shareholders and investor grievances such as transfer of Equity Shares, non-recovery of balance payments, declared dividends, approve subdivision, consolidation, transfer and issue of duplicate shares. For details, see “*Our Management - Stakeholders’ Relationship Committee*” on page 178.

SECTION VII: OFFER INFORMATION

TERMS OF THE OFFER

The Equity Shares being issued, offered and Allotted pursuant to the Offer shall be subject to the provisions of the Companies Act, SEBI ICDR Regulations, SCRA, SCRR, the MoA, AoA, Listing Regulations, the terms of the Red Herring Prospectus, the Prospectus, the abridged prospectus, Bid cum Application Form, the Revision Form, the CAN/Allotment Advice and other terms and conditions as may be incorporated in other documents/certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to laws as applicable, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Offer and to the extent applicable or such other conditions as may be prescribed by the SEBI, the Government of India, the Stock Exchanges, the RoC and/or any other authorities while granting its approval for the Offer.

Ranking of Equity Shares

The Equity Shares being offered pursuant to the Offer shall be subject to the provisions of the Companies Act, the Memorandum of Association and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares including in respect of voting and the right to receive dividend. In addition, the Allottees upon Allotment of Equity Shares under the Offer, will be entitled to dividend and other corporate benefits, if any, declared by our Company after the date of Allotment. For details, see “*Description of Equity Shares and Terms of Articles of Association*” on page 343.

Mode of Payment of Dividend

Our Company shall pay dividends, if declared, to the Shareholders in accordance with the provisions of the Companies Act, the Memorandum and Articles of Association and provisions of the Listing Regulations and any other guidelines or directions which may be issued by the Government in this regard. Dividends, if any, declared by our Company after the date of Allotment (pursuant to the transfer of Equity Shares from the Offer for Sale), will be payable to the Bidders who have been Allotted Equity Shares in the Offer, for the entire year, in accordance with applicable laws. For details, in relation to dividends, see “*Dividend Policy*” and “*Description of Equity Shares and Terms of Articles of Association*” beginning on pages 192 and 343, respectively.

Face Value, Offer Price, Floor Price and Price Band

The face value of each Equity Share is ₹ 2 and the Offer Price at the lower end of the Price Band is ₹ [●] per Equity Share and at the higher end of the Price Band is ₹ [●] per Equity Share. The Anchor Investor Offer Price is ₹ [●] per Equity Share.

The Price Band and the minimum Bid Lot size for the Offer will be decided by our Company and the Selling Shareholders, in consultation with the BRLMs, and advertised in [●] editions of [●], an English national daily newspaper, [●] editions of [●], a Hindi national daily newspaper and [●] editions of [●], a Tamil newspaper, Tamil being the regional language of Tamil Nadu, where our Registered Office is located, each with wide circulation, at least two Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading the same on their websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be pre-filled in the Bid cum Application Forms available on the respective websites of the Stock Exchanges.

At any given point of time, there shall be only one denomination of the Equity Shares, unless otherwise permitted by law.

The Offer

The Offer comprises a Fresh Issue and an Offer for Sale by the Selling Shareholders.

Expenses for the Offer shall be shared amongst our Company and the Selling Shareholders in the manner specified in “*Objects of the Offer - Offer Expenses*” on page 86.

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, our equity Shareholders shall have the following rights:

- Right to receive dividends, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy, in accordance with the provisions of the Companies Act;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;
- Right of free transferability, subject to applicable laws including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the Listing Regulations and the Articles of Association of our Company.

For a detailed description of the main provisions of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien, transfer, transmission and/or consolidation/splitting, see “*Description of Equity Shares and Terms of Articles of Association*” on page 343.

Compliance with disclosure and accounting norms

Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Allotment only in dematerialised form

Pursuant to Section 29 of the Companies Act, 2013 the Equity Shares shall be Allotted only in dematerialised form. As per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form on the Stock Exchanges. In this context, our Company has entered into the following agreements with the respective Depositories and the Registrar to the Offer:

- Tripartite agreement dated December 10, 2021, amongst our Company, NSDL and the Registrar to the Offer.
- Tripartite agreement dated January 19, 2022, amongst our Company, CDSL and the Registrar to the Offer.

Market Lot and Trading Lot

Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Offer will be in multiples of one Equity Share subject to a minimum Allotment of [●] Equity Shares.

Joint Holders

Subject to the provisions of the Articles of Association, where two or more persons are registered as the holders of the Equity Shares, they will be deemed to hold such Equity Shares as joint tenants with benefits of survivorship.

Nomination facility to investors

In accordance with Section 72 of the Companies Act, 2013, read with the Companies (Share Capital and Debentures) Rules, 2014, the sole Bidder, or the first Bidder along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or to the registrar and transfer agents of our Company.

Any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013 shall upon the production of such evidence as may be required by the Board, elect either:

- (a). to register himself or herself as the holder of the Equity Shares; or
- (b). to make such transfer of the Equity Shares, as the deceased holder could have made.

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 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 monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialized mode, there is no need to make a separate nomination with our Company. Nominations registered with respective Depository Participant of the Bidder would prevail. If the Bidder wants to change the nomination, they are requested to inform their respective Depository Participant.

Bid/Offer Programme

| | |
|----------------------------|--------------------------|
| BID/OFFER OPENS ON | [●]⁽¹⁾ |
| BID/OFFER CLOSES ON | [●]⁽²⁾ |

⁽¹⁾ Our Company and the Selling Shareholders in consultation with the BRLMs, may consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/Offer Period shall be one Working Day prior to the Bid/ Offer Opening Date.

⁽²⁾ Our Company and the Selling Shareholders in consultation with the BRLMs, may consider closing the Bid/ Offer Period for QIBs one Working Day prior to the Bid/ Offer Closing Date in accordance with the SEBI ICDR Regulations.

An indicative timetable in respect of the Offer is set out below:

| Event | Indicative Date |
|---|------------------------|
| Finalisation of Basis of Allotment with the Designated Stock Exchange | On or about [●] |
| Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account* | On or about [●] |
| Credit of Equity Shares to demat accounts of Allottees | On or about [●] |
| Commencement of trading of the Equity Shares on the Stock Exchanges | On or about [●] |

* In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated in accordance with applicable law. Further, investors shall be entitled to compensation in the manner specified in the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 read with SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021 and SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 in case of delays in resolving investor grievances in relation to blocking/unblocking of funds.

The above timetable, other than the Bid/Offer Closing Date, is indicative and does not constitute any obligation or liability on our Company, our Selling Shareholders or the BRLMs.

Whilst our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within six Working Days of the Bid/Offer Closing Date, the timetable may be extended due to various factors, such as extension of the Bid/Offer Period by our Company and the Selling Shareholders in consultation with the BRLMs, revision of the Price Band or any delay in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws. The Selling Shareholders confirms that it shall extend such reasonable support and co-operation required by our Company and the BRLMs for completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges within six Working Days from the Bid/Offer Closing Date or such other period as may be prescribed by SEBI.

In terms of the UPI Circulars, in relation to the Offer, the BRLMs will be required to submit reports of compliance with timelines and activities prescribed by SEBI in connection with the allotment and listing procedure within six Working Days from the Bid/ Offer Closing Date, identifying non-adherence to timelines and processes and an analysis of entities responsible for the delay and the reasons associated with it.

SEBI is in the process of streamlining and reducing the post issue timeline for IPOs. Any circulars or notifications from SEBI after the date of this Draft Red Herring Prospectus may result in changes to the above-mentioned timelines. Further, the offer procedure is subject to change basis any revised SEBI circulars to this effect.

Submission of Bids (other than Bids from Anchor Investors):

| Bid/Offer Period (except the Bid/Offer Closing Date) | |
|---|--|
| Submission and Revision in Bids | Only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time (“IST”)) |
| Bid/Offer Closing Date* | |
| Submission and Revision in Bids | Only between 10.00 a.m. and 3.00 p.m. IST |

**UPI mandate end time and date shall be at 12.00pm on [●].*

On the Bid/ Offer Closing Date, the Bids shall be uploaded until:

- (i). 4.00 p.m. IST in case of Bids by QIBs and Non-Institutional Bidders, and
- (ii). until 5.00 p.m. IST or such extended time as permitted by the Stock Exchanges, in case of Bids by RIBs.

On Bid/Offer Closing Date, extension of time may be granted by Stock Exchanges only for uploading Bids received by RIBs, after taking into account the total number of Bids received and as reported by the BRLMs to the Stock Exchanges.

The Registrar to the Offer shall submit the details of cancelled/withdrawn/deleted applications to the SCSBs on daily basis from the Bid/ Offer Opening Date till the Bid/Offer Closing Date by obtaining the same from the Stock Exchanges. The SCSBs shall unblock such applications by the closing hours of the Working Day and submit the confirmation to the BRLMs and the Registrar to the Offer on a daily basis.

For the avoidance of doubt, it is clarified that Bids not uploaded on the electronic bidding system or in respect of which full Bid Amount is not blocked by SCSBs or not blocked under the UPI Mechanism in the relevant ASBA Account, as the case may be, will be rejected.

To avoid duplication, the facility of re-initiation provided to Syndicate Members shall preferably be allowed only once per Bid/batch and as deemed fit by the Stock Exchanges, after closure of the time for uploading Bids.

Due to limitation of time available for uploading the Bids on the Bid/Offer Closing Date, Bidders are advised to submit their Bids one day prior to the Bid/Offer Closing Date. Any time mentioned in this Draft Red Herring Prospectus is IST. Bidders are cautioned that, in the event a large number of Bids are received on the Bid/Offer Closing Date, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under this Offer. Bids will be accepted only during Working Days. It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by the SCSBs would be rejected.

Investors may please note that as per letter no. List/SMD/SM/2006 dated July 3, 2006 and letter no. NSE/IPO/25101-6 dated July 6, 2006 issued by BSE and NSE respectively, Bids and any revision in Bids shall not be accepted on Saturdays and public holidays as declared by the Stock Exchanges. Bids by ASBA Bidders shall be uploaded by the relevant Designated Intermediary in the electronic system to be provided by the Stock Exchanges.

Our Company and the Selling Shareholders in consultation with the BRLMs reserves the right to revise the Price Band during the Bid/Offer Period. The revision in the Price Band shall not exceed 20% on either side, i.e. the Floor Price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly, provided that the Cap Price shall be at least 105% of the Floor Price.

In case of revision in the Price Band, the Bid/Offer Period shall be extended for at least three additional Working Days after such revision, subject to the Bid/Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company and the Selling Shareholders in consultation with the BRLMs, for reasons to be recorded in writing, extend the Bid/Offer Period for a minimum of three Working Days, subject to the Bid/ Offer Period not exceeding 10 Working Days. Any revision in Price Band, and the revised Bid/Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the change on the terminals of the Syndicate Members and by intimation to the Designated Intermediaries.

In case of discrepancy in data entered in the electronic book vis-à-vis data contained in the Bid cum Application Form for a particular Bidder, the details as per the Bid file received from the Stock Exchanges shall be taken as the final data for the purpose of Allotment.

Minimum Subscription

If our Company does not receive (i) the minimum subscription of 90% of the Fresh Issue on the Bid/Offer Closing Date, and (ii) the minimum subscription in the Offer as specified under the terms of Rule 19(2)(b) of the SCRR, as applicable, on the date of closure of the Offer or withdrawal of applications; or after technical rejections; or if the listing or trading permission are not obtained from the Stock Exchanges for the Equity Shares so offered under the Offer document, our Company, shall forthwith refund the entire subscription amount received. If there is a delay beyond four days from the closure of the Offer, our Company and shall pay interest at the rate of 15% per annum or such other amount prescribed under applicable law, including the SEBI circular bearing no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021. Each Selling Shareholder shall be, severally and not jointly, liable to refund money raised in the Offer, only to the extent of its respective Offered Shares, together with any interest on such amount as per applicable laws. No liability to make any payment of interest shall accrue to the Selling Shareholders unless any delay in making any of the payments hereunder or any delay in obtaining listing or trading approvals in relation to the Offer is solely attributable to the relevant Selling Shareholder. All refunds made, interest borne, and expenses incurred (with regard to payment of refunds) by the Company on behalf of any of the Selling Shareholders will be adjusted or reimbursed by such Selling Shareholder to our Company as agreed among our Company and the Selling Shareholders in writing, in accordance with applicable laws.

The requirement for minimum subscription is not applicable for the Offer for Sale. In the event of under subscription in the Offer, the Equity Shares will be Allotted in the following order:

- (ii). First, such number of Equity Shares comprising 90% of the Fresh Issue will be issued prior to the sale of Equity Shares in the Offer for Sale;
- (iii). Second (a) Investors Selling Shareholders shall have the right to offer such number of Equity Shares that would enable the post-Offer equity shareholding of Investor Selling Shareholders to be not more than 24.99% post-Offer or such number of Offered Shares, amounting to up to ₹ 5,000 million, whichever is higher. Provided that if in case the Investor Selling Shareholders decide not to offer any Equity Shares under Offer for Sale or if the Investor Selling Shareholders offer lesser number of Equity Shares in the Offer for Sale, then the Promoter Selling Shareholder(s) shall have the right to tender such minimum number of Equity Shares under Offer for Sale which may be required under applicable law (b) post (a), such number of Offered Shares amounting to up to ₹ 1,250 million offered by the Promoter Selling Shareholders;
- (iv). Third, such number of Equity Shares will be allotted by our Company so that the balance 10% of the Fresh Issue portion is also subscribed;
- (v). Fourth, the Investors Selling Shareholders and the Promoter Selling Shareholder shall have the right to offer such number of Equity Shares in the ratio of 8:3 on a cumulative basis (based on (a) and (b));
- (vi). Fifth, if Investor Selling Shareholders have not offered up to 50% Investors pre-Offer shareholding on a cumulative basis, then the Investors Selling Shareholders shall have the right to offer such number of Equity Shares that would allow the Investor Selling Shareholders to offer up to 50% of their pre-Offer shareholding;
- (vii). Sixth, any balance Offered Shares of the Promoter Selling Shareholder

Further, in terms of Regulation 49(1) of the SEBI ICDR Regulations, our Company shall ensure that the number of Bidders to whom the Equity Shares will be Allotted will be not less than 1,000.

Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category except the QIB Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company and the Selling Shareholders in consultation with the BRLMs and the Designated Stock Exchange, on a proportionate basis. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories.

Arrangements for Disposal of Odd Lots

There are no arrangements for disposal of odd lots since our Equity Shares will be traded in dematerialised form only and market lot for our Equity Shares will be one Equity Share.

New Financial Instruments

The Offer is an issue of Equity Shares, and no new financial instruments are issued by our Company through this Offer.

Restrictions, if any on Transfer and Transmission of Equity Shares

Except for lock-in of the pre-Offer capital of our Company, lock-in of the Promoters' minimum contribution under the SEBI ICDR Regulations and the Anchor Investor lock-in as provided in "*Capital Structure*" on page 72 and except as provided under the Articles of Association, there are no restrictions on transfer of the Equity Shares. Further, there are no restrictions on transmission of any shares of our Company and on their consolidation or splitting, except as provided in the Articles of Association. For details, see "*Description of Equity Shares and Terms of Articles of Association*" beginning on page 343.

Allotment only in Dematerialized Form

Pursuant to Section 29 of the Companies Act, 2013, the Equity Shares in the Offer shall be Allotted only in dematerialised form. Further, as per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form on the Stock Exchanges.

Withdrawal of the Offer

Our Company and the Selling Shareholders, in consultation with the BRLMs, reserves the right not to proceed with the Fresh Issue and each of the Selling Shareholders, severally and not jointly, reserve the right not to proceed with the Offer for Sale, in whole or in part thereof, to the extent of their respective portion of Offered Shares, after the Bid/ Offer Opening Date but before the Allotment. In such an event, our Company would be required to issue a public notice, as applicable, in the newspapers in which the pre-Offer advertisements were published, within two days of the Bid/ Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer and inform the Stock Exchanges promptly on which the Equity Shares are proposed to be listed. The BRLMs, through the Registrar to the Offer, shall notify the SCSBs and the Sponsor Bank(s), to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification and also inform the Banker(s) to the Offer to process refunds to the Anchor Investors, as the case may be. The notice of withdrawal will be issued in the same newspapers where the pre-Offer advertisements have appeared, and the Stock Exchanges will also be informed promptly.

If our Company and/or the Selling Shareholders, in consultation with the BRLMs, withdraws the Offer at any stage and thereafter determines that it will proceed with an issue of the Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI.

Notwithstanding the foregoing, this Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment; and (ii) the filing of the Prospectus with the RoC. If Allotment is not made within the prescribed time period under applicable law, the entire subscription amount received will be refunded/unblocked within the time prescribed under applicable law.

OFFER STRUCTURE

The Offer of up to [●] Equity Shares of face value of ₹ 2 each for cash at a price of ₹ [●] per Equity Share (including a share premium of ₹ [●] per Equity Share) aggregating up to ₹ [●] million, comprising a Fresh Issue of up to [●] Equity Shares aggregating up to ₹ 10,000.00 million by our Company and an Offer for Sale of up to 19,071,288 Equity Shares aggregating up to ₹ [●] million by the Selling Shareholders comprising up to 5,301,405 Equity Shares aggregating up to ₹ [●] million by the Promoter Selling Shareholder and up to 13,769,883 Equity Shares aggregating up to ₹ [●] million by the Investor Selling Shareholders. The Offer shall constitute [●]% of the post-Offer paid-up Equity Share capital of our Company.

Our Company, in consultation with the BRLMs, may consider a Pre-IPO Placement. If the Pre-IPO Placement is completed, the Fresh Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Offer complying with Rule 19(2)(b) of the SCRR.

The face value of the Equity Shares is ₹ 2 each. The Offer is being made through the Book Building Process.

| Particulars | QIBs ⁽¹⁾ | Non-Institutional Bidders | Retail Individual Bidders |
|--|--|--|--|
| Number of Equity Shares available for Allotment/ allocation ⁽²⁾ | Not less than [●] Equity Shares | Not more than [●] Equity Shares available for allocation or Offer less allocation to QIB Bidders and Retail Individual Bidders | Not more than [●] Equity Shares available for allocation or Offer less allocation to QIB Bidders and Non-Institutional Bidders |
| Percentage of Offer size available for Allotment/ allocation | Not less than 75% of the Offer shall be available for allocation to QIBs. However, up to 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining balance QIB Portion (excluding the Anchor Investor Portion). The unsubscribed portion in the Mutual Fund Portion will be available for allocation to other QIBs | Not more than 15% of the Offer or the Offer less allocation to QIBs and Retail Individual Bidders will be available for allocation | Not more than 10% of the Offer or Offer less allocation to QIBs and Non-Institutional Bidders will be available for allocation |
| Basis of Allotment/ allocation if respective category is oversubscribed* | Proportionate as follows (excluding the Anchor Investor Portion): (a) [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds only; and (b) [●] Equity Shares shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above. Up to [●] Equity Shares may be allocated on a discretionary basis to Anchor Investors of which one-third shall be available for allocation to Mutual Funds only, subject to valid Bid received from Mutual | Proportionate | Allotment to each Retail Individual Bidder shall not be less than the minimum Bid lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares if any, shall be allotted on a proportionate basis. For details see, “Offer Procedure” on page 322 |

| Particulars | QIBs ⁽¹⁾ | Non-Institutional Bidders | Retail Individual Bidders |
|----------------------------------|---|--|--|
| | Funds at or above the Anchor Investor Allocation Price | | |
| Minimum Bid | Such number of Equity Shares and in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹200,000 | Such number of Equity Shares and in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹200,000 | [●] Equity Shares and in multiples of [●] Equity Shares thereafter |
| Maximum Bid | Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceed the size of the Offer, subject to applicable limits | Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceed the size of the Offer (excluding the QIB Portion), subject to applicable limits | Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount does not exceed ₹200,000 |
| Mode of Allotment | Compulsorily in dematerialized form | | |
| Bid Lot | [●] Equity Shares and in multiples of [●] Equity Shares thereafter | | |
| Allotment Lot | A minimum of [●] Equity Shares and thereafter in multiples of one Equity Share | | |
| Trading Lot | One Equity Share | | |
| Who can apply ^{(3) (4)} | Public financial institutions as specified in Section 2(72) of the Companies Act 2013, scheduled commercial banks, mutual funds registered with SEBI, FPIs (other than individuals, corporate bodies and family offices), VCFs, AIFs, FVCIs registered with SEBI, multilateral and bilateral development financial institutions, state industrial development corporation, insurance company registered with IRDAI, provident fund with minimum corpus of ₹250 million, pension fund with minimum corpus of ₹250 million National Investment Fund set up by the Government, insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India and Systemically Important NBFCs. | Resident Indian individuals, Eligible NRIs, HUFs (in the name of Karta), companies, corporate bodies, scientific institutions, societies, trusts and FPIs who are individuals, corporate bodies and family offices which are re-categorised as Category II FPIs and registered with SEBI | Resident Indian individuals, Eligible NRIs and HUFs (in the name of Karta) |
| Terms of Payment | In case of Anchor Investors: Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids ⁽⁴⁾ In case of all other Bidders: Full Bid Amount shall be blocked in the bank account of the ASBA Bidder (other than Anchor Investors) or by the Sponsor Bank(s) through the UPI Mechanism (for RIBs using the UPI Mechanism) that is specified in the ASBA Form at the time of submission of the ASBA Form | | |
| Mode of Bidding | Only through the ASBA process (except for Anchor Investors). | | |

* Assuming full subscription in the Offer.

- (1) Our Company and the Selling Shareholders may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price Anchor Investor Allocation Price. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the Net QIB Portion.
- (2) Subject to valid Bids being received at or above the Offer Price. This is an Offer in terms of Rule 19(2)(b) of the SCRR in compliance with Regulation 6(2) of the SEBI ICDR Regulations, wherein not less than 75% of the Offer will be available for allocation to QIBs on a proportionate basis, provided that the Anchor Investor Portion may be allocated on a discretionary basis. Further, not more than 15% of the Offer will be available for allocation on a proportionate basis to Non-Institutional Investors subject to valid Bids being received at or above the Offer Price. Further, not more than 10% of the Offer will be available for allocation to Retail Individual Bidders in accordance with SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. Under-subscription, if any,

in any category, except the QIB Portion, would be met with spill-over from any other category or categories, as applicable, at the discretion of our Company and the Selling Shareholders in consultation with the BRLMs and the Designated Stock Exchange, subject to valid Bids being received at or above the Offer Price and in accordance with applicable laws. Under-subscription, if any, in the QIB Portion, will not be allowed to be met with spill-over from other categories or a combination of categories

- (3) In case of joint Bids, the Bid cum Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Bidder would be required in the Bid cum Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders. Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids, except as otherwise permitted, in any or all categories.*
- (4) Full Bid Amount shall be payable by the Anchor Investors at the time of submission of the Anchor Investor Application Forms provided that any difference between the Anchor Investor Allocation Price and the Anchor Investor Offer Price shall be payable by the Anchor Investor Pay-In Date as indicated in the CAN. Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.*

Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category except the QIB Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company and the Selling Shareholders in consultation with the BRLMs and the Designated Stock Exchange, on a proportionate basis. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. For details, see “*Terms of the Offer*” on page 313.

Bids by FPIs with certain structures as described under “*Offer Procedure - Bids by FPIs*” on page 327 and having same PAN may be collated and identified as a single Bid in the Bidding process. The Equity Shares Allocated and Allotted to such successful Bidders (with same PAN) may be proportionately distributed.

Note: Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.

OFFER PROCEDURE

All Bidders should read the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020 and the UPI Circulars (the “**General Information Document**”) which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations which is part of the abridged prospectus accompanying the Bid cum Application Form. The General Information Document is available on the websites of the Stock Exchanges and the BRLMs. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer.

Additionally, all Bidders may refer to the General Information Document for information in relation to (i) Category of investors eligible to participate in the Offer; (ii) maximum and minimum Bid size; (iii) price discovery and allocation; (iv) Payment Instructions for ASBA Bidders/Applicants; (v) Issuance of CAN and allotment in the Offer; (vi) General instructions (limited to instructions for completing the Bid Form); (vii) Submission of Bid cum Application Form; (viii) Other Instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds); (ix) applicable provisions of the Companies Act, 2013 relating to punishment for fictitious applications; (x) mode of making refunds; (xi) Designated Date; (xii) interest in case of delay in allotment or refund; and (xiii) disposal of applications.

SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018 read with its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, has introduced an alternate payment mechanism using Unified Payments Interface (“**UPI**”) and consequent reduction in timelines for listing in a phased manner. From January 1, 2019, the UPI Mechanism for RIBs applying through Designated Intermediaries was made effective along with the existing process and existing timeline of T+6 days. (“**UPI Phase I**”). The UPI Phase I was effective till June 30, 2019.

With effect from July 1, 2019, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, read with circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 with respect to Bids by RIBs through Designated Intermediaries (other than SCSBs), the erstwhile process of physical movement of forms from such Designated Intermediaries to SCSBs for blocking of funds has been discontinued and only the UPI Mechanism for such Bids with existing timeline of T+6 days was mandated for a period of three months or launch of five main board public issues, whichever is later (“**UPI Phase II**”). Subsequently, however, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 extended the timeline for implementation of UPI Phase II till further notice. The final reduced timeline will be made effective using the UPI Mechanism for applications by RIBs (“**UPI Phase III**”), as may be prescribed by SEBI. The Offer will be undertaken pursuant to the processes and procedures under UPI Phase II, subject to any circulars, clarification or notification issued by the SEBI from time to time. Further, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, has introduced certain additional measures for streamlining the process of initial public offers and redressing investor grievances (“**UPI Streamlining Circular**”). This circular is effective for initial public offers opening on or after May 1, 2021, except as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, and the provisions of this circular, as amended, are deemed to form part of this Draft Red Herring Prospectus.

In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹100 per day for the entire duration of delay exceeding four Working Days from the Bid/Offer Closing Date by the intermediary responsible for causing such delay in unblocking. The BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking.

Our Company, the Selling Shareholders and the BRLMs do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in the Red Herring Prospectus and the Prospectus.

Further, our Company, the Selling Shareholders and the Syndicate are not liable for any adverse occurrences consequent to the implementation of the UPI Mechanism for application in this Offer.

Book Building Procedure

The Offer is being made in terms of Rule 19(2)(b) of the SCRR, through the Book Building Process in accordance with Regulation 6(2) of the SEBI ICDR Regulations wherein not less than 75% of the Offer shall be allocated on a proportionate basis to QIBs, provided that our Company and Selling Shareholders may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription, or non-allotment in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not more than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not more than 10% of the Offer shall be available for allocation to RIBs in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.

Under-subscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories of Bidders at the discretion of our Company and the Selling Shareholders in consultation with the BRLMs the Designated Stock Exchange subject to receipt of valid Bids received at or above the Offer Price. Under-subscription, if any, in the QIB Portion, would not be allowed to be met with spill-over from any other category or a combination of categories. Under-subscription, if any, in the QIB Portion, will not be allowed to be met with spill-over from any other category or a combination of categories.

The Equity Shares, on Allotment, shall be traded only in the dematerialized segment of the Stock Exchanges.

Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including DP ID, Client ID, PAN and UPI ID, for RIBs using the UPI Mechanism, shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. However, they may get the Equity Shares rematerialized subsequent to Allotment of the Equity Shares in the Offer, in compliance with applicable laws.

Phased implementation of Unified Payments Interface

SEBI has issued the UPI Circulars in relation to streamlining the process of public issue of inter alia, equity shares. Pursuant to the UPI Circulars, the UPI Mechanism has been introduced in a phased manner as a payment mechanism (in addition to mechanism of blocking funds in the account maintained with SCSBs under ASBA) for applications by RIBs through Designated Intermediaries with the objective to reduce the time duration from public issue closure to listing from six Working Days to up to three Working Days. Considering the time required for making necessary changes to the systems and to ensure complete and smooth transition to the UPI payment mechanism, the UPI Circulars have introduced the UPI Mechanism in three phases in the following manner:

Phase I: This phase was applicable from January 1, 2019, until March 31, 2019 or floating of five main board public issues, whichever was later. Subsequently, the timeline for implementation of Phase I was extended till June 30, 2019. Under this phase, a RIB had the option to submit the ASBA Form with any of the Designated Intermediary and use his/ her UPI ID for the purpose of blocking of funds. The time duration from public issue closure to listing continued to be six Working Days.

Phase II: This phase has become applicable from July 1, 2019, and was to initially continue for a period of three months or floating of five main board public issues, whichever is later. SEBI vide its circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, decided to extend the timeline for implementation of UPI Phase II until March 31, 2020. Subsequently, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 extended the timeline for implementation of UPI Phase II till further notice. Under this phase, submission of the ASBA Form by RIBs through Designated Intermediaries (other than SCSBs) to SCSBs for blocking of funds has been discontinued and replaced by the UPI

Mechanism. However, the time duration from public issue closure to listing continues to be six Working Days during this phase.

Phase III: The commencement period of Phase III is yet to be notified. In this phase, the time duration from public issue closure to listing would be reduced to three Working Days.

Pursuant to the UPI Streamlining Circular, SEBI has set out specific requirements for redressal of investor grievances for applications that have been made through the UPI Mechanism. The requirements of the UPI Streaming Circular include, appointment of a nodal officer by the SCSB and submission of their details to SEBI, the requirement for SCSBs to send SMS alerts for the blocking and unblocking of UPI mandates, the requirement for the Registrar to submit details of cancelled, withdrawn or deleted applications, and the requirement for the bank accounts of unsuccessful Bidders to be unblocked no later than one day from the date on which the Basis of Allotment is finalised. Failure to unblock the accounts within the timeline would result in the SCSBs being penalised under the relevant securities law. Additionally, if there is any delay in the redressal of investors' complaints, the relevant SCSB as well as the post – Offer BRLM will be required to compensate the concerned investor.

The Offer will be made under UPI Phase II of the UPI Circular, unless UPI Phase III of the UPI Circular becomes effective and applicable on or prior to the Bid/Offer Opening Date. All SCSBs offering facility of making application in public issues shall also provide facility to make application using UPI. The Company will be required to appoint one of the SCSBs as a sponsor bank to act as a conduit between the Stock Exchanges and NPCI in order to facilitate collection of requests and / or payment instructions of the RIBs using the UPI.

If the Offer is made under UPI Phase III of the UPI Circular, the same will be advertised) in [●] editions of [●], an English national daily newspaper, (ii) [●] editions of [●], a Hindi national daily newspaper, and (iii) [●] editions of [●], a Tamil newspaper, Tamil being the regional language of Tamil Nadu, where our Registered Office is located on or prior to the Bid/ Offer Opening Date and such advertisement shall also be made available to the Stock Exchanges for the purpose of uploading on their websites.

All SCSBs offering the facility of making applications in public issues shall also provide the facility to make application using UPI. The Company will be required to appoint one of the SCSBs as Sponsor Bank(s) to act as a conduit between the Stock Exchanges and NPCI in order to facilitate collection of requests and/ or payment instructions of the RIBs using the UPI.

For further details, refer to the General Information Document available on the websites of the Stock Exchanges and the BRLMs.

Bid cum Application Form

Copies of the Bid cum Application Form (other than for Anchor Investors) and the abridged prospectus will be available with the Designated Intermediaries at the Bidding Centres, and our Registered Office. An electronic copy of the Bid cum Application Form will also be available for download on the websites of NSE (www.nseindia.com) and BSE (www.bseindia.com) at least one day prior to the Bid/Offer Opening Date.

Copies of the Anchor Investor Application Form will be available with the BRLMs.

All Bidders (other than Anchor Investors) shall mandatorily participate in the Offer only through the ASBA process. Anchor Investors are not permitted to participate in the Offer through the ASBA process. The RIBs can additionally Bid through the UPI Mechanism.

RIBs bidding using the UPI Mechanism must provide the valid UPI ID in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that does not contain the UPI ID are liable to be rejected. RIBs bidding using the UPI Mechanism may also apply through the SCSBs and mobile applications using the UPI handles as provided on the website of the SEBI.

ASBA Bidders (using UPI Mechanism) must provide bank account details and authorisation to block funds in their respective ASBA Accounts in the relevant space provided in the ASBA Form and the ASBA Forms that do not contain such details are liable to be rejected or the UPI ID, as applicable, in the relevant space provided in the ASBA Form.

ASBA Bidders shall ensure that the Bids are made on ASBA Forms bearing the stamp of the Designated Intermediary, submitted at the Bidding Centres only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp are liable to be rejected. RIBs using UPI Mechanism, may submit their ASBA Forms, including details of their UPI IDs, with the Syndicate, Sub-Syndicate members, Registered Brokers, RTAs or CDPs. RIBs authorising an SCSB to block the Bid Amount in the ASBA Account. RIBs may also submit their ASBA Forms with the SCSBs (except RIBs using the UPI Mechanism). ASBA Bidders must ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Bid Amount can be blocked by the SCSB or the Sponsor Bank(s), as applicable at the time of submitting the Bid. In order to ensure timely information to Bidders, SCSBs are required to send SMS alerts to investors intimating them about Bid Amounts blocked/ unblocked.

The Sponsor Bank(s) shall host a web portal for intermediaries (closed user group) from the date of Bid/Offer Opening Date till the date of listing of the Equity Shares with details of statistics of mandate blocks/unblocks, performance of apps and UPI handles, down-time/network latency (if any) across intermediaries and any such processes having an impact/bearing on the Offer Bidding process.

The prescribed colour of the Bid cum Application Form for the various categories is as follows:

| Category | Colour of Bid cum Application Form* |
|---|-------------------------------------|
| Resident Indians, including resident QIBs, Non-Institutional Bidders, RIBs and Eligible NRIs applying on a non-repatriation basis | [●] |
| Non Residents including Eligible NRIs applying on a repatriation basis, FVCIs, FPIs and registered bilateral and multilateral institutions applying on a repatriation basis | [●] |
| Anchor Investors | [●] |

*Excluding electronic Bid cum Application Forms

Notes:

- (1) Electronic Bid cum Application forms and the abridged prospectus will also be available for download on the website of NSE (www.nseindia.com) and BSE (www.bseindia.com)
- (2) Bid cum Application Forms for Anchor Investors shall be available at the offices of the BRLMs

In case of ASBA forms, the relevant Designated Intermediaries shall upload the relevant bid details in the electronic bidding system of the Stock Exchanges. For RIBs using UPI Mechanism, the Stock Exchanges shall share the Bid details (including UPI ID) with the Sponsor Bank(s) on a continuous basis to enable the Sponsor Bank(s) to initiate UPI Mandate Request to RIBs for blocking of funds. For ASBA Forms (other than RIBs) Designated Intermediaries (other than SCSBs) shall submit/ deliver the ASBA Forms to the respective SCSB where the Bidder has an ASBA bank account and shall not submit it to any non-SCSB bank or any Escrow Collection Bank. Stock Exchanges shall validate the electronic bids with the records of the CDP for DP ID/Client ID and PAN, on a real time basis and bring inconsistencies to the notice of the relevant Designated Intermediaries, for rectification and re-submission within the time specified by Stock Exchanges. Stock Exchanges shall allow modification of either DP ID/Client ID or PAN ID, bank code and location code in the Bid details already uploaded.

The Sponsor Bank(s) shall initiate request for blocking of funds through NPCI to RIBs, who shall accept the UPI Mandate Request for blocking of funds on their respective mobile applications associated with UPI ID linked bank account. The NPCI shall maintain an audit trail for every Bid entered in the Stock Exchanges bidding platform, and the liability to compensate RIBs (Bidding through UPI Mechanism) in case of failed transactions shall be with the concerned entity (i.e. the Sponsor Bank(s), NPCI or the issuer bank) at whose end the lifecycle of the transaction has come to a halt. The NPCI shall share the audit trail of all disputed transactions/ investor complaints to the Sponsor Bank(s) and the issuer bank. The Sponsor Bank(s) and the Banker(s) to the Offer shall provide the audit trail to the BRLMs for analysing the same and fixing liability. For ensuring timely information to investors, SCSBs shall send SMS alerts for mandate block and unblock including details specified in SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021.

The Sponsor Bank(s) will undertake a reconciliation of Bid responses received from Stock Exchanges and sent to NPCI and will also ensure that all the responses received from NPCI are sent to the Stock Exchanges platform with detailed error code and description, if any. Further, the Sponsor Bank(s) will undertake reconciliation of all Bid requests and responses throughout their lifecycle on daily basis and share reports with the BRLMs in the format and within the timelines as specified under the UPI Circulars. Sponsor Bank(s) and issuer banks shall download UPI settlement files and raw data files from the NPCI portal after every settlement cycle and do a three

way reconciliation with UPI switch data, CBS data and UPI raw data. NPCI is to coordinate with issuer banks and Sponsor Bank(s) on a continuous basis.

ELECTRONIC REGISTRATION OF BIDS

- (a) The Designated Intermediary may register the Bids using the on-line facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the issue.
- (b) On the Bid/Issue Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges and as disclosed in the Red Herring Prospectus.
- (c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/Allotment. The Designated Intermediaries are given till 1:00 pm on the next Working Day following the Bid/Issue Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/Issue Period after which the Stock Exchange(s) send the bid information to the Registrar to the Issue for further processing.

Participation by Promoters and members of the Promoter Group of the Company, the BRLMs and the Syndicate Members and the persons related to Promoters, Promoter Group, BRLMs and the Syndicate Members

The BRLMs and the Syndicate Members shall not be allowed to purchase Equity Shares in this Offer in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLMs and the Syndicate Members may Bid for Equity Shares in the Offer, either in the QIB Portion or in the Non-Institutional Portion as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of the BRLMs and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Neither (i) the BRLMs or any associates of the BRLMs (except Mutual Funds sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associate of BRLMs or AIFs sponsored by the entities which are associate of the BRLMs or FPIs other than individuals, corporate bodies and family offices sponsored by the entities which are associates of the BRLMs) nor (ii) any “person related to the Promoters/ Promoter Group” shall apply in the Offer under the Anchor Investor Portion.

For the purposes of this section, a QIB who has any of the following rights shall be deemed to be a “person related to the Promoters/ Promoter Group”: (a) rights under a shareholders’ agreement or voting agreement entered into with the Promoters or Promoter Group; (b) veto rights; or (c) right to appoint any nominee director on our Board.

Further, an Anchor Investor shall be deemed to be an associate of the BRLMs, if: (a) either of them controls, directly or indirectly through its subsidiary or holding company, not less than 15% of the voting rights in the other; or (b) either of them, directly or indirectly, by itself or in combination with other persons, exercises control over the other; or (c) there is a common director, excluding a nominee director, amongst the Anchor Investor and the BRLMs.

The Promoters and members of the Promoter Group will not participate in the Offer, except to the extent of participation by the Promoter Selling Shareholder, in the Offer for Sale. Furthermore, persons related to the Promoters and the Promoter Group shall not apply in the Offer under the Anchor Investor Portion.

Bids by Mutual Funds

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company and the Selling Shareholders in consultation with the BRLMs reserve the right to reject any Bid without assigning any reason thereof.

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

No Mutual Fund scheme shall invest more than 10% of its NAV in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Bids by Eligible NRIs

Eligible NRIs may obtain copies of Bid cum Application Form from the Designated Intermediaries. Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRI Bidders bidding on a repatriation basis by using the Non-Resident Forms should authorize their respective SCSB or confirm or accept the UPI Mandate Request (in case of RIBs Bidding through the UPI Mechanism) to block their Non- Resident External (“NRE”) accounts, or Foreign Currency Non-Resident (“FCNR”) Accounts, and eligible NRI Bidders bidding on a non-repatriation basis by using Resident Forms should authorize their respective SCSB to block their Non-Resident Ordinary (“NRO”) accounts or accept the UPI mandate request (in case of RIBs using the UPI Mechanism) for the full Bid Amount, at the time of the submission of the Bid cum Application Form. NRIs applying in the Offer through the UPI Mechanism are advised to enquire with the relevant bank, whether their account is UPI linked, prior to submitting a Bid cum Application Form.

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents ([●] in colour).

Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents ([●] in colour). Eligible NRIs will be permitted to apply in the Offer through Channel I or Channel II (as specified in the SEBI UPI Circulars). Further, subject to applicable law, Eligible NRIs may use Channel IV (as specified in the SEBI UPI Circulars) to apply in the Issue, provided the UPI facility is enabled for their NRE/NRO accounts.

For details of investment by NRIs, see “*Restrictions on Foreign Ownership of Indian Securities*” on page 341. Participation of Eligible NRIs shall be subject to the FEMA Non-debt Rules.

Bids by HUFs

Bids by Hindu Undivided Families or HUFs should be made in the individual name of the *Karta*. The Bidder/Applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: “Name of sole or first Bidder/Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*”. Bids/Applications by HUFs will be considered at par with Bids/Applications from individuals.

Bids by FPIs

In case of Bids made by FPIs, a certified copy of the certificate of registration issued under the SEBI FPI Regulations is required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason. FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for Non-Residents (blue in colour).

To ensure compliance with the above requirement, SEBI, pursuant to its circular dated July 13, 2018, has directed that at the time of finalisation of the Basis of Allotment, the Registrar shall (i) use the PAN issued by the Income Tax Department of India for checking compliance for a single FPI; and (ii) obtain validation from Depositories for the FPIs who have invested in the Offer to ensure there is no breach of the investment limit, within the timelines for issue procedure, as prescribed by SEBI from time to time.

In terms of the SEBI FPI Regulations, the investment in Equity Shares by a single FPI or an investor group (which means multiple entities registered as FPIs and directly or indirectly having common ownership of more than 50% or common control) must be below 10% of our post-Offer Equity Share capital. Further, in terms of the FEMA Non-Debt Rules, the total holding by each FPI or an investor group shall be below 10% of the total paid-up Equity

Share capital of our Company and the total holdings of all FPIs put together with effect from April 1, 2020, can be up to the sectoral cap applicable to the sector in which our Company operates (i.e., up to 100%). In terms of the FEMA Non-Debt Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

In case of Bids made by FPIs, a certified copy of the certificate of registration issued under the SEBI FPI Regulations is required to be attached to the Bid cum Application Form, failing which our Company and the Selling Shareholders in consultation with BRLMs, reserve the right to reject any Bid without assigning any reason. FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for Non-Residents.

A FPI may purchase or sell equity shares of an Indian company which is listed or to be listed on a recognized stock exchange in India, and/ or may purchase or sell securities other than equity instruments.

FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the Government from time to time. In terms of the FEMA Non-debt Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI, may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only by persons registered as Category I FPIs; (ii) such offshore derivative instruments are issued only to persons eligible for registration as Category I FPIs; (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iv) such other conditions as may be specified by SEBI from time to time.

In case the total holding of an FPI increases beyond 10% of the total paid-up Equity Share capital, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants issued that may be issued by our Company, the total investment made by the FPI will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will be required to comply with applicable reporting requirements.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instrument is made by, or on behalf of it subject to, *inter alia*, the following conditions:

- (a) each offshore derivative instruments are transferred to persons subject to fulfilment of SEBI FPI Regulations; and
- (b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre-approved by the FPI.

The FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for non-residents.

Further, Bids received from FPIs bearing the same PAN will be treated as multiple Bids and are liable to be rejected, except for Bids from FPIs that utilize the multiple investment manager structure in accordance with the Operational Guidelines for Foreign Portfolio Investors and Designated Depository Participants which were issued in November 2019 to facilitate implementation of SEBI (Foreign Portfolio Investors) Regulations, 2019 (such structure "**MIM Structure**") provided such Bids have been made with different beneficiary account numbers, Client IDs and DP IDs. Accordingly, it should be noted that multiple Bids received from FPIs, who do not utilize the MIM Structure, and bear the same PAN, are liable to be rejected. In order to ensure valid Bids, FPIs making multiple Bids using the same PAN, and with different beneficiary account numbers, Client IDs and DP IDs, were required to provide a confirmation along with each of their Bid cum Application Forms that the relevant FPIs making multiple Bids utilize the MIM Structure and indicate the names of their respective investment managers in such confirmation. In the absence of such confirmation from the relevant FPIs, such multiple Bids will be rejected. Further, in the following cases, the bids by FPIs will not be considered as multiple Bids: involving (i) the MIM Structure and indicating the name of their respective investment managers in such confirmation; (ii) offshore derivative instruments ("ODI") which have obtained separate FPI registration for ODI and proprietary derivative investments; (iii) sub funds or separate class of investors with segregated portfolio who obtain separate FPI registration; (iv) FPI registrations granted at investment strategy level/sub fund level where a collective investment scheme or fund has multiple investment strategies/sub-funds with identifiable differences and managed by a single investment manager; (v) multiple branches in different jurisdictions of foreign bank

registered as FPIs; (vi) Government and Government related investors registered as Category I FPIs; and (vii) Entities registered as Collective Investment Scheme having multiple share classes.

Bids by SEBI registered Venture Capital Funds, Alternative Investment Funds and Foreign Venture Capital Investors

The Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 (“**SEBI VCF Regulations**”) as amended, *inter alia* prescribe the investment restrictions on VCFs, registered with SEBI. The Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 (“**SEBI AIF Regulations**”) prescribe, amongst others, the investment restrictions on AIFs. The Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000 as amended (“**SEBI FVCI Regulations**”) prescribe the investment restrictions on FVCIs.

Accordingly, the holding in any company by any individual VCF or FVCIs (under Schedule I of the FEMA Non-Debt Instruments Rules) registered with SEBI in one venture capital undertaking should not exceed 25% of the corpus of the VCF or FVCI. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds in various prescribed instruments, including in public offering.

Category I and II AIFs cannot invest more than 25% of the investible funds in one investee company. A Category III AIF cannot invest more than 10% of the investible funds in one investee company. A VCF registered as a Category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than one-third of its investible funds by way of subscription to an initial public offering of a venture capital undertaking whose shares are proposed to be listed. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up and such funds shall not launch any new scheme after the notification of the SEBI AIF Regulations.

Further, the shareholding of VCFs, category I AIFs or category II AIFs and FVCIs holding equity shares of a company prior to an initial public offering being undertaken by such company, shall be exempt from lock-in requirements, Provided that such equity shares shall be locked in for a period of at least one year from the date of purchase by the venture capital fund or alternative investment fund or foreign venture capital investor.

Participation of AIFs, VCFs and FVCIs shall be subject to the FEMA NDI Rules.

There is no reservation for Eligible NRI Bidders, AIFs, FPIs and FVCIs. All Bidders will be treated on the same basis with other categories for the purpose of allocation.

All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

Our Company, the Selling Shareholders or the BRLMs will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Bids by limited liability partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders in consultation with the BRLMs reserves the right to reject any Bid without assigning any reason thereof.

Bids by banking companies

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company’s investment committee are required to be attached to the Bid cum Application Form, failing which our Company and the Selling Shareholders in consultation with the BRLMs reserve the right to reject any Bid without assigning any reason.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949, as amended, (the “**Banking Regulation Act**”), and the Master Directions – Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, as amended, is 10% of the paid-up share capital of the investee company, not being its subsidiary engaged in non-financial services, or 10% of the bank’s own paid-up

share capital and reserves, whichever is lower. Further, the aggregate investment by a banking company in subsidiaries and other entities engaged in financial services company cannot exceed 20% of the investee company's paid up share capital and reserves. However, a banking company would be permitted to invest in excess of 10% but not exceeding 30% of the paid-up share capital of such investee company if (i) the investee company is engaged in non-financial activities permitted for banks in terms of Section 6(1) of the Banking Regulation Act, or (ii) the additional acquisition is through restructuring of debt/corporate debt restructuring/strategic debt restructuring, or to protect the bank's interest on loans/investments made to a company. The bank is required to submit a time-bound action plan for disposal of such shares within a specified period to the RBI. A banking company would require a prior approval of the RBI to make (i) investment in excess of 30% of the paid-up share capital of the investee company, (ii) investment in a subsidiary and a financial services company that is not a subsidiary (with certain exceptions prescribed), and (iii) investment in a non-financial services company in excess of 10% of such investee company's paid-up share capital as stated in 5(a)(v)(c)(i) of the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, as amended.

Bids by banking companies should not exceed the investment limits prescribed for them under the applicable laws.

Bids by SCSBs

SCSBs participating in the Offer are required to comply with the terms of the SEBI circulars (Nos. CIR/CFD/DIL/12/2012 and CIR/CFD/DIL/1/2013) dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders in consultation with the BRLMs reserve the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016, as amended, are broadly set forth below:

- (a) equity shares of a company: the lower of 10%* of the outstanding equity shares (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer or health insurer;
- (b) the entire group of the investee company: not more than 15% of the respective fund in case of a life insurer or 15% of investment assets in case of a general insurer or reinsurer or health insurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and
- (c) the industry sector in which the investee company operates: not more than 15% of the fund of a life insurer or a general insurer or a reinsurer or health insurer or 15% of the investment asset, whichever is lower.

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer and the amount calculated under (a), (b) and (c) above, as the case may be.

**The above limit of 10% shall stand substituted as 15% of outstanding equity shares (face value) for insurance companies with investment assets of ₹2,500,000 million or more and 12% of outstanding equity shares (face value) for insurers with investment assets of ₹500,000 million or more but less than ₹2,500,000 million.*

Insurance companies participating in this Offer shall comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time.

Bids by provident funds/pension funds

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Bid cum Application Form. Failing this, our Company and the Selling

Shareholders in consultation with the BRLMs reserves the right to reject any Bid, without assigning any reason thereof.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, Eligible FPIs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of the India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹250 million (subject to applicable law) and pension funds with a minimum corpus of ₹250 million, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company and the Selling Shareholders in consultation with the BRLMs reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company and the Selling Shareholders in consultation with the BRLMs in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form subject to the terms and conditions that our Company and the Selling Shareholders in consultation with the BRLMs may deem fit.

Bids by Systemically Important Non-Banking Financial Companies

In case of Bids made by Systemically Important NBFCs registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, (ii) certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditors, and (iii) such other approval as may be required by the Systemically Important NBFCs, are required to be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders in consultation with the BRLMs, reserves the right to reject any Bid without assigning any reason thereof. Systemically Important NBFCs participating in the Offer shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

The investment limit for Systemically Important NBFCs shall be as prescribed by RBI from time to time.

Bids by Anchor Investors

In accordance with the SEBI ICDR Regulations, in addition to details and conditions mentioned in this section the key terms for participation by Anchor Investors are provided below.

- (a) Anchor Investor Application Forms to be made available for the Anchor Investor Portion at the offices of the BRLMs.
- (b) The Bids are required to be for a minimum of such number of Equity Shares so that the Bid Amount exceeds ₹ 100 million. A Bid can not be submitted for over 60% of the QIB Portion. In case of a Mutual Fund, separate bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of ₹ 100 million.
- (c) One-third of the Anchor Investor Portion is reserved for allocation to domestic Mutual Funds.
- (d) Bidding for Anchor Investors will open one Working Day before the Bid/Offer Opening Date, and will be completed on the same day.
- (e) Our Company and the Selling Shareholders in consultation with the BRLMs will finalise allocation to the Anchor Investors on a discretionary basis, provided that the minimum number of Allottees in the Anchor Investor Portion is not less than:
 - maximum of two Anchor Investors, where allocation under the Anchor Investor Portion is up to ₹ 100 million;
 - minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹ 100 million but up to ₹ 2,500 million, subject to a minimum Allotment of ₹ 50 million per Anchor Investor; and

- in case of allocation above ₹ 2,500 million under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹ 2,500 million, and an additional 10 Anchor Investors for every additional ₹ 2,500 million, subject to minimum Allotment of ₹ 50 million per Anchor Investor.
- (f) Allocation to Anchor Investors is required to be completed on the Anchor Investor Bid/Offer Period. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation will be made, is required to be made available in the public domain by the BRLMs before the Bid/Offer Opening Date, through intimation to the Stock Exchanges.
- (g) Anchor Investors cannot withdraw or lower the size of their Bids at any stage after submission of the Bid.
- (h) If the Offer Price is greater than the Anchor Investor Allocation Price, the additional amount being the difference between the Offer Price and the Anchor Investor Offer Price will be payable by the Anchor Investors on the Anchor Investor Pay-In Date specified in the CAN. If the Offer Price is lower than the Anchor Investor Offer Price, Allotment to successful Anchor Investors will be at the higher price.
- (i) Equity Shares Allotted in the Anchor Investor Portion will be locked in for a period of 30 days from the date of Allotment or such other period prescribed under applicable law.
- (j) Neither the BRLMs nor any associate of the BRLMs (except Mutual Funds sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associate of BRLMs or AIFs sponsored by the entities which are associate of the BRLMs or FPIs, other than individuals, corporate bodies and family offices sponsored by the entities which are associate of the and BRLMs) can apply in the Offer under the Anchor Investor Portion.
- (k) Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion will not be considered as multiple Bids

In accordance with existing regulations issued by the RBI, OCBs cannot participate in this Offer.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulation or as specified in the Draft Red Herring Prospectus, Red Herring Prospectus and the Prospectus.

Information for Bidders

The relevant Designated Intermediary will enter a maximum of three Bids at different price levels opted in the Bid cum Application Form and such options are not considered as multiple Bids. It is the Bidder's responsibility to obtain the acknowledgment slip from the relevant Designated Intermediary. The registration of the Bid by the Designated Intermediary does not guarantee that the Equity Shares shall be allocated/Allotted. Such Acknowledgement Slip will be non-negotiable and by itself will not create any obligation of any kind. When a Bidder revises his or her Bid, he /she shall surrender the earlier Acknowledgement Slip and may request for a revised acknowledgment slip from the relevant Designated Intermediary as proof of his or her having revised the previous Bid.

In relation to electronic registration of Bids, the permission given by the Stock Exchanges to use their network and software of the electronic bidding system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the BRLMs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements, nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus or the Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

General Instructions

Do's:

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;
2. Ensure that you have Bid within the Price Band;
3. Read all the instructions carefully and complete the Bid cum Application Form, as the case may be, in the prescribed form;
4. Ensure that you have mentioned the correct ASBA Account number if you are not an RIB using the UPI Mechanism in the Bid cum Application Form and if you are an RIB using the UPI Mechanism ensure that you have mentioned the correct UPI ID (with maximum length of 45 characters including the handle), in the Bid cum Application Form;
5. RIBs using UPI Mechanism through the SCSBs and mobile applications shall ensure that the name of the bank appears in the list of SCSBs which are live on UPI, as displayed on the SEBI website. RIBs shall ensure that the name of the app and the UPI handle which is used for making the application appears in Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/COR/P/2019/85 dated July 26, 2019;
6. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre within the prescribed time;
7. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB, before submitting the ASBA Form to any of the Designated Intermediaries;
8. If the first applicant is not the bank account holder, ensure that the Bid cum Application Form is signed by the account holder. Ensure that you have mentioned the correct bank account number in the Bid cum Application Form;
9. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;
10. Ensure that you request for and receive a stamped acknowledgement counterfoil of the Bid cum Application Form for all your Bid options from the concerned Designated Intermediary;
11. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. Ensure that the signature of the First Bidder is included in the Bid cum Application Forms;
12. RIBs Bidding in the Offer to ensure that they shall use only their own ASBA Account or only their own bank account linked UPI ID (only for RIBs using the UPI Mechanism) to make an application in the Offer and not ASBA Account or bank account linked UPI ID of any third party;
13. Ensure that you submit the revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;
14. Ensure that you have correctly signed the authorisation/undertaking box in the Bid cum Application Form, or have otherwise provided an authorisation to the SCSB or Sponsor Bank(s), as applicable, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form, as the case may be, at the time of submission of the Bid. In case of RIBs submitting their Bids and participating in the Offer through the UPI Mechanism, ensure that you authorise the UPI Mandate Request raised by the Sponsor Bank(s) for blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment;

15. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of the SEBI circular no. MRD/DoP/Cir-20/2008 dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, (ii) submitted by investors who are exempt from the requirement of obtaining/specifying their PAN for transacting in the securities market, and (iii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;
16. Ensure that the Demographic Details are updated, true and correct in all respects;
17. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
18. Ensure that the category and the investor status is indicated in the Bid cum Application Form;
19. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust, etc., relevant documents are submitted;
20. Ensure that Bids submitted by any person resident outside India is in compliance with applicable foreign and Indian laws;
21. Since the Allotment will be in demat form only, ensure that the Bidder's depository account is active, the correct DP ID, Client ID, the PAN, UPI ID, if applicable, are mentioned in their Bid cum Application Form and that the name of the Bidder, the DP ID, Client ID, the PAN and UPI ID, if applicable, entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as applicable, matches with the name, DP ID, Client ID, PAN and UPI ID, if applicable, available in the Depository database;
22. Ensure that when applying in the Offer using UPI, the name of your SCSB appears in the list of SCSBs displayed on the SEBI website which are live on UPI. Further, also ensure that the name of the app and the UPI handle being used for making the application is also appearing in Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019;
23. RIBs who wish to revise their Bids using the UPI Mechanism, should submit the revised Bid with the Designated Intermediaries, pursuant to which RIBs should ensure acceptance of the UPI Mandate Request received from the Sponsor Bank(s) to authorise blocking of funds equivalent to the revised Bid Amount in the RIB's ASBA Account;
24. In case of QIBs and Non Institutional Bidders, ensure that while Bidding through a Designated Intermediary, the ASBA Form is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at <http://www.sebi.gov.in>);
25. Anchor Investors should submit the Anchor Investor Application Forms to the BRLMs;
26. Ensure that you have accepted the UPI Mandate Request received from the Sponsor Bank(s) prior to 12:00 p.m. of the Working Day immediately after the Bid/ Offer Closing Date;
27. FPIs making MIM Bids using the same PAN, and different beneficiary account numbers, Client IDs and DP IDs, are required to submit a confirmation that their Bids are under the MIM structure and indicate the name of their investment managers in such confirmation which shall be submitted along with each of their

Bid cum Application Forms. In the absence of such confirmation from the relevant FPIs, such MIM Bids shall be rejected;

28. RIBs shall ensure that details of the Bid are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorize the UPI Mandate Request using his/her UPI PIN. Upon the authorization of the mandate using his/her UPI PIN, an RIB may be deemed to have verified the attachment containing the application details of the RIB in the UPI Mandate Request and have agreed to block the entire Bid Amount and authorized the Sponsor Bank(s) to block the Bid Amount mentioned in the Bid Cum Application Form;
29. Ensure that you have accepted the UPI Mandate Request received from the Sponsor Bank(s) prior to 12:00 p.m. of the Working Day immediately after the Bid/ Offer Closing Date.
30. Ensure that while Bidding through a Designated Intermediary, the Bid cum Application Form (other than for Anchor Investors and RIBs bidding using the UPI Mechanism) is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at www.sebi.gov.in).
31. Ensure that Anchor Investors submit their Bid cum Application Forms only to the BRLMs.

Bids by eligible NRIs for a Bid Amount of less than ₹ 200,000 would be considered under the Retail category for the purposes of allocation and Bids for a Bid Amount exceeding ₹ 200,000 would be considered under the Non-Institutional category for allocation in the Offer.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with. Application made using incorrect UPI handle or using a bank account of an SCSB or SCSBs which is not mentioned in the Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 is liable to be rejected.

Don'ts:

1. Do not Bid for lower than the minimum Bid size;
2. Do not Bid/revise Bid Amount to less than the Floor Price or higher than the Cap Price;
3. Do not Bid for a Bid Amount exceeding ₹200,000 (for Bids by RIBs);
4. Do not pay the Bid Amount in cheques, demand drafts or by cash, money order, postal order or by stock invest;
5. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;
6. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);
7. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;
8. Do not submit the Bid for an amount more than funds available in your ASBA account.
9. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of a Bidder;
10. In case of ASBA Bidders, do not submit more than one ASBA Forms per ASBA Account;
11. If you are a RIB and are using UPI mechanism, do not submit more than one ASBA Form for each UPI ID;
12. Anchor Investors should not Bid through the ASBA process;

13. Do not submit the ASBA Forms to any Designated Intermediary that is not authorised to collect the relevant ASBA Forms or to our Company;
14. Do not Bid on a Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;
15. Do not submit the General Index Register (GIR) number instead of the PAN;
16. Do not submit incorrect details of the DP ID, Client ID, PAN and UPI ID, if applicable, or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer;
17. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;
18. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository);
19. Do not submit a Bid/revise a Bid Amount, with a price less than the Floor Price or higher than the Cap Price;
20. Do not submit a Bid using UPI ID, if you are not a RIB;
21. Do not Bid on another ASBA Form or the Anchor Investor Application Form, as the case may be, after you have submitted a Bid to any of the Designated Intermediaries;
22. Do not Bid for Equity Shares in excess of what is specified for each category;
23. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for, exceeds the Offer size and/or investment limit or maximum number of the Equity Shares that can be held under applicable laws or regulations or maximum amount permissible under applicable laws or regulations, or under the terms of the Red Herring Prospectus;
24. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Bidder. RIBs can revise or withdraw their Bids on or before the Bid/Offer Closing Date;
25. Do not submit Bids to a Designated Intermediary at a location other than the Bidding Centres;
26. If you are an RIB which is submitting the ASBA Form with any of the Designated Intermediaries and using your UPI ID for the purpose of blocking of funds, do not use any third party bank account or third party linked bank account UPI ID;
27. Do not link the UPI ID with a bank account maintained with a bank that is not UPI 2.0 certified by the NPCI in case of Bids submitted by RIBs using the UPI Mechanism;
28. Do not submit more than one Bid cum Application Form for each UPI ID in case of RIBs Bidding using the UPI Mechanism;
29. Do not submit a Bid cum Application Form with a third-party UPI ID or using a third party bank account (in case of Bids submitted by RIBs using the UPI Mechanism);
30. If you are a QIB, do not submit your Bid after 3 p.m. on the QIB Bid / Offer Closing Date;
31. RIBs Bidding through the UPI Mechanism using the incorrect UPI handle or using a bank account of an SCSB or bank which is not mentioned in the list provided on the SEBI website is liable to be rejected; and
32. Do not Bid if you are an OCB.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Grounds for Technical Rejection

In addition to the grounds for rejection of Bids on technical grounds as provided in the GID, Bidders are requested to note that Bids could be rejected on the following additional technical grounds:

1. Bids submitted without instruction to the SCSBs to block the entire Bid Amount;
2. Bids which do not contain details of the Bid Amount and the bank account details in the ASBA Form;
3. Bids submitted on a plain paper;
4. Bids submitted by RIBs using the UPI Mechanism through an SCSBs and/or using a mobile application or UPI handle, not listed on the website of SEBI;
5. Bids under the UPI Mechanism submitted by RIBs using third party bank accounts or using a third party linked bank account UPI ID (subject to availability of information regarding third party account from Sponsor Bank(s));
6. ASBA Form submitted to a Designated Intermediary does not bear the stamp of the Designated Intermediary;
7. Bids submitted without the signature of the First Bidder or sole Bidder;
8. The ASBA Form not being signed by the account holders, if the account holder is different from the Bidder;
9. ASBA Form by the RIBs by using third party bank accounts or using third party linked bank account UPI IDs;
10. Bids by persons for whom PAN details have not been verified and whose beneficiary accounts are “suspended for credit” in terms of SEBI circular CIR/MRD/DP/ 22 /2010 dated July 29, 2010;
11. GIR number furnished instead of PAN;
12. Bids by RIBs with Bid Amount of a value of more than ₹200,000 (net of retail discount);
13. Bids by persons who are not eligible to acquire Equity Shares in terms of all applicable laws, rules, regulations, guidelines and approvals;
14. Bids accompanied by stock invest, money order, postal order or cash;
15. Bids submitted from the United States or with an address in the United States, where such Bidder is not a “qualified institutional buyer” (as defined in Rule 144A);
16. Bids below the Offer price;
17. Bids with inactive DP accounts;
18. Bids which appear to be in violation of the laws of any jurisdiction outside of India where an offer or sale of Equity Shares may not be lawfully made; and
19. Bids uploaded by QIBs after 4.00 pm on the QIB Bid/ Offer Closing Date and by Non-Institutional Bidders uploaded after 4.00 p.m. on the Bid/ Offer Closing Date, and Bids by RIBs uploaded after 5.00 p.m. on the Bid/ Offer Closing Date, unless extended by the Stock Exchanges.

Further, in case of any pre-Offer or post Offer related issues regarding share certificates/demat credit/refund orders/unblocking etc., investors shall reach out to the Company Secretary and Compliance Officer. For details of our Company Secretary and Compliance Officer, see “*General Information*” on page 64.

Further, helpline details of the BRLMs pursuant to the SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, see “*General Information – Book Running Lead Managers*” on page 65.

Names of entities responsible for finalising the basis of allotment in a fair and proper manner

The authorised employees of the Designated Stock Exchange, along with the BRLMs and the Registrar, shall ensure that the Basis of Allotment is finalised in a fair and proper manner in accordance with the procedure specified in SEBI ICDR Regulations.

Method of allotment as may be prescribed by SEBI from time to time

Our Company will not make any allotment in excess of the Equity Shares through the Red Herring Prospectus and the Prospectus except in case of oversubscription for the purpose of rounding off to make allotment, in consultation with the Designated Stock Exchange. Further, upon oversubscription, an allotment of not more than one per cent of the Offer may be made for the purpose of making allotment in minimum lots.

The allotment of Equity Shares to applicants other than to the RIBs and Anchor Investors shall be on a proportionate basis within the respective investor categories and the number of securities allotted shall be rounded off to the nearest integer, subject to minimum allotment being equal to the minimum application size as determined and disclosed.

The allotment of Equity Shares to each RIBs shall not be less than the minimum bid lot, subject to the availability of shares in Retail Portion, and the remaining available shares, if any, shall be allotted on a proportionate basis.

Payment into Escrow Account(s) for Anchor Investors

Our Company and the Selling Shareholders in consultation with the BRLMs, in their absolute discretion, will decide the list of Anchor Investors to whom the CAN will be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. For Anchor Investors, the payment instruments for payment into the Escrow Account(s) should be drawn in favour of:

- (a) In case of resident Anchor Investors: “[●]”
- (b) In case of Non-Resident Anchor Investors: “[●]”

Anchor Investors should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Selling Shareholders and the Syndicate, the Escrow Collection Bank and the Registrar to the Offer to facilitate collections of Bid amounts from Anchor Investors.

Pre-Offer Advertisement

Subject to Section 30 of the Companies Act, 2013, our Company shall, after filing the Red Herring Prospectus with the RoC, publish a pre- Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in: (i) [●] editions of [●], an English national daily newspaper, (ii) [●] editions of [●], a Hindi national daily newspaper, and (iii) [●] editions of [●], a Tamil newspaper, Tamil being the regional language of Tamil Nadu, where our Registered Office is located, each with wide circulation.

In the pre-Offer advertisement, we shall state the Bid/Offer Opening Date and the Bid/ Offer Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, 2013, shall be in the format prescribed in Part A of Schedule X of the SEBI ICDR Regulations.

The above information is given for the benefit of the Bidders/applicants. Our Company, the Selling Shareholders and the members of the Syndicate are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders/applicants are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the prescribed limits under applicable laws or regulations.

Signing of the Underwriting Agreement and the RoC Filing

- (a) Our Company, the Selling Shareholders and the Underwriters intend to enter into an Underwriting Agreement on or immediately after the finalisation of the Offer Price but prior to the filing of Prospectus.

- (b) After signing the Underwriting Agreement, an updated Red Herring Prospectus will be filed with the RoC in accordance with applicable law, which then would be termed as the 'Prospectus'. The Prospectus will contain details of the Offer Price, the Anchor Investor Offer Price, Offer size, and underwriting arrangements and will be complete in all material respects.

Undertakings by our Company

Our Company undertakes the following:

- the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;
- all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed shall be taken within six Working Days of the Bid/Offer Closing Date or such other period as may be prescribed by the SEBI;
- the funds required for making refunds to unsuccessful Bidders as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;
- if Allotment is not made within the prescribed time period under applicable law, the entire subscription amount received will be refunded/unblocked within the time prescribed under applicable law. If there is delay beyond the prescribed time, our Company shall pay interest prescribed under the Companies Act, 2013, the SEBI ICDR Regulations and applicable law for the delayed period;
- where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within the time prescribed under applicable law, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- that our Company shall not have recourse to the Net Proceeds until the final approval for listing and trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received;
- Except for (i) the Pre-IPO Placement; (ii) the conversion of the CCDs held by the IRF I, IRF II and PNRPL into Equity Shares before the filing of the Red Herring Prospectus; and (iii) exercise of any options to be granted pursuant to the ESOP 2022, no further issue of the Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are unblocked in ASBA Account/refunded on account of non-listing, under-subscription, etc.
- adequate arrangements shall be made to collect all Bid cum Application Forms submitted by Bidders and Anchor Investor Application Form from Anchor Investors.

Undertakings by the Selling Shareholders

The Selling Shareholders undertakes in respect of itself as a 'selling shareholder' and its portion of the Equity Shares offered by it in the Offer for Sale that:

- it is the legal and beneficial owner of, and has clear and marketable title to, the Equity Shares which are offered by it pursuant to the Offer for Sale;
- the Equity Shares offered for sale by the Selling Shareholder in the Offer are eligible for being offered in the Offer for Sale in terms of Regulation 8 of the SEBI ICDR Regulations;
- except for any discount that may be provided in relation to the Offer in accordance with applicable law, it shall not offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to the Bidder for making a Bid in the Offer, and shall not make any payment, direct or indirect, in the nature of discounts, commission, allowance or otherwise to any person who makes a Bid in the Offer;
- the Equity Shares being offered for sale by the Selling Shareholder pursuant to the Offer are free and clear of any pre-emptive rights, liens, mortgages, charges, pledges, trusts or any other encumbrance or transfer

restrictions, on such constitutional documents of the Company or any agreement or other instrument binding on it;

- it shall deposit its Equity Shares offered for sale in the Offer in an escrow demat in accordance with the share escrow agreement to be executed between the parties to such share escrow agreement;
- that it shall provide such reasonable assistance to our Company and the BRLMs in redressal of such investor grievances that pertain to the Equity Shares held by it and being offered pursuant to the Offer; and
- it shall provide such reasonable cooperation to our Company in relation to the Equity Shares offered by it in the Offer for Sale for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges.

Utilisation of Offer Proceeds

Our Board of Directors certifies and declares that:

- all monies received out of the Fresh Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013;
- details of all monies utilised out of the Fresh Issue shall be disclosed, and continue to be disclosed till the time any part of the Fresh Issue proceeds remains unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and
- details of all unutilised monies out of the Fresh Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested.

Impersonation

Attention of the Bidders 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.” The liability prescribed under Section 447 of the Companies Act, 2013 for fraud involving an amount of at least ₹1 million or one per cent of the turnover of the company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years and fine of an amount not less than the amount involved in the fraud, extending up to three times such amount (provided that where the fraud involves public interest, such term shall not be less than three years). Further, where the fraud involves an amount less than ₹1 million or one per cent of the turnover of the company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to ₹5 million or with both.

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 the 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 RBI and the concerned ministries/departments are responsible for granting approval for foreign investment. The Government has from time to time made policy pronouncements on foreign direct investment (“**FDI**”) through press notes and press releases. The DPIIT, issued the Consolidated FDI Policy Circular of 2020 (“**FDI Policy**”), which, with effect from October 15, 2020, subsumes and supersedes all press notes, press releases, clarifications, circulars issued by the DPIIT, which were in force as on October 15, 2020. FDI in companies engaged in sectors/ activities which are not listed in the FDI Policy is permitted up to 100% of the paid up share capital of such company under the automatic route, subject to compliance with certain prescribed conditions. The FDI Policy will be valid and remain in force until superseded in totality or in part thereof. Under the current FDI Policy, 100% foreign direct investment is permitted in manufacturing sector, under the automatic route, subject to compliance with certain prescribed conditions.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of 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, OCBs cannot participate in this Offer.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT and the FEMA Non-Debt Rules, any investment, subscription, purchase or sale of equity instruments by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, will require prior approval of the Government of India, as prescribed in the FDI Policy and the FEMA Non-Debt Rules. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/ purview, such subsequent change in the beneficial ownership will also require approval of the Government of India. Each Bidder should seek independent legal advice about its ability to participate in this Offer. In the event such prior approval of the Government of India is required, and such approval has been obtained, the Bidder shall intimate our Company and the Registrar in writing about such approval along with a copy thereof within the Offer Period.

Foreign Exchange Laws

The foreign investment in our Company is governed by *inter alia* the FEMA, the FEMA Non-debt Rules, the FDI Policy issued and amended by way of press notes, and the SEBI FPI Regulations.

In terms of the FEMA Non-debt Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included. The aggregate limit for FPI investments shall be the sectoral cap applicable to our Company. In accordance with the Rule 12 of the FEMA Non-debt Rules read with Schedule III of such rules, the total holding by any individual NRI, on a repatriation basis, shall not exceed 5% of the total paid-up equity capital on a fully diluted basis or shall not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together shall not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrant. Provided that the aggregate ceiling of 10% may be raised to 24% if a special resolution to that effect is passed by the general body of the Indian company. Our Shareholders have approved such aggregate ceiling to 24% pursuant to resolution dated February 1, 2022. For details of the aggregate limit for investments by NRIs and FPIs in our Company, see “*Offer Procedure – Bids by Eligible NRIs*” and “*Offer Procedure – Bids by FPIs*” on page 327.

The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or any other applicable law of the United States, and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the

registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being only offered and sold (a) in the United States only to persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A) in accordance with Rule 144A or another available exemption from the registration requirements of the U.S. Securities Act and (b) outside the United States in “offshore transactions” as defined in, and in reliance on, Regulation S and the applicable laws of the jurisdiction where those offers and sales are made. For the avoidance of doubt, the term “U.S. QIBs” does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Draft Red Herring Prospectus as “QIBs”.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION VIII: DESCRIPTION OF EQUITY SHARES AND TERMS OF ARTICLES OF ASSOCIATION

Capitalised terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company.

The Articles of Association of our Company comprise of two parts, Part A and Part B, which parts shall, unless the context otherwise requires, co-exist with each other. In case of inconsistency between Part A and Part B until the allotment of equity shares pursuant to initial public offer of the Company (“IPO”), the provisions of Part B shall prevail.

However, Part B shall automatically terminate and cease to have any force and effect from the date of allotment pursuant to the IPO without any further action, including any corporate action, by our Company or by our Shareholders and Part A shall continue to be in effect.

Further, in the event the IPO does not happen before June 30, 2022 or such other mutually agreed date under the shareholders’ agreement (“Long Stop Date”), Part A shall automatically terminate and cease to have any force and effect from the Long Stop Date without any further action, including any corporate action, by our Company or by our Shareholders and Part B shall continue to be in effect.

THE COMPANIES ACT, 2013

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

ARCHEAN CHEMICAL INDUSTRIES LIMITED

PART- A

1. Preliminary

The following regulations comprised in these Articles of Association, were adopted pursuant to the special resolution passed at the extra ordinary general meeting of the Company held on February 1, 2022, in substitution for and to the entire exclusion of, the earlier regulations comprised in the existing Articles of Association of the Company.

Applicability of Table ‘F’

Subject to anything to the contrary hereinafter provided, the regulations contained in Table “F” in the First Schedule to the Companies Act, 2013, as amended from time to time, in so far as they are applicable to a public company, will apply to the Company save in so far as they are expressly or by implication excluded by these Articles. In case of any conflict between the provisions herein contained and the regulations contained in Table “F”, the provisions herein will prevail.

Definitions And Interpretation

1. In these Articles, the following words and expressions, unless repugnant to the subject, shall mean the following:

“**Act**” means the Companies Act, 2013 or any statutory modification or re-enactment thereof for the time being in force and the term shall be deemed to refer to the applicable section thereof which is relatable to the relevant Article in which the said term appears in these Articles and any previous company law, so far as may be applicable.

“**Annual General Meeting**” means the annual general meeting of the Company convened and held in

accordance with the Act.

“**Articles of Association**” or “**Articles**” mean these Articles of association of the Company, as may be altered from time to time in accordance with the Act.

“**Board**” or “**Board of Directors**” means the board of directors of the Company in office at applicable times.

“**Company**” means ARCHEAN CHEMICAL INDUSTRIES LIMITED, a company incorporated under the laws of India.

“**Depository**” means a depository, as defined in clause (e) of sub-section (1) of Section 2 of the Depositories Act, 1996 and a company formed and registered under the Companies Act, 2013 and which has been granted a certificate of registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992.

“**Director**” shall mean any director of the Company, including alternate directors, Independent Directors and nominee directors appointed in accordance with and the provisions of these Articles.

“**Equity Shares**” shall mean the issued, subscribed and fully paid-up equity shares of the Company having the face value set out in the Memorandum;

“**Extraordinary General Meeting**” means an extraordinary general meeting of the Company convened and held in accordance with the Act;

“**General Meeting**” means any duly convened meeting of the shareholders of the Company and any adjournments thereof;

“**Investors**” shall collectively mean India Resurgence Fund, Scheme I, India Resurgence Fund, Scheme II, and Piramal Natural Resources Private Limited.

“**Member**” means the duly registered holder from time to time, of the shares of the Company and includes the subscribers to the Memorandum of Association and in case of shares held by a Depository, the beneficial owners whose names are recorded as such with the Depository;

“**Memorandum**” or “**Memorandum of Association**” means the memorandum of association of the Company, as may be altered from time to time;

“**Office**” means the registered office, for the time being, of the Company;

“**Officer**” shall have the meaning assigned thereto by the Act;

“**Ordinary Resolution**” shall have the meaning assigned thereto by the Act;

“**Promoters**” shall mean Chemikas Speciality LLP, Ranjit Pendurthi and Ravi Pendurthi, and the term “**Promoter**” shall mean any of them;

“**Register of Members**” means the register of members to be maintained pursuant to the provisions of the Act and the register of beneficial owners pursuant to Section 11 of the Depositories Act, 1996, in case of shares held in a Depository;

“**Rules**” means the applicable rules for the time being in force as prescribed under relevant sections of the Act;

“**the seal**” means the common seal of the Company;

“**SEBI Listing Regulations**” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time; and

“Special Resolution” shall have the meaning assigned thereto by the Act.

2. Unless the context otherwise requires, words or expressions contained in these regulations shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these regulations become binding on the Company.

Share capital and variation of rights

3. The authorized share capital of the Company shall be such amount, divided into such class(es), denomination(s) and number of shares in the Company as stated in Clause V of the Memorandum of Association, with power to increase or reduce such capital from time to time and power to divide the shares in the capital for the time being into other classes and to attach thereto respectively such preferential, convertible, deferred, qualified, or other special rights, privileges, conditions or restrictions and to vary, modify or abrogate the same in such manner as may be determined by or in accordance with the Articles of the Company, subject to the provisions of applicable law for the time being in force.
4. The Company may issue the following kinds of shares in accordance with these Articles, the Act and other applicable laws:
 - (a) Equity share capital:
 - (i) with voting rights; and/or
 - (ii) with differential rights as to dividend, voting or otherwise in accordance with the Act; and
 - (b) Preference share capital.
5. Subject to the provisions of the Act and these Articles, the shares in the capital of the Company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par (subject to the compliance with the provision of the Act) at a discount and at such time as they may from time to time think fit and with sanction of the Company in the general meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Board of Directors thinks fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.
6. The Board of Directors may issue and allot shares of the Company as payment in full or in part, for any property purchased by the Company or in respect of goods sold or transferred or machinery or appliances supplied or for services rendered to the Company in the acquisition and/or in the conduct of its business; and any shares which may be so allotted may be issued as fully paid up shares and if so issued shall be deemed as fully paid up shares.
7. Subject to the provisions of the Act, the Company in its General Meetings may, by an Ordinary Resolution, from time to time:
 - (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
 - (b) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;
 - (c) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum so however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced Share shall be the same as it was in the case of the Share from which the reduced Share is derived; or;
 - (d) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of Share Capital by the amount of the

shares so cancelled. A cancellation of Shares in pursuance of this Article shall not be deemed to be a reduction of Share Capital within the meaning of the Act.

8. (i) Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after incorporation, in case of subscribers to the memorandum or after allotment or within one month after the application for the registration of transfer or transmission or within such other period as the conditions of issue shall be provided, -

- (a) one certificate for all his shares without payment of any charges; or
- (b) several certificates, each for one or more of his shares, upon payment of twenty rupees for each certificate after the first.

(ii) Every certificate shall be under the seal, if any, and shall specify the shares to which it relates and the amount paid-up thereon, shall be signed by two directors or by a director and the company secretary, wherever the Company has appointed a company secretary.

Provided that in case the Company has a common seal it shall be affixed in the presence of the persons required to sign the certificate.

(iii) In respect of any share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.

9. Every member shall be entitled, without payment to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the directors so approve (upon paying such fee as the Directors so time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within two months of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificates of shares shall be under the seal or the Company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe and approve, provided that, in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one or several joint holders shall be a sufficient delivery to all such holder.

10. (i) If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees not exceeding the amount payable under applicable law for each certificate as may be fixed by the Board. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer. and no fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document.

Provided that notwithstanding what is stated above, the Directors shall comply with such rules or regulation or requirements of any stock exchange or the rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other act or rules applicable in this behalf.

(ii) The provisions of Articles (2) and (3) shall mutatis mutandis apply to debentures of the Company.

11. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by, or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any

fractional part of a share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

12. (i) The Company may exercise the powers of paying commissions conferred by sub-section (6) of section 40 of the Act, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rules made thereunder.

(ii) The rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under sub-section (6) of section 40 of the Act.

(iii) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.
13. (i) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of section 48 of the Act, and whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.

(ii) To every such separate meeting, the provisions of these regulations relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least two persons holding at least one-third of the issued shares of the class in question.
14. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.
15. Subject to the provisions of section 55 of the Act, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are to be redeemed on such terms and in such manner as the Company before the issue of the shares may, by special resolution, determine.

Further Issue of Shares

16. (1) Where at any time the Board or the Company, as the case may be, propose to increase the subscribed capital by the issue of further shares then such shares shall be offered, subject to the provisions of section 62 of the Act, and the rules made thereunder:
 - (A) to the persons who at the date of the offer are holders of the Equity Shares of the Company, in proportion as nearly as circumstances admit, to the paid-up share capital on those shares at the date;
 - (i) The offer shall be made by notice specifying the number of shares offered and limiting a time not being less than fifteen days or such lesser number of days as may be prescribed and not exceeding thirty days from the date of the offer within which the offer, if not accepted, shall be deemed to have been declined.
Provided that the notice shall be dispatched through registered post or speed post or through electronic mode or courier or any other mode having proof of delivery to all the existing shareholders at least three days before the opening of the issue;
 - (ii) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in sub-clause (i) shall contain a statement of this right;
 - (iii) After the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of them in such manner as they think most beneficial to the Company

- (B) to employees under any scheme of employees' stock option subject to Special Resolution passed by the Company and subject to the Rules and such other conditions, as may be prescribed under applicable law; or
 - (C) to any person(s), if it is authorized by a Special Resolution, whether or not those persons include the persons referred to in clause (A) or clause (B) above either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer (if required under law) subject to such conditions as may be prescribed under the Act and the rules made thereunder;
- (2) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option as a term attached to the debentures issued or loan raised by the Company to convert such debentures or loans into shares in the Company:
- Provided that the terms of issue of such debentures or loan containing such an option have been approved before the issue of such debentures or the raising of loan by a special resolution passed by the Company in general meeting.
- (3) Nothing in sub-clause (ii) of Clause (1)(A) shall be deemed:
- (i) To extend the time within which the offer should be accepted; or
 - (ii) To authorize any person to exercise the right of renunciation for a second time that the person in whose favour the renunciation was first made has declined to take the shares compromised in the renunciation.
- (4) Notwithstanding anything contained in Article 15 (3) hereof, where any debentures have been issued, or loan has been obtained from any government by the Company, and if that government considers it necessary in the public interest so to do, it may, by order, direct that such debentures or loans or any part thereof shall be converted into shares in the Company on such terms and conditions as appear to the Government to be reasonable in the circumstances of the case even if terms of the issue of such debentures or the raising of such loans do not include a term for providing for an option for such conversion:

Provided that where the terms and conditions of such conversion are not acceptable to the Company, it may, within sixty days from the date of communication of such order, appeal to National Company Law Tribunal which shall after hearing the Company and the Government pass such order as it deems fit.

A further issue of shares may be made in any manner whatsoever as the Board may determine including by way of preferential offer or private placement, subject to and in accordance with the Act and the rules made thereunder.

Lien

17. (i) The Company shall have a first and paramount lien-
- (a) on all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien If any, on such shares/debentures; and
 - (b) on all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the Company

Provided that the Board of directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause.

- (ii) The Company's lien, if any, on a share shall extend to all dividends payable and bonuses declared from time to time in respect of such shares.
 - (ii) The fully paid up shares shall be free from all lien and in the case of partly paid up shares the Company's lien shall be restricted to moneys called or payable at a fixed time in respect of such shares.
18. The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien:
- Provided that no sale shall be made-
- (a) unless a sum in respect of which the lien exists is presently payable; or
 - (b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.
19. (i) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.
- (ii) The purchaser shall be registered as the holder of the shares comprised in any such transfer.
- (iii) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.
20. (i) The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.
- (ii) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.

Calls on shares

21. (i) The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times:
- Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call.
- (ii) Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the Company, at the time or times and place so specified, the amount called on his shares.
- (iii) A call may be revoked or postponed at the discretion of the Board.
22. A call shall be deemed to have been made at the time when the resolution of the Board authorizing the call was passed and may be required to be paid by instalments.
23. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
24. (i) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten per cent per annum or at such lower rate, if any, as the Board may determine.
- (ii) The Board shall be at liberty to waive payment of any such interest wholly or in part.

25. (i) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.

(ii) In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

26. The Board-

- (a) may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and
- (b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the Company in general meeting shall otherwise direct, twelve per cent per annum, as may be agreed upon between the Board and the member paying the sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company.

Transfer of shares

27. The Company shall maintain a "Register of Transfers" and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any share, debenture or other security held in a material form.

28. (i) A common form of transfer shall be used.

(ii) The instrument of transfer of any share in the Company shall be executed by or on behalf of both the transferor and transferee.

(iii) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.

(iv) The instrument of transfer shall be in writing and all provisions of the Act and statutory modifications thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.

29. The Board may, subject to the right of appeal conferred by section 58 of the Act decline to register -

- (a) the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or
- (b) any transfer of shares on which the Company has a lien.

30. The Board may decline to recognise any instrument of transfer unless-

- (a) the instrument of transfer is in the form as prescribed in rules made under sub-section (1) of section 56 of the Act;
- (b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and

(c) the instrument of transfer is in respect of only one class of shares.

31. On giving not less than seven days' previous notice in accordance with section 91 of the Act and rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:

Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.

32. Subject to the provisions of the Act, Securities Contracts (Regulation) Act, 1956 or any law for the time being in force and these Articles, the Board may (at its own absolute and uncontrolled discretion) decline or refuse by giving reasons, whether in pursuance of any power of the Company under these Articles, applicable laws, or otherwise, to register or acknowledge any transfer of, or the transmission by operation of law of the right to, any securities or interest of a Member or in debentures of the Company, after providing sufficient cause, within a period of one month, or such other time period as prescribed under applicable laws for transfer or transmission of securities, from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to the Company, send to the transferee and transferor notice of the refusal, giving reasons for such refusal. Provided that the registration of transfer of any securities shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons, indebted to the Company on any account whatsoever except where the Company has a lien on shares.

Transmission of shares

33. (i) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognised by the Company as having any title to his interest in the shares

(ii) Nothing in clause (i) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

34. (i) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either -

(a) to be registered himself as holder of the share; or

(b) to make such transfer of the share as the deceased or insolvent member could have made.

(ii) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.

35. (i) If the person so becoming entitled, elects to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.

(ii) If the person aforesaid elects to transfer the share, he shall testify his election by executing a transfer of the share.

(iii) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.

36. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company:

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the

Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.

Forfeiture of shares

37. If a member fails to pay any call, or instalment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.
38. The notice aforesaid shall -
- (a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and
 - (b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.
39. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.
40. (i) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.
- (ii) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.
41. (i) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all monies which, at the date of forfeiture, were presently payable by him to the Company in respect of the shares.
- (ii) The liability of such person shall cease if and when the Company shall have received payment in full of all such monies in respect of the shares.
42. (i) A duly verified declaration in writing that the declarant is a director, the manager or the secretary, of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share;
- (ii) The Company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of;
- (iii) The transferee shall thereupon be registered as the holder of the share; and
- (iv) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.
43. The provisions of these regulations as to forfeiture shall apply in the case of nonpayment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

Alteration of capital

44. The Company may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.
45. Subject to the provisions of section 61 of the Act, the Company may, by ordinary resolution, -

- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (b) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;
- (c) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;
- (d) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

46. Where shares are converted into stock, -

- (a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

- (b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.
- (c) such of the regulations of the company as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholder" in those regulations shall include "stock" and "stock-holder" respectively.

47. The Company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law, -

- (a) its share capital;
- (b) any capital redemption reserve account; or
- (c) any share premium account.

Capitalisation of profits

48. (i) The Company in general meeting may, upon the recommendation of the Board, resolve -

- (a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the, profit and loss account, or otherwise available for distribution; and
 - (b) that such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.
- (ii) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in these Articles, either in or towards -
- (A) paying up any amounts for the time being unpaid on any shares held by such members respectively;

- (B) paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;
- (C) partly in the way specified in sub-clause (A) and partly in that specified in sub-clause (B);
- (D) A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares;
- (E) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.

49. (i) Whenever such a resolution as aforesaid shall have been passed, the Board shall -
- (a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares if any; and
 - (b) generally do all acts and things required to give effect thereto.
- (ii) The Board shall have power -
- (a) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions; and
 - (b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the Company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares;
- (iii) Any agreement made under such authority shall be effective and binding on such members.

Buy-back of shares

50. Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the Company may purchase its own shares or other specified securities and the Board of Directors may, when and if thought fit, buy back such of the Company's own shares or securities as it may think necessary, subject to such limits, upon such terms and conditions and subject to such approvals as required under the Act, SEBI Regulations or any other competent authority, as may be permitted by law.

General meetings

51. All general meetings other than annual general meeting shall be called extraordinary general meeting.
52. (i) The Board may, whenever it thinks fit, call an extraordinary general meeting.
- (ii) If at any time directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two members of the Company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.

Proceedings at general meetings

53. (i) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.
- (ii) Save as otherwise provided herein, the quorum for the general meetings shall be as provided in section 103 of the Act.

54. The chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the Company.
55. If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the directors present shall elect one of their members to be Chairperson of the meeting.
56. If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be Chairperson of the meeting.
57. On any business at any general meeting, in case of an equality of votes, whether on a show of hands or electronically or on a poll, the Chairperson shall have second or casting vote.

Adjournment of meeting

58. (i) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.
- (ii) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- (iii) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.
- (iv) Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

Voting rights

59. Subject to any rights or restrictions for the time being attached to any class or classes of shares, -
- (a) on a show of hands, every member present in person shall have one vote; and
- (b) on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the Company.
60. A member may exercise his vote at a meeting by electronic means in accordance with section 108 of the Act and shall vote only once.
61. (i) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.
- (ii) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.
62. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.
63. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.
64. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.
65. (i) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.

(ii) Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.

Proxy

66. The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.
67. An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105 of the Act.
68. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:

Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

Board of Directors

69. Unless otherwise determined by General Meeting, the number of Directors shall not be less than three (3) and not more than fifteen (15), and at least one (1) Director shall be resident of India in the previous year.

Provided that the Company may appoint more than fifteen (15) Directors after passing a Special Resolution.

- 69A Upon commencement of trading of the Equity Shares on the BSE Limited and the National Stock Exchange of India Limited ("**Trade Date**"), subject to applicable laws and the approval of the shareholders by way of a special resolution in the first general meeting convened after the Trading Date (and such first general meeting be convened immediately after the Trading Date and no later than one month from the Trading Date), so long as the Investors (jointly or severally) hold at least 10% (ten percent) of the share capital of the Company (on a fully diluted basis), the Investors (jointly and not severally) shall have the right to nominate 1 (one) nominee director to the Board of the Company. It is hereby clarified that (a) if the aggregate holding of the Investors in share capital of the Company (on a fully diluted basis) goes below 10% (ten percent); or (b) immediately after 6 (six) months from the Trading Date whichever is earlier, such nomination right will be extinguished forever with respect to the Investors.

It is further clarified that for the purposes of determination "fully diluted basis" above, conversion of only such outstanding securities of the Company which are compulsorily convertible into Equity Shares of the Company should be considered.

Each Promoter agrees to provide all support to Investors in relation to the right provided above including voting in favour of the right indicated above in the first general meeting, to the extent permitted under applicable law.

70. The number of the directors and the names of the first directors shall be determined in writing by the subscribers of the memorandum or a majority of them.

The following shall be first Directors of the Company:

1. Mr P B Anandam
2. Mrs P Pramila

71. (i) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.
- (ii) In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them -
- (a) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the Company; or
- (b) in connection with the business of the Company.
72. The Board may pay all expenses incurred in getting up and registering the Company.
73. The Company may exercise the powers conferred on it by section 88 with regard to the keeping of a foreign register; and the Board may (subject to the provisions of that section) make and vary such regulations as it may think fit respecting the keeping of any such register.
74. All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.
75. Every director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose.
76. (i) Subject to the provisions of section 149 of the Act, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the articles.
- (ii) Such person shall hold office only up to the date of the next annual general meeting of the company but shall be eligible for appointment by the Company as a director at that meeting subject to the provisions of the Act.

Powers of Board

77. The management of the business of the Company shall be vested in the Board and the Board may exercise all such powers, and do all such acts and things, as the Company is by the memorandum of association or otherwise authorized to exercise and do, and, not hereby or by the statute or otherwise directed or required to be exercised or done by the Company in general meeting but subject nevertheless to the provisions of the Act and other laws and of the memorandum of association and these Articles and to any regulations, not being inconsistent with the memorandum of association and these Articles or the Act, from time to time made by the Company in general meeting provided that no such regulation shall invalidate any prior act of the Board which would have been valid if such regulation had not been made.
78. The Board may, from time to time and at its discretion, subject to the provisions of Sections 73, 179, 180, and 185 of the Act, raise or borrow and secure the payment of any sum or sums of money for the purpose of the Company Any such money be raised or the payment or repayment thereof may be secured in such manner and upon such terms and conditions in all respect as the Board may think fit by promissory notes or by opening loan or current accounts or by receiving deposits and advances at interest with or without security or otherwise and in particular by the issue of bonds, perpetual or redeemable debentures of the Company charged upon all or any part of the property of the Company (both present and future) including its uncalled capital for the time being or by mortgaging or charging or pledging any lands, buildings, machinery, plant, goods or other property and securities of the Company or by other means as the Board deems expedient. The Board of Directors shall not except with the consent of the Company by way of a special resolution, borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceeds the aggregate of paid up capital of the Company, its free reserves and securities premium.

79. Subject to the Act and these Articles, The Board may raise or secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit, and in particular by the issue of bonds, perpetual or redeemable debentures or debenture-stock, or any mortgage, or other tangible security on the under- taking of the whole or any part of the Company (both present and future) but shall not create a charge on its capital for the time being or issue debentures with the right to conversion into or allotment of shares without the sanction of the Company by a special resolution in the General Meeting.

Proceedings of the Board

80. (i) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.
- (ii) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.
81. (i) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.
- (ii) In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.
82. The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the Company, but for no other purpose.
83. (i) The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.
- (ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their number to be Chairperson of the meeting.
84. (i) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member or members of its body as it thinks fit.
- (ii) Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.
85. (i) A committee may elect a Chairperson of its meetings.
- (ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.
86. (i) A committee may meet and adjourn as it thinks fit.
- (ii) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.
87. All acts done in any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.
88. Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be valid and effective as if it had been passed at a meeting of the Board or committee, duly convened and held.

Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer

89. Subject to the provisions of the Act, -
- (i) A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;
 - (ii) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.
90. A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.

The Seal

91. (i) The Board shall provide for the safe custody of the seal.
- (ii) The seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorised by it in that behalf, and except in the presence of at least two directors and of the secretary or such other person as the Board may appoint for the purpose; and those two directors and the secretary or other person aforesaid shall sign every instrument to which the seal of the Company is so affixed in their presence.

Dividends and Reserve

92. The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.
93. Subject to the provisions of section 123 of the Act, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the Company.
94. (i) The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time to time, think fit.
- (ii) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.
95. (i) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares.
- (ii) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.
 - (iii) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

96. The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.
97. (i) Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.
- (ii) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.
98. Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.
99. Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.
100. No dividend shall bear interest against the Company.
101. (i) Where the Company has declared a dividend but which has not been paid or claimed within thirty (30) days from the date of declaration, the Company shall within seven (7) days from the date of expiry of the said period of thirty (30) days, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of thirty (30) days, to a special account to be opened by the Company in that behalf in any scheduled bank to be called "Unpaid Dividend Account of Archean Chemical Industries Limited".
- (ii) Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven (7) years from the date of such transfer, shall be transferred by the Company to the fund known as Investor Education and Protection Fund established under the Act. Provided that any claimant of Shares so transferred shall be entitled to claim the transfer of Shares from Investor Education and Protection Fund in accordance with such procedure and on submission of such documents as may be prescribed.
- (iii) No unclaimed or unpaid dividend shall be forfeited by the Board before the claim becomes barred by law and such forfeiture, if effected, shall be annulled in appropriate cases.
- (iv) All other provisions under the Act will be complied with in relation to the unpaid or unclaimed dividend.

Term of Issue of Debenture

102. Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.

Management

103. The Business of the Company shall be carried on by the Board of Directors through a Managing Director, and / or in such manner as they shall think fit, subject to the control and superintendence of the Board of Directors at all times.
104. Subject to the provisions of Sections 196, 197, and 203 and Schedule V of the Act, the Board may, from time to time, appoint one or more Directors to be Managing Director or Managing Directors of the Company and may, from time to time (subject to the provisions of any contract between him or them and the Company), remove or dismiss him or them from office and appoint another or others in his place or their places. The Managing Director shall exercise such powers as may be delegated to him by the Board subject to its overall control and supervision. The Managing Director shall report all material actions undertaken, or proposed to be undertaken, by him in the exercise of powers delegated to him to the Board of Directors at their meetings.

105. Subject to the provisions of the Act,—

(i) A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as the Board may think fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;

(ii) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.

106. Subject to the provisions of the Act, in particular to the prohibitions and restrictions contained in the Act thereof, the Board may, from time to time, entrust to and confer upon a Managing Director or other senior management personnel, for the time being such of the powers exercisable under these presents by the Board as it may think fit, and may confer such powers for such time, and to be exercised for such objects and purposes, and upon such terms and conditions and with such restrictions as it thinks fit, and the Board may confer such powers, either collaterally with, or to the exclusion of, and in substitution for any of the powers of the Board in that behalf and may, from time to time, revoke, withdraw, alter or vary all or any of such powers.

107. A provision of the Act or these Articles requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.

Accounts

108. (i) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection of members not being directors.

(ii) No member (not being a director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorised by the Board or by the Company in general meeting.

Winding up

109. Subject to the provisions of Chapter XX of the Act and rules made thereunder -

(i) If the Company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.

(ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

(iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

Indemnity

110. Every officer of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the Tribunal.

Dematerialization of Securities

111. The Company shall recognize interest in dematerialized securities under the Depositories Act, 1996.

Subject to the provisions of the Act, either the Company or the investor may exercise an option to issue (in case of the Company only), deal in, hold the securities (including shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialized, in which event, the rights and obligations of the parties concerned and matters connected therewith or incidental thereof shall be governed by the provisions of the Depositories Act, 1996 as amended from time to time or any statutory modification(s) thereto or re-enactment thereof, the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 and other Applicable Law.

112. Dematerialization/Re-materialization of securities

Notwithstanding anything to the contrary or inconsistent contained in these Articles, the Company shall be entitled to dematerialize its existing securities, re-materialize its securities held in Depositories and/or offer its fresh securities in the dematerialized form pursuant to the Depositories Act, 1996 and the rules framed thereunder, if any.

113. Option to receive security certificate or hold securities with the Depository

Every person subscribing to or holding securities of the Company shall have the option to receive the security certificate or hold securities with a Depository. Where a person opts to hold a security with the Depository, the Company shall intimate such Depository of the details of allotment of the security and on receipt of such information, the Depository shall enter in its Record, the name of the allottees as the beneficial owner of that Security.

114. Securities in electronic form

All securities held by a Depository shall be dematerialized and held in electronic form. No certificate shall be issued for the securities held by the Depository.

115. Beneficial owner deemed as absolute owner

Except as ordered by a court of competent jurisdiction or by applicable law required and subject to the provisions of the Act, the Company shall be entitled to treat the person whose name appears on the applicable register as the holder of any security or whose name appears as the beneficial owner of any security in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognize any benami trust or equity, equitable contingent, future, partial interest, other claim to or interest in respect of such securities or (except only as by these Articles otherwise expressly provided) any right in respect of a security other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has expressed or implied notice thereof but the Board shall at their sole discretion register any security in the joint names of any two or more persons or the survivor or survivors of them.

116. Register and index of beneficial owners

The Company shall cause to be kept a register and index of members with details of securities held in materialized and dematerialized forms in any media as may be permitted by law including any form of electronic media. The register and index of beneficial owners maintained by a Depository under the Depositories Act, 1996 shall be deemed to be a register and index of members for the purposes of this Act. The Company shall have the power to keep in any state or country outside India, a Register of Members, resident in that state or country.

Secrecy

117. Every director, manager, auditor, treasurer, trustee, member of a committee, officer, servant, agent, accountant or other person employed in the business of the Company shall, if so required by the Directors, before entering upon his duties, sign a declaration pledging himself to observe strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with the individuals and in matters relating thereto, and shall, by such declaration, pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by applicable law or by the person to whom such matters relate and except so far as may be necessary in order

to comply with any of the provisions contained in these Articles or the Memorandum of Association of the Company and the provisions of the Act.

Subject to the provisions of the Act, no member shall be entitled to visit or inspect any works of the Company, without the permission of the Directors, or to require inspection of any books of accounts or documents of the Company or discovery of or any information respecting any details of the Company's trading or business or any matter which is or may be in the nature of a trade secret, mystery of trade, secret or patented process or any other matter, which may relate to the conduct of the business of the Company and, which in the opinion of the Directors, it would be inexpedient in the interests of the Company to disclose.

General Power

118. Wherever in the Act, it has been provided that the Company shall have any right, privilege or authority or that the Company could carry out any transaction only if the Company is so authorized by its articles, then and in that case this Article authorizes and empowers the Company to have such rights, privileges or authorities and to carry such transactions as have been permitted by the Act, without there being any specific Article in that behalf herein provided.

At any point of time from the date of adoption of these Articles, if the Articles are or become contrary to the provisions of the SEBI Listing Regulations, the provisions of the SEBI Listing Regulations shall prevail over the Articles to such extent and the Company shall discharge all its obligations as prescribed under the SEBI Listing Regulations, from time to time.

PART- B

Part B of the Articles of Association of the Company provides for the rights and obligations of the parties to the Shareholders' Agreement, and amendment agreement to the Shareholders Agreement.

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following documents and contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Draft Red Herring Prospectus) which are or may be deemed material will be attached to the copy of the Red Herring Prospectus/ Prospectus which will be filed with the RoC. Copies of the contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10 a.m. and 5 p.m. on all Working Days and are also available on our website at www.archeanchemicals.com/investor-relations/, from date of the Red Herring Prospectus until the Bid/ Offer Closing Date.

A. Material Contracts for the Offer

- (a). Offer Agreement dated February 18, 2022 amongst our Company, the Selling Shareholders and the BRLMs.
- (b). Registrar Agreement dated February 8, 2022 amongst our Company, the Selling Shareholders and the Registrar to the Offer.
- (c). Cash Escrow and Sponsor Bank Agreement dated [●] amongst our Company, the Selling Shareholders, the Registrar to the Offer, the BRLMs, the Syndicate Members, the Escrow Collection Bank(s), Sponsor Bank(s), Public Offer Account Bank and the Refund Bank(s).
- (d). Share Escrow Agreement dated [●] amongst the Selling Shareholders our Company and the Share Escrow Agent.
- (e). Syndicate Agreement dated [●] amongst our Company, the Selling Shareholders, the BRLMs, the Registrar and Syndicate Members.
- (f). Underwriting Agreement dated [●] amongst our Company, the Selling Shareholders and the Underwriters.
- (g). Monitoring Agency Agreement dated [●] entered into between our Company and the Monitoring Agency.

B. Material Documents

- (a). Shareholders agreement dated October 16, 2018 entered into by and among our Company, IRF I, IRF II, PGPL, Sojitz Corporation, our Promoters and Pendurti Brahmanandam, as amended by way of amendment to shareholders agreement dated September 29, 2020 by and among our Company, IRF I, IRF II, PNRPL, Sojitz Corporation and our Promoters and amendment agreement dated February 13, 2022 read with deed of adherence dated August 26, 2020 entered into by and among PNRPL, our Company, IRF I, IRF II, Sojitz Corporation and our Promoters.
- (b). Share purchase agreement dated October 16, 2018 entered into by and among our Company, IRF I, IRF II, PGPL, Pendurti Brahmanandam.
- (c). Lenders share purchase agreement dated September 20, 2018 entered into by and among Bank of India, Union Bank of India, Punjab National Bank, Bank of Baroda, Allahabad Bank, our Company, IRF I, IRF II and PGPL.
- (d). Lenders share purchase agreement dated October 3, 2018 entered into by and among Canara Bank, our Company, IRF I, IRF II and PGPL.
- (e). CCD subscription agreement dated September 20, 2018 entered into by and among our Company, IRF I, IRF II, PGPL, our Promoters and Pendurti Brahmanandam as amended by (i) amendment to the CCD subscription agreement dated September 29, 2020 by and among our Company, IRF I,

IRF II, PNRPL and our Promoters; and (ii) second amendment to the CCD subscription agreement dated February 10, 2022 entered into by and among our Company, IRF I, IRF II, PNRPL and our Promoters.

- (f). Share subscription agreement dated February 6, 2011 entered into by and among our Company, Sojitz Corporation, Pendurti Brahmanandam, Pendurti Pramila, Ranjit Pendurthi and Ravi Pendurthi
- (g). Certified copies of updated MoA and AoA, updated from time to time.
- (h). Certificate of incorporation dated July 14, 2009 issued to our Company, under the name ‘Archean Chemical Industries Private Limited’ issued by the RoC.
- (i). Fresh certificate of incorporation dated December 15, 2021 issued by the RoC, consequent upon change from ‘Archean Chemical Industries Private Limited’ to ‘Archean Chemical Industries Limited’, pursuant to conversion to a public limited company.
- (j). Copies of the annual reports of our Company for the Fiscals 2021, 2020 and 2019.
- (k). Resolutions of the Board of Directors dated October 12, 2021, authorising the Offer and other related matters.
- (l). Resolution of Board of Directors dated February 18, 2022, taking on record the approval for the Offer for Sale by the Selling Shareholders.
- (m). Shareholders’ resolution dated November 15, 2021, in relation to the Fresh Issue and other related matters.
- (n). Resolution of our Board dated February 18, 2022, approving this Draft Red Herring Prospectus.
- (o). Consent letter from CS LLP dated January 29, 2022 in relation to its portion of the Offer for Sale.
- (p). Consent letters from IRF I, IRF II and PNRPL dated February 7, 2022, February 7, 2022 and January 24, 2022, respectively, in relation to their portion of the Offer for Sale.
- (q). Written consent dated February 17, 2022 from PKF Sridhar & Santhanam LLP, Chartered Accountants, to include their name as required under Section 26(1) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Draft Red Herring Prospectus, and as an “expert” as defined under Section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditors, and in respect of (i) their examination report dated January 15, 2022 on our Restated Financial Information; and (ii) their report dated February 15, 2022 on the statement of possible special tax benefits in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S. Securities Act.
- (r). Written consent dated February 1, 2022 from M. Ulaganathan, to include his name in this Draft Red Herring Prospectus as an “expert” in terms of the Companies Act, 2013 to the extent of and in his capacity as a chartered engineer in relation to his certificate dated February 1, 2022 on installed capacity, actual production and capacity utilisation at our manufacturing facility located in Hajipir, Gujarat, and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.
- (s). Consent of the Selling Shareholders, the Directors, the BRLMs, the Syndicate Members, legal counsels, Registrar to the Offer, Statutory Auditors, Banker(s) to the Offer, banker to our Company, Key Managerial Personnel, Company Secretary and Compliance Officer, Chief Financial Officer, Monitoring Agency as referred to in their specific capacities.
- (t). Report titled “*Industry Report – India Specialty Chemical Market*” dated January 24, 2022.

- (u). Consent letter dated January 27, 2022 of F&S in respect of the Report titled “*Industry Report – India Specialty Chemical Market*”.
- (v). Due diligence certificate dated February 18, 2022 addressed to SEBI from the BRLMs.
- (w). In principle listing approvals dated [●] and [●] issued by BSE and NSE respectively.
- (x). Tripartite agreement dated December 10, 2021 amongst our Company, NSDL and the Registrar to the Offer.
- (y). Tripartite agreement dated January 19, 2022 amongst our Company, CDSL and the Registrar to the Offer.
- (z). SEBI final observation letter dated [●].

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus 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 notice to the Shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines, or regulations issued by the Government of India or the rules, guidelines, or regulations issued by the Securities and Exchange Board of India, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Ranjit Pendurthi
Managing Director

Place: Chennai

Date: February 18, 2022

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines, or regulations issued by the Government of India or the rules, guidelines, or regulations issued by the Securities and Exchange Board of India, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Ravi Pendurthi

Non-Executive Director

Place: Chennai

Date: February 18, 2022

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines, or regulations issued by the Government of India or the rules, guidelines, or regulations issued by the Securities and Exchange Board of India, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Subrahmanyam Meenakshisundaram
Non-Executive Director

Place: Chennai

Date: February 18, 2022

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines, or regulations issued by the Government of India or the rules, guidelines, or regulations issued by the Securities and Exchange Board of India, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Padma Chandrasekaran

Independent Director

Place: Chennai

Date: February 18, 2022

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines, or regulations issued by the Government of India or the rules, guidelines, or regulations issued by the Securities and Exchange Board of India, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Chittoor Ghatambu Sethuram
Independent Director

Place: Chennai

Date: February 18, 2022

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines, or regulations issued by the Government of India or the rules, guidelines, or regulations issued by the Securities and Exchange Board of India, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Kandheri Munaswami Mohandass
Independent Director

Place: Chennai

Date: February 18, 2022

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines, or regulations issued by the Government of India or the rules, guidelines, or regulations issued by the Securities and Exchange Board of India, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY

Sai Ram Edara

Chief Financial Officer

Place: Chennai

Date: February 18, 2022

DECLARATION

We hereby declare and certify that all statements made and or confirmed by us and undertakings specifically provided by us in this Draft Red Herring Prospectus in relation to ourselves, as a Selling Shareholder and our portion of the Offered Shares, are true and correct. We assume no responsibility for any other statements, disclosures or undertakings, including statements, disclosures or undertakings made or confirmed by or in relation to the Company, any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

For and on behalf of Chemikas Speciality LLP

Name: Ranjit Pendurthi
Designation: Designated Partner

Place: Chennai
Date: February 18, 2022

DECLARATION

We hereby declare and certify that all statements made and or confirmed by us and undertakings specifically provided by us in this Draft Red Herring Prospectus in relation to ourselves, as a Selling Shareholder and our portion of the Offered Shares, are true and correct. We assume no responsibility for any other statements, disclosures or undertakings, including statements, disclosures or undertakings made or confirmed by or in relation to the Company, any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

For and on behalf of India Resurgence Fund, Scheme I (acting through India Resurgence Asset Management Business Private Limited)

Name: Mrinal Chandran

Designation: General Counsel

Place: Mumbai

Date: February 18, 2022

DECLARATION

We hereby declare and certify that all statements made and or confirmed by us and undertakings specifically provided by us in this Draft Red Herring Prospectus in relation to ourselves, as a Selling Shareholder and our portion of the Offered Shares, are true and correct. We assume no responsibility for any other statements, disclosures or undertakings, including statements, disclosures or undertakings made or confirmed by or in relation to the Company, any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

For and on behalf of India Resurgence Fund, Scheme II (acting through India Resurgence Asset Management Business Private Limited)

Name: Mrinal Chandran

Designation: General Counsel

Place: Mumbai

Date: February 18, 2022

DECLARATION

We hereby declare and certify that all statements made and or confirmed by us and undertakings specifically provided by us in this Draft Red Herring Prospectus in relation to ourselves, as a Selling Shareholder and our portion of the Offered Shares, are true and correct. We assume no responsibility for any other statements, disclosures or undertakings, including statements, disclosures or undertakings made or confirmed by or in relation to the Company, any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

For and on behalf of Piramal Natural Resources Private Limited

Name: Narayan A

Designation: Authorised Signatory

Place: Mumbai

Date: February 18, 2022