

This is a public announcement for information purposes only and is not a prospectus announcement and does not constitute an invitation or offer to acquire, purchase or subscribe to securities. Not for release, publication or distribution directly or indirectly, outside India. Initial public offer of equity shares on the main board of BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE" and together with BSE, the "Stock Exchanges") in compliance with Chapter II of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("SEBI ICDR Regulations").



J.G.CHEMICALS LIMITED

Our Company was initially formed as a partnership firm on March 15, 1975 under the name "J.G. Chemicals" at West Bengal as a partnership at will which was registered under the Indian Partnership Act, 1932 with the Registrar of Firms, West Bengal in 1983. Subsequently, the partnership firm was converted into a joint stock company and was registered as a private limited company in the name and style "J.G. Chemicals Private Limited" pursuant to a certificate of incorporation dated June 28, 2001, issued by RoC, in accordance with provisions of the Companies Act, 1956. Thereafter, pursuant to a resolution passed at the meeting of the Board of Directors held on March 16, 2022, and a special resolution of the Shareholders at the EGM held on April 30, 2022, the name of our Company was changed to J.G. Chemicals Limited, pursuant to its conversion into a public limited company. A fresh certificate of incorporation dated May 24, 2022, consequent upon conversion, was issued by the RoC. For details relating to changes in the name and registered office of our Company, please see section titled "History and Certain Corporate Matters" on page 203 of the red herring prospectus dated February 27, 2024 filed with RoC (together with the addendum to the red herring prospectus "RHP" or "Red Herring Prospectus").

Registered Office: Advantz Infinity @ 5, 15th Floor, Unit 1511, Plot 5 Block - BN, Sector - V, Salt Lake Electronics Complex, Bidhan Nagar CK Market, North 24 Parganas, Saltlake, West Bengal, 700 091, India;
Tel: +91 33 4014 0100; Contact Person: Swati Poddar; Website: www.jgchem.com; E-mail: corporate@jgchem.com



(Please scan the QR code to view the Red Herring Prospectus)

OUR PROMOTERS: SURESH JHUNJHUNWALA, ANIRUDH JHUNJHUNWALA AND ANUJ JHUNJHUNWALA

INITIAL PUBLIC OFFER OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH ("EQUITY SHARES") OF J.G.CHEMICALS LIMITED ("COMPANY" OR "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) ("OFFER PRICE") AGGREGATING UP TO ₹ [●] MILLION ("OFFER") COMPRISING A FRESH ISSUE OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 1,650.00 MILLION BY OUR COMPANY (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 3,900,000 EQUITY SHARES AGGREGATING UP TO [●] BY THE SELLING SHAREHOLDERS ("OFFER FOR SALE") COMPRISING UP TO 2,028,900 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY VISION PROJECTS & FINVEST PRIVATE LIMITED, UP TO 1,100 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY JAYANTI COMMERCIAL LIMITED, UP TO 1,260,000 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY SURESH KUMAR JHUNJHUNWALA (HUF), AND UP TO 610,000 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY ANIRUDH JHUNJHUNWALA (HUF) (COLLECTIVELY, THE "SELLING SHAREHOLDERS" AND SUCH EQUITY SHARES, THE "OFFERED SHARES"), THE OFFER SHALL CONSTITUTE [●]% OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

DETAILS OF OFFER FOR SALE BY THE SELLING SHAREHOLDERS			
NAME OF SELLING SHAREHOLDERS	TYPE	NUMBER OF OFFERED SHARES/AMOUNT (IN ₹)	WEIGHTED AVERAGE COST OF ACQUISITION (IN ₹ PER EQUITY SHARE)
Vision Projects & Finvest Private Limited	Promoter Group	Up to 2,028,900 Equity Shares aggregating up to ₹ [●] million	0.38 ^A
Jayanti Commercial Limited	Promoter Group	Up to 1,100 Equity Shares aggregating up to ₹ [●] million	0.38 ^A
Suresh Kumar Jhunjhunwala (HUF)	Promoter Group	Up to 1,260,000 Equity Shares aggregating up to ₹ [●] million	0.38 ^A
Anirudh Jhunjhunwala (HUF)	Promoter Group	Up to 610,000 Equity Shares aggregating up to ₹ [●] million	0.38 ^A

^A As certified by S. Jaykishan, Chartered Accountants by way of their certificate dated February 26, 2024

We are the largest manufacturer of zinc oxides in India and among the top ten manufacturers of zinc oxides globally (Source: CARE Report)

The Offer is being made through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations.

• QIB Portion: Not more than 50% of the Offer • Non-Institutional Portion: Not less than 15% of the Offer • Retail Portion: Not less than 35% of the Offer

PRICE BAND: ₹210 TO ₹221 PER EQUITY SHARE OF FACE VALUE OF ₹10/- EACH

THE FLOOR PRICE IS 21.00 TIMES THE FACE VALUE OF THE EQUITY SHARES AND THE CAP PRICE IS 22.10 TIMES THE FACE VALUE OF THE EQUITY SHARES
THE PRICE/EARNINGS RATIO BASED ON DILUTED EPS FOR FISCAL 2023 AT THE LOWER END OF THE PRICE BAND (I.E. FLOOR PRICE) IS 12.12 TIMES AND AT THE UPPER END OF THE PRICE BAND (I.E. CAP PRICE) IS 12.76 TIMES AS COMPARED TO THE AVERAGE INDUSTRY PEER GROUP PRICE/EARNINGS RATIO OF 31.48 TIMES.
BIDS CAN BE MADE FOR A MINIMUM OF 67 EQUITY SHARES AND IN MULTIPLES OF 67 EQUITY SHARES THEREAFTER

In accordance with the recommendation of Committee of Independent Directors of our Company, pursuant to their resolution dated February 28, 2024, the above provided price band is justified based on quantitative factors/ KPIs disclosed in the 'Basis for Offer Price' section of the RHP vis-a-vis the weighted average cost of acquisition ("WACA") of primary and secondary transactions, as applicable, disclosed in the 'Basis for Offer Price' section on page 122 of the RHP.

In making an investment decision, potential investors must only rely on the information included in the RHP and the terms of the Offer, including the risks involved and not rely on any other external sources of information about the Offer available in any manner.

RISKS TO INVESTORS:

- Complete Dependence on sale of single product, i.e. zinc oxide:** Our business is almost completely dependent on the sale of one principal product i.e. zinc oxide (in various grades) and any reduction in the demand of the same may have an adverse effect on our business and financial performance. Our revenue from operations contributed by the sale of all types/ grades of zinc oxide was ₹ 4,863.22 million, ₹ 7,842.31 million, ₹ 6,125.07 million and ₹ 4,339.90 million for the nine months period ended December 31, 2023 and Fiscals 2023, Fiscal 2022 and Fiscal 2021, which translates to 99.03%, 98.75%, 98.30% and 98.54%, of our total income, respectively.
- Significant Dependence on Material Subsidiary:** We are significantly dependent on the business operations of our material subsidiary i.e. BDJ Oxides Private Limited and any deterioration in the performance of our material subsidiary may adversely affect our business, financial condition and results of operations. Our Material Subsidiary contributes 63.83%, 57.60%, 58.20% and 57.63% for the nine months period ended December 31, 2023 and Fiscals 2023, Fiscal 2022 and Fiscal 2021, respectively to our Revenue from Operations on a consolidated basis.
- Customer Concentration:** We derive a significant part of our revenue from select customers. If one or more of such customers choose not to source their requirements from us, our business, financial condition and results of operations may be adversely affected. Our top 10 customers contributed ₹ 3,745.72 million, ₹ 5,969.78 million, ₹ 4,634.99 million and ₹ 3,337.20 million constituting 77.02%, 76.09%, 75.63% and 76.67% of our revenue from operations, as on nine months period ended December 31, 2023 and in Fiscal 2023, Fiscal 2022 and Fiscal 2021, respectively
- Unregistered Trademark:** Our logo is not registered as a trademark. If we are unable to protect our intellectual property rights, our business, financial condition and results of operations may be adversely affected.
- Competition Risk:** We operate in a competitive industry with a few organised manufacturers that produce competing products, both in India and internationally. Any inability to compete effectively may lead to a lower market share or reduced operating margins. Our foreign competitors may be able to supply similar products at lower prices due to proximity to our customers, larger scale of operations and export benefits provided in their respective countries.
- Dependence on Application Industries:** Rubber (tyre & other rubber products) contributes to 90.50%, 90.46%, 90.10% and 89.20% to our revenue from operations on a consolidated basis for the nine months period ended December 31, 2023 and Fiscals 2023, Fiscal 2022 and Fiscal 2021 respectively. Our operations are heavily dependent on the rubber and tyre industry and there is a lack of diversification in our business across other Application Industries.
- Dependence on Overseas Suppliers:** Our business is heavily dependent on procurement of raw materials from overseas suppliers. Since we do not usually enter into long-term supply contracts with our suppliers of Zinc Dross and typically, we source Zinc Dross from domestic and international third-party suppliers, including steel galvanizers by way of issuing purchase orders or by participating in online auctions and our business is heavily dependent on procurement of raw materials from overseas suppliers. The terms and production volumes of our raw material supplies are negotiated at the time of issuance of purchase order and the pricing is either determined on a spot basis or linked to a formula basis the LME pricing of zinc. Shortage of raw materials would lead to our estimates being adversely affected, resulting in loss of our business and an adverse impact on our results of operations, cash flows and financial condition.
- Risk from use of Hazardous Substance:** We are subject to certain risks consequent to our operations involving the manufacture, usage and storage of various hazardous substances.
- No prior experience in operating a R&D facility:** As a part of our Objects of the Offer, we intend to set up an R&D center at our Naidupeta Facility. Our Company has not incurred any identifiable expenses towards R&D in Fiscal 2023, Fiscal 2022 and Fiscal 2021 and the nine months period ended December 31, 2023.
- New Product Risk:** In accordance with our strategy to diversify our product offerings and enter into new verticals, we intend to gradually increase the production of pharmaceutical grade zinc oxide and also intend to cater to the demand for active zinc oxide grade, which is extensively used in electronics, high-end specialty chemicals and other niche applications, petroleum and environmental protection industries as well as other zinc based chemicals and nutrients which find application in agriculture, micro-nutrients and zinc based feeds & additives. If any new products that we may produce are not as successful as we anticipate, our business, cash flows, results of operations and financial conditions may be adversely affected.
- No Longterm agreements:** We do not have long term agreements with our customers and rely on purchase orders for delivery of our products. Loss of one or more of our customers or a reduction in their demand for our products could adversely affect our business, results of operations and financial condition.
- The Price/Earnings ratio based on diluted EPS for latest full financial year 2023 for the issuer at the upper end of the Price band is as high as 12.76 as compared to the average industry peer group PE ratio of 31.48.
- Average cost of acquisition of equity shares for the selling shareholders in IPO is 0.38 and offer price at upper end of the price band is ₹ 221.
- Weighted Average Return on Net Worth for Fiscal 2023, 2022 and 2021 is 26.38%.
- Weighted average cost of acquisition of all shares transacted (i) in the preceding three years, (ii) in the preceding one year, and (iii) in the preceding 18 months preceding the date of the Red Herring Prospectus:

Period	Weighted average cost of acquisition (₹)	Upper end of the price band (i.e. ₹221) is 'X' times the weighted average cost of acquisition	Range of acquisition price: Lowest price- Highest price (in ₹)
Last one year	0.39	566.67	0.39*
Last 18 months	0.39	566.67	0.39*
Last three years	0.07	3,157.14	Nil to 0.39

*There was only 1 transaction during the last 1 year and 18 months. Accordingly, the range of acquisition price has not been provided.

16. Weighted average cost of acquisition, floor price and cap price

Types of transactions	Weighted average cost of acquisition (₹ per Equity Share)	Floor price* (i.e. ₹ 210)	Cap price* (i.e. ₹ 221)
Weighted average cost of acquisition of primary/new issue of equity shares or convertible securities during the 18 months preceding the date of the Red Herring Prospectus, where such issuance is equal to or more than 5% of the fully diluted paid-up share capital of the Company (calculated based on the pre-Offercapital before such transaction(s) and excluding employee stock options granted but not vested), in a single transaction or multiple transactions combined together over a span of 30 days	NA ^A	NA	NA
Weighted average cost of acquisition for secondary sale / acquisition of equity shares or any convertible securities, where the promoters, members of the promoter group, selling shareholders, or shareholder(s) having the right to nominate director(s) in the board of directors of the Company are a party to the transaction (excluding gifts) except 68,25,000 Equity Shares acquired by Vision Projects & Finvest Private Limited under a scheme of	0.39	566.67 times	566.67 times

Continued on next page...

...continued from previous page.

merger *, during the 18 months preceding the date of this Red Herring Prospectus, where either acquisition or sale is equal to or more than 5% of the fully diluted paidup share capital of the Company (calculated based on the pre-Offer capital before such transaction/s and excluding employee stock options ranted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days. Weighted average cost of acquisition of last 5 primary transactions, not older than 3

years prior to the date of the Red Herring Prospectus irrespective of the size of transactions.

*Pursuant to a scheme of merger u/s 230 & 232 of the Companies Act, 2013, approved by Hon'ble National Company Law Tribunal dated. June 19, 2023, Alkan Fiscal Services Private Limited, BDJ Chemicals Private Limited, Prestige Towers Private Limited, Swarnim Complex Private Limited, Eeshwar Fiscal Services Private Limited, BDJ Speciality Chemicals Private Limited, (collectively, "Transferor Companies") has merged with Vision Projects & Finvest Private Limited ("Transferee Company") with effect from July 14, 2023, appointed date being April 01, 2021.

17. The three Book Running Lead Managers associated with the Offer have handled 3 public Issue in the past three Financial Years, out of which 1 Issue closed below the IPO price on the listing date.

Table with 3 columns: Name of the BRLMs, Total public Issues, Issues closed below IPO price on listing date. Rows include Centrum Capital Limited, Emkay Global Financial Services Limited, Keynote Financial Services Limited, and Total.

BID/OFFER PERIOD BID/OFFER OPENS TODAY BID/OFFER CLOSES ON THURSDAY, 7 MARCH, 2024**

**Our Company in consultation with the Selling Shareholders and 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. | UPI mandate end time and date shall be at 5.00 pm on the Bid/Offer Closing Date.

Table with 2 columns: Event, Indicative Date. Rows include Last date of Submission of Application Form, Finalisation of Basis of Allotment, Initiation of Refunds, Credit of Equity Shares, and Commencement of Trading.

THE EQUITY SHARES OF OUR COMPANY WILL GET LISTED ON MAIN BOARD PLATFORM OF BSE AND NSE

In case of any revision to the Price Band, the Bid/Offer Period will be extended by at least three additional Working Days after such revision of the Price Band, subject to the Bid/Offer Period not exceeding a total of 10 Working Days. In case of force majeure, banking strike or similar circumstances, our Company may, in consultation with the Selling Shareholders and 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.

Investors must ensure that their PAN is linked with Aadhaar and are in compliance with the notification issued by Central Board of Direct Taxes notification dated February 13, 2020 and read with press releases dated June 25, 2021, September 17, 2021 and March 28, 2023 and any subsequent press releases in this regard.

The Offer is being made in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957 ("SCRR"), read with Regulation 31 of the SEBI ICDR Regulations. The Offer is being made in accordance with Regulation 6(1) of the SEBI ICDR Regulations, through the Book Building Process wherein not more than 50% of the offer shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs") ("QIB Portion"), provided that our Company in consultation with the Selling Shareholders and the BRLMs may 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"), out of which one-third shall be reserved for domestic Mutual Funds only, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is made to Anchor Investors ("Anchor Investor Allocation Price"), in accordance with the SEBI ICDR Regulations.

LIABILITY OF THE MEMBERS OF OUR COMPANY: Limited by shares. AMOUNT OF SHARE CAPITAL OF OUR COMPANY AND CAPITAL STRUCTURE: As of the date of the RHP, the authorised capital of our Company is ₹ 450,000,000 divided into 45,000,000 Equity Shares of face value of ₹ 10/- each.

Bidders/Applicants should ensure that DP ID, PAN and the Client ID and UPI ID (for UPI Bidders bidding through UPI Mechanism) are correctly filled in the Bid cum Application Form. The DP ID, PAN and Client ID provided in the Bid cum Application Form should match with the DP ID, PAN, Client ID and UPI ID available (for UPI Bidders bidding through the UPI Mechanism) in the Depository database, otherwise, the Bid cum Application Form is liable to be rejected.

DISCLAIMER CLAUSE OF SECURITIES AND EXCHANGE BOARD OF INDIA ("SEBI"): SEBI only gives its observations on the offer documents and this does not constitute approval of either the Offer or the specified securities stated in the Offer Document. The investors are advised to refer to page 343 of the RHP for the full text of the disclaimer clause of SEBI.

ASBA* Simple, Safe, Smart way of Application!!! Applications Supported by Blocked Amount (ASBA) is a better way of applying to offers by simply blocking the fund in the bank account.



UPI-Now available in ASBA for Retail Individual Investors and Non Institutional Investor applying in public issues where the application amount is up to ₹ 500,000, applying through Registered Brokers, Syndicate, CDPs & RTAs.

NOTICE TO INVESTORS- ADDENDUM TO RHP, PRICE BAND AND STATUTORY AD

This addendum ("Addendum") is with reference to the red herring prospectus dated February 27, 2024 ("RHP") filed with SEBI, RoC and Stock Exchanges, the price band advertisement and the statutory advertisement published in all English editions of Financial Express, an English national newspaper, all Hindi editions of Jansatta, a Hindi national newspaper and Kolkata edition of Dainik Statesman, a Bengali daily newspaper (Bengali being the regional language of West Bengal where our Registered Office is located) on February 29, 2024 in relation to the Offer.

Table with 3 columns: Sr. No., Particulars, Aggregate value at face value (₹), Aggregate value at Offer Price*. Rows include AUTHORIZED SHARE CAPITAL and ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER.

*To be included upon finalization of Offer Price. (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 our Memorandum of Association" on page 203 of the RHP.

Table with 2 columns: Date of Shareholders' resolution/ Effective Date, Nature of Amendment. Rows include April 30, 2022 and February 29, 2024.

The above changes are to be read in conjunction with the RHP, the price band advertisement and the statutory advertisement and accordingly their references in RHP, the price band advertisement and the statutory advertisement, as applicable, stands updated pursuant to this Addendum. The information in this Addendum supersedes the information in RHP, the price band advertisement and the statutory advertisement, to the extent hereinabove.

BOOK RUNNING LEAD MANAGERS: CENTRUM, Emkay, KEYNOTE, REGISTRAR TO THE OFFER: KFin Technologies Limited, COMPANY SECRETARY AND COMPLIANCE OFFICER: Swati Poddar.

AVAILABILITY OF THE RHP: Investors are advised to refer to the RHP and the "Risk Factors" beginning on page 33 of the RHP before applying in the Offer. AVAILABILITY OF BID CUM APPLICATION FORM: Bid cum Application Form can be obtained from the Registered Office of our Company, J.G.CHEMICALS LIMITED.

ESCROW COLLECTION BANK, PUBLIC OFFERER BANK, REFUND BANK AND SPONSOR BANK: Axis Bank Limited and HDFC Bank Limited. | UPI: UPI Bidders can also Bid through UPI Mechanism.

For J.G.CHEMICALS LIMITED On behalf of the Board of Directors Sd/- Swati Poddar Company Secretary and Compliance Officer

J.G.CHEMICALS LIMITED is proposing, subject to receipt of requisite approvals, market conditions and other considerations, to make an initial public offer of its Equity Shares and has filed a red herring prospectus dated February 27, 2024 with the RoC. The RHP is made available on the website of the SEBI at www.sebi.gov.in as well as on the website of the BRLMs i.e., Centrum Capital Limited at www.centrum.co.in, Emkay Global Financial Services Limited at www.emkayglobal.com and Keynote Financial Services Limited at www.keynoteindia.net.