

Annexure II

Disclosure of reasons for encumbrance (Non-Disposal Undertaking)

Name of listed company	Deepak Fertilisers And Petrochemicals Corporation Limited (“DFPCL”)
Name of the recognised stock exchanges where the shares of the company are listed	1. Bombay Stock Exchange Limited 2. National Stock Exchange of India Limited
Name of the promoter(s)/PACs-whose shares have been encumbered	Nova Synthetic Limited (“Nova”)
Total promoter shareholding in the listed company	<u>Total Promoter Shareholding in DFPCL:</u> No. of shares – 4,54,23,039 % of total share capital in DFPCL – 51.5% <u>Promoter Shareholding of Nova in DFPCL:</u> No. of shares – 4,27,06,848 % of total share capital in DFPCL – 48.42%
Encumbered shares as a % of promoter shareholding	Encumbered shares (Non-Disposal Undertaking) for Nova in DFPCL comprises 77.67% of Total Promoter Shareholding in DFPCL, as of date
Whether encumbered share is 50% or more of promoter shareholding	YES /NO
Whether encumbered share is 20% or more of total share capital	YES /NO

Details of all the existing events/ agreements pertaining to encumbrance

Particulars		Encumbrance 1 (Date of creation of encumbrance: 16 October 2019)
Type of encumbrance (pledge, lien, negative lien, non-disposal undertaking etc. or any other covenant, transaction, condition or arrangement in the nature of encumbrance)		Non-disposal undertaking
No. and % of shares encumbered		No. of shares: 35281977 shares % of total share capital: 40% (as of date of this reporting)
Specific details about the encumbrance	Name of the entity in whose favour shares encumbered (X)	International Finance Corporation (IFC)
	Whether the entity X is a scheduled commercial bank, public financial institution, NBFC or housing finance company? If No, provide the nature of the business of the entity.	YES/ NO IFC is a member of the World Bank Group, and is a Multilateral Financial Institution.



	Names of all other entities in the agreement	Listed company and its group companies (if any): 1. Smartchem Technologies Limited 2. Performance Chemiserve Limited
		Other entities (if any) – 1. International Finance Corporation
	Whether the encumbrance is relating to any debt instruments viz. debenture, commercial paper, certificate of deposit etc.? If yes, provide details about the instrument, including credit Rating	YES / NO If yes, 1. Name of the issuer: Smartchem Technologies Limited 2. Details of the debt instrument: Compulsorily Convertible Debentures 3. Whether the debt instrument is listed on stock exchanges? No 4. Credit Rating of the debt instrument? N/A – Unsecured and Unrated 5. ISIN of the instrument? INE271G08011
Security Cover / Asset Cover	Value of shares on the date of event / agreement (A)	INR 325,82,90,575
	Amount involved (against which shares have been encumbered) (B)	INR 210,00,00,000 (Approximately US\$ 30 Million)
	Ratio of A / B	1.55
End use of money	<p><i>Borrowed amount to be utilized for what purpose –</i></p> <p>(a) Personal use by promoters and PACs: N/A</p> <p>(b) For the benefit of listed company / its subsidiary</p> <p><i>Provide details including amount, purpose of raising money by listed company, schedule for utilization of amount, repayment schedule etc.:</i></p> <p>1. The wholly owned subsidiary of DFPCL, Smartchem Technologies Limited (“STL”), has issued and allotted first tranche of unsecured, unlisted and unrated Compulsorily Convertible Debentures (“CCD(s)”) of INR 105,00,00,000, out of the total CCDs of INR 210,00,00,000 to be issued and allotted in two tranches to International Finance Corporation (“IFC”).</p> <p>2. The subscription monies from the CCDs are intended to be used to raise funds for STL’s planned fertilizer related working capital and maintenance capital expenditure requirements at STL’s fertilizer manufacturing facilities at Taloja, Maharashtra and Panipat, Haryana, and for installation of N₂O catalyst conversion devices at Taloja, Maharashtra, in accordance with the agreed business plan for STL.</p> <p>3. Conversion:</p> <ul style="list-style-type: none"> • <i>Voluntarily Conversion:</i> IFC shall have the right to convert, at its option, (A) the first tranche of the CCDs, at any time after 4.25 years from first tranche subscription date, and (B) the second tranche of the CCDs, at any time after 5.75 years from second tranche subscription date. 	

	<ul style="list-style-type: none"> • <i>Compulsory Conversion:</i> The CCDs shall be compulsorily converted (A) at the end of 10 years from the relevant date of subscription, and (B) in case of a listing, immediately prior to filing of a red herring prospectus or such later date permitted by SEBI/ concerned authorities. <p>The conversion will be done basis the conversion formula agreed <i>inter alia</i> between STL and IFC, which is <i>inter alia</i> based on Fair Market Value (FMV) as on the date of the conversion.</p> <p>4. Repayment: Not applicable.</p> <p>(a) Any other reason (please specify): N/A</p>
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Signature of Authorised Signatory:



S.C. MEHTA
DIRECTOR

Place:

Date: