VISHNU CHEMICALS LTD

14th August, 2024 VCL/SE/33/2024-25

To
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400 001
Scrip Code: 516072
Through: BSE Listing Centre

To
National Stock Exchange of India Limited
Exchange Plaza, Bandra-Kurla Complex
Bandra (East), Mumbai 400 051
Symbol: VISHNU
Through: NEAPS

Sub: Monitoring Agency Report for the quarter ended 30th June, 2024

Dear Sir,

Pursuant to Regulation 32(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with 173A(4) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 we are enclosing herewith Monitoring Agency Report issued by CARE Ratings Limited, Monitoring Agency, for the quarter ended 30th June, 2024 in respect of utilization of proceeds of the QIP of the Company.

A copy of this disclosure is being uploaded on the website of the Company www.vishnuchemicals.com.

Kindly take the same on record and disseminate on your website.

Thanking You.

Yours faithfully,

For Vishnu Chemicals Limited

Vibha Shinde
Digitally signed by Vibha Shinde
Date: 2024.08.14 17:07:53 +05'30'

Vibha Shinde
Company Secretary & Compliance Officer

No. CARE/HRO/GEN/2024-25/1023

The Board of Directors
Vishnu Chemicals Limited
PLOT NO C-23, ROAD NO 8,
FILM NAGAR,
Hyderabad
Telangana 500033

August 14, 2024

Dear Sir/Ma'am,

Monitoring Agency Report for the quarter ended June 30, 2024 - in relation to the Qualified Institutional Placement of Vishnu Chemicals Limited ("the Company")

We write in our capacity of Monitoring Agency for the Qualified Institutional Placement (QIP) Issue for the amount aggregating to Rs. 200 crore of the Company and refer to our duties cast under 173A of the Securities & Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations.

In this connection, we are enclosing the Monitoring Agency Report for the quarter ended June 30, 2024 as per aforesaid SEBI Regulations and Monitoring Agency Agreement dated July 31, 2023.

Request you to kindly take the same on records.

Thanking you,
Yours faithfully,

Tejeshwar Reddy

Y Tejeshwar Reddy
Assistant Director
tejeshwar.reddy@careedge.in

Report of the Monitoring Agency
Name of the issuer: Vishnu Chemicals Limited
For quarter ended: June 30, 2024
Name of the Monitoring Agency: CARE Ratings Limited
(a) Deviation from the objects: Nil
(b) Range of Deviation: Not applicable

Declaration:

We declare that this report provides an objective view of the utilization of the issue proceeds in relation to the objects of the issue based on the information provided by the Issuer and information obtained from sources believed by it to be accurate and reliable. The MA does not perform an audit and undertakes no independent verification of any information/ certifications/ statements it receives. This Report is not intended to create any legally binding obligations on the MA which accepts no responsibility, whatsoever, for loss or damage from the use of the said information. The views and opinions expressed herein do not constitute the opinion of MA to deal in any security of the Issuer in any manner whatsoever. Nothing mentioned in this report is intended to or should be construed as creating a fiduciary relationship between the MA and any issuer or between the agency and any user of this report. The MA and its affiliates also do not act as an expert as defined under Section 2(38) of the Companies Act, 2013.

The MA or its affiliates may have credit rating or other commercial transactions with the entity to which the report pertains and may receive separate compensation for its ratings and certain credit related analyses. We confirm that there is no conflict of interest in such relationship/interest while monitoring and reporting the utilization of the issue proceeds by the issuer, or while undertaking credit rating or other commercial transactions with the entity.

We have submitted the report herewith in line with the format prescribed by SEBI, capturing our comments, where applicable. There are certain sections of the report under the title "Comments of the Board of Directors", that shall be captured by the Issuer's Management / Audit Committee of the Board of Directors subsequent to the MA submitting their report to the issuer and before dissemination of the report through stock exchanges. These sections have not been reviewed by the MA, and the MA takes no responsibility for such comments of the issuer's Management/Board.

Signature: Tejeshwar Reddy

Name and designation of the Authorized Signatory: Y Tejeshwar Reddy
Designation of Authorized person/Signing Authority: Assistant Director

1) **Issuer Details:**

Name of the issuer	: Vishnu Chemicals Limited
Name of the promoter	: CH Krishna Murthy, CH Manjula, CH Siddartha
Industry/sector to which it belongs	: Manufacturing (Specialty Chemicals and their derivatives)

2) **Issue Details**

Issue Period	: July 28,2023 to July 31,2023
Type of issue (public/rights)	: Private placement
Type of specified securities	: Equity Shares
IPO Grading, if any	: Not applicable
Issue size (in crore)	: Rs. 200 crore

3) **Details of the arrangement made to ensure the monitoring of issue proceeds:**

Particulars	Reply	Source of information / certifications considered by Monitoring Agency for preparation of report	Comments of the Monitoring Agency	Comments of the Board of Directors
Whether all utilization is as per the disclosures in the Offer Document?	Yes	Chartered Accountant certificate*, Bank statement and offer document	All the proceeds from QIP Issue have been utilized appropriately for the objectives mentioned in the offer document.	-
Whether shareholder approval has been obtained in case of material deviations# from expenditures disclosed in the Offer Document?	Not applicable	Not applicable	Not applicable	-
Whether the means of finance for the disclosed objects of the issue have changed?	Not applicable	Not applicable	Not applicable	-
Is there any major deviation observed over the earlier monitoring agency reports?	Not applicable	Not applicable	No, there are no deviations observed from last monitoring agency report	-
Whether all Government/statutory approvals related to the object(s) have been obtained?	Not Applicable	Not applicable	Not applicable	-
Whether all arrangements pertaining to technical assistance/collaboration are in operation?	Not applicable	Not applicable	Not applicable	-
Are there any favorable/unfavorable events affecting the viability of these object(s)?	Not Applicable	Not Applicable	No	-
Is there any other relevant information that may materially affect the decision making of the investors?	Not Applicable	Not Applicable	No	-

** Chartered Accountant certificate from Vasantha Rao & Associates Chartered Accountants dated July 26, 2024*

#Where material deviation may be defined to mean:
a) Deviation in the objects or purposes for which the funds have been raised
b) Deviation in the amount of funds actually utilized by more than 10% of the amount projected in the offer documents.

TR

4) Details of objects to be monitored:

(i) Cost of objects –

Sr. No	Item Head	Source of information / certifications considered by Monitoring Agency for preparation of report	Original cost (as per the Offer Document) in Rs. Crore	Revised Cost in Rs. Crore	Comments of the Monitoring Agency	Comments of the Board of Directors		
						Reason for cost revision	Proposed financing option	Particulars of -firm arrangements made
1	Repayment or re-payment, in part, of certain outstanding borrowings availed by the Company	Chartered Accountant certificate*, Bank statements, Placement Document	75.00	NA	NA	-	-	-
2	Investment into one of the Subsidiaries, VBPL, for repayment or pre-payment, in full or in part, of certain borrowings availed by VBPL	Chartered Accountant certificate*, Bank statements, Placement Document	75.00	NA	NA	-	-	-
	General corporate purposes	Chartered Accountant certificate*, Bank statements, Placement Document	46.73	NA	Additional funds of Rs.0.34 crore available in the monitoring account as the company has incurred TDS on issue expense from its internal cash accruals resulted in lower issue expenses than envisaged as per offer document.	-	-	-
Total			**196.73**					

** Chartered Accountant certificate from Vasantha Rao & Associates Chartered Accountants dated July 26, 2024.*

TR

(ii) Progress in the objects –

Sr. No	Item Head	Source of information / certifications considered by Monitoring Agency for preparation of report	Amount as proposed in the Offer Document in Rs. Crore	Amount utilised in Rs. Crore			Total unutilised amount in Rs. crore	Comments of the Monitoring Agency	Comments of the Board of Directors	
				As at beginning of the quarter in Rs. Crore	During the quarter in Rs. Crore	At the end of the quarter in Rs. Crore			Reasons for idle funds	Proposed course of action
1	Repayment or re-payment, in part, of certain outstanding borrowings availed by the Company	Chartered Accountant certificate*, Bank statements, Placement Document	75.00	75.00	Nil	75.00	0.00	The funds received from issue proceeds were utilized towards repayments and prepayments of term debt and working capital facilities, as per the objects of the issue.		
2	Investment into one of the Subsidiaries, VBPL, for repayment or pre-payment, in full or in part, of certain borrowings availed by VBPL	Chartered Accountant certificate*, Bank statements, Placement Document	75.00	75.00	Nil	75.00	0.00	The funds have been utilised towards repayment f term loans amounting to Rs.40.81 crore, reduction of working capital borrowings amounting to Rs.34.19 crore.		
3	General corporate purposes	Chartered Accountant certificate*, Bank statements, Placement Document	46.73	24.01	23.07 #	47.07	0.00	During Q1FY25, VCL has utilised the balance amount for investment in its wholly owned subsidiary company i.e., Vishnu South Africa (Pty) Limited. Board approval for investment in subsidiary company is in place.		
Total			**196.73**	**173.44**	**23.70**	**197.07**	**0.00**			

**Chartered Accountant certificate from Vasantha Rao & Associates Chartered Accountants dated July 26, 2024*

#includes Rs.0.34 crore of additional amount available due to lower issue expenses incurred by the company.

(iii) Deployment of unutilized proceeds:

Sr. No.	Type of instrument and name of the entity invested in	Amount invested	Maturity date	Earning	Return on Investment (%)	Market Value as at the end of quarter
1	NA	NA	NA	NA	NA	NA

(iv) Delay in implementation of the object(s) –

Objects	Completion Date		Delay (no. of days/ months)	Comments of the Board of Directors	
	As per the offer document	Actual		Reason of delay	Proposed course of action
Repayment or re-payment, in part, of certain outstanding borrowings availed by the Company	March 31, 2024	March 28, 2024	NA		
Investment into one of the Subsidiaries, VBPL, for repayment or pre-payment, in full or in part, of certain borrowings availed by VBPL	March 31, 2024	August 22, 2023	NA		
General corporate purposes	March 31, 2024	April 18, 2024	18 days		

5) Details of utilization of proceeds stated as General Corporate Purpose (GCP) amount in the offer document:

Sr. No	Item Head^	Amount in Rs. Crore	Source of information / certifications considered by Monitoring Agency for preparation of report	Comments of Monitoring Agency	Comments of the Board of Directors
1	General corporate purposes	46.73	Chartered Accountant certificate*, Bank statement, Ledger Details of Client, Email confirmation and Placement Document	The company fully utilized funds earmarked towards GCP. GCP amount includes additional amount available for Rs. 0.34 crores due to lower than envisaged issue expenses incurred by the company.	
	Total	**46.73**			

** Chartered Accountant certificate from Vasantha Rao & Associates Chartered Accountants dated July 26, 2024*

^ *Section from the offer document related to GCP:*

C. General Corporate Purposes

The Net Proceeds will first be utilised for the Objects as set out above. Subject to this, our Company intends to deploy ₹467.31 million from the Net Proceeds towards our general corporate purposes, as approved by our management, from time to time subject to such utilisation not exceeding 25% of the Gross Proceeds, in compliance with the circular bearing reference no.NSE/ CML/2022/56 dated December 13, 2022, issued by NSE and circular no. 20221213-47 dated December 13, 2022, issued by BSE. Such general corporate purposes may include, but are not restricted to, (i) funding growth opportunities including organic and inorganic acquisitions; (ii) meeting ongoing general corporate purposes or contingencies; and/or (iii) strategic initiatives; (iv) brand building and other marketing expenses; and (v) any other purpose as permitted by applicable laws.

The allocation or quantum of utilisation of funds towards the specific purposes described above will be determined by our management, based on our business requirements and other relevant considerations, from time to time. Our management shall have the flexibility in utilising surplus amounts, if any.

Interim use of Net Proceeds

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 subsequent Fiscals. Pending utilization of the Net Proceeds, our Company shall invest such proceeds in money market instruments including money market mutual funds, deposits in scheduled commercial banks or any other investment as permitted under the investment policy of our Company. Provided that in accordance with applicable laws, we undertake to not utilize proceeds from the Issue unless Allotment is made and the corresponding return of Allotment is filed with the RoC and final listing and trading approvals are received from each of the Stock Exchanges.

Monitoring Utilization of Funds from the Issue

The Company has appointed CARE Ratings Limited as the Monitoring Agency in relation to the Issue. Our Board and Monitoring Agency shall monitor the utilization of the Net Proceeds and the Monitoring Agency shall submit a report to our Board as required under Regulation 173A of the SEBI ICDR Regulations. The Company will disclose the utilization of the Net Proceeds under a separate head in our balance sheet along with the relevant details, for all such amounts that have not been utilized. The Company will indicate instances, if any, of unutilized Net Proceeds in the balance sheet of the Company for the relevant Financial Years.

Pursuant to Regulation 32(3) of the SEBI 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 (i) prepare a statement of funds utilised for purposes other than those stated in this Placement Document and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilised; and (ii) disclose every year, the utilization of the Net Proceeds during that year in its annual report. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full. Furthermore, in accordance with Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilisation of the proceeds of the Issue from the Objects as stated above; and (ii) details of category wise variations in the actual utilisation of the proceeds of the Issue from the Objects as stated above or the Objects for which the Net Proceeds were raised have been achieved. This information will also be published in newspapers simultaneously with the interim or annual financial results and explanation for variation (if any) will be included in our Director's report, after placing the same before the Audit Committee.

Other confirmations

Neither our Promoters, Promoter Group nor our Directors are making any contribution either as part of the Issue or separately in furtherance of the Objects. Except to the extent of repayment of unsecured loans to the Promoters, forming part of the Objects, neither our Promoters nor our Directors shall receive any proceeds from the Issue. Since the Issue is only made to Eligible QIBs, our Promoters, Directors, Key Managerial Personnel or Senior Management Personnel are not eligible to subscribe in the Issue.

TR

Disclaimers to MA report:

a) This Report is prepared by CARE Ratings Ltd (hereinafter referred to as **"Monitoring Agency/MA"**). The MA has taken utmost care to ensure accuracy and objectivity while developing this Report based on the information provided by the Issuer and information obtained from sources believed by it to be accurate and reliable. The views and opinions expressed herein do not constitute the opinion of MA to deal in any security of the Issuer in any manner whatsoever.

b) This Report has to be seen in its entirety; the selective review of portions of the Report may lead to inaccurate assessments. For the purpose of this Report, MA has relied upon the information provided by the management /officials/ consultants of the Issuer and third-party sources like statutory auditors (or from peer reviewed CA firms) appointed by the Issuer believed by it to be accurate and reliable.

c) Nothing contained in this Report is capable or intended to create any legally binding obligations on the MA which accepts no responsibility, whatsoever, for loss or damage from the use of the said information. The MA is also not responsible for any errors in transmission and specifically states that it, or its directors, employees do not have any financial liabilities whatsoever to the users of this Report.

d) The MA and its affiliates do not act as a fiduciary. The MA and its affiliates also do not act as an expert to the extent defined under Section 2(38) of the Companies Act, 2013. While the MA has obtained information from sources it believes to be reliable, it does not perform an audit and undertakes no independent verification of any information/ certifications/ statements it receives from auditors (or from peer reviewed CA firms), lawyers, chartered engineers or other experts, and relies on in its reports.

e) The MA or its affiliates may have other commercial transactions with the entity to which the report pertains. As an example, the MA may rate the issuer or any debt instruments / facilities issued or proposed to be issued by the issuer that is subject matter of this report. The MA may receive separate compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of the instruments, facilities, securities or from obligors.

TR