

**To:**

**To:**

BSE Limited Corporate Relationship Department PJ towers, Dhalal Street, Mumbai -400001 <b>BSE SCRIP CODE: 543896</b>	The Manager Listing Department The National Stock Exchange of India Limited “Exchange Plaza”, Bandra – Kurla Complex, Bandra (EAST), Mumbai – 400051 <b>NSE SYMBOL: AVALON</b>
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**Sirs/Madam,**

**Sub: - Monitoring Agency Report & Statement of Deviation or Variation**

**Ref: Regulation 41 (4) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 and under Regulation 32 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

Pursuant to the SEBI Regulations mentioned above, please find enclosed herewith the Monitoring Agency Report in respect of the utilization of proceeds of Initial Public Offer (IPO), for the quarter ended June 30, 2023, issued by CARE Ratings Limited, Monitoring Agency.

Further please note that we do not have any deviation or variation in the funds raised through Initial Public Offer (IPO). The Nil Report of the Statement of Deviation or Variation as per Regulation 32(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is also enclosed herewith.

The above information will also be made available on the website of the company [www.avalontec.com](http://www.avalontec.com)

You are requested to put/take the above information on your record.

Yours sincerely,

**For AVALON TECHNOLOGIES LIMITED**

**Name of the Person:** Dr. V. Rajesh

**Designation:** Company Secretary

**Membership Number:** F9213

**Date:** August 11, 2023

**Encl:** (1) Monitoring Agency Report

(2) Statement of Deviation or Variation – NIL report

**Avalon Technologies Limited**

(Formerly Avalon Technologies Private Limited)

Corporate Identification Number: U30007TN1999PLC043479

Reg. Office 'TPI Block' B7, First Main Road, MEPZ-SEZ, Tambaram, Chennai 600 045

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[www.avalontec.com](http://www.avalontec.com)

**No. CARE/CRO/RL/2023-24/1157**

**Shri Subramanian RM**  
**Chief Financial Officer**  
**Avalon Technologies Limited**  
B - 7, MEPZ, First Main Road  
Tambaram  
Chennai  
Tamil Nadu 600045

August 08, 2023

Dear Sir,

**Monitoring Agency Report for the quarter ended June 30, 2023 - in relation to the Initial Public Offering of Equity Shares of Avalon Technologies Limited ("the Company")**

We write in our capacity of Monitoring Agency for the Fresh Issue of 73,39,449 equity shares aggregating to Rs. 320.00 crore of the Company and refer to our duties cast under 82 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, 2023 as per aforesaid SEBI Regulations and Monitoring Agency Agreement dated March 02, 2023.

Request you to kindly take the same on records.

Thanking you,  
Yours faithfully,



**Abitha Prabakaran**

Assistant Director

Abitha.prabakaran@careedge.in

**Report of the Monitoring Agency**

Name of the issuer: Avalon Technologies Limited

For quarter ended: June 30, 2023

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:

Name of the Authorized Signatory: Abitha Prbakaran

Designation of Authorized person/Signing Authority: Assistant Director

**1) Issuer Details:**

Name of the issuer : Avalon Technologies Limited  
Name of the promoter : Mr Kunhamed Bicha and Mr Bhaskar Srinivasan  
Industry/sector to which it belongs : Electronics Manufacturing Services

**2) Issue Details**

Issue Period : April 03, 2023 to April 06, 2023  
Type of issue (public/rights) : Public issue  
Type of specified securities : Equity shares  
IPO Grading, if any : Not applicable  
Issue size : Rs. 320.00 crore (Note 1)

Note 1:

Particulars	Remarks
Total shares issued and subscribed as part of fresh issue	73,39,449
Total proceeds received from fresh issue (in Rs.)	320,00,00,000
Details of expenses incurred related to fresh issues* (in Rs.)	20,60,00,000
Net proceeds available for utilisation (in Rs.)*	299,40,00,000

\*Estimated cost of issue as per the offer document was Rs. 20.6 crore. The BRLMs have reworked and earmarked ₹ 21.57 crore for the issue expenses and transferred an amount of Rs. 298.43 crore into the monitoring agency account. The variation of ₹ 0.97 crore is not material and within permissible deviation limit of 10%.

**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 the Board of Directors
Whether all utilization is as per the disclosures in the Offer Document?	Yes	Chartered Accountant certificate*, Bank statement, Company Representation	Yes	Yes
Whether shareholder approval has been obtained in case of material deviations# from expenditures disclosed in the Offer Document?	Not applicable	Not applicable	Not applicable	Not applicable
Whether the means of finance for the disclosed objects of the issue have changed?	No	Not applicable	Not applicable	Not applicable

Particulars	Reply	Source of information / certifications considered by Monitoring Agency for preparation of report	Comments of the Monitoring Agency	Comments the Board of Directors
Is there any major deviation observed over the earlier monitoring agency reports?	Not applicable	Not applicable	Not applicable	Not applicable
Whether all Government/statutory approvals related to the object(s) have been obtained?	Not applicable	Not applicable	Not applicable	Not applicable
Whether all arrangements pertaining to technical assistance/collaboration are in operation?	Not applicable	Not applicable	Not applicable	Not applicable
Are there any favorable/unfavorable events affecting the viability of these object(s)?	No	Not applicable	Not applicable	Not applicable
Is there any other relevant information that may materially affect the decision making of the investors?	No	Not applicable	Not Applicable	Not Applicable

\*Chartered Accountant certificate from M/s Mohan & Venkatraman, Chartered Accountants dated August 05, 2023.

#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.

*dk*

#### 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	Prepayment or repayment of all or a portion of certain outstanding borrowings availed by our Company and one of our Material Subsidiaries , ATSP	Offer Document	145.00	Not applicable	Nil			Nil
2	Funding the working capital requirements of our Company	Offer Documents	90.00	Not Applicable	Nil			
3	General corporate purposes (GCP)	Offer Documents	64.40#	Not Applicable				
<b>Total</b>			<b>299.40</b>					

#As per the offer document, GCP was Rs. 64.40 crore which was worked out based on estimated cost of issue of Rs. 20.6 crore. The BRLMs have reworked and earmarked ₹ 21.57 crore for the issue expenses and transferred an amount of Rs. 298.43 crore into the monitoring agency account. This deviation is not material and within the permissible deviation limit of 10%.

The company has not fully incurred the offer expenses yet. The earmarked funds for issue expenses is still an estimate and the balance funds is in the public issue account. Surplus after paying the issue expenses would be credited to the monitoring account and shall be utilised for the objects. Hence, this would continue to be monitored.

*(Handwritten signature)*

(ii) Progress in the objects –

(Give item by item description for all the Objects stated in the Offer Document in following format)

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 ₹ 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	Prepayment or repayment of all or a portion of certain outstanding borrowings availed by our Company and one of our Material Subsidiaries, ATSP	Chartered Accountant certificate*, Bank statements, closure letters, Offer Document	145.00	-	144.97	144.97	0.03	Nil		
2	Funding the working capital requirements of our Company	Chartered Accountant certificate*, Bank statements, Offer Document	90.00	-	90.00	90.00	-	Amount aggregating to ₹ 90 crore was transferred from MA account to the CC accounts of the company as verified from the MA account statement. The company has represented that vendor payments for Working capital purposes were made from the CC accounts. The company has given the CC statements and the list of vendor payments made from the CC accounts.  The use for working capital purposes has also been certified by the CA certificate.	Nil	

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 ₹ 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
3	General corporate purposes (GCP)	CA certificate, Bank statements, Offer Document	64.40	-	63.46	63.46	**	<p>Estimated cost of issue as per the offer document was Rs. 20.6 crore; but the BRLMs have reworked and earmarked ₹ 21.57 crore for the issue expenses and transferred the amount of Rs. 298.43 crore into the monitoring agency account.</p> <p>The earmarked funds for issue expenses is still an estimate and the balance funds is in the public issue account.</p> <p>In case of any surplus after paying the issue expenses, the same would be credited to the monitoring account and shall be used for GCP. Hence, this continues to be monitored.</p>		
<b>Total</b>			<b>299.40</b>	<b>-</b>	<b>298.43**</b>	<b>298.43**</b>	<b>**</b>			

\*Chartered Accountant certificate from M/s Mohan & Venkatraman, Chartered Accountants dated August 05, 2023

\*\*As per the offer document, GCP was Rs. 64.40 crore which was worked out based on estimated cost of issue of Rs. 20.6 crore. The BRLMs have reworked and earmarked ₹ 21.57 crore for the issue expenses and transferred an amount of Rs. 298.43 crore into the monitoring agency account. This deviation is not material and within the permissible deviation limit of 10%. The company has not fully incurred the offer expenses yet. The earmarked funds for issue expenses is still an estimate and the balance funds is in the public issue account. Surplus after paying the issue expenses would be credited to the monitoring account and shall be utilised for the objects. Hence, this would continue to be monitored.

dk



(iii) Deployment of unutilised IPO proceeds:

Sr. No.	Name of the Bank	Type of account	Amount in Rs. crore	Source of information / certifications considered by Monitoring Agency for preparation of report
1.	Not applicable	Not applicable	Not applicable	Not applicable

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.	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

(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
Prepayment or repayment of all or a portion of certain outstanding borrowings availed by our Company and one of our Material Subsidiaries, ATSP	FY24	NA	NA	NA	NA
Funding the working capital requirements of our Company	FY24	NA	NA	NA	NA
General corporate purposes (GCP)	FY24	NA	NA	NA	NA

**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	Debt Repayment of Indian Bank WC Loan	24.57	Chartered Accountant certificate*, Bank statements, Closure letters	Nil	Nil
2	Investment in ATS (subsidiary) as Debt	11.04	Chartered Accountant certificate*, Bank statements	Nil	Nil
3	Vendor Payments	0.05	Chartered Accountant certificate*, Bank statements	Nil	Nil
4	Investment in ATS (subsidiary) as Equity	27.80	Chartered Accountant certificate*, Bank statements	Nil	Nil
	Total	63.46**			

\*Chartered Accountant certificate from M/s Mohan & Venkatraman Chartered Accountants dated August 05, 2023.  
 \*\*As per the offer document, GCP was Rs. 64.40 crore which was worked out based on estimated cost of issue of Rs. 20.6 crore. The BRLMs have reworked and earmarked ₹ 21.57 crore for the issue expenses and transferred an amount of Rs. 298.43 crore into the monitoring agency account. This deviation is not material and within the permissible deviation limit of 10%.

2

The company has not fully incurred the expenses yet. The earmarked funds for issue expenses is still an estimate and the balance funds is in the public issue account. The surplus after paying the issue expenses would be credited to the monitoring account and shall be used for the objects. Hence, this continues to be monitored.

^Section from the offer document related to GCP:

The general corporate purposes for which our Company proposes to utilise the Net Proceeds include, without limitation, strategic initiatives, funding growth opportunities, strengthening marketing capabilities and brand building exercises, meeting ongoing general corporate contingencies, expenses incurred in ordinary course of business, meeting our business requirements, payment of lease liabilities, payment of commission and/or fees to consultants, acquisition of fixed assets, capital expenditure in the ordinary course of business, business development initiatives, employee welfare activities, any of the other Objects, payment of pre – payment/repayment penalties upon prepayment/repayment of loans, other expenses including salaries and wages, administration, insurance, repairs and maintenance, payment of taxes and duties and any other purpose, as may be approved by our Board or a duly constituted committee thereof from time to time, subject to compliance with applicable law, including provisions of the Companies Act. In the event our Company is unable to utilise the Net Proceeds towards any of the objects of the Offer for any of the reasons as aforementioned, our Company may utilise such Net Proceeds towards general corporate purposes, provided that the aggregate amount deployed towards general corporate purposes shall not exceed 25% of the gross proceeds from the Fresh Issue.

The quantum of utilisation of funds towards each of the above purposes will be determined by our Board, based on the amount available under this head and the business requirements of our Company, from time to time. Our Company's management, in accordance with the policies of the Board, shall have flexibility in utilising surplus amounts, if any. In the event that we are unable to utilise the entire amount that we have currently estimated for use out of Net Proceeds in a Fiscal, we will utilise such unutilised amount(s) in the subsequent Fiscals.



**Enclosed No: 2**

**STATEMENT ON DEVIATION OR VARIATION FOR PROCEEDS OF PUBLIC ISSUE, RIGHTS ISSUE, PREFERENTIAL ISSUE, QUALIFIED INSTITUTIONS PLACEMENT ETC**

1.	Name of the Listed Entity	Avalon Technologies Limited
2.	Mode of Fund Raising	Public Issue / <del>Rights</del> Issues / <del>Preferential Issues</del> / QIP / Others
3.	Date of Raising Funds	April 03, 2023 to April 06, 2023
4.	Amount Raised	₹ 8650 Million (comprising of fresh issue of 7,339,449 Equity Shares, aggregating to ₹ 3,200.00 million and offer for sale of 12,499,997 Equity Shares, aggregating to ₹ 5,450.00 million)
5.	Report filed for Quarter ended	June 30, 2023
6.	Monitoring Agency	Applicable/ <del>Not Applicable</del>
7.	Monitoring Agency Name, if applicable	CARE Ratings Limited
8.	Is there a Deviation / Variation in use of funds raised	No
9.	If yes, whether the same is pursuant to change in terms of a contract or objects, which was approved by the shareholders	Not Applicable
10.	If Yes, Date of shareholder Approval	Not Applicable
11.	Explanation for the Deviation / Variation	Not Applicable
12.	Comments of the Audit Committee after review	None
13.	Comments of the auditors if any	None

Objects for which funds have been raised and where there has been a deviation, in the following table:

(₹ in crores)

Original Object	Modified Object, if any	Original Allocation	Modified allocation, if any	Funds Utilised	Amount of Deviation/Variation for the quarter according to applicable object	Remarks if any
Prepayment or repayment of all or a portion of certain outstanding borrowings availed by our Company and one of our Material Subsidiaries, ATSP	Not Applicable	145.00	Not applicable	144.97	Not applicable	None
Funding the working capital requirements of our Company	Not Applicable	90.00	Not Applicable	90.00	Not applicable	None
General corporate purposes (GCP)	Not Applicable	64.40	Not Applicable	63.46	Not applicable	Refer Note 2
	<b>TOTAL</b>	<b>299.40</b>		<b>298.43</b>		

**NOTES:**

1.

Particulars	Remarks
Total shares issued and subscribed as part of fresh issue	73,39,449
Total proceeds received from fresh issue (in Rs.)	320,00,00,000
Details of expenses incurred related to fresh issues (in Rs.)	20,60,00,000
Net proceeds available for utilization (in Rs.)*	299,40,00,000

2. Estimated cost of issue as per the offer document was Rs. 20.60 crore. The BRLMs have reworked and earmarked ₹ 21.57 crore for the issue expenses and transferred an amount of Rs. 298.43 crore into the monitoring agency account. The variation of ₹ 0.97 crore is not material and within permissible deviation limit of 10%. The same has also been mentioned in the Report of Monitoring Agency.