

October 31, 2023

Ref. No.: **AIL/SE/73/2023-24**

To,

BSE Limited

Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai-400001, MH.

Scrip Code: **543534**

National Stock Exchange of India Limited

Exchange Plaza,
Bandra Kurla Complex, Bandra (E),
Mumbai-400051, MH.

Symbol: **AETHER**

Dear Madam / Sir,

Subject: Monitoring Agency Report

In accordance with Regulation 32(6) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and Regulation 41(4) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, the Monitoring Agency Report for the Second Quarter ended on September 30, 2023, issued by M/s. CRISIL Ratings Limited is enclosed herewith.

We request you to kindly take the information on your records.

Thank you.

For Aether Industries Limited



Chitrarth Rajan Parghi

Company Secretary & Compliance Officer
Mem. No.: F12563



Encl.: As attached

**Monitoring Agency Report
for Aether Industries Limited
for the quarter ended September 30,
2023**

CRL/MAR/ AEINLI/2023-24/1041

October 31, 2023

To

Aether Industries Limited

Plot No. 8203, GIDC Sachin,

Surat - 394 230, Gujarat, India

Dear Sir,

Monitoring Agency Report for the quarter ended September 30, 2023 - in relation to the Qualified Institutional Placement ("QIP") of Aether Industries Limited ("the Company")

Pursuant to Regulation 173A of Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR Regulations") and Monitoring Agency Agreement dated June 19, 2023, enclosed herewith the Monitoring Agency Report, issued by CRISIL Ratings Limited, Monitoring Agency, as per Schedule XI of the SEBI ICDR Regulations towards utilization of proceeds of QIP for the quarter ended September 30, 2023.

Request you to kindly take the same on records.

Thanking you,

For and on behalf of CRISIL Ratings Limited



Sushant Sarode

Director, Ratings (LCG)

Report of the Monitoring Agency (MA)

Name of the issuer: Aether Industries Limited

For quarter ended: September 30, 2023

Name of the Monitoring Agency: CRISIL Ratings Limited

(a) Deviation from the objects: Not applicable

(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 we do not perceive any conflict of interest in such relationship/interest while monitoring and reporting the utilization of the issue proceeds by the issuer.

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 and designation of the Authorized Signatory: Sushant Sarode

Designation of Authorized person/Signing Authority: Director, Ratings (LCG)

1) Issuer Details:

Name of the issuer:	Aether Industries Limited
Names of the promoter:	a. Mr. Ashwin Jayantilal Desai b. Ms. Purnima Ashwin Desai c. Mr. Rohan Ashwin Desai d. Dr. Aman Ashvin Desai e. AJD Family Trust f. PAD Family Trust g. RAD Family Trust h. AAD Family Trust i. AAD Business Trust
Industry/sector to which it belongs:	Speciality Chemicals

2) Issue Details

Issue Period:	June 19, 2023 to June 22, 2023
Type of issue:	Qualified Institutional Placement (QIP)
Type of specified securities:	Equity Shares
QIP Grading, if any:	NA
Issue size:	Rs 7,500 million (Net proceeds of Rs 7,286.14 million*)

**CRISIL Ratings shall be monitoring the net proceeds amount. Net proceeds amount stands revised from Rs 7,285.00 million to Rs 7,286.14 million, due to change in GCP amount from Rs 1,705.00 million to Rs 1,706.14 million, as unutilised issue expenses were added to GCP.*

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	Management undertaking, Statutory Auditor Certificate [^] , Placement Document, Bank Statements	No Comments	No Comment
Whether shareholder approval has been obtained in case of material deviations from expenditures disclosed in the Offer Document?	NA	Management undertaking, Statutory Auditor Certificate [^]	No Comments	No Comment
Whether the means of finance for the disclosed objects of the issue has changed?	No		No Comments	No Comment
Is there any major deviation observed over the earlier monitoring agency reports?	No		No Comments	No Comment
Whether all Government/statutory approvals related to the object(s) have been obtained?	Yes		Refer Note 1	No Comment
Whether all arrangements pertaining to technical assistance/collaboration are in operation?	NA		No Comments	No Comment
Are there any favorable events improving the viability of these object(s)?	No		No Comments	No Comment
Are there any unfavorable events affecting the viability of the object(s)?	No		No Comments	No Comment
Is there any other relevant information that may materially affect the decision making of the investors?	No		No Comments	No Comment

NA represents Not Applicable

[^]Certificate dated October 20, 2023 issued by Birju S. Shah & Associates, Chartered Accountants (Firm Registration Number:131554W), Statutory Auditors of the Company.

Note 1: To begin the projects, intimation to GIDC and intimation to GPCB is required and critical for the start of the project. These both are in place. The projects have been started based on the applications done to GIDC and GPCB. These are the required approvals which are essential and no other critical approvals are required to be obtained during the quarter.

Ratings

4) Details of object(s) to be monitored:

i. Cost of the object(s):

Sr. No.	Item Head	Source of information/certification considered by MA for preparation of report	Original cost (as per the Offer Document) (Rs in million)	Revised Cost (Rs in million)	Comment of the MA	Comments of the Board of Directors		
						Reason of Cost revision	Proposed financing option	Particulars of firm arrangements made
1	Funding capital expenditure for the expansion at Manufacturing Facility 3	Management undertaking, Statutory Auditor Certificate [^] , Placement Document	1,830.00	NA	No revision	NA	NA	NA
2	Funding capital expenditure for setting up of Manufacturing Facility 5		3,300.00	NA	No revision	NA	NA	NA
3	Funding working capital requirements of the Company;		450.00	NA	No revision	NA	NA	NA
4	General Corporate Purposes [#]		1,705.00	1,706.14	Refer note 2*	NA	NA	NA
	Total	-	7,285.00	7,286.14	-	-	-	-

[^]Certificate dated October 20, 2023 issued by Birju S. Shah & Associates, Chartered Accountants (Firm Registration Number:131554W), Statutory Auditors of the Company.

[#]The amount utilised for general corporate purposes does not exceed 25% (amounting to Rs 1,875.00 million) of the Gross Proceeds from the Fresh Issue.

***Note 2:** The estimated QIP expenses at the time of filing of placement document was Rs 215.00 million whereas after meeting all the QIP expenses, the same has come to Rs 212.80 million in this year. Remaining Rs 1.06 million is payable towards the QIP expenses, in the next year and will be maintained in the monitoring account.

Hence, the surplus of Rs 1.14 million from issue expenses is added to the GCP, hence cost of GCP is revised from Rs 1,705.00 million as mentioned in the placement document to Rs 1,706.14 million.

ii. Progress in the object(s):

Sr. No.	Item Head#	Source of information/certifications considered by Monitoring Agency for preparation of report	Amount as proposed in the Offer Document (Rs in million)	Amount utilized** (Rs in million)			Total unutilized amount (Rs in million)	Comments of the Monitoring Agency	Comments of the Board of Directors	
				As at beginning of the quarter	During the quarter	At the end of the quarter			Reasons for idle funds	Proposed course of action
1	Funding capital expenditure for the expansion at Manufacturing Facility 3	Management undertaking, Statutory Auditor Certificate^, Placement Document, Bank Statements	1,830.00	Nil	7.65	7.65	1,822.35	No comment	NA	NA
2	Funding capital expenditure for setting up of Manufacturing Facility 5		3,300.00	Nil	2.69	2.69	3,297.31	No comment	NA	NA
3	Funding working capital requirements of the Company		450.00	Nil	348.94	348.94	101.06	No comment	NA	NA
4	General Corporate Purposes		1,706.14	Nil	799.21	799.21	906.93	No comment	NA	NA
Total			7,286.14	Nil	1,158.49	1,158.49	6,127.65	-	-	-

^Certificate dated October 20, 2023 issued by Birju S. Shah & Associates, Chartered Accountants (Firm Registration Number:131554W), Statutory Auditors of the Company.

**During the quarter under review, the Company has withdrawn Rs 1,150.00 million from the Monitoring Account maintained with ICICI bank and transferred to ICICI Cash Credit Account of the Company. Further, part of these proceeds were transferred from ICICI Cash Credit Account to Cash Credit Account maintained with HDFC Bank to make online payments to the vendors who are registered as payee in HDFC Bank for ease of operation. The details of the usage from the two accounts are as mentioned below:

(Rs in million)

Cash Credit A/c.	Transferred	Utilised for WC	Utilised for GCP	Total utilised	Balance / (Excess)
ICICI	950.00	348.94	502.92	851.86	98.14
HDFC	200.00	0.00	296.29	296.29	(96.29)
Total	1,150.00	348.94	799.21	1,148.15	1.85

The excess utilisation from HDFC Bank Cash Credit Account and Short utilisation from ICICI Bank Cash Credit Account will be nullified by the Company by transferring Rs 96.29 million from ICICI Bank Cash Credit Account to HDFC Bank Cash Credit Account in Q3 of FY2024.

#Brief description of objects:

Object of the Issue	Description of objects as per the offer document filed by the issuer
Funding capital expenditure for the expansion at Manufacturing Facility 3	To continue investing in expanding the manufacturing capacities to meet increasing demands for products, along with the necessity to launch new products for various applications, the company approved to acquire industrial land on a lease hold basis, for a period of 99 years, for an expansion project - Plot Nos. 8202/2/A and 8202/2/B at Road No. 8, GIDC Industrial Estate, Sachin, Surat - 394230. For the completion of the expansion project, they require to make investment in inter alia construction of factory building, equipment, plant and machinery and furniture and fixtures.
Funding capital expenditure for setting up of Manufacturing Facility 5	To continue investing in expanding the manufacturing capacities to meet increasing demands for products, along with the necessity to launch new products for various applications, the company approved to acquire land for one more manufacturing facility at Plot No. 14 + 15, GIDC Industrial Estate, Panoli - 394115, Bharuch, Gujarat. For the completion of the manufacturing facility, they require to make investment in inter alia construction of factory building, equipment, plant and machinery and furniture and fixtures.
Funding working capital requirements of the Company;	In light of plans for setting up of new manufacturing facilities and in order to support the incremental business requirements, the Company requires additional working capital for funding its working capital requirements.
General Corporate Purposes	<p>The general corporate purposes for which the Company proposes to utilise Net Proceeds include, without limitation:</p> <ul style="list-style-type: none"> • Funding growth opportunities, • Business development initiatives, • Meeting expenses incurred in the ordinary course of business and towards any exigencies, • or any other purpose, as may be approved by the Board or a duly constituted committee thereof, subject to compliance with applicable law, including provisions of the Companies Act. <p>The quantum of utilisation of funds towards each of the above purposes will be determined by the Board, based on the amount actually available under this head and the business requirements of the Company, from time to time, subject to compliance with applicable law.</p>

iii. Deployment of unutilised proceeds:

On the basis of management undertaking and Certificate dated October 20, 2023 issued by Birju S. Shah & Associates, Chartered Accountants (Firm Registration Number:131554W), Statutory Auditors of the Company:

S. No.	Type of instrument where the amount is invested	Amount invested (Rs in million)	Maturity date	Earnings ^(e) (Rs in million)	Return on Investment (%)	Market value as at the end of quarter ^(a) (Rs in million)
1	FD no. 058413008747 (ICICI Bank Ltd)	500.00	March 22, 2024	26.29	7.00	526.29
2	FD no. 058413009053 ^(b) (ICICI Bank Ltd)	100.00	April 21, 2024	6.00	7.15	106.00
3	FD no. 058413008749 (ICICI Bank Ltd)	540.00	June 25, 2024	39.91	7.20	579.91
4	FD no. 058413008746 (ICICI Bank Ltd)	4,990.00	July 19, 2024	404.67	7.40	5,394.67
5	ICICI Bank Monitoring Account No. 000405142891 ^(c)	16.70	-	-	-	16.70
6	ICICI Bank CC Account No. 058451000046 ^(d)	1.85	-	-	-	1.85
	Total	6,148.55	-	476.87	-	6,625.42

Notes:

^(a)Maturity value considered

^(b)FD No. 058413009053 was for Rs 300.00 million. Off which Rs 200.00 million was withdrawn and used towards the objects of the issue during the reported quarter.

^(c)Funds maintained in Monitoring Accounts to be used in future towards the objects mentioned in the placement document. Moreover, Rs 14.41 million were spent by the Company towards QIP expenses from their Cash Credit Accounts, before QIP proceeds were received. Hence, the Company will take reimbursement of Rs 14.41 million in this year as well as in the next year, from the monitoring account maintained by the Company.

^(d)Funds withdrawn from the monitoring account and transferred to CC account of the company for utilisation towards working capital and GCP, and unutilised are available for utilisation in the subsequent months

^(e)Rs 5.42 million is credited to the ICICI Bank Monitoring Account (No. 000405142891) towards interest on the FDs withdrawn and used; Off which Rs 0.05 million interest is given by the ICICI Bank to the Company as penalty for premature breaking of the FD and the letter from ICICI Bank for the same is submitted.

iv. Delay in implementation of the object(s)^:

Object(s)	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
Not Applicable					

^On the basis of management undertaking and Certificate dated October 20, 2023 issued by Birju S. Shah & Associates, Chartered Accountants (Firm Registration Number:131554W), Statutory Auditors of the Company.

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

S. No.	Item heads*	Amount (Rs In million)
1	Future Growth opportunities (CAPEX)**	375.76
2	Business Development Initiatives (Working Capital)	375.82
3	Expenses in the Ordinary Course of Business	47.63
	Total	799.21

^On the basis of management undertaking and Certificate dated October 20, 2023 issued by Birju S. Shah & Associates, Chartered Accountants (Firm Registration Number:131554W), Statutory Auditors of the Company

*The Board of Directors of the Company vide resolution dated 22 June, 2023 has approved the utilisation of GCP towards the aforementioned item heads.

**CAPEX includes funds amounting to Rs 68.00 million transferred to Aether Speciality Chemicals Limited (100% Wholly Owned Subsidiary of Aether Industries Limited) for the Site 4 Greenfield Project.

Disclaimers:

- a) *This Report is prepared by CRISIL Ratings Limited (hereinafter referred to as "Monitoring Agency" / "MA" / "CRL"). 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.*
- f) *The MA report is intended for the jurisdiction of India only. This report does not constitute an offer of services. Without limiting the generality of the foregoing, nothing in the report is to be construed as CRL providing or intending to provide any services in jurisdictions outside India, where it does not have the necessary licenses and/or registration to carry out its business activities referred to above.*
- g) *Access or use of this report does not create a client relationship between CRL and the user.*
- h) *CRL is not aware that any user intends to rely on the report or of the manner in which a user intends to use the report. In preparing this report, MA has not taken into consideration the objectives or particular needs of any particular user.*
- i) *It is made abundantly clear that the report is not intended to and does not constitute an investment advice. The report is not an offer to sell or an offer to purchase or subscribe for any investment in any securities, instruments, facilities or solicitation of any kind to enter into any deal or transaction with the entity to which the report pertains. The report should not be a basis for any investment decision within the meaning of any law or regulation (including the laws and regulations applicable in the US).*
- j) *The report comprises professional opinion of CRL as of the date they are expressed, based on the information received from the issuer and other sources considered reliable by CRL. Any opinions expressed here are in good faith, are subject to change without notice, and are only current as of the stated date of their issue. The report does not constitute statements of fact or recommendations to purchase, hold or sell any securities/instruments or to make any investment decisions.*
- k) *Neither CRL nor its affiliates, third-party providers, as well as their directors, officers, shareholders, employees or agents guarantee the accuracy, completeness or adequacy of the report, and shall not have any liability for any errors, omissions or interruptions therein, regardless of the cause, or for the results obtained from the use of any part of the report. CRL and each aforesaid party disclaims any and all express or implied warranties, including but not limited to any warranties of merchantability, suitability or fitness for a particular purpose or use or use. In no event shall CRL or any aforesaid party be liable to any user for any direct, indirect, incidental, exemplary, compensatory,*

Ratings

punitive, special or consequential damages, costs, expenses, legal fees or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of any part of the report even if advised of the possibility of such damages.

- l) CRL has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with the preparation of this report. CRL has in place a code of conduct and policies for managing conflict of interest.*
- m) Unless required under any applicable law, this report should not be reproduced or redistributed to any other person or in any form without prior written consent from CRL.*
- n) By accepting a copy of this Report, the recipient accepts the terms of this Disclaimer, which forms an integral part of this Report.*