

12th February, 2024

VCL/SE/142/2023-24

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 31st December, 2023

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 31st December, 2023 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
Company Secretary & Compliance Officer

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

February 12, 2024

Dear Sir,

Monitoring Agency Report for the quarter ended December 31, 2023 - in relation to the Qualified Institutional Placement of Equity Shares of Vishnu Chemicals Limited ("the Company")

We write in our capacity of Monitoring Agency for the Qualified Institutional Placement of Equity Shares 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 December 31, 2023 as per aforesaid SEBI Regulations and Monitoring Agency Agreement 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

CARE Ratings Limited

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Report of the Monitoring Agency (MA)

Name of the issuer: Vishnu Chemicals Limited

For quarter ended: December 31, 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: *Tejeshwar Reddy*

Name of the Authorized Signatory: Y Tejeshwar Reddy

Designation of Authorized person/Signing Authority: Assistant Director

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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 (Note 1)* |

***Note 1:**

Issue of 57,97,095 Equity Shares, aggregating to Rs. 200 crore. A minimum of 10.00% of the Issue Size, i.e., 5,79,709 Equity Shares were made available for allocation to Mutual Funds only and the balance 52,17,386 Equity Shares were made available for allocation to all eligible QIBs, including Mutual Funds.

| Particulars | Remarks |
|--|-----------|
| Maximum equity shares issued for Qualified Institutional Placement | 57,97,095 |
| Total proceeds received (in Rs. Crore) | 200.00 |
| Details of expenses incurred related to issue (in Rs. Crore)* | 3.27 |
| Net proceeds available for utilization (in Rs. Crore) | 196.73 |

*As per placement document, the expenses related to the issue were estimated at Rs. 3.27 crore which includes TDS. However, the actual expenses incurred as on September 30, 2023, are Rs. 2.93 crore which is net of TDS. VCL incurred TDS expenses amounting to Rs. 0.34 crore which will be reimbursed from balance available in funds earmarked towards General Corporate Purpose. As on December 31, 2023, the said amount is yet to be reimbursed.

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 | As per the placement document the proceeds from the Qualified Institutional Placement of Equity shares after meeting placement expenses were Rs. 197.07 crore (includes Rs.0.34 crore available due to lower issue expenses incurred from gross proceeds), of which Rs. 176.36 crores utilized as per the objects given in the offer document till September 30, 2023. No funds were utilized during Q3FY24, and unutilized issue proceeds continues to be in Fixed Deposits. | - |
| Whether shareholder approval has been obtained in case of material deviations# from | Not applicable | Not applicable | Not applicable | - |

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| 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 |
|--|----------------|--|-----------------------------------|------------------------------------|
| expenditures disclosed in the Offer Document? | | | | |
| 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 | Not applicable | - |
| 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? | No | Not applicable | No | - |

* Chartered Accountant certificate from Vasantha Rao & Associates Chartered Accountants dated January 31, 2024

#Where material deviation may be defined to mean:

- Deviation in the objects or purposes for which the funds have been raised
- Deviation in the amount of funds actually utilized by more than 10% of the amount projected in the offer documents.

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 repayment, 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 | Chartered Accountant certificate*, | 75.00 | NA | NA | - | - | - |

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| 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 |
| | pre-payment, in full or in part, of certain borrowings availed by VBPL | Bank statements, Placement Document | | | | | | |
| 3 | General corporate purposes | Chartered Accountant certificate*, Bank statements, Placement Document | 46.73 | NA | Additional funds of Rs. 0.34 crore are available in the monitoring account as the company incurred TDS on issue expenses from its internal cash accruals, resulting in lower issue expenses than envisaged as per the offer document. Considering the additional funds available which forms part of GCP, total GCP expenses still be below the threshold of 25% of gross proceeds as per the offer document. | - | - | - |
| Total | | | 196.73 | | | | | |

* Chartered Accountant certificate from Vasantha Rao & Associates Chartered Accountants dated January 31, 2024.

(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 | | | 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 | 74.43 | Nil | 74.43 | 0.57 | Unutilised funds deposited in FD | - | - |
| 2 | Investment into one of the Subsidiaries, VBPL, for repayment or | Chartered Accountant certificate*, Bank statements, | 75.00 | 75.00 | Nil | 75.00 | 0.00 | Fully Utilised | - | - |

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| 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 | | | 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 |
| | pre-payment, in full or in part, of certain borrowings availed by VBPL | Placement Document | | | | | | | | |
| 3 | General corporate purposes | Chartered Accountant certificate*, Bank statements, Placement Document | 46.73 | 24.01 | Nil | 24.01 | 23.07# | Unutilised funds deposited in FD | - | - |
| Total | | | 196.73 | 173.44 | | - | 23.64 | | | |

*Chartered Accountant certificate from Vasantha Rao & Associates Chartered Accountants dated January 31, 2024
#includes Rs.0.34 crore of additional amount available due to lower issue expenses incurred by the company.

(iii) Deployment of unutilized public issue 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 | State Bank of India | Fixed Deposit | 25.31 | Chartered Accountant certificate*, Fixed Deposit Receipts (FDR), Monitoring Account Statement |

Note: As on September 30, 2023, VCL placed Rs.25.00 crore which includes unutilized issue proceeds of Rs. 23.64 crores and company's own funds of Rs.1.36 crore in Fixed deposit for 90 days. Upon maturity, FD has been auto renewed with accumulated interest of Rs. 30.51 lacs (net of TDS) on December 29, 2023. Hence, current FD created is for Rs.25.31 crore which includes unutilized funds from issue proceeds of Rs.23.64 crore, company's own funds of Rs.1.36 crore and FD interest of Rs.0.31 crore.

| Sr. No. | Type of instrument and name of the entity invested in | Amount invested (Rs. Crore) | Maturity date | Earning | Return on Investment (%) | Market Value as at the end of quarter |
|---------|---|-----------------------------|---------------|---------|--------------------------|---------------------------------------|
| 1 | Fixed Deposit, State Bank of India | 25.31 | 28-03-2024 | 0.35 | 5.75% | 25.66 |

(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 Placement document | Actual* | | Reason of delay | Proposed course of action |
| Repayment or re-payment, in part, of certain outstanding borrowings | March 31, 2024 | March 31, 2024 | NA | - | - |

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| Objects | Completion Date | | Delay (no. of days/ months) | Comments of the Board of Directors | |
|--|-------------------------------|-------------------|-----------------------------|------------------------------------|---------------------------|
| | As per the Placement document | Actual* | | Reason of delay | Proposed course of action |
| availed by the Company | | | | | |
| 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 | From time to time | NA | - | - |

**In case of continuing object(s), please specify latest/revised estimate of the completion date.*

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 | 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. Accordingly, company has expensed unsecured loans received from promoters and partial repayment of term loan of VBPL towards general corporate expenses. | - |
| | Total | 46.73 | | | |

** Chartered Accountant certificate from Vasantha Rao & Associates Chartered Accountants dated January 31, 2024*

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^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.

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