



GUJCHEM DISTILLERS INDIA LIMITED

January 7, 2025

To,
BSE LIMITED
P.J Towers, Dalal Street,
Mumbai-400 001

Ref: BSE Scrip Code: 506640

Sub: Monitoring Agency Report for the quarter ended September 30, 2024 – in relation to the Preferential Issue of Gujchem Distillers India Limited

Dear Sir/Madam,

Pursuant to Regulation 162A of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("ICDR Regulations") and Monitoring Agency Agreement dated October 25, 2024, entered with the Company, we enclose the Monitoring Agency Report, issued by CRISIL Ratings Limited, as per Schedule XI of the SEBI ICDR Regulations towards utilization of proceeds of Preferential Issue for the quarter ended September 30, 2024.

Kindly take the above information on record.

Thanking You,

Yours faithfully,

For, **Gujchem Distillers India Limited**

Mr. Mahendra Agarwal
Chief Financial Officer

Encl: As above

Monitoring Agency Report
for
Gujchem Distillers India Limited
for the quarter ended
September 30, 2024

CRL/MAR/GDS6823/2024-25/1243

December 24, 2024

To

Gujchem Distillers India Limited

Office No 6, 2nd Floor National Chambers,

Nr. City Gold, Ashram Road,

Ahmedabad-380009

Dear Sir,

Sub: Monitoring Agency Report for the quarter ended September 30, 2024 - in relation to the Preferential Issue of Gujchem Distillers India Limited ("the Company")

Pursuant to Regulation 162A of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("ICDR Regulations") and Monitoring Agency Agreement dated October 25, 2024, entered with the Company, we enclose the Monitoring Agency Report, issued by CRISIL Ratings Limited, as per Schedule XI of the SEBI ICDR Regulations towards utilization of proceeds of Preferential Issue for the quarter ended September 30, 2024.

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: Gujchem Distillers India Limited

For quarter ended: September 30, 2024

Name of the Monitoring Agency: CRISIL Ratings Limited

(a) Deviation from the objects: Not applicable

(b) Range of Deviation: Not applicable

Note: *Gujchem Distillers India Limited ("the Company") issued Notice of EGM on May 16, 2024 for the preferential issue of the Compulsory Convertible Debentures (CCDs) and Warrants amounting to Rs 248.77 Crores. Allotment of CCD and warrants took place on August 13, 2024. Hence, the Company was required to appoint a Monitoring Agency ("MA") for monitoring the utilisation of raised issue proceeds for the quarter ended September 30, 2024 under SEBI Issue of Capital and Disclosure Requirements ("ICDR") Regulations.*

The agreement confirming the appointment of MA was submitted to CRL during the quarter ending December 31, 2024. Further, the Company started sharing required information from 19th November 2024 onwards and shared entire required information by 10th December 2024. Post receipt of the required documents, CRL finalized the MA report for the quarter ended September 30, 2024 and shared with issuer on December 12, 2024 for comments of the Board of Directors of the Company. CRL hereby disclaims any responsibility and liability arising from breach of regulatory timelines, including delayed submission of the MA Report to relevant regulatory authorities, that may be attributed to the delay or default on the part of the issuer Company in providing relevant data and/or information necessary for the issuance of the MA report for the quarter ended September 30, 2024.

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: Gujchem Distillers India Limited

Names of the promoter: ZR2 Group Holdings Limited
Mr. Sagar Samir Shah#
Mr. Rajasvee Sagar Shah#
Mr. Nilesh Jayant#

Industry/sector to which it belongs: Commodity Chemicals

2) Issue Details

Issue Period: 13 August 2024

Type of issue: Preferential Issue

Type of specified securities: Compulsory Convertible Debentures (hereon referred as "CCDs") & Convertible warrants

Issue Grading, if any: NA

Issue size: Rs. 248.77 crore (refer Note 1 on page no. 8)

*CRISIL Ratings shall be monitoring the issue proceeds raised by the Company through issue of CCDs & Convertible warrants.

As per the disclosure available on the stock exchange, ZR2 Group Holdings Limited, the new promoter, acquired shares from existing promoters (Sagar Samir Shah, Rajasvee Sagar Shah, and Nilesh Jayant) through a share purchase agreement dated May 10, 2024 and Open Offer, completed on September 20, 2024. As a result, the existing promoters will cease to be promoters, once the share transfer is complete.

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	Bank Statement, Offer document, Management Undertaking, Statutory Auditor's Certificate [^]	No Comments	No Comments
Whether shareholder approval has been obtained in case of material deviations# from expenditures disclosed in the offer document?	NA	Management Undertaking	No Comments	No Comments

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 the means of Finance for the disclosed objects of the issue has changed?	No	Management Undertaking	No Comments	No Comments
Is there any major deviation observed over the earlier monitoring agency reports?	NA		No Comments	No Comments
Whether all Government/statutory approvals related to the object(s) have been obtained?	NA		MOU has been executed for acquisition of Biorefinery. The transaction is currently under finalization including statutory clearances as may be applicable. Part-payment made towards the acquisition during the reported quarter was not subject to statutory approval. However, asset acquisition will be finalized post statutory approvals are received as applicable in subsequent quarters.	We are expecting that the final agreement will be executed imminently.

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 arrangements pertaining to technical assistance/collaboration are in operation?	Yes		Current skilled labor workforce at the acquired plant will also be integrated to ensure a seamless transition of operations	Existing aprox 160 employees will be transferred as a part of this agreement
Are there any favourable events improving the viability of these object(s)?	No		No Comments	No Comments
Are there any unfavourable events affecting the viability of these object(s)?	No		No Comments	No Comments
Is there any other relevant information that may materially affect the decision making of the investors?	No		No Comments	No Comments
<p># Where material deviation may be defined to mean: -</p> <p>(a) Deviation in the objects or purposes for which the funds have been raised.</p> <p>(b) Deviation in the amount of funds actually utilized by more than 10% of the amount projected in the offer documents.</p>				

NA represents Not Applicable

^Certificate dated November 30, 2024, issued by M/s Bagaria & Co. LLP, Chartered Accountants (Firm Registration Number: 113447W/W-100019), Statutory Auditors of the Company

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 crore)	Revised Cost	Comment of the Monitoring Agency	Comments of the Board of Directors		
						Reason of Cost revision	Proposed financing option	Particulars of firm arrangements made
1	Repayment of existing Un-Secured Loan	Management undertaking, Offer Document, Bank Statements	22.00	NA	No revision	NA		
2	Acquiring a running biorefinery asset that is currently producing ethanol and biogas located in Maharashtra State and Expansion of the biorefinery to produce additional ethanol, biogas with addition of solar and Hydrogen		180.00	NA	No revision	NA		
3	Working Capital & General Corporate Purposes		46.77	NA	No revision	NA		
	Total	-	248.77	-	-	-		

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 or revised in the Offer Document (Rs. in crore)	Amount utilized (Rs. in crore)			Total unutilized amount (Rs. in crores) (Refer Note 1)	Comments of the Monitoring Agency	Comments of the Board of Directors	
				As at beginning of the quarter (Rs. in crores)	During the quarter (Rs. in crores)	At the end of the quarter (Rs. in crores)			Reasons for idle funds	Proposed course of action
1	Repayment of existing Un-Secured Loan	Management undertaking, Statutory Auditor's Certificate [^] , Offer Document, Bank Statements	22.00	-	-	-	22.00	No Utilisation during the reported quarter	NA	
2	Acquiring a running biorefinery asset that is currently producing ethanol and biogas located in Maharashtra State and Expansion of the biorefinery to produce additional ethanol, biogas with addition of solar and Hydrogen		180.00	-	29.00	29.00	151.00	Refer note 2 & 3	No Comments	
3	Working Capital and General Corporate Purposes		46.77	-	0.19	0.19	46.58	Refer note 2	No Comments	
		Total	248.77	-	29.19	29.19	219.58	-	-	

[^]Certificate dated November 30, 2024, issued by M/s Bagaria & Co. LLP, Chartered Accountants (Firm Registration Number: 113447W/W-100019), Statutory Auditors of the Company

Note 1: Out of total issue proceeds, the Company has received Rs 80.27 crore from issue of Compulsorily Convertible Debentures and 25% of the issue price per warrant i.e. Rs. 65/- as upfront payment aggregating to Rs. 42.12 crore for allotment of 2,59,22,000 warrants that is convertible

into equal number of equity shares. The remaining amount of Rs. 126.37 crore representing 75% of the issue price per warrant will be received at the time of allotment of Equity Shares pursuant to exercise of option by the warrant holders to convert warrants into equity shares within 18 months from the date of allotment of the share warrants.

Note 2: Issue proceeds amounting to Rs 29.69 crore were transferred from HSBC India Bank account of the Company (A/c No-006-567945-002) opened for domestic subscribers of preferential issue to SBI Bank current account (A/c No-00000043338144702) of the Company, as the preferential issue proceeds could not be utilized directly through HSBC bank accounts due to regulatory provisions. Out of the transferred amount, Rs 29.19 crore was utilised towards the Objects and the balance amount of Rs 0.50 crore in lying as a balance in SBI Bank current account (A/c No-00000043338144702) of the Company.

Note 3: As confirmed by the Management of the Company, out of the issue proceeds received from the preferential issue, the Company has utilised Rs 29 crore towards object 2 as an advance payment to enter into leasing arrangement of existing ethanol distillery and biogas business of Padmashri Dr. Vithalrao Vikhe Patil Sahakari Sakhar Karkhana Ltd (PVVSSKL) along with future expansions.

iii. Deployment of unutilised proceeds:

Based on management undertaking and certificate dated November 30, 2024, issued by M/s Bagaria & Co. LLP, Chartered Accountants (Firm Registration Number: 113447W/W-100019), Statutory Auditors of the Company:

Sr. no.	Type of instrument and name of the entity invested in	Amount invested (Rs. in crore)	Maturity date	Earnings (Rs. in crore)	Return on investment (%)	Market Value as at end of quarter (Rs. in crore)
1	Balance in HSBC India (A/c No-006-567945-001) (Refer Note 4)	92.71	-	-	-	92.71
2	Balance in Current account SBI Bank Account (A/c No-00000043338144702)	0.50	-	-	-	0.50
	Total	93.21 (Refer Note 4)	-	-	-	93.21

Note 4: the Company had opened and maintained two separate accounts with HSBC under the nomenclature 'Capital Markets' accounts for receiving proceeds through preferential issue. Issue proceeds from international subscribers is received in HSBC India Bank account (A/c no.- 006-567945-001), whereas issue proceeds from domestic subscribers is received in HSBC India Bank account (A/c no.- 006-567945-002).

iv. Delay in implementation of the object(s)

On the basis of management undertaking:

Object(s)	Completion Date		Delay (no. of days/ months)	Comments of the Board of Directors	
	As per the Offer Document	Actual (Rs in Crore)		Reason of delay	Proposed course of action
Not applicable					

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

On the Basis of management undertaking

Sr. No.	Item head	Amount utilised from issue proceeds during the quarter (Rs. in Crore)	Remarks
1	Administrative & General Corporate purpose expense	0.19	Amount has been utilized by the Company towards employee salaries, office rentals, Techno Economic Viability study fees and ERP solutions fees

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, 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.*

----End of Report---