

September 03, 2025

To,
BSE Limited,
P.J. Towers, Dalal Street,
Mumbai – 400 001.
Dear Sir / Madam,

Scrip Code : 506640
Sub : Monitoring Agency Report for the quarter ended June 30, 2025
Ref: : Funds raised by issuance of Convertible Warrants and Compulsory Convertible Debentures on a Preferential Basis

Pursuant to Regulation 32 of the Securities and Exchange Board of India (“SEBI”) (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) read with Regulation 173A of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, we have enclosed herewith Monitoring Agency Report for the quarter ended June 30, 2025, issued by Crisil Rating Limited (“**Monitoring Agency**”), in respect of the utilization of proceeds raised through Preferential Issue by the Company duly reviewed by the Audit Committee and taken on record by the Board of Directors at its meeting held on September 03, 2025 is enclosed herewith as Annexure “A”.

We request you to kindly take these submissions on your record and disseminate the same.

For ZR2 Bioenergy Limited
(Formerly known as Gujchem Distillers India Limited)

Shital Gurav
Company Secretary and Compliance Officer
Membership No.: A73942

ZR2 Bioenergy Ltd

(Formerly known as Gujchem Distillers India Limited)

Registered Office: 307 Ashirwad Paras – 1, S.G. Highway, Makarba, Ahmedabad 380 051

Corporate Office: 1102 Lodha Supremus, Senapati Bapat Marg, Mumbai, 400 013

Tel: +91 83560 34700 | Email: info@zr2group.com | Website: gujchemdistillers.in | CIN No: L32909GJ1939PLC002480

Monitoring Agency Report
for
ZR2 BIOENERGY LIMITED
(formerly known as Gujchem Distillers India Limited)
for the quarter ended
June 30, 2025

CRI/MAR/GDS6823/2025-26/1488

September 02, 2025

To

ZR2 Bioenergy Limited (Formerly known as Gujchem Distillers India Limited)

307, Third Floor, Ashirwad Paras-1, Kanti Bharwad PMT,

Opposite Andaz Party Plot, Makarba,

Ahmedabad, Gujarat, 380051

Dear Sir,

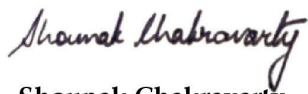
Sub: Monitoring Agency Report for the quarter ended June 30, 2025 – in relation to the Preferential Issue of ZR2 Bioenergy Limited (Formerly known as Gujchem Distillers India Limited) (“the Company”)

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 June 30, 2025.

Request you to kindly take the same on records.

Thanking you,

For and on behalf of Crisil Ratings Limited



Shounak Chakravarty
Director, Ratings (LCG)

Report of the Monitoring Agency (MA)

Name of the issuer: ZR2 BIOENERGY LIMITED (formerly known as Gujchem Distillers India Limited)

For quarter ended: June 30, 2025

Name of the Monitoring Agency: Crisil Ratings Limited

(a) Deviation from the objects: Not applicable. Refer qualification/ observations mentioned below.

(b) Range of Deviation: Not applicable

Qualification: The Monitoring Agency has observed that during the quarter ended December 31, 2024, the Company had extended deposit to Sukhmehar Finance Private Limited, which is a Non deposit taking Non-Banking Finance Company ('NBFC') as per list of registered NBFCs dated June 30, 2024, issued by Reserve Bank of India. The Company has deployed unutilized issue proceeds amounting to Rs 18.50 crore, by entering into a short-term deposit arrangement with the afore mentioned non-deposit taking NBFC. Also, the notice to shareholder dated 16th May 2024 filed by the Company did not disclose the mode for the deployment of unutilised proceeds as required by BSE Notice No: 20221213-47 dated 13th December 2022. Nevertheless, this is in variation from the industry practice of deploying unutilized proceeds in low-risk liquid instruments like fixed deposits of scheduled commercial banks or low risk mutual funds etc. During the quarter ended June 30, 2025, the company is still into a short-term deposit arrangement of Rs 18.50 crore with Sukhmehar Finance Private Limited. we bring this variation to the attention of the stakeholders, as it may have an implication on availability of proceeds in future for utilisation towards objects of the issue. Refer details shown under the head "deployment of unutilized issue proceeds" on page no. 09 of the MA report.

In furtherance to the following observations as stated in the previous Monitoring Agency Report dated May 16, 2025, we note that there has been update in the status of the said observations.

1. MA has observed that Padmashri Dr. Vitthalrao Vikhe Patil Sahakari Sakhar Karkhana Ltd. (PVSKL), the owner of the biorefinery asset to be acquired by the Company on cash basis using the proceeds of the preferential issue (Object 2) is also a warrant holder who has subscribed to the issue of warrants issued through preferential issue. Specifically, PVSKL holds 92,05,000 convertible warrants, representing 35.51% of the total convertible warrants allotted as per the outcome of the Board meeting dated 13th August 2024. Furthermore, as per Notice to the shareholders dated May 16, 2024, Company had mentioned that preferential issue proceeds amounting to Rs 180.00 crore is to be utilized for the acquisition of the biorefinery asset and expansion of biorefinery in Maharashtra, as part of the object of the preferential issue.

Further update: The Company has received approval from department of cooperation, Marketing and Textile, Government of Maharashtra vide a Resolution dated July 21, 2025, approving the construction of various projects on a Build-Own-Operate-Transfer basis, including an arrangement for warrant subscription by PVSKL. It might be noted that approval was received post the warrant issuance.

Original observation no 2. (as per last quarter's published report):-Object 1: As per the management undertaking and statutory auditor certificate dated March 06, 2025 which states that at the time of acquisition by the new management, Gujchem Distillers India Limited had a carried-forward 'existing unsecured loan' of Rs 4.08 crore from Aryaman Enterprise Pvt. Ltd. and Rs. 17.92 crore from Goldleaf Enterprise Pvt. Ltd. totalling Rs 22 crore with no formal documents being executed between the parties. Further in the previous quarter(s), bank statements reflecting the inflow of these loans have also not been shared with MA.

Further update: Bank statements reflecting inflow totaling to Rs 22.00 crore from Aryaman Enterprise Pvt. Ltd and Goldleaf Enterprise Pvt. Ltd. during the month of March, April and May 2024, have been shared with MA during the reported quarter. Further, the confirmation is provided by the Statutory Auditor of the company in this regard via mail dated August 14, 2025.

Also, The Loan Agreements relating to the aforementioned loans dated March 18, 2024 (with Aryaman Enterprise Pvt. Ltd) and March 21, 2024, and April 30, 2024 (with Goldleaf Enterprise Pvt. Ltd), were submitted to the Monitoring Agency on May 19, 2025. However, the agreements does not mention about the adequacy of the stamp duty paid as per applicable laws.

2. **Observation 3 pertaining to utilisation towards Object 2:** (as per last quarter's published report): Another unsecured loan totalling Rs 10.85 crore was taken by the Company from Goldleaf Enterprise Pvt Ltd in multiple tranches in June, July, and August 2024 to facilitate the acquisition of the biorefinery, as the proceeds from the preferential issue were not yet available. No Formal agreement has been executed, the same has been confirmed by the management and the statutory auditor of the company dated March 06, 2025.

Further Update : The Loan Agreement with Goldleaf Enterprises Pvt Ltd dated April 30, 2024, pertaining to unsecured loans totalling Rs 10.85 crore were submitted to the Monitoring Agency on May 19, 2025. However, the agreement does not mention about the adequacy of the stamp duty paid as per applicable laws.

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: Shounak Chakravarty

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

1) Issuer Details:

Name of the issuer: ZR2 BIOENERGY LIMITED

Names of the promoter: ZR2 Group Holdings Limited

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: Total issue proceeds* amounting to Rs. 248.77 crore (Refer Note 2 given in page no. 8)

**Crisil Ratings shall be monitoring the total issue proceeds as per the notice to shareholder dated May 16, 2024*

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, Notice to shareholder, Management Undertaking, Statutory Auditor's Certificate^	Utilisation is towards the object of Working Capital & General Corporate Purposes (GCP) as disclosed in Notice to shareholder dated May 16, 2024	
Whether shareholder approval has been obtained in case of material deviations# from expenditures disclosed in the offer document?	NA	Management Undertaking, Statutory Auditor's Certificate^	No Comments	
Whether the means of Finance for the disclosed objects of the issue has changed?	No		No Comments	
Is there any major deviation observed over the earlier monitoring agency reports?	No		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 all Government/statutory approvals related to the object(s) have been obtained?	No		Refer Note 1	
Whether all arrangements pertaining to technical assistance/collaboration are in operation?	Yes	Management Undertaking, Statutory Auditor's Certificate^	Current skilled labor workforce at the acquired plant will also be integrated to ensure a seamless transition of operations	
Are there any favourable events improving the viability of these object(s)?	No		No Comments	
Are there any unfavourable events affecting the viability of these object(s)?	No		No Comments	
Is there any other relevant information that may materially affect the decision making of the investors?	No		No Comments	
# 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.				

NA represents Not Applicable

^Certificate dated August 11, 2025, issued by M/s Bagaria & Co. LLP, Chartered Accountants (Firm Registration Number: 113447W/W-100019), Statutory Auditors of the Company

Note 1: The Memorandum of Understanding (MoU) has been executed for acquisition of Biorefinery between Gujchem Distillers India Limited and Padmashri Dr. Vithalrao Vikhe Patil Sahakari Sakhar Karkhana Ltd.(PVSKL). The BOOT agreement is at the final stage of approval from the Maharashtra State Government and the final execution of the agreement is expected to be completed by June 2025 as per corporate announcement of the company dated May 31, 2025. Part-payment made towards the acquisition during the September 2024 & December 2024 quarters based on the MoU with PDVVPSSKL. However, asset acquisition will be completed post statutory approvals are received as applicable in subsequent quarters.

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, Statutory Auditor's Certificate^, Notice to shareholders & Bank Statements	22.00	NA	No revision			
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			
3	Working Capital & General Corporate Purposes (GCP)		46.77	NA	No revision			
	Total	-	248.77	-	-			-

NA represents Not Applicable

^ Certificate dated August 11, 2025, issued by M/s Bagaria & Co. LLP, Chartered Accountants (Firm Registration Number: 113447W/W-100019), Statutory Auditors of the Company

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) (Refer Note 2)	Amount utilized (Rs. in crore)			Total unutilized amount (Rs. in crores) (Refer Note 2)	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	Repayment of existing Un-Secured Loan	Management undertaking, Statutory Auditor's Certificate^, Notice to shareholders, Bank Statements	22.00	22.00	0.00	22.00	0.00	Fully utilised in the Dec-24 quarter		
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	79.35	0.00	79.35	100.65	Nil Utilisation during the reported quarter		
3	Working Capital and GCP		46.77	2.13	0.38	2.51	44.26	No Comment		
		Total	248.77	103.48	0.38	103.86	144.91	-		-

^Certificate dated August 11, 2025, issued by M/s Bagaria & Co. LLP, Chartered Accountants (Firm Registration Number: 113447W/W-100019), Statutory Auditors of the Company

Note 2: Out of total issue proceeds of Rs 248.77 crores, the Company has received Rs 122.40 crore, out of which Rs 80.27 crore has been received from the issue of Compulsorily Convertible Debentures and the remaining of Rs. 42.12 crore received against upfront payment towards allotment of warrants during the quarter ended September 2024. The remaining amount of Rs. 126.37 crores are yet to be received from the warrant holders. As per the notice to shareholders dated May 16, 2024, the warrant holders have the option to convert the warrants into equity shares within 18 months from the date of allotment of the share warrants.

Note 3: During the quarter ended September 2024, the company has utilised Rs 0.04 crore from the issue proceeds towards the object of Working Capital and GCP for payment of preliminary expenses on behalf of its wholly-owned subsidiary, ZR2 Solar Pvt Ltd, prior to its incorporation, as approved by the board resolution of the company dated September 17, 2024. After incorporation, ZR2 Solar Pvt Ltd accepted these expenses through funds infused as debt by the parent company via a board resolution dated October 07, 2024. However, this fact of end utilization in the wholly owned subsidiary was not disclosed by the management of the company to the Monitoring Agency during the quarter ended September 2024.

Further during the quarter ending June 30, 2025, ZR2 Solar Pvt Ltd repaid the debt of Rs 0.04 crore, which was then refunded to the current account of the company maintained with SBI Bank. This refund was offset against the actual utilization of Rs 0.42 crore during the quarter for the object of Working Capital and GCP, resulting in a net utilization of Rs 0.38 crore.

iii. Deployment of unutilised proceeds[^]:

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.	Short term Deposit with Sukhmehar Finance Pvt Ltd (Refer to the Qualification of the MA & Note 4)	18.50	30-Sep-25	0.87	9.00	19.37
2.	Balance in Kotak Bank Current Account of the Company	0.01	-	-	-	0.01
3.	Balance in SBI Bank Current Account of the Company	0.03	-	-	-	0.03
4.	Balance in HSBC Bank A/c No-006-567945-001 (Refer Note 5)	0.00	-	-	-	0.00
5.	Balance in HSBC Bank A/c no.- 006-567945-002 (Refer Note 5)	0.00	-	-	-	0.00
	Total	18.54	-	0.87	-	19.41

Note 4: The company had initially planned to recall the short-term deposit on June 30, 2025. However, as there has been no immediate requirement for the funds, the management has decided to defer the recall and revised the maturity of the deposit by September 30, 2025.

Note 5: HSBC Bank account(s) are capital markets accounts maintained by the company for receiving the issue proceeds from international subscribers in account no. 006-567945-001 which is regulated by FDI and FEMA regulations and issue proceeds domestic subscribers is collected in account no 006-567945-002. Furthermore, the preferential issue proceeds could not be utilized through HSBC bank accounts due to regulatory provisions the result of which the issue proceeds were transferred to the company's current account maintained with SBI for deployment towards the objects of the issue.

[^]Based on management undertaking and certificate dated August 11, 2025, issued by M/s Bagaria & Co. LLP, Chartered Accountants (Firm Registration Number: 113447W/W-100019), Statutory Auditors of the Company

iv. Delay in implementation of the object(s)

Based on management undertaking and certificate dated August 11, 2025, issued by M/s Bagaria & Co. LLP, Chartered Accountants (Firm Registration Number: 113447W/W-100019), Statutory Auditors of the Company

Accountants (Firm Registration Number: 15111/W/W-100015) Statutory Auditors of the Company					
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:

Based on management undertaking and certificate dated August 11, 2025, issued by M/s Bagaria & Co. LLP, Chartered Accountants (Firm Registration Number: 113447W/W-100019), Statutory Auditors of the Company:

Sr. No.	Item head	Utilisation (Rs. in Crore)	Remarks
1	Administrative & GCP expense	0.38	All the payments made during the reported quarter include expenses regarding salary, rent, consultation fees, professional fees, advocate fees, Employee statutory expenses, TDS payments, office supply, bank charges, Travelling expenses, office refreshments etc.

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.
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