

No. CARE/CRO/RL/2024-25/1026

The Board of Directors
Pondy Oxides and Chemicals Limited
4th Floor, KRM Centre
No. 2, Harrington Road, Chetpet
Chennai-600 031

Date: May 10, 2024

Dear Sir,

Monitoring Agency Report for the quarter ended March 31, 2024 - in relation to the Preferential Issue of Pondy Oxides and Chemicals Limited ("the Company")

We write in our capacity of Monitoring Agency for the Preferential Issue for the amount aggregating to Rs. 132.50 crore of the Company and refer to our duties cast under 162A 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 March 31, 2024, as per aforesaid SEBI Regulations and Monitoring Agency Agreement dated January 24, 2024.

Request you to kindly take the same on records.

Thanking you,
Yours faithfully,



Ratheesh Kumar
Associate Director
Ratheesh.Kumar@careedge.in

Report of the Monitoring Agency

Name of the issuer: Pandy Oxides and Chemicals Limited

For quarter ended: March 31, 2024

Name of the Monitoring Agency: CARE Ratings Limited

(a) Deviation from the objects: Nil

(b) Range of Deviation: NA

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 and designation of the Authorized Signatory: Ratheesh Kumar

Designation of Authorized person/Signing Authority: Associate Director

1) Issuer Details:

Name of the issuer : Pondy Oxides and Chemicals Limited
Name of the promoter : Anil Kumar Bansal
Industry/sector to which it belongs : Non Ferrous Metals

2) Issue Details

Issue Period : Valid time schedule for the preferential issue offer was February 16, 2024 to February 25, 2024
Type of issue (public/rights) : Preferential Issue
Type of specified securities : Equity Shares and Warrants
IPO Grading, if any : Not applicable
Issue size (in Rs crore) : Rs. 132.50 crore (Note 1)

Note 1:

The company had offered 10,05,921 Equity Shares under the preferential issue, at Rs. 507 per share (including share premium of Rs. 497 per share) aggregating to ₹ 51.00 crores and offered 16,27,221 Convertible Warrants, at Rs 507 per warrant aggregating to Rs 82.50 crores. The equity issue was Under-subscribed to the extent of 19,724 shares and the company has allotted 9,86,197 Equity Shares to the applicants. Share warrants were fully subscribed and allotted 16,27,221 Convertible Warrants to the applicants.

Particulars	Remarks
Total shares issued and subscribed as part of Preferential issue of shares and warrants	Equity shares: 10,05,921 Issued; 9,86,197 Subscribed. Warrants: 16,27,221 Issued and fully Subscribed.
Total Proceeds towards Preferential Issue (in Rs. crores)	Equity Shares – 50.00; Warrants – 82.50; Total - 132.50
Actual Proceeds Received # (up to March 31, 2024)	Equity Shares – 50.00; Warrants – 20.62; Total - 70.62
Details of expenses incurred related to the issue (in Rs. crores)	-
Net Proceeds available for Utilization (in Rs. crores) (Up to March 31, 2024)	70.62

The Company had received 100% of the amount from subscribed shares amounting to Rs. 50.00 crores. Out of the warrants aggregating to Rs. 82.50 crores, the company has received 25% of the total convertible warrants issue (Rs. 20.62 crores). The remaining will be received at the time of exercise of the option to apply for fully paid-up Equity shares within 18 months.

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, CA Certificate#	Yes	No Comments
Whether shareholder approval has been obtained in case of material deviations# from expenditures disclosed in the Offer Document?	Not Applicable	Not Applicable	Not Applicable	No Comments
Whether the means of finance for the disclosed objects of the issue have changed?	No	Not Applicable	Not Applicable	No Comments
Is there any major deviation observed over the earlier monitoring agency reports?	Not Applicable	Not Applicable	Not Applicable	No Comments
Whether all Government/statutory approvals related to the object(s) have been obtained?	Not Applicable	Not Applicable	Not Applicable	No Comments
Whether all arrangements pertaining to technical assistance/collaboration are in operation?	Not Applicable	Not Applicable	Not Applicable	No Comments
Are there any favorable/unfavorable events affecting the viability of these object(s)?	No	Not Applicable	Not Applicable	No Comments
Is there any other relevant information that may materially affect the decision making of the investors?	No	Not Applicable	Not Applicable	No Comments

#Chartered Accountant certificate from L. Mukundan & Associates dated April 16, 2024

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.

Rohit

4) Details of objects to be monitored:

(i) Cost of objects –

(a) Utilisation of proceeds from Preferential issue of Equity Shares

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	Purchase of Fixed Assets including Plant and Machinery etc.	CA Certificate, Bank Statement & Offer Document	20.00	Nil	Nil	No Comments	No Comments	No Comments
2	Deployment towards Working Capital	CA Certificate, Bank Statement & Offer Document	20.00	Nil	Nil	No Comments	No Comments	No Comments
3	General Corporate purpose	CA Certificate, Bank Statement & Offer Document	11.00	10.00*	Non acceptance of offer by an allottee & subsequent cancellation by Board*	Non acceptance of offer by an allottee & subsequent cancellation by Board	No Comments	No Comments
Total			51.00					

Chartered Accountant certificate from L. Mukundan & Associates dated April 16, 2024

* The equity issue was undersubscribed to the extent of 19,724 equity shares and the company has received Rs. 50 crores as against Rs. 51 crores as envisaged in the offer document.

(b) Utilisation of proceeds from Preferential issue of Warrants

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	Purchase of Fixed Assets including Plant and Machinery etc.	CA Certificate, Bank Statement & Offer Document	35.00	Nil	Nil	No Comments	No Comments	No Comments
2	Deployment towards Working Capital	CA Certificate, Bank Statement & Offer Document	29.00	Nil	Nil	No Comments	No Comments	No Comments
3	General Corporate purpose	CA Certificate, Bank Statement & Offer Document	18.50	Nil	Nil	No Comments	No Comments	No Comments
Total			82.50					

Chartered Accountant certificate from L. Mukundan & Associates dated April 16, 2024

P. K. S. S.

(ii) **Progress in the objects –**

Note: While the objects of the issue have been provided for the warrants and Equity share separately, there is no clear demarcation of the proceeds and proceeds from both have flown into a common MA account with Kotak Mahindra Bank Ltd and funds drawn from there for usage. As can be seen there are certain common usages under the object of equity share and warrant and the funds drawn for each head of usage cannot be identified as to whether it is from the share proceeds or warrant proceeds. CARE has relied on the CA's certificate for apportionment of the usage of these funds.

(a) Utilisation of proceeds from Preferential issue of Equity Shares

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	Purchase of Fixed Assets including Plant and Machinery etc.	CA Certificate, Bank Statement & Offer Document	20.00	0.00	4.83	4.83	15.17	In this regard, the company has transferred the amount from the MA account to CC account and subsequently transferred for the purchase of fixed asset. Utilization under the purchase of fixed assets also includes reimbursement of expense worth Rs 0.18 crores incurred in February 2024 in connection with the stamp duty and registration charge for the purchase of the said property. Value of stamp duty (Rs 0.15 cr) and registration charge (Rs 0.03 cr) was reflecting in the registration documents.	Due to delay in receipt of Equipment s, funds were temporarily parked in Fixed Deposit And Mutual Funds.	No Comments

Rohit

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
2	Deployment towards Working Capital	CA Certificate, Bank Statement & Offer Document	20.00	0.00	20.00	0.00	Overall, company has closed working capital loans worth Rs 12.87 crores and Rs.14.34 cr of Kotak Mahindra Bank Ltd under the deployment towards working capital. It is noted that , the WC debt closure was Rs,14,76 cr as seen from the payment advice. However, the company and CA certificate has deducted Rs.0.18 cr as reimbursement of expenses for FA (represented in Object 1)and Rs.0.24 cr as reimbursement of Vendor bills payment made in February 2024 (represented in object 3) and recognized Rs 14.34 crores as working capital debt repayment.	No Comments	No Comments	
3	General Corporate purpose	CA Certificate, Bank Statement & Offer Document	10.00	0.00	10.00	0.00	Utilization under 'general corporate purpose' includes reimbursement of vendor payments worth Rs 0.24 crores incurred during February 2024.	No Comments	No Comments	
Total			50.00	0.00	34.83	15.17				

Rohit

(b) Utilisation of proceeds from Preferential issue of Warrants

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	*Purchase of Fixed Assets including Plant and Machinery etc.	CA Certificate, Bank Statement & Offer Document	35.00	0.00	0.00	8.75	-	No Comments	No Comments	
2	Deployment towards Working Capital	CA Certificate, Bank Statement & Offer Document	29.00	0.00	7.21	0.04	Overall, company has closed working capital loans worth Rs 12.87 crores and Rs.14.34 cr of Kotak Mahindra Bank Ltd under the deployment towards working capital. It is noted that , the WC debt closure was Rs.14,76 cr as seen from the payment advice. However, the company and CA certificate has deducted Rs.0.18 cr as reimbursement of expenses for FA (represented in Object 1)and Rs.0.24 cr as reimbursement of Vendor bills payment made in February 2024 (represented in object 3) and recognized Rs 14.34 crores as working capital debt repayment	Rounding off amount will be utilised in the next quarter.	No Comments	
3	General Corporate purpose	CA Certificate, Bank Statement & Offer Document	18.50	0.00	4.62	0.00	Utilization under 'general purpose' includes reimbursements of vendor payments worth Rs 0.24 crores incurred during February 2024.	No Comments	No Comments	
Total				0.00	11.83	8.79				

P. Kishor

\$Pondy Oxides and Chemicals Limited (The Company) has received Rs. 20.62 crores i.e. 25% of the total consideration of Rs.82.50 Crores and the balance of 75% of the consideration will be received at the time of conversion of the warrants into equity share, within 18 months of the date of allotment of warrants.
#Chartered Accountant certificate from L. Mukundan & Associates dated April 16, 2024

(iii) Deployment of unutilized public issue proceeds:

Sr. No.	Type of instrument and name of the entity invested in	Amount invested	Maturity date	Earning (Rs in crores)	Return on Investment (%)	Market Value as at the end of quarter
1	Fixed Deposit – Axis Bank	14.00	02-04-2024	0.06	5.5	
2	Mutual Fund- Kotak Overnight Fund Direct Growth	0.45	-	-	NA	4.99
3	Mutual Fund- Kotak Overnight Fund Direct Growth	4.50	-	-	NA	
4	Short Term Fixed Deposit – HDFC Bank	5.00	29-04-2024	0.02	5.5	
	Total	23.95				

(iv) Delay in implementation of the object(s) –

(a) Utilisation of proceeds from Preferential issue of Equity Shares

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
Purchase of Fixed Assets including Plant and Machinery etc.	On or before end of March 31, 2026	On or before end of March 31, 2026	NIL	No Comments	No Comments
Deployment towards Working Capital	On or before end of March 31, 2026	On or before end of March 31, 2026	NIL	No Comments	No Comments
General Corporate purpose	On or before end of March 31, 2026	On or before end of March 31, 2026	NIL	No Comments	No Comments

(b) Utilisation of proceeds from Preferential issue of Warrants

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
Purchase of Fixed Assets including Plant and Machinery etc.	On or before end of March 31, 2026	On or before end of March 31, 2026	NIL	No Comments	No Comments
Deployment towards Working Capital	On or before end of March 31, 2026	On or before end of March 31, 2026	NIL	No Comments	No Comments
General Corporate purpose	On or before end of March 31, 2026	On or before end of March 31, 2026	NIL	No Comments	No Comments

Rathod

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

(a) Utilisation of proceeds from Preferential issue of Equity Shares

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	Repayment of Loan	10.00	CA Certificate, Bank Statement & Offer Document	Net Proceeds have been utilised in accordance with the objects of the issue.	No Comments
	Total	10.00			

(b) Utilisation of proceeds from Preferential issue of Warrants

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	Repayment of Loan	0.06	CA Certificate, Bank Statement & Offer Document	Net Proceeds have been utilised in accordance with the objects of the issue.	No Comments
2	Vendor Payments	4.56	CA Certificate, Bank Statement & Offer Document		No Comments
	Total	4.62			

[^] Section from the offer document related to GCP:

The Company has spent Rs 14.62 crores for General corporate purpose and the remaining portion will be spent post receiving the 75% amount from the warrant holders.

Rohit

Disclaimers to MA report:

a) This Report is prepared by CARE Ratings Ltd (hereinafter referred to as “**Monitoring Agency/MA**”). 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.

