



JKTIL:SECTL:SE:2024

Date: 15th May 2024

BSE Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001.	National Stock Exchange of India Ltd. Exchange Plaza, C -1, Block G, Bandra -Kurla Complex, Bandra (E),-Mumbai -400 051.
Scrip Code: 530007	Symbol: JKTYRE

Dear Sir(s),

Re. Monitoring Agency Report for the quarter ended 31st March, 2024

Pursuant to Regulation 32 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Regulation 162A of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, we are enclosing herewith Monitoring Agency Report dated 14th May 2024 for the quarter ended 31st March 2024, issued by CARE Ratings Limited, the Monitoring Agency appointed to monitor utilization of proceeds of the Preferential Issue.

Thanking you,

Yours faithfully,
For JK Tyre & Industries Ltd.

(PK Rustagi)
Vice President (Legal) & Company Secretary

Encl: As Above



No. CARE/NRO/RL/2024-25/1144

Shri Sanjeev Aggarwal
Chief Financial Officer
JK Tyre and Industries Limited
3, Bahadur Shah Zafar Marg,
New Delhi 110002

May 14, 2024

Dear Sir,

Monitoring Agency Report for the quarter ended March 31, 2024 - in relation to the Preferential Issue of Compulsorily Convertible Debentures of JK Tyre & Industries Limited ("the Company")

We write in our capacity of Monitoring Agency for the Preferential Issue of Compulsorily Convertible Debentures (CCDs) for the amount aggregating to Rs. 240 crore of the Company and refer to our duties cast under Reg. 162A of the Securities & Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2018.

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 February 14, 2023.

Request you to kindly take the same on records.

Thanking you,
Yours faithfully,


Ravleen Sethi
Associate Director
Ravleen.sethi@careedge.in

CARE Ratings Limited
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Noida,
Gautam Budh Nagar, Uttar Pradesh -201301
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RATINGS

Report of the Monitoring Agency (MA)

Name of the issuer: JK Tyre & Industries 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: 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:

Name of the Authorized Signatory: Ravleen Sethi

Designation of Authorized person/Signing Authority: Associate Director

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1) Issuer Details:

Name of the issuer : JK Tyre & Industries Limited
 Name of the promoter : Bengal & Assam Company Ltd.
 Industry/sector to which it belongs : Tyre

2) Issue Details

Issue Period : NA
 Type of issue (public/rights) : Preferential Issue
 Type of specified securities : Compulsorily Convertible Debentures
 IPO Grading, if any : Not applicable
 Issue size (in Rs. crore) : Rs. 240 crore (Note 1)

Note 1:

The Company allotted 24,000 fully paid CCDs of face value Rs. 1,00,000/- per CCD, for CCDs Amount, provided that (i) the CCDs shall together be convertible into Equity Shares of Rs. 2 each of the Company, within a period up to 18 months from the date of allotment, at a conversion price of Rs. 180.50 for each Equity Share, which includes premium of Rs. 178.50 per Equity Share, determined in accordance with Chapter V of the SEBI (ICDR) Regulations, with respect to the Relevant Date i.e., 3rd February 2023, as per details contained herein; (ii) the interest at the rate of 6% per annum compounded cumulatively on a quarterly basis payable on CCDs shall be converted into Equity Shares at the conversion price of Rs. 180.50 for each Equity Share. If such interest on CCDs cannot be converted into Equity Shares at the conversion price, then such interest to be paid either: (a) in cash; or (b) in combination of Equity Shares and cash, as accepted by IFC; and (iii) the total number of Equity Shares of the Company to be issued upon conversion of the CCDs and the interest amount, taken cumulatively, shall not exceed 1,45,44,745 Equity Shares of Rs. 2/- each.

Particulars	Remarks
Maximum shares to be issued pursuant to conversion of CCDs	1,45,44,745
Total proceeds received from the preferential issue (in Rs. Crore)	240.00
Details of expenses incurred related to public issue (in Rs. Crore)	0.00
Net proceeds available for utilization (in Rs. Crore)	240.00

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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*, Extra-ordinary General Meeting (EGM) Notice dated 03.02.2023 to the existing shareholders and minutes of EGM meeting held on 06.03.2023, Bank Statements, Letter from lead banker stating the drawing power of the company for January 24, February 24, and March 24	As per the terms of the issue, till the time funds are utilised for funding of capital expenditure or general corporate purpose, the Company has parked the issue proceeds in Cash Credit (CC) Account, and to the extent the funds are parked in the CC Account of Indian Bank, the Company had set aside the cash credit limit towards utilization in accordance with the objects of the issue. The bankers had confirmed that they shall allow usage of the CC account towards the capital expenditure of the company to the tune of Rs. 180 crore and towards General Corporate Purposes to the tune of Rs. 60 crore as per the objects of the CCD issue. During the quarter ended 31.03.2024, Rs. 44.18 crore has been utilized towards the objects of the issue. The expenses towards the objects of the issue have been incurred from an already operating CC Account (to which the funds were first credited as per the offer document).	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?	Not applicable	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)?	Not applicable	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	No	No Comments

* Chartered Accountant certificate from R. S. DANI & CO. dated April 30, 2024.

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#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.

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.	Capital expenditure for expansion of manufacturing capacities of the Company, including by way of investment in Cavendish Industries Ltd. (a subsidiary) also for expansion of manufacturing capacities	Chartered Accountant certificate*, Bank statements, Extra-ordinary General Meeting (EGM) Notice dated 03.02.2023 to the existing shareholder's and minutes of EGM meeting held on 06.03.2023	180.00	NA	NA	No Comments		
2.	General Corporate Purposes (GCP)	Chartered Accountant certificate*, Bank statements, EGM Notice dated 03.02.2023 to the existing shareholder's and minutes of EGM meeting held on 06.03.2023	60.00	NA	NA	No Comments		
Total			240.00					

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(ii) Progress in the objects –

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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	During the quarter	At the end of the quarter			Reasons for idle funds	Proposed course of action
1.	Capital expenditure for expansion of manufacturing capacities of the Company, including by way of investment in Cavendish Industries Ltd. (a subsidiary) also for expansion of manufacturing capacities	Chartered Accountant certificate*, Bank statements, Extra-ordinary General Meeting (EGM) Notice dated 03.02.2023 to the existing shareholder's and minutes of EGM meeting held on 06.03.2023	180.00	23.75	44.18	67.93	112.07	During the quarter, Rs. 44.18 crore has been utilized towards the Capital expenditure out of the total limit set aside in the CC Account amounting to Rs. 240 crores. The company has incurred the expenses as they have defined in the objects of the issue. The expenses towards the objects of the issue have been incurred from an already operating CC Account as the funds were first credited there from MA account.	No Comments	
2.	General Corporate Purposes (GCP)	Chartered Accountant certificate*, Bank statements, EGM Notice dated 03.02.2023 to the existing shareholder's and minutes of EGM meeting held on 06.03.2023	60.00	60.00	-	60.00	0.00	During the quarter no amount has been expensed towards the General Corporate Purposes.	No Comments	
Total			240.00	83.75	44.18	127.93	112.07			

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Note:

The Company had received Rs.240 crore on 17.03.2023 and upon allotment of CCDs, transferred this amount to cash credit account of Indian Bank on 22.03.2023.

During the quarter, for the utilisation of proceeds, Rs. 70 crore was reduced from the set aside limit of Rs. 240 crore, out of which Rs. 44.18 crore was utilized for capital expenditure. The remaining unutilized amount of Rs. 32.07 crore as on 31.03.2024 out of Rs. 240 crore remains as a part of the total allocated limits and CC Limit only to the extent of Rs. 80 crore has been set aside.

(iii) Deployment of unutilised 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.	Indian Bank	Cash Credit	112.07	Chartered Accountant certificate*, letter from lead banker stating the drawing power of the company for January 24, February 24 and March 24.

* Chartered Accountant certificate from R. S. DANI & CO. dated April 30, 2024.

Sr. No.	Type of instrument and name of the entity invested in	Amount invested	Maturity date	Earning	Return on Investment (%)	Market Value as at the end of quarter*
1.	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

(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 offer document	Actual		Reason of delay	Proposed course of action
Capital expenditure for expansion of manufacturing capacities of the Company, including by way of investment in Cavendish Industries Ltd. (a subsidiary) also for expansion of manufacturing capacities	Funds to be utilised by 31st March 2025	Ongoing	No Delays	No Comments	
General corporate purposes	Funds to be utilised by 31st December 2023	November 21, 2023	No Delays	No Comments	

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

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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	60.00	Chartered Accountant certificate*, Letter from lead banker stating the drawing power of the company for January'24, February'24 and March'24.	During the quarter, no amount has been utilized towards the General Corporate Purposes. It was fully utilized towards GCP by Dec 2023 ending quarter.	No Comments
	Total	60.00			

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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.

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