

Monitoring Agency Report for Speciality Restaurants Limited for the quarter ended March 31, 2023

CRI/MAR/SRPLTD/2022-23/1011

May 09, 2023

To

Speciality Restaurants Limited

Morya Land Mark - 1, 4th Floor, B-25,
Veera Industrial Estate, Off New Link Road,
Andheri (W), Mumbai 400053

Dear Sir,

Monitoring Agency Report for the quarter ended March 31, 2023 - in relation to the Preferential Issue of warrants convertible into equity shares of Speciality Restaurants Limited ("the Company")

Pursuant to Regulation 162A of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR Regulations") and Monitoring Agency Agreement dated January 13th, 2023, we enclose the Monitoring Agency Report, issued by CRISIL Ratings Limited, for the quarter ended March 31, 2023 as per Schedule XI of the SEBI ICDR Regulations towards utilization of proceeds of Preferential Issue.

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: Speciality Restaurants Limited

For quarter ended: March 31, 2023

Name of the Monitoring Agency: CRISIL Ratings Limited

(a) Deviation from the objects: Not applicable

(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 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)

Ratings

1) Issuer Details:

Name of the issuer: Speciality Restaurants Limited

Names of the promoter: a. Anjan Snehamoy Chatterjee
b. Suchhanda Anjan Chatterjee

Industry/sector to which it belongs: Restaurants

2) Issue Details

Issue Period: Wednesday, January 25, 2023 to Wednesday, February 1, 2023

Type of issue: Preferential Issue

Type of specified securities: Warrants convertible into equity shares

IPO Grading, if any: NA

Issue size: Rs 127.23 crore* (assuming full conversion).

**CRISIL Ratings shall be monitoring the proceeds raised through issue of fully convertible share warrants vide offer letter dated January 24, 2023*

3) Details of the arrangement made to ensure the monitoring of issue proceeds:

| Particulars | Reply (Yes/No) | 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, Independent Chartered Accountant Certificate^ | No Comments | Yes |
| Whether shareholder approval has been obtained in case of material deviations* from expenditures disclosed in the offer document? | Not applicable | Offer document, Management Undertaking, Independent Chartered Accountant Certificate^ | No Comments | Not applicable |

Ratings

| Particulars | Reply (Yes/No) | 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 | Offer document, Management Undertaking, Independent Chartered Accountant Certificate [^] | No Comments | No |
| Is there any major deviation observed over the earlier monitoring agency reports? | Not applicable | Offer document, Management Undertaking, Independent Chartered Accountant Certificate [^] | No Comments | Not applicable |
| Whether all Government/statutory approvals related to the object(s) have been obtained? | Not applicable | Offer document, Management Undertaking, Independent Chartered Accountant Certificate [^] | No Comments | Not applicable |
| Whether all arrangements pertaining to technical assistance/collaboration are in operation? | Yes | Offer document, Management Undertaking, Independent Chartered Accountant Certificate [^] | No Comments | Yes |
| Are there any favourable events improving the viability of these object(s)? | Yes | Offer document, Management Undertaking, Independent Chartered Accountant Certificate [^] | No Comments | Yes |
| Are there any unfavourable events affecting the viability of these object(s)? | No | Offer document, Management Undertaking, Independent Chartered Accountant Certificate [^] | No Comments | No |
| Is there any other relevant information that may materially affect the decision making of the investors? | No | Offer document, Management Undertaking, Independent Chartered Accountant Certificate [^] | No Comments | No |
| <p>*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.</p> | | | | |

[^]Independent CA certificate dated April 28, 2023 issued by Ford Rhodes Parks & Co. LLP, Chartered Accountants (Firm Registration Number: 102860W/W100098).

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 (Rs in crore) | Comment of the MA | Comments of the Board of Directors | | |
|--------------|--|--|---|----------------------------|-------------------|------------------------------------|---------------------------|---------------------------------------|
| | | | | | | Reason of Cost revision | Proposed financing option | Particulars of firm arrangements made |
| 1 | Existing Restaurants Upgrade | Management undertaking, Independent Chartered Accountant Certificate ^, Offer Document | 36.00 | Not applicable | No Comments | NA | NA | NA |
| 2 | Development of New Restaurants/ Confectionaries/ Commissaries in various cities of India - Capital Expenditure/ Lease Deposits | | 59.50 | Not applicable | No Comments | NA | NA | NA |
| 3 | General Corporate Purpose# | | 31.73 | Not applicable | No Comments | NA | NA | NA |
| Total | | - | 127.23 | | | | | |

#The amount utilised for general corporate purposes does not exceed 25% of the Gross Proceeds from the Fresh Issue.

^Certificate dated April 28, 2023 issued by Ford Rhodes Parks & Co. LLP, Independent Chartered Accountants (Firm Registration Number: 102860W/W100098).

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 in the Offer Document (Rs in crore) | Amount utilized* (Rs in crore) | | | Total unutilized amount (Rs in 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 | Existing Restaurants Upgrade | Bank Statement, Offer document, Management Undertaking, Independent Chartered Accountant Certificate^ | 36.00 | - | 0.31 | 0.31 | 35.69 | Refer Note | As per the terms of offer warrant holder paid 25% of the warrant issue price i.e. Rs. 31,81,20,000/- | Progressively to be utilized in FY 23-24 and FY 24-25 |
| 2 | Development of New Restaurants/ Confectionaries/ Commissaries in various cities of India - Capital Expenditure/ Lease Deposits | Bank Statement, Offer document, Management Undertaking, Independent Chartered Accountant Certificate^ | 59.50 | - | 3.52 | 3.52 | 55.98 | Refer Note | As per the terms of offer, warrant holder paid 25% of the warrant issue price i.e. Rs. 31,81,20,000/- | Progressively to be utilized in FY 23-24 and FY 24-25 |

| Sr. No. | Item Head | Source of information / certifications considered by Monitoring Agency for preparation of report | Amount as proposed in the Offer Document (Rs in crore) | Amount utilized* (Rs in crore) | | | Total unutilized amount (Rs in 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 |
| 3 | General Corporate Purpose | Bank Statement, Offer document, Management Undertaking, Independent Chartered Accountant Certificate^ | 31.73 | - | 1.31 | 1.31 | 30.42 | Refer Note | As per the terms of offer, warrant holder paid 25% of the warrant issue price i.e. Rs. 31,81,20,000/- | Progressively to be utilized in FY 23-24 and FY 24-25 |
| | | Total | 127.23 | - | 5.14 | - | 122.09 | - | | |

^Certificate dated April 28, 2023 issued by Ford Rhodes Parks & Co. LLP, Independent Chartered Accountants (Firm Registration Number: 102860W/W100098).

*The total amount raised through the issue and received by the company is Rs 31.81 crore and same was available for utilisation towards objects of the issue.

Note: As per the management undertaking, the Board of Directors of the Company at their meeting held on February 02, 2023, on receipt of 25% of warrants subscription amount i.e., Rs 53.02/- (25% of Rs 212.05/-) per warrant allotted 60,00,000 warrants to proposed allottees. Remaining 75% of the warrant issue price i.e., Rs 159.03/- will be received after receipt of written notice from the company.

One of the allottee, 'Caterfield Global DMCC holding 2,00,000 warrants, credited 75% of the warrants issue price i.e., Rs 159.03 per warrant amounting to Rs 3,18,06,000/- on March 01, 2023 without receipt of notice from the company. The company has not utilised the amount and the same will be utilised by the company only after filing of form PAS-3 and listing/trading approval from Stock Exchanges. Hence, this amount is not included in Rs 31.81 crore.

iii. Deployment of unutilized Preferential Issue proceeds^:

| S. No. | Type of instrument and name of the entity invested in | Amount invested (Rs in crores) | Maturity Date | Earning | Return on Investment (%) | Market value as at the end of quarter (if the market value is not feasible, provide NAV/NRV/Book value of the same) |
|--------|---|--------------------------------|---------------|---------|--------------------------|---|
| 1 | SBI Mutual Fund | 26.00 | - | - | 8.52 | 26.25 |
| 2 | Warrant Subscription account - 0747375423 closing balance | 0.67 | - | - | - | - |
| | Total | 26.67 | - | - | - | - |

^On the basis of management undertaking and Certificate dated April 28, 2023 issued by Ford Rhodes Parks & Co. LLP, Independent Chartered Accountants (Firm Registration Number: 102860W/VV100098).

iv. Delay in implementation of the object(s)^

| Object(s) | Completion date as per offer document | Actual completion date (In case of continuing object(s), specify latest/revised estimate of the completion date) | Delay (No. of days/months) | Reason of delay | Proposed course of action |
|------------------------------|---|--|----------------------------|--|------------------------------|
| Existing Restaurants Upgrade | FY 2022-23 Rs. 6.00 crore Actual Spent: Rs. 0.31 crore | Estimated to be utilized during FY 2023-24 | 57 days | Objects envisage and submitted post which approval procedure from Regulatory authorities got delayed | Progressively to be utilised |

| | | | | | |
|--|---|--|---------|--|------------------------------|
| Development of New Restaurants/ Confectionaries/ Commissaries in various cities of India - Capital Expenditure/ Lease Deposits | FY 2022-23 Rs. 5.00 crore Actual spent- Rs. 3.52 crore | Estimated to be utilized during FY 2023-24 | 57 days | | Progressively to be utilised |
| General Corporate Purpose | FY 2022-23 Rs. 31.73 crore Actual spent- Rs. 1.31 crore | Estimated to be utilized during FY 2023-24 | 57 days | | Progressively to be utilised |

^On the basis of management undertaking and Certificate dated April 28, 2023 issued by Ford Rhodes Parks & Co. LLP, Independent Chartered Accountants (Firm Registration Number: 102860W/W100098)

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

| S. No. | Item heads | Amount (In crores) | Remarks |
|--------|---|--------------------|--|
| 1 | Legal and Professional Fee (issue related expenses) | 1.31 | Pursuant to resolution of the Board of Directors of the Company passed in their meeting held on April 29, 2023 towards utilization of proceeds for payments under GCP. |

^On the basis of management undertaking and Certificate dated April 28, 2023 issued by Ford Rhodes Parks & Co. LLP, Independent Chartered Accountants (Firm Registration Number: 102860W/W100098)

Disclaimers:

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