

No. CARE/HRO/GEN/2024-25/1043

**Shri Chalavadi N K Durga Prasad**  
**Managing Director**  
**Sai Silks (kalamandir) Limited**  
6-3-790/8, Flat No.1,  
Bathina Apartment Ameerpet,  
Hyderabad  
Telangana 500016

January/28/2025

Dear Sir/Ma'am,

**Monitoring Agency Report for the quarter ended December 31,2024 - in relation to the IPO of Sai Silks (kalamandir) Limited ("the Company")**

We write in our capacity of Monitoring Agency for the Fresh Issue for the amount aggregating to Rs. 600 crore of the Company and refer to our duties cast under regulation 82 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 December 31,2024 as per aforesaid SEBI Regulations and Monitoring Agency Agreement dated September 12,2023.

Request you to kindly take the same on records.

Thanking you,

Yours faithfully,

*Tejeshwar Reddy*

**Y Tejeshwar Reddy**

Assistant Director

[tejeshwar.reddy@careedge.in](mailto:tejeshwar.reddy@careedge.in)

CARE Ratings Limited

**Report of the Monitoring Agency**

Name of the issuer: Sai Silks (Kalamandir) Limited

For quarter ended: December 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.

*Tejeshwar Reddy*

Signature:

Name and designation of the Authorized Signatory: Y. Tejeshwar Reddy

Designation of Authorized person/Signing Authority: Assistant Director

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### 1) Issuer Details:

Name of the issuer	: Sai Silks (Kalamandir) Limited
Name of the promoter	: Nagakanaka Durga Prasad Chalavadi and Jhansi Rani Chalavadi
Industry/sector to which it belongs	: Retailing - Distributors

### 2) Issue Details

Issue Period	: September 20,2023 to September 22, 2023
Type of issue (public/rights)	: Public Fresh Issue
Type of specified securities	: Equity shares
IPO Grading, if any	: Not applicable
Issue size (in crore)	: Rs. 600 Crore (Note 1)

#### Note 1:

The company had offered 2,70,27,027 Equity Shares under the fresh issue, at Rs. 222 per share aggregating to ₹ 600 crore. The issue was fully Subscribed, and the company has allotted same number of Equity Shares to the applicants.

Particulars	Remarks
Total shares issued and subscribed as a part of fresh issue Nos @ (Rs. 222 Per Share)	2,70,27,027
Total proceeds received from IPO (In Rs. Crore)	600.00
Details of expenses incurred related to IPO issue (In Rs. Crore)*	33.76
Net proceeds available for utilization (In Rs. Crore)	566.24

\*The amount mentioned as expenses was earmarked for cost of issue as per the offer document and is not the actual cost. As of December 31, 2024, the company incurred Rs.31.84 crore with respect to issue related expenses.

### 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	CA certificate*, Bank statements	The net proceeds of the issue are Rs.566.24 crore out of which Rs.367.04 crore was spent as on December 31, 2024.	
Whether shareholder approval has been obtained in case of material deviations# from expenditures disclosed in the Offer Document?	Not applicable	Not applicable	Not applicable	Not applicable
Whether the means of finance for the disclosed objects of the issue have changed?	No	Not applicable	Not applicable	Not applicable
Is there any major deviation observed over the earlier monitoring agency reports?	No	Not applicable	Not applicable	No deviations observed from the last monitoring agency report
Whether all Government/statutory approvals related to the object(s) have been obtained?	Not applicable	Not applicable	Not applicable	Not applicable
Whether all arrangements pertaining to technical assistance/collaboration are in operation?	Not applicable	Not applicable	Not applicable	Not applicable
Are there any favorable/unfavorable events affecting the viability of these object(s)?	Not applicable	Not applicable	Not applicable	Not applicable
Is there any other relevant information that may materially affect the decision making of the investors?	No	Not applicable	Not applicable	Not applicable

#Where material deviation may be defined to mean:

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- 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	Funding capital expenditure for setting up of 30 new stores	Chartered Accountant certificate*, Final Prospectus	125.08	Not applicable	NA	Nil		
2	Funding capital expenditure for setting of two new warehouses	Chartered Accountant certificate*, Final Prospectus	25.40	Not applicable	NA			
3	Funding working capital requirements of our company	Chartered Accountant certificate*, Final Prospectus	280.07	Not applicable	NA			
4	Repayment of pre-payment of certain borrowings availed by our Company	Chartered Accountant certificate*, Final Prospectus	50.00	Not Applicable	NA			
5	General Corporate purposes	Chartered Accountant certificate*, Final Prospectus	85.69	Not Applicable	NA			
<b>Total</b>			<b>566.24</b>					

(ii) Progress in the objects –

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			Total 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	Funding capital expenditure for setting up of 30 new stores	CA certificate, Bank statements	125.08	41.67	12.76	54.43	70.66	SSKL has set up 12 new stores in total out of which 3 stores were opened in Q3FY25. Out of these 12 Stores, 9 are in Tamil Nadu (total area of 62,998 Sq. Ft), 1 new store in Pondicherry (7,139 Sq. Ft), 1 Store in Andhra Pradesh (4,400) and 1 new store in Telangana (7,660 Sq. Ft). The same is in line with objects of the issue.	Nil	
2	Funding capital expenditure for setting of two new warehouses@	CA certificate, Bank statements	25.40	1.41	0.22	1.63	23.77			

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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			Total 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
3	Funding working capital requirements of our company	CA certificate, Bank statements	280.07	168.12	9.97	178.08	101.98	SSKL has utilised Rs. 9.97 crore during Q3FY25, for funding its working capital requirements. The same is in line with objects of the issue.		
4	Repayment of pre-payment of certain borrowings availed by our Company	CA certificate, Bank statements	50.00	50.00	0.00	50.00	0.00	Fully utilized.		
5	General Corporate purposes	CA certificate, Bank statements	85.69	82.90	-	82.90	2.79			
<b>Total</b>			<b>566.24</b>	<b>344.10</b>	<b>22.95</b>	<b>367.04</b>	<b>199.19</b>			

@SSKL had spent Rs. 1.63 crore as of December 31, 2024. As per the offer document, entire proceeds of Rs.25.40 crore is to be utilized by end of March 2024. However, the management had indicated that they are planning to establish the warehouse in a strategic location, so to serve all the showrooms in Tamil Nadu with an object of minimizing the cost of logistics as well as maintenance costs. This can be done only when all the locations are finalized for establishing the showrooms. Hence, there is a delay in implementation of the same. The same is ratified in the Board meeting held on May 24, 2024.

(iii) Deployment of unutilized proceeds:

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	Fixed Deposit – HDFC bank	215.00	4FDs - October 04,2025 3FD – Oct 09,2025	1.28	7.35%	215.00
2.	Balance in IPO monitoring account	1.09	-	-	-	1.09
3.	Balance in Public Offer account	2.00	-	-	-	2.00
		<b>218.09^</b>		<b>1.28</b>		<b>218.09</b>

^The unutilized proceeds include interest on FD of Rs.16.66 crore, unutilized issue expenses pertaining to IPO of Rs.1.92 crore and unutilized issue expenses pertaining to OFS of Rs.0.32 crore. Excluding the same, unutilized amount from net proceeds of fresh issue stands at Rs.199.19 crore.

Details of FDs placed with HDFC Bank (FD Note):

S.no	Bank	Maturity date	Amount invested	Return on Investment (%)	Market value at the end of the quarter
1	HDFC Bank	04-Oct-25	50.00	7.35%	50.00
2	HDFC Bank	04-Oct-25	50.00	7.35%	50.00
3	HDFC Bank	04-Oct-25	50.00	7.35%	50.00
4	HDFC Bank	04-Oct-25	50.00	7.35%	50.00
5	HDFC Bank	09-Oct-25	5.00	7.35%	5.00

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S.no	Bank	Maturity date	Amount invested	Return on Investment (%)	Market value at the end of the quarter
6	HDFC Bank	09-Oct-25	5.00	7.35%	5.00
7	HDFC Bank	09-Oct-25	5.00	7.35%	5.00
		<b>Total</b>	<b>215.00</b>		<b>215.00</b>

(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
Funding capital expenditure for setting up of 30 new stores	March 2026	March 2026	Not Applicable	Nil	
Funding capital expenditure for setting of two new warehouses	March 2024	Not ascertainable#	Ongoing		
Funding working capital requirements of our company	March 2026	March 2026	Not Applicable		
Repayment or pre-payment of certain borrowings availed by our Company	March 2024	June 2024*	Three months		
General Corporate purposes (GCP)	From time to time	From time to time	Not Applicable		

\*The company had repaid Rs.47.12 crore as of March 31, 2024. The payment of of Rs.2.88 crore was delayed which was to be utilised towards repayment of borrowings. However, the same was repaid during Q1FY25. The reason for delaying the repayments is to avoid the prepayment charges.

# SSKL had spent Rs. 1.63 crore as of December 31, 2024. As per the offer document, entire proceeds of Rs.25.40 crore is to be utilized by end of March 2024. However, the management had indicated that they are planning to establish the warehouse in a strategic location, so to serve all the showrooms in Tamil Nadu with an object of minimizing the cost of logistics as well as maintenance costs. This can be done only when all the locations are finalized for establishing the showrooms. Hence, there is a delay in implementation of the same. The same is ratified in the Board meeting held on May 24,2024.

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

Sr. No	Item Head <sup>^</sup>	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 (Vendor Payments)	82.90	CA certificate*, Bank statement	-	
	<b>Total</b>	<b>82.90</b>			

<sup>^</sup> Section from the offer document related to GCP:

“Our Company proposes to deploy the balance Net Proceeds aggregating to ₹ 566.24 crore (net of the expenses in relation to the Offer) towards general corporate purposes, subject to such utilization not exceeding 25% of the Gross Proceeds of the Offer, in compliance with Regulation 7(2) of the SEBI ICDR Regulations. The general corporate purposes for which our Company proposes to utilize the Net Proceeds include strategic initiatives, meeting our long term and short-term working capital requirements, marketing, advertising expenditures and business development expenses, expansion of facilities, payment of salaries and allowances, rent, administration, insurance, repairs and maintenance, payment of taxes, duties and meeting expenses incurred by our Company in the ordinary course of business. In addition to the above, our Company may utilize the Net Proceeds towards other expenditure (in the ordinary course of business) considered expedient and as approved periodically by the Board or a duly constituted committee thereof, subject to compliance with necessary provisions of the Companies Act or other applicable laws.

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The quantum of utilization of funds towards each of the above purposes will be determined by our Board, based on the amount actually available under this head and the business requirements of our Company, from time to time. Our Company's management, in accordance with the policies of the Board, shall have flexibility in utilizing surplus amounts, if any. In the event that we are unable to utilize the entire amount that we have currently estimated for use out of Net Proceeds in a Fiscal, we will utilize such unutilized amount in the next Fiscal".

As per Pg 108 and 109 of the final prospectus dated September 26, 2023

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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.
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- 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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