

Final Monitoring Agency Report



No. CARE /HO/GEN/2024-25/1027

The Board of Directors

Transteel Seating Technologies Limited

No. 28, 4th Main, Industrial Suburb,
Yeshwanthpur, Bangalore- 560022,
Karnataka, India

May 14, 2024

Dear Sir/Ma'am,

Monitoring Agency Report for the Half yearly ended March 31, 2024 - in relation to the IPO of Transteel Seating Technologies Limited ("the Company")

We write in our capacity of Monitoring Agency for the Public Issue for the amount aggregating to Rs. 47.183 crore of the Company and refer to our duties cast under 262 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 Half yearly ended March 31, 2024, as per aforesaid SEBI Regulations and Monitoring Agency Agreement dated October 21, 2023.

Request you to kindly take the same on records.

Thanking you,

Yours faithfully,

A handwritten signature in black ink, appearing to read "Darshan Shah".

Darshan Shah

Assistant Director

Darshan.shah@careedge.in

Final Monitoring Agency Report



Report of the Monitoring Agency

Name of the issuer: Transteel Seating Technologies Limited

For Half yearly 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.

A handwritten signature in black ink, appearing to read "Darshan Shah".

Signature:

Name of the Authorized Signatory: Darshan Shah

Designation of Authorized person/Signing Authority: Assistant Director

1) Issuer Details:

Name of the issuer : Transteel Seating Technologies Limited
Name of the promoter : Mr. Shiraz Ibrahim and Ms. Nasreen Shiraz
Industry/sector to which it belongs : Furniture

2) Issue Details

Issue Period : Opened on October 30, 2023, and closed on November 01, 2023
Type of issue (public/rights) : Initial Public Offer (SME-IPO)
Type of specified securities : Equity Shares
IPO Grading, if any : Not applicable
Issue size (in ` crore) : Rs. 47.488 crore (Note 1)

Note 1:

The company had offered 67.84 lakhs Equity Shares under the initial public offer, at Rs. 70 per share (including share premium of Rs. 60 per share) aggregating to ₹ 47.488 crore. The issue was oversubscribed by 49.21 times and the company has allotted 67,84,000 Equity Shares to the applicants.

Particulars	Remarks
Total shares issued and subscribed as part of IPO	67,84,000
Total subscriptions towards IPO (in Rs. crore)	47.4880
Details of expenses incurred related to issue (in Rs. crore)	5.615
Net Proceeds of IPO (Rs. crore)	41.873^

^Due to the increase in the cost of issue expense the company has received Rs.41.871 crore in the monitoring agency account.

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*, Bank statement, Invoices, Management certificate	All the proceeds from IPO has been utilized appropriately for the objectives mentioned in the offer document	Nil
Whether shareholder approval has been obtained in case of material deviations# from expenditures disclosed in the Offer Document?	Not Applicable	Not Applicable	The company has over utilized the funds for working capital requirement to the extent of Rs.0.342 crore.	The amount stated in the objective towards capex was based on the quotations received at the time of issue. Based on the negotiations with the vendor the actual amount billed was less. Hence, the left over funds were used towards working capital.
Whether the means of finance for the disclosed objects of the issue have changed?	No	Chartered Accountant certificate*, Bank statement, Invoices, loan closure letter	Not applicable	Nil
Is there any major deviation observed over the earlier monitoring agency reports?	Not applicable	Not applicable	Initial monitoring agency report	Nil
Whether all Government/statutory approvals related to the object(s) have been obtained?	Not Applicable	Not applicable	Not applicable	Nil
Whether all arrangements pertaining to technical assistance/collaboration are in operation?	Not applicable	Not applicable	Not applicable	Nil
Are there any favorable/unfavorable events affecting the viability of these object(s)?	Not Applicable	Not applicable	Not applicable	Nil
Is there any other relevant information that may materially affect the decision making of the investors?	Not Applicable	Not applicable	Not applicable	Nil

* The above details are verified by Jay Gupta & Associates (Erstwhile Gupta Agarwal & Associates) vide its CA certificate dated May 03, 2024.

#Where material deviation may be defined to mean:

- Deviation in the objects or purposes for which the funds have been raised
- 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	Prepayment/Repayment of Certain Debt Facility availed by our Company	Prospectus*, CA Certificate**, Loan Closure letter	6.65	-	Not applicable	Nil	Nil	Nil
2	Purchase of Equipments to Facilitate Manufacturing	Prospectus*, CA Certificate**, Invoices	14.90	-	Not applicable	Nil	Nil	Nil
3	Working Capital Requirements	Prospectus*, CA Certificate** and Invoices	20.00	-	Not applicable	Nil	Nil	Nil
4	General corporate purposes (GCP)	Placement Document*, CA Certificate** and Invoices	0.32	-	Not applicable	Nil	Nil	Nil
Total			41.873					

**Sourced from Page No. 82 of Placement Document.*

***The above details are verified by Jay Gupta & Associates (Erstwhile Gupta Agarwal & Associates) vide its CA certificate dated May 03, 2024.*

(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			Unutilised amount in Rs. crore	Comments of the Monitoring Agency	Comments of the Board of Directors	
				As at beginning of the half year- FY24 in Rs. Crore	During the half year- FY24 in Rs. Crore	At the end of the half year- FY24 in Rs. Crore			Reasons for idle funds	Proposed course of action
1	Prepayment/Repayment of Certain Debt Facility availed by our Company	Placement Document*, Loan Closure, Bank Statement, CA Certificate**, Invoices	6.65	-	6.65	6.65	-	The funds received from issue proceeds were utilized towards repayment of debt as per the object of the issue	Nil	Nil
2	Purchase of Equipments to Facilitate Manufacturing	Placement Document*, CA Certificate**, Invoices, Bank Statement	14.89	-	14.513	14.513	0.386	The funds received from issue proceeds were utilized towards the purchase of equipment which was as per the object of the issue	The amount stated in the objective towards capex was based on the quotations received at the time of issue. Based on the negotiations with the vendor the actual amount billed was less. Hence, the left over funds were used towards working capital.	Nil
3	Working Capital Requirements	Placement Document*, CA Certificate**, Invoices, Bank Statement	20.00	-	20.342	20.342	(0.342) ^^	The company has utilised more amount than stated in the prospectus	Nil	Nil
4	General corporate purposes (GCP)	Placement Document* CA Certificate**, Invoices, Bank Statement	0.324	-	0.321	0.321	0.003	Funds utilised as per objectives	Nil	Nil
Total			41.873	-	41.826	41.826\$	0.047@			

\$ Out of the total fund utilized, Rs.4.407 crores have been transferred to Cash Credit (CC) account, hence monitoring agency is unable to track.

**Sourced from Page No. 82 of Placement Document.*

***The above details are verified by Jay Gupta & Associates (Erstwhile Gupta Agarwal & Associates) vide its CA certificate dated May 03, 2024.*

@The difference in the amount unutilized and the amount in the bank balance is on account of lower receipts of funds in monitoring agency due to increase in issue related expenses by Rs. 20,000.

(iii) Deployment of unutilized public issue proceeds:

Sr. No.	Type of instrument and name of the entity invested in	Amount invested (Rs. Crore)	Maturity date	Earning	Return on Investment (%)	Market Value as at the end of quarter
1.	Bank Balance (current account)	0.045				

(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
General Corporate Purpose	March 31, 2024	Still pending [^]		Nil	Nil
Purchase of Equipments to Facilitate Manufacturing	March 31, 2024	Still pending*		Nil	Nil

[^]The company has utilised Rs.0.321 crore as on March 31, 2024 as against scheduled deployment of Rs.0.324 crore.

* The company has utilised Rs.14.513 crore as on March 31, 2024 as against scheduled deployment of Rs.14.89 crore.

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

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	Rent Payment	0.1059	CA Certificate**, Rent agreement	Nil	Nil
2	TDS payment	0.0016	CA Certificate**, TDS challan	Nil	Nil
3	Vendor payments	0.1485	CA Certificate**, Invoices	Nil	Nil
4	Property tax	0.0149	CA Certificate**, Tax receipt	Nil	Nil
5	CC account transfer	0.0500	Bank Statement	Nil	Nil
	Total	0.3209			

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

"The Net Proceeds will be first utilized towards the Objects as mentioned as mentioned above. The balance Net Fresh Issue Proceeds of ₹ 32.36 Lakhs is proposed to be utilized for general corporate purposes, subject to such utilization not exceeding 25% of the Net Proceeds, in compliance with the SEBI (ICDR) Regulations, 2018. Our Company intends to deploy the balance Net Proceeds, if any, for general corporate purposes, subject to above mentioned limit, as may be approved by our management, including but not restricted to, the following:

- (i) Strategic initiatives
- (ii) Brand building and strengthening of marketing activities; and
- (iii) On-going general corporate exigencies or any other purposes as approved by the Board subject to compliance with the necessary regulatory provisions.

The quantum of utilization of funds towards each of the above purposes will be determined by our Board of Directors based on the permissible amount actually available under the head "General Corporate Purposes" and the business requirements of our Company, from time to time. We, in accordance with the policies of our Board, will have flexibility in utilizing the Net Proceeds for general corporate purposes, as mentioned above."

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.