

COFFEE DAY ENTERPRISES LIMITED

COFFEE
Day[®]

To,

National Stock Exchange of India Limited
Manager-Listing
Exchange Plaza,
Bandra Kurla Complex, Bandra (East)
Mumbai – 400 051
Tel No. 022-2659 8237/38
takeover@nse.co.in

BSE Limited
General manager-DSC
Phiroze Jeejeebhoy Towers
Dalal Street, Fort,
Mumbai – 400 001
TelNo.022-2272 2039/37/3121
corp.relations@bseindia.com

Dear Sirs,

18th May, 2017

Sub: Monitoring Agency Report as per Regulation 32(6) of the SEBI (LODR) 2015 for the financial year ended March 31st, 2017.

Ref: Coffee Day Enterprises Limited: BSE Scrip Code: 539436)/NSE Symbol: COFFEEDAY

In compliance with Regulation 32(6) and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find below the Monitoring Agency report for the financial year ended 31st March, 2017

This is for your information and record.

Yours faithfully,

For Coffee Day Enterprises Ltd.


Sadananda Poojary
Company Secretary & Compliance Officer

MONITORING AGENCY REPORT

(FOR HALF YEAR ENDED 31st MARCH 2017)

ON

UTILISATION OF PUBLIC ISSUE PROCEEDS

Of

**COFFEE
Day**

Coffee Day Enterprises Limited

MAY 2017

Prepared by



आई एफ सी आई लिमिटेड
(A Government of India Undertaking)

IFCI Tower, 61 Nehru Place

New Delhi – 110 019

DISCLAIMER

IFCI Ltd. has been appointed as the Monitoring Agency for utilization of proceeds of the Initial Public Offering (IPO) of Coffee Day Enterprises Limited (CDEL). The Monitoring Agency Report on the utilization of IPO proceeds by CDEL for the Period Ended 31st March, 2017 is prepared by IFCI on 'Best Judgment Basis' as per Schedule IX {Regulation 16(2)} of SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 on the basis of information furnished/ provided by CDEL. IFCI's role as the Monitoring Agency was limited to the extent of ONLY ascertaining whether the utilization of IPO funds has been made by CDEL for the purposes and in a manner as envisaged in the IPO Prospectus.

While all reasonable care has been taken in its preparation and all information, contained in this Report has been compiled in good faith, no representation, warranty or undertaking, expressed or implied, is made and no responsibility is accepted by IFCI and/ or its affiliates and/ or its Directors, employees/ officers in this document or for any direct or consequential loss arising from any use of the information, statements or forecasts contained in the report.

May 2017

SCHEDULE IX

NAME OF THE MONITORING AGENCY: IFCI LIMITED

MONITORING REPORT FOR HALF YEAR ENDED: 31st March, 2017

1. Name of the Company: Coffee Day Enterprises Limited (CDEL)

2. About the issue whose proceeds to be monitored.

Issue Date	Type of Issue	Type of Instrument	Issue Size (Rs. Crore)	Amount Collected (Rs. Crore)
14 th -16 th October 2015	Public Issue	Equity Shares	1,150.00	1,150.00

The Initial public issue of CDEL was for 35,060,975 equity shares of face value of Rs. 10 each for cash at a issue price of Rs. 328 per equity share including a share premium of Rs. 318 per equity share (aggregating to Rs. 1,150.00 Crore). The issue comprised a net issue to the public of 34,603,659 equity shares and a reservation of 457,316 equity shares (aggregating to Rs. 15.00 crore) for subscription by eligible employees under Employee reservation portion.

3. Give details of the arrangement made by you to ensure the monitoring of issue proceeds.

IFCI Limited is required to submit the Monitoring Report for utilization of IPO proceeds for the period ended 31st March, 2017. The following procedure has been followed for verifying/ monitoring the utilization of Initial Public Offering (IPO) funds by CDEL:

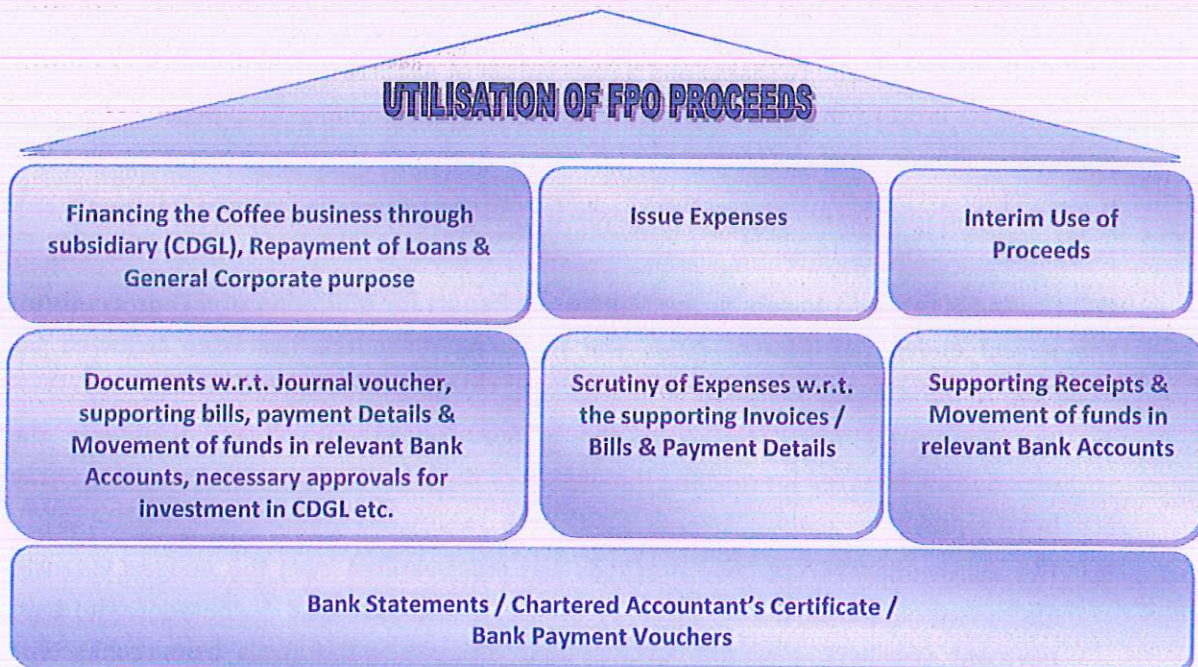
- The Bank Statements relating to the amount raised through the issue and the expenditure incurred for meeting the objects of the issue & offer related expenses have been examined.
- The above utilization of Issue proceeds was cross-verified from the Audited Financial Statements & the certificate given by the practicing Chartered Accountant. The bank payment vouchers, payment invoices and ultimate withdrawals from banks with respect to the utilization of IPO proceeds were also checked.
- Understanding of the system of booking of expenditure head to each 'object/item' by discussions with the Finance department of CDEL. Since the quantum of transactions



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- and their related vouchers were very large, major expenditure considering their value and relevance involved was checked and the audit was so framed that at least 80% of the amount of utilization of the issue proceeds was vouched and verified.
- d. Repayment of Loan was verified with the supporting receipts and movement of funds in relevant bank accounts.
 - e. With respect to the expenses incurred for General Corporate Purpose as on 31st March, 2017, the entire expenditure/ deployment of IPO Proceeds was checked with the supporting receipts and movement of funds in relevant bank accounts.
 - f. For issue related expenses, the details of various expenses viz. lead managers' fee, registrar's fees, legal fees etc. were examined with the relevant supporting invoices and bills of the major payments.
 - g. The Approvals/ Clearances to be obtained as mentioned under the head 'Government and Other Approvals' on page no. 452 of the Prospectus, wherever obtained by CDEL for the concerned projects, were verified.
 - h. IFCI has availed the services of a Chartered Accountant firm (M/s Lopa Verma & Associates) to facilitate the monitoring process.

MONITORING OF UTILISATION OF IPO PROCEEDS



4. Project details (to be monitored):

Particulars	Amount (Rs. Crore)
Amount raised through Initial Public Offer	1,150.00
Amount utilized till September 30, 2016	1,056.55
Amount utilized during half-year ended March 31, 2017	93.45
Expenditure for Financing the Coffee business	(-) 93.45
Loan Principal Repayment	(-) 0.00
General Corporate Purpose	(-) 0.00
Issue Expenses	(-) 0.00
Balance unutilized amount invested by CDEL as on March 31, 2017	0.00

a. Name of the project (particulars and location):

The Initial public offer of CDEL was for financing the Coffee business through its subsidiary Coffee Day Global Ltd. (CDGL), for repaying loans of CDEL & CDGL and for General corporate purpose for CDEL & Its subsidiaries. The details of the objects of the issue are summarized as under:

Sl. No.	Expenditure Item (Name of the Project)	Entity where the utilization of Issue proceeds will be undertaken	Cost (Rs. Crore)
1.	Financing the Coffee business through subsidiary Coffee Day Global Ltd. (CDGL)		
1.1	Setting-up of new Café Network outlets and Coffee Day Xpress kiosks	CDGL	87.71
1.2	Manufacturing and assembling of vending machines	CDGL	97.36
1.3	Refurbishment of existing Café Network outlets and vending machines	CDGL	60.58
1.4	Setting-up of a new coffee roasting plant facility along with integrated coffee packing facility and tea packing facility	CDGL	41.86



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Sl. No.	Expenditure Item (Name of the Project)	Entity where the utilization of Issue proceeds will be undertaken	Cost (Rs. Crore)
2.	Repayment/Pre-payment of loans	CDEL & CDGL	632.80
3.	General Corporate Purpose	CDEL & Its subsidiaries	161.87
4.	Issue related expenses		67.82
Total Cost			1150.00

As per page no. 125 of the Prospectus, the fund requirements as described above were proposed to be entirely funded from the Net Proceeds of the Issue.

b. Cost of project details: (As mentioned in the Offer Document)

(Rs. In Crore)

Sl. No.	Item Head	Cost Estimates (as per prospectus)	Revised Costs (As on 31.03.17)	Remarks
1.	Financing the Coffee business through subsidiary CDGL			
(1.1)	Setting-up of new Café Network outlets and Coffee Day Xpress kiosks	87.71	87.71	-
(1.2)	Manufacturing and assembling of vending machines	97.36	97.36	-
(1.3)	Refurbishment of existing Café Network outlets and vending machines	60.58	60.58	-
(1.4)	Setting-up of a new coffee roasting plant facility along with integrated coffee packing facility and tea packing facility	41.86	41.86	-
2.	Repayment or Pre-payment of loans	632.80	632.80	-
3.	General Corporate Purpose	161.87	155.73	-



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Sl. No.	Item Head	Cost Estimates (as per prospectus)	Revised Costs (As on 31.03.17)	Remarks
				As mentioned on page no. 137 of the prospectus, the amount of Rs. 67.82 crore was the estimated amount towards the said expenses which was to be finalized upon determination of issue price (as mentioned on page no. 124 of the prospectus). As informed by CDEL, The actual expenses have increased compared to the estimate mainly due to : <ul style="list-style-type: none"> • Increase in Advertisement expenses • Expenses related to movement of printed application from one city to other city • Commission paid to ASBA and non ASBA bankers • Professional charges paid to accounting & Legal services due to delay in opening the issue.
4.	Issue related expenses	67.82	73.96	
Total		1150.00	1150.00	

c. If, any cost overrun, how it is proposed to be financed.

As per the details given by CDEL, there is no revision in the total costs of the projects as on March 31, 2017.

d. Progress in the project:

i) Expenditure incurred during the period ended 31st march 2017



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(Rs. In Crore)

Sl. No	Item Head	Estimated utilization of IPO proceeds during FY16 & FY17	Actual Utilization (up to September 2016)	Utilization (from 01.10.16 to 31.03.17)	Total Utilization (as on 31.03.17)
1.	Financing the Coffee business through subsidiary CDGL	287.51	194.06	93.45	287.51
(1.1)	Setting-up of new Café Network outlets and Coffee Day Xpress kiosks	87.71	58.98	28.73	87.71
(1.2)	Manufacturing and assembling of vending machines	97.36	71.60	25.77	97.37
(1.3)	Refurbishment of existing Café Network outlets and vending machines	60.58	34.80	25.78	60.58
(1.4)	Setting-up of a new coffee roasting plant facility along with integrated coffee packing facility and tea packing facility	41.86	28.68	13.17	41.85
2.	Repayment or Pre-payment of loans	632.80	632.80	0.00	632.80
3.	General Corporate Purpose	161.87	155.73	0.00	155.73
Total		1082.18	982.59	93.45	1076.04
4.	Issue related expenses	67.82	73.96	0.00	73.96
Total		1150.00	1056.55	93.45	1150.00

(ii) Means of finance raised during six months period ending 31.03.17 (Rs. Crore)

CDEL has utilized the public issue proceeds for funding the above expenditure. As such, no other means of finance were envisaged for this purpose during the given period.


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- e. If total cumulative amount raised is more than the expenditure incurred on the project, explain how the surplus funds are utilized/ proposed to be utilized. Give details on investment like instruments, maturity, earnings and other conditions. Indicate name of the party/ company in which amounts have been invested. The following data shall be given separately for investment in group companies and others:

As on 31st March, 2017, CDEL has utilized the entire 'Issue' proceeds of Rs. 1,150.00 Crore, details of which are as follows:

- Financing the Coffee business through subsidiary CDGL – Rs. 287.51 Crore
- Repayment or Pre-payment of Loans- Rs. 632.80 Crore (*Details are given in Annexure 1*)
- General Corporate Purpose- Rs. 155.73 Crore
- Offer related expenses – Rs. 73.96 Crore

f. Comments of Monitoring Agency on utilization of funds

IFCI's comments on the utilization of IPO proceeds by Coffee Day Enterprises Limited (CDEL) are as under:

- **Objects of the Issue:** The purpose of the IPO by CDEL was to fund the coffee business through its subsidiary CDGL, repayment/prepayment of loans of CDEL & CDGL and General corporate purpose for CDEL & its subsidiaries. However, the actual mode of deployment (debt or equity or any other manner) in Coffee Day Global Limited (CDGL) for funding the coffee business was not finalized on the date of the Prospectus (*reference page no. 126 of the prospectus*) and was to be mutually decided later. As on 31.03.17, the entire envisaged expenditure during FY 16 & 17 i.e. Rs. 287.51 crore have been deployed in CDGL for funding the coffee business in the form the Compulsory Convertible Debentures (CCD) for which approval of CDEL Board was taken on 09.11.2015.
- **Loan Repayment:** As per the prospectus, CDEL had intended to incur an expenditure of Rs. 632.80 Crore for the full or partial repayment/pre-payment of certain borrowings availed by CDEL and CDGL and accordingly, it utilized the entire amount of Rs. 632.80 Crore up-to 31.03.16 for making payment against the loans/NCDs of several Banks/Institutions, which were due up-to 31.03.16 and also for squaring up the 3 working capital loans/limits sanctioned to the Company. No further expenditure was made by the company under this head during FY 17.
- **General Corporate Purposes:** CDEL had intended an investment of Rs.161.87 Crore (up-to 31.03.2017) for CDEL & its subsidiaries under this head in the prospectus, which was revised to Rs. 155.73 crore during HY ended 31.03.2016. CDEL had utilized entire amount of Rs. 155.73 crore for General corporate purpose (GCP) during FY 16. No further expenditure



was made by the company under this head during FY 17. Details of expenditure under GCP are given in Annexure -2.

➤ **Issue Expenses:** CDEL had envisaged an expenditure of Rs. 67.82 Crore from the Issue Proceeds under this head. However, as against that, Rs. 73.96 Crore had been utilized for the said purpose up-to 30.09.2016 which is mainly due to Increase in Advertisement expenses, Expenses related to movement of printed application from one city to other city, Commission paid to ASBA and non ASBA bankers and Professional charges paid to accounting & Legal services due to delay in opening the issue. No expenditure has been made by the company under this head during HY ended 31.03.17.

A break-up of Issue Related Expenses of Rs. 73.96 crore is given as follows (The detailed break-up of Issue Expenses have been given in Annexure – 3):

Item Head	Expenses as per Letter of Offer		Actual Expenses	
	Amount	% of Issue size	Amount	% of Issue size
Payment to the GCBRLMs and the BRLMs (including underwriting commission, brokerage and selling commission)	37.82	3.29%	39.02	3.39%
Commission and processing fees for SCSBs				
Brokerage and selling commission for Registered Brokers				
Registrar to the Issue	0.062	0.01%	0.104	0.01%
Other Expenses (Listing fees, Printing and stationary expenses, Monitoring Agency, Advertising and marketing and Miscellaneous).	29.94	2.60%	34.84	3.03%
Total	67.822	5.90%	73.964	6.43%

g. If there is any delay in implementation of the project, the same may be specified the reason thereof and the proposed course of action. (Please give the comparative statement of schedule of various activities as mentioned in the offer document and their actual implementation).



Name of the Project	Completion Target		Actual			Remarks
	Scheduled (for FY 2016)	Scheduled (for FY 2017)	Actual (during FY 16)	Actual (during FY 17)	Cumulative (for FY 16 & 17)	
Financing the Coffee business through subsidiary CDGL						
Setting-up of new Café Network outlets and Coffee Day Xpress kiosks	81 New Café Network outlets	135 New Café Network outlets	81 New Café Network outlets	135 New Café Network outlets	216 New Café Network outlets	As against the target of 105 Coffee Day Xpress kiosks, CDGL has set up 122 Xpress kiosks during FY 16 & FY 17. As explained by CDEL, additional outlets have been funded from Internal Accruals.
	35 Coffee Day Xpress kiosks	70 Coffee Day Xpress kiosks	35 Coffee Day Xpress kiosks	87 Coffee Day Xpress kiosks	122 Coffee Day Xpress kiosks	
Manufacturing and assembling of vending machines	3000 No. of vending machines	5000 No. of vending machines	3105 No. of vending machines	6404 No. of vending machines	9509 No. of vending machines	As against the target of 8000 vending machines, CDGL has manufactured and assembled 9509 vending machines. As explained by CDEL, additional machines have been funded from Internal Accruals.
Refurbishment of existing Café Network outlets and vending machines	90 Café network outlets	150 Café network outlets	90 Café network outlets	149 Café network outlets	239 Café network outlets	As against the target of 7000 vending machines, CDGL has refurbished 7745 vending machines. As explained by CDGL, additional machines have been funded from Internal Accruals.
	3000 Vending machines	4000 Vending machines	3565 Vending machines	4180 Vending machines	7745 Vending machines	
Setting-up of a new coffee roasting plant facility along with integrated coffee packing facility and tea packing facility		May'16		Jul'17		As informed by the company, delay is mainly due to getting the required approval from the state Govt. for Civil construction, as a result of which, company requested the machine manufacturer to reschedule the dispatch of machines.

The Details of the Physical Progress in respect of the projects is given as Annexure-4.



h. Status of Government/ statutory approvals related to the project as disclosed in offer document.

The status of Government/ Statutory Approvals to be obtained as per the prospectus (page no. 484) in respect of the projects is given in Annexure-5.

i. Technical assistance/ collaboration (Please mention arrangements contemplated at the time of issue and the progress thereafter).

As per CDEL, no technical assistance/ collaboration were entered by CDEL for the projects identified in the Prospectus.

j. Major deviations from the earlier progress reports.

None.

k. Any favorable/ unfavorable events affecting/ improving project viability.

None.

l. Any other relevant information.

None.

Signature:



Name: Amrendra Kumar

Designation: Deputy General Manager



IFCI Limited

(Name of the Monitoring Agency)



Annexure -1

Details of Repayment of Loans
1. TERM LOAN

Sl. No.	Outstanding loans (CDEL/CDGL)	Name of Bank/ Institution	Amount Repaid (Cr.)	Date of adjustment	Cheque no./RTGS	Name of Bank
1.	CDEL	Rabo India Finance Limited	80.00	05/11/2015	CORPR920151 10503410010	Corporation Bank
2.	CDEL (not full closure but partial closure)	Tata Capital	27.00	04/11/2015	CORPR920151 10403410012	Corporation Bank
3.	CDEL	L&T Finance Limited	100.00	27/11/2015	CORPR920151 12703410006	Corporation Bank
4.	CDGL	Vijaya Bank Limited	80.00	18/11/2015	KARBN153224 75560	Karnataka Bank
Total Term Loan Repayment			287.00			

2. Non Convertible Debentures (NCDs)

Sl. No.	Outstanding loans (CDEL/CDGL)	Name of Bank/ Institution	Amount Repaid (Cr.)	Date of adjustment	Cheque no./RTGS	Name of Bank
1.	CDEL	ICICI Prudential Asset Management Company-NCD	75.00	18/03/2016	034106183 1600149	Corporation Bank



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Sl. No.	Outstanding loans (CDEL/CDGL)	Name of Bank/ Institution	Amount Repaid (Cr.)	Date of adjustment	Cheque no./RTGS	Name of Bank
2.	CDEL	Aditya Birla Private Equity - Fund I –NCD	63.00	22/03/2016	KARBH1608	Karnataka Bank
3.	CDEL	DSP BlackRock Income Opportunities Fund-NCD	65.00	28/03/2016	KARBH1608	Karnataka Bank
4.	CDEL	ICICI Prudential Asset Management Company-NCD	100.00	30/03/2016	KARBH1609 for 65 Cr CORPR92016033003410006 for 35 Cr	Karnataka Bank (for 65 cr) and Corporation Bank (for 35 cr)
Total NCD Repayment			303.00			

3. Working Capital Loans

Sl. No.	Outstanding loans (CDEL/CDGL)	Name of Bank/ Institution	Amount Repaid (Cr.)	Date of adjustment	Cheque no./RTGS	Name of Bank
1.	CDGL	Oriental Bank of Commerce - WCL	25.00	18/11/2015	KARBN15322475580	Karnataka Bank
2.	CDGL	Karnataka Bank-WCL	5.00	18/11/2015	D182442	Karnataka Bank
3.	CDGL	The Hongkong and Shanghai Banking Corporation	12.80*	18/11/2015	KARBN15322475610 for 10 crore & KARBN15322	Karnataka Bank



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Sl. No.	Outstanding loans (CDEL/CDGL)	Name of Bank/ Institution	Amount Repaid (Cr.)	Date of adjustment	Cheque no./RTGS	Name of Bank
		Limited- WCL			475535 for 2.80 crore	
Total Working Capital Repayment			42.80			

* The prospectus envisaged repayment of Rs. 10.00 cr. against HSBC working capital loan; however, the limit being a dynamic one, the balance outstanding on the repayment day was 12.80 crore, hence the repayment was more than the estimated one.

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Details of General Corporate Purpose

Term Loan Repayment under GCP						
Sl. No.	Outstanding loans (CDEL/CDGL)	Name of Bank/ Institution	Amount Repaid (Cr.)	Date of adjustment	Cheque no./RTGS	Name of Bank
1.	CDEL	Kotak Mahindra Investments Ltd	90.00	09/11/2015	CORPR92015110903410024	Corporation Bank
2.	CDEL	Kotak Mahindra Prime Ltd	60.00	09/11/2015	CORPR92015110903410027	Corporation Bank
3.	CDEL	L&T Finance Limited	7.00	27/11/2015	CORPR92015112703410009	Corporation Bank
Total Term Loan Repayment			157.00			



Details of Issue Expenses

Nature of Expense	Amount (Rs. In Cr.)	% of Total
Merchant Banker's fee	35.94	49%
Advertisement Charges	25.73	35%
Collecting Banker Charges	3.07	4%
Legal Charges	3.06	4%
Listing & Other Fee	2.73	4%
Professional Charges	1.67	2%
Printing Charges	1.00	1%
Others	0.76	1%
Grand Total	73.96	100%



**Details of Physical progress/Implementation schedule of Coffee
Roasting facility**

Activity	Estimated date of completion as per Prospectus	Estimated date of completion- Revised	Remarks/Status*
Civil and structural works	Mar-16	May-17	All the construction work is in the final stage.
Coffee roasting and grinding unit	Apr-16	Jun-17	Machinery reached the site, installation will be done on completion of civil work
Tea packing machines	Apr-16	Jun-17	Reached the Indian port & in the process of customs clearance
Other equipment	May-16	Jun-17	Machinery reached the site, installation will be done on completion of civil work
Trial runs	May-16	Jul-17	Not Applicable
Commercial runs	May-16	Jul-17	Not Applicable

* As informed by the company, delay is mainly due to getting the required approval from the state Govt. for Civil construction, as a result of which, company requested the machine manufacturer to reschedule the dispatch of machines.



Status of Govt. and Other Approvals (as on 31.03.17)

Sl. No.	Name of the Project	Approvals / Licenses required to be obtained	Whether Obtained / Status	Reference / License No. (if obtained)
1.	Setting-up of new Café Network outlets and Coffee Day Xpress kiosks	Approvals/ consents depending on local & state Govt. requirements	Since CDGL is already having presence in all the major cities of India, necessary approvals have been taken care on regular basis	-
2.	Manufacturing and assembling of vending machines			
3.	Refurbishment of existing Café Network outlets and vending machines			
4.	Setting-up of a new coffee roasting plant facility, along with integrated coffee packing facility and tea packing facility	State Level Single Window Clearance from Department of Industries & Commerce, Government of Karnataka	Yes	Order no. 1 & C/ID/SLSWCC-90/E-1/2015-16 dated 07.04.2016 (The proposal of CDGL was examined in the 90th meeting of State Level Single Window Clearance Committee (SLSWCC) of the Government held on 01.02.2016).
		Consent for Establishment & Consent for Operation from Karnataka State Pollution Control Board (KSPCB)	Yes (for establishment)	Consent for Establishment: As explained by CDEL, the company has received Factory construction permission license on 10.04.2017 from local development authority



Sl. No.	Name of the Project	Approvals / Licenses required to be obtained	Whether Obtained / Status	Reference / License No. (if obtained)
				i.e. "Gram panchayath". Consent for Operation: Project is under implementation. Once the CDGL will be ready with Civil construction and ready to install the machinery, KSPCB official will visit the facility and start the process for Consent for Operation.
		Environmental clearance from MoEF, Govt. of India or from Dept. of Forest, Ecology & Environment, Govt. of Karnataka	No	As explained by CDEL, Roasting factory construction does not require Forest department permission. However, CDGL have applied for Consent for Establishment & Consent for Operation from Karnataka State Pollution Control Board (KSPCB) vide its letter dated 09/05/17.

