



Ref No.: NACL/02/NOV/2024-25

November 09, 2024

To, BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001 Scrip: 544260	To, National Stock Exchange of India Ltd., Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E) Mumbai – 400 051 Scrip: NORTHARC
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Dear Sir / Madam,

Sub: Monitoring Agency Report on the utilisation of proceeds raised through issuance of equity shares by way of Public Issue of the Northern Arc Capital Limited (“The Company”).

Ref: Intimation pursuant to Regulation 32(6) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Regulations 41(4) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.

With reference to above, please find enclosed the Monitoring Agency Report dated November 08, 2024, issued by **CRISIL Ratings Limited** (Monitoring Agency), in respect to utilization of the proceeds raised through issuance of equity shares by way of Public Issue of the Company for the quarter ended September 30, 2024.

This intimation is also available at the website of the Company at <https://www.northernarc.com/disclosures-sebi-regulations>

We request to take the same on your record.

Thanking You,

For **Northern Arc Capital Limited**

Prakash Chandra Panda
Company Secretary & Compliance Officer

Northern Arc Capital Limited

10th Floor, Phase-I, IIT-Madras Research Park, Kanagam Village, Taramani, Chennai 600 113, India
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CIN.: U65910TN1989PLCO17021

Monitoring Agency Report
for
Northern Arc Capital Limited
for the quarter ended
September 30, 2024

CRL/MAR/ IFMRC/2024-25/1197

November 08, 2024

To

Northern Arc Capital Limited

No. 1, Kanagam Village 10th Floor,

IITM Research Park Taramani,

Chennai 600 113, Tamil Nadu, India

Dear Sir,

Monitoring Agency Report for the quarter ended September 30, 2024 - in relation to the Initial Public Offer ("IPO") of Northern Arc Capital Limited ("the Company")

Pursuant to Regulation 41(2) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR Regulations") and Monitoring Agency Agreement dated August 22, 2024, enclosed herewith the Monitoring Agency Report, issued by CRISIL Ratings Limited, Monitoring Agency, as per Schedule XI of the SEBI ICDR Regulations towards utilization of proceeds of IPO for the quarter ended September 30, 2024.

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: Northern Arc Capital Limited

For quarter ended: September 30, 2024

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)

1) Issuer Details:

Name of the issuer:	Northern Arc Capital Limited
Names of the promoter:	Not applicable
Industry/sector to which it belongs:	Non-Banking Financial Company (NBFC)

2) Issue Details

Issue Period:	Monday, September 16, 2024 to Thursday, September 19, 2024
Type of issue (public/rights):	Initial Public Offer (IPO)
Type of specified securities:	Equity Shares
IPO Grading, if any:	NA
Issue size:	Rs 7,770 million (Fresh issue of Rs 5,000* million and OFS of Rs 2,770 million)

*Note:

Particulars	Amount (Rs. million)
Gross proceeds of the Fresh Issue	5,000.00 [#]
Less: Issue Expenses	501.80 [§]
Net Proceeds	4,498.20

[#]CRISIL Ratings shall be monitoring the gross proceeds.

Net proceeds have been revised from Rs 4,498.84 million to Rs 4,498.20 million, as the actual issue expenses are higher than the estimated expenses disclosed in the offer document.

[§]Out of the issue expenses of Rs 501.80 million, the Company has spent Rs 161.03 million towards the issue expenses as at the quarter ended September 30, 2024, and the remaining Rs 340.77 million are lying in monitoring and public offer accounts of the Company.

The above disclosure is based on the management undertaking & certificate dated October 21, 2024, issued by M/s Kumbhat & Co LLP, Chartered Accountants (Firm Registration Number: 001609S), Peer-reviewed Independent Chartered Accountants.

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	Management undertaking, Peer-reviewed Independent Chartered Accountant certificate [^] , Prospectus, Bank Statements	No Comments	No Comments
Whether shareholder approval has been obtained in case of material deviations from expenditures disclosed in the Offer Document?	NA	Management undertaking, Peer-reviewed Independent Chartered Accountant certificate [^]	No Comments	No Comments
Whether the means of finance for the disclosed objects of the issue has changed?	No		No Comments	No Comments
Is there any major deviation observed over the earlier monitoring agency reports?	NA		No Comments	No Comments
Whether all Government/statutory approvals related to the object(s) have been obtained?	NA		Refer note	No Comments
Whether all arrangements pertaining to technical assistance/collaboration are in operation?	NA		No Comments	No Comments
Are there any favorable events improving the viability of these object(s)?	NA		No Comments	No Comments
Are there any unfavorable events affecting the viability of the object(s)?	No		No Comments	No Comments
Is there any other relevant information that may materially affect the decision making of the investors?	No		No Comments	No Comments

NA represents Not Applicable

[^]Certificate dated October 21, 2024, issued by M/s Kumbhat & Co LLP, Chartered Accountants (Firm Registration Number: 001609S), Peer-reviewed Independent Chartered Accountants.

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 million)	Revised Cost (Rs in million)	Comment of the Monitoring Agency	Comments of the Board of Directors		
						Reason of Cost revision	Proposed financing option	Particulars of firm arrangements made
1	Meet future capital requirements towards onward lending	Management undertaking, Peer-reviewed Independent Chartered Accountant certificate [^] , Prospectus	4,498.84	4,498.20	Refer note	No Comments	No Comments	No Comments

[^]Certificate dated October 21, 2024, issued by M/s Kumbhat & Co LLP, Chartered Accountants (Firm Registration Number: 001609S), Peer-reviewed Independent Chartered Accountants.

Note:

Net proceeds have been revised from Rs 4,498.84 million to Rs 4,498.20 million, as the actual proceeds for issue expenses are higher than estimated as per the offer document. The difference amount of Rs 0.64 million has been adjusted with the object of the issue.

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 million)	Amount utilized (Rs in million)			Total unutilized amount (Rs in million)	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	Meet future capital requirements towards onward lending	Management undertaking, Peer-reviewed Independent Chartered Accountant certificate ^, Prospectus, Bank Statements	4,498.20*	Nil	2,513.97	2,513.97	1,984.23	Proceeds were utilized as per the details provided in the Prospectus of the Company	No Comments	No Comments

^Certificate dated October 21, 2024, issued by M/s Kumbhat & Co LLP, Chartered Accountants (Firm Registration Number: 001609S), Peer-reviewed Independent Chartered Accountants.

*Revised cost of object.

#Brief description of objects:

Object of the Issue	Description of objects as per the offer document filed by the issuer
Meet future capital requirements towards onward lending	As an NBFC registered with the RBI, NACL is subject to regulations relating to capital adequacy, which determine the minimum amount of capital it must hold as a percentage of the risk-weighted assets on its portfolio and of the risk adjusted value of off-balance sheet items, as applicable. In accordance with the capital adequacy norms issued by the RBI, the Company is required to have a regulatory minimum Capital to Risk Weighted Assets Ratio ("CRAR") of 15% consisting of Tier I and Tier II capital. Further, it is required to ensure that total Tier-II capital, at any point of time, does not exceed 100% of the Tier-I capital. Accordingly, the Company proposes to utilize the Net Proceeds to meet its future capital requirements towards onward lending.

iii. Deployment of unutilised proceeds^:

S. No.	Type of instrument where amount is invested	Amount invested (in Rs million)	Maturity date	Earnings as on September 30, 2024 (in Rs million)	Return on Investment (%)	Market value as at the end of quarter (in Rs million)
1	FD Karnataka Bank - 0496152400142801	250.00	03/10/2024	0.22	6.50%	250.22
2	FD Karnataka Bank - '0496152400142901	250.00	03/10/2024	0.22	6.50%	250.22
3	FD Karnataka Bank - 0496152400143001	250.00	03/10/2024	0.22	6.50%	250.22
4	FD Karnataka Bank - 0496152400143101	250.00	03/10/2024	0.22	6.50%	250.22
5	Company's Monitoring account - Federal Bank	967.11	NA	NA	NA	967.11
6	Company's public offer account - HDFC bank	17.12	NA	NA	NA	17.12
Total		1,984.23	-	0.88	-	1,985.11

^On the basis of management undertaking & certificate dated October 21, 2024, issued by M/s Kumbhat & Co LLP, Chartered Accountants (Firm Registration Number: 001609S), Peer-reviewed Independent Chartered Accountants.

Note:

Rs 340.77 million towards issue expenses are lying in monitoring and public offer accounts of the Company.

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

Object(s)	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
Not applicable^					

^On the basis of management undertaking & certificate dated October 21, 2024, issued by M/s Kumbhat & Co LLP, Chartered Accountants (Firm Registration Number: 001609S), Peer-reviewed Independent Chartered Accountants.

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

Not applicable on the basis of management undertaking and certificate dated October 21, 2024, issued by M/s Kumbhat & Co LLP, Chartered Accountants (Firm Registration Number: 001609S), Peer-reviewed Independent Chartered Accountants.

Disclaimers:

- a) *This Report is prepared by CRISIL Ratings Limited (hereinafter referred to as "Monitoring Agency" / "MA" / "CRL"). 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 Peer-reviewed Independent Chartered Accountants (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.*
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