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Initial Public Offer of equity shares on the main board of BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"), and together with BSE, the "Stock Exchanges") in compliance with Chapter II of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("SEBI ICDR Regulations").



# NORTHERN ARC CAPITAL LIMITED

Our Company was incorporated on March 9, 1989 at Madras, India as 'Highland Leasing & Finance Private Limited', a private limited company under the Companies Act, 1956 and was granted a certificate of incorporation by the Registrar of Companies, Tamil Nadu at Chennai ("RoC"). The name of our Company was changed to 'IFMR Capital Finance Private Limited' and a fresh certificate of incorporation dated June 19, 2009 was issued by the RoC. Our Company was then converted into a public limited company under the Companies Act, 2013, and consequently, the name of our Company was changed to 'IFMR Capital Finance Limited' and a fresh certificate of incorporation dated December 12, 2017 was issued by the RoC. Subsequently, the name of our Company was changed to 'Northern Arc Capital Limited' and a fresh certificate of incorporation dated February 20, 2018 was issued by the RoC. For further details in relation to changes in the name and the registered office of our Company, see "History and Certain Corporate Matters" beginning on page 318 of the Red Herring Prospectus dated September 9, 2024 ("RHP") filed with the RoC. Our Company is registered with the Reserve Bank of India (the "RBI") as a non-banking financial company ("NBFC") not accepting public deposits (certificate of registration No. B-07.00430). For further details, see "Government and Other Approvals" beginning on page 522 of the RHP.  
Registered and Corporate Office: No. 1, Kanagam Village, 10<sup>th</sup> Floor, IITM Research Park, Taramani, Chennai - 600 113, Tamil Nadu, India. Contact Person: Prakash Chandra Panda, Company Secretary and Compliance Officer, Tel: +91 44 6668 7000; E-mail: investors@northernarc.com; Website: www.northernarc.com, Corporate Identity Number: U65910TN1989PLC017021



(Please scan this QR code to view the RHP and the Abridged Prospectus)

## OUR COMPANY DOES NOT HAVE AN IDENTIFIABLE PROMOTER

INITIAL PUBLIC OFFERING OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹10 EACH ("EQUITY SHARES") OF NORTHERN ARC CAPITAL LIMITED (OUR "COMPANY" OR THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹[●] PER EQUITY SHARE (INCLUDING A PREMIUM OF ₹[●] PER EQUITY SHARE) (THE "OFFER PRICE") AGGREGATING UP TO ₹[●] MILLION (THE "OFFER") COMPRISING A FRESH ISSUE OF UP TO [●] EQUITY SHARES OF FACE VALUE ₹10 EACH AGGREGATING UP TO ₹5,000.00 MILLION BY OUR COMPANY (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 10,532,320 EQUITY SHARES OF FACE VALUE ₹10 EACH AGGREGATING UP TO ₹[●] MILLION COMPRISING UP TO 3,844,449 EQUITY SHARES OF FACE VALUE ₹10 EACH AGGREGATING UP TO ₹[●] MILLION BY LEAPFROG FINANCIAL INCLUSION INDIA (II) LTD, UP TO 1,263,965 EQUITY SHARES OF FACE VALUE ₹10 EACH AGGREGATING UP TO ₹[●] MILLION BY ACCION AFRICA-ASIA INVESTMENT COMPANY, UP TO 1,746,950 EQUITY SHARES OF FACE VALUE ₹10 EACH AGGREGATING UP TO ₹[●] MILLION BY EIGHT ROADS INVESTMENTS MAURITIUS II LIMITED (FORMERLY KNOWN AS FIL CAPITAL INVESTMENTS (MAURITIUS) II LIMITED), UP TO 1,344,828 EQUITY SHARES OF FACE VALUE ₹10 EACH AGGREGATING UP TO ₹[●] MILLION BY DVARA TRUST (REPRESENTED BY ITS CORPORATE TRUSTEE, DVARA HOLDINGS (FORMERLY KNOWN AS DVARA HOLDINGS PRIVATE LIMITED AND AS DVARA TRUSTEESHIP SERVICES PRIVATE LIMITED)), UP TO 1,408,918 EQUITY SHARES OF FACE VALUE ₹10 EACH AGGREGATING UP TO ₹[●] MILLION BY 360 ONE SPECIAL OPPORTUNITIES FUND (FORMERLY KNOWN AS IIFL SPECIAL OPPORTUNITIES FUND) AND UP TO 923,210 EQUITY SHARES OF FACE VALUE ₹10 EACH AGGREGATING UP TO ₹[●] MILLION BY SUMITOMO MITSUI BANKING CORPORATION, (COLLECTIVELY REFERRED TO AS THE "SELLING SHAREHOLDERS", AND EACH INDIVIDUALLY, AS A "SELLING SHAREHOLDER" AND SUCH OFFER FOR SALE OF EQUITY SHARES BY THE SELLING SHAREHOLDERS, THE "OFFER FOR SALE"). THE OFFER INCLUDES A RESERVATION OF UP TO 590,874 EQUITY SHARES OF FACE VALUE ₹10 EACH, AGGREGATING UP TO ₹[●] MILLION, FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES NOT EXCEEDING 5% OF OUR POST-OFFER PAID-UP EQUITY SHARE CAPITAL (THE "EMPLOYEE RESERVATION PORTION"). THE OFFER LESS THE EMPLOYEE RESERVATION PORTION IS HERINAFTER REFERRED TO AS THE "NET OFFER". THE OFFER AND THE NET OFFER SHALL CONSTITUTE [●] AND [●]%, RESPECTIVELY, OF THE FULLY DILUTED POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

## DETAILS OF THE OFFER FOR SALE

NAME OF SELLING SHAREHOLDER	TYPE	NUMBER OF EQUITY SHARES OFFERED / AMOUNT	WACA (IN ₹)*	NAME OF SELLING SHAREHOLDER	TYPE	NUMBER OF EQUITY SHARES OFFERED / AMOUNT	WACA (IN ₹)*
LeapFrog Financial Inclusion India (II) Ltd	Investor Selling Shareholder	Up to 3,844,449 Equity Shares of face value ₹10 each aggregating up to ₹[●] million	48.83	Eight Roads Investments Mauritius II Limited (formerly known as FIL Capital Investments (Mauritius) II Limited)	Investor Selling Shareholder	Up to 1,746,950 Equity Shares of face value ₹10 each aggregating up to ₹[●] million	121.23
Accion Africa-Asia Investment Company	Investor Selling Shareholder	Up to 1,263,965 Equity Shares of face value ₹10 each aggregating up to ₹[●] million	26.64	Dvara Trust (represented by its corporate trustee, Dvara Holdings (formerly known as Dvara Holdings Private Limited and as Dvara Trusteeship Services Private Limited))	Investor Selling Shareholder	Up to 1,344,828 Equity Shares of face value ₹10 each aggregating up to ₹[●] million	4.10
360 ONE Special Opportunities Fund (formerly known as IIFL Special Opportunities Fund)	Investor Selling Shareholder	Up to 1,408,918 Equity Shares of face value ₹10 each aggregating up to ₹[●] million	197.02	Sumitomo Mitsui Banking Corporation	Investor Selling Shareholder	Up to 923,210 Equity Shares of face value ₹10 each aggregating up to ₹[●] million	197.02

\*Weighted average cost of acquisition per Equity Share, as certified by M/s Kumbhat & Co, Chartered Accountants, pursuant to their certificate dated September 9, 2024.

Our Company is registered as an NBFC, and our business is regulated by the RBI. We are a financial services platform set up with the mission to cater to the retail credit requirements of the under-served households and businesses in India. We have developed domain expertise in enabling credit across our focused sectors in India, namely, micro, small and medium enterprises ("MSMEs") financing, microfinance ("MFI"), consumer finance, vehicle finance, affordable housing finance and agricultural finance. We cater to the retail credit market in India through a multi-channel approach that includes: (i) extending financing from our balance sheet ("Lending"), to Originator Partners in the form of loans or investment in their debt to enable on-lending to the retail customer ("Intermediate Retail Lending") and directly to under-served households and businesses ("Direct to Customer Lending") either in collaboration with our Retail Lending Partners or through our branch network to offer rural finance and MSME lending; (ii) working with a large network of Investor Partners to structure and syndicate financing through a variety of debt, credit-enhanced debt and portfolio financing products for our Originator Partners, thus enabling credit for our Originator Partners ("Placements"); and (iii) managing debt funds and providing portfolio management services ("Fund Management").

The Offer is being made through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations  
QIB Portion: Not more than 50% of the Net Offer | Non-Institutional Portion: Not less than 15% of the Net Offer | Retail Portion: Not less than 35% of the Net Offer  
Employee Reservation Portion: Up to 590,874 Equity Shares aggregating up to ₹ [●] Million

PRICE BAND: ₹ 249 TO ₹ 263 PER EQUITY SHARE OF FACE VALUE OF ₹10 EACH.

THE FLOOR PRICE AND THE CAP PRICE ARE 24.90 TIMES AND 26.30 TIMES THE FACE VALUE OF THE EQUITY SHARES, RESPECTIVELY.

BIDS CAN BE MADE FOR A MINIMUM OF 57 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH

AND IN MULTIPLES OF 57 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH THEREAFTER.

A DISCOUNT OF ₹ 24 PER EQUITY SHARE IS BEING OFFERED TO ELIGIBLE EMPLOYEES BIDDING IN THE EMPLOYEE RESERVATION PORTION.

THE PRICE TO EARNINGS RATIO BASED ON DILUTED EPS FOR FISCAL 2024 AT THE UPPER END OF THE PRICE BAND IS 11.24 TIMES

AS COMPARED TO THE AVERAGE INDUSTRY PEER GROUP PE RATIO OF 23.28 TIMES

WEIGHTED AVERAGE RETURN ON NETWORTH FOR LAST THREE FINANCIAL YEARS IS 12.24%.

In accordance with the recommendation of the Independent Directors of our Company, pursuant to their resolution dated September 10, 2024, the above provided price band is justified based on quantitative factors/ KPIs disclosed in the 'Basis for Offer Price' section of the RHP vis-a-vis the weighted average cost of acquisition ("WACA") of primary and secondary transaction(s), as applicable, disclosed in 'Basis for Offer Price' section on page 166 of the RHP and provided below in the advertisement.

In making an investment decision and purchase in the Offer, potential investors must only rely on the information in the RHP and the terms of the Offer, including the merits and risks involved and not rely on any other external sources of information about the Offer available in any manner.

## RISKS TO INVESTORS

(For details refer to section titled "Risk Factors" on page 38 of the RHP)

- Risk related to Diversified Business Model:** We operate a diversified business model that exposes us to various risks and an inability to manage such risks may have an adverse effect on our business, results of operations, cash flows and financial condition and any adverse developments in our focused sectors could adversely affect our business, results of operations, cash flows and financial condition. Set out below are certain operational and financial parameters in relation to the diversification and size of our business model, as of and for the Fiscals indicated:
- Credit Risk:** If our borrowers default in their repayment obligations it may lead to increased levels of non-performing assets ("NPA"), related provisions and write-offs, our business, results of operations, cash flows and financial condition may be adversely affected. A significant portion of our investments are in credit facilities and debt instruments that are unsecured, and/or subordinated to other creditors. An inability to recover such investments may result in increased levels of NPAs, which could adversely affect our business, prospects, results of operations, cash flows and financial condition. Details are as follows:

Particulars	As of and for the financial year ended March 31,		
	2024	2023	2022
Cumulative number of Originator Partners on boarded	328	298	278
Cumulative number of Investor Partners	1,158	871	700
Number of Retail Lending Partners	50	46	38
Direct to Customer Borrowers	1,608,871	816,397	465,975
Total number of end-borrowers	1,609,046	816,559	466,148
Number of districts in India	671	676	636
Gross Transaction Volumes ("GTV") (₹ million)	293,236.80	273,851.59	198,964.29
Total income (₹ million)	19,060.33	13,112.00	9,165.45
Restated profit for the year (₹ million)	3,176.93	2,422.14	1,819.38

Particulars	As of for the financial year ended March 31,		
	2024	2023	2022
	(₹ million, unless otherwise indicated)		
AUM (A)	117,100.19	90,086.93	71,083.17
Gross Carrying Amount - Loans - Stage 3 (B)	500.33	670.25	325.26
Gross Carrying Amount - Investments - Stage 3 (C)	-	-	24.90
Write off on financial instruments - loans (D)	3,228.79	8.56	337.80
Write off on financial instruments - investments (E)	-	-	750.00

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Particulars	As of for the financial year ended March 31,		
	2024	2023	2022
	(₹ million, unless otherwise indicated)		
Write off on financial instruments –recovery (F)	(2,254.44)	(26.67)	(18.94)
Total impaired exposures as a percentage of AUM [G=(B + C + D +E+F) / (A)] (%)	1.25%	0.72%	2.00%
Non-financial liabilities - Provisions	320.66	333.54	224.57
Provision coverage ratio - Stage 3 assets (%)	82.67%	47.84%	57.32%

3. **Balance Sheet Risk:** We may face asset-liability mismatches which would expose us to interest rate and liquidity risks that could have a material and adverse effect on our business, results of operations, cash flows and financial condition.

4. **Financing Risk:** Our business requires funds regularly, and if we are unable to obtain adequate financing or financing on terms satisfactory to us, as and when we require it, our ability to grow or support our business and to respond to business challenges would be limited and our business, profitability, prospects, financial condition, cash flows and results of operations would be materially and adversely affected. Details of borrowings in the last three financial years have been disclosed herein below:

Particulars	As of and for the Financial Year ended March 31,		
	2024	2023	2022
	(₹ million, unless otherwise stated)		
Borrowings (other than debt securities) (A)	76,340.31	57,702.99	45,994.26
Debt securities (B)	14,137.25	12,243.16	13,435.97
Subordinated Liabilities (C)	-	399.51	399.35
<b>Total Borrowings (D=A+B+C)</b>	<b>90,477.56</b>	<b>70,345.66</b>	<b>59,829.58</b>

5. **Customer Risk:** Our business operations involve direct and indirect exposures to relatively high credit risk borrowers in the under-served households and businesses of India. Any large-scale defaults in this category could adversely affect our business, results of operations, cash flows and financial condition.

6. **Regulatory Risk:** Non-compliance with the RBI's or any other regulators' observations made during their inspections could expose us to penalties and restrictions as well as cancellation of our license, which could have a material and adverse effect on our business, financial condition, results of operation and cash flows.

7. **Compliance Risk:** Our inability in the future to comply with or any delay in compliance with the strict regulatory requirements with respect to our listed non-convertible debentures may have an adverse effect on our business, results of operations, cash flows and financial condition. Additionally, the trading in our NCDs may be limited or sporadic, which may affect our ability to raise debt financing in future. Further, there have been certain instances of delay or other non-compliance with legal or regulatory requirements, including with respect to form filings and intimations under the Companies Act, and with the SEBI, RBI and the BSE and there have been irregularities in a certain regulatory filing made with the RoC under applicable law.

8. **Losses and negative cash flow from operating activities in the past:** We have had negative cash flows in the past and may continue to have negative cash flows in the future. Negative cash flows over extended periods, or significant negative cash flows in the short term, may materially impact our ability to operate our business and implement our growth plans.

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
	(₹ million)		
Net cash flow from/ (used in) operating activities (A)	(21,344.45)	(12,956.54)	(13,255.02)
Net cash from/ (used in) investing activities (B)	360.45	(1,194.71)	(3,855.19)
Net cash flow from/ (used in) financing activities (C)	20,454.61	9,279.53	20,281.19
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	(529.39)	(4,871.72)	3,170.98
Cash and cash equivalents at the beginning of the year	2,323.40	7,151.74	3,980.76
Additions on acquisition of specified assets and liabilities	-	43.38	-
Cash and cash equivalents at the end of the year	1,794.01	2,323.40	7,151.74

9. **Delay in payments of Statutory Dues:** There have been certain instances of delays in payment of statutory dues in the past. Any delay in payment of statutory dues in future, may result in the imposition of penalties and in turn may have an adverse effect on our business, financial condition, results of operation and cash flows.

10. **Technology Risk:** We rely significantly on our technology platforms and systems for our business and operations and any failure, disruption, downtime, inadequacy or security breach in such systems could adversely affect our business, reputation, results of operations, cash flows and financial condition.

11. Our Company will not receive any proceeds from the Offer for Sale portion.

12. Average cost of acquisition of Equity Shares for our Selling Shareholders in the Offer is as stated in the below table and the Offer Price at the upper band of the price band is ₹ 263

Name of the Selling Shareholder	Number of specified securities acquired	Average cost of acquisition per specified security (in ₹) <sup>(1)</sup>
LeapFrog Financial Inclusion India (II) Ltd	29,952,665	48.83
Accion Africa-Asia Investment Company	7,699,529	26.64
Eight Roads Investments Mauritius II Limited (formerly known as FIL Capital Investments (Mauritius) II Limited)	13,610,748	121.23
Dvara Trust (represented by its corporate trustee, Dvara Holdings (formerly known as Dvara Holdings Private Limited and as Dvara Trusteeship Services Private Limited))	9,644,086	4.10
360 ONE Special Opportunities Fund (formerly known as IIFL Special Opportunities Fund)	4,390,170	197.02
Sumitomo Mitsui Banking Corporation	7,004,364	197.02

<sup>(1)</sup> As certified by M/s Kumbhat & Co, Chartered Accountants, by way of their certificate dated September 9, 2024.

13. The Price to Earnings Ratio based on the Basic and Diluted EPS at the upper end of the Price Band is 7.60 times and 11.24 times respectively as compared to the average industry Peer Group PE Ratio of 22.04

14. Weighted Average Return on Net Worth for the Financial Years 2024, 2023 and 2022 is 12.24%

15. Weighted average cost of acquisition of all specified securities transacted over the three years, 18 months and one year preceding the date of the Red Herring Prospectus:

Period	Weighted Average Cost of Acquisition (WACA) (in ₹) <sup>(1)</sup>	Cap Price is 'X' times the WACA <sup>(1)</sup>	Range of acquisition price: lowest price – highest price (in ₹) <sup>(1)</sup>
Last one year	212.83	1.24	10 – 338.25
Last eighteen months	213.70	1.23	10 – 338.25
Last three years	214.48	1.23	10 – 338.25

<sup>(1)</sup> As certified by M/s Kumbhat & Co, Chartered Accountants, pursuant to the certificate dated September 9, 2024.

16. Weighted average cost of acquisition of primary and secondary issuances as compared to Floor Price and Cap Price:

Past Transactions	Weighted average cost of acquisition (in ₹) <sup>(1)</sup>	Floor Price (in times) <sup>(1)</sup>	Cap Price (in times) <sup>(1)</sup>
The weighted average cost of acquisition during the last 18 months preceding the date of filing of the DRHP through a primary/new issue of shares (equity/convertible securities), excluding issuance of bonus shares, if any, where the issuance is equal to or more than 5% of the fully diluted paid-up share capital of the Company (calculated based on the pre-issue capital before such transaction/s), in a single transaction or multiple transactions combined together over a span of rolling 30 days.	210.97	1.18	1.25

<sup>(1)</sup> As certified by M/s Kumbhat & Co, Chartered Accountants, vide their certificate dated September 9, 2024.

17. The three BRLMs associated with the Offer have handled 74 public issues in the past three financial years, out of which 17 issues closed below the Offer Price on listing date:

Name of the BRLMs	Total Public Issues	Issues closed below Offer Price on listing date
ICICI Securities Limited*	27	7
Axis Capital Limited*	20	5
Citigroup Global Markets India Private Limited*	5	0
Common Issues handled by the BRLMs	22	5
<b>Total</b>	<b>74</b>	<b>17</b>

\* Issues handled where there are no common BRLMs.

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## BID/OFFER PROGRAMME

### ANCHOR INVESTOR BIDDING DATE : FRIDAY, SEPTEMBER 13, 2024<sup>(1)</sup>

### BID/OFFER OPENS ON : MONDAY, SEPTEMBER 16, 2024

### BID/OFFER CLOSES ON : THURSDAY, SEPTEMBER 19, 2024<sup>(2)</sup>

<sup>(1)</sup>Our Company, in consultation with the BRLMs, may consider participation by Anchor Investors in accordance with the SEBI/ICDR Regulations.

<sup>(2)</sup>UPI mandate end time and date shall be at 5.00 p.m. on the Bid/Offer Closing Date.

#### BASIS FOR OFFER PRICE

The Price Band and the Offer Price will be determined by our Company, in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process and the quantitative and qualitative factors as described below and justified in view of the relevant parameters. The face value of the Equity Shares is ₹10 each and the Floor Price is 24.90 times the face value of the Equity Shares and the Cap Price is 26.30 times the face value of the Equity Shares.

Investors should also refer to "Risk Factors", "Our Business", "Financial Information", "Other Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 38, 264, 354, 443 and 448 of the RHP, respectively, to have an informed view before making an investment decision.

#### Qualitative factors

Some of the qualitative factors which form the basis for computing the Offer Price are:

- Large addressable and underpenetrated market with strong sectoral expertise. The Indian retail credit market has grown at a strong pace over the last few years and is expected to further grow at a CAGR of 17-18% between Fiscals 2024 and 2026 to reach ₹100.9 trillion by Fiscal 2026. (Source: CRISIL Report). We believe this presents us with an opportunity for capitalizing on the large potential for growth in the retail credit market, particularly in the rural and semi-urban areas. For further details, see "Our Business - Strengths - Large addressable and underpenetrated market with strong sectoral expertise" on page 269 of the RHP.
- Large ecosystem of partners and data and technology platform creating strong network effects. We have, over the last 15 years, by serving the Indian retail credit market and facilitating financing of over ₹1.73 trillion since 2009, that has impacted over 101.82 million lives, created an ecosystem of 328 Originator Partners, 50 Retail Lending Partners and 1,158 Investor Partners, as of March 31, 2024, multi-channel offerings comprising Lending, Placements and Fund Management channels, proprietary technology solutions and a substantial data repository of over 35.17 million data points, as of March 31, 2024. For further details, see "Our Business - Strengths - Large ecosystem of partners and data and technology platform creating strong network effects" on page 270 of the RHP.
- Proprietary technology product suite transforming the debt market ecosystem. We are a technology driven financial services platform supported by in-house technology solutions and architecture driving a scalable and sustainable business model that enables us to expand and scale our business and drive growth in revenue. For further details, see "Our Business - Strengths - Proprietary technology product suite transforming the debt market ecosystem" on page 272 of the RHP.
- Robust risk management based on domain expertise, proprietary risk models and data repository driving asset quality. We have customized our risk management systems for each of the focused sectors and channels in which we operate and these systems which are specific to each offering, enable us to develop a diversified portfolio and address both risks. We leverage our own expertise and data to develop customized and proprietary risk models that suit our offerings, products and markets, and enhance our capital efficiency. For further details, see "Our Business - Strengths - Robust risk management based on domain expertise, proprietary risk models and data repository driving asset quality" on page 273 of the RHP.
- Diversified sources of funding for our own deployment and proactive liquidity management. We maintain a well-diversified funding profile that is underpinned by our established relationships with our lenders and investors, proactive liquidity management system and strong credit rating. Our diversified base of lenders (including various banks, offshore financial institutions and NBFCs) and investors provide us a strong base for increased funding. For further details, see "Our Business - Strengths - Diversified sources of funding for our own deployment and proactive liquidity management" on page 274 of the RHP.
- Professional management team supported by an experienced Board and marquee investors driving high standards of governance. We have an experienced leadership team who have played a pivotal role in building our business and brand. We have also benefited and expect to continue to benefit from the strong capital sponsorship and professional expertise, especially in the area of corporate governance and risk management, of our shareholders, which include funds and a global systemically important bank. For further details, see "Our Business - Strengths - Professional management team supported by an experienced Board and marquee investors driving high standards of governance" on page 275 of the RHP.
- Strong ESG framework integrated into the business model with focus on creating sustainable impact and climate-smart lending. Our underwriting guidelines along with the ESG policy incorporate a responsible financing framework across parameters such as governance, employee rights and environment which are applied at multiple stages such as client on-boarding, investment or lending, and post-transaction monitoring. Specifically, as part of our relationships with Originator Partners, we also require their adherence to norms on customer protection and fair practice codes including instituting adequate mechanisms for grievance redressal and, fostering fair and respectful treatment of borrowers. For further details, see "Our Business - Strengths - Strong ESG framework integrated into the business model with focus on creating sustainable impact and climate-smart lending" on page 276 of the RHP.

#### Quantitative factors

Certain information presented below relating to our Company is derived from the Restated Consolidated Summary Statements.

Some of the quantitative factors which may form the basis for calculating the Offer Price are as follows:

#### 1. Basic and diluted Earnings per Share ("EPS") at face value of ₹10 each:

Based on / derived from the Restated Consolidated Summary Statements:

Financial Year	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
2024	34.61	23.40	3
2023	25.85	17.38	2
2022	19.52	13.09	1
<b>Weighted Average</b>	<b>29.18</b>	<b>19.68</b>	

For further information, please refer section titled "Basis for Offer Price" on page 166 of RHP.

#### 2. Price/Earnings Ratio in relation to Price Band of ₹ 249 to ₹ 263 per Equity Share:

Particulars	P/E at the lower end of Price Band (no. of times)	P/E at the higher end of Price Band (no. of times)
P/E ratio based on basic EPS for Financial Year 2024	7.19	7.60
P/E ratio based on diluted EPS for Financial Year 2024	10.64	11.24

#### 3. Industry Peer Group Price / Earnings (P/E) ratio

Particulars	P/E Ratio
Highest	36.64
Lowest	6.21
Average	23.28

Source: Based on peer set provided below. For further information, please refer section titled "Basis for Offer Price" on page 166 of RHP.

#### 4. Return on Net Worth ("RoNW")

Financial Year	RoNW (%)	Weight
2024	13.32	3
2023	11.76	2
2022	9.92	1
<b>Weighted Average</b>	<b>12.24</b>	

For further information, please refer section titled "Basis for Offer Price" on page 166 of RHP.

#### 5. Net Asset Value ("NAV") per Equity Share (face value of ₹10 each)

NAV per Equity Share	(in ₹)
As of March 31, 2024	177.06
- At the Floor Price	186.64
- At the Cap Price	187.97

#### 6. Comparison of Accounting Ratios with listed industry peers (as of or for the year ended March 31, 2024, as applicable)

The following peer group has been determined based on the companies listed on the Stock Exchanges:

Name of Company	Revenue from operations (₹ million)	Face value (₹ per share)	Closing price on Sept. 4, 2024 (in ₹)	EPS (₹)		NAV (per share) (₹)	P/E	RoNW (%)
				Basic	Diluted			
Northern Arc Capital Limited <sup>(1)</sup>	18,900.84	10.00	-	34.61	23.40	177.06	5.12	13.32%
<b>Listed peers<sup>(2)</sup></b>								
Five-Star Business Finance Limited ("Five Star")	21,828.47	1.00	759.80	28.64	28.39	177.68	26.76	16.09%
SBFC Finance Limited ("SBFC")	10,186.40	10.00	84.27	2.35	2.30	25.87	36.64	8.53%
CreditAccess Grameen Limited ("CreditAccess")	51,666.70	10.00	1,185.85	90.88	90.41	1,809.93	13.12	5.01%
Fusion Micro Finance Limited ("Fusion")	23,167.30	10.00	311.20	50.30	50.11	281.93	6.21	17.74%
Bajaj Finance Limited ("Bajaj Finance")	549,694.90	2.00	7,299.50	236.89	235.98	1,239.03	30.93	18.84%
Cholamandalam Investment and Finance Company Limited ("Cholamandalam")	191,396.20	2.00	1,487.30	41.17	41.06	233.26	36.22	17.46%
Poonawalla Fincorp Limited ("Poonawalla")	31,090.10	2.00	385.25	21.89	21.63	105.44	17.81	20.60%
MAS Financial Services Limited ("MAS")	12,791.60	10.00	284.05	15.31	15.31	108.71	18.55	14.08%

(1) Financial information of our Company is derived from the Restated Consolidated Summary Statements as certified by the M/s Kumbhat & Co, Chartered Accountants, pursuant to their certificate dated September 9, 2024.

(2) Source: Annual report or financial results of the peer companies for the Financial Year 2024 submitted to stock exchanges.

#### 7. Comparison of our key performance indicators with listed industry peers

The following table provides a i) details of our KPIs which our Company considers having a bearing for arriving at the basis of Offer Price and ii) comparison of our KPIs with our listed peers for the Fiscal indicated, which has been determined on the basis of companies listed on the Indian stock exchanges of comparable size to our Company, operating in the same industry as our Company and whose business model is similar to our business model.

S. No.	Key performance indicators <sup>(1)</sup>	As of and for FY24				
		Northern Arc Capital Limited	CreditAccess Grameen Limited	Fusion Micro Finance Limited	Bajaj Finance Limited	Cholamandalam Investment and Finance Company Limited
(₹ million, unless otherwise specified)						
<b>Key Business KPIs - Key performance indicator</b>						
1.	GTV	293,236.80	Not available	Not available	Not available	Not available
2.	GTV growth (%)	7.08	Not available	Not available	Not available	Not available
3.	AUM	117,100.19	267,140.00	114,760.80	2,448,260	1,455,720.00
4.	AUM growth (%)	29.99	27.02	23.45	35.26	36.69
5.	Adjusted interest income/Average Earning Assets (Yield on Assets) (%)	16.76	23.48	25.60	18.70	14.38
6.	Total Fund AUM	28,581.27	Not available	Not available	Not available	Not available
7.	Placements volumes	1,17,559.19	Not available	Not available	Not available	Not available
8.	Direct to Customer borrowers	1,608,871	4,918,000	3,862,000	Not available	3,635,824
<b>Distribution Channel - Key performance indicator</b>						
9.	Cumulative number of Originator Partners onboarded	328	Not available	Not available	Not available	Not available
10.	Number of retail lending partners	50	Not available	Not available	Not available	Not available
11.	Number of branches	316	1,967	1,297	4,145	1,387
<b>Sectoral Mix - GTV - Key performance indicator</b>						
12.	MSME	81,609.16	Not available	Not available	Not available	Not available
13.	Microfinance ("MFI")	76,229.91	Not available	Not available	Not available	Not available
14.	Consumer finance	1,01,174.93	Not available	Not available	Not available	Not available
15.	Vehicle finance	19,012.61	Not available	Not available	Not available	Not available
16.	Affordable housing	10,154.50	Not available	Not available	Not available	Not available
17.	Agriculture	5,055.69	Not available	Not available	Not available	Not available
<b>Capital - Key performance indicator</b>						
18.	Net Worth	23,143.49	65,699.50	28,481.50	720,105.30	195,565.10
19.	CRAR (%)	18.26	23.13	27.53	22.52	18.57
20.	Tier I Capital Ratio (%)	18.07	22.20	Not available	21.51	15.10
<b>Asset Quality - Key performance indicator</b>						
21.	Gross Stage 3 - Loans and Investments (%)	0.45	1.18	2.89	1.05	3.54
22.	Provision coverage ratio - Stage 3 assets (%)	82.67	70.34	79.24	56.19	34.46
23.	Net Stage 3 (%)	0.08	0.35	0.60	0.46	2.32
24.	Credit cost / Average Total Assets (%)	1.18	1.84	3.47	Not available	0.98
<b>Profitability - Key performance indicator</b>						
25.	Interest income	17,121.12	49,001.10	20,919.00	407,827.60	176,136.80
26.	Adjusted net interest income	8,637.07	32,902.20	14,842.30	251,190.90	85,436.20
27.	Fee and commission income and other income	1,008.77	1,460.90	1,373.60	60,243.70	14,420.50

S. No.	Key performance indicators <sup>(1)</sup>	As of and for FY24				
		Northern Arc Capital Limited	CreditAccess Grameen Limited	Fusion Micro Finance Limited	Bajaj Finance Limited	Cholamandalam Investment and Finance Company Limited
(₹ million, unless otherwise specified)						
28.	Profit for the year attributable to Owners of the holding company	3,083.34	14,459.30	5,052.90	126,441.10	34,227.60
29.	Yield on assets minus Average Cost of Borrowings (Spread) (%)	7.53	14.03	15.23	Not available	6.46
30.	Earnings per equity share - Basic (in ₹)	34.61	90.88	50.30	207.27	41.20
31.	Earnings per equity share - Diluted (in ₹)	23.40	90.41	50.11	206.47	41.09
<b>Return Ratio - Key performance indicator</b>						
32.	Adjusted net interest income / Average Total Assets (%)	8.33	13.37	14.12	Not available	6.33
33.	Operating expenses/ Average Total Assets (%)	4.02	4.25	5.65	Not available	3.02
34.	Operating expenses/ Adjusted net total income (%)	43.40	30.42	36.60	30.56	40.88
35.	Profit for the year/ Average Total Assets (%)	2.97	5.88	4.81	Not available	2.53
36.	Profit for the year attributable to Owners of the holding company/ Average net worth (Return on average net worth) (%)	14.54	24.85	19.58	Not available	20.56
<b>Others - Key performance indicator</b>						
37.	Net Asset Value per Equity Share (in ₹)	177.06	412.23	281.93	1,163.34	232.82
38.	Number of employees	2,695	19,395	13,000	Not available	54,098
39.	Adjusted finance cost/ Average Total Borrowings (Average Cost of Borrowings) (%)	9.23	9.45	10.37	Not available	7.92
40.	Debt/Equity ratio	3.90	3.32	3.03	2.23	6.88
41.	Credit Rating	AA- (Stable)	AA- (Stable)	A+ (Stable)	AAA (Stable)	AA+ (Stable)
<b>Digital Adoption - Key performance indicator</b>						
42.	Number of transactions through Nimbus	543	Not available	Not available	Not available	Not available
43.	Number of transactions through nPOS	2,895,363	Not available	Not available	Not available	Not available
44.	Number of Nu Score assessments conducted	17,052	Not available	Not available	Not available	Not available

S. No.	Key performance indicators <sup>(1)</sup>	As of and for FY24				
		Northern Arc Capital Limited	Five-Star Business Finance Limited	SBFC Finance Limited	MAS Financial Services Limited	Poonawalla Fincorp Limited
(₹ million, unless otherwise specified)						
<b>Key Business KPIs - Key performance indicator</b>						
1.	GTV	293,236.80	Not available	Not available	Not available	Not available
2.	GTV growth (%)	7.08	Not available	Not available	Not available	Not available
3.	AUM	117,100.19	96,406.00	68,220.00	101,256.00	250,030.00
4.	AUM growth (%)	29.99	39.42	38.02	25.12	54.88
5.	Adjusted interest income/Average Earning Assets (Yield on Assets) (%)	16.76	26.35	18.39	17.01	16.44
6.	Total Fund AUM	28,581.27	Not available	Not available	Not available	Not available
7.	Placements volumes	1,17,559.19	Not available	Not available	Not available	Not available
8.	Direct to Customer borrowers	1,608,871	385,966	129,183	880,000	Not available
<b>Distribution Channel - Key performance indicator</b>						
9.	Cumulative number of Originator Partners onboarded	328	Not available	Not available	Not available	Not available
10.	Number of retail lending partners	50	Not available	Not available	Not available	Not available
11.	Number of branches	316	520	183	189	102
<b>Sectoral Mix - GTV - Key performance indicator</b>						
12.	MSME	81,609.16	Not available	Not available	Not available	Not available
13.	Microfinance ("MFI")	76,229.91	Not available	Not available	Not available	Not available
14.	Consumer finance	1,01,174.93	Not available	Not available	Not available	Not available
15.	Vehicle finance	19,012.61	Not available	Not available	Not available	Not available
16.	Affordable housing	10,154.50	Not available	Not available	Not available	Not available
17.	Agriculture	5,055.69	Not available	Not available	Not available	Not available
<b>Capital - Key performance indicator</b>						
18.	Net Worth	23,143.49	51,961.50	27,782.55	17,689.60	81,164.00
19.	CRAR (%)	18.26	50.50	40.52	24.05	33.80
20.	Tier I Capital Ratio (%)	18.07	Not available	40.52	20.33	32.28
<b>Asset Quality - Key performance indicator</b>						
21.	Gross Stage 3 - Loans and Investments (%)	0.45	1.38	2.43	2.25	1.16
22.	Provision coverage ratio - Stage 3 assets (%)	82.67	54.35	44.03	32.89	49.14
23.	Net Stage 3 (%)	0.08	0.63	1.36	1.51	0.59
24.	Credit cost / Average Total Assets (%)	1.18	0.55	0.73	1.07	0.35
<b>Profitability - Key performance indicator</b>						
25.	Interest income	17,121.12	21,165.80	9,182.60	10,222.80	29,040.50
26.	Adjusted net interest income	8,637.07	16,924.30	5,851.41	4,888.60	20,596.40
27.	Fee and commission income and other income	1,008.77	341.80	840.49	727.50	1,370.80
28.	Profit for the year attributable to Owners of the holding company	3,083.34	8,359.10	2,370.21	2,477.50	20,559.60
29.	Yield on assets minus Average Cost of Borrowings (Spread) (%)	7.53	17.16	9.13	7.46	8.80
30.	Earnings per equity share - Basic (in ₹)	34.61	28.64	2.35	15.11	26.75
31.	Earnings per equity share - Diluted (in ₹)	23.40	28.39	2.29		

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**BASIS FOR OFFER PRICE**

Date of Allotment	Name of Allottee	Securities allotted	Nature of Allotment	Nature of Consideration	Total Consideration (in ₹ million)	Price per security (in ₹)
August 9, 2024	Augusta Investments II Pte. Ltd	3,256,115 Equity Shares	Conversion of CCPS to Equity Shares	Cash*	661.84	203.26 <sup>b</sup>
	Eight Roads Investments Mauritius II Limited (formerly known as IFL Capital Investments (Mauritius) II Limited)	11,630,889 Equity Shares	Conversion of CCPS to Equity Shares	Cash*	1,410.01	121.23 <sup>a</sup>
	360 ONE Special Opportunities Fund (formerly known as IIFL Special Opportunities Fund)	4,161,142 Equity Shares	Conversion of CCPS to Equity Shares	Cash*	819.83	197.02 <sup>a</sup>
	360 ONE Special Opportunities Fund – Series 2 (formerly known as IIFL Special Opportunities Fund – Series 2)	4,371,781 Equity Shares	Conversion of CCPS to Equity Shares	Cash*	861.33	197.02 <sup>a</sup>
	360 ONE Special Opportunities Fund – Series 3 (formerly known as IIFL Special Opportunities Fund – Series 3)	1,923,059 Equity Shares	Conversion of CCPS to Equity Shares	Cash*	378.88	197.02 <sup>a</sup>
	360 ONE Special Opportunities Fund – Series 4 (formerly known as IIFL Special Opportunities Fund – Series 4)	6,609,362 Equity Shares	Conversion of CCPS to Equity Shares	Cash*	1,302.18	197.02 <sup>a</sup>
	360 ONE Special Opportunities Fund – Series 5 (formerly known as IIFL Special Opportunities Fund – Series 5)	5,423,128 Equity Shares	Conversion of CCPS to Equity Shares	Cash*	1,068.46	197.02 <sup>a</sup>
	360 ONE Special Opportunities Fund – Series 6 (formerly known as IIFL Special Opportunities Fund – Series 6)	253,781 Equity Shares	Conversion of CCPS to Equity Shares	Cash*	49.99	197.02 <sup>a</sup>
	360 ONE Special Opportunities Fund – Series 7 (formerly known as IIFL Special Opportunities Fund – Series 7)	3,693,947 Equity Shares	Conversion of CCPS to Equity Shares	Cash*	727.78	197.02 <sup>a</sup>
	International Finance Corporation <sup>d</sup>	9,815,224 Equity Shares	Conversion of CCPS to Equity Shares	Cash*	3,319.99	338.25 <sup>a</sup>
	Varun Jaipuria	739,098 Equity Shares	Conversion of CCPS to Equity Shares	Cash*	249.99	338.25 <sup>a</sup>
	RJ Corp Limited	739,098 Equity Shares	Conversion of CCPS to Equity Shares	Cash*	249.99	338.25 <sup>a</sup>

<sup>a</sup> Cash was paid at the time of allotment of CCPS or at the time of purchase of CCPS from other shareholders.  
<sup>b</sup> Based on the conversion price of the CCPS.  
<sup>c</sup> Average of the conversion price of the CCPS and the price at which CCPS were purchased from other shareholders.  
<sup>d</sup> This pertains to the conversion of the CCPS allotted to International Finance Corporation through a private placement of 84,91,048 CCPS, each for cash at a price of ₹391 per CCPS (including a premium of ₹371) aggregating to ₹3,319.99 million on April 22, 2024, which is within 18 months preceding the date of this Red Herring Prospectus, and more than 5% of the fully diluted paid-up share capital of the Company calculated before such transaction.  
**B. The price per share of our Company based on secondary sale/acquisitions of shares (equity convertible securities)**  
 No Equity Shares or convertible securities have been transacted (excluding by way of gifts) by the Selling Shareholders, or Shareholder(s) having the right to nominate director(s) on our Board, during the 18 months preceding the date of the Red Herring Prospectus, where either acquisition or sale is equal to or more than 5% of the fully diluted paid-up share capital of our Company (calculated based on the pre-offer capital before such transactions and excluding employee stock options granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days ("Secondary Transaction").  
**C.** Since there are eligible transactions to report to under point (A) above, information of price per share of the last five primary or secondary transactions (where the Selling Shareholders or Shareholder(s) having the right to nominate Director(s) on our Board were a party to the secondary transaction), not older than three years prior to the date of the Red Herring Prospectus irrespective of the size of transactions has not been computed.

**D. Weighted average cost of acquisition, floor price and cap price**

Type of Transaction	WACA (₹) <sup>(1)</sup>	Floor Price (₹ 249 is 'X' times the WACA) <sup>(1)</sup>	Cap Price (₹ 263 is 'X' times the WACA) <sup>(1)</sup>
Weighted average cost of acquisition for last 18 months for primary/new issue of shares (equity/convertible securities) (excluding Equity Shares issued under any employee stock option plan/scheme and issuance of bonus shares), during the 18 months preceding the date of this certificate, where such issuance is equal to or more than five per cent of the fully diluted paid-up share capital of our Company (calculated based on the pre-issue capital before such transaction(s) and excluding employee stock options granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days	210.97	1.18 times	1.25 times
Weighted average cost of acquisition for last 18 months for secondary sale/acquisition of shares equity/convertible securities), where the Selling Shareholders or Shareholder(s) having the right to nominate director(s) in our Board are a party to the transaction (excluding gifts), during the 18 months preceding the date of this certificate, where either acquisition or sale is equal to or more than 5% of the fully diluted paid-up share capital of our Company (calculated based on the pre-issue capital before such transaction(s) and excluding employee stock options granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days	NA	NA	NA

(1) As certified by M/s Kumbhat & Co, Chartered Accountants, pursuant to their certificate dated September 9, 2024.  
**E. Justification for Basis of Offer Price**  
 1. The following provides a detailed explanation for the Offer Price/Cap Price being 1.25 times of weighted average cost of acquisition of Equity Shares that were issued by our Company or acquired or sold by the Selling Shareholders or Shareholder(s) having the right to nominate director(s) by way of primary and secondary transactions as disclosed above, in the last 18 months preceding the date of the Red Herring Prospectus compared to our Company's KPIs and financial ratios for the Financial Years 2024, 2023 and 2022.  
 • According to the CRISIL Report, we are one of the leading players amongst India's diversified NBFCs in terms of Assets under Management ("AUM") as of March 31, 2024, with a business model diversified across offerings, sectors, products, geographies and borrower categories. Our AUM as on 31st March, 2024 was INR 117,100.19 million.  
 • Since 2009, when we entered the financial inclusion space, we have facilitated financing of over ₹1.73 trillion that has impacted over 101.82 million lives across India, as of March 31, 2024.  
 • We have robust risk management based on domain expertise, proprietary risk models and data repository driving asset quality. According to the CRISIL Report, we had one of the lowest gross non-performing assets ("GNPA") of 0.45% and net non-performing assets ("NNPA") of 0.08%, as of Fiscal 2024.  
 • We have built an efficient and scalable business model, supported by our proprietary end-to-end integrated technology product suite customised to multiple sectors.  
 • We maintain a well-diversified funding profile that is underpinned by our established relationships with our lenders and investors, proactive liquidity management system and strong credit rating.  
 2. The following provides an explanation to the Cap Price being 1.25 times of weighted average cost of acquisition of Equity Shares that were issued by our Company or acquired by the Shareholders with rights to nominate directors by way of primary and secondary transactions as disclosed above, in the last 18 months preceding the date of the Red Herring Prospectus in view of external factors, if any  
 • India has low credit penetration compared to other developing countries in terms of credit to GDP ratio indicating significant untapped potential. Further, according to the World Bank's Global Findex Database 2021, 230 million unbanked adults live in India. Rural areas, which accounted for 47% of GDP, received only 9% of the overall banking credit, as of March 31, 2024, which also shows the vast market opportunity for banks and NBFCs to lend in these areas.  
 • Indian retail credit market has grown at a strong pace over the last few years and is expected to further grow at a CAGR of 17-18% between Fiscals 2024 and 2026 to reach ₹10.9 trillion by Fiscal 2026. (Source: CRISIL Report) Our Company with strong sectoral expertise is well positioned to benefit from industry tailwinds.  
 The Offer Price of ₹249 is 1.25 times of the face value of the Equity Shares and is justified in view of the above qualitative and quantitative parameters. The trading price of Equity Shares could decline due to factors mentioned in "Risk Factors" on page 38 of the RHP and you may lose all or part of your investments.  
**FOR FURTHER DETAILS, SEE "BASIS FOR OFFER PRICE" ON PAGE 166 OF THE RHP.**

**THE EQUITY SHARES OF OUR COMPANY WILL GET LISTED ON MAIN BOARD PLATFORM OF BSE AND NSE**

In case of any revision in the Price Band, the Bid/Offer Period will be extended by at least three additional Working Days after such revision of the Price Band, subject to the Bid/Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar unforeseen circumstances, our Company may, in consultation with the BRLMs, for reasons to be recorded in writing, extend the Bid/Offer Period for a minimum of one Working Day, subject to the Bid/Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a public notice, and also by indicating the change on the respective websites of the BRLMs and at the terminals of the Syndicate Members and by intimation to the other Designated Intermediaries and the Sponsor Banks, as applicable.  
 The Offer is being made through the Book Building Process, in terms of Rule 19(2)(b) of the SCRR read with Regulation 31 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "SEBI ICDR Regulations") and in compliance with Regulation 6(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Net Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs"), and such portion, the "QIB Portion", provided that our Company may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis, in accordance with the SEBI ICDR Regulations (the "Anchor Investor Portion"), of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price, in accordance with the SEBI ICDR Regulations. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the remaining QIB Portion ("Net QIB Portion"). Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Offer Price. However, if the aggregate demand from the Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation will be added to the remaining QIB Portion for proportionate allocation to QIBs. Further, not less than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price, out of which (a) one-third of such portion shall be reserved for Bidders with application size of more than ₹200,000 and up to ₹1,000,000; and (b) two-thirds of such portion shall be reserved for Bidders with application size of more than ₹1,000,000, provided that the unsubscribed portion in either of such sub-categories may be allocated to Bidders in the other sub-category of Non-Institutional Bidders; and not less than 35% of the Net Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. Further, up to 590,874 Equity Shares of face value ₹10 each aggregating up to ₹5.90874 million will be available for allocation on a proportionate basis to Eligible Employees, subject to valid Bids being received from them at or above the Offer Price. All Bidders (except Anchor Investors) are mandatorily required to utilize the Application Supported by Blocked Amount ("ASBA") process by providing details of their respective ASBA accounts and UPI ID in case of UPI Bidders using the UPI Mechanism, as applicable, pursuant to which their corresponding Bid Amount will be blocked by the Self Certified Syndicate Banks ("SCSBs") or by the Sponsor Banks under the UPI Mechanism, as the case may be, to the extent of the respective Bid Amounts. Anchor Investors are not permitted to participate in the Offer through the ASBA process. For further details, see "Offer Procedure" beginning on page 546 of the RHP.  
**Bidders/Applicants should ensure that DP ID, PAN, Client ID and UPI ID (for UPI Bidders bidding through the UPI Mechanism) are correctly filled in the Bid cum Application Form. The DP ID, PAN and Client ID provided in the Bid cum Application Form should match with the DP ID, PAN, Client ID available in the Depository database, otherwise, the Bid cum Application Form is liable to be rejected. Bidders/Applicants should ensure that the beneficiary account provided in the Bid cum Application Form is active. Bidders/Applicants should note that on the basis of the PAN, DP ID, Client ID and UPI ID (for UPI Bidders bidding through the UPI Mechanism) as provided in the Bid cum Application Form, the Bidder/Applicant may be deemed to have authorised the Depositories to provide to the Registrar to the Offer, any requested Demographic Details of the Bidder/Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for giving Allotment Advice or unblocking of ASBA Account or for other correspondence(s) related to the Offer. Bidders/Applicants are**

advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders/Applicants' sole risk. Investors must ensure that their PAN is linked with Aadhaar and are in compliance with CBDT notification dated February 13, 2020 and press release dated June 25, 2021, read with press release dated September 17, 2021 and CBDT circular no. 7 of 2022, dated March 30, 2022 read with press release dated March 28, 2023 and any subsequent press releases in this regard.  
**Contents of the Memorandum of Association of our Company as regards its objects:** For information on the main objects of our Company, please see the section "History and Certain Corporate Matters" on page 318 of the RHP. The Memorandum of Association of our Company is a material document for inspection in relation to the Offer. For further details, please see the section titled "Material Contracts and Documents for Inspection" on page 579 of the RHP.  
**Liability of the members of our Company:** Limited by shares.  
**Amount of share capital of our Company and Capital structure:** As on the date of the RHP, the authorised share capital of the Company is ₹ 1,600,000,000 divided into 160,000,000 Equity Shares of face value ₹ 10 each and ₹ 1,17,00,00,000 divided into 58,500,000 Preference Shares of face value of ₹10 each. The issued, subscribed and paid-up share capital of the Company is ₹ 1,423,140,100 divided into 142,314,010 Equity Shares of face value ₹ 10 each. For details, please see the section titled "Capital Structure" on page 118 of the RHP.  
**Names of signatories to the Memorandum of Association of our Company and the number of Equity Shares subscribed by them:** The initial signatories to the Memorandum of Association of our Company are R Sivasubramanian and P N Palaniswami, each of whom subscribed to 9 equity shares of face value of ₹10 each. For details of the share capital history of our Company, please see the section titled "Capital Structure" on page 118 of the RHP.  
**Listing:** The Equity Shares offered through this Red Herring Prospectus are proposed to be listed on the Stock Exchanges. Our Company has received 'in-principle' approvals from each of the BSE and the NSE for the listing of the Equity Shares pursuant to their letters, each dated June 19, 2024. For the purposes of the Offer, the Designated Stock Exchange shall be NSE. A signed copy of the Red Herring Prospectus and the Prospectus shall be delivered to the RoC in accordance with the Companies Act. For details of the material contracts and documents that will be available for inspection from the date of this Red Herring Prospectus up to the Bid/Offer Closing Date, see "Material Contracts and Documents for Inspection" beginning on page 579 of the RHP.  
**Disclaimer Clause of the Securities and Exchange Board of India ("SEBI"):** SEBI only gives its observations on the offer documents and this does not constitute approval of either the Offer or the specified securities or the offer document. The investors are advised to refer to page 526 of the RHP for the full text of the disclaimer clause of SEBI.  
**Disclaimer Clause of NSE (Designated Stock Exchange):** It is to be distinctly understood that the permission given by NSE should not in any way be deemed or construed that the Offer Document has been cleared or approved by NSE nor does it certify the correctness or completeness of any of the contents of the Offer Document. The investors are advised to refer to page 529 of the RHP for the full text of the Disclaimer Clause of NSE.  
**Disclaimer Clause of BSE:** It is to be distinctly understood that the permission given by BSE Limited should not in any way be deemed or construed that the Red Herring Prospectus has been cleared or approved by BSE Limited nor does it certify the correctness or completeness of any of the contents of the Red Herring Prospectus. The investors are advised to refer to page 529 of the Red Herring Prospectus for the full text of the Disclaimer Clause of BSE Limited.  
**General Risk:** Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares in the Offer have not been recommended or approved by SEBI, nor does the SEBI guarantee the accuracy or adequacy of the contents of the Red Herring Prospectus. Specific attention of the investors is invited to "Risk Factors" beginning on page 38 of the RHP.

**ASBA** # Simple, Safe, Smart way of Application!!!  
 # Applications supported by blocked amount (ASBA) is a better way of applying to issues by simply blocking the fund in the bank account, For further details, check section on ASBA.  
**Mandatory in public issues. No cheque will be accepted.**

**UPI** Now available in ASBA for Retail Individual Investors and Non - Institutional Investor applying for amount upto ₹ 5,00,000/-, applying through Registered Brokers, DP and RTAs. UPI Bidder also have the option to submit the application directly to the ASBA Bank (SCSBs) or to use the facility of linked online trading, demat and bank account. Investors are required to ensure that the bank account used for bidding is linked to their PAN. Bidders must ensure that their PAN is linked with Aadhaar and are in compliance with CBDT notification dated February 13, 2020, issued by the Central Board of Direct Taxes and the subsequent press releases, including press releases dated June 25, 2021 and September 17, 2021 and CBDT circular no. 7 of 2022, dated March 30, 2022 read with press release dated March 28, 2023 and any subsequent press releases in this regard.  
 ASBA has to be availed by all the investors except anchor investors. UPI may be availed by (i) Retail Individual Investors in the Retail Portion; (ii) Non-Institutional Investors with an application size of up to ₹ 500,000 in the Non-Institutional Portion. For details on the ASBA and UPI process, please refer to the details given in ASBA form and abridged prospectus and also please refer to the section "Offer Procedure" on page 546 of the RHP. The process is also available on the website of Association of Investment Bankers of India ("AIBI") and Stock Exchanges and in the General Information Document. ASBA bid-cum-application forms can be downloaded from the websites of the Stock Exchanges and can be obtained from the list of banks that is displayed on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmid=35 and https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmid=43, respectively as updated from time to time. For the list of UPI apps and banks live on IPO, please refer to the link: www.sebi.gov.in. UPI Bidders Bidding using the UPI mechanism may apply through the SCSBs and mobile applications whose names appear on the website of SEBI, as updated from time to time. Kotak Mahindra Bank Limited and HDFC Bank Limited have been appointed as Sponsor Banks for the Offer, in accordance with the requirements of the SEBI Circular dated November 1, 2018 as amended. For Offer related queries, please contact the BRLMs on their respective email IDs as mentioned below. For UPI related queries, investors can contact NPCI at the toll free number: 18001201740 and mail id: ipo.upi@npci.org.in.

BOOK RUNNING LEAD MANAGERS		REGISTRAR TO THE OFFER	COMPANY SECRETARY AND COMPLIANCE OFFICER	
<p><b>ICICI Securities Limited</b>                      ICICI Venture House,                      Appasaheb Marathe Marg, Prabhadevi,                      Mumbai - 400 025, Maharashtra, India                      Tel: + 91 22 6807 7100                      E-mail: northernarc.ip@icicisecurities.com                      Website: www.icicisecurities.com                      Investor grievance e-mail: customercare@icicisecurities.com                      Contact Person: Rupesh Khant                      SEBI Registration No.: INM000011179</p>	<p><b>Axis Capital Limited</b>                      1<sup>st</sup> Floor, Axis House, P.B. Marg, Worli,                      Mumbai - 400 025, Maharashtra, India                      Tel: + 91 22 4325 2183                      E-mail: northernarc.ip@axiscap.in                      Website: www.axiscapital.co.in                      Investor grievance e-mail: complaints@axiscap.in                      Contact Person: Pratik Pednekar/Mayuri Arya                      SEBI Registration No.: INM000012029</p>	<p><b>Citigroup Global Markets India Private Limited</b>                      1202, 12<sup>th</sup> Floor, First International Financial Center,                      G - Block, Bandra Kurla Complex, Bandra (East),                      Mumbai - 400 098, Maharashtra, India                      Tel: +91 22 6175 9999                      E-mail: Northernarcip@citigroup.com                      Website: www.online.citibank.co.in/rhtm/citigroupglobalscreen1.htm                      Investor grievance e-mail: investors.cgmib@citigroup.com                      Contact Person: Dylan Fernandes                      SEBI Registration No.: INM000010718</p>	<p><b>KFin Technologies Limited</b>                      Selenium Tower-B, Plot No. 31 &amp; 32, Financial District,                      Nanakramguda, Serilingampally,                      Hyderabad - 500 032, Telangana, India                      Tel: +91 40 6716 2222                      E-mail: nacli.ip@kfintech.com                      Website: www.kfintech.com                      Investor grievance e-mail: einward.ris@kfintech.com                      Contact Person: M. Murali Krishna                      SEBI Registration No.: INR000000221</p>	<p><b>Prakash Chandra Panda</b>                      Northern Arc Capital Limited                      No. 1, Kanagam Village, 10<sup>th</sup> Floor, IITM Research Park,                      Taramani, Chennai - 600 113, Tamil Nadu, India                      Tel: +91 44 6668 7000                      E-mail: investors@northernarc.com</p> <p>Investors may contact the Company Secretary and Compliance Officer or the Registrar to the Offer in case of any pre-offer or post-offer related grievances including non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders or non-receipt of funds by electronic mode, etc. For all Offer related queries and for redressal of complaints, investors may also write to the BRLMs.</p>

**AVAILABILITY OF THE RHP:** Investors are advised to refer to the RHP and the section titled "Risk Factors" on page 38 of the RHP, before applying in the Offer. A copy of the RHP shall be available on website of SEBI at www.sebi.gov.in, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com, respectively, and on the website of the Company at www.northernarc.com and on the websites of the BRLMs, i.e. ICICI Securities Limited, Axis Capital Limited and Citigroup Global Markets India Private Limited at www.icicisecurities.com, www.axiscapital.co.in and www.online.citibank.co.in/rhtm/citigroupglobalscreen1.htm, respectively.  
**Availability of the Abridged Prospectus:** A copy of the abridged prospectus shall be available on the website of the Company, the BRLMs and the Registrar to the Offer at www.northernarc.com, www.icicisecurities.com, www.axiscapital.co.in and www.online.citibank.co.in/rhtm/citigroupglobalscreen1.htm, respectively.  
**AVAILABILITY OF BID CUM APPLICATION FORMS:** Bid cum Application Forms can be obtained from the Registered Office of **NORTHERN ARC CAPITAL LIMITED**, Tel: +91 44 6668 7000; **BRLMs**: **ICICI Securities Limited**, Tel: +91 22 6807 7100, **Axis Capital Limited**, Tel: +91 22 4325 2183 and **Citigroup Global Markets India Private Limited**, Tel: +91 22 6175 9999; and at the select locations of the Sub-syndicate Members (as given below), SCSBs, Registered Brokers, RTAs and CDPs participating in the Offer. ASBA Forms will also be available on the websites of BSE and NSE and the Designated Branches of SCSBs, the list of which is available at websites of the Stock Exchanges and SEBI.  
**Sub-Syndicate Members:** Almondz Global Securities Limited, Anand Rathi Share & Stock Brokers Limited, Anand Share Consultancy, ANS Pvt Limited, Ashwani Dandia & Co, Asit C Mehta Investment Intermediates Limited, Axis Securities Limited, Centrum Wealth Management Ltd, Choice Equity Broking Private Limited, Dalal & Broacha Stock Broking Pvt Limited, DB(International) Stock Brokers Ltd, Eureka Stock & Share Broking Services Ltd, G Raj & Co. (Consultants) Limited, HDFC Securities Ltd, ICICI Securities Limited, IDBI Capital Markets & Securities Limited, JM Financial Services Ltd, Jhaveri Securities, Jobanputra Fiscal Services Pvt. Ltd, Kalpataru Multiplier Limited, Keynote Capitals Limited, KJMC Capital Market Services Limited, Kotak Securities Limited, Lakshminshree Investment & Securities Pvt Limited, LKFC Securities Limited, Inventory Growth & Securities Ltd, Marwadi Shares & Finance, Motilal Oswal Financial Services Limited, Nirmal Bank Securities Pvt Limited, Patel Wealth Advisors Pvt Limited, Prabhudas Lilladher Pvt Limited, Pravin Ratilal Share and Stock Brokers Ltd, RR Equity Brokers Pvt Limited, SBICAP Securities Limited, Sharekhan Ltd, SMC Global Securities Limited, Systematix Shares and Stocks (India) Limited, Tanna Financial Services, Trade Bulls Securities (P) Ltd, Yes Securities (India) Limited  
**Escrow Collection Bank and Refund Bank:** Kotak Mahindra Bank Limited • **Public Offer Account Bank:** HDFC Bank Limited • **Sponsor Banks:** Kotak Mahindra Bank Limited and HDFC Bank Limited  
**All capitalized terms used herein and not specifically defined shall have the same meaning as ascribed to them in the RHP.**

Place: Chennai, Tamil Nadu  
 Date: September 10, 2024

For **NORTHERN ARC CAPITAL LIMITED**  
 On behalf of the Board of Directors  
 Sd/-  
**Prakash Chandra Panda**  
 Company Secretary and Compliance Officer

**NORTHERN ARC CAPITAL LIMITED** is proposing, subject to applicable statutory and regulatory requirements, receipt of requisite approvals, market conditions and other considerations, to make an initial public offering of its Equity Shares and has filed the RHP with RoC on September 9, 2024. The RHP shall be available on the website of SEBI at www.sebi.gov.in, as well as on the websites of the Stock Exchanges i.e. BSE and NSE at www.bseindia.com and www.nseindia.com, respectively, on the website of the Company at www.northernarc.com and on the websites of the BRLMs, i.e. ICICI Securities Limited, Axis Capital Limited and Citigroup Global Markets India Private Limited at www.icicisecurities.com, www.axiscapital.co.in and www.online.citibank.co.in/rhtm/citigroupglobalscreen1.htm, respectively. Any potential investors should note that investment in equity shares involves a high degree of risk and for details relating to such risk, see "Risk Factors" on page 38 of the RHP. Potential Bidders should not rely on the DRHP filed with SEBI for making any investment decision and instead should place reliance on the RHP.  
 This announcement does not constitute an invitation or offer of securities for sale in any jurisdiction. The Equity Shares in the Offer have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold outside of the United States to investors in offshore transactions as defined in and in compliance with Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur. There will be no public offering in the United States.