Monitoring Agency Report for Creative Newtech Limited for the quarter ended September 30, 2023

CRL/MAR/ CTPSDPL/2023-24/1051

November 09, 2023

To
Creative Newtech Limited
3rd & 4th Floor, Plot No. 137AB,
Kandivali Co Op Industrial Estate Limited
Charkop, Kandivali West, Mumbai-400092

Dear Sir,

Monitoring Agency Report for the quarter ended September 30, 2023 - in relation to the Preferential Issue of Creative Newtech Limited ("the Company")

Pursuant to Regulation 162A of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("**SEBI ICDR Regulations**") and Monitoring Agency Agreement dated August 21, 2023, 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 Preferential Issue for the quarter ended September 30, 2023.

Request you to kindly take the same on records.

Thanking you,
For and on behalf of CRISIL Ratings Limited

Sushant Sarode
Director, Ratings (LCG)

CRISIL Ratings Limited
(A subsidiary of CRISIL Limited)
Corporate Identity Number: U67100MH2019PLC326247

Registered Office: CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai - 400076. Phone: +91 22 3342 3000 | Fax: +91 22 3342 3001
www.crisilratings.com

Report of the Monitoring Agency (MA)

Name of the issuer: Creative Newtech Limited

For quarter ended: September 30, 2023

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)

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1) **Issuer Details:**

Name of the issuer:	Creative Newtech Limited
Names of the promoter:	a. Ketan Chhaganlal Patel b. Purvi Ketan Patel
Industry/sector to which it belongs:	Computers Hardware & Equipments

2) **Issue Details**

Issue Period:	Thursday, August 10, 2023, to Monday, August 14, 2023
Type of issue (public/rights):	Preferential Issue
Type of specified securities:	Equity Shares and Convertible Warrants
Grading, if any:	NA
Issue size:	Rs 1,061.71 million Issue size comprises of share swap of Rs 261.00 million, issue of equity shares of Rs 393.23 million and issue of convertible warrants of Rs 407.48 million.

**CRISIL Ratings shall be monitoring the net proceeds.*

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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, Statutory Auditor Certificate^, Final Offer Document, 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, Statutory Auditor 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?	No		No Comments	No Comments
Whether all Government/statutory approvals related to the object(s) have been obtained?	NA		No Comments	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)?	NA		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 November 03, 2023, issued by M/s Gupta Raj & Co., Chartered Accountants (Firm Registration Number: 001687N), Statutory Auditors of the Company.

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 MA	Comments of the Board of Directors		
						Reason of Cost revision	Proposed financing option	Particulars of firm arrange-ments made
1	Share swap to be adjusted towards consideration of Purchase of SCL shares	Management undertaking, Statutory Auditor Certificate^, Final offer document	261.00	-	No comments	No Comments	No Comments	No Comments
2	Funding working capital requirements		601.00	-	No comments	No Comments	No Comments	No Comments
3	General Corporate Purposes (GCP)#		200.00	199.71	Refer Note	No Comments	No Comments	No Comments
	Total	-	**1,062.00**	-	-	-	-	-

^Certificate dated November 03, 2023, issued by M/s Gupta Raj & Co., Chartered Accountants (Firm Registration Number: 001687N), Statutory Auditors of the Company.

#The amount utilised for general corporate purposes does not exceed 25% of the Gross Proceeds (amounting to Rs 265.50 million) from the Fresh Issue.

Note: At the time of allotment, shares worth Rs. 2,92,500/- were not subscribed and the said unsubscribed shares amount is adjusted with General Corporate Purposes which was Rs. 20,00,00,000 as per offer document is now reduced to Rs. 19,97,07,500.

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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	Share swap to be adjusted towards consideration of Purchase of SCL shares	Management undertaking, Statutory Auditor Certificate^, Final Offer Document, Bank Statements	261.00	NA	261.00	261.00	-	No comments	No Comments	No Comments
2	Funding working capital requirements of the Company		601.00	NA	440.00	440.00	161.00	Refer note 2	No Comments	No Comments
3	General Corporate Purposes (GCP)		199.71	NA	Nil	Nil	199.71	Refer Note 3	No Comments	No Comments
	Total		**1,061.71**	**-**	**701.00**	**701.00**	**360.71**	-	-	-

^*Certificate dated November 03, 2023, issued by M/s Gupta Raj & Co., Chartered Accountants (Firm Registration Number: 001687N), Statutory Auditors of the Company.*

Note:

1. The amount of Rs 495.10 million for equity shares and 25% of the warrant issue price has been received, and Rs 305.90 million is yet to be received.
2. The Company has transferred proceeds from Company's preferential issue account to Company's cash credit account maintained with HDFC bank for utilization towards working capital requirements. Additional payment of

Rs 20,714 from the Company's cash credit account is done for working capital requirements from their internal accruals, as per the management undertaking.

3. Amount of issue as per final offer document was Rs. 1,06,20,00,000/- out of which shares worth Rs. 2,92,500/- were not subscribed at the time of allotment, which makes total issue size amounting Rs. 1,06,17,07,500/-. Further, the said unsubscribed shares amount reduced from General Corporate Purposes which was earlier Rs. 20,00,00,000/- reduced to Rs. 19,97,07,500/-.

iii. Deployment of unutilised proceeds^:

S. No.	Type of instrument where amount is invested	Amount invested (in million)	Maturity date	Earnings as on September 30, 2023 (in million)	Return on Investment (%)	Market value as at the end of quarter (in million)
1	Balance in Company's preferential issue account	55.10	-	-	-	55.10
	Total	**55.10**	**-**	**-**	**-**	**55.10**

^On the basis of management undertaking and Certificate dated November 03, 2023, issued by M/s Gupta Raj & Co., Chartered Accountants (Firm Registration Number: 001687N), Statutory Auditors of the Company.

Note: The total amount to be collected from the issue was Rs. 80,07,07,500, out of which the amount received by the Company is Rs. 49,51,01,250. The Balance amount of Rs. 30,56,06,250 is yet to be received within 18 months from the date of issue. Out of Total Amount received, Company has utilised Rs. 44,00,00,000.

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 and Certificate dated November 03, 2023, issued by M/s Gupta Raj & Co., Chartered Accountants (Firm Registration Number: 001687N), Statutory Auditors of the Company.

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

Not applicable on the basis of management undertaking and Certificate dated November 03, 2023, issued by M/s Gupta Raj & Co., Chartered Accountants (Firm Registration Number: 001687N), Statutory Auditors of the Company.

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 statutory auditors (or from peer reviewed CA firms) appointed by the Issuer believed by it to be accurate and reliable.*

c) *Nothing contained in this Report is capable or intended to create any legally binding obligations on the MA which accepts no responsibility, whatsoever, for loss or damage from the use of the said information. The MA is also not responsible for any errors in transmission and specifically states that it, or its directors, employees do not have any financial liabilities whatsoever to the users of this Report.*

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