





Please scan this QR Code to view the Letter of Offer

Letter of Offer  
September 20, 2024  
For Eligible Equity Shareholders only



Our Company was incorporated as "Devipura Balaji Securities & Investments Private Limited" on November 09, 1993, a private limited Company under the Companies Act, 1956 and was granted the Certificate of Incorporation by the Registrar of Companies, Mumbai. Subsequently, our Company was converted into a public limited company and the name of our Company was changed to "Devipura Balaji Securities & Investments Limited" on July 20, 1998, vide an amended certificate of incorporation issued by the Registrar of Companies, Mumbai. Devipura Balaji Securities & Investments Limited acquired K K Financial Services Private Limited on September 13, 2013. Pursuant to which the Company applied for name change to Registrar of Companies, Mumbai and received a Certificate of Registration approving change in name to 'Purple Finance Limited' vide Certificate of Incorporation dated November 26, 2013. The Hon'ble National Company Law Tribunal, Mumbai Bench vide its Order dated February 15, 2024, has approved the Scheme of Merger by Absorption of Canopy Finance Limited by Purple Finance Limited and their respective shareholders and creditors. Pursuant to the aforementioned merger, the equity shares of the Company have been listed on BSE Limited w.e.f. June 14, 2024, and on Calcutta Stock Exchange Limited w.e.f. June 18, 2024. For further details of change in name and registered office of our Company, please refer to "General Information" beginning on page 39 of this Letter of Offer.

**Registered Office:** Room No. 11, 1<sup>st</sup> Floor, Indu Chambers 349/353, Samuel Street, Vadgadi, Masjid Bunder (West), Mumbai – 400 003  
**Corporate Office:** 705/706, 7<sup>th</sup> Floor, Hallmark Business Plaza, Opposite Gurunanak Hospital, Bandra East, Mumbai – 400 051  
**Contact person:** Ruchi Nishar, Company Secretary and Compliance Officer  
**Telephone:** 022-69165100 | **E-mail ID:** compliance@purplefinance.in | **Website:** www.purplefinance.in  
**Corporate Identity Number:** L67120MH1993PLC075037

<b>PROMOTERS OF OUR COMPANY: AMITABH CHATURVEDI, MINAL CHATURVEDI, ABHISHEK CHATURVEDI, ASHER FOODS PRIVATE LIMITED AND SAGUNA MERCANTILE PRIVATE LIMITED</b>		
<b>FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF PURPLE FINANCE LIMITED (OUR "COMPANY" OR THE "ISSUER") ONLY NEITHER OUR COMPANY NOR OUR PROMOTERS HAVE BEEN DECLARED AS A WILFUL DEFAULTER OR A FRAUDULENT BORROWER BY THE RBI OR ANY OTHER GOVERNMENT AUTHORITY</b>		
<b>ISSUE OF UP TO 1,12,04,985* FULLY PAID-UP EQUITY SHARES OF FACE VALUE OF ₹10/- EACH OF OUR COMPANY (THE "RIGHTS EQUITY SHARES") FOR CASH AT A PRICE OF ₹40/- PER EQUITY SHARE (INCLUDING A PREMIUM OF ₹30/- PER RIGHTS EQUITY SHARE) AGGREGATING UPTO ₹4,481.99 LAKHS# ON A RIGHTS BASIS TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF 1 (ONE) EQUITY SHARE FOR EVERY 3 (THREE) FULLY PAID-UP EQUITY SHARES HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS SEPTEMBER 26, 2024 (THE "ISSUE"). FOR FURTHER DETAILS, PLEASE REFER TO "TERMS OF THE ISSUE" BEGINNING ON PAGE 182 OF THIS LETTER OF OFFER.</b>		
<i>*Assuming full subscription of Equity Shares in the Issue. Subject to finalization of basis of allotment.</i>		
<b>GENERAL RISKS</b>		
Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk with such investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors shall rely on their own examination of our Company and the Issue including the risks involved. The securities being offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI") nor does SEBI guarantee the accuracy or adequacy of this Letter of Offer. Specific attention of the investors is invited to "Risk Factors" beginning on page 22 of this Letter of Offer before making an investment in this Issue.		
<b>ISSUER'S ABSOLUTE RESPONSIBILITY</b>		
Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Letter of Offer contains all information with regard to our Company and the Issue, which is material in the context of the Issue, and that the information contained in this Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Letter of Offer as a whole or any such information or the expression of any such opinions or intentions misleading in any material respects.		
<b>LISTING</b>		
The existing Equity Shares are listed on BSE Limited ("BSE") and The Calcutta Stock Exchange Limited ("CSE") (together, the "Stock Exchanges"). Our Company has received 'in-principle' approvals from the BSE and CSE for listing the Rights Equity Shares to be allotted pursuant to this Issue vide letters dated September 13, 2024 and September 17, 2024, respectively. Our Company will also make applications to the Stock Exchanges to obtain their trading approvals for the Rights Entitlements as required under the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020. For the purpose of this Issue, the Designated Stock Exchange is BSE Limited.		
<b>LEAD MANAGER TO THE ISSUE</b>		<b>REGISTRAR TO THE ISSUE</b>
		
<b>Mark Corporate Advisors Private Limited</b>  404/1, The Summit Business Bay, Sant Janabai Road, Off Western Express Highway, Vile Parle (E), Mumbai, Maharashtra, India – 400 057 <b>Telephone:</b> +91 22 2612 3207 / 22 2612 3208 <b>Email:</b> rightsissue@markcorporateadvisors.com <b>Website:</b> www.markcorporateadvisors.com <b>Investor grievance e-mail:</b> investorgrievance@markcorporateadvisors.com <b>Contact Person:</b> Mr. Manish Gaur <b>SEBI Registration No.:</b> INM000012128		<b>Purva Share Registry (India) Private Limited</b>  9 Shiv Shakti Industrial Estate, J R Boricha Marg, Lower Parel (E), Mumbai, Maharashtra, 400011 <b>Telephone:</b> 022-4961 4132 / 4970 0138 <b>Email:</b> support@purvashare.com <b>Website:</b> https://www.purvashare.com/ <b>Investor grievance e-mail:</b> newissue@purvashare.com <b>Contact Person:</b> Deepali Dhuri <b>SEBI Registration No.:</b> INR000001112
<b>ISSUE PROGRAMME</b>		
<b>ISSUE OPENS ON</b>	<b>LAST DATE FOR ON MARKET RENUNCIATIONS*</b>	<b>ISSUE CLOSES ON#</b>
<b>FRIDAY, OCTOBER 04, 2024</b>	<b>TUESDAY, OCTOBER 08, 2024</b>	<b>FRIDAY, OCTOBER 11, 2024</b>

\* Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee(s) on or prior to the Issue Closing Date.

# Our Board or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 (thirty) days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

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## SECTION I - GENERAL

### DEFINITIONS AND ABBREVIATIONS

*This Letter of Offer uses the definitions and abbreviations set forth below, which you should consider when reading the information contained herein. The following list of certain capitalised terms used in this Letter of Offer is intended for the convenience of the reader/prospective investor only and is not exhaustive.*

*This Letter of Offer uses the definitions and abbreviations set forth below, which, unless the context otherwise indicates or implies, or unless otherwise specified, shall have the meaning as provided below. References to any legislation, act, regulation, rules, guidelines or policies shall be to such legislation, act, regulation, rules, guidelines or policies as amended, supplemented, or re-enacted from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.*

*The words and expressions used in this Letter of Offer, but not defined herein, shall have the same meaning (to the extent applicable) ascribed to such terms under the SEBI ICDR Regulations, the Companies Act, 2013, the SCRA, the Depositories Act, and the rules and regulations made thereunder. Notwithstanding the foregoing, terms used in sections / chapters titled "**Industry Overview**", "**Statement of Tax Benefits**", "**Financial Information**", "**Outstanding Litigation and Defaults**" and "**Terms of the Issue**" on pages 55, 50, 102, 170 and 182 respectively, shall, unless indicated otherwise, have the meanings ascribed to such terms in the respective sections/ chapters.*

#### General Terms

Term	Description
"Purple Finance Limited" or "Our Company" or "the Company" or "the Issuer" or "PFL"	Purple Finance Limited, a Public Limited Company incorporated under the Companies Act, 1956 and having its Registered Office at Room no. 11, 1 <sup>st</sup> Floor, Indu Chambers, 349/353, Samuel Street, Vadgadi, Masjid Bunder (West), Mumbai – 400 003 and Corporate Office at 705/706, 7 <sup>th</sup> Floor, Hallmark Business Plaza Opposite Gurunanak Hospital, Bandra East, Mumbai- 400051.
"We", "Our", "Us", or "Our Group"	Unless the context otherwise requires, indicates or implies or unless otherwise specified, our Company

#### Company Related Terms

Term	Description
Articles of Association / Articles / AoA	/The Articles of Association of our Company, as amended from time to time
Audit Committee	The Board of Directors of our Company constituted Audit Committee in accordance with Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and Section 177 of the Companies Act, 2013
Audited Financial Statements	Unless stated or the context requires otherwise, our financial data as at and for the Financial Year ended March 31, 2024, March 31, 2023 and March 31, 2022, included in this Letter of Offer is derived from the Restated Financial Statements for the Financial Year ended March 31, 2024, March 31, 2023 and March 31, 2022. For further information, see " <b>Financial Information</b> " on page 102 of this Letter of Offer.
Auditor / Statutory Auditor	The current Statutory Auditor of our Company, namely, M/s. Jogin Raval & Associates, Chartered Accountants
Board / Board of Directors	Board of Directors of our Company including duly constituted committee thereof. For details of the Board of Directors, see " <b>Our Management</b> " on page 84 of this Letter of Offer
Chairman	Amitabh Chaturvedi, the Chairman of our Board
Chief Financial Officer / CFO	Sonal Vira, the Chief Financial Officer of our Company
Committee(s)	Duly constituted committee(s) of our Board of Directors
Company Secretary and	Ruchi Nishar, the Company Secretary and the Compliance Officer of our Company

<b>Term</b>	<b>Description</b>
Compliance Officer	
Directors	Directors on the Board, as may be appointed from time to time
Equity Shareholder / Shareholders	A Holder of Equity Share(s) of our Company, from time to time
Equity Shares	Equity shares of face value of ₹ 10/- each of our Company
Executive Directors	Executive Directors of our Company
Finance Committee	The Committee of our Board of Directors constituted through the Board resolution dated July 12, 2023
Independent Director(s)	Independent Director(s) of our Company as per Section 2(47) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI Listing Regulations, and as described in the chapter " <b>Our Management</b> " on page 84 of this Letter of Offer
Key Managerial Personnel / KMP	Key Managerial Personnel of our Company as per the definition provided in Section 2(51) of the Companies Act, 2013 and Regulation 2(1) (bb) of the SEBI ICDR Regulations as described in the " <b>Our Management</b> " on page 84 of this Letter of Offer.
Limited Reviewed Financial Information/ Limited Reviewed Financial Statements	The limited reviewed unaudited financial statements for the three months period ended June 30, 2024, prepared in accordance with the Companies Act and SEBI Listing Regulations. For details, see " <b>Financial Information</b> " on page 102 of this Letter of Offer
Materiality Policy	Policy for Determination and Disclosure of Materiality of an Event or Information adopted by our Board in accordance with the requirements under Regulation 30 of the SEBI Listing Regulations, read with the materiality threshold adopted by the Board of Directors through its resolution dated July 19, 2024, for the purpose of litigation disclosures in this Letter of Offer.
Memorandum of Association / Memorandum / MoA	of The Memorandum of Association of our Company, as amended from time to time.
Nomination and Remuneration Committee	The Board of Directors of our Company constituted Nomination and Remuneration Committee in accordance with Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and Section 178 of the Companies Act, 2013.
Non-executive Director	Non-executive Director(s) on our Board, as described in " <b>Our Management</b> " on page 84 of this Letter of Offer.
Registered Office	The registered office of our Company is Room no. 11, 1 <sup>st</sup> Floor, Indu Chambers 349/353, Samuel Street, Vadgadi, Masjid Bunder (West), Mumbai – 400 003.
Registrar of Companies / RoC	The Registrar of Companies, Mumbai, Maharashtra.
Stakeholders' Relationship Committee	The Board of Directors of our Company constituted a Stakeholder Relationship Committee in accordance with Regulation 20 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and Section 178 of the Companies Act, 2013.

### Issue Related Terms

<b>Term</b>	<b>Description</b>
Abridged Letter of Offer / ALOF	Abridged Letter of Offer to be sent to the Eligible Equity Shareholders with respect to the Issue in accordance with the provisions of the SEBI ICDR Regulations and the Companies Act, 2013
Additional Rights Equity Shares / Additional Equity Shares	The Rights Equity Shares applied or allotted under this Issue in addition to the Rights Entitlement
Allotment / Allot / Allotted	Unless the context otherwise requires, the Allotment of Rights Equity Shares pursuant to the Issue
Allotment Account	The accounts opened with the Banker(s) to the Issue, into which the Application Money blocked by Application Supported by Blocked Amount in the ASBA Account, with respect to successful Applicants will be transferred on the Transfer Date in

<b>Term</b>	<b>Description</b>
	accordance with Section 40(3) of the Companies Act, 2013
Allotment Account Bank(s)	Bank(s) which are clearing members and registered with SEBI as bankers to an issue and with whom the Allotment Accounts will be opened, in this case being, ICICI Bank Limited.
Allotment Advice	The note, advice or intimation of Allotment, sent to each successful Applicant who has been or is to be Allotted the Rights Equity Shares after approval of the Basis of Allotment by the Designated Stock Exchange
Allotment Date / Date of Allotment	Date on which the Allotment is made pursuant to the Issue
Allottee(s)	Person(s) to whom the Rights Equity Shares are Allotted pursuant to the Issue
Applicant(s) or Investors	Eligible Equity Shareholder(s) and/or Renouncee(s) who are entitled to apply or make an application for the Rights Equity Shares pursuant to the Issue in terms of the Letter of Offer
Application	Application made through submission of the Application Form or plain paper Application to the Designated Branch(es) of the SCSBs or online / electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process to subscribe to the Rights Equity Shares at the Issue Price
Application Form / Common Application Form	Unless the context otherwise requires, an application form (including online application form available for submission of application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process) used by an Investor to make an application for the Allotment of Rights Equity Shares in the Issue
Application Money	Aggregate amount payable at the time of Application in respect of the Rights Equity Shares applied for in the Issue at the Issue Price.
Application Supported by Blocked Amount / ASBA	Application (whether physical or electronic) used by an ASBA Applicants to make an application authorizing the SCSB to block the Application Money in an ASBA Account maintained with the SCSB.
ASBA Account	Account maintained with the SCSB and as specified in the Application Form or the plain paper Application, as the case may be, by the Applicant for blocking the amount mentioned in the Application Form or the plain paper Application.
ASBA Circulars	Collectively, SEBI circular bearing reference number SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, SEBI circular bearing reference number CIR/CFD/DIL/1/2011 dated April 29, 2011, SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, SEBI circular bearing reference number SEBI/HO/CFD/SSEP/CIR/P/2022/66 dated May 19, 2022 and any other circular issued by SEBI in this regard and any subsequent circulars or notifications issued by SEBI in this regard
Banker(s) to the Issue	Collectively, the Escrow Collection Bank and the Refund Bank to the Issue, in this case being ICICI Bank Limited.
Banker to the Issue Agreement	Agreement dated September 18, 2024 entered into by and among our Company, the Registrar to the Issue, the Lead Manager and the Banker(s) to the Issue for collection of the Application Money from Applicants/Investors making an application for the Rights Equity Shares
Basis of Allotment	The basis on which the Rights Equity Shares will be Allotted to successful Applicants in consultation with the Designated Stock Exchange under this Issue, as described in " <b>Terms of the Issue</b> " on page 182 of this Letter of Offer
Book Running Lead Manager / BRLM	Mark Corporate Advisors Private Limited
Controlling Branches / Controlling Branches of the SCSBs	Such branches of the SCSBs which co-ordinate with the Registrar to the Issue and the Stock Exchange, a list of which is available on <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes">http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes</a> , updated from time to time or at such other website(s) as may be prescribed by the SEBI from time to time.
Demographic Details	Details of Investors including the Investor's address, PAN, DP ID, Client ID, occupation and bank account details, where applicable.

<b>Term</b>	<b>Description</b>
Designated Branches / Designated SCSB Branches	Such branches of the SCSBs which shall collect the Application Form or the plain paper application, as the case may be, used by the ASBA Investors and a list of which is available on <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes">http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes</a> , updated from time to time or at such other website(s) as may be prescribed by the SEBI from time to time.
Designated Stock Exchange	BSE Limited
Depository(ies)	NSDL and CDSL or any other depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 as amended from time to time read with the Depositories Act, 1996.
Draft Letter of Offer / DLOF	The Draft Letter of Offer dated August 21, 2024, filed with BSE and CSE in accordance with SEBI ICDR Regulations
Eligible Equity Shareholder(s) / Eligible Shareholder(s)	Existing Equity Shareholder(s) as on the Record Date i.e., September 26, 2024. Please note that the investors eligible to participate in the Issue exclude certain overseas shareholders. For, further details, see " <b>Notice to Investors</b> " on page 11 of this Letter of Offer.
Fraudulent Borrower	Fraudulent Borrower as defined under Regulations 2(1) (III) of the SEBI ICDR Regulations
Investor(s)	Eligible Equity Shareholder(s) of our Company on the Record Date, September 26, 2024, and the Renouncee(s).
Issue Agreement	Memorandum of Understanding (MOU) dated August 19, 2024, between our Company and the Lead Managers, pursuant to which certain arrangements are agreed to in relation to the Issue.
ISIN	International securities identification number i.e., INE0CYK01015
Issue / Rights Issue	Issue of up to 1,12,04,985 Rights Equity Shares of face value of ₹10/- each of our Company for cash at a price of ₹40/- per Rights Equity Share (including a premium of ₹30/- per Rights Equity Share) aggregating up to ₹4,481.99 Lakhs on a rights basis to the Eligible Equity Shareholders of our Company in the ratio of 1 (One) Rights Equity Share for every 3 (Three) fully paid-up Equity Shares held by the Eligible Equity Shareholders of our Company on the Record Date.
Issue Closing Date	Friday, October 11, 2024
Issue Materials	Collectively, Letter of Offer, the Abridged Letter of Offer, the Application Form and Rights Entitlement Letter, any other issue material relating to the Issue
Issue Opening Date	Friday, October 04, 2024
Issue Period	The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants / Investors can submit their Applications, in accordance with the SEBI ICDR Regulations
Issue Price	₹40/- per Rights Equity Share.
Issue Proceeds/ Gross Proceeds	The gross proceeds raised through the Issue
Issue Size	Amount aggregating up to ₹4,481.99 Lakhs <sup>#</sup>
	<sup>#</sup> Assuming full subscription with respect to Rights Equity Shares
Letter of Offer / LOF	The final Letter of Offer dated Friday, September 20, 2024, to be filed with the Stock Exchanges and submitted to SEBI
Listing Agreement	The listing agreements entered into between our Company and the Stock Exchange in terms of the SEBI Listing Regulations
Multiple Application Forms	Multiple application forms submitted by an Eligible Equity Shareholder / Renouncee in respect of the Rights Entitlement available in their demat account. However supplementary applications in relation to further Equity Shares with / without using additional Rights Entitlements will not be treated as multiple application
Net Proceeds	Issue Proceeds less the Issue related expenses. For further details, please refer to " <b>Objects of the Issue</b> " on page 47 of this Letter of Offer
Non-Institutional Investor / NII	An Investor other than a Retail Individual Investor or Qualified Institutional Buyer as defined under Regulation 2(1) (jj) of the SEBI ICDR Regulations
Off Market Renunciation	The renunciation of Rights Entitlements undertaken by the Investor by transferring

<b>Term</b>	<b>Description</b>
	them through off-market transfer through a depository participant in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Depositories, from time to time, and other applicable laws
On Market Renunciation	The renunciation of Rights Entitlements undertaken by the Investor by trading them over the secondary market platform of the Stock Exchange through a registered stock broker in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Stock Exchange, from time to time, and other applicable laws, on or before Tuesday, October 08, 2024.
Payment Schedule	Payment schedule under which entire Issue Price is payable on Application.
Qualified Institutional Buyer / QIB	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
Record Date	Designated date for the purpose of determining the Equity Shareholders eligible to apply for Rights Equity Shares, being Thursday, September 26, 2024
Registrar to the Issue / Registrar to the Company / Registrar	Purva Shareregistry (India) Private Limited
Registrar Agreement	Agreement dated July 16, 2024, entered into between our Company and the Registrar to the Issue in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue
Refund Bank(s)	The Banker(s) to the Issue with whom the Refund Account(s) has been opened in this case being ICICI Bank Limited
Renouncee(s)	Person(s) who has/have acquired Rights Entitlements from the Eligible Equity Shareholders on renunciation either through On Market Renunciation or through Off Market Renunciation in accordance with the SEBI ICDR Regulations, the SEBI Rights Issue Circulars, the Companies Act and any other applicable law
RE ISIN	ISIN for Rights Entitlement i.e. INE0CYK20015
Renunciation Period	The period during which the Investors can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date i.e. Friday, October 04, 2024. Such period shall close on Tuesday, October 08, 2024, in case of On Market Renunciation. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee on or prior to the Issue Closing Date i.e., Friday, October 11, 2024.
Rights Entitlement(s) / RE(s)	Number of Rights Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to the number of the Equity Shares held by the Eligible Equity Shareholder on the Record Date, in this case being Thursday, September 26, 2024, would be 1 (One) Equity Share for every 3 (Three) Equity Shares held by an Eligible Equity Shareholder.  Pursuant to the provisions of the SEBI ICDR Regulations and the SEBI Rights Issue Circulars, the Rights Entitlements shall be credited in dematerialized form in respective demat accounts of the Eligible Equity Shareholders before the Issue Opening Date.  The Rights Entitlements with a separate ISIN will be credited to the respective demat account of Eligible Equity Shareholder before the Issue Opening Date, against the Equity Shares held by the Eligible Equity Shareholders as on the Record Date.
Rights Entitlement Letter	Letter including details of Rights Entitlements of the Eligible Equity Shareholders. The Rights Entitlements will also be accessible on the website of our Company and Registrar
Rights Equity Shares / Rights Shares	Equity Shares of our Company to be Allotted pursuant to this Issue
SEBI Rights Issue Circulars	SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, read with SEBI circular bearing reference number SEBI/HO/CFD/SSEP/CIR/P/2022/66 dated May 19, 2022, and any other circular issued by SEBI in this regard and any subsequent circulars or notifications issued by



<b>Term</b>	<b>Description</b>
	SEBI in this regard.
SCSB(s) / Self-Certified Syndicate Banks	Self-certified syndicate banks registered with SEBI, which offers the facility of ASBA. A list of all SCSBs is available at <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes">http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes</a> , updated from time to time or at such other website(s) as may be prescribed by the SEBI from time to time.
Stock Exchanges	Stock exchanges where the Equity Shares of our Company are presently listed, i.e., BSE Limited and Calcutta Stock Exchange Limited
Transfer Date	The date on which the Application Money blocked in the ASBA Account will be transferred to the Allotment Account(s) in respect of successful Applications, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange
Wilful Defaulter / Fraudulent Borrower	Company or person, as the case may be, categorized as a wilful defaulter or a fraudulent borrower by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by RBI
Working Day(s)	In terms of Regulation 2(1)(mmm) of SEBI ICDR Regulations, working day means all days on which commercial banks in Maharashtra are open for business. Further, in respect of Issue Period, working day means all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business. Furthermore, the time period between the Issue Closing Date and the listing of Equity Shares on the Stock Exchange, working day means all trading days of the Stock Exchange, excluding Sundays and bank holidays, as per circulars issued by SEBI.

#### **Business and Industry Related Terms**

<b>Term</b>	<b>Description</b>
AMCs	Asset Management Companies
AMFI	Association Of Mutual Funds in India
ARC	Asset Reconstruction Company
AUM	Assets Under Management
CDBC	Central Bank Digital Currency
CICs	Central Information Commission
CGTMSE	Credit Guarantee Fund Trust for Micro and Small Enterprises
CRAR	Capital Adequacy Ratio
FPIs	Foreign Portfolio Investors
FY	Fiscal Year
GDP	Gross Domestic Product
GNS	Gross National Savings
HFCs	Housing Finance Companies
ICC	Investment And Credit Company
IPOs	Initial Public Offerings
IMPS	Immediate Payment Service
IT	Information Technology
JGLs	Joint Liability Groups
M&A	Merger And Acquisition
MOU	Memorandum Of Understanding
MSMEs	Micro, Small and Medium Enterprises
MUDRA	Micro Units Development and Refinance Agency
NBFIs	Non-Banking Financial Institution
NBFC	Non-Banking Finance Companies
NBFC-BL	Base Layer
NBFCs-D	Deposit Taking/ Holding Non-Banking Finance Companies.
NBFCs-ND	Non-Deposit Taking/ Holding Non-Banking Financial Company
NBFC-MFIs	Non-Banking Financial Companies - Microfinance Institutions

<b>Term</b>	<b>Description</b>
NBFCs-ND-SI	Systemically Important Non-Deposit Taking/ Holding Non-Banking Financial Company
NBFCs-ND-ICC	Non-Banking Finance Companies- Investment and Credit Companies
NBFC-ML	Middle Layer
NBFC-UL	Upper Layer
NBFC-TL	Top Layer
NIPL	NPCI International Payments
NPCI	National Payments Corporation of India
NNPA	Net Non-Performing Assets
NSE	National Stock Exchange
PDs	Primary Dealers
PCA	Prompt Corrective Action
QFIs	Qualified Foreign Investors
QR code	Quick-Response Code
RBI	Reserve Bank of India
SBR	Scale-Based Regulation
SCBs	SCB Securities Co., Ltd.
SEBI	Securities And Exchange Board of India
SIP	Systematic Investment Plans
UHNWI	Ultra High Net Worth Individuals
UPI	Unified Payments Interface
US/USA	The United States of America
US\$	United States Dollar or US Dollar
WFE	World Federation of Exchanges
YoY	Year on Year

#### **Conventional and General Terms/Abbreviations**

<b>Term</b>	<b>Description</b>
₹ / Rs. / Rupees / INR	Indian Rupees
A/c	Account
AGM	Annual General Meeting
AIF(s)	Alternative Investment Funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
API	Application Programming Interface
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
AY	Assessment Year
BSE	BSE Limited
CAGR	Compound Annual Growth Rate
CBDT	Central Board of Direct Taxes, Government of India
Category I AIF	AIFs who are registered as "Category I Alternative Investment Funds" under the SEBI AIF Regulations
Category I FPIs	FPIs who are registered as "Category I Foreign Portfolio Investors" under the SEBI FPI Regulations
Category II AIF	AIFs who are registered as "Category II Alternative Investment Funds" under the SEBI AIF Regulations
CDSL	Central Depository Services (India) Limited
CFO	Chief Financial Officer
Central Government	Central Government of India
CIN	Corporate Identity Number
CIT	Commissioner of Income Tax
CLRA	Contract Labour (Regulation and Abolition) Act, 1970
Civil Code	Code of Civil Procedure 1908
Client ID	The client identification number maintained with one of the Depositories in relation

<b>Term</b>	<b>Description</b>
	to the demat account
Companies Act, 1956	Erstwhile Companies Act, 1956 along with the rules made thereunder (without reference to the provisions thereof that have ceased to have effect upon the notification of the Notified Sections)
Companies Act, 2013 / Companies Act	Companies Act, 2013 along with the rules made thereunder
CSE	The Calcutta Stock Exchange Limited
CrPC	Code of Criminal Procedure, 1973
Depositories Act	Depositories Act, 1996
Depository(ies)	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participant) Regulations, 1996
Depository Participant / DP	A depository participant as defined under the Depositories Act
DIN	Director Identification Number
DP ID	Depository Participant's Identification
DTAA	Double Taxation Avoidance Agreement
DPIIT	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry (formerly Department of Industrial Policy and Promotion), Government of India
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, tax, depreciation and amortization
ECS	Electronic Clearance Service
EGM	Extraordinary General Meeting
EMI	Equated Monthly Instalments
EPF Act	Employees' Provident Fund and Miscellaneous Provisions Act, 1952
EPS	Earnings Per Share
FCNR Account	Foreign Currency Non-Resident (Bank) account opened in accordance with the FEMA
FDI	Foreign Direct Investment
FDI Circular 2020	Consolidated FDI Policy dated October 15, 2020, issued by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India
FEMA	Foreign Exchange Management Act, 1999, read with rules and regulations thereunder
FEMA Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
Financial Year / Fiscal Year / Fiscal	Period of 12 months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year, unless otherwise stated
FIR	First Information Report
FOIR	Fixed Obligations to Income Ratio
FPIs	A foreign portfolio investor who has been registered pursuant to the SEBI FPI Regulations, provided that any FII who holds a valid certificate of registration shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018
FVCI	Foreign Venture Capital Investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI
FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
GoI / Government	The Government of India
GST	Goods and Services Tax
HUF	Hindu Undivided Family
IBC / Insolvency Code	Insolvency and Bankruptcy Code, 2016, as amended

<b>Term</b>	<b>Description</b>
ICAI	Institute of Chartered Accountants of India
ICSI	Institute of Company Secretaries of India
IEPF	Investor Education and Protection Fund
IEPF Authority	Investor Education and Protection Fund Authority established by the GOI under Section 125 of the Companies Act, 2013
IFRS	International Financial Reporting Standards
IFSC	Indian Financial System Code
Income Tax Act / IT Act	Income-tax Act, 1961
Ind AS	The Indian Accounting Standards as specified under section 133 of the Companies Act 2013 read with Companies (Indian Accounting Standards) Rules 2015, as amended
India	Republic of India
Indian GAAP	Generally Accepted Accounting Principles of India
Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended
ISIN	International Securities Identification Number
IBC	Insolvency and Bankruptcy Code, 2016, as amended
IT	Information Technology
ITAT	Income Tax Appellate Tribunal
Ltd.	Limited
LTV	Loan-To-Value Ratio
MCA	Ministry of Corporate Affairs
MIS	Management Information System
Mn / mn	Million
MSME	Micro Small and Medium Enterprises
Mutual Fund	Mutual funds registered with SEBI under the Securities and Exchange Board of (Mutual Funds) Regulations, 1996
N.A. or NA	Not Applicable
NACH	National Automated Clearing House
NAV	Net Asset Value
Net Asset Value per Equity Share / NAV per Equity Share	Net Worth / Number of Equity shares subscribed and fully paid outstanding as of March 31 of that Financial Year
Net Worth	Net worth means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation
NBFC	Non-Banking Financial Companies
Notified Sections	The sections of the Companies Act, 2013 that have been notified by the MCA and are currently in effect
NPA	Non-Performing Assets
NRE Account	Non-resident External Account
NRI	A person resident outside India, who is a citizen of India and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2016
NRO	Non-Resident Ordinary
NRO Account	Non-Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB / Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003, and immediately before such date had taken benefits under the general permission granted to OCBs under

<b>Term</b>	<b>Description</b>
	FEMA. OCBs are not allowed to invest in the Issue.
p.a.	Per annum
P/E Ration	Price / Earnings Ratio
PAN	Permanent Account Number
PAT	Profit after tax
Payment of Bonus Act	Payment of Bonus Act, 1965
Payment of Gratuity Act	Payment of Gratuity Act, 1972
Pvt. Ltd.	Private Limited
RBI	The Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934, as amended
RCU	Risk Control Unit
Regulation S	Regulation S under the United States Securities Act of 1933, as amended
RoC	Registrar of Companies, Mumbai
RTGS	Real Time Gross Settlement
Rule 144A	Rule 144A under the U.S. Securities Act
SARFAESI	Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002
SCRA	Securities Contracts (Regulation) Act, 1956, as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended
SEBI Listing Regulations / SEBI LODR Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended
SEBI Takeover Regulations / Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended
Securities Act	The United States Securities Act of 1933
SMS	Short Message Service
STT	Securities Transaction Tax
State Government	The Government of a State in India
Supreme Court	Supreme Court of India
Total Borrowings	Aggregate of debt securities, borrowings (other than debt securities) and subordinated liabilities
U.S.\$ / USD / U.S. Dollar / US\$ / US Dollar / \$	United States Dollar, the legal currency of the United States of America
USA / U.S. / US / United States	United States of America
U.S. SEC	U.S. Securities and Exchange Commission
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America
VCFs	Venture capital funds as defined and registered with SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the SEBI AIF Regulations, as the case may be
w.e.f.	With effect from
Year / Calendar Year	Unless context otherwise requires, shall refer to the twelve-months period ending December 31 of a particular year

## NOTICE TO INVESTORS

The distribution of this Letter of Offer, the Abridged Letter of Offer, Application Form and Rights Entitlement Letter and the issue of Rights Entitlement and Rights Equity Shares to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer, the Abridged Letter of Offer or Application Form may come are required to inform themselves about and observe such restrictions.

Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch the Letter of Offer/ Abridged Letter of Offer, Application Form and Rights Entitlement Letter through email and courier only to Eligible Equity Shareholders who have a registered address in India or who have provided an Indian address to our Company. This Letter of Offer will be provided, through email and courier, by the Registrar, on behalf of our Company, to the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and in each case who make a request in this regard.

Investors can also access this Letter of Offer, the Abridged Letter of Offer and the Application Form from the websites of the Registrar, our Company and the Stock Exchanges. Our Company, the Lead Manager, and the Registrar will not be liable for non-dispatch of physical copies of Issue Materials, in the event the Issue Materials have been sent on the registered email addresses of such Eligible Equity Shareholder(s).

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer is being filed with the Stock Exchanges for observations. Accordingly, the Rights Entitlements or Rights Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer, the Abridged Letter of Offer or any offering materials or advertisements in connection with the Issue may not be distributed, in whole or in part, in any jurisdiction (other than in India), except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer or the Abridged Letter of Offer (including by way of electronic means) will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Letter of Offer, and the Abridged Letter of Offer must be treated as sent for information purposes only and should not be acted upon for subscription to the Rights Equity Shares and should not be copied or redistributed. Accordingly, persons receiving a copy of this Letter of Offer or the Abridged Letter of Offer or Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send this Letter of Offer or the Abridged Letter of Offer to any person outside India where to do so, would or might contravene local securities laws or regulations. If this Letter of Offer, the Abridged Letter of Offer or Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlements referred to in this Letter of Offer, the Abridged Letter of Offer or the Application Form.

Any person who makes an application to acquire the Rights Entitlements or the Rights Equity Shares offered in the Issue will be deemed to have declared, represented, warranted and agreed that such person is authorised to acquire the Rights Entitlements or the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in his jurisdiction. Our Company, the Registrar, or any other person acting on behalf of our Company reserves the right to treat any Application Form as invalid where they believe that Application Form is incomplete, or acceptance of such Application Form may infringe applicable legal or regulatory requirements and we shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such Application Form.

Neither the receipt of this Letter of Offer nor any sale of Rights Equity Shares hereunder, shall, under any circumstances, create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Letter of Offer or the date of such information.

The contents of this Letter of Offer should not be construed as legal, tax, business, financial or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of the offer of Rights Equity Shares or Rights Entitlements. As a result, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of the Rights Equity Shares or Rights Entitlements. In addition, neither our Company nor the Lead Manager or its affiliates are making any representation to an offeree or purchaser of the Rights Equity Shares regarding the legality of an investment in the Rights Entitlements or the Rights Equity Shares by such offeree or purchaser under any

applicable laws or regulations. Investors are advised to make their independent investigations and ensure that the number of Rights Equity Shares applied for do not exceed the prescribed limits under applicable laws or regulations.

The Rights Entitlements and the Rights Equity Shares have not been approved or disapproved by any regulatory authority, nor has any regulatory authority passed upon or endorsed the merits of the offering of the Rights Entitlements, the Rights Equity Shares or the accuracy or adequacy of this Letter of Offer. Any representation to the contrary is a criminal offence in certain jurisdictions.

The Issue Materials are supplied to you solely for the use of the person who receive it from our Company or from the Registrar and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

**THE CONTENTS OF THIS LETTER OF OFFER SHOULD NOT BE CONSTRUED AS LEGAL, TAX OR INVESTMENT ADVICE. PROSPECTIVE INVESTORS MAY BE SUBJECT TO ADVERSE FOREIGN, STATE OR LOCAL TAX OR LEGAL CONSEQUENCES AS A RESULT OF THE ISSUE OF RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENTS. ACCORDINGLY, EACH INVESTOR SHOULD CONSULT THEIR OWN COUNSEL, BUSINESS ADVISOR AND TAX ADVISOR AS TO THE LEGAL, BUSINESS, TAX AND RELATED MATTERS CONCERNING THE ISSUE OF RIGHTS EQUITY SHARES. IN ADDITION, OUR COMPANY IS NOT MAKING ANY REPRESENTATION TO ANY OFFEREE OR PURCHASER OF THE EQUITY SHARES REGARDING THE LEGALITY OF AN INVESTMENT IN THE EQUITY SHARES BY SUCH OFFEREE OR PURCHASER UNDER ANY APPLICABLE LAWS OR REGULATIONS.**

#### **NO OFFER IN THE UNITED STATES**

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States of America or the territories or possessions thereof ("**United States**"), except in a transaction not subject to, or exempt from, the registration requirements of the Securities Act and applicable state securities laws. The offering to which this Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlement for sale in the United States or as a solicitation therein of an offer to buy any of the Rights Equity Shares or Rights Entitlement. There is no intention to register any portion of the Issue or any of the securities described herein in the United States or to conduct a public offering of securities in the United States.

Neither our Company nor any person acting on our behalf will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company or any person acting on our behalf has reason to believe is in the United States when the buy order is made. Envelopes containing an Application Form and Rights Entitlement Letter should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Rights Equity Shares and wishing to hold such Equity Shares in registered form must provide an address for registration of these Equity Shares in India. Our Company is making the Issue on a rights basis to Eligible Equity Shareholders and this Letter of Offer/ Abridged Letter of Offer and Application Form and Rights Entitlement Letter will be dispatched only to Eligible Equity Shareholders who have an address in India. Any person who acquires Rights Entitlements and the Rights Equity Shares will be deemed to have declared, represented, warranted and agreed that, (i) it is not, and that at the time of subscribing for such Rights Equity Shares or the Rights Entitlements, it will not be, in the United States, and (ii) it is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations.

Our Company reserves the right to treat any Application Form as invalid which: (i) does not include the certification set out in the Application Form to the effect that the subscriber is authorised to acquire the Rights Equity Shares or Rights Entitlement in compliance with all applicable laws and regulations; (ii) appears to us or our agents to have been executed in or dispatched from the United States; (iii) where a registered Indian address is not provided; or (iv) where our Company believes that the Application Form is incomplete or acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such Application Form.

The Rights Entitlements may not be transferred or sold to any person in the United States.

The Rights Entitlements and the Equity Shares have not been approved or disapproved by the US Securities and Exchange Commission (the "US SEC"), any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Rights Entitlements, the Equity Shares or the accuracy or adequacy of this Letter of Offer.

Any representation to the contrary is a criminal offence in the United States.

The above information is given for the benefit of the Applicants/ Investors. Our Company is not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Rights Equity Shares applied for do not exceed the applicable limits under the applicable laws or regulations.

**THIS DOCUMENT IS SOLELY FOR THE USE OF THE PERSON WHO RECEIVED IT FROM OUR COMPANY OR FROM THE REGISTRAR. THIS DOCUMENT IS NOT TO BE REPRODUCED OR DISTRIBUTED TO ANY OTHER PERSON.**



## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

### Certain Conventions

All references to "India" contained in this Letter of Offer are to the Republic of India and its territories and possessions and all references herein to the "Government", "Indian Government", "GoI", "Central Government" or the "State Government" are to the Government of India, central or state, as applicable.

Unless otherwise specified or the context otherwise requires, all references in this Letter of Offer to the 'US' or 'U.S.' or the 'United States' are to the United States of America and its territories and possessions. Unless otherwise specified, any time mentioned in this Letter of Offer is in Indian Standard Time ("**IST**"). Unless indicated otherwise, all references to a year in this Letter of Offer are to a calendar year.

A reference to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable.

Unless stated otherwise, all references to page numbers in this Letter of Offer are to the page numbers of this Letter of Offer.

### Financial Data

Unless stated otherwise or the context otherwise requires, the financial information and financial ratios in this Letter of Offer have been derived from our Restated Financial Statements. For details, please see "**Financial Information**" on page 102 of this Letter of Offer. Our Company's financial year commences on April 01 and ends on March 31 of next year. Accordingly, all references to a particular financial year, unless stated otherwise, are to the twelve (12) month period ended on March 31 of that year.

The Government of India has adopted the Indian Accounting Standards ("**Ind AS**"), which are converged with the International Financial Reporting Standards of the International Accounting Standards Board ("**IFRS**") and notified under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended (the "**Ind AS Rules**").

Unless stated or the context requires otherwise, our financial data as at and for the Financial Year ended March 31, 2024, March 31, 2023, and March 31, 2022 and three months period ended June 30, 2024, included in this Letter of Offer is derived from the Restated Financial Statements for the Financial Year ended March 31, 2024, March 31, 2023 and March 31, 2022 and Limited Reviewed Financial Statement Information for the quarter ended June 30, 2024, respectively.

The Restated Financial Statements of our Company for the Financial Year ended March 31, 2024, March 31, 2023 and March 31, 2022 have been prepared in accordance with Ind AS, as prescribed under Section 133 of Companies Act read with the Ind AS Rules and other the relevant provisions of the Companies Act and in accordance with the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (Revised), 2019, issued by the ICAI. Our Company publishes its financial statements in Rupees in Lakhs.

In this Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off and unless otherwise specified all financial numbers in parenthesis represent negative figures. Our Company has presented all numerical information in the Financial Statements in whole numbers and in this Letter of Offer in "lakh" units or in whole numbers where the numbers have been too small to represent in lakh. One lakh represents 100,000 and one million represents 1,000,000.

There are significant differences between Ind AS, US GAAP and IFRS. We have not provided a reconciliation of the financial information to IFRS or US GAAP. Our Company has not attempted to also explain those differences or quantify their impact on the financial data included in this Letter of Offer, and you are urged to consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the financial information included in this Letter of Offer will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting policies and practices, Ind AS, the Companies Act and the SEBI ICDR Regulations. For further information, see "**Financial Information**" on page 102 of this Letter of Offer.

Certain figures contained in this Letter of Offer, including financial information, have been subject to rounded off adjustments. All figures in decimals (including percentages) have been rounded off to one or two decimals. However, where any figures that may have been sourced from third-party industry sources are rounded off to other than two decimal points in their respective sources, such figures appear in this Letter of Offer rounded-off to such number of decimal points as provided in such respective sources. In this Letter of Offer, (i) the sum or percentage change of certain numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Any such discrepancies are due to rounding off.

### Currency and Units of Presentation

All references to:

- "Rupees" or "₹" or "INR" or "Rs." are to Indian Rupee, the official currency of the Republic of India; and
- "USD" or "US\$" or "\$" are to United States Dollar, the official currency of the United States of America.

Our Company has presented certain numerical information in this Letter of Offer in "lakh" or "Lac" units or in whole numbers. One lakh represents 100,000 and one million represents 1,000,000. All the numbers in the document have been presented in lakh or in whole numbers where the numbers have been too small to present in lakh. Any percentage amounts, as set forth in "*Risk Factors*", "*Our Business*", "*Management's Discussion and Analysis of Financial Conditions and Results of Operation*" on pages 22, 76 and 154 and elsewhere in this Letter of Offer, unless otherwise indicated, have been calculated based on our Financial Information.

### Exchange Rates

This Letter of Offer contains conversions of certain other currency amounts into Indian Rupees that have been presented solely to comply with the SEBI ICDR Regulations. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Indian Rupee and other foreign currencies:

Name of the Currency	(in ₹)		
	As of March 31, 2024	As of March 31, 2023	As of March 31, 2022
United States Dollar	83.37	82.22	75.81

(Source: RBI reference rate)

Note: In case if March 31 of any of the respective years is a public holiday, the previous Working Day not being a public holiday has been considered. Since, March 31, March 30, and March 29, 2024, were public holidays, the exchange rate as of March 28, 2024, has been considered.

### Industry and Market Data

Unless stated otherwise, industry and market data used in this Letter of Offer has been obtained or derived from publicly available information as well as industry publications and sources.

Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable, but their accuracy and completeness are not guaranteed, and their reliability cannot be assured. Although we believe the industry and market data used in this Letter of Offer is reliable, it has not been independently verified by us. The data used in these sources may have been reclassified by us for the purposes of presentation. Data from these sources may also not be comparable. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "*Risk Factors*" on page 22 of this Letter of Offer. Accordingly, investment decisions should not be based solely on such information.

**The extent to which the market and industry data used in this Letter of Offer is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which the business of our Company is conducted, and methodologies and assumptions may vary widely among different industry sources.**

## FORWARD LOOKING STATEMENTS

In this Letter of Offer, we have included statements, which contain words or phrases such as "will", "may", "aim", "is likely to result", "believe", "expect", "continue", "anticipate", "estimate", "intend", "plan", "contemplate", "seek to", "future", "objective", "goal", "project", "should", "pursue" and similar expressions or variations of such expressions, that are "forward looking statements".

All statements regarding our Company's expected financial conditions, results of operations, business plans and prospects are forward looking statements. These forward-looking statements include statements as to our Company's business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Letter of Offer that are not historical facts. These forward-looking statements contained in this Letter of Offer (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements or other projections.

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the industry in which we operate and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, the competition in our industry and markets, technological changes, our exposure to market risks, general economic and political conditions in India and globally, which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, performance of the financial markets in India and globally, changes in laws, regulations and taxes, incidence of natural calamities and/or acts of violence. Important factors that could cause actual results to differ materially from our Company's expectations include, but are not limited to, the following:

1. We, as an NBFC, have to adhere to several regulatory norms prescribed by RBI from time to time. Any non-compliance with such norms or any adverse change in the norms could negatively affect our Company's operations, business, financial condition and the trading price of Equity Shares.
2. Any disruption in our sources of funding or an increase in costs of funding could adversely affect our liquidity and financial condition.
3. We are affected by volatility in interest rates for both our lending and fund raisings operations, which could cause our net interest income to decline and adversely affect the results of operations and profitability.
4. There are certain legal proceedings involving our Company, Directors and Promoter, an adverse outcome in which may have an adverse impact on our reputation, business, financial condition, results of operations and cash flows.
5. Our success depends largely on our senior management and our ability to attract and retain our key personnel. Any significant changes in the key managerial personnel may affect the performance of our Company.
6. Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditure and restrictive covenants in our financing arrangements.
7. Certain sections of this Letter of Offer disclose information about our industry in connection with the Issue, which is sourced from publicly available information and any reliance on such information for making an investment decision in the Issue is subject to inherent risk.
8. We are required to obtain and maintain certain governmental and regulatory licenses and permits and the failure to obtain and maintain such licenses and permits in a timely manner, or at all, may adversely affect our business and operations.
9. Our Company is subject to periodic inspections by the RBI. Non-compliance with observations made during any such inspections could result in penalties and fines on our Company and could adversely affect the business of our Company.
10. Any regulatory actions and penalties for any past or future non-compliance may adversely affect our business or reputation, or both.

For further discussion of factors that could cause the actual results to differ from our estimates and expectations, please refer to "**Risk Factors**", "**Our Business**" and "**Management's Discussion and Analysis of Financial Position and Results of Operations**" on pages 22, 76, and 154 respectively of this Letter of Offer. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

We cannot assure investors that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance.

Forward looking statements reflect the current views of our Company as of the date of this Letter of Offer and are not a guarantee of future performance. These statements are based on the management's beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Neither our Company, our Directors, our Promoters, nor any of their respective affiliates or advisors have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

In accordance with the SEBI ICDR Regulations, our Company will ensure that investors are informed of material developments from the date of this Letter of Offer until the time of receipt of the listing and trading permissions from the Stock Exchange.

## SUMMARY OF LETTER OF OFFER

The following is a general summary of certain disclosures included in this Letter of Offer and is not exhaustive, nor does it purport to contain a summary of all the disclosures in this Letter of Offer or all details relevant to the prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Letter of Offer, including, "**Risk Factors**", "**Objects of the Issue**", "**Our Business**" and "**Outstanding Litigation and Defaults**" on pages 22, 47, 76 and 170, respectively of this Letter of Offer.

### 1. Primary Business of our Company

Our Company is a non-deposit taking Non-Banking Financial Company (NBFC-Non-Systematically Important Non-Deposit Taking Company categorized as Investment and Credit Company i.e. ICC) registered with the RBI primarily engaged in retail MSME secured lending in Tier II, III and IV cities of India.

For further information, please refer to "**Our Business**" on page 76 of this Letter of Offer.

### 2. Our Promoters

The Promoters of our Company are (i) Amitabh Chaturvedi; (ii) Minal Chaturvedi; (iii) Abhishek Chaturvedi; (iv) Asher Foods Private Limited; and (v) Saguna Mercantile Private Limited.

### 3. Subscription to the Issue by our Promoters and Promoter Group

Our Promoters and entities forming part of our Promoter Group vide their letters dated August 01, 2024, have indicated that they may or may not intend to subscribe, jointly and/ or severally to the full extent of their Rights Entitlement and may renounce to the full/part extent of any of their Rights Entitlement. The extent of renouncement, if any, shall be finalized before the filing of the Letter of Offer with Stock Exchanges.

### 4. Objects of the Issue

The Net Proceeds are proposed to be used in the manner set out in the following table:

<b>Particulars</b>	<b>Amount</b>
Gross Proceeds from the Issue <sup>#</sup>	4,481.99
Less: Issue related expenses	308.00
<b>Net Proceeds of the Issue</b>	<b>4,173.99</b>

<sup>#</sup>assuming full subscription and subject to the finalisation of Basis of allotment

<sup>#</sup> The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds of the Issue.

For further details, please see chapter titled "**Objects of the Issue**" on page 47 of this Letter of Offer.

### 5. Summary of Financial Information

**Following are the details as per the Restated Financial Statement as at and for the Financial Years ended on March 31, 2024; March 31, 2023; and March 31, 2022:**

<b>Sr. No.</b>	<b>Particulars</b>	<b>March 31, 2024</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
1.	Authorised Share Capital			
	Equity Share Capital	5060.00	3560.00	2060.00
	Preference Share Capital	0.00	0.00	0.00
2.	Paid-up Capital	3361.50	2302.20	2053.86

Sr. No.	Particulars	March 31, 2024	March 31, 2023	March 31, 2022
3.	Net Worth attributable to Equity Shareholders	4832.96	1729.65	1602.14
4.	Total Revenue	444.22	256.08	(311.37)
5.	Profit/(Loss) after tax	(761.27)	(632.78)	(736.74)
6.	Earnings per Share Basic Earnings Per Share diluted (in ₹)	(2.27)	(2.31)	(14.06)
7.	Net Asset Value per Equity Share (in ₹) on Basic weighted No. of Shares	14.38	7.51	7.80
8.	Total Borrowings	2212.82	29.64	39.62

For further details, please refer the section titled "**Financial Information**" on page 102 of this Letter of Offer.

#### 6. **Outstanding Litigations**

A summary of outstanding litigation proceedings involving our Company as on the date of this Letter of Offer is provided below:

Nature of Cases	No. of outstanding cases	Amount Involved	
		(₹ in Lakhs)^	
<b>Litigation involving our Company</b>			
Criminal proceedings by our Company	Nil	Nil	
Criminal proceedings against our Company	Nil	Nil	
Material civil litigation against our Company	Nil	Nil	
Material civil litigation by our Company	Nil	Nil	
Actions by statutory or regulatory Authorities	1	29.15	
Direct and indirect tax proceedings	8	0.19	

<sup>^</sup>To the extent quantifiable

For details, please refer to chapter titled "**Outstanding Litigations and Material Developments**" on page 170 of this Letter of Offer.

#### 7. **Risk Factors**

For details of potential risks associated with our ongoing business activities and industry, investment in Equity Shares of the Company, material litigations which impact the business of the Company and other economic factors please refer to "**Risk Factors**" on page 22 of this Letter of Offer.

#### 8. **Contingent Liabilities**

Please refer to the chapters titled "**Financial Information**" on page 102 of the Financial Information section in this Letter of Offer.

#### 9. **Related Party Transactions**

Please refer to "**Financial Information**" on page 102 of the Financial Information in this Letter of Offer.

#### 10. **Issue of equity shares made in last one year for consideration other than cash**

Except as disclosed below, none of our Promoter or Promoter Group have acquired any securities in the last one year, immediately preceding the date of filing of this Letter of Offer:

Date of allotment/ acquisition	Number of Equity Shares allotted/ transferred	Face value per Equity Share (₹)	Issue Price per Equity Share (₹)	Nature of consideration	Nature of allotment/ transfer	% of Pre- Issue capital
17.03.2024	2219161	10	10	Issue of shares pursuant to the approval of the Scheme of Merger by Absorption of Canopy Finance Limited by Purple Finance Limited	Fresh allotment	6.60

11. **Split or consolidation of Equity Shares in the last one-year**

Our Company has not carried out any split or consolidation of Equity Shares in the last one year immediately preceding the date of filing of this Letter of Offer.



## SECTION II – RISK FACTORS

*An investment in equity shares involves a high degree of risk. You should carefully consider all the information disclosed in this Letter of Offer, including the risks and uncertainties described below and the "Financial Information" on page 102 of this Letter of Offer, before making an investment in the Equity Shares. The risks described below are not the only risks relevant to us or Equity Shares or the industries in which we currently operate. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may also impair our business, cash flows, prospects, results of operations and financial condition. In order to obtain a complete understanding about us, investors should read this section in conjunction with "Industry Overview", "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages, 55, 76 and 154 respectively, as well as the other financial information included in this Letter of Offer. If any of the risks described below, or other risks that are not currently known or are currently deemed immaterial actually occur, our business, cash flows, prospects, results of operations and financial condition could be adversely affected, the trading price of the Equity Shares could decline, and investors may lose all or part of the value of their investment. The financial and other related implications of the risk factors, wherever quantifiable, have been disclosed in the risk factors mentioned below.*

*However, there are certain risk factors where the financial impact is not quantifiable and, therefore, cannot be disclosed in such risk factors. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in this Issue. The following factors have been considered for determining the materiality: (1) some events may not be material individually but may be found material collectively; (2) some events may have material impact qualitatively instead of quantitatively; and (3) some events may not be material at present but may have material impact in future.*

*This Letter of Offer also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Letter of Offer. Any potential investor in, and purchaser of, the Equity Shares should pay particular attention to the fact that our Company is an Indian company and is subject to a legal and regulatory environment which, in some respects, may be different from that which prevails in other countries. For further information, please refer to "Forward Looking Statements" on page 17 of this Letter of Offer.*

*Unless otherwise indicated or the context requires otherwise, the financial information included herein is based on our Restated Financial Statements included in this Letter of Offer. For further information, please refer to "Financial Information" on page 102 of this Letter of Offer. In this section, unless the context requires otherwise, any reference to "we", "us" or "our" refers to Purple Finance Limited.*

### INTERNAL RISK FACTORS

- 1. We, as an NBFC, have to adhere to several regulatory norms prescribed by RBI from time to time. Any non-compliance with such norms or any adverse change in the norms could negatively affect our Company's operations, business, financial condition and the trading price of Equity Shares.***

NBFCs in India are subject to strict regulation and supervision by the RBI. We require certain approvals, licenses, registrations and permissions for operating our business. Such approvals, licenses, registrations and permissions must be maintained / renewed over time and we may have to comply with certain conditions in relation to these approvals. Moreover, the applicable requirements may change from time. We are required to obtain and maintain a license for carrying on business as an NBFC. If we fail to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, our business may be adversely affected. RBI has the authority to change these norms/ criteria as and when required. Inability to meet the prescribed norms/ criteria, can adversely affect the operations and profitability of our Company.

- 2. Any disruption in our sources of funding or an increase in costs of funding could adversely affect our liquidity and financial condition.***

The liquidity and profitability of our business majorly depends on our timely access to, and the costs associated with, raising funds. Our business thus depends and will continue to depend on our ability to

access a variety of funding sources. Further, our ability to compete effectively will depend, in part, on our ability to maintain or increase our margins. Our margins are affected in part by our ability to continue to secure low-cost funding at rates lower than the interest rates at which we lend to our customers. Our ability to raise funds on acceptable terms and at competitive rates depends on various factors including our current and future results of operations and financial condition, global and local macroeconomic conditions and the effect of events such as a pandemic, our risk management policies, the shareholding of Promoter in our Company, our credit ratings, our brand equity, the regulatory environment and policy initiatives in India and developments in the international markets affecting the Indian economy. If we are unable to access funds at an effective cost that is comparable to or lower than that of our competitors, our net interest margins, income, and market share may be adversely affected.

Certain regulatory developments including the restrictions imposed on NBFCs by the RBI through a Master Circular – Bank Finance to Non- Banking Financial Companies dated July 1, 2015 (the “Master Circular”) may restrict our ability to obtain bank financing for specific activities. Pursuant to the Master Circular, the RBI has imposed certain restrictions on banks providing financing to NBFCs. Under this Master Circular, certain activities by NBFCs are ineligible for financing by banks, including certain types of discounting and rediscounting of bills, current and long term investments in shares, debentures, loans and advances by NBFCs to their subsidiaries and group companies, lending by NBFCs to individuals for subscribing to public offerings and purchasing shares from the secondary market, unsecured loans, inter-corporate deposits provided by NBFCs, and subscription to shares or debentures by NBFCs. In addition, the Master Circular prohibits:

- banks from granting bridge loans of any nature, provide interim finance against capital or debenture issues or in the form of loans of a temporary nature pending the raising of long-term funds from the market by way of capital, deposits, or other means to any category of NBFCs;
- banks from accepting shares and debentures as collateral for secured loans granted to NBFCs; and
- banks from executing guarantees covering inter-Company deposits or loans that guarantee refund of deposits or loans accepted by NBFCs. The Master Circular also requires that guarantees not be issued by banks for the purpose of indirectly enabling the placement of deposits with NBFCs.

Changes in economic, regulatory and financial conditions or any lack of liquidity in the market could adversely affect our ability to access funds at competitive rates, or at all, which could adversely affect our liquidity and financial condition.

**3. *We are affected by volatility in interest rates for both our lending and fund raisings operations, which could cause our net interest income to decline and adversely affect the results of operations and profitability.***

Our net interest margins are affected by any volatility in interest rates in our lending operations. Interest rates are highly sensitive to many factors beyond our control, including competition from other banks and NBFCs, the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors, which have historically generated a relatively high degree of volatility in interest rates in India. Persistently high inflation in India may discourage the Government from implementing policies that would cause interest rates to decrease. Moreover, if there is an increase in the interest rates, we may be unable to pass it fully or partially to our customers. Further, we may find it difficult to compete with our competitors, who may have access to funds at a lower cost or lower cost deposits. To the extent our borrowings are linked to market interest rates, we may have to pay interest at a higher rate than competitors that may borrow only at fixed interest rates. Further, our ability to pass on any increase in interest rates to borrowers may also be constrained by regulations implemented by the Government or the RBI. In a declining interest rate environment, if our cost of funds does not decline simultaneously or to the same extent as the yield on our interest-earning assets, it could lead to a reduction in our net interest income and net interest margin.

4. ***There are certain legal proceedings involving our Company, Directors and Promoter, an adverse outcome in which may have an adverse impact on our reputation, business, financial condition, results of operations and cash flows.***

Our Company is involved in certain legal proceedings. These legal proceedings are pending at different levels of adjudication before various courts and tribunals or other governmental authorities. The amounts claimed in these proceedings have been disclosed to the extent ascertainable and include amounts claimed jointly and severally from us and other parties. Should any new developments arise, such as any change in applicable Indian law or any rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements that could increase expenses and current liabilities. Any adverse decision in such legal proceedings may have a material adverse effect on our business, financial condition, results of operations and cash flows.

A summary of outstanding litigation proceedings involving our Company, our Promoters, our Directors and our Group Company as on the date of this Letter of Offer and as disclosed in the section titled “*Outstanding Litigation and Other Material Developments*” in terms of the requirements under the SEBI ICDR Regulations is provided below:

*(in Rs Lakhs)*

<b>Name of Entity</b>	<b>Criminal Proceedings</b>	<b>Tax Proceeding</b>	<b>Statutory or Regulatory Proceedings</b>	<b>Material Civil Litigation</b>	<b>Aggregate amount involved</b>
<b>Company</b>					
Against our Company	Nil	8	1	Nil	29.34
By our Company	Nil	Nil	Nil	1^	29.15
<b>Directors (Other than Promoters)</b>					
Against our Director	Nil	1	Nil	Nil	1.16
By our Director	Nil	Nil	Nil	Nil	Nil
<b>Promoters</b>					
Against our Promoters	Nil	9	Nil	Nil	163.39
By our Promoters	Nil	Nil	Nil	Nil	Nil

^This proceeding is Canopy Finance Limited v. Union of India and ors., and the proceeding mentioned in the above table under “**Statutory or Regulatory Proceedings**” against our company, pertains to the same litigation.

Further, except as disclosed in “*Outstanding Litigation and Other Material Developments*” on page 170. We do not have any subsidiaries, due to which the litigations with respect to our subsidiaries have not been included.

If any of these outstanding litigations are decided against our Company, Promoters, Directors or Group Companies, as the case may be, we may need to make provisions in our financial statements that could increase our expenses and current liabilities. In this regard, we may be subject to penalties and regulatory actions including the suspension of our business. There can be no assurance that these litigations will be decided in favor of our Company or in the favor of our Promoter, Directors or Group Company, and such proceedings may divert management time and attention and consume financial resources in their defence or prosecution. An adverse outcome in any of these proceedings may affect our reputation, standing and future business, and could have an adverse effect on our business, prospects, financial condition, results of operations and cash flows.

5. ***Our success depends largely on our senior management and our ability to attract and retain our key personnel. Any significant changes in the key managerial personnel may affect the performance of our Company.***

Our success depends on the continued services and performance of the members of the senior management team and other key employees. Competition for senior and experienced personnel in the industry is intense at present. The loss of the services of senior management or other key personnel could seriously impair our ability to continue to manage and expand our business, which may adversely affect our financial condition.

6. ***Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditure and restrictive covenants in our financing arrangements.***

Our Company may retain all our future earnings, if any, for use in the operations and expansion of our business. As a result, we may not declare dividends in the foreseeable future. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board of Directors and will depend on factors that our Board of Directors deem relevant, including among others, our results of operations, financial condition, cash requirements, business prospects and any other financing arrangements. Accordingly, realization of a gain on shareholders' investments may largely depend upon the appreciation of the price of our Equity Shares. There can be no assurance that our Equity Shares will appreciate.

7. ***We are required to obtain and maintain certain governmental and regulatory licenses and permits and the failure to obtain and maintain such licenses and permits in a timely manner, or at all, may adversely affect our business and operations.***

We are required to obtain and maintain certain approvals, licenses, registrations and permits in connection with our business and operations. There can be no assurance that we will be able to obtain and maintain such approvals, licenses, registrations and permits in the future. An inability to obtain or maintain such registrations and licenses in a timely manner, or at all, and comply with the prescribed conditions in connection therewith may adversely affect our ability to carry on our business and operations, and consequently our results of operations and financial condition. Any failure by our Company to renew, maintain or obtain such material permits or approvals or comply with conditions thereof may lead to imposition of fees, charges, fines or penalties, or result in the interruption of our operations, suspension and revocation or permits and licenses, which may and may have a material adverse effect on our business and operations, financial condition and results of operations.

8. ***Our Company is subject to periodic inspections by the RBI. Non-compliance with observations made during any such inspections could result in penalties and fines on our Company and could adversely affect the business of our Company.***

Our Company is subject to periodic inspections by the RBI of our Company's books of accounts and other records for the purpose of verifying the correctness or completeness of any statement, information or particulars furnished to the RBI or for obtaining any information, which our Company have failed to furnish when called upon to do so. The RBI conducts an annual inspection of our Company's books of accounts and other records relating to our financial position every year under Section 45N of the RBI Act. RBI inspections are a regular exercise and are carried out periodically by RBI for banks, financial institutions and NBFCs. Any major failure to meet the RBI's directions could materially and adversely affect our Company's pending applications or requests with the RBI and our Company's ability to obtain the regulatory permits and approvals required to expand our business or result in the interruption of all or some of our Company's operations, which could have a material adverse effect on our Company's business, financial condition and results of operations.

9. ***Any regulatory actions and penalties for any past or future non-compliance may adversely affect our business or reputation, or both.***

We have to comply with numerous regulatory filings, maintenance of record under the Companies Act,

2013, Securities Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015, Securities Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulation, 2011 and any other laws and regulation as applicable. While we have been generally compliant and there have been no penalties in the form of fines or other punitive action in the past, any non-compliance of the applicable laws may impose the penalty on the Company. Such a penalty may impact the profitability of the Company.

**10. *We operate in a competitive industry and our failure to successfully compete may adversely affect our business, financial condition and results of operations, and prospects.***

The NBFC Sector is highly competitive. We compete against various domestic companies and some of our competitors may have larger financial resources or access to lower cost funds. They may also benefit from greater economies of scale and operating efficiencies. Whilst we have sufficient track record and experience if we are unable to compete effectively with competitors, we may be unable to sustain or increase our volume of order intake. This Competition may result in reduced revenues, reduced margins and loss of market share. Failure to compete successfully against current or future competitors could harm our business, operating cash flows and financial condition.

**11. *We may not be able to prevent others from unauthorized use of our intellectual property and may in the future become subject to trademark and/or other intellectual property infringement claims.***

Intellectual property and other proprietary rights are important to the success of our business. Our ability to compete effectively is dependent in part upon our ability to obtain, maintain, protect, and enforce our intellectual property and other proprietary rights and to obtain licenses to use the intellectual property and proprietary rights of others, as may be required. However, we cannot assure you that our intellectual property and other proprietary rights under such applications are sufficiently protected. Nonetheless, the steps we take to obtain, maintain, protect, and enforce our intellectual property and other proprietary rights may be inadequate. We cannot assure that any future trademark, or service mark registrations will be issued for our pending or future applications or that any of our current or future copyrights, trademarks, or service marks (whether registered or unregistered) will be valid, enforceable, sufficiently broad in scope, provide adequate protection of our intellectual property or other proprietary rights, or provide us with any competitive advantage.

We may be unable to prevent competitors or other third parties from acquiring or using trademarks, service marks, or other intellectual property or other similar proprietary rights, infringe upon, misappropriate, dilute, or otherwise violate or diminish the value of our trademarks and service marks and our other intellectual property and proprietary rights. In addition, we cannot guarantee we have entered into agreements containing obligations of confidentiality with each party that has or may have had access to proprietary information, know-how, or trade secrets owned or held by us. Moreover, our contractual arrangements may not effectively prevent disclosure of, or control access to, our confidential or otherwise proprietary information or provide an adequate remedy in the event of an unauthorized disclosure. The measures we have put in place may not prevent misappropriation, infringement, or other violation of our intellectual property or other proprietary rights or information and any resulting loss of competitive advantage, and we may be required to litigate to protect our intellectual property or other proprietary rights or information from misappropriation, infringement, or other violation by others, which may be expensive, could cause a diversion of resources, and may not be successful, even when our rights have been infringed, misappropriated, or otherwise violated.

Furthermore, the legal standards relating to the validity, enforceability, and scope of protection of intellectual property and other proprietary rights are still evolving. Our intellectual property and other proprietary rights may not be sufficient to provide us with a competitive advantage and the value of our intellectual property and other proprietary rights could also diminish if others assert rights therein or ownership thereof, and we may be unable to successfully resolve any such conflicts in our favor or to our satisfaction. Any failure to maintain, protect or enforce our intellectual property and other proprietary rights may adversely affect our business.

12. ***Our Company recently submitted an application for reclassification of 27 members of our Promoter Group to be included under the category of Public Shareholders. Post the approval, this reclassification shall lead to a shift in the ownership structure of our Company.***

Several individuals and entities who are classified as members of our promoter group had intimated the Company of their intention to apply for reclassification from Promoter Group to Public Shareholder and the same was intimated within 24 hours to the Stock Exchange on June 26, 2024. The Company subsequently submitted an application with Stock Exchange for reclassification on August 07, 2024. The reclassification if approved shall lead to a reduction of the promoter and promoter group's control from 72.11% to 59.21%. This reclassification reflects a shift in the ownership structure of the company and may have significant implications for our governance and management practices.

13. ***Holding of the investors may be diluted by additional issuances of equity by us, which may have an impact on the market price of our Equity Shares.***

Any future issuance of our Equity Shares may dilute the holdings of investors in our Equity Shares, which could adversely affect the market price of our Equity Shares. Additionally, sales of a large number of our Equity Shares by our principal shareholder could adversely affect the market price of our Equity Shares. The perception that any such sale may occur could also adversely affect the market price of our Equity Shares.

14. ***We are subject to cyber security risks and security breaches and may incur increasing costs in an effort to minimize those risks and to respond to cyber incidents.***

A number of other companies have disclosed cyber-attacks and security breaches, some of which have involved intentional attacks. Attacks may be targeted at us, our customers, or both. Although we devote significant resources to maintain and regularly upgrade our systems and processes that are designed to protect the security of our computer systems, software, networks and other technology assets and the confidentiality, integrity and availability of information belonging to us and our customers, our security measures may not provide absolute security. Despite our efforts to ensure the integrity of our systems, it is possible that we may not be able to anticipate or to implement effective preventive measures against all security breaches of these types, especially because the techniques used change frequently or are not recognized until launched, and because cyber-attacks can originate from a wide variety of sources, including third parties outside the Company such as persons who are involved with organized crime or associated with external service providers or who may be linked to terrorist organizations or hostile foreign governments. A successful penetration or circumvention of the security of our systems could cause serious negative consequences, including significant disruption of our operations, misappropriation of our confidential information or that of our customers, or damage to our computers or systems or those of our customers and counterparties, and could result in violations of applicable privacy and other laws, financial loss to us or to our customers, loss of confidence in our security measures, customer dissatisfaction, significant litigation exposure, and affect to our reputation, all of which could have a material adverse effect on us.

Our servers are also vulnerable to computer viruses, physical or electronic break-ins, and similar disruptions. We may need to expend significant resources to protect against security breaches or to address problems caused by breaches. Security breaches, including any breach of our systems or by persons with whom we have commercial relationships that result in the unauthorized release of customers' or businesses' personal information, could damage our reputation and expose us to a risk of loss or litigation and possible liability.

15. ***Our inability to completely detect money laundering and other illicit actions or detect the same in a timely manner or at all may expose us to extra responsibility and affect our business and reputation.***

In India, we must follow all applicable anti-money laundering ("AML") and anti-terrorism laws and regulations. We bear the risk of failing to follow the statutory know your customer ("KYC") requirements, as well as fraud and money laundering by dishonest customers, in the ordinary course of our business. Despite having internal rules, processes, and controls in place to prevent and identify any AML activity and maintain KYC compliance, we cannot guarantee that we will be able to entirely

manage instances of any possible or attempted violation. Any failure or ineffectiveness of our control system to detect such activities completely and immediately may subject us to regulatory action, including fines and penalties, and have a negative impact on our business and reputation.

16. ***As we expand our lending business, we may encounter asset-liability mismatches, which might negatively impact our cash flows, financial condition, and results of operations.***

As we expand our lending operations, we may encounter liquidity concerns due to mismatches in the maturity of our assets and obligations. If we are unable to obtain additional borrowings or renew our existing credit facilities in a timely and cost-effective manner, or at all, for matching tenures of our loan portfolio, it may result in mismatches between our assets and liabilities, which could harm our cash flows, financial condition, and results of operations.

17. ***Failure to stay up to date with technological changes, as well as the uses and regulation of the internet, might be detrimental to our Company.***

The industry of delivering finance products and services via a mobile app or the internet is dynamic and fresh. We must keep up with changing technical breakthroughs, customer and small company usage habits, internet security threats, system failure or inadequacy hazards, and governmental regulation and taxation, all of which could have a negative influence on our Company. If we are unable to adequately react to such developments, decreased demand for loans as a result of higher savings or income could result in a loss of revenues or a fall in profitability. The demand for loan products in the markets we serve could fall as a result of a variety of factors, including regulatory restrictions that limit customer access to specific products, the availability of competing or alternative products, or changes in customers' financial circumstances, such as increases in income or savings. A shift in focus from borrowing to saving would also lessen demand. Our revenues could be severely reduced if we fail to adjust to a significant change in our clients' desire for, or access to, our financing products. Customers may refuse or reject products whose changes make them less appealing or less available, even if we make adjustments or launch new products to meet customer demand.

18. ***We have not commissioned an industry report for the disclosures made in the section titled 'Industry Overview' and made disclosures based on the data available on the internet and such third-party data has not been independently verified by us.***

We have neither commissioned an industry report nor sought consent from the quoted website source for the disclosures which need to be made in the section titled "***Industry Overview***" on page 55 of this Letter of Offer. We have made disclosures in the said section based on the relevant industry related data available online for which relevant consents have not been obtained. We have not independently verified such third-party data. We cannot assure you that any assumptions made are correct or will not change and, accordingly, our position in the market may differ from that presented in this Letter of Offer. Further, the industry data mentioned in this Letter of Offer or sources from which the data has been collected are not recommendations to invest in our Company. Accordingly, investors should read the industry related disclosure in this Letter of Offer in this context.

19. ***The COVID-19 pandemic may in the future, and any similar pandemic situations that may arise in the future, have a material adverse impact on our business, results of operations, financial condition and cash flows.***

The global spread and unprecedented impact of the COVID-19 pandemic continues to create significant volatility, uncertainty and economic disruption. The pandemic and the potential of another pandemic has led governments and other authorities around the world to implement significant measures intended to control the spread of the virus, including lockdowns, shelter-in-place orders, social distancing measures, business closures or restrictions on operations, quarantines, travel bans and restrictions and multi-step policies with the goal of re-opening these markets. These responsive measures have severely impacted the delivery schedules of various orders/jobs under execution by the Company.

The scope, duration, and frequency of the measures implemented, and the adverse effects of COVID-19 remain uncertain and could be severe. However, the Company has tried to cope up with the situation to avoid and not to have an adverse effect on the cash flow and financial position of the Company.

## ISSUE SPECIFIC RISK

20. ***SEBI has, by way of circulars dated January 22, 2020, May 6, 2020, July 24, 2020, January 19, 2021, April 22, 2021 and October 1, 2021 streamlined the process of rights issues. You should follow the instructions carefully as stated in such SEBI circulars and in this Letter of Offer.***

The concept of crediting Rights Entitlements into the demat accounts of the Eligible Equity Shareholders has recently been introduced by the SEBI. Accordingly, the process for such Rights Entitlements has been recently devised by capital market intermediaries. Eligible Equity Shareholders are encouraged to exercise caution, carefully follow the requirements as stated in the SEBI circulars dated January 22, 2020, May 6, 2020, July 24, 2020, January 19, 2021, and April 22, 2021, October 1, 2021, and ensure completion of all necessary steps in relation to providing/updating their demat account details in a timely manner. For details, please refer to "***Terms of the Issue***" beginning on page 182 of this Letter of Offer.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account (namely, "Purple Finance Limited Unclaimed Shares Suspense Account") opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company or with the on the Record Date; or (d) credit of the Rights Entitlements returned/reversed/failed; or (e) the ownership of the Equity Shares currently under dispute, including any court proceedings.

21. ***The Rights Entitlement of Eligible Equity Shareholders holding Equity Shares in physical form ("Physical Shareholder") may lapse in case they fail to furnish the details of their demat account to the Registrar.***

In accordance with the SEBI Circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, the credit of Rights Entitlement and Allotment of Equity Shares shall be made in dematerialised form only. Accordingly, the Rights Entitlements of the Physical Shareholders shall be credited in a suspense escrow de-mat account opened by our Company during the Issue Period. The Physical Shareholders are requested to furnish the details of their de-mat account to the Registrar not later than two Working Days prior to the Issue Closing Date to enable the credit of their Rights Entitlements in their de-mat accounts at least one day before the Issue Closing Date. The Rights Entitlements of the Physical Shareholders who do not furnish the details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date, shall lapse. Further, pursuant to a press release dated December 3, 2018 issued by the SEBI, with effect from April 1, 2019, a transfer of listed Equity Shares cannot be processed unless the Equity Shares are held in dematerialized form (except in case of transmission or transposition of Equity Shares).

22. ***Failure to exercise or sell the Rights Entitlements will cause the Rights Entitlements to lapse without compensation and result in a dilution of shareholding.***

Rights Entitlements that are not exercised prior to the end of the Issue Closing Date will expire and become null and void, and Eligible Equity Shareholders will not receive any consideration for them. The proportionate ownership and voting interest in our Company of Eligible Equity Shareholders who fail (or are not able) to exercise their Rights Entitlements will be diluted. Even if you elect to sell your unexercised Rights Entitlements, the consideration you receive for them may not be sufficient to fully compensate you for the dilution of your percentage ownership of the equity share capital of our Company that may be caused as a result of the Issue. Renounees may not be able to apply in case of failure in completion of renunciation through off-market transfer in such a manner that the Rights Entitlements are credited to the demat account of the Renounees prior to the Issue Closing Date. Further, in case, the Rights Entitlements do not get credited in time, in case of On Market Renunciation, such Renounee will



not be able to apply in this Issue with respect to such Rights Entitlements. For details, please refer to "*Terms of the Issue*" beginning on page 182 of this Letter of Offer.

- 23. *Any future issuance of Equity Shares, or convertible securities or other equity-linked securities by our Company may dilute your shareholding and any sale of Equity Shares by our Promoter or members of our Promoter Group may adversely affect the trading price of the Equity Shares.***

Any future issuance of the Equity Shares, convertible securities or securities linked to the Equity Shares by our Company may dilute your shareholding in our Company; adversely affect the trading price of the Equity Shares and our ability to raise capital through an issue of our securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares. We cannot assure you that we will not issue additional Equity Shares. The disposal of Equity Shares by any of our Promoter and Promoter Group, or the perception that such sales may occur may significantly affect the trading price of the Equity Shares. We cannot assure you that our Promoter and Promoter Group will not dispose of, pledge or encumber their Equity Shares in the future.

- 24. *You may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.***

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares of an Indian company are generally taxable in India. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. Capital gains arising from the sale of the Equity Shares may be partially or completely exempt from taxation in India in cases where such exemption is provided under a treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on gains made upon the sale of the Equity Shares.

- 25. *There is no guarantee that our Equity Shares will be listed in a timely manner or at all which may adversely affect the trading price of our Equity Shares.***

In accordance with Indian law and practice, final approval for listing and trading of the Equity Shares will not be granted by the Stock Exchanges until after those Equity Shares have been issued and allotted. Approval will require all relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on Stock Exchanges. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares. Further, historical trading prices, therefore, may not be indicative of the prices at which the Equity Shares will trade in the future which may adversely impact the ability of our shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares at that point of time.

- 26. *Holders of Equity Shares could be restricted in their ability to exercise pre-emptive rights under Indian law and could thereby suffer future dilution of their ownership position.***

Under the Companies Act, any company incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the shares voted on such resolution, unless our Company has obtained government approval to issue without such rights. However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without us filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless we make such a filing. We may elect not to file a registration statement in relation to pre-emptive rights otherwise available by Indian law to you. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, your proportional interests in us would be reduced.

- 27. *Fluctuation in the exchange rate between the Indian Rupee and foreign currencies may adversely affect the value of our Equity Shares, independent of our operating results.***

On listing, our Equity Shares will be quoted in Indian Rupees on the Stock Exchanges. Any dividends in respect of our Equity Shares will also be paid in Indian Rupees and subsequently converted into the relevant foreign currency for repatriation, if required. Any adverse movement in currency exchange rates during the time that it takes to undertake such conversion may reduce the net dividend to foreign investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating outside India the proceeds from a sale of Equity Shares, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares may reduce the proceeds received by equity shareholders. For example, the exchange rate between the Rupee and the U.S. dollar has fluctuated substantially in recent years and may continue to fluctuate substantially in the future, which may adversely affect the trading price of our Equity Shares and returns on our Equity Shares, independent of our operating results.

- 28. *Sale of Equity Shares by our Promoter or other significant shareholder(s) may adversely affect the trading price of the Equity Shares.***

Any instance of disinvestments of equity shares by our Promoter or by other significant shareholder(s) may significantly affect the trading price of our Equity Shares. Further, our market price may also be adversely affected even if there is a perception or belief that such sales of Equity Shares might occur.

- 29. *Rights of shareholders under Indian laws may be more limited than under the laws of other jurisdictions.***

Indian legal principles related to corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights including in relation to class actions, under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as shareholder in an Indian company than as shareholder of a corporation in another jurisdiction.

## **EXTERNAL RISK FACTOR**

- 30. *Significant differences exist between Ind AS, Indian GAAP and other accounting principles, such as US GAAP and International Financial Reporting Standards ("IFRS"), which investors may be more familiar with and consider material to their assessment of our financial condition.***

Summary statements of assets and liabilities as at March 31, 2024; March 31, 2023; and March 31, 2022 and summary statements of profit and loss (including other comprehensive income), cash flows and changes in equity for the Fiscals 2024, 2023, and 2022 along with the limited reviewed unaudited financial results for the three months period ending on June 30, 2024 have been prepared in accordance with the Indian Accounting Standards notified under Section 133 of the Companies Act, 2013, read with the Ind AS Rules and, the SEBI Circular and the Prospectus Guidance Note.

We have not attempted to quantify the impact of US GAAP, IFRS or any other system of accounting principles on the financial data included in this Letter of Offer, nor do we provide a reconciliation of our financial statements to those of US GAAP, IFRS or any other accounting principles. US GAAP and IFRS differ in significant respects from Ind AS and Indian GAAP. Accordingly, the degree to which the Financial Information included in this Letter of Offer will provide meaningful information is entirely dependent on the reader's level of familiarity with Ind AS, Indian GAAP and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Letter of Offer should accordingly be limited.

- 31. *Political, economic or other factors that are beyond our control may have adversely affect our business and results of operations.***

The Indian economy is influenced by economic developments in other countries. These factors could

depress economic activity which could have an adverse effect on our business, financial condition and results of operations. Any financial disruption could have an adverse effect on our business and future financial performance.

We are dependent on domestic, regional, and global economic and market conditions. Our performance, growth and market price of our Equity Shares are and will be dependent to a large extent on the health of the economy in which we operate. There have been periods of slowdown in the economic growth of India. Demand for our services may be adversely affected by an economic downturn in domestic, regional, and global economies.

Economic growth is affected by various factors including domestic consumption and savings, balance of trade movements, namely export demand and movements in key imports, global economic uncertainty and liquidity crisis, volatility, in exchange currency rates, and annual rainfall which affects agricultural production.

Consequently, any future slowdown in the Indian economy could harm our business, results of operations and financial condition. Also, a change in the government or a change in the economic and deregulation policies could adversely affect economic conditions prevalent in the areas in which we operate in general and our business in particular and high rates of inflation in India could increase our costs without proportionately increasing our revenues, and as such decrease our operating margins.

**32. *A slowdown in economic growth in India could cause our business to suffer.***

We are incorporated in India, and all of our assets and employees are located in India. As a result, we are highly dependent on prevailing economic conditions in India and our results of operations are significantly affected by factors influencing the Indian economy. A slowdown in the Indian economy could adversely affect our business, including our ability to grow our assets, the quality of our assets, and our ability to implement our strategy.

Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- any increase in Indian interest rates or inflation;
- any scarcity of credit or other financing in India;
- prevailing income conditions among Indian consumers and Indian corporations;
- changes in India's tax, trade, fiscal or monetary policies;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighboring countries;
- prevailing regional or global economic conditions; and
- other significant regulatory or economic developments in or affecting India

Any slowdown in the Indian economy or in the growth of the sectors we participate in or future volatility in global commodity prices could adversely affect our borrowers and contractual counterparties. This in turn could adversely affect our business and financial performance and the price of our Equity Shares.

**33. *Changing laws, rules and regulations and legal uncertainties, including adverse application of corporate and tax laws, may adversely affect our business, prospects and results of operations.***

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes, including the instances mentioned below, may adversely affect our business, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy.

The Government of India has issued a notification dated September 29, 2016 notifying Income Computation and Disclosure Standards ("ICDS"), thereby creating a new framework for the computation of taxable income. The ICDS became applicable from the assessment year for Fiscal 2018 and subsequent years. The adoption of ICDS is expected to significantly alter the way companies compute their taxable income, as ICDS deviates from several concepts that are followed under general accounting standards, including Indian GAAP and Ind AS. In addition, ICDS shall be applicable for the computation of income

for tax purposes but shall not be applicable for the computation of income for minimum alternate tax. There can be no assurance that the adoption of ICDS will not adversely affect our business, results of operations and financial condition:

- the General Anti Avoidance Rules ("GAAR") have been made effective from April 1, 2017. The tax consequences of the GAAR provisions being applied to an arrangement could result in denial of tax benefit amongst other consequences. In the absence of any precedents on the subject, the application of these provisions is uncertain. If the GAAR provisions are made applicable to our Company, it may have an adverse tax impact on us.
- a comprehensive national GST regime that combines taxes and levies by the Central and State Governments into a unified rate structure, which came into effect from July 1, 2017. We cannot provide any assurance as to any aspect of the tax regime following implementation of the GST. Any future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. If, as a result of a particular tax risk materializing, the tax costs associated with certain transactions are greater than anticipated, it could affect the profitability of such transactions.

In addition, unfavorable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations including foreign investment laws governing our business, operations and group structure could result in us being deemed to be in contravention of such laws or may require us to apply for additional approvals. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may affect the viability of our current business or restrict our ability to grow our business in the future.

Any increase in taxes and levies, or the imposition of new taxes and levies in the future, could increase the cost of production and operating expenses. Taxes and other levies imposed by the central or state governments in India that affect our industry include customs duties, excise duties, sales tax, income tax and other taxes, duties or surcharges introduced on a permanent or temporary basis from time to time. The central and state tax scheme in India is extensive and subject to change from time to time. Any adverse changes in any of the taxes levied by the central or state governments may adversely affect our competitive position and profitability.

**34. *Financial instability in both Indian and international financial markets could adversely affect our results of operations and financial condition.***

The Indian financial market and the Indian economy are influenced by economic and market conditions in other countries, particularly in emerging market in Asian countries. Financial turmoil in Asia, Europe, the United States and elsewhere in the world in recent years has affected the Indian economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have an adverse effect on the securities of companies in other countries. A loss in investor confidence in the financial systems of other emerging markets may cause increased volatility in the Indian economy in general. Any global financial instability, including further deterioration of credit conditions in the U.S. market, could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our results of operations and financial condition.

The Indian economy is also influenced by economic and market conditions in other countries. This includes, but is not limited to, the conditions in the United States, Europe, and certain economies in Asia. Financial turmoil in Asia and elsewhere in the world in recent years has affected the Indian economy. Any worldwide financial instability may cause increased volatility in the Indian financial markets and directly or indirectly, adversely affect the Indian economy and financial sector and its business.

Although economic conditions vary across markets, loss of investor confidence in one emerging economy may cause increased volatility across other economies, including India. Financial instability in

other parts of the world could have a global influence and thereby impact the Indian economy. Financial disruptions in the future could adversely affect our business, prospects, financial condition and results of operations. The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections.

There are concerns that a tightening of monetary policy in emerging markets and some developed markets will lead to a moderation in global growth. In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, have implemented a number of policy measures designed to add stability to the financial markets. However, the overall long-term impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have had the intended stabilizing effects. Any significant financial disruption in the future could have an adverse effect on our cost of funding, loan portfolio, business, future financial performance and the trading price of the Equity Shares.

**35. *Inflation in India could have an adverse effect on our profitability and if significant, on our financial condition.***

Inflation rates in India have been volatile in recent years, and such volatility may continue in the future. India has experienced high inflation in the recent past. Increased inflation can contribute to an increase in interest rates and increased costs to our business, including increased costs of salaries, and other expenses relevant to our business.

High fluctuations in inflation rates may make it more difficult for us to accurately estimate or control our costs. Any increase in inflation in India can increase our expenses, which we may not be able to pass on to our customers, whether entirely or in part, and the same may adversely affect our business and financial condition. In particular, we might not be able to reduce our costs or increase our rates to pass the increase in costs on to our customers. In such case, our business, results of operations, cash flows and financial condition may be adversely affected.

Further, the GOI has previously initiated economic measures to combat high inflation rates, and it is unclear whether these measures will remain in effect. There can be no assurance that Indian inflation levels will not worsen in the future.

**36. *Foreign investors are subject to foreign investment restrictions under Indian law that limits our ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.***

As an Indian Company, we are subject to exchange controls that regulate borrowing in foreign currencies, including those specified under FEMA. Such regulatory restrictions limit our financing sources and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted to us withoutonerous conditions, or at all. Limitations on foreign debt may adversely affect our business growth, results of operations and financial condition.

Further, under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or fall under any of the exceptions referred to above, then the prior approval of the RBI will be required. Additionally, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no objection/ tax clearance certificate from the income tax authority. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

**37. *Any downgrading of India's debt rating by an independent agency may harm our ability to raise financing.***

Any adverse revisions to India's credit ratings international debt by international rating agencies may adversely affect our ability to raise additional overseas financing and the interest rates and other

commercial terms at which such additional financing is available. This could have an adverse effect on our ability to fund our growth on favourable terms or at all, and consequently adversely affect our business and financial performance and the price of our Equity Shares.

**38. *The occurrence of natural or man-made disasters could adversely affect our results of operations, cash flows and financial condition. Hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect the financial markets and our business.***

The occurrence of natural disasters, including cyclones, storms, floods, earthquakes, tsunamis, tornadoes, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, could adversely affect our results of operations, cash flows or financial condition. In addition, any deterioration in international relations, especially between India and its neighbouring countries, may result in investor concern regarding regional stability which could adversely affect the price of the Equity Shares. In addition, India has witnessed local civil disturbances in recent years, and it is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse effect on our business.

Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the market price of the Equity Shares.

**39. *We are subject to regulatory, economic, social and political uncertainties and other factors beyond our control.***

We are incorporated in India, and we conduct our corporate affairs and our business in India. Consequently, our business, operations, financial performance will be affected by interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India.

Factors that may adversely affect the Indian economy, and hence our results of operations may include:

- any exchange rate fluctuations, the imposition of currency controls and restrictions on the right to convert or repatriate currency or export assets;
- any scarcity of credit or other financing in India, resulting in an adverse effect on economic conditions in India and scarcity of financing for our expansions;
- prevailing income conditions among Indian customers and Indian corporations;
- epidemic or any other public health in India or in countries in the region or globally, including in India's various neighboring countries;
- hostile or war like situations with the neighboring countries;
- macroeconomic factors and central bank regulation, including in relation to interest rates movements which may in turn adversely impact our access to capital and increase our borrowing costs;
- decline in India's foreign exchange reserves which may affect liquidity in the Indian economy;
- downgrading of India's sovereign debt rating by rating agencies;
- difficulty in developing any necessary partnerships with local businesses on commercially acceptable terms and/or a timely basis; and

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy or certain regions in India, could adversely affect our business, results of operations and financial condition and the price of the Equity Shares.

**40. *Financial instability in other countries may cause increased volatility in Indian financial markets.***

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and,

indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our business, our future financial performance and the prices of the Equity Shares.

The recent outbreak of Novel Coronavirus has significantly affected financial markets around the world. Any other global economic developments or the perception that any of them could occur may continue to have an adverse effect on global economic conditions and the stability of global financial markets and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Any of these factors could depress economic activity and restrict our access to capital, which could have an adverse effect on our business, financial condition and results of operations and reduce the price of our Equity Shares. Any financial disruption could have an adverse effect on our business, future financial performance, shareholders' equity and the price of our Equity Shares.

## SECTION III - INTRODUCTION

### THE ISSUE

This Issue has been authorised through a resolution passed by our Board at its meeting held on June 20, 2024, pursuant to Section 62(1)(a) of the Companies Act. The terms and conditions of the Issue including the rights entitlement ratio, Issue Price, Record Date, timing of the Issue and other related matters, have been approved by a resolution passed by the Finance Committee at its meeting held on September 20, 2024. The following is a summary of this Issue, and it should be read in conjunction with, and is qualified entirely by, the information set out in the chapter titled "*Terms of the Issue*" beginning on page 182 of this Letter of Offer.

Particulars	Details of Equity Shares
<b>Equity Shares proposed to be issued</b>	Up to 1,12,04,985 Equity Shares
<b>Rights Entitlement</b>	Up to 1 (One) Rights Equity Share for every 3 (Three) fully paid-up Equity Shares held on the Record Date
<b>Fractional Entitlement</b>	For Equity Shares being offered on a rights basis under the Issue, if the shareholding of any of the Eligible Equity Shareholders is less than 3 Equity Shares or not in the multiple of 3, the fractional entitlement of such Eligible Equity Shareholders shall be ignored in the computation of the Rights Entitlement. However, Eligible Equity Shareholders whose fractional entitlements are being ignored earlier will be given preference in the Allotment of one additional Equity Share each, if such Eligible Equity Shareholders have applied for additional Equity Shares over and above their Rights Entitlement, if any
<b>Record Date</b>	Thursday, September 26, 2024
<b>Face value per Equity Shares</b>	₹10/-
<b>Issue Price per Rights Equity Shares</b>	₹40/- per Equity Share (including a premium of ₹30/- per Equity Share)
<b>Issue Size</b>	Up to 1,12,04,985 Equity Shares of face value of ₹10/- each for cash at a price of ₹40/- (including a premium of ₹30/-) per Rights Equity Share not exceeding ₹4,481.99 Lakhs <sup>#</sup>
<b>Dividend</b>	Such dividend as may be declared by our Board and our shareholders, as per applicable laws.
<b>Equity Shares issued, subscribed and paid up prior to the Issue</b>	3,36,14,954 Equity Shares. For details, please refer to " <i>Capital Structure</i> " beginning on page 45 of this Letter of Offer.
<b>Equity Shares subscribed and paid-up after the Issue (assuming full subscription for and allotment of the Rights Entitlement)</b>	Up to 4,48,19,939 <sup>#</sup> Equity Shares
<b>Equity Shares outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement)</b>	Up to 4,48,19,939 <sup>#</sup> Equity Shares
<b>Money payable at the time of Application</b>	₹40/- per Equity Share
<b>Scrip Details</b>	<b>ISIN:</b> INE0CYK01015 <b>BSE:</b> PURPLEFIN   544191 <b>CSE:</b> 26505
<b>ISIN for Rights Entitlements</b>	INE0CYK20015
<b>Use of Issue Proceeds</b>	For details, please refer to " <i>Object of the Issue</i> " beginning on page 47 of this Letter of Offer.
<b>Terms of the Issue</b>	For details, please refer to " <i>Terms of the Issue</i> " beginning on page 182 of this Letter of Offer.
<b>Terms of Payment</b>	For details, please refer to " <i>Terms of the Issue</i> " beginning on page 182 of this Letter of Offer.

<sup>#</sup>Assuming full subscription



*^To be adjusted as per the Rights Entitlement ratio*

Please refer to the chapter titled "**Terms of the Issue**" on page 182 of this Letter of Offer.

### **Issue Schedule**

The subscription will open upon the commencement of the banking hours and will close upon the close of banking hours on the dates mentioned below:

<b>Event</b>	<b>Indicative Date</b>
Issue Opening Date	Friday, October 04, 2024
Last Date for On Market Renunciation**	Tuesday October 08, 2024
Issue Closing Date*	Friday, October 11, 2024

*\*The Board of Directors/Finance Committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that the Issue will not remain open in excess of 30 (thirty) days from the Issue Opening Date.*

*\*\*Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.*

## GENERAL INFORMATION

Our Company, Purple Finance Limited ("**Company**") was originally incorporated as a Private Limited Company under the name of "Devipura Balaji Securities & Investments Private Limited" under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated November 09, 1993, issued by the Registrar of Companies, Mumbai, Maharashtra. The Company was subsequently converted into Public Limited Company as "Devipura Balaji Securities & Investments Limited" vide fresh Certificate of Incorporation dated July 20, 1998. The Company was registered under section 45-IA of The Reserve Bank of India Act, 1934 and received the certificate of registration from Reserve Bank of India ("**RBI**") dated July 20, 1999, having Registration no. 13.01268 to commence/ carry on the business of non-banking financial institution without accepting deposits. Our Company is registered with RBI as a Base Layer Non-Systemically Important Non-Deposit taking Non-Banking Finance Company (NBFC-ND-ICC).

Devipura Balaji Securities & Investments Limited acquired K K Financial Services Private Limited on September 13, 2013. Pursuant to the aforesaid acquisition, the Company applied for name change to Registrar of Companies, Mumbai and received a Certificate of Registration approving change in name to 'Purple Finance Limited' vide Certificate of Incorporation dated November 26, 2013.

The Hon'ble National Company Law Tribunal ("**NCLT**"), Mumbai Bench vide its Order dated February 15, 2024, has approved the Scheme of Merger by Absorption of Canopy Finance Limited ("**Transferor Company**"/ "**CFL**") by Purple Finance Limited ("**Transferee Company**"/ "**Resulting Company**"/ "**PFL**") and their respective shareholders and creditors. Pursuant to the merger of the Company with CFL, the equity shares of the Company have been listed on BSE Limited ("**BSE**") w.e.f. June 14, 2024, and on The Calcutta Stock Exchange Limited ("**CSE**") w.e.f. June 18, 2024.

### **Registered Office of our Company**

Room no. 11, 1<sup>st</sup> Floor, Indu Chambers 349/353,  
Samuel Street, Vadgadi, Masjid Bunder (West),  
Mumbai- 400 003, Maharashtra, India.  
**Telephone:** 022-23430172

### **Corporate Office of our Company**

705/706, 7<sup>th</sup> Floor, Hallmark Business Plaza,  
Opposite Gurunanak Hospital, Bandra East,  
Mumbai- 400051, Maharashtra, India.  
**Telephone:** 022-69165100  
**Website:** www.purplefinance.in  
**E-mail:** compliance@purplefinance.in

**Corporate Identity Number:** L67120MH1993PLC075037

**Registration Number:** 075037

### **Address of the Registrar of Companies**

Our Company is registered with the RoC, Mumbai, which is situated at the following address:

### **Registrar of Companies, Mumbai**

100, Everest, Marine Drive,  
Mumbai 400 002.

### **Company Secretary and Compliance Officer**

#### **Ruchi Nishar**

705/706, 7<sup>th</sup> Floor, Hallmark Business Plaza,  
Opposite Gurunanak Hospital, Bandra East,  
Mumbai- 400051, Maharashtra, India.  
**Telephone:** 022-69165100  
**E-mail:** compliance@purplefinance.in

## Board of Directors of our Company

Name	Age	Designation	Address	DIN
Amitabh Chaturvedi	56	Executive Chairman	2904, Tower 2B, Sumer Trinity Tower, New Prabhadevi Road, Mumbai-400025	00057441
Rajeev Deoras	64	Executive Director	1906, D Wing, Rustomjee Seasons, Nanasaheb Dharmadhikari Road, Bandra East, Mumbai-400051	02879519
Minal Chaturvedi	59	Non-Executive Director	2904, Tower 2B, Sumer Trinity Tower, New Prabhadevi Road, Mumbai-400025	05315800
Ajay Pandey	62	Independent Director	1402, Glendale, Hiranandani Gardens, Powai, Mumbai-400076	00065622
Sumeet Sandhu	47	Independent Director	528 F, Block F, Shaheed Bhagat Singh Nagar, Model Town (Ludhiana), Ludhiana-141002.	10119062
Amit Sonawala	57	Independent Director	3/69, Al Jabreya Court, 1 <sup>st</sup> Floor, Marine Drive, Mumbai – 400020	01790348

For detailed profile of our Directors, please refer to the chapter titled "*Our Management*" on page 84 of this Letter of Offer.

## Details of Key Intermediaries pertaining to this Issue of our Company

### Lead Manager to the Issue

#### Mark Corporate Advisors Private Limited

404/1, The Summit Business Bay,  
Sant Janabai Road,

Off Western Express Highway, Vile Parle (E),  
Mumbai, Maharashtra, India – 400 057

**Telephone:** +91 22 2612 3207 / 22 2612 3208

**Email:** rightsissue@markcorporateadvisors.com

**Website:** www.markcorporateadvisors.com

**Investor grievance e-mail:** investorgrievance@markcorporateadvisors.com

**Contact Person:** Manish Gaur

**SEBI Registration No.:** INM000012128

### Legal Advisor to the Issue

#### Rajani & Associates

##### Advocates and Solicitors

204-207, Krishna Chambers,  
59, New Marine Lines,  
Mumbai 400 020

**Telephone:** +91 22 4096 1000

**E-mail:** sangeeta@rajaniassociates.net

**Contact Person:** Sangeeta Lakhi

## **Registrar and Share Transfer Agent to the Company and the Issue**

### **Purva Sharegistry (India) Private Limited**

9, Shiv Shakti Industrial Estate,  
J R Boricha Marg, Lower Parel (E),  
Mumbai-400011, Maharashtra.

**Telephone:** 022-4961 4132 / 4970 0138

**Email:** support@purvashare.com

**Website:** <https://www.purvashare.com/>

**Investor grievance e-mail:** newissue@purvashare.com

**Contact Person:** Deepali Dhuri

**SEBI Registration No.:** INR000001112

**Validity of Registration:** Permanent

### **Banker to the Company**

#### **IDFC First Bank Limited**

**Address:** Vibgyor Towers, C-62, Bandra Kurla Complex, Bandra East, Mumbai- 400051

**Telephone Number:** 022 - 71325654

**Contact person:** Abdullah Mehtab

**Website:** <https://www.idfcfirstbank.com/>

**E-mail:** abduallah.mehtab@idfcfirstbank.com

### **Banker to the Issue/ Escrow Collection Bank/ Refund Bank**

#### **ICICI BANK LIMITED**

**Address:** Capital Market Division, 163, 5<sup>th</sup> Floor, Backbay Reclamation, Churchgate, Mumbai – 400 020

**Telephone Number:** +91 22 68052182

**Contact person:** Varun Badai

**Website:** [www.icicibank.com](http://www.icicibank.com)

**E-mail:** varun.badai@icicibank.com /ipocmg@icicibank.com

**SEBI Registration Number:** INBI00000004

### **Statutory auditors of the Issuer**

#### **M/s Jogin Raval & Associates**

**Address:** B-101/102, Shree Sai Towers CHS Ltd, Sodawala Lane,  
Nutan Nagar, Borivali West, Mumbai- 400092

**Firm Registration Number:** 128586W

**Membership No.:** 122197

**Contact Person:** CA Jogin Raval

**Telephone Number:** 022- 28935855

**E-mail:** joginravalca@gmail.com

**Peer Review Certificate Number:** 017282

### **Experts**

Our Company has received a written consent dated July 12, 2024 from our Statutory Auditors, M/s Jogin Raval & Associates, to include their name in this Letter of Offer as an "expert", as defined under applicable laws, to the extent and in their capacity as statutory auditors, and in respect of the reports issued by them and the Statement of Tax Benefits, included in this Letter of Offer. Such consent has not been withdrawn as on the date of this Letter of Offer.

## Designated Intermediaries

### *Self-Certified Syndicate Banks*

The list of banks that have been notified by SEBI to act as SCSBs or the SBA Process is provided at the website of the SEBI <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> and updated from time to time. For details on Designated Branches of SCSBs collecting the Application Forms, refer to the website of the SEBI <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>. On allotment, the amount will be unblocked, and the account will be debited only to the extent required to pay for the Rights Equity Shares Allotted.

## Inter-se Allocation of Responsibilities

Mark Corporate Advisors Pvt. Ltd., being the sole Lead Manager will be responsible for all the responsibilities related to coordination and other related activities in relation to the Issue. Hence, there is no inter-se allocation of responsibilities.

## Credit Rating

This is an issue of Equity Shares; credit rating is, therefore, not required.

## Debenture Trustees

This is an issue of Equity Shares; the appointment of debenture trustees is, therefore, not required.

## Monitoring Agency

The Net Proceeds of the Issue will be less than ₹10,000 lakhs. The SEBI ICDR Regulations does not mandate appointment of a monitoring agency for such issues. Our Company will, therefore, not appoint a monitoring agency.

## Underwriting Agreement

This Issue will not be underwritten, and our Company has, therefore, not entered into an underwriting arrangement.

## Appraising Entity

The objects of this Issue have not been appraised by any bank or any other independent financial institution or any other independent agency.

## Changes in Auditors during the last three years

Name of Auditor	Address and E-mail	Date of Appointment/ Cessation	Reason
Vasant Agre & Associates	Address: 10-11/ B2, Sai Prasad CHSL, B Wing, Telly Gully Cross Road, Andheri East, Mumbai- 400069. Email: vagreca@gmail.com	May 15, 2023	Expiry of term as Auditor of the Company
M/s Jogin Raval & Associates	Address: B 101/102, Shri Sai Tower CHS Ltd, Sodawala Lane, Nutan Nagar, Borivali West, Mumbai-400092 Email: joginravalca@gmail.com	May 15, 2023	Appointment

## Issue Schedule

<b>Last Date for credit of Rights Entitlements</b>	Tuesday, October 01, 2024
<b>Issue Opening Date</b>	Friday, October 04, 2024
<b>Last date for On Market Renunciation<sup>#</sup></b>	Tuesday, October 08, 2024
<b>Issue Closing Date<sup>*</sup></b>	Friday, October 11, 2024
<b>Finalization of Basis of Allotment (on or about)</b>	Thursday, October 17, 2024
<b>Date of Allotment (on or about)</b>	Friday, October 18, 2024
<b>Date of credit (on or about)</b>	Tuesday, October 22, 2024
<b>Date of listing (on or about)</b>	Wednesday, October 23, 2024

<sup>#</sup>Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renounees on or prior to the Issue Closing Date.

<sup>\*</sup>Our Board, or a duly authorized committee thereof, will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on the Record Date have not provided details of their demat accounts to our Company or to the Registrar, they must provide their demat account details to our Company or the Registrar no later than two Working Days prior to the Issue Closing Date, i.e., Friday, October 09, 2024, to enable credit of the Rights Entitlements to their respective demat accounts by transfer from the demat suspense escrow account, which will happen one day prior to the Issue Closing Date, i.e., Friday, October 10, 2024.

Investors are advised to ensure that the Application Forms are submitted on or before the Issue Closing Date. Our Company or the Registrar will not be liable for any loss on account of non-submission of Application Forms on or before the Issue Closing Date. It is encouraged that the Application Forms are submitted well in advance before the Issue Closing Date. For details on submitting Application Forms, please refer to "**Terms of the Issue - Procedure for Application**" on page 184 of this Letter of Offer.

The details of the Rights Entitlements with respect to each Eligible Equity Shareholder may be accessed by such respective Eligible Equity Shareholder on the website of the Registrar at <https://www.purvashare.com/> after keying in their respective details along with other security control measures implemented thereat. For further details, please refer to "**Terms of the Issue - Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders**" on page 195 of this Letter of Offer.

Please note that if no Application is made by the Eligible Equity Shareholders or the Renounee of Rights Entitlements on or before the Issue Closing Date, such Rights Entitlements shall lapse and shall be extinguished after the Issue Closing Date. No Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from the market or off-market and the purchaser will lose the premium paid, if any, to acquire the Rights Entitlements. Persons who receive credit of the Rights Entitlements must make an Application and apply for Equity Shares offered under Rights Issue, if they want to subscribe to the Equity Shares offered under the Rights Issue.

## Minimum Subscription

We have been informed by our Promoter and Promoter Group that they may or may not fully subscribe to their entitlements arising out of the proposed Rights Issue and may renounce a part of their right entitlement in the favour of third parties whom our Promoters and Promoter Group may identify in due course. Therefore, the non-applicability of minimum subscription criteria provided in regulation 86(1)(b) of the SEBI ICDR Regulations is not met by our Company. The requirement of minimum subscription of 90% of the Issue is thus applicable for the proposed Rights Issue. Pursuant to regulation 86(2) of the SEBI ICDR Regulations in case of non-receipt of minimum subscription, all application monies received shall be refunded to the applicants forthwith, but not later than four days from the closure of the Rights Issue.

**Filing**

SEBI vide the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 has amended Regulation 3(b) of the SEBI ICDR Regulations as per which the threshold for filing of Letter of Offer with SEBI for rights issues has been increased. The threshold of the rights issue size under Regulation 3 (b) of the SEBI ICDR Regulations has been increased from Rupees one thousand lakhs to Rupees five thousand lakhs. Since the size of this Issue falls below this threshold, the Letter of Offer has been filed with BSE (Designated Stock Exchange) and CSE and not with SEBI. However, the Letter of Offer will be submitted with SEBI for information and dissemination and will be filed with the Stock Exchanges.

## CAPITAL STRUCTURE

The Share Capital of our Company, as at the date of this Letter of Offer, and details of the Equity Shares proposed to be issued in the Issue, and the issued, subscribed and paid-up share capital after the Issue, are set forth below:

*(in ₹, except shares data)*

	Aggregate value at Face Value	Aggregate value at Issue Price
<b>A AUTHORISED SHARE CAPITAL</b>		
5,06,00,000 Equity Shares of ₹ 10 each	50,60,00,000	-
<b>B ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE ISSUE*</b>		
3,36,14,954 Equity Shares of ₹ 10 each	33,61,49,540	-
<b>C PRESENT ISSUE IN TERMS OF THIS LETTER OF OFFER<sup>(1)</sup></b>		
Up to 1,12,04,985 Equity Shares, each at a premium of ₹ 30 per Equity Share, i.e., at a price of ₹ 40 per Equity Share <sup>(2)</sup>	11,20,49,850	44,81,99,400
<b>D ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE ISSUE<sup>(3)</sup></b>		
4,48,19,939 Equity Shares of ₹10 each fully paid-up	44,81,99,390	

<sup>(1)</sup> The Issue has been authorized by a resolution of our Board of Directors passed at its Meeting held on June 20, 2024, pursuant to Section 62 and 23 of the Companies Act, 2013 and other applicable provisions.

<sup>(2)</sup> Entire amount of ₹40/- per Equity Share (including premium of ₹30/- per Equity Share) is required to be paid at the time of application under the Rights Issue

<sup>(3)</sup> Assuming full subscription by the Eligible Equity Shareholders of the Rights Equity Shares\* Subject to finalization of Basis of Allotment and Allotment of Rights Equity Shares.

### Notes to the Capital Structure

#### 1. Intention and extent of participation by our Promoter and Promoter Group in the Issue:

The Promoter and Promoter Group may or may not subscribe to their entitlements arising out of the proposed Rights Issue and may renounce them in the favor of third parties. Therefore, the non-applicability of minimum subscription criteria provided in regulation 86(1)(b) of the SEBI ICDR Regulations may or may not be met. Minimum subscription is thus applicable for the proposed Rights Issue. Pursuant to regulation 86(2) of the SEBI ICDR Regulations in case of non-receipt of minimum subscription, all application monies received shall be refunded to the applicants forthwith, but not later than four days from the closure of the Rights Issue.

For further details of our Application for the reclassification of our Promoter Group under Regulation 31A of SEBI (Listing Obligations and Disclosure Requirements), 2018, kindly refer to "**Our Promoter and Promoter Group**" on page 96 of this Letter of Offer

2. The ex-rights price of the Equity Shares offered pursuant to this Issue and in compliance with the valuation formula set out in Regulation 10(4)(b)(ii) of the Takeover Regulations is ₹73.82/- per Equity Share.

#### 3. Shareholding Pattern of our Company as per the last filing with the Stock Exchange, in compliance with the provisions of the SEBI LODR Regulations:

(i) The shareholding pattern of our Company, as on June 30, 2024, may be accessed on the websites of the BSE and CSE at <https://www.bseindia.com/stock-share-price/purple-finance-ltd/purplefin/544191/shareholding-pattern/> and <https://listingcompliance.cse-india.com/publicviewcompany/>, respectively.

(ii) A statement as on June 30, 2024 showing holding of Equity Shares of persons belonging to the category of "Promoter and Promoter Group", including details of lock-in, pledge and encumbrance thereon, may be accessed on the website of the BSE and CSE at <https://www.bseindia.com/corporates/shpPromoterNGroup.aspx?scripcd=544191&qtrid=12>



2.00&QtrName=June%202024 and <https://listingcompliance.cse-india.com/publicviewcompany/>, respectively.

(iii) A statement as on June 30, 2024, showing holding of securities (including Equity Shares, warrants, convertible securities) of persons belonging to the category "Public", including equity shareholders holding more than 1% of the total number of Equity Shares, as well as details of shares which remain unclaimed may be accessed on the website of BSE and CSE at <https://www.bseindia.com/corporates/shpPublicShareholder.aspx?scripcd=544191&qtrid=122.00&QtrName=June%202024>, and <https://listingcompliance.cse-india.com/publicviewcompany/>, respectively.

4. Details of shares locked-in, pledged, encumbrance **by Promoters and Promoter Group:**

As on date of filing of this Letter of Offer, the shareholdings of our Promoters and Promoter Group, except Saguna Mercantile Private Limited are locked-in.

For further details of our Application for the reclassification of our Promoter Group under Regulation 31A of SEBI (Listing Obligations and Disclosure Requirements), 2018, kindly refer to "**Our Promoter and Promoter Group**" on page 96 of this Letter of Offer.

5. There are no outstanding options or convertible securities, including any outstanding warrants or rights to convert debentures, loans or other instruments convertible into our Equity Shares as on the date of this Letter of Offer.
6. Our Company shall ensure that any transaction in the Equity Shares by the Promoters and the Promoter Group during the period between the date of filing this Letter of Offer and the date of closure of the Issue shall be reported to the Stock Exchange within 24 hours of such transaction.
7. At any given time, there shall be only one denomination of the Equity Shares of the Company.
8. All Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Letter of Offer. Further, the Rights Equity Shares allotted pursuant to the Rights Issue shall be fully paid up. For further details on the terms of the Issue, please see the section entitled "**Terms of the Issue**" on page 182 of this Letter of Offer.
9. Except for the issue of any Equity Shares or options/units pursuant to ESOP Plan, there will be no further issue of Equity Shares whether by way of a public issue, qualified institutions placement, issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from filing of this Letter of Offer with SEBI until the Equity Shares have been listed on the Stock Exchanges, or all application monies have been refunded, as the case may be.

## OBJECTS OF THE ISSUE

### Appraising entity

None of the objects of the Issue for which the Net Proceeds will be utilised has been appraised by any bank, financial institution or any other external agency.

### The Issue

Our Company intends to utilize the Net Proceeds from the Issue towards funding of the following objects:

1. Augmenting our capital base; and
2. General corporate purposes.

The main objects and objects incidental or ancillary to the main objects as stated in the Memorandum of Association enable our Company to undertake (i) its existing activities; (ii) to undertake the activities proposed to be funded from the Net Proceeds. Further, our objects as stated in the Memorandum of Association do not restrict us from undertaking the activities for which the funds are being raised by our Company through the Issue.

The details of the Net Proceeds are summarized in the table below:

Particulars	Amount (Rs. in Lakhs)
Issue Proceeds*	4,481.99
Less: Estimated Issue related expenses	308.00
<b>Net Proceeds**</b>	<b>4,173.99</b>

\* Assuming full subscription in the Issue and subject to finalization of the Basis of Allotment and to be adjusted per the Rights Entitlement ratio.

### Requirement of Funds and Utilisation of Net Proceeds

The Net Proceeds are proposed to be used in accordance with the details set forth in the following table:

Particulars	Estimated amount (up to) (Rs. in Lakhs)
Augmenting our capital base	3,130.49
General corporate purposes*	1,043.50
<b>Total Net Proceeds</b>	<b>4,173.99</b>

\* The amount shall not exceed 25% of the Issue Proceeds.

### Means of Finance

The funding requirements mentioned above are based on the internal management estimates of our Company and have not been appraised by any bank, financial institution or any other external agency. They are based on current circumstances of our business and our Company may have to revise its estimates from time to time on account of various factors beyond its control, such as market conditions, competitive environment, and interest or exchange rate fluctuations. Consequently, the funding requirements of our Company and deployment schedules are subject to revision in the future at the discretion of our management. If additional funds are required for the purposes as mentioned above, such requirement may be met through internal accruals, additional capital infusion, debt arrangements or any combination of them, subject to compliance with applicable laws.

The fund requirements set out above are proposed to be entirely funded from the Net Proceeds. Accordingly, we confirm that there are no requirements to make firm arrangements of finance under Regulation 62(1)(c) of the SEBI ICDR Regulations through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised from the Issue.

### Proposed Schedule of Implementation or Deployment of Net Proceeds

The following table provides the schedule of utilisation of the Net Proceeds:

(₹ in lakhs)

Particulars	Amount to be funded from the Net Proceeds (up to)	Proposed Schedule for deployment of the Net Proceeds Financial Year 2024-25
Augmenting our capital base	3,130.49	3,130.49
General corporate purposes*	1,043.50	1,043.50
<b>Total Net Proceeds</b>	<b>4,173.99</b>	<b>4,173.99</b>

\* The amount shall not exceed 25% of the Issue Proceeds.

In the event that the Net Proceeds are not completely utilized for the purposes stated above and as per the estimated schedule of utilisation specified above, the same would be utilized in subsequent Financial Years for achieving the objects of the Issue.

### Details of the activities to be financed from the Net Proceeds

The details in relation to objects of the Issue are set forth herein below.

#### I. *Augmenting our capital base*

We are a Non-Banking Finance Company in India and are registered with the RBI. Our portfolio of products primarily consists of Mortgage loans, which include loans against property. For further details, see “*Our Business*” beginning on page 76 of this Letter of Offer.

As per the RBI Master Directions, we are required to maintain a minimum capital to risk ratio, consisting of Tier I and Tier II capital of not less than 15% of our aggregate risk weighted assets and risk adjusted value of off-balance sheet items, with Tier I capital not being below 10% at any point of time. Further, we are required to ensure that the total of Tier II capital at any point of time, should not exceed 100% of Tier I capital. As of March 31, 2024, our Company’s CRAR – Tier I capital stood at 48.65%.

We intend to utilise upto ₹ 3130.49 lakhs from the Net Proceeds towards augmenting our capital base to meet our future funding requirements for our business activities, including towards onward lending, strengthening our balance sheet and to ensure compliance with the requirements prescribed under the RBI Master Directions. This is expected to arise out of growth of our business and assets.

#### II. **General corporate purposes**

Our Company intends to deploy the balance Net Proceeds aggregating up to ₹1043.50 lakhs towards general corporate purposes, provided that the amount to be utilized for general corporate purposes shall not exceed 25% of the Issue Proceeds. Such utilisation towards general corporate purposes shall be to drive our business growth, including, amongst other things, meeting any expenses incurred in the ordinary course of business by our Company, including salaries and wages, rent, administration expenses, upgradation of information technology infrastructure, insurance related expenses, and the payment of taxes and duties, repair, maintenance, renovation and upgradation of our offices or branches, strategic initiatives, leasehold improvements, meeting of exigencies which our Company may face in the course of any business and any other purpose as permitted by applicable laws and as approved by our Board or a duly appointed committee thereof, subject to meeting regulatory requirements and obtaining necessary approvals / consents, as applicable.

Our management will have flexibility in utilizing the proceeds earmarked for general corporate purposes.

### Estimated Issue Related Expenses

The estimated Issue related expenses are as follows:

(unless otherwise specified, in ₹ in Lakhs)

S.No	Particulars	Estimated Amount	Percentage of total estimated Issue expenditure (%)	Percentage of Issue Size (%)
1	Lead Manager	20.00	6.49	0.44
2	Fees payable to the Registrar to the Issue	3.00	0.97	0.07
3	Advertising, marketing and shareholder outreach expenses	250.00	81.17	5.56
4	Fees payable to regulators, including Stock Exchanges, SEBI, depositories and other statutory fee	15.00	4.87	0.33
5	Fees payable to others#			
	Others			
	Printing and stationery	2.00	0.65	0.04
	Fees payable to the legal counsels	8.00	2.60	0.18
	Miscellaneous expenses	10.00	3.25	0.22
	<b>Total estimated Issue related expenses*</b>	<b>308.00</b>	<b>100.00</b>	<b>6.84</b>

#Includes fees payable to the Statutory Auditors,

\*Includes applicable taxes. Subject to finalisation of Basis of Allotment. In case of any difference between the estimated Issue related expenses and actual expenses incurred, the shortfall or excess shall be adjusted with the amount allocated towards general corporate purposes.

### Deployment of funds

Our Company has deployed a sum of ₹ 12.31 lakhs towards the objects of the issue mentioned above (certified by M/s Jogin Raval & Associates, Chartered Accountants vide their letter dated September 17, 2024). The details of the deployment are as under:

Particulars	₹ in lakhs
Issue Expenses	12.31
<b>Source of Funds</b>	
Internal Accruals	12.31

\*The said amount has been met by the Company from its own resources and we have been informed that the same will be adjusted against the issue proceeds

### Bridge Financing Facilities

Our Company has not availed any bridge loans from any banks or financial institutions as on the date of this Letter of Offer, which are proposed to be repaid from the Net Proceeds.

### Interim Use of Net Proceeds

Our Company shall deposit the Net Proceeds, pending utilisation of the Net Proceeds for the purposes described above, by depositing the same with scheduled commercial banks included in second schedule of Reserve Bank of India Act, 1934

### Strategic or Financial Partners

There are no strategic or financial partners to the Objects of the Issue.

### Other confirmations

No part of the proceeds of the Issue will be paid by our Company to our Promoter, our Promoter Group, our Directors or our Key Managerial Personnel, except in the normal course of its business.

Our Promoter, our Promoter Group and our Directors do not have any interest in the objects of the Issue, and there are no material existing or anticipated transactions in relation to utilization of the Net Proceeds with our Promoter, Promoter Group, Directors or Key Managerial Personnel.

## STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS

Statement of special tax benefits available to the company, its material subsidiary and its shareholders under the applicable laws in India.

**To**

**The Board of Directors  
Purple Finance Limited,**  
Room No. 11, 1st Floor,  
Indu Chamber 349/353,  
Samuel Street, Vadgadi,  
Masjid Bunder (W),  
Mumbai – 400 003

**Dear Sirs,**

**Sub: Statement of possible special tax benefits (“the Statement”) available to Purple Finance Limited (“the Company”), its shareholders under the Direct & Indirect tax laws i.e. Income Tax Act, 1961 & The Central Goods and Services Tax Act, 2017, The Integrated Goods and Services Tax Act, 2017 and the applicable States’ Goods and Services Tax Acts.**

**Re: Proposed Right Issue of equity shares of Purple Finance Limited on the record date**

We have been requested by the Company to issue a statement on the special tax benefits available to the Company, and its shareholders attached for inclusion in the Draft Letter of Offer/ Letter of Offer (DLOF/ LOF) to be filed with the Exchange authorities under LODR Regulations ((DLOF/LOF)) in connection with the right issue of equity shares on the record (the “Issue”). The Statement has been prepared by the management of the Company and signed by us for identification purpose only.

The statement showing the current position of special tax benefits available to the Company, and the Shareholders of the Company as per the provisions of Income tax Act, 1961 (“the IT Act”) read with rules, circulars, and notifications i.e. applicable for the assessment year AY 2025-26 relevant to the financial year 2024-25, and The Central Goods and Services Tax Act, 2017, The Integrated Goods and Services Tax Act, 2017 and the applicable States’ Goods and Services Tax Acts, read with rules, circulars, and notifications relevant to the financial year 2024-25 for inclusion in the DLOF/LOF in connection with the proposed right issue is annexed herewith

These possible special tax benefits are dependent on the Company and the Shareholders of the Company fulfilling the conditions prescribed under the relevant provisions of the corresponding Tax laws. Hence, the ability of the Company and the shareholders of the Company to derive these possible special tax benefits is dependent upon their fulfilling such conditions, which is based on business imperatives, the Company or its shareholders may face in the future and accordingly, the Company and the shareholders of the Company may or may not choose to fulfil. Further, certain tax benefits may be optional, and it would be at the discretion of the Company or the shareholders of the Company to exercise the option by fulfilling the conditions prescribed under the Tax laws.

The benefits discussed in the enclosed statement are neither exhaustive nor conclusive. The contents stated in the Annexure are based on the information and explanations obtained from the Company. This statement is only intended to provide general information to guide the investors and is neither deigned nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising from the right issue.

We do not express any opinion or provide any assurance whether:

1. The Company or the shareholders of the Company will continue to obtain these benefits in future;
2. The conditions prescribed for availing the benefits have been/would be met;
3. The revenue authorities/courts will concur with the views expressed herein

The statement is intended solely for information and the inclusion in the DLOF/LOF to be issued in connection with the Right Issue of Equity Shares and is not be used, referred to or distributed for any other purpose, without

our prior consent, provided the below statement of limitation is included in the DLOF/LOF.

**Limitation:**

Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our views are based on the existing provisions of the Tax Laws and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We will not be liable to the Company and any other person in respect of this Statement, except as per applicable law.

**For M/s Jogin Raval & Associates  
Chartered Accountants  
ICAI's Firm Registration No: 128586W**

**CA Jogin K. Raval  
M. No. 122197  
Mumbai,  
August 21, 2024  
UDIN: 24122197BKAORE2782**

**Statement of Possible Special Direct Tax Benefits available to Purple Finance Limited (The “Company”)  
And Its Shareholders under the applicable Direct Tax Laws in India**

The information provided below only sets out the possible special direct tax benefits available to the Company and its shareholders in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of equity shares, under the current tax laws presently in force in India. Several of these benefits are dependent on the Company and its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company and the shareholders of the Company to derive the direct tax benefits is dependent upon their fulfilling such conditions, which is based on business imperatives the Company may face in the future and accordingly, the Company and the shareholders of the Company may or may not choose to fulfil. Further, certain tax benefits may be optional, and it would be at the discretion of the Company or the shareholders of the Company to exercise the option by fulfilling the conditions prescribed under the Tax laws.

The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the shares. The tax benefits stated below are as per the Income tax Act, 1961 (“IT Act”) as amended from time to time and applicable for financial year 2024-25 relevant to assessment year 2025-26

**I. Under the Income Tax Act, 1961**

**1. Special tax benefits available “to the Company” under the Act**

**A. Lower corporate tax rate under Section 115BAA**

A new Section 115BAA has been inserted by the Taxation Laws (Amendment) Act, 2019

(“the Amendment Act, 2019”) granting an option to domestic companies to compute corporate tax at a reduced rate of 25.17% (22% plus surcharge of 10% and cess of 4%) from the Financial year 2019-20, provided such companies do not avail specified exemptions/incentives (Deduction under Section 10AA, 32(1)(iia), 33AB, 33ABA, 35(1)(ii)/(iia)/(iii), 35(2AA), 35(2AB), 35AD, 35CCC, 35CCD, 80C to 80U). The Amendment Act, 2019 also provides that domestic companies availing such option will not be required to pay Minimum Alternate Tax (“MAT”) under Section 115JB. The CBDT has further issued Circular 29/2019 dated October 02, 2019 clarifying that since the MAT provisions under Section 115JB itself would not apply where a domestic company exercises option of lower tax rate under Section 115BAA, MAT credit would not be available. Corresponding amendment has been inserted under Section 115JAA dealing with MAT credit. The Company has already exercised the above option u/s 115BAA of the IT Act, 1961.

**B. Provision For bad and doubtful debts in cases of specified banks/FIs/NBFCs u/s 36(1)(vii)(d)**

In case of a non-banking financial company, provision for bad and doubtful debts is deductible to the extent not exceeding five per cent of the total income (computed before making any deduction under this clause and Chapter VI-A).

C. In terms of section 43D of the Act, and subject to the conditions specified therein interest income of a bank and certain other specified financial institutions on certain categories of bad and doubtful debts as specified in Rule 6EA of the Income-tax Rules, 1962, shall be chargeable to tax only on the year of receipt or credit to Profit and Loss Account, whichever is earlier.

**D. Deductions from Gross Total Income:**

- **Section 80M - Deduction in respect of inter-corporate dividends**

A new Section 80M has been inserted by the Finance Act, 2020 w.e.f. April 1, 2020 providing for deduction from gross total income of a domestic company, of an amount equal to dividends received by such company from another domestic company or a foreign company or a business trust as does not exceed the amount of dividend distributed by it on or before one month prior to the date of filing its tax return as prescribed under Section 139(1) of the Act. Where the Company receives any such dividend during a Financial Year and also, distributes dividend to its shareholders before the aforesaid date, as may be relevant to the said Financial Year, it shall be entitled to the deduction under Section 80M of the Act.

- **Deduction under section 80JJAA of the Act**

As per the provisions of Section 80JJAA of the Act, where the gross total income of an assessee, to whom provisions of section 44AB of the Act applies, includes any profit and gains derived from business, then such assessee shall be entitled to claim a deduction of an amount equal to thirty percent of additional employee cost incurred in the course of such business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided. The eligibility to claim the deduction is subject to fulfilment of prescribed conditions specified in sub-section (2) of section 80JJAA of the Act.

**2. Special tax benefits available to “Shareholders”**

A. There are no special tax benefits available to the shareholders (other than resident corporate shareholder) of the Company under section 80M of the IT Act, 1961

With respect to a resident corporate shareholder, a new section 80M is inserted in the Finance Act, 2020, to remove the cascading effect of taxes on inter-corporate dividends during financial year 2020-21 and thereafter. The section provides that where the gross total income of a domestic company in any previous year includes any income by way of dividends from any other domestic company or a foreign company or a business trust, there shall, in accordance with and subject to the provisions of this section, be allowed in computing the total income of such domestic company, a deduction of an amount equal to so much of the amount of income by way of dividends received from such other domestic company or foreign company or business trust as does not exceed the amount of dividend distributed by it on or before the due date. The “due date” means the date one month prior to the date for furnishing the return of income under sub-section (1) of section 139.

B. As per section 112A of the IT Act, Long Term Capital Gains (‘LT CG’) arising from the transfer of equity shares on which Securities Transaction Tax (‘STT’) is paid at the time of acquisition and sale, shall be taxed at the rate of 10% (without indexation) (plus applicable surcharge and cess) of such capital gains. This is subject to fulfilment of prescribed additional conditions as per Notification No. 60/2018/F.No 370142/9/2017 dated 1 October 2018. It is to be noted that tax u/s 112A of the IT Act shall only be levied where such aggregate capital gains exceed INR 1,00,000/- in a year.

C. As per section 111A of the IT Act, Short-Term Capital Gains ('STCG') arising from the transfer of equity shares on which STT has been paid at the time of sale shall be taxed at the rate of 15% (plus applicable surcharge and cess)

D. **Special Provisions for Non-resident shareholders**

As per section 90(2) of the IT Act, non-resident shareholders will be entitled to be governed by the beneficial provisions under the respective Double Taxation Avoidance Agreement ('DTAA'), if any, applicable to such non-residents. This is subject to fulfilment of conditions prescribed to avail treaty benefits.

Further, any income by way of capital gains accruing to non-residents, may be subject to withholding tax as per the provisions of the IT Act or under the relevant DTAA, whichever is beneficial. However, where such non-resident has obtained a lower withholding tax certificate from the tax authorities, the withholding tax rate would be as per the said certificate. The non-resident shareholders may be able to avail credit for any taxes paid by them in India, subject to local laws of the country in which such shareholder is resident.

E. There are no other possible special tax benefits available to the Shareholders of the Company for investing in the shares of the Company.

**Notes:**

- The above statement of possible special tax benefits sets out the provisions of Tax Laws in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares
- The above statement covers only certain special tax benefits under the Act, read with the relevant rules, circulars and notifications and does not cover any benefit under any other law in force in India. This statement also does not discuss any tax consequences, in the country outside India, of an investment in the shares of an Indian company.
- The above statement of possible special tax benefits is as per the current Direct tax laws relevant for the assessment year 2025-26 & Indirect Tax laws. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws.
- In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant Double Taxation Avoidance Agreement, if any, entered into between India and the country in which the non-resident has fiscal domicile.
- In respect of lower Corporate Tax rate under section 115BAA, it may be noted that such option is already exercised by the Company in the earlier assessment years
- If the company opts for concessional corporate income tax rate as prescribed under section 115BAA of the Act, it will not be allowed to claim any of the following deductions:
  - Deduction under the provisions of section 10AA (deduction for units in Special Economic Zone)
  - Deduction under clause (iia) of sub-section (1) of section 32 (Additional depreciation)
  - Deduction under section 32AD or section 33AB or section 33ABA (Investment allowance in backward areas, Investment deposit account, site restoration fund)
  - Deduction under sub-clause (ii) or sub-clause (iia) or sub-clause (iii) of sub-section (1) or subsection (2AA) or sub-section (2AB) of section 35 (Expenditure on scientific research)
  - Deduction under section 35AD or section 35CCC (Deduction for specified business, agricultural extension project)
  - Deduction under section 35CCD (Expenditure on skill development)
  - Deduction under any provisions of Chapter VI-A other than the provisions of section 80JJAA or section 80M;
  - No set off of any loss carried forward or depreciation from any earlier assessment year, if such loss or depreciation is attributable to any of the deductions referred above
  - No set off of any loss or allowance for unabsorbed depreciation deemed so under section 72A, if such loss or depreciation is attributable to any of the deductions referred above



**Statement of Possible Special Indirect Tax Benefits available to Purple Finance Limited (The “Company”) and its Shareholders under the applicable Indirect Tax Laws in India**

**I. Under the CGST Act, 2017**

Neither the Company nor the shareholders are entitled to any special tax benefits under the Indian Indirect Tax Regulations, read with respective rules, circulars and notifications made thereunder.

**Section 17 of the CGST Act, 2017**

Apportionment of credit and blocked credits Since the Company is an NBFC, therefore the Company has adopted the option to reverse 50% of the eligible ITC. Section 17(4) of the CGST Act, 2017. Accordingly, Rates & taxes head comprised of expense on account of GST reversed by the Company

**Treatment of any other possible Special Tax Benefits available to the Company and to its Shareholders under Income Tax Act, 1961 (Act), The Central Goods and Services Tax Act, 2017, The Integrated Goods and Services Tax Act, 2017 and the applicable States’ Goods And Services Tax Acts.**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Direct Tax</b>	<b>Indirect Tax</b>
I	Special tax benefits available to the Company	Nil	Nil
II	Special tax benefits available to the Shareholders	Nil	Nil

## SECTION IV – ABOUT THE COMPANY

### INDUSTRY OVERVIEW

#### 1) MACRO ECONOMIC OVERVIEW

##### (a) Global Economy

Global growth is projected at 3.1 percent in 2024 and 3.2 percent in 2025, with the 2024 forecast 0.2 percentage point higher than that in the October 2023 World Economic Outlook (WEO) on account of greater-than-expected resilience in the United States and several large emerging market and developing economies, as well as fiscal support in China. The forecast for 2024–25 is, however, below the historical (2000–19) average of 3.8 percent, with elevated central bank policy rates to fight inflation, a withdrawal of fiscal support amid high debt weighing on economic activity, and low underlying productivity growth. Inflation is falling faster than expected in most regions, in the midst of unwinding supply-side issues and restrictive monetary policy. Global headline inflation is expected to fall to 5.8 percent in 2024 and to 4.4 percent in 2025, with the 2025 forecast revised down.

With disinflation and steady growth, the likelihood of a hard landing has receded, and risks to global growth are broadly balanced. On the upside, faster disinflation could lead to further easing of financial conditions. Looser fiscal policy than necessary could imply temporarily higher growth, but at the risk of a more costly adjustment later on. Stronger structural reform momentum could bolster productivity with positive cross-border spillovers. On the downside, new commodity price spikes from geopolitical shocks—including continued attacks in the Red Sea—and supply disruptions or more persistent underlying inflation could prolong tight monetary conditions. Deepening property sector woes in China or, elsewhere, a disruptive turn to tax hikes and spending cuts could also cause growth disappointments.

Policymakers' near-term challenge is to successfully manage the final descent of inflation to target, calibrating monetary policy in response to underlying inflation dynamics and—where wage and price pressures are clearly dissipating—adjusting to a less restrictive stance. At the same time, in many cases, with inflation declining and economies better able to absorb effects of fiscal tightening, a renewed focus on fiscal consolidation to rebuild budgetary capacity to deal with future shocks, raise revenue for new spending priorities, and curb the rise of public debt is needed. Targeted and carefully sequenced structural reforms would reinforce productivity growth and debt sustainability and accelerate convergence toward higher income levels. More efficient multilateral coordination is needed for, among other things, debt resolution, to avoid debt distress and create space for necessary investments, as well as to mitigate the effects of climate change.

On the global front, the US Federal Reserve (Fed) held policy rates steady in its September meeting, after a 25 basis points hike in July but remains on the edge as the economy continues to witness tight labour market conditions. S&P sees the policy rates remaining higher for longer and does not expect the first rate cut till June 2024. According to flash estimates released by Eurostat, inflation in the eurozone eased to 4.3% from 5.2% in August with prices easing in several major categories. Inflation moderated in food (6.6% vs 7.8%), non-energy industrial goods (4.2% vs. 4.7%) and services (4.7% vs. 5.5%). Prices of energy fell at a faster pace on-year in September compared with the previous month (-4.7% vs. -3.3%). Core inflation, excluding energy, food, alcohol, and tobacco, eased sharply to 4.5% compared with 5.3%.

While the risk of tight and volatile global financial conditions persists, India's vulnerability to these external shocks likely to be lower in Fiscal 2024-current account deficit -will likely be pared this Fiscal on the back of lower crude oil prices. This, coupled with the RBI's adequate forex reserves and the country's good growth prospects, should cushion the impact of a global spill over on Indian macroeconomic conditions. IMF has projected Indian economy to grow at 6.8% in FY 2024-2025  
*Source: International Monetary Fund Forecast <https://www.imf.org/en/Publications/WEO>; Last Updated on 16th July 2024*

##### (b) Indian Economy

Global economic activity is rebalancing and is expected to grow at a stable pace in 2024. Inflation has been moderating unevenly, with services inflation staying elevated and slowing progress towards targets.

Uncertainty on the pace and timing of policy pivots by central banks is keeping financial markets volatile. Equity markets have touched new highs in both advanced and emerging market economies. Non-energy commodity prices have firmed up, while the US dollar and bond yields are exhibiting two-way movement with spillovers to emerging market currencies. Gold prices have surged to record highs on safe haven demand.

According to the provisional estimates released by the National Statistical Office (NSO) on May 31, 2024, real gross domestic product (GDP) growth in Q4:2023-24 stood at 7.8 per cent as against 8.6 per cent in Q3. Real GDP growth for 2023-24 was placed at 8.2 per cent. On the supply side, real gross value added (GVA) rose by 6.3 per cent in Q4:2023-24. Real GVA recorded a growth of 7.2 per cent in 2023-24.

Going forward, high frequency indicators of domestic activity are showing resilience in 2024-25. The south-west monsoon is expected to be above normal, which augurs well for agriculture and rural demand. Coupled with sustained momentum in manufacturing and services activity, this should enable a revival in private consumption. Investment activity is likely to remain on track, with high-capacity utilisation, healthy balance sheets of banks and corporates, Government's continued thrust on infrastructure spending, and optimism in business sentiments. Improving world trade prospects could support external demand. Headwinds from geopolitical tensions, volatility in international commodity prices, and geoeconomic fragmentation, however, pose risks to the outlook. Taking all these factors into consideration, real GDP growth for 2024-25 is projected at 7.2 per cent with Q1 at 7.3 per cent; Q2 at 7.2 per cent; Q3 at 7.3 per cent; and Q4 at 7.2 per cent (Chart 1). The risks are evenly balanced.

Headline inflation has seen sequential moderation since February 2024, albeit in a narrow range from 5.1 per cent in February to 4.8 per cent in April 2024. Food inflation, however, remains elevated due to persistence of inflation pressures in vegetables, pulses, cereals, and spices. Deflation in fuel prices deepened during March-April, reflecting the cut in liquified petroleum gas (LPG) prices. Core (CPI excluding food and fuel) inflation eased further to 3.2 per cent in April, the lowest in the current CPI series, with core services inflation also falling to historic lows.

Looking ahead, overlapping shocks engendered by rising incidence of adverse climate events impart considerable uncertainty to the food inflation trajectory. Market arrivals of key rabi crops, particularly pulses and vegetables, need to be closely monitored in view of the recent sharp upturn in prices. Normal monsoon, however, could lead to softening of food inflation pressures over the course of the year. Pressure from input costs have started to edge up and early results from enterprises surveyed by the Reserve Bank expect selling prices to remain firm. Volatility in crude oil prices and financial markets along with firming up of non-energy commodity prices pose upside risks to inflation. Taking into account these factors, CPI inflation for 2024-25 is projected at 4.5 per cent with Q1 at 4.9 per cent; Q2 at 3.8 per cent; Q3 at 4.6 per cent; and Q4 at 4.5 per cent (Chart 2). The risks are evenly balanced.

*Source: RBI Monetary Policy Statement [https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=58136](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=58136); Dated 21st June 2024*

### **(c) Indian Economy Outlook**

India to witness GDP growth of 6.0 per cent to 6.8 per cent in 2023-24, depending on the trajectory of economic and political developments globally.

India's recovery from the pandemic was relatively quick, and growth in the upcoming year will be supported by solid domestic demand and a pickup in capital investment. Aided by healthy financials, incipient signs of a new private sector capital formation cycle are visible and more importantly, compensating for the private sector's caution in capital expenditure, the government raised capital expenditure substantially. Budgeted capital expenditure rose 2.7 times in the last seven years, from FY16 to FY23, reinvigorating the Capex cycle. Structural reforms such as the introduction of the Goods and Services Tax and the Insolvency and Bankruptcy Code enhanced the efficiency and transparency of the economy and ensured financial discipline and better compliance. Global growth is forecasted to slow from 3.2 per cent in 2022 to 2.7 per cent in 2023 as per IMF's World Economic Outlook, October 2022. A slower growth in economic output coupled with increased uncertainty will dampen trade growth. This

is seen in the lower forecast for growth in global trade by the World Trade Organisation, from 3.5 per cent in 2022 to 1.0 per cent in 2023. On the external front, risks to the current account balance stem from multiple sources. While commodity prices have retreated from record highs, they are still above pre-conflict levels. Strong domestic demand amidst high commodity prices will raise India's total import bill and contribute to unfavourable developments in the current account balance. These may be exacerbated by plateauing export growth on account of slackening global demand. Should the current account deficit widen further, the currency may come under depreciation pressure. Entrenched inflation may prolong the tightening cycle, and therefore, borrowing costs may stay 'higher for longer'. In such a scenario, global economy may be characterised by low growth in FY24. However, the scenario of subdued global growth presents two silver linings – oil prices will stay low, and India's CAD will be better than currently projected. The overall external situation will remain manageable.

The growth story is inclusive when it creates jobs. The employment levels have risen in the current financial year, as the Periodic Labour Force Survey (PLFS) shows that the urban unemployment rate for people aged 15 years and above declined from 9.8 per cent in the quarter ending September 2021 to 7.2 per cent one year later (quarter ending September 2022). This is accompanied by an improvement in the labour force participation rate (LFPR) as well, confirming the emergence of the economy out of the pandemic-induced slowdown early in FY23.

In FY21, the Government announced the Emergency Credit Line Guarantee Scheme, which succeeded in shielding micro, small and medium enterprises from financial distress. A recent CIBIL report (ECLGS Insights, August 2022) showed that the scheme has supported MSMEs in facing the COVID shock, with 83 per cent of the borrowers that availed of the ECLGS being micro-enterprises. Among these micro units, more than half had an overall exposure of less than Rs10 lakh. Furthermore, the CIBIL data also shows that ECLGS borrowers had lower non-performing asset rates than enterprises that were eligible for ECLGS but did not avail of it.

Further, the GST paid by MSMEs after declining in FY21 has been rising since and now has crossed the pre-pandemic level of FY20, reflecting the financial resilience of small businesses and the effectiveness of the pre-emptive government intervention targeted towards MSMEs. Moreover, the scheme implemented by the government under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) has been rapidly creating more assets in respect of "Works on individual's land" than in any other category. In addition, schemes like PM-KISAN, which benefits households covering half the rural population, and PM Garib Kalyan Anna Yojana have significantly contributed to lessening impoverishment in the country. The UNDP Report of July 2022 stated that the recent inflationary episode in India would have a low poverty impact due to well-targeted support. In addition, the National Family Health Survey (NFHS) in India shows improved rural welfare indicators from FY16 to FY20, covering aspects like gender, fertility rate, household amenities, and women empowerment. So far, India has reinforced the country's belief in its economic resilience as it has withstood the challenge of mitigating external imbalances caused by the Russian-Ukraine conflict without losing growth momentum in the process. India's stock markets had a positive return in CY22, unfazed by withdrawals by foreign portfolio investors. India's inflation rate did not creep too far above its tolerance range compared to several advanced nations and regions. India is the third-largest economy in the world in PPP terms and the fifth-largest in market exchange rates. As expected of a nation of this size, the Indian economy in FY23 has nearly "recouped" what was lost, "renewed" what had paused, and "re-energised" what had slowed during the pandemic and since the conflict in Europe.

The global economy battles through a unique set of challenges. There are six distinct challenges faced by the Global Economy. The three challenges like COVID-19 related disruptions in economies, Russian-Ukraine conflict, and its adverse impact along with disruption in supply chain, mainly of food, fuel and fertilizer and the Central Banks across economies led by Federal Reserve responding with synchronised policy rate hikes to curb inflation, leading to appreciation of US Dollar and the widening of the Current Account Deficits (CAD) in net importing economies. The fourth challenge emerged as faced with the prospects of global stagflation, nations, feeling compelled to protect their respective economic space, thus slowing cross-border trade affecting overall growth. It adds that all along, the fifth challenge was festering as China experienced a considerable slowdown induced by its policies. The sixth medium-term challenge to growth was seen in the scarring from the pandemic brought in by the loss of education and income-earning opportunities.

Like the rest of the world, India, too, faced this extraordinary set of challenges but withstood them better than most economies. In the last eleven months, the world economy has faced almost as many disruptions as caused by the pandemic in two years. The conflict caused the prices of critical commodities such as crude oil, natural gas, fertilisers, and wheat to soar. This strengthened the inflationary pressures that the global economic recovery had triggered, backed by massive fiscal stimuli and ultra-accommodative monetary policies undertaken to limit the output contraction in 2020. Inflation in Advanced Economies (AEs), which accounted for most of the global fiscal expansion and monetary easing, breached historical highs. Rising commodity prices also led to higher inflation in the Emerging Market Economies (EMEs), which otherwise were in the lower inflation zone by virtue of their governments undertaking a calibrated fiscal stimulus to address output contraction in 2020. It is also seen that Inflation and monetary tightening led to a hardening of bond yields across economies and resulted in an outflow of equity capital from most of the economies around the world into the traditionally safe-haven market of the US. The capital flight subsequently led to the strengthening of the US Dollar against other currencies, the US Dollar index strengthened by 16.1 per cent between January and September 2022. The consequent depreciation of other currencies has been widening the CAD and increasing inflationary pressures in the net importing economies.

The Indian economy is well placed to grow faster in the coming decade once the global shocks of the pandemic and the spike in commodity prices in 2022 faded away. With improved and healthier balance sheets of the banking, non-banking and corporate sectors, a fresh credit cycle has already begun, evident from the double-digit growth in bank credit over the past months. Indian economy has also started benefiting from the efficiency gains resulting from greater formalisation, higher financial inclusion, and economic opportunities created by digital technology-based economic reforms. Hence the outlook of Indian economy is much better than many developing nations.

*Source: Economic Survey 2022-23, Government of India; <file:///C:/Users/Sabyasachi%20Rath/Downloads/Economic%20Survey%20Complete%20PDF.pdf>; July 2024 released*

## 2) NBFC SECTOR OVERVIEW

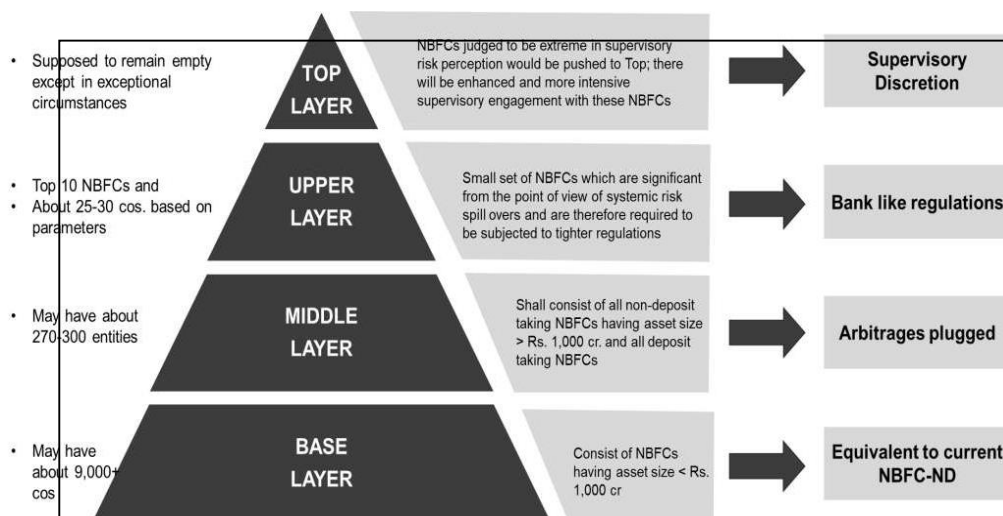
### a) Evolution in NBFC categorisation

NBFCs have emerged as the crucial source of finance for a large segment of the population, including SMEs and economically unserved and underserved people. They have managed to cater to the diverse needs of the borrowers in the fastest and most efficient manner, considering their vast geographical scope, understanding of the various financial requirements of the people and extremely fast turnaround times. Non-bank money lenders have played an important role in the financial inclusion process by supporting the growth of millions of MSMEs and independently employing people. The sector has grown significantly, with a number of players with heterogeneous business models starting operations. The last few years have seen a transformation in the Indian financial services landscape. The increasing penetration of neo-banking, digital authentication, rise of UPI and mobile phone usage as well as mobile internet has resulted in the modularisation of financial services, particularly credit.

As of 30 September 2023, there were a total of 93561 NBFCs registered with the Reserve Bank of India (RBI). Based on liability structure, NBFCs have been traditionally categorised into deposit-taking NBFCs (NBFCs-D), which are allowed to raise term deposits and non-deposit-taking NBFCs (NBFCs-ND). In October 2021, the RBI introduced a scale-based regulation for NBFCs to align its regulatory framework and further classify these financial institutions based on their evolving risk profile, considering the evolution of NBFCs with regard to size, complexity and interconnection within the financial sector. This framework categorises:

- a. NBFCs in the base layer (NBFC-BL) with assets less than INR 1,000 crore
- b. Middle layer (NBFC-ML) with assets more than INR 1,000 crore
- c. Upper layer (NBFC-UL) and top layer (NBFC-TL) which are specifically identified by the RBI based on a set of parameters and scoring methodology A list of 16 NBFCs-UL, identified as per the methodology specified in scale-based regulation for NBFCs, was released on 30 September 2022

## Scale Based Approach Proposed for NBFCs



Source: RBI, CRISIL MI&A

## Regulatory distinction between banks and NBFCs

	NBFC ND SI	NBFC D	Banks (Base I-III)
<b>Minimum net owned funds</b>	20 million	20 million	N.A.
<b>Capital adequacy</b>	15.0%	15.0%	11.5%
<b>Tier I capital</b>	10.0%	10.0%	9.5%
<b>Stage III assets</b>	90 days#	90 days#	90 days
<b>Cash reserve ratio (CRR)</b>	N.A.	N.A.	3.0%
<b>Statutory liquidity ratio (SLR)</b>	N.A.	15.0%	18.00%
<b>Priority sector</b>	N.A.	N.A.	40% of advances
<b>SARFAESI eligibility</b>	Yes*	Yes*	Yes
<b>Exposure norms (% of NOF)</b>	Single borrower: 15% (+10% for IFC)	Single borrower: 15%	Single borrower: 15% (+5% for infrastructure projects)
	Group of borrowers: 25% (+15% for IFC)	Group of borrowers: 25%	Group of borrowers: 30% (+10% for infrastructure projects)

Note: NA - Not applicable

\*The Ministry of Finance, in its union budget for 2021, proposed that the SARFAESI threshold be reduced from Rs. 5 million to Rs. 2 million.

# Discretion with the audit committee of NBFCs to defer stage 3 classification beyond 90+dpd

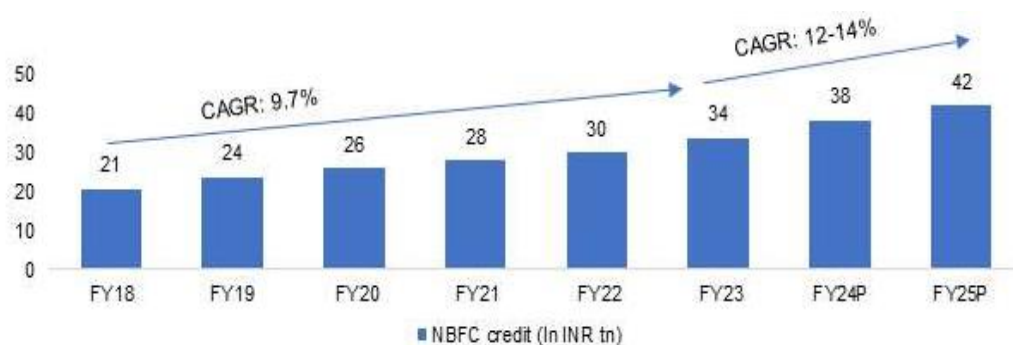
Source: CRISIL MI&A

The RBI has taken a balanced view, and instead of going for a one-size-fits-all approach, it has opted for differential regulations based on the size and systemic importance of an NBFC. Furthermore, the importance of NBFCs in providing credit to underserved customers has been recognized. The RBI has not proposed imposition of CRR and SLR on NBFCs, which would come as a relief to NBFCs.

### b) Growth of NBFCs

As per CRISIL projection NBFC credit to grow at 12%-14% between Fiscal 2023 and Fiscal 2025. The credit growth will be driven by the retail vertical, including housing, auto, MSME and microfinance segments. Rapid revival in the economy is expected to drive consumer demand in Fiscal 2024, leading to healthy growth for NBFCs. Moreover, organic consolidation is underway with larger NBFCs gaining

share with some of the merger and acquisition in the NBFC space.



#### NBFC credit to grow at CAGR 12-14% between Fiscals 2023 and 2025

The NBFC sector has, over the years, evolved considerably in terms of size, operations, technological sophistication, and entry into newer areas of financial services and products. The number of NBFCs as well as the size of the sector have grown significantly, with several players with heterogeneous business models starting operations.

After a moderation in growth post pandemic, NBFCs are back on track with an estimated credit growth of 12- 13% during Fiscal 2023. Going ahead it is expected the growth trend to continue with credit growth at 13-14% during Fiscal 2024. The industry will continue to witness the emergence of newer NBFCs catering to specific customer segments. The COVID-19 pandemic and consequent acceleration in both adoption of technology and change in consumer habits as well as increasing availability of data for credit decision-making has made it possible to build an NBFC lending business without investing large sums to have brick-and-mortar presence on the ground. Overall, between Fiscal 2023 to Fiscal 2025, it is forecasted that overall NBFC credit to grow at a CAGR of 12%-14%. Further, retail credit given out by NBFCs is forecast to grow at a pace of 13%-15% CAGR over the same time.

#### c) Rising Middle India population to help sustain growth

Proportion of Middle India (defined as annual household income between Rs 0.2 Mn to Rs 1 Mn) is on a rise over the last decade and is expected to grow further with continuous increase in GDP and household incomes. It is estimated that there were 41 million households in India in this category as at the end of Fiscal 2012, and by the end of Fiscal 2030, it is projected this figure will increase to 181 million households translating into a compound annual growth rate (CAGR) of 9% over this time period. This growth in the number of middle-income households is expected to lead to enhanced opportunities for retail and MSME financiers as well as consumer goods marketers. A large number of these households, which have entered the middle-income bracket in the last few years, are likely to be from semi-urban and rural areas. The rise in incomes in these areas is also evident when one observes the trend in share of deposits coming into banks.

It is estimated that the improvement in the literacy levels, increasing access to information and awareness, increases in the availability of necessities, such as electricity, cooking gas, and toilets, and the improvement in road infrastructure has led to an increase in aspirations of Middle India, which is likely to translate into increased opportunities for financial service providers. In fact, some of these trends are already visible. Smart phone ownership, internet users and the proportion of users accessing social media is increasing rapidly. Smaller cities and towns (with population less than 1 million) account for a significant portion of sales of e Retailers.

Middle India households to witness high growth from Fiscal 2012 to Fiscal 2030



**d) Credit Penetration in India**

Systemic credit to grow by 10-12% between Fiscals 2023 and 2025



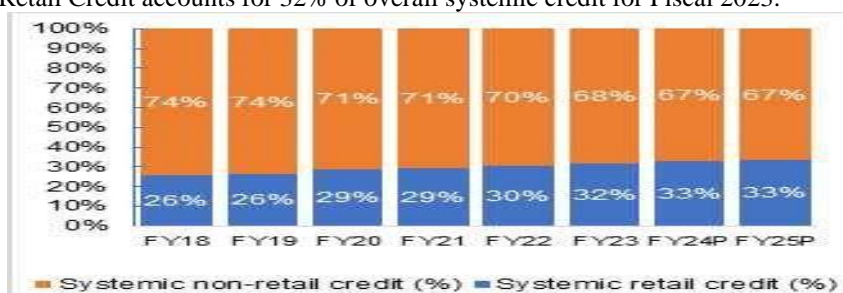
- Share of NBFC credit in overall systemic credit remained 18% in Fiscal 2023



**e) Retail Credit in India**

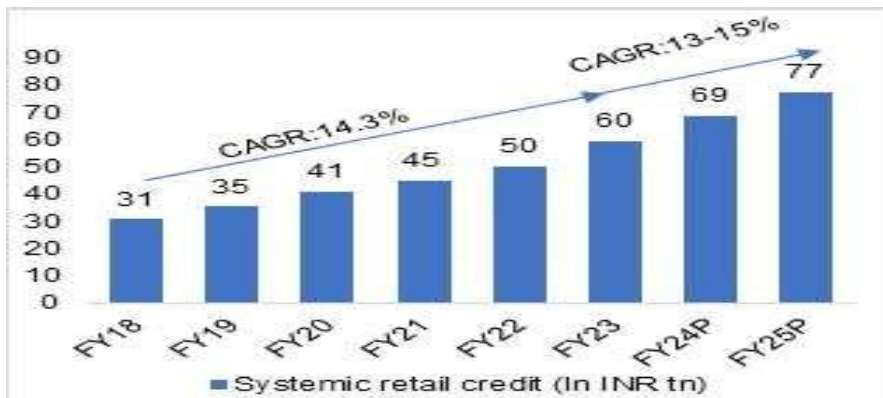
The retail credit market in India stood at Rs 60 trillion as of fiscal 2023 and is rapidly growing at a CAGR of 14.3% during Fiscals 2018 and 2023. Retail credit growth in Fiscal 2020 was around approximately 16.3% which came down to approximately 9.5% in Fiscal 2021. However, post-pandemic, retail credit growth revived back to reach approximately 11.3% in Fiscal 2022. In Fiscal 2023, retail credit has grown at approximately 19-20% year on year basis. 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 13-15% between fiscal 2023 to fiscal 2025 and reach a size of Rs 77 trillion by FY 2025. Moreover, the increasing demand and positive sentiments in the Indian retail credit market, presents an opportunity for both banks and NBFCs to broaden their investor base. Share of NBFC credit in the overall systemic credit remained @ 18% in Fiscal 2023.

Retail Credit accounts for 32% of overall systemic credit for Fiscal 2023.

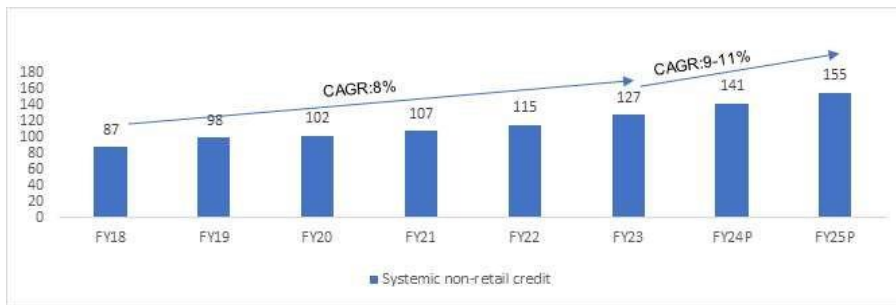




Retail Credit Growth to continue a strong footing in Fiscal 2024



Systemic non retail credit to grow with lower growth

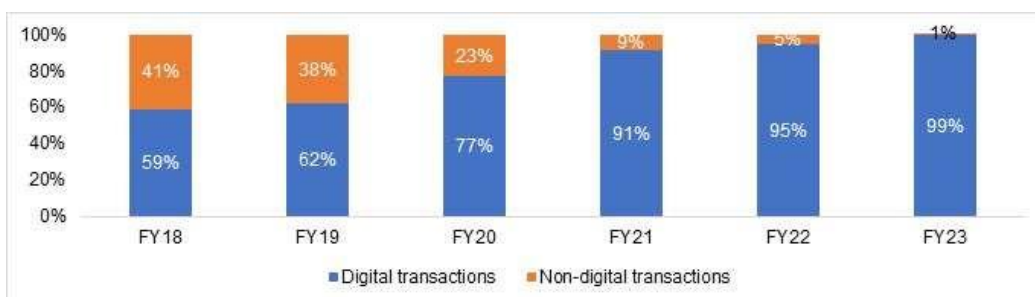


**f) Digital Payments to revolutionises NBFC lending**

Digital payments have witnessed substantial growth. The share of different channels in domestic money transfer has changed significantly over the past five years. Banks, for example, are witnessing a change in customer behavior with fewer customers visiting bank branches for transactions. This change in behavior was led by demonetisation when cash transactions slowed down, many new accounts were opened, and digital banking witnessed a surge in use and continued its growth trajectory. Post- COVID-19, with consumers preferring to transact digitally rather than engage in physical exchange of any paper or face-to-face contact, digital transactions have received another shot in the arm.

Between Fiscal 2018 and 2023, the volume of digital payments transactions has increased from Rs14.6 billion to Rs 113.9 billion, causing its share in overall payment transactions to increase from 59% in Fiscal 2018 to 99% in Fiscal 2023. During the same period, value of digital transactions has increased from Rs 1,371 trillion in Fiscal 2018 to 2,087 trillion in Fiscal 2023.

Trend in volume of digital payments



Note: Digital Payments includes RTGS payments, Credit transfers (AePS, APBS, ECS Cr, IMPS, NACH, NEFT, UPI), Debit Transfers (BHIM, ECS Dr, NACH Dr, NETC), Card Payments (Debit and Credit Cards) and Prepaid Payments Instruments

- Trend in value of digital payments

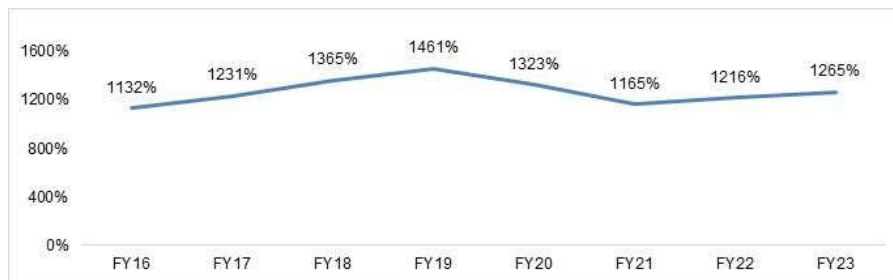


Note: Digital Payments includes RTGS payments, Credit transfers (AePS, APBS, ECS Cr, IMPS, NACH, NEFT, UPI), Debit Transfers (BHIM, ECS Dr, NACH Dr, NETC), Card Payments (Debit and Credit Cards) and Prepaid Payments Instruments  
Source: RBI, CRISIL MI&A

Consumers are increasingly finding transacting through mobile convenient. It is expected that the share of mobile banking and prepaid payment instruments to increase dramatically over the coming years. In addition, it is estimated that improved data connectivity, low digital payment penetration and proactive government measures to drive digitalisation in the country, transforming it into a cashless economy.

The value of digital transactions as a proportion of private consumption expenditure in between Fiscal 2016 and Fiscal 2023 also rose from 1,132% to 1,265%, which shows that the usage of digital transactions for consumption has been on the rise over the past few years.

Digital Transaction Value as a % of Private Final Consumption Expenditure (PFCE)



Note: PFCE is based on current prices; Source: RBI, CRISIL MI&A

**g) Adoption of Digital Lending Practices by NBFCs**

The NBFC sector in India stands at a juncture of significant transformation, driven by robust economic growth, a conducive policy environment and an increasing emphasis on financial inclusion. As these financial institutions continue to diversify their portfolio and adapt to the changing market dynamics, they will be prolonged to play a crucial role. Digital will drive the NBFC growth story, with use cases adopted across the value chain from sourcing to loan closure/cross-sell and upsell. Hyper-personalisation of services, adoption of regional languages, product innovation and partnerships will drive growth. The evolving customer persona in terms of a mobile-first approach, rise of influencers in the digital space and demand for seamless and instant service will drive the NBFC growth story. Partnerships and platforms will be crucial for NBFCs for sourcing and India Stack will be crucial for underwriting, KYC and portfolio monitoring. The digital age will necessitate stronger cyber and data protection practices to ensure sustainable operations. The digital story will drive NBFCs from the perspective of experience, increased sourcing avenues, operational efficiency and risk management.

**i) Lead Generation and Customer On Boarding**

Most of the NBFCs have implemented multiple applications that work together to provide an integrated customer experience. These applications include customer-facing mobile apps, customer relationship management (CRM) systems for lead generation, lead management solutions, digital onboarding solutions, loan origination systems and even elements of core banking solutions to cover significant parts

of the customer journey. To generate leads, NBFCs have formed partnerships with multiple sourcing platforms, allowing them to reach a larger number of potential customers. One of the leading NBFCs in the home loan segments has 93 per cent of the customers registered on mobile applications. For customer onboarding, NBFCs are leveraging paperless processes by utilising eKYC, C-KYC, video KYC, e-documentation, DigiLocker, account aggregators, credit bureaus and geo tagging services. For some of these services, NBFCs are riding on the wave of open banking technology by partnering with the fintechs that are operating in this space. NBFCs are utilising conversational AI in chatbots to address customer inquiries, offer personalised products, provide product recommendations and identify opportunities for cross-selling and up-selling. This strategic implementation enables NBFCs to enhance customer service, streamline operations by reducing the size of customer service teams and improve overall efficiency by automating routine tasks. This approach represents a true extension of omnichannel capabilities.

ii) **Credit Underwriting**

To enhance credit underwriting processes, NBFCs have established partnerships with fintech companies for fraud risk management, income assessments, GST validations, MCA validations and video PD. Additionally, NBFCs have collaborated with fintech firms that provide access to alternative data, which aids in the creation of underwriting models and digital scorecards. The implementation of GenAI enables AI-driven predictive analytics for better risk assessment by analysing a broader range of data points. By adopting these approaches, NBFCs can achieve a more precise and holistic assessment of an applicant's creditworthiness, thereby mitigating the risks associated with bad loans.

iii) **Loan Documentation**

NBFCs are leveraging technology to generate digital loan documents and facilitate e-Stamping and e-Signing of these documents. The e-Signing process utilises Aadhaar-linked mobile numbers, resulting in enhanced customer experience and improved operational efficiency. Notably, a prominent NBFC in the home loan segment has successfully executed 60 per cent of loan agreements through e-Stamping, with 46 per cent of agreements being digitally signed

iv) **Loan Disbursements**

NBFCs can directly disburse funds to required accounts using various digital payment methods. This enables seamless and real-time fund transfers to the intended accounts. These advancements significantly contribute to expediting the loan disbursement process and facilitating seamless customer interactions.

v) **Customer Servicing**

The process of customer service has undergone significant changes with the introduction of WhatsApp banking and advanced chatbots. With the help of emerging technologies such as GenAI, several customer queries can be resolved by conversational bots. These chatbots offer more engaging and personalised experiences, provide round-the-clock support and reduce the workload of human customer service representatives. One of the leading NBFCs has reported that 75 per cent of its customer transactions are taking place through digital platforms. Customers now can interact through various channels, including web, mobile applications, WhatsApp, chatbots and voice bots. The NBFC has observed a significant increase in the usage of chat-based servicing, with over 800,000 interactions occurring per month on voice and chat-based platforms.

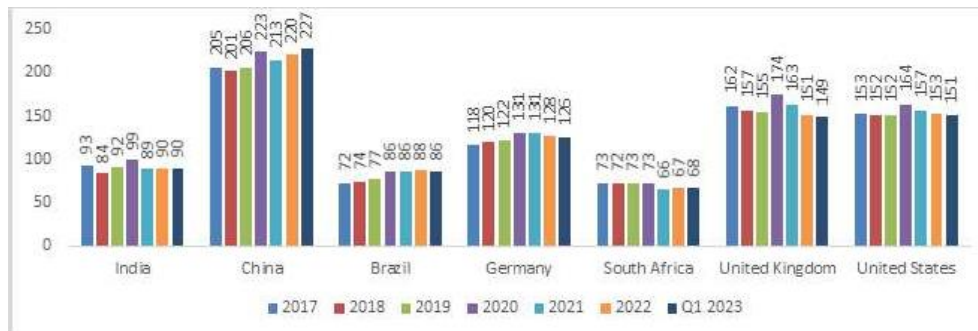
vi) **Digital Collections**

NBFCs are actively investing in expanding their digital presence in the collections process, which traditionally relied heavily on physical branches and manual procedures. Nowadays, technology and process innovation allow mainstream retail customers to have the option of making EMI payments by accessing digital payment channels such as UPI, cards, net banking and e-NACH. One of the leading NBFCs has reported that more than 90 per cent of its collections are now conducted through digital channels

**h) Financial Inclusion and Rural Penetration have increased for NBFCs**

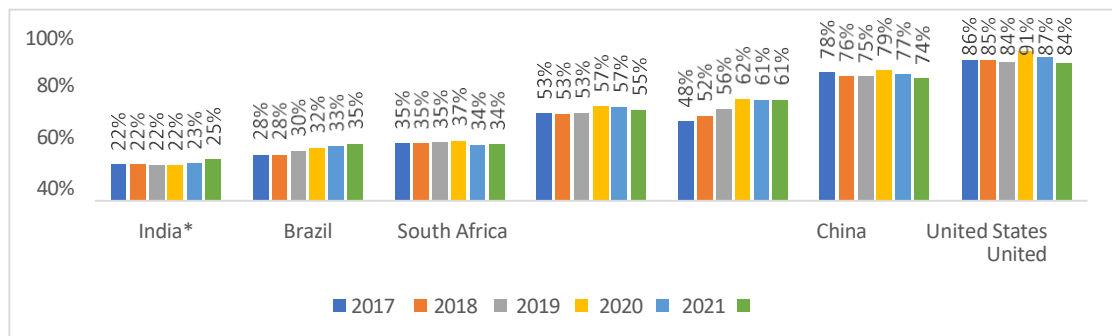
The significance of financial inclusion has deepened, particularly in the post-pandemic era, as vulnerable households and businesses strive to navigate the crises and achieve recovery. In terms of the credit to GDP ratio, India has a low credit penetration compared with other developing countries, such as, China, indicating a significant untapped potential. Similarly, in terms of credit to households as a proportion of GDP as well, India lags other markets, with retail credit hovering at around 26% of GDP as of Fiscal 2023.

Credit to GDP ratio (%) (CY 2022)



Note: Data is represented for calendar years for all countries except India; For India, numbers are for Fiscal year; Source: Bank of International Settlements, CRISIL MI&A

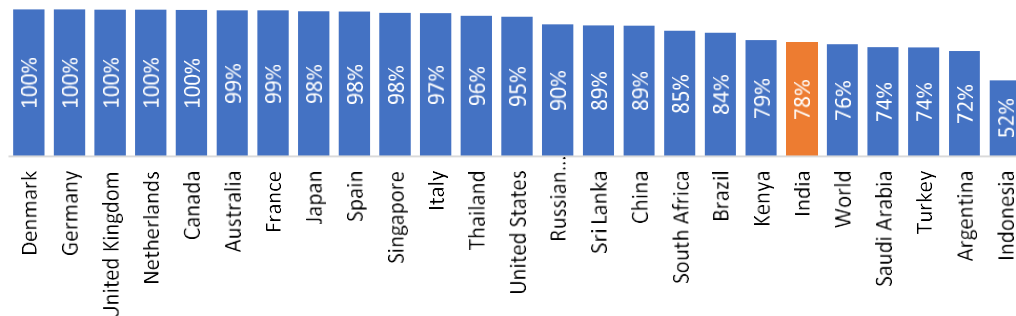
**Household Credit to GDP ratio**



Note: For countries except India, data is represented for calendar years; \*For India, data represented is for Fiscal 2018, Fiscal 2019, Fiscal 2020, Fiscal 2021, Fiscal 2022 and Fiscal 2023; Source: Bank of International Settlements, CRISIL MI&A

- India’s focus on financial inclusion is increasing; however, a large section of the population is still unbanked

**Adult population with a bank account (%): India vis-à-vis other countries**



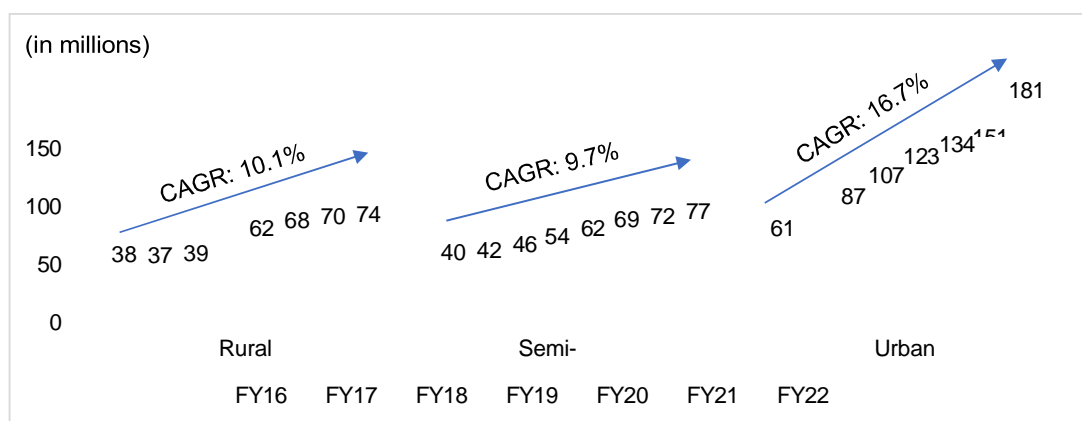
Note: Global Findex data for India excludes northeast states, remote islands and selected districts. Account penetration is for the

population within the age group of 15+; Source: World Bank - The Global Findex Database 2021, CRISIL MI&A.

Further, according to the World Bank's Global Findex Database 2021, 230 million unbanked adults live in India.

**i) Rural India Penetration**

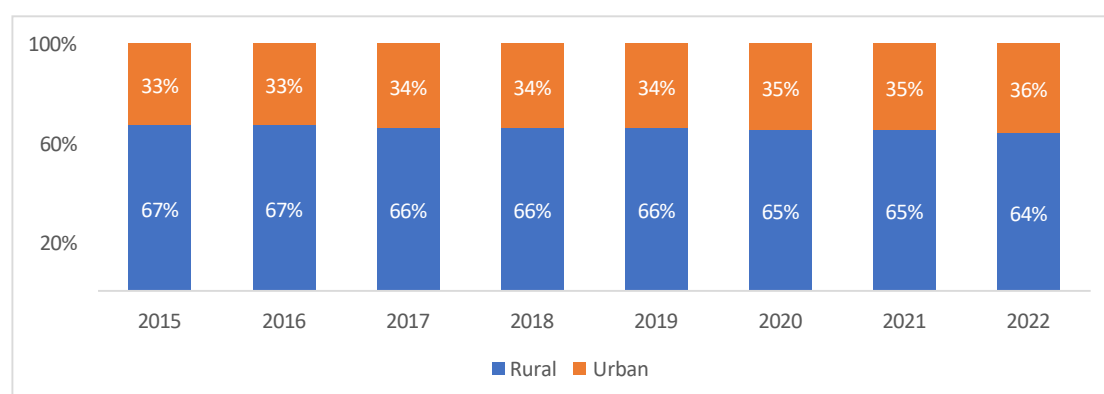
Rural India accounts for about half of GDP, but only about 8% of total credit and 9% of total deposits. Rural India under penetration and untapped market presents a huge opportunity for growth. Credit to metropolitan areas has decreased over the past few years with its share decreasing from 66% as at March 31, 2018 to 62% as at June 30, 2023. Between the same period, credit share has witnessed a marginal rise in rural and urban areas. For semi-urban areas, credit share has gone up from 12% as of March 31, 2018, to 13% as of June 30, 2023.



Note: Urban includes data for Urban and Metropolitan areas. Data represents only bank credit accounts. Source: RBI; CRISIL MI&A

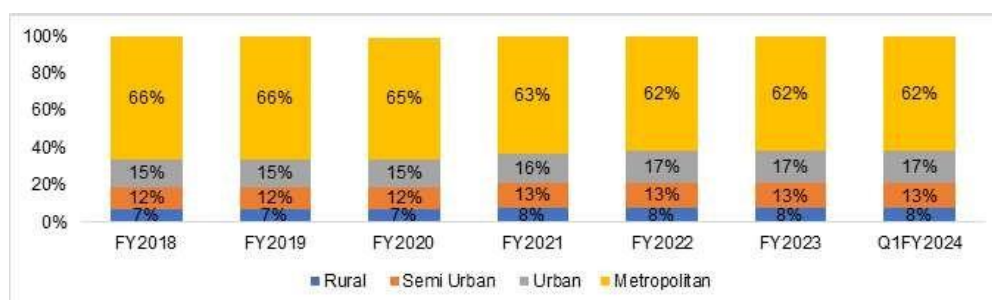
Rural areas, which accounted for 47% of GDP, received only 8% of the overall banking credit, as at March 31, 2023, which also shows the vast market opportunity for banks and NBFCs to lend in these areas. With increasing focus of government towards financial inclusion, rising financial awareness, increasing smartphone and internet penetration, it is expected that delivery of credit services in rural area to increase. Further, usage of alternative data to underwrite customers will also help the financiers to assess customers and cater to the informal sections of the society in these regions.

Two thirds of total household is in rural area



Source: World Bank; Census; CRISIL MI&A

Share of rural and semi-urban credit has increased marginally between March 31, 2018, and June 30, 2023



Note: As at the end of each Fiscal and as of June 2023 for Q1 Fiscal 2024 Source: RBI, MOSPI, CRISIL MI&A

**j) NBFCs have a reasonable market share across segments**

Under-served households and business represent a significant portion of India’s population challenges in obtaining credit due to reasons such as a lack of credit history and the inability to provide collateral. Government initiatives such as Pradhan Mantri Jan-Dhan Yojana (PMJDY), Aadhaar, and widespread digitization (referred collectively as “JAM” trinity) have expanded the formal financial inclusion to underserved Indian population. Additionally, the widespread availability of affordable data and digital disruption has transformed the financing landscape in India. NBFCs have generally been able to address this opportunity on account of their strong origination skills, extensive reach, and better customer service, faster processing, streamlined documentation requirements, digitization of customer on-boarding process, customized product offerings, local knowledge, and differentiated credit appraisal methodology. The rapid evolution of Fintech’s over the last few years has added another dimension to the market served by NBFCs and has fuelled rapid growth across the landscape.

NBFCs have consistently gained or maintained market share across most asset classes over the last few years. Though, in certain segments such as housing finance to prime customers, they have lost market share to banks due to the decline in market interest rates. In the gold loans market, NBFCs slightly lost market share in Fiscal 2022 due to increasing focus of banks (both public and private) towards gold loans as well as RBI permitting banks to offer gold loans at a higher loan-to-value amidst the COVID-19 pandemic. Nevertheless, NBFCs continue to have a healthy market share across other segments.

**k) NBFC’s share in various products and projections of AUM**

The NBFC sector has, over the years, evolved considerably in terms of size, operations, technological sophistication and entry into newer areas of financial services and products. The number of NBFCs as well as the size of the sector have grown significantly, with a number of players with heterogeneous business models starting operations.

The retail credit has driven the NBFC sector off late

Share of retail credit in total NBFC credit to continue to grow



Note: P - Projected

Retail credit includes housing finance, auto finance, microfinance, gold loans, construction equipment finance, consumer durable finance, MSME loans and education loans

Source: Company reports, CRISIL MI&A

Set forth are details of the NBFCs loan outstanding size in terms of assets under management (AUM) and growth along with key growth drivers of each of the focused sectors:

Parameter	Sub-Parameter	AUM Billions (Fiscal 2023)	Loan outstanding (CAGR Fiscal 2023-Fiscal 2025)	Key Growth Drivers
<b>Overall NBFCs growth</b>	Loan outstanding growth	34,000	12-14%	
<b>Selected asset class wise NBFCs loan outstanding growth</b>	MSME loans <sup>^</sup>	5,231	13-15%	Low credit penetration for MSMEs, increased data availability and transparency, and Government initiatives including credit guarantee fund scheme, emergency credit line guarantee scheme
	Micro finance loans <sup>§</sup>	1,383	23-25%	Government's continued focus on strengthening rural financial ecosystem, strong credit demand and increasing ticket sizes of loans
	Consumer finance <sup>#</sup>	4,009	18-20%	Strong macro tailwinds, increased consumer spending and digitization driving consumer durables demand
	Vehicle loans*	3,277	14-15%	Improving rural productivity, Government income support, improving industrial activity, Government's focus on infrastructure development and return to office
	Affordable housing loan	6,902	14-16%	Higher data availability, increasing affordability, urbanization, and supportive government policies
	Agri loans	32	9-11%	Increasing demand for high-value commodities, shift to tech-intensive supply chain solutions and increase in finance penetration across agriculture value chain

Note: Note: (^) MSME loans include small business loans and mid-corporate loans (#) Consumer finance include personal loans, gold loans and consumer durable loans (\*) Vehicle loans include two-wheeler disbursement and new commercial vehicle loans (<sup>§</sup>) MFI loans data is for NBFC-MFIs

Source: Company reports, RBI, CRISIL MI&A estimates

Parameter	Sub-Parameter	Loan outstanding (CAGR Fiscal 2018-Fiscal 2023)	Loan outstanding (CAGR Fiscal 2023-Fiscal 2025)
<b>Size-wise loan outstanding growth</b>	Small NBFCs	6%	15-18%
	Medium NBFCs	21%	15-18%
	Large NBFCs	12%	13-15%

Note - Classification of players into large, medium and small is done basis below criteria:-

For MFIs - Large players have GLP > 20,000 million, medium players have GLP between 5,000 and 20,000 million, Small players have GLP upto 5,000 million.

For other players - Large players have AUM > 50 billion, Medium players have AUM > 10 billion, Small players have AUM upto 10 billion

Source: CRISIL MI&A estimates

Set out below are certain details of the MSME, MFI and consumer finance sectors in India:

Particulars	As of and for the period ended March 31, 2023
<b>MSME</b>	
<b>NBFC MSME industry AUM (Rs. In billion)**</b>	5,231
<b>NBFC MSME industry GNPA (%)</b>	5.30%*

Particulars	As of and for the period ended March 31, 2023
<b>MFI</b>	
NBFC MFI industry AUM (₹ billion)##	1,383
NBFC MFI industry GNPA (%)	7.70%#
<b>Consumer Finance</b>	
NBFC Consumer finance industry AUM (Rs in billion) ^^	4,009
NBFC Consumer finance industry GNPA (%)	7.46%^

Note: (\*) Simple average of GNPA ratio in small business loans and mid-corporate loans (^) Simple average of GNPA ratio in personal loans, gold loans and consumer durable loans

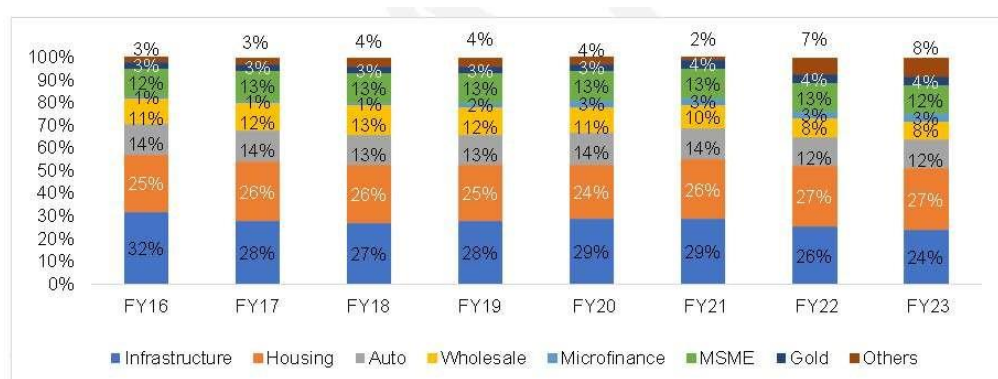
(#) GNPA ratio for NBFC-MFIs

(\*\*) MSME loans include small business loans and mid-corporate loans

(^^) Consumer finance includes personal loans, gold loans and consumer durable loans (##) MFI loans data is for NBFC-MFIs

Source: Company reports, RBI, CRISIL MI&A estimates

### Distribution of NBFC credit across asset classes



Note: Others include education loan, consumer durable loans and construction equipment finance

Source: RBI, Company reports, CRISIL MI&A

### Share of loans and advances from secured products remains high for NBFCs



## D) Asset Quality for NBFCs

Asset quality for NBFCs is influenced by various factors such as economic cycle, target customer segment, geographical exposure, and local events. Within the NBFC universe itself, it is observed that various asset classes tend to exhibit heterogeneous behaviour. For example, the asset quality in small business loans and personal loans tends to be highly correlated with the macroeconomic environment. On the other hand, microfinance loans have shown lower historic correlation with macroeconomic cycles. This is because asset quality is more influenced by local factors, events that have wide ranging repercussions such as demonetisation and COVID-19 and relative leverage levels amongst borrowers.

Prior to Fiscal 2018, smaller NBFCs were aggressively expanding in terms of both market penetration and lending across asset classes, which led to rising asset quality concerns. The proportion of standard



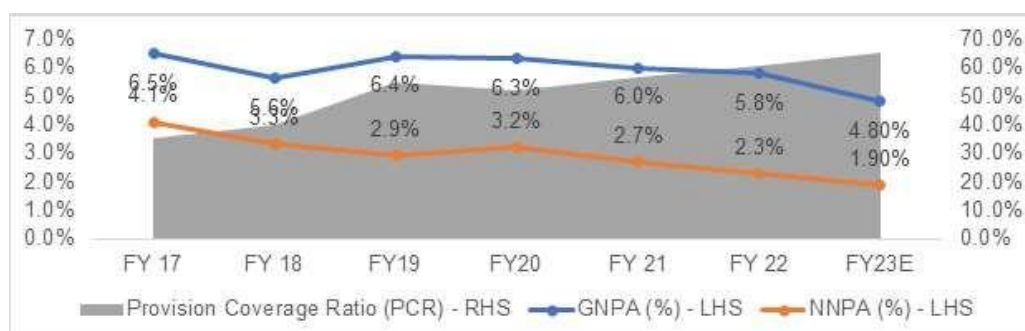
assets declined, as slippages to sub-standard category increased. After the NBFC crisis in Fiscal 2019, smaller NBFCs slowed down their lending activity and focused on improving their asset quality and shifting to retail segments that are less risky. In Fiscal 2020, doubtful assets for NBFCs registered a marginal uptick due to funding challenges and slower credit growth. However, efforts were made by NBFCs to clean up their balance sheets, as reflected in their write off and recovery ratios, which caused the NNPA (Net NPA) to remain stable, and the PCR (Provision Coverage Ratio) to improve.

In Fiscal 2021, proportion of doubtful and loss assets increased, largely driven by infrastructure and wholesale finance. In addition to funding challenges faced by the sector along-with slower credit growth, COVID-19 escalated asset quality deterioration further owing to restricted movement, which affected collections. Moratorium and restructuring schemes announced by the Government came as an interim relief for the sector and delayed the asset quality concerns for some time. However, with the NPA standstill provision lifted in August 2020, gross NPAs in sector such as Auto, Microfinance and MSME lending spiked as of March 2021.

Further, the second wave of COVID-19 adversely affected the fragile recovery witnessed in the fourth quarter of Fiscal 2021 and affected collection efficiencies across asset classes in the first quarter of Fiscal 2022. However, the impact was not as severe as in the first wave, and players across segments reported improvement in GNPA (Gross NPAs) from the second quarter.

Typically, the NBFCs ramp up their collection activity between due-date and month-end, leading to lower dues by end of month. This flexibility will no longer be available to the NBFCs because of RBI circular is 2021 harmonizing the rules with banks which could cause some proportion of loans in the 60 to 90-day period category to slip into >90 days period category. In addition to the end of the day recognition, the RBI has also clarified that upgradation of an account from NPA to standard category can only be done after all over-dues are cleared (principal along with interest), resulting in a borrower slipping into the NPA category to remain in the same category for longer time compared to the past. Hence, NBFC GNPA increased in third quarter of Fiscal 2022 due to adherence to the said RBI clarifications. But with NBFCs bolstering their collection efforts and processes, and improvement in economic activity, it is estimated that the GNPA for NBFCs to have reduced significantly at the end of Fiscal 2023. The gross NPAs for NBFCs have reduced from FY17 to 5.8% in FY 22 and expected to be around 4.8% in FY 23. It is expected the same will further reduce by at least 50 bps in FY 24.

NBFCs Gross Non Performing Assets (GNPA) improved significantly by the end of Fiscal 2023



Note: E Estimated; GNPA - Gross Non-Performing Assets as per cent of Gross Advances; NNPA Net Non-Performing Assets as per cent of Net Advances; Provisioning Coverage Ratio (PCR) is the ratio of provisioning to gross non-performing assets  
Source: RBI, CRISIL MI&A

### Emerging Lending Models for NBFCs

NBFCs in India have navigated a transformative path in their lending methodologies, adapting to the ever-evolving financial landscape. Two noteworthy approaches that have garnered attention and reshaped the lending landscape are the First Loss Default Guidelines (FLDG) model and the Co Lending model.

## First Loss Default guidelines

The First Loss Default Guarantee (FLDG) or Default Loss Guarantee (DLG) model represents a paradigm shift in the approach of NBFCs towards collaborative lending. These guidelines, mandated by the RBI, allow NBFCs and other Lending Service Providers (LSPs) to extend credit portfolios with a guarantee against default losses.

Endorsed by the RBI, this model provides a robust risk mitigation mechanism and safety net by guaranteeing coverage for the initial loss incurred in lending transactions.

- 01 Firstly, it enhances the risk appetite of NBFCs and banks by instilling confidence in banks and other regulated entities to collaborate with NBFCs and LSPs.
- 02 Furthermore, the NBFCs benefit from these arrangements by transferring/sharing the risks and heavy cost of funds associated with loan portfolios. This encourages the banking sector to invest in lending to diverse segments of the economy through NBFCs.
- 03 The RBI's guidelines play a pivotal role in ensuring the model's effectiveness, aligning it with regulatory standards and supervisory measures.

- By mandating adherence to stringent criteria on DLG providers and LSPs (eligibility criteria for DLGs and cap on default loss guarantee up to 5 per cent and tenor), the central bank promotes financial stability and consumer protection. As the guidelines only apply to digital lending arrangements, REs and NBFCs are encouraged to introduce technology-enabled lending products, thereby contributing to enhanced credit penetration and lower operational costs.
- NBFCs can leverage this opportunity to build partnerships with banks to build and scale up loan portfolios in underserved segments while incurring lower cost of funds.

### Co Lending Models

Complementing the FLDG model, which promotes collaboration among NBFCs and banks, the co-lending model further inculcates confidence in collaborative partnerships. In this model, NBFCs join forces with traditional banks to co-finance loans, leveraging the strengths of both entities. The collaborative nature of co-lending enables NBFCs to tap into the extensive reach and resources of banks while banks benefit from the agility and specialised knowledge of NBFCs in catering to specific market segments. Alternative funding opportunities like the ones mentioned are great opportunities for small fintechs, NBFCs and can also be extended to unrated NBFCs or funded by organised lenders. These collaborative models will boost the digital lending space and provide safeguards towards regulatory capital and maintaining quality growth in portfolio

#### m) Funding Sources for NBFCs

NBFCs in India, vital contributors to the financial ecosystem, face evolving challenges in securing funds.

#### Sources of Borrowing for NBFCs in India

Items	At the end of March 2022	At the end of March 2023	At the end of September 2023	Percentage variation	
				FY21-22	FY22-23
Debenture	10,14,611 (39.3)	11,10,234 (37.0)	11,45,536 (36.1)	3.3	9.4

Items	At the end of March 2022	At the end of March 2023	At the end of September 2023	Percentage variation	
				FY21–22	FY22–23
Bank borrowings	9,20,555 (35.6)	11,33,221 (37.7)	11,97,626 (37.8)	18.8	23.1
Borrowing from FIs	69,078 (2.7)	89,982 (3.0)	99,844 (3.1)	21.3	30.3
Inter-corporate borrowings	89,896 (3.5)	1,05,184 (3.5)	1,04,148 (3.3)	15.5	17.0
Commercial paper	70,266 (2.7)	84,366 (2.8)	1,14,109 (3.6)	-3.2	20.1
Borrowing from government	18,562 (0.7)	18,750 (0.6)	18,758 (0.6)	-3.0	1.0
Subordinated debts	72,349 (2.8)	72,510 (2.4)	68,285 (2.2)	4.5	0.2
Other borrowings	3,29,182 (12.7)	3,87,991 (12.9)	4,21,653 (13.3)	10.6	17.9
<b>Total borrowings</b>	<b>25,84,500</b>	<b>30,02,239</b>	<b>31,69,959</b>	<b>9.9</b>	<b>16.2</b>

Emerging sources of funds in addition to the traditional sources of funds are 1) Private Equity Funds and Venture Capital 2) Securitisation and Asset Reconstruction Companies 3) Public Market 4) Public Deposits 5) Foreign Direct Investment and External Commercial Borrowings 6) Fintech Partnership 7) Green Bonds and Sustainable Financing

NBFCs in India face a challenging yet transformative landscape. By exploring alternative funding sources and aligning strategies with regulatory measures, these financial entities can secure their future growth and resilience.

#### n) **Competition from Banking Industry**

NBFC over the last two decades has evolved into mature lending enterprises contributing meaningfully to India's credit aspirations. The RBI, as the regulator, envisioned a regulated environment that strikes a balance between supervision and freedom for NBFCs to focus on credit growth and inclusion. This environment fostered NBFC's into being agile and dynamic enterprises by nature.

NBFCs offer two distinct advantages compared to their larger counterparts, the banks. Firstly, their field-heavy operating model which allowed them to underwrite customers with non-traditional income sources and their geographically dispersed reach across the hinterlands of India, which allowed them access to credit underpenetrated regions untouched by banks.

For NBFCs, the lack of deposit acceptance capabilities meant banks had a cost of fund advantage and would thus out-bid NBFCs when it came to acquiring highly rated, high-income and easily accessible retail and wholesale customers. This resulted in NBFCs inherently catering to the residual credit demand of the country. Despite this, NBFCs today have established meaningful share across products and continue to penetrate deeper in the landscape.

NBFCs core strategic advantage comes from their years of building know-how of borrower industries and behaviour, gathering regional insights and developing well-oiled distribution mechanisms iteratively over decades. Leveraging their agility, NBFCs also moved fast to adopt alternate data to better understand their customers and develop efficiencies in underwriting which has further enabled growth.

Banks exploring previously uncharted territory.

As traditional customer pools start to dry up, both public and private banks are expanding their nets to capture previously overlooked customer cohorts. Evidence of this can be seen in the sourcing distribution of banks across select retail products. The share of prime, below prime customers in sourcing shows an

upward trend over a five-year period.

Another indicator of the shift in focus is the rising bank credit flow to previously underserved sectors such as MSME and microfinance and the growth in Tier 2 and beyond regions, both of which have been NBFC’s home ground. This signifies increased competition by banks with their non-bank counterparts.

Another growing phenomenon among banks is acquiring NBFC customers who have built their credit profiles over a period, by offering competitive pricing. Thus, customer retention is a vital area of competition.

Bank Credit to MSME (Lakh Crore)



Report on Trend and Progress of Banking in India 2022-2023, RBI, accessed on 24 January 2024

Scheduled commercial banks growing faster in rural and semi-urban regions

CAGR % (FY18–23)	Rural	Semi urban	Urban
# of accounts	9.5 %	9.6%	8.7%
Credit limits sanctioned	9.7%	9.8%	9.4%

Source: RBI Database on Indian Economy

## o) Conclusion

With the extensive adoption of technology and integration with the fintech ecosystem, disbursements across products have been very strong for NBFCs which is likely to continue in the coming years. Unsecured business loans with ticket size <5 lakh and secured MSME LAP with ticket size between 5–25 lakh will drive growth in the MSME credit space. Vehicle finance is expected to register strong growth along with affordable housing where the average ticket size is between 9 lakh to 12 lakh for NBFCs. Gold loans with average ticket size up to 1.25 lakh have emerged as a popular and alternative route for financing and has seen participation from various fintechs due to the secured nature of the product and same day disbursals. As a result, the AUM for NBFCs is projected to grow by 12–14 per cent until FY25, reaching INR42 trillion.

As at the end of September 2023, the asset quality of the sector showed further improvement as the GNPA and NNPA ratios fell to 4.6 per cent and 1.5 per cent, respectively. This trend is expected to sustain only if the delinquencies and asset quality are maintained within acceptable limits, composition of unsecured loans in NBFC portfolio is in check and collections are optimised with use of technology and analytics.

Regarding Cost of Funds NBFCs need to keep a vigilant eye on the cost of raising funds for their operational expenses and lending. During the pandemic period, NBFCs became cautious in lending to preserve the asset quality, which restricted AUM growth. The restricted demand drove AUM growth, especially across higher-yielding segments, which impacted profitability positively. The low-interest environment translated into lower cost of funds, resulting in higher spreads, which further impacted profitability positively. This in turn has helped the NBFCs to increase their spreads and decrease their debt levels in FY23 which is expected to remain consistent for the next ~2 years with a marginal increase in the cost of funds only due to the rate hikes.

For Liquidity Management, NBFCs must ensure the resilience of their operations by monitoring several liquidity indicators. These include the liquidity coverage ratio, net stable funds ratio, high-

quality liquid assets (HQLA) and expected cash inflows and outflows for the next 30 days. In addition to this, it is crucial to prepare profile and monitor the liquidity at a granular maturity level.

NBFCs have consistently reported to be adequately capitalized till FY23, with capital to risk weighted assets ratios (CRARs) well above the regulatory requirement (not less than 15 per cent of aggregate risk-weighted assets, including both on and off-balance sheet items). The regulatory support in exploring funding alternatives and advancement in digital lending may also impact capital adequacy of NBFCs positively in coming years. However, it can only be sustained if NBFCs proactively strive to advance their operation and upgrade to sophisticated practices for risk management before scaling up.

NBFCs are expected to play a crucial role in the India growth story fuelling formalised credit penetration among the underserved. Policy push, regulatory oversight and digital across the value chain are expected to define the growth of this sector.

Source: 1) CII-KPMG Report for NBFC, 2) NBFC Report by CRISIL & ASSOCHAM 3) Market Intelligence and Analytics for NBFCs by CRISIL and Northern Arc.

#### A) **MSME Lending (LAP Market) Opportunity**

Purple Finance Limited is into secured MSME lending which is otherwise called LAP product.

Recently there has been significant interest from all stakeholders including regulators, industry participants, banks, NBFCs and fintech in the loan against property product. The government's focus on upliftment of the MSME sector is clear, with a host of recent initiatives to boost this section of the industry. Although NBFCs have fared well, it has only 3 per cent market share on an overall LAP product level between FY19 and FY23, the evaluation of competitive intensity for NBFCs reveals contrasting results when divided between low-ticket size and high-ticket size lending segments. While NBFCs have protected their position in the smaller ticket segment, private banks are aggressively expanding across all other ticket sizes posing significant threats to both NBFCs as well as public banks.

#### **Market shares changes in LAP portfolio**

Ticket segment		HFC +NBFC	Pub Bank	Pvt Bank
	<b>FY19</b>	49%	21%	24%
<b>&lt;50L</b>	<b>FY23</b>	55%	16%	23%
		6%	-4%	-1%
	<b>FY19</b>	41%	10%	40%
<b>0.5-2 Cr</b>	<b>FY23</b>	39%	9%	46%
		-3%	-1%	6%
	<b>FY19</b>	43%	7%	38%
<b>2-5 Cr</b>	<b>FY23</b>	34%	6%	49%
		-9%	-1%	11%
	<b>FY19</b>	60%	6%	24%
<b>&gt;5 Cr</b>	<b>FY23</b>	39%	4%	43%
		-21%	-2%	18%

Source: Experian Credit Bureau Data

The share of disbursements for NBFCs in unsecured loans and MSME finance, the non-traditional segments, has increased over the past 1.5 years. In the first half of this fiscal, ~35% of incremental disbursements were for unsecured loans. MSME finance has also posted strong growth. The traditional segments, too, have seen improvement in volumes, but remain range bound compared with previous years. The LAP portfolio NPAs have reduced from 4.7% in March 21 to 4.3% in March 22.

Small business loans grew at a fast pace, registering a CAGR of 15% over Fiscal 2018 and 2023. Over the years, more data availability and government initiatives like GST has led to increasing focus of lenders, especially the NBFCs, on the underserved segment of MSME customers as lending to this segment has become easier compared to the past. It is estimated that outstanding small business loans given out by banks and NBFCs to be around Rs 11.7 trillion as of March 2023.

Over past few years, players offering MSME loans have expanded their branch network with the intent to serve a larger customer base. In the future also, it is expected that lenders with a strong focus on MSME lending and healthy competitive positioning to continue to invest in branch expansion. With increasing branch network, customer acquisition and credit penetration, share of MSME loans is also expected to increase. Number of branches have grown at 16% CAGR over Fiscals 2017 and 2023 and is around 6638 branches.

**Source: 1) CII-KPMG Report for NBFC, 2) NBFC Report by CRISIL & ASSOCHAM 3) Market Intelligence and Analytics for NBFCs by CRISIL and Northern Arc**

## OUR BUSINESS

### ABOUT THE COMPANY

#### 1) HISTORY OF THE COMPANY

Purple Finance Limited was originally incorporated as a Private Limited Company under the name of “Devipura Balaji Securities & Investments Private Limited” under the provisions of the Companies Act, 1956 on November 09, 1993 issued by the Registrar of Companies, Mumbai, Maharashtra. The Company was subsequently converted into Public Limited Company as “Devipura Balaji Securities & Investments Limited” vide fresh Certificate of Incorporation dated July 20, 1998. The Company was registered under section 45-IA of The Reserve Bank of India Act, 1934 and received the certificate of registration from Reserve Bank of India (“RBI”) dated July 20, 1999, having Registration no. 13.01268 to commence/ carry on the business of non-banking financial institution without accepting deposits. Our Company is registered with RBI as a Base Layer Non-Systemically Important Non-Deposit taking Non-Banking Finance Company (NBFC-ND-ICC). Devipura Balaji Securities & Investments Limited acquired K K Financial Services Private Limited on September 13, 2013. Pursuant to the aforesaid acquisition, the Company applied for name change to Registrar of Companies, Mumbai and received a Certificate of Registration approving change in name to ‘Purple Finance Limited’ vide Certificate of Incorporation dated November 26, 2013.

Further, the Hon’ble NCLT, Mumbai Bench on February 15, 2024 has approved the Scheme of Merger by Absorption of Canopy Finance Limited by Purple Finance Limited. Pursuant to the merger of the Company with CFL, the equity shares of the Company have been listed on BSE w.e.f. June 14, 2024 and on CSE w.e.f. June 18, 2024.

*(Note: Canopy Finance Limited (CFL) was a Non-deposit Non-Banking Financial Company registered with Reserve Bank of India and was inter-alia engaged in the business of lending money for financing Industrial Enterprises by way of making loans and advances or by subscribing to their Capital Structure. They carried out all the objectives of a NBFC Company and were mainly dealing in lending loans and advances.)*

#### 2) CURRENT BUSINESS MODEL

PFL ventured into retail MSME secured lending in October 2022 and operates in tier II, III & tier IV cities, offering loans to micro and small entrepreneurs in a ticket size between ₹3 lakh to ₹30 lakh. PFL leverages technology to make its processes more efficient. It has built a robust tech platform for underwriting that enables seamless and paperless loan approvals. PFL has opened 25 branches has empowered more than 2000 lives through best of technology adoption and giving them access to affordable, adequate and timely credit. In an era where MSMEs are the backbone of Indian economy, PFL’s role as a lending Company has never been more critical. PFL has not only provided financial support but also served as a guiding force for several small entrepreneurs, helping them turn their dreams into thriving businesses. PFL intends to become a new age digital NBFC inter-alia currently engaged in the business of offering small size secured business loans across India predominantly in tier II, III & tier IV cities. PFL with its superior technology platform aspires to simplify the existing processes in the mortgages segment and is confident of making a difference to the MSME borrowers with simplified funding options and timely loan disbursements.

#### 3) DISBURSEMENT AND NUMBER OF CUSTOMERS

From inception, PFL has disbursed to around 800 customers amounting to INR 45 crore. All loans are secured by either Self Occupied Residential or Commercial property. PFL uses advanced technology to lend to customers.

#### 4) Lending Policies and Procedures

##### a) Overview

We are a Base Layer NBFC registered with the RBI. RBI regulates NBFCs with various regulations and

rules which come out periodically through various Master Directions. Within the regulatory guidelines, directions and circulars, NBFCs can establish their own credit approval processes. As such, once a Company has obtained a NBFC license, the terms, credit levels, and interest rates of loans and any credit approvals are based upon the NBFC's established internal credit approval processes framed in accordance with applicable regulations.

We have a team of experienced officers in our credit appraisal and risk management teams to develop and implement our credit approval policies. Our credit approval policies focus on credit structure, credit approval authority, customer selection and documentation provided by the customer. Our risk management and appraisal systems are regularly reviewed and upgraded to address changes in the external environment.

**b) Customer Appraisal and Approval Process**

We have dedicated units that appraise and approve loan applications operating at the branch office and head office levels. Each office must independently approve a prospective customer's loan application before any loan offer is made. We follow an exhaustive internal appraisal process that includes:

- Identity verification, residence and office address verification and fraud check and compliance with the KYC guidelines as per the regulatory guidelines;
- Applicant's credit-worthiness, such as applicant's past history from credit bureaus, and other database checks for litigation, credit, defaults;
- Assessment of applicant's ability to repay and sources for such repayment, through various documents such as bills, banking statement, ITR and GST return wherever applicable;
- As we are into small Self-Employed Mass-market segment which is mostly Micro business in nature, customers do not have documented income proof. We rely on Personal Discussions through visit of Credit Managers in the branches, kaccha bills and reference checks to arrive at income;
- Assessing the quality, value and enforceability of the collateral which includes a legal and technical assessment of the proposed collateral, site visit through an external team as well as an internal team;
- Verifying the purpose and end-use of the loan.

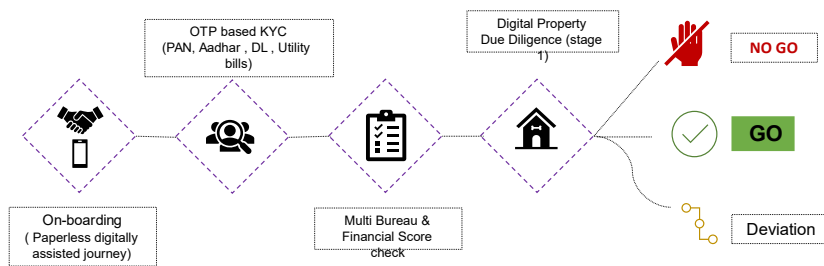
We believe that our thorough credit approval process has, in part, allowed us to grow our Loan Book with low delinquency rates.

**c) "GO NO GO" PROCESS**

PFL has a unique approach for deciding a "Go and No Go" status of a proposal entirely through digital process without collecting any documents. The same is decided based on trilogy of credit bureau score, KYC sufficiency and collateral search. PFL has adopted a process of online collateral search which is quite robust.

The "Go No Go" process is depicted pictorially as below





- Paper less ,transparent & seamless digitally assisted journey
- Best in segment TAT ~ entire process < 5 hours. Complete digital process
- Minimal data entry , Imaging tech for self populated application , first time right data entry
- PFL BRE in-house & proprietary
- End to end disbursement in < 4 days against market standing of 10+ days
- Uberization of application process , login - disbursement (date, sign & stamp)

This digitally advanced paperless process differentiates PFL from competitors by giving faster and accurate decision, avoiding wastage of productive manpower time and increase in productivity of Relationship Managers.

#### d) Customer Appraisal Process

The customer appraisal process begins at the branch office level. All applications for secured loans by prospective customers must be submitted on our mobile application. The Relationship Managers process the loan application through mobile application on their mobile and collect on boarding fees online. The KYC of prospective customers are verified online through verification of KYC documents, including proof of name, date of birth, address and signature, as well as documents relating to the property to be purchased. The entire process is digital.

To be eligible for a secured business loan, each prospective customer must either be presently having a business which is acceptable to PFL with an established business track record and sufficient earnings. Each such prospective customer is also required to provide requisite documentation for income verification purposes. The prospective self-employed customers are required to submit bills along with bank statements, proof of establishment of business, proof of vintage of business. Borrowers which are proprietorships or companies are also required to submit certain approvals maintained by them in relation to their business and operations.

Once a prospective customer has submitted a completed application, credit officers in the branch office verify various details and go for personal discussion. We check the credit history and credit- worthiness of the customer on various credit bureaus to ascertain the financial obligations of the customer and to ensure that the customer has a clean repayment track record, such as consumer credit reports from CIBIL and CRIF for delays/defaults by the borrower. We also carry out various reference checks with the customer's buyers, sellers and as well as with the customer's neighbours. We carry out title and legal checks, including interest checks through filings made to Central Registry of Securitization Asset Reconstruction and Security Interest of India, on the collateral to ensure that it has the first and sole charge on it. We conduct property valuations and also engage external property valuers to assess the properties. Additionally, checks are also undertaken by our risk control unit to make sure that the customer is genuine, and the details provided are authentic. We do 100% of collateral property checks by external Risk Control Units. Also profile and KYC checks are done through Risk control Unit on need basis.

For loans, we have implemented various approval levels on a delegated basis, depending on the size of the financing and other metrics. Critical policy revisions (e.g. new products, income programmes, etc.) are jointly approved by the Board and the authorized committee. The composition and authority of the committee is approved and notified by the Board from time to time. The minutes of meeting of each committee is reported to the Board. Also, the Business rule engine like LTV and FOIR and other parameters are auto calculated by the system and accordingly the loan goes to the relevant credit approver tray, Also the deviation matrix is pre-defined in the system alongwith approval authority.

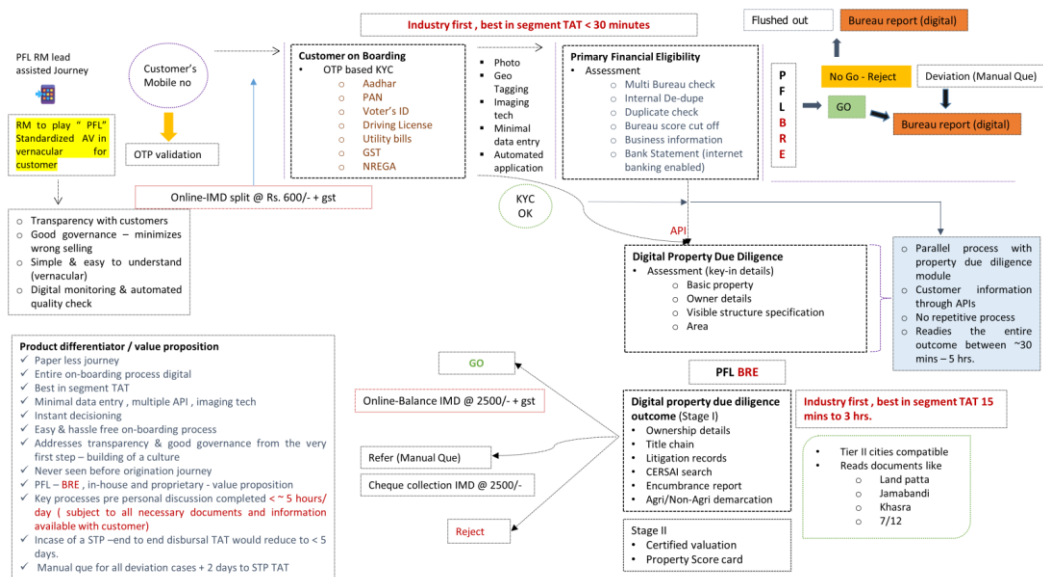
Once the application review process is completed, the loan is sanctioned by the mandated approval authority. A credit decision is then communicated to the customer.

Before disbursing the loan, we must receive either electronic clearance instructions or post-dated cheques from the customer for the EMI payments. We also receive an additional cheque for the principal amount of the loan, which we can present if the loan becomes pre-payable for any reason.

The disbursement process is online. We have pre-filled legal documents which can be generated online and customer can sign through Adhaar enabled digital signature. The NACH can be registered online. We do Registered mortgages for all cases. The entire disbursement process in digital.

Once the direct debit authorizations and/or cheques have been received, legal documents completed and registered mortgage done, the funds are disbursed to the customer. PFL has an integrated Loan Origination and Loan Management system which talks through API.

The entire process flow which is paperless is depicted below.



## e) Loan Origination and Sourcing Process

Our customers are sourced by in-house Relationship Managers (“RM”), external direct sales agents (“DSAs”), cold calling, exhibitions, and through branch walk-ins. Our “feet-on-street” RMs based out of branches covers and penetrates the semi-urban and rural customer segments. We also have connectors who sources customers for us. As on date we have 109 Relationship Managers in branch offices and 422 external DSAs/ Connectors who are our touch points. We operate in mostly semi urban and Tier III and Tier IV cities.

We also rely on DSAs and small connectors for referring potential customers. Our DSAs and connectors are typically individual/ proprietorships and self-employed professionals who primarily work with multiple small businesses providing consulting services. They pass on leads of any loan requirements of

these small businesses to us. These DSAs and connectors do not work exclusively with us and may also work with other lenders, including our competitors. DSAs and connectors pass on leads to us and fulfilment is done by our Relationship Managers digitally.

#### **f) Portfolio Monitoring**

Our risk management, external auditors and collection departments review and monitor our loan portfolio. These departments monitor debt repayment levels of particular loan exposures on a continuous basis. This allows us to identify potentially problematic loans at an early stage and prepares us for immediate action if any principal or accrued interest repayment problems arise.

The Executive Risk Management Committee comprising of senior members meet every month and deliberate on the product, portfolio and policy. This RMC reports into the RMC of the Board and all RMC minutes are tabled in the Board meeting.

The portfolio is monitored by way of various analyses consisting of:

- Disbursement and AUM growth
- Branch wise month on board
- Geographical coverage
- Concentration of exposure based on type of property
- Ticket size concentration trend and bounce
- Exposure CIBIL score wise and trend
- Bounce based on ticket size
- Bounce based on LTV and FOIR
- Month on Board bounce analysis
- FOIR +LTV bounce analysis
- Gross income bounce analysis
- Monthly collection progression
- Awareness calling and SMS effectiveness
- RCU MIS
- NPA cases analysis

Regular collection of the loans happens through NACH/ECS mode. Instrument is presented on the respective due date of the loans. Account level bounce reports are published to stakeholders at regular intervals. Bounce cases are first handled by Relationship Managers and unresolved cases are allocated to field collection team.

We have a dedicated inhouse recovery team that manages the loan administration and collection of overdue cases. Once the account is allocated to collection staff, they visit and collect the overdue amount through online transfer via a payment gateway or cheque payment. Cases which remain uncollected for a longer period are closely monitored by managers and necessary legal action is initiated against the customer to recover the monies.

#### **5) Asset Recovery and Non-Performing Loans**

Once an account is classified as an NPA, in accordance with the RBI Master Directions, proceedings under the various legal recourse commence. The proceedings commence with the issuance of a notice to the borrower and/or the co borrowers calling upon them to pay the demanded amount within 60 days. In the case of non-compliance, another notice is issued for taking over symbolic possession of the mortgaged property. Thereafter, applications seeking police assistance for taking physical possession of the mortgaged property are filed before the magistrates and collectors concerned.

We then obtain a valuation of the mortgaged property and fix the reserve price and put it up for auction. At times, the property is also sold through private arrangements after obtaining the consent of the borrower. Portions of the portfolio where the likelihood of repayment is remote are written off. Subsequent recoveries on these portions are recognized directly in our income statement but the asset itself is not regularized and remains written off.

In addition to initiating proceedings under the SARFAESI Act, in the event that EMI or principal repayment cheques issued by our customers are dishonored on account of insufficiency in funds, we initiate proceedings under the Negotiable Instruments Act, 1881 (the “Negotiable Instruments Act”) or the Payment and Settlement Systems Act, 2007 (“PSS Act”) for asset recovery and NPAs. Upon the receipt of the relevant information and documents such as the physical cheque and bouncing memo or dishonor of electronic funds transfer, proceedings under the Negotiable Instruments Act or PSS Act, as applicable, may be initiated by serving a notice demanding payment. If no payment is received within the stipulated period, a criminal complaint is filed before the competent court having jurisdiction to try the case. After the trial, if the accused person(s) are convicted, they are liable for imprisonment or fine or both.

We also initiate arbitration proceedings based on arbitration clauses in our loan agreements. Once the arbitrator accepts the request for appointment, he/she sends acceptance in writing to all the parties to the dispute and calls upon the claimant to file the statement of claim. We file our statement of claim before the arbitrator and if required, an application under the Arbitration and Conciliation Act, 1996 seeking appropriate interim reliefs. If the respondent(s) do not appear in the arbitration proceedings even after due service, they proceed on an ex parte basis. The proceedings are conducted in accordance with the procedure stipulated by law and by the arbitrator. After adjudication, ex parte or otherwise, an award is passed by the arbitrator.

**As on 30<sup>th</sup> June 2024 out of 750 customers we have only one customer who is NPA amounting to INR 6.41 Lakhs.**

#### **6) Corporate Governance**

Our Company strives to adhere to high standards of corporate governance and has established policies and procedures to support transparency, strong business ethics and a well-established compliance framework, including internal audit functions. Our Board comprises of three Independent Directors and operates distinctly from our executive management and supervises our operations through committees designed to manage and oversee key aspects of our business. The Company has always been committed to the principles of good Corporate Governance which helps enhancement of long-term shareholder value and interest. This is achieved through increased awareness for responsibility, transparency and professionalism and focus for effective control and management of the organization. We adhere not only to regulatory requirements but also to sound Corporate Governance principles, continuously evolving into our framework through constant review of the Board processes, practices and the management systems to maintain a greater degree of responsibility and accountability.

#### **7) Human Resource**

PFL recognizes that Human capital is one of the most critical assets of any business enterprise. Guided by this very philosophy the Company ensures recruitment of the most suitable manpower, trains them to handle their respective roles, empowers them to discharge their duties well and provide an enabling environment for their professional growth. The company has a well-defined on-boarding process and well-structured post joining induction process. The Company lays a lot of emphasis on imparting adequate training and regular training sessions are organized covering business processes and procedures, customer service standards, underwriting process, collection, and credit disbursals functions and so on. The Company also has deployed a digitally advanced Human Resource Management System (HRMS) to automate most of the HR processes and controls. Currently the company employs around 216 people.

#### **8) Our Strengths**

##### **a) Strong asset quality with consistent low level of NPAs**

The quality of our loan portfolio is reflected in the consistent low level of NPAs. We believe that our robust credit approval mechanisms, credit control processes, audit and risk management processes and policies help us maintain the quality of our loan portfolio. We have in place product specific lending policy, and various committees set up by the Board with defined terms of references. We routinely

monitor credit risk, risk concentration and compliance with board approved policies. Credit monitoring for retail products is undertaken at portfolio level wherein risk assessment is undertaken on various parameters like demographics, sector, geography, etc. As part of the credit assessment, we analyze income potential, applicant's business performance/earnings history to assess their ability to repay loans. In addition to document verification and credit bureau reports, we conduct site verifications, interviews, as well as market and banking reference checks on the applicant, co-applicant, as applicable. As on 30<sup>th</sup> June 2024 out of 750 borrowers we have one case which is NPA amounting to INR 6.41 lakhs.

**b) Robust systems with a strong focus on digitization**

We believe our well-defined business processes ensure efficient achievement of organizational tasks and in turn effective service to our customers. Our robust credit approval and credit control processes, strong operations unit, independent audit unit for checking compliance with the prescribed policies, and risk management processes and policies provide for multiple checks and verifications for both legal and technical parameters. Our loan approval and administration procedures, collection and enforcement procedures are designed to minimize delinquencies and maximize recoveries. Further, we have a strong focus on digitization across all organizational functions and believe technology is a business enabler for our Company. Our technology driven processes aid in product innovation, reduced turnaround times, cost optimization and superior customer experience thereby creating balanced scalable growth models. We are incrementally leveraging technology to streamline processes across the loan lifecycle including sourcing and on-boarding, underwriting, administration, monitoring and collection in order to further improve turnaround times, enhance the quality of service provided to customers as well as achieve a higher degree of productivity within the organization. We believe technology driven processes will facilitate us to respond to market opportunities and challenges swiftly, help monitor process and performance, and improve our risk management capabilities. We believe that our end-to-end digitized processes, robust loan management system and strong analytics abilities offer us a significant competitive advantage. Our systems have the capability of end-to-end customer data capture, computation of income, collateral data capture, and repayment management. Our loan approval is controlled by the loan origination system which is both mobile and web based. Our systems are customized for our services and help us reduce turnaround time and enhance our processes and operational excellence. Our systems fully integrate businesses in every aspect bringing together various departments in simple transitions and customer information updates. Continuous enhancement of our technology capabilities allows us better informed decision making and faster execution along with strong internal control mechanisms. We have completely digitized our secured business loans journey, right from customer on-boarding to underwriting, disbursements and collections. We have collaborated with the fintech ecosystem to further enhance our platform and customer experience. With these strong partnerships, we intend to co-create solutions for enhanced experience in MSME lending. We have enabled digital and secured MSME loan, wherein the entire journey is paperless – communication for accepting sanction letter and e-agreement is sent to eligible customers sent via SMS. The disbursement is automatic with no manual intervention. Strong physical and digital footprint A strong physical as well as digital footprint is very important in our business, as it increases reach and access to customers.

**c) A strong and experienced founders and management team**

We are led by qualified and experienced Board of Directors and key managerial personnel. The Board comprises five directors with significant experience in the banking and finance sector. The Founder and Co-Founder team also comes with significant banking and financial services experience. The members of our executive management team also have significant experience in the products and services offered by us. We believe that our senior management and experienced executives are and would continue to be the principal drivers of our growth and success in all of our businesses; and that their extensive relevant experience and financial acumen will continue to provide us with a distinct competitive advantage. Our management organization structure is designed to support increasing product line with a dedicated team of executives with substantial experience in their particular business segment. A detailed experience of the BOD and management team is given in the Chapter "Our Management" on page no. 84.

## 9) **Our Strategy**

Our key strategy is to steadily grow high quality, diversified retail assets focusing on under-banked segments, with effective risk management and cost optimization through well-defined processes and leveraging technology.

Key elements of our strategy are:

### i) **Address growing financial needs in under-served markets**

With a significant portion of the population still being outside the reach of the formal credit system, our Company believes in contributing to bridging the credit gap in the country. We aim to efficiently and effectively provide credit to the underserved segment of the country with secured product offering. With our growing branch network, retail focus and a product suite catering to all classes of MSME customers, we aim to contribute to financial inclusion in the country.

### ii) **Build capacity and grow customer base through retail focus and geographic expansion**

We intend to utilize our growing branch network to access a larger customer base and plan to expand our network as relevant with the aim of achieving deeper penetration in existing products and regions as well as tap new, lucrative markets. While assessing a potential branch site, we analyse the local market and proximity to target customers with the objective of providing ease of access to customers as well as enhancing brand visibility for our Company. Our diversification and expansion strategy aims to adapt to a constantly changing digital milieu, and thereby seize growth opportunities whilst remaining cognizant to associated risks to our value chain. We operate on Hub and Spoke model to build in efficiency, speed and cost competitiveness.

### iii) **Achieve superior performance with further strengthening our operating processes and risk management system**

We are focused on building a process driven organization with a culture of compliance, audit and risk management. Operations excellence and risk management forms an integral part of our business. Our processes have been standardized with the objective of providing high levels of service quality and we have implemented high levels of digitization in our operational processes which contribute to faster turnaround times with lesser incidence and occurrence of errors. Our risk management procedures are integrated seamlessly across our business operations and ensure constant measurement and monitoring of various risks we are subject to. The risk management model involves initial management control at business entity level, risk control and compliance oversight functions and overall independent audit and assurance functions. We intend to continue to improve our operating processes and risk management systems that will further enhance our ability to manage the risks inherent to our business.

### iv) **Focus on efficient use of technology**

Technology has played an important role, particularly in financial sector. Embedded Finance has been a game changer and has enabled us to cater to large number of customers of channel partners in an effective manner. We continue to follow Digital / Physical process of lead generation, evaluation of customers, credit appraisal & disbursement provides real time loan decisions and superior customer experience. We intend to continue investing in technology to improve our operational efficiencies, productivity and to strengthen our position in increasingly sophisticated and competitive market.

### v) **Attract and retain experienced professionals**

Our Company is being promoted by experienced banking and financial services veteran with cumulative 150+ years of experience. Also, the senior management is qualified professionals with vast experience in financial services sector, credit evaluation, risk management, technology, and marketing. We continuously innovate and engage with our team to retain and grow them with the organisation. We will continue strategizing and looking at our HR practices which will be comparable to the best in the industry to retain the talent and groom them.

## OUR MANAGEMENT

The composition of our Board is governed by the provisions of the Companies Act, the rules prescribed thereunder, the SEBI Listing Regulations, the norms of the code of Corporate Governance as applicable to listed companies in India and the Articles of Association. As on date of filing of this Letter of Offer, we have six (6) Directors on our Board, comprising of 2 (two) Executive Directors, 3 (three) Non-Executive Independent Directors including 1 (one) Independent-women director along with 1 (one) Non-Executive Non-Independent Women Director. Our Company is in compliance with the corporate governance norms prescribed under the SEBI Listing Regulations and the Companies Act, 2013, in relation to the composition of our Board and constitution of committees thereof.

Set forth below are details regarding our Board as on the date of filing of this Letter of Offer:

No.	Name, age, address, DIN, date of birth, term, period of directorship, occupation	Designation	Other directorships
1	<p><b>Amitabh Chaturvedi</b></p> <p><i>Age:</i> 56 years</p> <p><i>Address:</i> 2904, Tower 2B, Sumer Trinity Tower, New Prabhadevi Road, Mumbai-400025</p> <p><i>DIN:</i> 00057441</p> <p><i>Date of Birth:</i> April 08, 1968</p> <p><i>Term:</i> Not Liable to retire by rotation</p> <p><i>Period of Directorship:</i> Since March 9, 2022</p> <p><i>Occupation:</i> Service</p>	<p>Executive Chairman</p>	<p>Nil</p>
2	<p><b>Rajeev Deoras</b></p> <p><i>Age:</i> 64 years</p> <p><i>Address:</i> 1906, D- Wing Rustomjee Seasons, Nana Dharmadhikari Road, Bandra East, Mumbai, Maharashtra – 400 051</p> <p><i>DIN:</i> 02879519</p> <p><i>Date of Birth:</i> September 22, 1959</p> <p><i>Term:</i> Not liable to retire by rotation</p> <p><i>Period of Directorship:</i> Since March 9, 2022</p> <p><i>Occupation:</i> Service</p>	<p>Executive Director</p>	<ul style="list-style-type: none"> <li>• Fino Paytech Limited</li> </ul>
3	<p><b>Minal Chaturvedi</b></p> <p><i>Age:</i> 59 years</p>	<p>Non-Executive, Non-Independent Women Director</p>	<ul style="list-style-type: none"> <li>• Jigsaw Financial Technology Private Limited</li> </ul>

No.	Name, age, address, DIN, date of birth, term, period of directorship, occupation	Designation	Other directorships
	<p><b>Address:</b> 2904, Tower 2B, Sumer Trinity Tower, New Prabhadevi Road, Mumbai-400025</p> <p><b>DIN:</b> 05315800</p> <p><b>Date of Birth:</b> May 5, 1965</p> <p><b>Term:</b> Liable to retire by rotation</p> <p><b>Period of Directorship:</b> Since December 20, 2013</p> <p><b>Occupation:</b> Service</p>		
4	<p><b>Ajay Kumar Pandey</b></p> <p><b>Age:</b> 63 years</p> <p><b>Address:</b> Flat No: 1402, Glendale, Hiranandani Gardens Powai, Mumbai 4000076</p> <p><b>DIN:</b> 00065622</p> <p><b>Date of Birth:</b> September 24, 1961</p> <p><b>Term:</b> From June 28, 2023 till June 27, 2026</p> <p><b>Period of Directorship:</b> Since March 28, 2023</p> <p><b>Occupation:</b> Service</p>	Independent Director	<ul style="list-style-type: none"> <li>Nelco Limited</li> <li>Nelco Network Products Limited</li> </ul>
5	<p><b>Amit Sonawala</b></p> <p><b>Age:</b> 57 years</p> <p><b>Address:</b> 3/ 69, A1- Jabreya Court, 1<sup>st</sup> Floor, Marine Drive, Mumbai - 400020</p> <p><b>DIN:</b> 01790348</p> <p><b>Date of Birth:</b> October 29, 1966</p> <p><b>Term:</b> From February 29, 2024 till February 28 2027</p> <p><b>Period of Directorship:</b> Since March 9, 2022</p> <p><b>Occupation:</b> Service</p>	Independent Director	<ul style="list-style-type: none"> <li>National Refinery Private Limited</li> </ul>
6	<p><b>Sumeet Sandhu</b></p> <p><b>Age:</b> 47 years</p>	Independent Director	<ul style="list-style-type: none"> <li>Nil</li> </ul>



No.	Name, age, address, DIN, date of birth, term, period of directorship, occupation	Designation	Other directorships
	<p><i>Address:</i> House no. 52F, Block – F, Shaheed Bhagni Singh Nagar, Model Town, Ludhiana 141002</p> <p><i>DIN:</i> 10119062</p> <p><i>Date of Birth:</i> February 3, 1977</p> <p><i>Term:</i> From June 28, 2023 till June 27 2026</p> <p><i>Period of Directorship:</i> Since June 28, 2023</p> <p><i>Occupation:</i> Service</p>		

### **Brief Profile of our Directors**

#### **Amitabh Chaturvedi**

Amitabh Chaturvedi is the Promoter and Executive Chairman of our Company. He has been associated with our Company since March 09, 2022. He is a Chartered Accountant and has over 30 years of proven experience in the Banking, Financial Services and Insurance (“BFSI”) domain with strategic expertise in Banking, Asset Management, Insurance, Lending and Wealth Management functions. He has worked in large organisations like ICICI Bank, Dhanlaxmi Bank and Reliance Capital. During his stint with ICICI Bank, he worked in diverse areas of Planning, Treasury, Retail Banking, and Distribution. He gained immense experience in raising resources and managing large portfolios. Currently Amitabh Chaturvedi looks after the overall affairs of the Company.

#### **Rajeev Deoras**

Rajeev Deoras is the Executive Director of our Company. He has been associated with our Company since March 09, 2022. He is an Engineering graduate (Bachelor of Engineering) and has 40 years of experience in building corporate banking, credit, risk and private equity functions. He pursued the CAIIB Associate Examination in the year 1991 and has held leadership roles in ICICI Bank, Kotak Mahindra Bank, Dhanlaxmi Bank, ADCB India and Essel Finance. He has set up banking franchises and enterprise risk management practices. Apart from being a core strategist, his understanding of the credit and risk management practices has helped build large and progressive Organizations. Currently Rajeev Deoras looks after the risk functions, credit and compliance of the Company.

#### **Minal Chaturvedi**

Minal Chaturvedi is the Non-Executive Non- Independent Director and also the Promoter of our Company. She has been on the Board of our Company since 2013. She is a commerce graduate with 11 years’ experience in the corporate lending and syndication. She was earlier responsible for business development. She’s a commerce graduate from Mumbai University. Apart from this, Minal Chaturvedi is also renowned yoga practitioner, who holds several certifications in therapeutic yoga.

#### **Ajay Kumar Pandey**

Ajay Kumar Pandey is a Non-Executive Independent Director of our Company. He has been associated with our Company since June 28, 2023. He holds B.E. Honors in Mechanical Engineering and has over 35 years of senior management experience in Information Technology, Power, Energy and Infrastructure sectors across developed and developing markets in USA, Africa and Asia. He has expertise in the functional areas viz. Business Leadership, Strategy, Telecoms, Power & Infrastructure and Urban Planning. On a professional front, Ajay has

worked as Managing Director and Group CEO of GIFT CITY, Chairman of the Board of Nelco Limited (Tata Group), and President of Corporate Affairs and Business Opportunities at Tata Communication Limited.

### **Sumeet Sandhu**

Sumeet Sandhu is a Non-Executive Independent Director of our Company. She has been associated with our Company since June 28, 2023. She has Post Graduate Diploma in Management and over 22 years of experience across Investments & Insurance, in the financial industry and has launched new segments, products and channels as well as set up new businesses from ground up to build market share and create value. She has worked across India and UAE with organizations such as Finbuddys, Abu Dhabi Islamic Bank, Barclays, Mashreq, and HDFC Bank. On a professional front, Sumeet has worked as Head of Wealth at Findbuddys UAE, Country Head in UAE at Karvy Private Wealth, Head of Expat Priority Banking at the Abu Dhabi Islamic Bank, and Product Head of Investments, Insurance & Liabilities at Barclays.

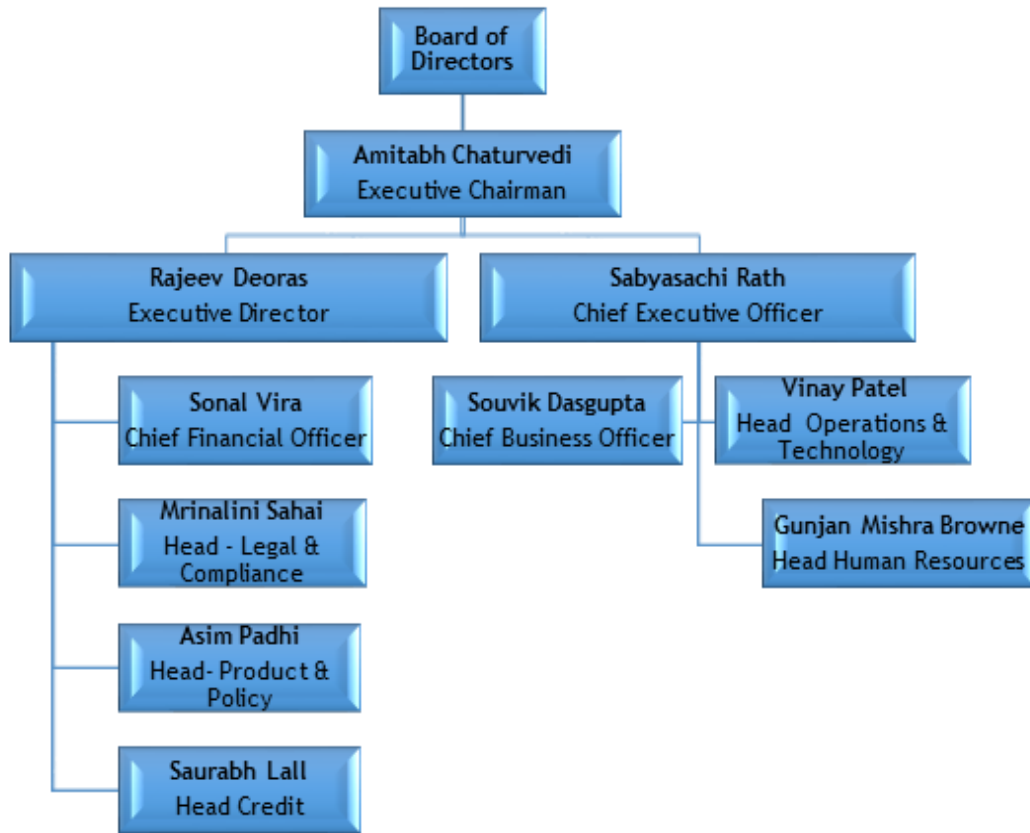
### **Amit Sonawala**

Amit Sonawala is a Non-Executive Independent Director of our Company. He has been associated with our Company since February 29, 2024. He is a Commerce and Law graduate with 30 years of extensive and diverse experience in business, legal matters, Company affairs and Corporate compliance. His ability to make astute and strategic decisions has been a valuable asset throughout his career. On a professional front, he has worked in National Refinery Pvt. Ltd. as an Executive Director.

### **Confirmations**

1. Neither Company nor our Directors are declared as fugitive economic offenders as defined in Regulation 2(1)(p) of the SEBI ICDR Regulations and have not been declared as a 'fugitive economic offender' under Section 12 of the Fugitive Economic Offenders Act, 2018.
2. None of the Directors of our Company have held or currently hold directorship in any listed company whose shares have been or were suspended from being traded on any of the stock exchanges in the five years preceding the date of filing of this Letter of Offer, during the term of his/ her directorship in such company.
3. None of the Directors of our Company are or were associated in the capacity of a director with any listed company which has been delisted from any stock exchange(s) at any time in the past.
4. None of our Directors have been debarred from accessing capital markets by the Securities and Exchange Board of India. Additionally, none of our Directors are or were, associated with any other Company which is debarred from accessing the capital market by the Securities and Exchange Board of India.
5. None of our Directors have been identified as a wilful defaulter or fraudulent borrower, as defined in the SEBI Regulations and there are no violations of securities laws committed by them in the past and no prosecution or other proceedings for any such alleged violation are pending against them.

## Management Organisation Structure



## Corporate Governance

The provisions of the SEBI Listing Regulations and the Companies Act with respect to corporate governance are applicable to us. We are in compliance with the requirements of the applicable regulations, including the SEBI Listing Regulations, Companies Act and the SEBI ICDR Regulations, in respect of corporate governance including constitution of our Board and Committees thereof. Our corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board Committees, as required under law.

Our Board undertakes to take all necessary steps to continue to comply with all the requirements of the SEBI Listing Regulations and the Companies Act. Our Board functions either directly, or through various committees constituted to oversee specific operational areas.

## Committees of our Board

Our Board has constituted following committees in accordance with the requirements of the Companies Act and SEBI Listing Regulations:

1. Audit Committee;
2. Nomination and Remuneration Committee;
3. Stakeholders' Relationship Committee;
4. Risk Management Committee.

## Terms of Reference of Various Committees

### 1) Audit Committee

The Audit Committee was re-constituted on February 29, 2024 and constitutes of the following members:

<b>Name</b>	<b>Designation</b>
Ajay Kumar Pandey	Chairman
Amitabh Chaturvedi	Member
Sumeet Sandhu	Member
Amit Sonawala	Member

The Company Secretary acts as the secretary of the Audit Committee.

The scope, functions and the terms of reference of the Audit Committee is in accordance with the Section 177 of the Companies Act, 2013 and Regulation 18(3) Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule II Part C.

The Role of Audit Committee, together with its powers, are as follows:

- (i) oversight of our financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (ii) recommendation for appointment, remuneration and terms of appointment of auditors of our Company;
- (iii) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (iv) reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - (a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of Section 134(3)(c) of the Companies Act, 2013;
  - (b) changes, if any, in accounting policies and practices and reasons for the same;
  - (c) major accounting entries involving estimates based on exercise of judgment by the management;
  - (d) significant adjustments made in the financial statements arising out of audit findings;
  - (e) compliance with listing and other legal requirements relating to financial statements;
  - (f) disclosure of any related party transactions;
  - (g) modified opinion(s) in the draft audit report;
- (v) reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- (vi) Monitoring the end use of funds raised through public /Rights /Preferential offers and related matters;
- (vii) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the Issue document / Red Herring Prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- (viii) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (ix) approval or any subsequent modification of transactions of our Company with related parties;
- (x) scrutiny of inter-corporate loans and investments;
- (xi) valuation of undertakings or assets of our Company, wherever it is necessary;
- (xii) evaluation of internal financial controls and risk management systems;
- (xiii) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (xiv) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (xv) discussion with internal auditors of any significant findings and follow up there on;
- (xvi) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

- (xvii) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (xviii) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (xix) to review the functioning of the whistle blower mechanism;
- (xx) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- (xxi) carrying out any other function as is mentioned in the terms of reference of the audit committee.
- (xxii) reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding ₹100 crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision; and
- (xxiii) consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.
- (xxiv) management discussion and analysis of financial condition and results of operations;
- (xxv) management letters / letters of internal control weaknesses issued by the statutory auditors;
- (xxvi) internal audit reports relating to internal control weaknesses; and
- (xxvii) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
- (xxviii) statement of deviations:
  - a. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
  - b. annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).
- (xxix) Any other responsibility as may be assigned by the Board from time to time.

## 2) **Nomination and Remuneration Committee**

Our Nomination and Remuneration Committee was re-constituted on February 29, 2024, and constitutes of the following members:

<b>Name</b>	<b>Designation</b>
Sumeet Sandhu	Chairperson
Ajay Kumar Pandey	Member
Amit Sonawala	Member

- i. The terms of reference of the committee are as follows: Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to the remuneration of the directors, key managerial personnel and other employees. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to the remuneration of the directors, key managerial personnel and other employees.
- ii. Formulation of criteria for evaluation of performance of independent directors and the Board of directors.
- iii. Devising a policy on diversity of board of directors.
- iv. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the board of director their appointment and removal.
- v. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- vi. Recommend to the board, all remuneration, in whatever form, payable to senior management.

## 3) **Stakeholders Relationship Committee**

Our Stakeholders Relationship Committee was formed on February 29, 2024, and constitutes of the following members:

<b>Name</b>	<b>Designation</b>
Ajay Pandey	Chairman
Amitabh Chaturvedi	Member
Rajeev Deoras	Member
Sumeet Sandhu	Member

The role of the committee shall inter-alia include the following:

- i. Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, etc.
- ii. Review of measures taken for effective exercise of voting rights by shareholders.
- iii. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
- iv. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

#### 4) **Risk Management Committee**

Our Risk Management Committee was re-constituted on February 29, 2024, and constitutes of the following members:

<b>Name</b>	<b>Designation</b>
Rajeev Deoras	Chairman
Amitabh Chaturvedi	Member
Sumeet Sandhu	Member

The role of the committee shall inter-alia include the following:

- (i) Recommending overall Risk Management framework for the Company;
- (ii) Approving product policies along with assessment methodologies and customer profiling;
- (iii) Monitoring of the risk profile, performance and management of the Company's credit portfolio;
- (iv) Formation and amending credit risk policies;
- (v) Approving delegation of appropriate credit limits to the executive management;
- (vi) Enterprise Continuity management including but not limited to business continuity management, crisis management and disaster recovery;
- (vii) Reviewing reports from management concerning the Company's annual insurance strategy, including the adequacy of coverage and limits of insurance policies;
- (viii) Provision of reports on any material matters arising out of the insurance program during the year;
- (ix) Reviewing the adequacy and effectiveness of the Compliance program established within the Company;
- (x) Reviewing any findings or notices received from any regulators viz. Reserve Bank of India, Registrar of Companies, etc. and actions taken by the Company to address the same and overall statutory reporting requirements pertaining to regulators;
- (xi) Reviewing the processes in place for ensuring that new and changed legal and regulatory requirements are identified and reflected in Company's processes;
- (xii) Reviewing nature and effectiveness of action plans implemented to address identified compliance weaknesses.
- (xiii) To formulate a detailed risk management policy which shall include:
  - a. A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
  - b. Measures for risk mitigation including systems and processes for internal control of identified risks.

- c. Business continuity plan.
- (xiv) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- (xv) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- (xvi) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- (xvii) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- (xviii) The appointment, removal and terms of remuneration of the Chief Risk Officer shall be subject to review by the Risk Management Committee.

## 5) Finance Committee

Our Finance Committee was re-constituted on July 29, 2024 and constitutes of the following members:

Name	Designation
Amitabh Chaturvedi	Chairman
Rajeev Deoras	Member
Minal Chaturvedi	Member
Amit Sonawala	Member

The role of the committee shall inter-alia include the following:

- (i) Reviewing the investment strategy, asset allocation, investment decision, benchmarking and other operating guidelines;
- (ii) Providing financial analysis, advice, and oversight of the Company's budget;
- (iii) Ensuring the organization is operating with the financial resources it needs to provide programs and services to the community.
- (iv) All decision making for raising of funds by way of issuance of equity and/or debt in the Company.
- (v) To monitor the changing environment in the money market / capital market and accordingly, advise on any changes to the investment strategy;
- (vi) Approval for opening of different Bank Accounts of the Company for various purposes;
- (vii) Approve the annual budget and submit it to the Board for approval;
- (viii) Ensuring the maintenance of an appropriate capital structure;
- (ix) Developing an investment strategy where necessary;
- (x) Any modifications / exceptions to investment policy shall be recommended by the Finance Committee for approval by the Board in its next meeting.

Additionally, with regards to the proposed issue, the role of the Finance Committee shall inter-alia include the following:

- (i) To decide on the Objects of the Rights Issue;
- (ii) To appoint and enter into arrangements with Merchant Bankers / Lead Managers, legal counsel, registrar, ad-agency, banker(s) to the Rights Issue and all other intermediaries and advisors necessary for the Rights Issue, to enter into and execute all such arrangements, contracts / agreements, memorandum, documents, etc., in connection therewith;
- (iii) To negotiate, authorize, approve and pay commission, fees, remuneration, expenses and/ or any other charges to the applicable agencies/ persons and to give them such directions or instructions as the Committee may deem fit from time to time.
- (iv) To negotiate, finalise, settle and execute the issue agreement, registrar agreement, ad-agency agreement, banker to the issue agreement and any other agreement with an intermediary and all other necessary documents, deeds, agreements and instruments in relation to the Rights Issue, including but not limited to any amendments / modifications thereto;
- (v) To take necessary actions and steps for obtaining relevant approvals from SEBI, the Stock Exchanges, Depositories, RBI, or such other authorities, whether regulatory or otherwise, as may be necessary in relation to the Rights Issue;
- (vi) To finalise the Issue Documents and any other documents as may be required and to file the same with SEBI, Stock Exchanges and other concerned authorities and issue the same to the

- Shareholders of the Company or any other person in terms of the Issue Documents or any other agreement entered into by the Company in the ordinary course of business;
- (vii) To approve, finalize and issue in such newspapers as it may deem fit and proper all notices, including any advertisement(s) / supplement(s) / corrigenda required to be issued in terms of SEBI ICDR Regulations or other applicable SEBI guidelines and regulations or in compliance with any direction from SEBI and / or such other applicable authorities;
  - (viii) To decide in accordance with applicable law, the terms of the Rights Issue, the total number, issue price and other terms and conditions for issuance of the Equity Shares to be offered in the Rights Issue, and suitably vary the size of the Rights Issue, if required, in consultation with the Lead Manager(s);
  - (ix) To fix the record date for the purpose of the Rights Issue for ascertaining the names of the eligible Shareholders who will be entitled to the Equity Shares, in consultation with the Stock Exchanges; to decide the rights entitlement ratio in terms of number of Equity Shares which each existing Shareholder on the record date will be entitled to, in proportion to the Equity Shares held by the eligible Shareholder on such date;
  - (x) To open bank accounts with any nationalised bank/ private bank / scheduled bank for the purpose of receiving applications along with application monies and handling refunds in respect of the Rights Issue;
  - (xi) To decide on the marketing strategy of the Rights Issue and the costs involved;
  - (xii) To decide in accordance with applicable law on the date and timing of opening and closing of the Rights Issue and to extend, vary or alter or withdraw the same as he may deem fit at his absolute discretion or as may be suggested or stipulated by SEBI, the Stock Exchanges or other authorities from time to time;
  - (xiii) To issue and allot Equity Shares in consultation with the Lead Manager(s), the registrar, the designated Stock Exchange and the Stock Exchanges and to do all necessary acts, execution of documents, undertakings, etc., with National Securities Depository Limited and Central Depository Services (India) Limited, in connection with admitting the Equity Shares issued in the Rights Issue;
  - (xiv) To authorize any person to sign the listing applications, documents pertaining to the rights issue and issue ASBA instructions and share certificates.
  - (xv) To apply to regulatory authorities seeking their approval for allotment of any unsubscribed portion of the Rights Issue (in favour of the parties willing to subscribe to the same); to decide, at his discretion, the proportion in which the allotment of additional Equity Shares shall be made in the Rights Issue;
  - (xvi) To take such actions as may be required in connection with the creation of separate ISIN for the credit of rights entitlements in the Rights Issue;
  - (xvii) To dispose of the unsubscribed portion of the Equity Shares in such manner as it may think most beneficial to the Company, including offering or placing such Equity Shares with promoter and / or promoter group/ banks/ financial institutions / investment institutions/ mutual funds/ foreign institutional investors/ bodies corporate or such other persons as he may in his absolute discretion deem fit;
  - (xviii) To make necessary changes and to enter the names of the renounce(s), if they are not members of the Company in the register of members of the Company;
  - (xix) To decide the mode and manner of allotment of the Equity Shares if any not subscribed and left / remaining unsubscribed after allotment of the Equity Shares and additional Equity Shares applied by the Shareholders and renounce(s);
  - (xx) To settle any question, difficulty or doubt that may arise in connection with the Rights Issue including the issue and allotment of the Equity Shares as aforesaid and to do all such acts, deeds and things as the Board may in its absolute discretion consider necessary, proper, desirable or appropriate for settling such question, difficulty or doubt and making the said Rights Issue and allotment of the Equity Shares; and to take all such steps or actions and give all such directions as may be necessary or desirable in connection with the Rights Issue and also to settle any question, difficulty or doubt that may arise in connection with the Rights Issue including the issuance and allotment of Equity Shares as aforesaid and to do all such acts and deeds in connection therewith and incidental thereto, as he may in his absolute discretion deem fit.



## **Our Key Managerial Personnel**

Sabyasachi Rath is our Chief Executive Officer, Sonal Vira is our Chief Financial Officer, and Ruchi Nishar is our Company Secretary and Compliance Officer. Our Company does not have any other Key Managerial Personnel, as on the date of filing of this Letter of Offer.

**Sabyasachi Rath** is the Chief Executive Officer of our Company and was appointed on August 02, 2022, and has over 23 years of experience in banking. He obtained his Bachelor's degree in Electrical Engineering from Sambalpur University in May 1994 and Diploma in Business Finance from ICFAI University in 1995, along with a Post Graduate Diploma in Business Administration from ICFAI Business School in 1997. On a professional front, he has worked previously with Essel Business Loans Finance Limited and Essel Finance Management LLP. Further, he has worked in Karvy Financial Services Ltd, and PT Bank Maybank Indonesia. Sabyasachi Rath oversees the day-to-day business of the Company.

**Sonal Vira** is the Chief Financial Officer of our Company and was appointed on October 3, 2022, and has over 19 years of experience in banking. She obtained her Bachelor's degree in Commerce from University of Mumbai, in the Chartered Accountant Exam held by ICAI in 2004. On a professional front, she has worked as a Vice President of Corporate Banking and Senior Relationship Manager during her tenure with DCB Bank Limited from October 29, 2019, to October 01, 2022. She has also worked as the Chief Manager in Dhanlaxmi Bank from August 14, 2009, and as a Relationship Manager for Corporate Banking in Abu Dhabi Commercial Bank from August 31, 2012. Sonal Vira oversees the day-to-day financial actions/management/ treasury functions of our Company.

**Ruchi Nishar** is the Company Secretary and Compliance Officer of our Company and was appointed on November 01, 2022. She oversees the day-to-day secretarial compliance of our Company.

## **Status of each Key Managerial Personnel**

All the Key Managerial Personnel of our Company are permanent employees.

## **Retirement and Termination Benefits**

Other than the statutory benefits that the Key Managerial Personnel are entitled to, upon their retirement, the Key Managerial Personnel of our Company have not entered into any service contracts pursuant to which they are entitled to any benefits upon termination of employment or retirement.

## **Relationship amongst Key Managerial Personnel**

None of the Directors or Key Managerial Personnel are related to each other except Amitabh Chaturvedi and Minal Chaturvedi. Amitabh Chaturvedi is the spouse of Minal Chaturvedi.

## **Our Senior Managerial Personnel**

Souvik Dasgupta is our Chief Business Officer, Vinay Patel is our Head of Operations and Technology, Mrinalini Sahai is our Head of Legal & Compliance, Saurabh Lall is our Head of Credit, Asim Padhi is our Head of Product and Policy and Gunjan Browne is our Head of Human Resources. Our Company does not have any other Senior Management Personnel as on date of this Letter of Offer.

**Souvik Dasgupta** is the Chief Business Officer of our Company, appointed on August 2, 2022. He obtained his Executive Masters of Business Administration from SP Jain School of Global Management. On a work front, Souvik has worked as the business head at Essel Finance Business Loans Ltd, Treasury and Wholesale Business Head at Essel Forex Ltd, Vice-President of Foreign Exchange and National Sales Head at Wall Street Finance Ltd, Regional Channel Manager at HDFC Bank Bangalore, Regional Manager at Travelex (India) Private Limited, New Delhi, and Zonal Head at Reliance Money Express Ltd.

**Vinay Patel** is the Head of Operations and Technology of our Company, appointed on June 16, 2022. He has over 20 years of experience in Operations and Credit Risk Analytics in the Banking and Financial Services sector. He obtained his Bachelor's degree in Commerce (Accountancy) from Mumbai University in 1993 his Chartered

Accountancy certification from ICAI in 1997, and appeared for the CAIIB Examination in 2010. On a work front, he has previously been associated with Hiranandani Financial Services as Head of Central Operations, Reliance Capital Limited as Senior Manager – Credit in Corporate, First Leasing Co. of India Ltd. as Regional Head of Mumbai-West Region, Intec Capital Ltd. as Associate Vice-President of Operations and Essel Finance Business Loan Ltd. as Head of Operations.

**Mrinalini Sahai** is the Head of Legal and Compliance of our Company, appointed on August 2, 2022. She has worked as the Assistant Manager of the legal department at Essel Finance Management LLP and the Manager of Legal & Compliance at Karvy Capital Limited.

**Saurabh Lall** is the Head of Credit of our Company, appointed on June 21, 2023. He obtained his Bachelor's degree in Science from Punjab University in 1987. On a professional front, he has worked as the Credit and Risk Head in Mumbai at Satin Finserv Ltd and Barota Finance Ltd.

**Asim Padhi** is the Head of Product and Policy of our Company, appointed on May 15, 2024. He obtained his Bachelor's degree in Engineering (Mining) from the Regional Engineering College (NIT) Rourkela in 1997 and his Post-Graduate Diploma in Management from Xavier's Institute of Management in 2000. He has worked as the Chief Operating Officer at Fly Hi Financial Services Limited, Vice-President of Credit & Risk at Karvy Financial Services, National Credit Manager of SME Loans at Reliance Commercial Finance Limited, and Chief Manager of Securitisation and Business Analytics & Operations at Reliance Commercial Finance Limited.

**Gunjan Browne** is the Head of Human Resources of our Company, appointed on June 27, 2023. She obtained her Master's degree in Commerce from Mumbai University in 2008 and her PGDBM from LLAM in 2007. She has worked HBL Global Private Limited, Zonal Head and HRBP at Fedbank Financial Services Ltd. and was Assistant Manager at Standard Chartered Securities Ltd.

#### **Status of each Senior Managerial Personnel**

All the Senior Managerial Personnel of our Company are permanent employees.

#### **Retirement and Termination Benefits**

Other than the statutory benefits that the Senior Managerial Personnel are entitled to, upon their retirement, the Senior Managerial Personnel of our Company have not entered into any service contracts pursuant to which they are entitled to any benefits upon termination of employment or retirement.

#### **Relationship amongst Senior Managerial Personnel**

None of the Senior Managerial Personnel are related to each other

## OUR PROMOTERS AND PROMOTER GROUPS

The Promoters of our Company are Amitabh Chaturvedi, Minal Chaturvedi, Abhishek Chaturvedi, Asher Foods Private Limited and Saguna Mercantile Private Limited.

### 1. **Amitabh Chaturvedi:**

Amitabh Chaturvedi is the Promoter and Executive Chairman of our Company. He has been associated as a Director with our Company since March 09, 2022. He is a Chartered Accountant and has over 30 years of experience in the Banking, Financial Services and Insurance (“**BFSI**”) domain with strategic expertise in Banking, Asset Management, Insurance, Lending and Wealth Management functions. He has worked in large organisations like ICICI Bank, Dhanlaxmi Bank and Reliance Capital. During his stint with ICICI Bank, he worked in diverse areas of Planning, Treasury, Retail Banking, and Distribution. He gained immense experience in raising resources and managing large portfolios. Currently Amitabh Chaturvedi looks after the overall affairs of the Company.

#### **Directorship held in other companies:**

As of date of this Letter of Offer, he is holding directorship in below mentioned companies:

Nil

### 2. **Minal Chaturvedi**

Minal Chaturvedi is the Non-Executive Non- Independent Director and also the Promoter of our Company. She has been on the Board of our Company since 2013. She is a commerce graduate with 15 years’ experience in the corporate lending and syndication. She was earlier responsible for business development. She’s a commerce graduate from Mumbai University. Apart from this, Minal Chaturvedi is also a yoga practitioner, holding several certifications in therapeutic yoga.

#### **Directorship held in other companies:**

As of date of this Letter of Offer, she is holding directorship in below mentioned companies:

a. Jigsaw Financial Technology Private Limited

### 3. **Abhishek Chaturvedi**

Abhishek Chaturvedi is the Promoter of our Company. He has his BA (Honors) in Global Financial Management from Regent’s University, London. He has vast experience of more than 9 years in the Corporate Banking sector. He was working as a Deputy Manager- Customer Service with ICICI Bank in Dubai in grade of GCC-1B.

#### **Directorship held in other companies:**

As of date of this Letter of Offer, he is holding directorship in below mentioned companies:

a. Jigsaw Financial Technology Private Limited

### 4. **Asher Foods Private Limited (“Asher Foods”)**

#### *Corporate Information*

Asher Foods was originally incorporated in 2001 under the Companies Act, 1956. The registered office of Asher Foods is located at Room No.11, First Floor, Indu Chamber 349/353, Samuel Street, Vagadi, Masjid, Bunder, Mumbai - 400003

Asher Foods is engaged in the business of manufacture, distribution, importation and exportation of various types of processed food items.

Asher Foods is promoted by Amitabh Chaturvedi and Minal Chaturvedi

The securities of Asher Foods are not listed on any stock exchange, in India or abroad

*Shareholding Pattern*

Set forth below are the details of the shareholding of the Promoters:

Sr. No.	Names of the Shareholders	Number of equity shares held	% of total shareholding
1.	Amitabh Chaturvedi	9,800	98.00%
2.	Minal Chaturvedi	200	2.00%
	<b>Total</b>	<b>10,000</b>	<b>100.00%</b>

*Brief Financial Details*

Set forth below is the standalone financial information of Asher Foods based on its audited financial statements for the last three financial years:

Particulars	(₹ in lakhs)		
	March 31, 2023	March 31, 2022	March 31, 2021
Issued and paid-up Equity Share Capital	1.00	1.00	1.00
Reserves and Surplus (excluding revaluation reserves)	(12.56)	(17.76)	(16.07)
Sales/ Turnover/ Other Income	66.67	1.17	0.73
Profit/ (Loss) after Tax	0.52	(0.17)	0.24
Basic and Diluted EPS per share	52.05	(17.00)	2.39
Net Asset Value per equity share	(115.6)	(167.6)	(150.66)

**5. Saguna Mercantile Private Limited (“Saguna Mercantile”)**

*Corporate Information*

Saguna Mercantile was originally incorporated in 2010 under the Companies Act, 2013. The registered office of Saguna Mercantile is located at 301, Third Floor, Corporate Arena Off, Aarey Piramal X Road, Goregaon (West) Mumbai - 400062

Saguna Mercantile is engaged in the business of buying, selling and trading of various goods.

Saguna Mercantile is promoted by Ashish Trivedi and Om Trivedi

The securities of Saguna Mercantile are not listed on any stock exchange, in India or abroad

*Shareholding Pattern*

Set forth below are the details of the shareholding of the Promoters:

Sr. No.	Names of the Shareholders	Number of equity shares held	% of total shareholding
1.	Ashish Trivedi	75,900	99.87%
2.	Om Trivedi	100	0.13%
	<b>Total</b>	<b>76,000</b>	<b>100.00%</b>

### Brief Financial Details

Set forth below is the standalone financial information of Saguna Mercantile based on its audited financial statements for the last three financial years:

	(₹ in lakhs)		
Particulars	March 31, 2023	March 31, 2022	March 31, 2021
Issued and paid-up Equity Share Capital	760.00	760.00	760.00
Reserves and Surplus (excluding revaluation reserves)	15,652.46	15,664.10	15,724.99
Sales/ Turnover/ Other Income	Nil	Nil	Nil
Profit/ (Loss) after Tax	11.64	60.88	8.67
Basic and Diluted EPS per share	0.15	0.80	0.11
Net Asset Value per equity share	-	-	-

### Confirmations

1. Our Promoter and members of our Promoter Group have not been declared as wilful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by it in the past or are currently pending against them.
2. Our Promoter and members of our Promoter Group have not been declared as a Fugitive Economic Offender under Section 12 of the Fugitive Economic Offenders Act, 2018.
3. Our Promoter and members of our Promoter Group have not been debarred or prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority. Our Promoter and members of our Promoter Group are not and have never been promoter of any other company, which is debarred or prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.
4. There are no litigation or legal action pending or taken by any ministry, department of the Government or statutory authority during the last 5 (five) years preceding the date of the Issue against our Promoter.

### PROMOTER GROUP

Our Promoter Group as defined under Regulations 2(1)(pp) of the SEBI ICDR Regulations includes the following individuals and body corporates: For Promoter Group, we have restricted it only to the entities that hold equity shares in the Company and have been disclosed as Promoter Group to the Stock Exchanges in the shareholding pattern.

The following is the promoter group, with their shareholding pattern as on date of filing of the LOF:

Sr. No.	Name of Promoter Group	No. of Shares	Percentage (%)
1	Anil Kumar	8,62,000	2.56
2	M.K. Investment Consultancy Private Limited	32,053	0.10
3	Souvik Dasgupta	1,50,000	0.45
4	Mrinalini Sahai	50,000	0.15
5	Tomorrow Capital Enterprises Private Limited	3,33,333	0.99
6	Surendra Sodhi	5,75,016	1.71
7	Debashish Mishra	6,33,333	1.88
8	Sunil Mittal	2,50,000	0.74
9	Dilip Kumar Mittal	2,50,000	0.74
10	Rushabh Shah	83,340	0.25
11	Swati Mohapatra	71,000	0.21
12	Ashis Mohanty	3,33,294	0.99

Sr. No.	Name of Promoter Group	No. of Shares	Percentage (%)
13	Venugopalan Swaminathan	75,000	0.22
14	Raoul Kapoor	75,000	0.22
15	Ajit Sharma	1,75,000	0.52
16	Shouryendu Ray	76,000	0.23
17	Manas Ray	76,000	0.23
18	Jaiprakash Pandey	15,000	0.04
19	Neeta Shah	15,000	0.04
20	Dharmesh Shah	15,000	0.04
21	Emy Mody	50,000	0.15
22	Amol Shah	25,000	0.07
23	Neema Popat	22,000	0.07
24	Ashish Popat	22,000	0.07
25	Ramawatar Sharma	20,000	0.06
26	Saroj Shukla	5,000	0.01
27	Vrishali Wadhivkar	45,820	0.14
28	Ranjana Pathak	41,72,362	12.41
29	Satyaprakash Pathak	11,46,735	3.41
30	Ashray Charitable Trust	7,61,904	2.27
31	Rajeev Deoras	4,00,000	1.19
32	Sabyasachi Rath	3,00,000	0.89
33	Sonal Vira	3,00,000	0.89

The following is the list of Promoter Groups seeking reclassification, who have requested the Company to reclassify them from Promoter Group to Public category along with a rationale for the same and a description as to how the conditions specified in Regulation 31A(3)(b) of the Listing Regulations are satisfied. Pursuant to which the Company has submitted an application with Stock Exchange for re-classification on August 07, 2024:

Sr. No.	Name of Promoter Group	No. of Shares	Percentage (%)
1	Anil Kumar	8,62,000	2.56
2	M.K. Investment Consultancy Private Limited	32,053	0.10
3	Souvik Dasgupta	1,50,000	0.45
4	Mrinalini Sahai	50,000	0.15
5	Tomorrow Capital Enterprises Private Limited	3,33,333	0.99
6	Surendra Sodhi	5,75,016	1.71
7	Debashish Mishra	6,33,333	1.88
8	Sunil Mittal	2,50,000	0.74
9	Dilip Kumar Mittal	2,50,000	0.74
10	Rushabh Shah	83,340	0.25
11	Swati Mohapatra	71,000	0.21
12	Ashis Mohanty	3,33,294	0.99
13	Venugopalan Swaminathan	75,000	0.22
14	Raoul Kapoor	75,000	0.22
15	Ajit Sharma	1,75,000	0.52
16	Shouryendu Ray	76,000	0.23
17	Manas Ray	76,000	0.23
18	Jaiprakash Pandey	15,000	0.04
19	Neeta Shah	15,000	0.04
20	Dharmesh Shah	15,000	0.04
21	Emy Mody	50,000	0.15
22	Amol Shah	25,000	0.07
23	Neema Popat	22,000	0.07
24	Ashish Popat	22,000	0.07
25	Ramawatar Sharma	20,000	0.06

<b>Sr. No.</b>	<b>Name of Promoter Group</b>	<b>No. of Shares</b>	<b>Percentage (%)</b>
26	Saroj Shukla	5,000	0.01
27	Vrishali Wadhivkar	45,820	0.14

Post reclassification, the following would be the Promoter Group holding:

<b>Sr. No.</b>	<b>Name of Promoter Group</b>	<b>No. of Shares</b>	<b>Percentage (%)</b>
1.	Ranjana Pathak	41,72,362	12.41
2.	Satyaprakash Pathak	11,46,735	3.41
3.	Ashray Charitable Trust	7,61,904	2.27
4.	Rajeev Deoras	4,00,000	1.19
5.	Sabyasachi Rath	3,00,000	0.89
6.	Sonal Vira	3,00,000	0.89
		<b>1,99,05,907</b>	<b>59.21</b>

## **DIVIDEND POLICY**

The declaration and payment of dividends will be recommended by the Board of Directors and approved by the Shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable law, including the Companies Act. The dividend, if any, will depend on a number of factors, including but not limited to, net operating profit after tax, working capital requirements, capital expenditure requirements, cash flow required to meet contingencies, outstanding borrowings, and applicable taxes payable by our Company. In addition, our ability to pay dividends may be impacted by additional factors, including restrictive covenants under loan or financing arrangements our Company is currently availing of or may enter into to finance our fund requirements for our business activities.

We have not adopted a formal dividend policy and have not declared any dividend in the previous three (3) financial years immediately preceding this issue.



**SECTION V – FINANCIAL INFORMATION**

**FINANCIAL STATEMENTS**



## Independent Auditor's Report on Restated Financial Statements

To,  
The Board of Directors  
Purple Finance Limited  
Mumbai

1. We have examined the attached restated financial information of **Purple Finance Limited** (hereinafter referred to as "the Company") comprising the restated statement of assets and liabilities as at March 31, 2024, 2023 and 2022, restated statement of profit and loss and restated cash flow statement for the financial year ended on March 31, 2024, 2023 and 2022 annexed to this report and initiated by us for identification purposes. These restated financial statements have been prepared by the management of the Company and approved by the Board of Directors at their meeting in connection with the proposed rights issue by the Company.
2. These restated summary statements have been prepared in accordance with the requirements of The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018 ("ICDR Regulations") and related amendments / clarifications from time to time issued by the Securities and Exchange Board of India ("SEBI").
3. The Company's Board of Directors is responsible for the preparation of the Restated Financial Statements for inclusion in the offer document to be filed with BSE Limited and Calcutta Stock Exchange Limited in connection with the proposed right issue. The Restated Financial Statements have been prepared by the management of the Company. The responsibility of the Board of Directors of the Company includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Financial Statements. The Board of Directors are also responsible for identifying and ensuring that the Company complies with the Act, ICDR Regulations.
4. We have examined such restated financial statements taking into consideration:
  - a. The terms of reference and terms of our engagement letter requesting us to carry out the assignment, in connection with the proposed right issue;
  - b. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;
  - c. Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Financial Statements;
  - d. The requirements of the ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with right issue.
5. The Restated Financial Statements of the Company have been extracted by the management from the audited financial statements of the Company for the year ended on March 31, 2024, 2023 and 2022.
6. Audit for the Financial Year ended on March 31, 2023 and 2022 was conducted by M/s. Vasant Agre & Associates. The financial report included for both years is based solely on the report submitted by them. Further financial statements for the financial year ended on March 31, 2023 and 2022 have been re-audited by us as per the relevant guidelines. There are no audit qualifications in the audit reports issued by the statutory auditors for the Financial Year ended on March 31, 2024, 2023 and 2022 which would require adjustments in the Restated Financial Statements of the Company.
7. The Company has adopted Ind AS notified under section 133 of the Companies Act 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015 from April 01, 2023 and the effective date of such transition is April 01, 2022. For periods up to and including the year ended March 31, 2023, the Company had prepared and presented its financial statements in accordance with the erstwhile generally accepted accounting principles in India (Indian GAAP). In order to give effect of the transition to Ind AS these comparative financial statements for the year ended March 31, 2023 and March 31, 2022 have been restated under Ind AS.





8. During the year, the Hon'ble National Company Law Tribunal, Mumbai Bench ('NCLT') has approved the Scheme of Merger by Absorption ('Scheme') of Canopy Finance Limited with the Company, vide order dated 15<sup>th</sup> February 2024 effective from Appointed date of the scheme being 1<sup>st</sup> October, 2022. Accordingly, the financials for the year ended 31<sup>st</sup> March, 2023 have also been restated to give effect to the scheme.
9. Based on our examination and according to information and explanations given to us, we are of the opinion that the restated financial statements:
  - a. Have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping / reclassifications retrospectively in the financial years ended on March 31, 2024, 2023 and 2022.
  - b. do not require any adjustment for modification as there is no modification in the underlying audit reports;
  - c. There are no extra-ordinary items that need to be disclosed separately in the accounts and requiring adjustments.
  - d. Have been prepared in accordance with the Act, ICDR Regulations.
10. In accordance with the requirements of the Act including the rules made there under, ICDR Regulations and engagement letter, we report that:
  - a. The "restated statement of asset and liabilities" of the Company as at March 31, 2024, 2023 and 2022 examined by us, has been arrived at after making adjustments and regroupings as per Annexure A to the audited financial statements of the Company, as in our opinion there are material changes in 2023 and 2022.
  - b. The "restated statement of profit and loss" of the Company for the financial year ended on March 31, 2024, 2023 and 2022 examined by us, has been arrived at after making adjustments and regroupings as per Annexure A to the audited financial statements of the Company, as in our opinion there are material changes in 2023 and 2022.
  - c. The "restated statement of cash flows" of the Company for the financial year ended March 31, 2024, 2023 and 2022 examined by us, has been arrived at after making adjustments and regroupings as per Annexure A to the audited financial statements of the Company, as in our opinion there are material changes in 2023 and 2022.
11. The report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by any other firm of Chartered Accountants nor should this report be construed as a new opinion on any of the financial statements referred to therein.
12. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
13. Our report is intended solely for use of the Board of Directors for inclusion in the offer document to be filed with BSE Limited and Calcutta Stock Exchange Limited in connection with the requirements for the proposed right issue. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For Jogin Raval & Associates  
Chartered Accountants  
ICAI's Firm Registration No. 128586W



CA Jogin K. Raval  
Proprietor  
Membership No. 122197  
Mumbai, 27.06.2024  
UDIN: 24122197BKAOQM9318

Purple Finance Limited  
Restated Balance Sheet Statement as at 31st March 2024

(₹ in 'Lakhs)

Particulars	Note No.	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
<b>ASSETS</b>				
<b>1 Financial Assets</b>				
(a) Cash & Cash Equivalents	2	326.53	463.87	3.89
(b) Bank balance other than (a) above		-	-	-
(c) Receivables	3			
I) Trade Receivables		-	-	-
II) Other Receivables		0.70	6.24	76.92
(d) Loans	4	3048.50	1303.60	686.45
(e) Investments	5	89.44	756.72	828.90
(f) Other Financial Assets	6	38.49	23.95	0.75
<b>Total Financial Assets</b>		<b>3503.64</b>	<b>2554.37</b>	<b>1596.91</b>
<b>2 Non Financial Assets</b>				
(a) Current Tax Assets (Net)	7	5.48	10.00	10.76
(b) Deferred Tax Assets (Net)	8	558.43	-	6.20
(c) Property, Plant & Equipment	9 (A)	305.21	264.31	76.60
(d) Goodwill	9 (B)	2682.58	2682.58	-
(e) Other Intangible Assets	9 (B)	125.58	144.80	-
(f) Other Non Financial Assets	10	206.52	193.09	6.68
<b>Total Non Financial Assets</b>		<b>3883.79</b>	<b>3294.79</b>	<b>100.24</b>
<b>Total Assets</b>		<b>7387.44</b>	<b>5849.15</b>	<b>1697.15</b>
<b>LIABILITIES &amp; EQUITY</b>				
<b>Liabilities</b>				
<b>1 Financial Liabilities</b>				
(a) Payables	11			
I) Trade Payables				
i) total outstanding dues of micro enterprises and small enterprises		3.00	0.09	-
ii) total outstanding dues of creditors other than micro enterprises and small enterprises		21.16	48.22	4.05
II) Other Payables				
i) total outstanding dues of micro enterprises and small enterprises		-	-	-
ii) total outstanding dues of creditors other than micro enterprises and small enterprises		24.60	3.30	-
(b) Debt Securities	12	500.00	-	-
(c) Borrowings	13	1712.82	29.64	39.62
(d) Lease Liabilities	14	221.28	182.68	-
(e) Other Financial Liabilities	15	13.63	3823.49	34.78
<b>Total Financial Liabilities</b>		<b>2496.49</b>	<b>4087.42</b>	<b>78.45</b>
<b>2 Non Financial Liabilities</b>				
(a) Current Tax Liabilities (Net)		-	-	-
(b) Provision	16	27.92	9.21	-
(c) Deferred Tax Liabilities (Net)	17	-	6.16	-
(d) Other Non Financial Liabilities	18	30.06	16.71	16.55
<b>Total Non Financial Liabilities</b>		<b>57.99</b>	<b>32.09</b>	<b>16.55</b>
<b>3 Equity</b>				
(a) Equity Share Capital	19	3361.50	2302.20	2053.86
(b) Other Equity	20	1471.46	-572.55	-451.72
<b>Total Liabilities and Equity</b>		<b>7387.44</b>	<b>5849.15</b>	<b>1697.15</b>



**Purple Finance Limited**

Restated Balance Sheet Statement as at 31st March 2024

(₹ in 'Lakhs)

Particulars	Note No.	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
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Notes forming part of financial statement

1- 55

As per our report of even date

**For Jogin Raval & Associates**

Chartered Accountants

ICAI's firm Registration Number: 128586W



Membership No.: 122197

Place : Mumbai

Date : 27th June, 2024

UDIN: 24122197BKACQM9318

For and on behalf of the Board of Directors of


**For Purple Finance Limited**

(CIN: U67120MH1993PLC075037)

  
Amitabh Chaturvedi  
Executive Chairman  
(DIN: 00057441)

  
Sonal Vira  
Chief Financial Officer

  
Rajeev Deoras  
Director  
(DIN: 02879519)

  
Sabyasachi Rath  
Chief Executive Officer

  
Ruchi Nishar  
(Membership No. A68260)  
Company Secretary



**Purple Finance Limited**  
**Restated Profit and Loss Statement for the year ended 31st March 2024**

(₹ in Lakhs)

Particulars	Note No.	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
<b>Revenue from operations</b>				
Interest income	21	290.44	129.25	90.30
Fees and commission income	22	54.05	4.72	0.20
Sale of services	23	8.90	23.40	-
Dividend income	24	1.95	6.94	4.27
Net gain on fair value changes	25	86.91	91.21	-406.15
<b>Total revenue from operations</b>		<b>442.24</b>	<b>255.53</b>	<b>-311.37</b>
Other income	26	1.98	0.55	-
<b>Total income</b>	<b>(I)</b>	<b>444.22</b>	<b>256.08</b>	<b>-311.37</b>
<b>Expenses</b>				
Finance costs	27	104.11	15.05	5.00
Employee benefit expenses	28	1165.31	502.37	94.22
Impairment on financial instruments	29	4.81	81.62	228.95
Depreciation, amortization and impairment	30	117.69	66.90	14.69
Other expenses	31	378.12	212.79	97.15
<b>Total expenses</b>	<b>(II)</b>	<b>1770.04</b>	<b>878.73</b>	<b>440.02</b>
<b>Profit before tax expense/ income</b>	<b>(I - II)</b>	<b>-1325.82</b>	<b>-622.65</b>	<b>-751.39</b>
<b>Tax expense:</b>				
1) Current tax		-	2.47	-
2) Deferred tax	33	-564.55	8.17	-18.69
3) Provision for tax related to earlier years		-	-0.50	4.03
		<b>-564.55</b>	<b>10.13</b>	<b>-14.66</b>
<b>Profit for the year (A)</b>		<b>-761.27</b>	<b>-632.78</b>	<b>-736.74</b>
<b>Other comprehensive income:</b>				
<b>(I) Items that will not be reclassified to profit or loss</b>				
(i) Remeasurements of the defined benefit plans		-0.16	-	-
(ii) Income tax impact		0.04	-	-
<b>(II) Items that will be reclassified to profit or loss</b>				
(i) Financial instrument		-	-	-
(ii) Income tax impact		-	-	-
<b>Other comprehensive income/(loss) net of tax for the year (B)</b>		<b>-0.12</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income net of tax for the year (A + B)</b>		<b>-761.38</b>	<b>-632.78</b>	<b>-736.74</b>



Purple Finance Limited  
Restated Profit and Loss Statement for the year ended 31st March 2024

(₹ in Lakhs)

Particulars	Note No.	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
<b>Attributable to shareholders</b>				
<b>Earnings per equity share</b>				
Basic (₹)	32	(2.27)	(2.31)	(14.06)
Diluted (₹)	32	(2.27)	(2.31)	(14.06)

Notes forming part of financial statement

1- 55

As per our report of even date  
For Jogin Raval & Associates  
Chartered Accountants  
ICAI's firm Registration Number: 128586W

For and on behalf of the Board of Directors of  
For Purple Finance Limited  
(CIN: U67120MH1993PLC075037)

  
CA Jogin Raval  
Proprietor  
Membership No.: 122197  
Place: Mumbai

  
Amitabh Chaturvedi  
Executive Chairman  
(DIN: 00857441)

  
Rajeev Deoras  
Director  
(DIN: 02879519)

Date: 27th June, 2024  
UDIN: 24122197BKAOQM9318

  
Sonal Vira  
Chief Financial Officer

  
Sabyasachi Rath  
Chief Executive Officer

  
Ruchi Nishar  
(Membership No. A68260)  
Company Secretary



Particulars	Year ended	Year ended	Year ended
	31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
<b>A Cash flows from operating activities:</b>			
Net profit before taxation	-1325.82	-622.65	-751.39
<b>Adjustments for:</b>			
Depreciation, amortisation and impairment	117.69	66.90	14.69
Interest on income tax refund	-0.43	-	-
Share based payment to employees	41.68	25.04	-
Unwinding of interest on security deposit	-2.29	-1.27	-
Net gain on fair value changes	-86.91	-54.15	406.15
Interest on lease liability	18.85	12.32	-
Impairment of loans	4.81	-0.36	0.00
Impairment on investment	-	81.98	228.95
<b>Operating profit before working capital changes</b>	<b>-1232.41</b>	<b>-492.20</b>	<b>-101.60</b>
<b>Movement in working capital</b>			
Decrease/(increase) in loans given	-1749.71	-17.94	63.75
Decrease/(increase) in investment	754.19	482.31	119.06
Decrease/(increase) in receivables	5.54	70.68	-76.87
Decrease/(increase) in tax asset	4.52	-2.61	-3.66
Decrease/(increase) in other financial assets	-8.81	-21.94	-
Decrease/(increase) in other non financial assets	-13.43	-36.41	-0.59
Increase/(decrease) in payables	-2.85	0.27	1.26
Increase/(decrease) in other financial liabilities	-3809.86	-33.88	34.78
Increase/(decrease) in other non financial liabilities	13.35	-1.89	13.52
Increase/(decrease) in other provision	18.55	9.21	-
<b>Cash used in operations</b>	<b>-4788.50</b>	<b>447.81</b>	<b>151.26</b>
Payment of Dividend Distribution Tax	-	-	-1.59
Direct taxes paid (net of refunds)	-	0.50	-4.03
<b>Net cash flows from/(used in) operating activities (A)</b>	<b>-6020.91</b>	<b>-43.88</b>	<b>44.04</b>
<b>B Cash flows from investing activities:</b>			
Purchase of property, plant and equipment and intangible	-142.80	-399.17	-2.14
Interest on income tax refund	0.43	-	-
Payment of Dividend on Equity Shares	-	-	-11.67
Goodwill acquired on merger	-	-	-
Net cash acquired on merger	-	7.39	-
<b>Net cash flows from/(used in) investing activities (B)</b>	<b>-142.37</b>	<b>-391.78</b>	<b>-13.81</b>
<b>C Cash flows from financing activities:</b>			
Issue of debt securities	500.00	-	-
Proceeds from borrowings	1683.18	-9.98	-32.98
Addition of lease liabilities	19.75	170.37	-
Proceeds from issue of shares (including premium)	3823.01	735.25	-
<b>Net cash flows from/(used in) financing activities (C)</b>	<b>6025.94</b>	<b>895.64</b>	<b>-32.98</b>
<b>Net Increase / (Decrease) in cash and cash equivalents</b>	<b>[A+B+C]</b>	<b>-137.34</b>	<b>459.98</b>
<b>Cash and cash equivalents at the beginning of the year</b>			
Cash and bank balances	463.87	3.89	6.64
<b>Cash and cash equivalents at the end of the year</b>			
Cash and bank balances	326.53	463.87	3.89

**Notes:**

- Statement of cash flows has been prepared under the indirect method as set out in the Ind AS 7 "Statement of Cash Flows" as specified in the Companies (Indian Accounting Standards) Rules, 2023, as amended
- Cash and cash equivalents represent cash and bank balances.
- Previous year figures have been regrouped/reclassified wherever applicable.





**Purple Finance Limited**  
**Restated Cash Flow Statement for the year ended 31st March 2024**

(₹ in 'Lakhs)

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023	Year ended 31 <sup>st</sup> March, 2022
Notes forming part of financial statement	1- 55		

As per our report of even date:  
**For Jogin Raval & Associates**  
**Chartered Accountants**  
 ICAI's firm Registration Number: 128586W



**CA Jogin Raval**  
 Proprietor  
 Membership No.: 122197  
 Place : Mumbai

Date : 27th June, 2024  
 UDIN: 24122197BKAOQM9318

For and on behalf of the Board of Directors of  
**For Purple Finance Limited**  
 (CIN: U67120MH1993PLC075037)

**Amitabh Chaturvedi**  
 Executive Chairman  
 (DIN: 00057441)

**Sonal Vira**  
 Chief Financial Officer

**Ruchi Nishar**  
 (Membership No. A68260)  
 Company Secretary

**Rajeev Deoras**  
 Director  
 (DIN: 02879519)

**Sabyasachi Rath**  
 Chief Executive Officer



Purple Finance Limited  
Statement of changes in equity for the year ended 31st March 2024

Particulars	As at 31 <sup>st</sup> March, 2024		As at 31 <sup>st</sup> March, 2023		As at 31 <sup>st</sup> March, 2022	
	No of shares	(₹ in 'Lakhs)	No of shares	(₹ in 'Lakhs)	No of shares	(₹ in 'Lakhs)
<b>A. Equity share capital</b>						
Issued, subscribed and fully paid up equity shares outstanding at the beginning of the year	2,30,21,953	2302.20	2,05,38,619	2053.86	38,50,991	385.10
Add: Shares issued during the year	1,05,93,001	1059.30	24,83,334	248.33	1,66,87,628	1668.76
<b>Issued, subscribed and fully paid up equity shares outstanding at the end of the year</b>	<b>3,36,14,954</b>	<b>3361.50</b>	<b>2,30,21,953</b>	<b>2302.20</b>	<b>2,05,38,619</b>	<b>2053.86</b>
<b>B. Other equity</b>						
	<b>Defined Benefit Plan - Other Comprehensive Income</b>	<b>Reserve u/s 45-1C of Reserve Bank of India Act, 1934</b>	<b>Employee stock option outstanding account</b>	<b>Retained earnings</b>	<b>Amalgamation Adjustment Account</b>	<b>Total</b>
Balance at April 1, 2022	-	123.02	49.78	268.06	-	440.86
Add: Ind AS Adjustments	-	-	-	107.68	-	107.68
Profit for the year (a)	-	-	-	-	-	-632.78
Actuarial gain on defined benefit plan (gratuity) net of income tax (b)	-	-	-	-	-	-
<b>Total comprehensive income for the year (a+b)</b>	<b>-</b>	<b>123.02</b>	<b>49.78</b>	<b>-257.05</b>	<b>-</b>	<b>-84.25</b>
Issue of equity shares	501.17	-	-	-	-	501.17
Share issue expenses	-14.25	-	-	-	-	-14.25
Employee stock option (net)	-	-	25.04	-	-	25.04
Transfer to general reserve	-	-	-	-5.70	-	-5.70
Amalgamation adjustments	-	-	35.26	-	-35.26	-
Transfer from retained earnings	-	-	5.70	-	-	5.70
Dividend paid	-	-	-	-	-	-
Balance at Mar 31, 2023	486.92	123.02	90.74	25.04	-35.26	427.71
Balance at Apr 1, 2023	486.92	123.02	90.74	25.04	-35.26	427.71
Add: Ind AS Adjustments	-	-	-	-	-	-
Profit for the year (a)	-	-	-	-	-	-
Actuarial gain on defined benefit plan (gratuity) net of income tax (b)	-0.12	-	-	-761.27	-	-761.27
<b>Total comprehensive income for the year (a+b)</b>	<b>-0.12</b>	<b>123.02</b>	<b>90.74</b>	<b>-1024.01</b>	<b>-35.26</b>	<b>-333.67</b>
Issue of equity shares	2763.71	-	-	-	-	2763.71
Share issue expenses	-	-	-	-	-	-
Employee stock option (net)	-	-	41.68	-	-	41.68
Transfer to statutory reserve	-	-	-	-	-	-
Amalgamation adjustments	-	-	-	-	-	-
Transfer from retained earnings	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-
Balance at March 31, 2024	-0.12	123.02	90.74	66.72	-1024.01	2471.72



Purple Finance Limited

Notes forming the parts of Restated financial statements

(₹ in 'lakhs)

Particulars	As at 31st March	As at 31st March	As at 31st March
	2024	2023	2022
<b>Note - 2: Cash And Cash Equivalents:</b>			
Cash on hand	2.79	3.96	0.10
<b>Balances with banks</b>			
Balance in current accounts	-77.74	58.10	3.79
Cheque drafts on hand	-298.72	-	-
Other bank balances:			
- In fixed deposits*	700.00	400.00	-
<b>Others</b>			
Interest accrued but not due on fixed deposits with banks	0.20	1.81	-
	<u>326.53</u>	<u>463.87</u>	<u>3.89</u>

\* Fixed deposit with more than 12 months maturity is Rs. Nil, Previous Year Rs. Nil

**Note - 3: Receivables**

**Other receivables**

Considered good (Refer note 41)

	0.70	6.24	76.92
	<u>0.70</u>	<u>6.24</u>	<u>76.92</u>

**Note - 6: Other Financial Assets**

**Security Deposits**

Unsecured, considered good

	38.49	23.95	0.75
	<u>38.49</u>	<u>23.95</u>	<u>0.75</u>

**Note - 7: Current Tax Assets (Net)**

**Others**

Income taxes paid (net of provisions of tax)

	5.48	10.00	10.76
	<u>5.48</u>	<u>10.00</u>	<u>10.76</u>

**Note - 8: Deferred Tax Assets (Net)**

Deferred tax assets

	558.43	-	6.20
	<u>558.43</u>	<u>-</u>	<u>6.20</u>

**Note - 10: Other Non Financial Assets**

Prepaid expenses

Advance to staff

Capital advances

Other non financial assets

	24.53	13.85	1.18
	0.30	1.25	0.33
	148.50	148.50	-
	-	0.06	0.54
	<u>173.33</u>	<u>163.66</u>	<u>2.05</u>

Goods and service tax credit (input) receivable

Less: ITC payables

	42.29	29.58	4.63
	-9.10	-0.15	-
	<u>33.19</u>	<u>29.43</u>	<u>4.63</u>
	<u>206.52</u>	<u>193.09</u>	<u>6.68</u>

**Note - 11: Payables**

**(I) Trade payables (refer note 42 for ageing analysis)**

outstanding dues of micro enterprises and small enterprises (refer note 35)

outstanding dues of creditors other than micro enterprises and small enterprises

	3.00	0.09	-
	21.16	48.22	4.05
	<u>24.16</u>	<u>48.31</u>	



Purple Finance Limited  
Notes forming the parts of Restated financial statements

(₹ in lakhs)

Particulars	As at 31st March	As at 31st March	As at 31st March
	2024	2023	2022
<b>(II) Other payables</b>			
outstanding dues of micro enterprises and small enterprises	-	-	-
outstanding dues of creditors other than micro enterprises and small enterprises	24.60	3.30	-
	<b>24.60</b>	<b>3.30</b>	<b>-</b>

**Note - 12: Debt Securities**  
**At amortized cost (in India)**  
**Unsecured**

- Redeemable Non-Convertible Debentures (Privately placed) (500 debentures of Rs. 1,00,000 each)	500.00	-	-
	<b>500.00</b>	<b>-</b>	<b>-</b>

The tenure of the debentures is 66 months, with a coupon rate of 12%(fixed) per annum.  
The company has not defaulted in the repayment of dues to its lenders.

**Details of Debentures - Contractual principal repayment value**

No of debentures	Face value ( In Actual)	Balance as at 31st March 2024	Balance as at 31st March 2024	Due date of redemption	Rate of interest
500	1,00,000.00	500.00	-	May-29	12%

**Note - 13: Borrowings (other than debt securities)**  
**At amortized cost (In India)**

<b>Secured loans</b>			
- Vehicle loan - from bank*	18.86	29.64	39.62
- Term loan from other than related parties#	693.03	-	-
- Interest payable on above loans	0.53	-	-
<b>Unsecured loans</b>			
- Term loan from bank##	1000.00	-	-
- Interest payable on above loan	0.40	-	-
	<b>1712.82</b>	<b>29.64</b>	<b>39.62</b>

\* Secured by way of equitable mortgage of BMW 5 Series 530i Sport.

# Secured by way charge on a pari passu basis over the receivables arising from Loan portfolios ("Hypothecated Assets").

**Terms of repayment**  
**As at 31st March 2024**

Particulars	Tenure from date of balance sheet	Rate of interest	Repayments details	Amount
Vehicle loan from banks(secured)	12-24 months	7.75%	19 monthly installments	18.86
Term loan from others (Secured)	12-24 months	13.50%	12 to 24 monthly installments	693.03
(##) Term loan from banks (Unsecured)	84 months	14.50%	Moratorium of 6 years followed by 12 monthly installments	1000.00
<b>Total</b>				<b>1711.89</b>

**As at 31st March 2023**

Particulars	Tenure from date of balance sheet	Rate of interest	Repayments details	Amount
Vehicle loan from banks(secured)	31 months	7.75%	31 monthly installments	29.64
<b>Total</b>				<b>29.64</b>



Purple Finance Limited  
Notes forming the parts of Restated financial statements

(₹ in lakhs)

Particulars	As at 31st March	As at 31st March	As at 31st March
	2024	2023	2022

As at 1st April 2022

Particulars	Tenure from date of balance sheet	Rate of interest	Repayments details	Amount
Vehicle loan from banks(secured)	43 months	7.75%	43 monthly installments	39.62
<b>Total</b>				<b>39.62</b>

**Note - 14: Lease Liabilities**

Lease liabilities (Refer note 40)	221.28	182.68	-
	<b>221.28</b>	<b>182.68</b>	<b>-</b>

**Note - 15: Other financial liabilities**

Liability for expenses	13.63	0.48	34.78
Consideration payable for merger	-	3823.01	-
	<b>13.63</b>	<b>3823.49</b>	<b>34.78</b>

**Note - 16: Provision**

<b>Provision for employee benefits</b>			
Statutory bonus	0.81	-	-
Gratuity (refer note 37)	27.11	9.21	-
	<b>27.92</b>	<b>9.21</b>	<b>-</b>

**Note - 17: Deferred Tax Liabilities (Net)**

Deferred tax Liability	-	6.16	-
	<b>-</b>	<b>6.16</b>	<b>-</b>

**Note - 18: Other Non Financial Liabilities**

Statutory dues	28.80	16.71	16.55
Others - salary payable	1.27	-	-
	<b>30.06</b>	<b>16.71</b>	<b>16.55</b>



Purple Finance Limited  
Notes forming the parts of Restated financial statements

Note - 21: Interest income (₹ in lakhs)

Particulars	As at 31st March 2024		As at 31st March 2023		As at 31st March 2022	
	at Amortized cost	at FVTPL	at Amortized cost	at FVTPL	at Amortized cost	at FVTPL
Interest on loans	283.95	-	102.05	-	90.17	90.17
Interest income from investments	-	-	-	1.03	1.03	0.40
Interest on deposit in banks	-	4.20	-	24.87	24.87	-
Other interest income	-	2.29	-	1.31	1.31	0.27
<b>Total</b>	<b>283.95</b>	<b>6.49</b>	<b>102.05</b>	<b>27.20</b>	<b>129.25</b>	<b>90.17</b>

Note - 27: Finance cost

Particulars	As at 31st March 2024		As at 31st March 2023		As at 31st March 2022	
	at Amortized cost	at FVTPL	at Amortized cost	at FVTPL	at Amortized cost	at FVTPL
Interest on borrowings	-	-	-	-	4.29	4.29
Interest on debt securities	54.18	-	2.73	-	2.73	-
Interest on lease liabilities	30.58	-	-	-	-	-
Other interest expense	18.85	0.50	12.32	-	12.32	0.71
<b>Total</b>	<b>103.61</b>	<b>0.50</b>	<b>15.05</b>	<b>-</b>	<b>15.05</b>	<b>4.29</b>

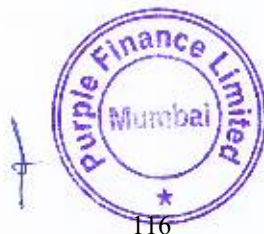


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**Purple Finance Limited**

Notes forming the parts of Restated financial statements

Particulars	(₹ in lakhs)		
	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
<b>Note - 22: Fees and commission income</b>			
Fees income relating to loans	54.05	4.72	0.20
	<u>54.05</u>	<u>4.72</u>	<u>0.20</u>
<b>Note - 23: Sale of services</b>			
Sale of services			
(a) Marketing fees	2.40	0.40	-
(b) Advisory fees	6.50	23.00	-
	<u>8.90</u>	<u>23.40</u>	<u>-</u>
<b>Note - 24: Dividend income</b>			
Dividend from companies	1.95	6.94	4.27
	<u>1.95</u>	<u>6.94</u>	<u>4.27</u>
<b>Note - 25: Net Gain on fair value changes</b>			
(A) Net gain / (loss) on financial instruments at fair value through profit & loss			
(i) On trading portfolio	-	-	-
(ii) On financial instruments designated at fair value through profit & loss	-	-	-
(H) Others	-	-	-
(i) Net gain/(loss) on financial instrument at fair value through profit and loss on investments	86.91	91.21	-406.15
<b>Total Net gain / (loss) on financial instruments at fair value through profit &amp; loss</b>	<u>86.91</u>	<u>91.21</u>	<u>-406.15</u>
<b>Fair value changes</b>			
- Realised	86.91	22.22	-268.73
- Unrealised	-	68.99	-137.42
<b>Total Net gain/(loss) on fair value</b>	<u>86.91</u>	<u>91.21</u>	<u>-406.15</u>
<b>Note - 26: Other income</b>			
Gain on derecognition of lease	1.55	-	-
Interest on income tax refund	0.43	0.55	-
	<u>1.98</u>	<u>0.55</u>	<u>-</u>
<b>Note - 28: Employee benefit expenses</b>			
Salaries, other allowance and bonus	1073.34	460.77	92.78
Contribution to ESIC	0.86	-	-
Contribution to provident fund	26.19	4.83	-
Provision for gratuity (refer note 37)	17.74	9.21	-
Share based payment to employees	41.68	25.04	-
Staff welfare expenses	5.51	2.52	1.44
	<u>1165.31</u>	<u>502.37</u>	<u>94.22</u>
<b>Note - 29: Impairment on financial instruments</b>			
<b>On financial liabilities measured at amortised cost</b>			
Loans	4.81	-0.36	0.00
Investments	-	81.98	228.95
	<u>4.81</u>	<u>81.62</u>	<u>228.95</u>
<b>Note - 30: Depreciation, amortized &amp; impairment</b>			
Depreciation on property, plant and equipment	42.91	27.14	14.69
Depreciation on right of use assets (ROU)	74.78	39.75	-
	<u>117.69</u>	<u>66.90</u>	<u>14.69</u>



Purple Finance Limited

Notes forming the parts of Restated financial statements

(₹ in 'lakhs)

Particulars	As at 31st March	As at 31st March	As at 31st March
	2024	2023	2022
<b>Note - 31: Other expenses</b>			
Advertisement expenses	7.74	0.53	0.24
Payment to auditors (refer note - 34)	5.16	2.37	1.88
Bank charges	0.43	0.03	0.01
Business promotion	5.00	3.81	2.54
Branding expenses	-	2.30	-
Brokerage & commission	11.38	3.33	-
Computer software expenses	36.99	19.75	0.06
Conveyance expenses	13.76	4.24	1.04
Electricity expenses	6.55	3.19	-
Housekeeping expenses	2.90	1.98	-
Internet expenses	3.85	1.80	-
Listing charges	10.27	10.16	-
Legal & professional fees	127.24	61.03	52.15
Motor car expenses	48.86	28.92	11.76
Membership & subscription	9.16	3.12	0.31
Office expenses	11.14	1.81	1.19
Printing, stationery and xerox	4.67	2.34	0.42
Rates & taxes	27.35	30.01	5.62
Property rent payments	-	1.77	3.94
Rent on office premises	1.10	-	-
Rent on plant & machinery	4.01	0.69	-
Repair - plant and machinery	0.62	5.31	1.85
Investment transaction expenses	8.47	9.60	10.01
Telephone expenses	2.93	1.54	0.40
Travelling expenses	15.22	5.23	0.61
Filing fees	0.47	0.07	0.11
Miscellaneous expenses	12.88	7.88	3.02
	<b>378.12</b>	<b>212.79</b>	<b>97.15</b>





Purple Finance Limited  
Notes forming the parts of Restated financial statements

Note - 4: Loans (₹ in 'lakhs)

Particulars	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
<b>Loans (at amortised cost)</b>			
<b>(A)</b>			
Term loans	3031.49	1279.08	367.05
Term loans - to related parties	25.41	28.11	321.47
<b>Total (A) - Gross</b>	<b>3056.90</b>	<b>1307.19</b>	<b>688.52</b>
Less : Impairment loss allowance	8.41	3.59	2.07
<b>Total (A) - Net</b>	<b>3048.50</b>	<b>1303.60</b>	<b>686.45</b>
<b>(B)</b>			
Secured by tangible assets	3000.14	1279.08	-
Unsecured	56.76	28.11	688.52
<b>Total (B) - Gross</b>	<b>3056.90</b>	<b>1307.19</b>	<b>688.52</b>
Less : Impairment loss allowance	8.41	3.59	2.07
<b>Total (B) - Net</b>	<b>3048.50</b>	<b>1303.60</b>	<b>686.45</b>
<b>(C)</b>			
<b>Loans outside India</b>			
- Public Sector	-	-	-
- Others	-	-	-
<b>Loans in India</b>			
- Public Sector	-	-	-
- Others	3056.90	1307.19	688.52
<b>Total (C) - Gross</b>	<b>3056.90</b>	<b>1307.19</b>	<b>688.52</b>
Less : Impairment loss allowance	8.41	3.59	2.07
<b>Total (C) - Net</b>	<b>3048.50</b>	<b>1303.60</b>	<b>686.45</b>

All loans are in India and have been granted to individuals or entities other than public sector. There are no loans measured at FVOCI or FVTPL, or designated at FVTPL. Loans are secured against the tangible assets.

**Analysis of changes in gross carrying amount**

Particulars	Stage 1	Stage 2	Stage 3	Total
Opening as on 01/04/2022	688.52	-	-	688.52
New asset originated / Increase in existing asset (net)	606.45	-	-	606.45
Portfolio addition on account of business addition (net)	647.63	-	5.00	652.63
Transfer between stages	-	-	-	-
Exposure derecognised or repaid or matured	-640.42	-	-	-640.42
Write off	-	-	-	-
<b>Closing balance as on 31/03/2023</b>	<b>1302.19</b>	<b>-</b>	<b>5.00</b>	<b>1307.19</b>
Opening balance as on 01/04/2023	1302.19	-	5.00	1307.19
New asset originated / Increase in existing asset (net)	2709.72	-	-	2709.72
Transfer between stages	-15.00	-	15.00	-
Exposure derecognised or repaid or matured	-960.01	-	-	-960.01
Write off	-	-	-	-
<b>Closing balance as on 31/03/2024</b>	<b>3036.90</b>	<b>-</b>	<b>20.00</b>	<b>3056.90</b>



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Reconciliation of ECL balance

Particulars	Stage 1	Stage 2	Stage 3	Total
Opening as on 01/04/2022	2.07	-	-	2.07
New asset originated / Increase in existing asset (net)	3.27	-	0.01	3.28
Transfer between stages	-	-	-	-
Exposure derecognised or repaid or matured	-1.76	-	-	-1.76
Closing balance as on 31/03/2023	3.58	-	0.01	3.59
Opening balance as on 01/04/2023	3.58	-	0.01	3.59
New asset originated / Increase in existing asset (net)	7.45	-	-	7.45
Transfer between stages	-0.04	-	0.04	-
Exposure derecognised or repaid or matured	-2.64	-	-	-2.64
Closing balance as on 31/03/2024	8.35	-	0.06	8.41

Overdue greater than 90 days

Particulars	Overdue amount		
	Principal	Interest	Total
As on 31st March 2024			
2 Loans	5.00	2.34	7.34



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Purple Finance Limited  
Notes forming the parts of Restated financial statements

Note - 5: Investments

(₹ in Lakhs)

Particulars	As at 31st March 2024				As at 31st March 2023				As at 31st March 2022			
	At Fair Value		Total	Amortized cost	At Fair Value		Total	Amortized cost	At Fair Value		Total	
	Through Other Comprehensive income	Through Profit & Loss			Through Other Comprehensive income	Through Profit & Loss			Through Other Comprehensive income	Through Profit & Loss		
	1	2	3	4 = 1+2+3	5	6	7	8 = 5+6+7	9	10	11	12 = 9+10+11
1) Mutual funds	-	-	-	-	-	-	315.41	315.41	-	-	115.91	115.91
2) Government securities	-	-	-	-	-	-	-	-	-	-	-	-
3) Others approved securities	-	-	-	-	-	-	-	-	-	-	-	-
4) Debt securities	-	-	-	-	-	-	-	-	-	-	-	-
5) Equity instruments	-	89.44	89.44	89.44	-	-	877.80	477.80	-	-	656.97	656.97
6) Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-
7) Associates	-	-	-	-	-	-	-	-	-	-	-	-
8) Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-
9) Others	-	-	-	-	-	-	45.49	45.49	-	-	56.01	56.01
<b>Total Gross (A)</b>	-	-	89.44	89.44	-	-	938.70	838.70	-	-	828.90	828.90
(i) Investment outside India	-	-	-	-	-	-	-	-	-	-	-	-
(ii) Investment in India	-	-	89.44	89.44	-	-	938.70	838.70	-	-	828.90	828.90
<b>Total Gross (B)</b>	-	-	89.44	89.44	-	-	938.70	838.70	-	-	828.90	828.90
Less: Allowance for impairment loss (C)	-	-	-	-	-	-	51.98	81.98	-	-	-	-
<b>Total Net (D = A - C)</b>	-	-	89.44	89.44	-	-	756.72	756.72	-	-	828.90	828.90



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**Purple Finance Limited**

Notes forming the parts of Restated financial statements

**Note - 9 (A): Property, Plant and Equipment's**

Particulars	(₹ in Lakhs)						Total
	Laptops	Furniture and Fixtures	Vehicles	Office Equipment's	Buildings Right of use assets		
Gross carrying amount as at 1st April 2021	1.99	9.44	123.23	5.08	-	-	139.73
Additions	-	-	-	2.22	-	-	2.22
Disposals	-	-	-	-	-	-	-
Gross carrying amount as at 31st March 2022	1.99	9.44	123.23	7.30	-	-	141.95
Additions	16.22	4.79	-	7.85	218.54	-	247.39
Disposals	-	-	-	-	-	-	-
Gross carrying amount as at 31st March 2023	18.20	14.23	123.23	15.15	218.54	-	389.35
Effect of business combination (refer note 46)	0.36	-	-	-	-	-	0.36
Restated gross carrying amount as at 31st March 2023	18.56	14.23	123.23	15.15	218.54	-	389.71
Additions	31.63	2.19	-	4.15	119.54	-	157.51
Disposals	-	-	-	-	21.19	-	21.19
Gross carrying amount as at 31st March 2024	50.19	16.42	123.23	19.30	316.89	-	526.03

**Accumulated depreciation and impairment (If any)**

Gross carrying amount as at 1st April 2021	1.63	4.71	39.95	4.28	-	-	50.58
Depreciation for the year	0.30	0.83	13.02	0.62	-	-	14.77
Depreciation on disposal	-	-	-	-	-	-	-
Balance as at 31st March 2022	1.93	5.54	52.97	4.90	-	-	65.35
Depreciation for the year	2.93	2.48	13.02	1.68	39.75	-	59.86
Depreciation on disposal	-	-	-	-	-	-	-
Balance as at 31st March 2023	4.86	8.02	66.00	6.58	39.75	-	125.21
Effect of business combination (refer note 46)	0.18	-	-	-	-	-	0.18
Restated gross carrying amount as at 31st March 2023	5.04	8.02	66.00	6.58	39.75	-	125.39
Depreciation for the year	11.10	1.37	13.06	2.62	74.78	-	102.93
Depreciation on disposal	-	-	-	-	7.50	-	7.50
Balance as at 31st March 2024	16.14	9.40	79.06	9.20	107.03	-	220.82

**Net carrying amount**

As at 31st March 2022	.06	3.89	70.25	2.40	-	-	76.60
As at 31st March 2023	13.53	6.20	57.23	8.57	178.78	-	264.31
As at 31st March 2024	34.05	7.02	44.17	10.10	209.86	-	305.21



**Purple Finance Limited**

Notes forming the parts of Restated financial statements

**Note - 9 (B): Intangible Assets**

Particulars	Goodwill	Other Intangibles assets		Total
		Software	License fees	
Gross carrying amount as at 1st April 2022	-	-	-	-
Additions	-	6.39	145.39	151.78
Disposals	-	-	-	-
Gross carrying amount as at 31st March 2023	-	6.39	145.39	151.78
Effect of business combination (refer note no. 46)	2682.58	-	-	2682.58
Restated gross carrying amount as at 31st March 2023	2682.58	6.39	145.39	2834.36
Additions	-	0.92	-	0.92
Disposals	-	-	5.39	5.39
Gross carrying amount as at 31st March 2024	2682.58	7.31	140.00	2829.89
<b>Accumulated amortization and impairment (if any)</b>				
Balance as at 1st April 2022	-	-	-	-
Depreciation for the year	-	0.56	6.41	6.98
Depreciation on disposal	-	-	-	-
Balance as at 31st March 2023	-	0.56	6.41	6.98
Effect of business combination (refer note no. 46)	-	-	-	-
Restated gross carrying amount as at 31st March 2023	-	0.56	6.41	6.98
Depreciation for the year	-	1.02	14.41	15.43
Depreciation on disposal	-	-	0.67	0.67
Balance as at 31st March 2024	-	1.58	20.15	21.73
<b>Net Carrying amount</b>				
As at 1st April 2022	-	-	-	-
As at 31st March 2023	2682.58	5.83	138.97	2827.38
As at 31st March 2024	2682.58	5.73	119.85	2808.16



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**Purple Finance Limited**  
**Notes forming the parts of Restated financial statements**

**Note 19: Share capital**

Particulars	(₹ in lakhs)		
	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
<b>(a) Authorised</b>			
5,06,00,000 (P.Y. 3,56,00,000) equity shares of ` 10/- each with voting rights	5060.00	3560.00	3560.00
	<b>5060.00</b>	<b>3560.00</b>	<b>3560.00</b>
<b>(b) Issued</b>			
3,36,14,954 (PY 2,30,21,953) equity shares of ` 10/- each fully paid up with voting rights	3361.50	2302.20	2053.86
(Out of the above, 1,05,93,001 shares of face value Rs. 10 have been issued for consideration other than cash during the year)	<b>3361.50</b>	<b>2302.20</b>	<b>2053.86</b>
<b>(c) Subscribed and fully paid up</b>			
3,36,14,954 (PY 2,30,21,953) equity shares of ` 10/- each fully paid up with voting rights	3361.50	2302.20	2053.86
(Out of the above, 1,05,93,001 shares of face value Rs. 10 have been issued for consideration other than cash during the year)	<b>3361.50</b>	<b>2302.20</b>	<b>2053.86</b>

**Notes:**

(i) **Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period**

Particulars	Opening balance	Fresh issue	Bonus	ESOP	Conversion	Buy back	Other changes	Closing balance
Equity shares with voting rights								
Year ended 31 March, 2024								
- Number of shares	2,30,21,953	1,05,93,001	-	-	-	-	-	3,36,14,954
- Amount (₹) (in lakhs)	2302.20	1059.30	-	-	-	-	-	3361.50
Year ended 31 March, 2023								
- Number of shares	2,05,38,619	24,83,334	-	-	-	-	-	2,30,21,953
- Amount (₹) (in lakhs)	2053.86	248.33	-	-	-	-	-	2302.20
Year ended 31 March, 2022								
- Number of shares	38,50,991	-	1,66,87,628	-	-	-	-	2,05,38,619
- Amount (₹) (in lakhs)	385.10	-	1668.76	-	-	-	-	2053.86

(ii) The company has only one class of shares i.e. equity, having par value of Rs. 10/- per share. Each holder of share is entitled to one vote per share.  
 (iii) Fresh equity shares of face value of Rs. 10/- each fully paid-up have been issued and allotted on 17th March, 2024 on account of merger/absorption. Refer note 44 to the financial statements.



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**Purple Finance Limited**  
Notes forming the parts of Restated financial statements

**Note 19: Share capital**

(iv) The company has an approved scheme of merger from NCLT with effect of the approval the company has issued additional 1,05,93,001 shares to the shareholders of Canopy Finance Ltd ("CFL"), and hence the company's authorized share capital has increase on account of merger. The increased limit has not been approved by the ROC on the date of balance sheet.

(v) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	As at 31st March 2024		As at 31st March 2023		As at 31st March 2022	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights						
Amitabh Chaturvedi	65,66,174	19.53%	66,21,174	28.76%	66,21,174	32.24%
Ranjana Pathak	41,72,362	12.41%	49,43,984	21.48%	59,81,984	29.13%
Asher Foods Private Limited	35,48,570	10.56%	35,48,570	15.41%	38,81,904	18.90%
Saguna Mercantile Private Limited	17,31,495	5.15%	-	0.00%	-	0.00%
Satyaprakash Pathak	-	0.00%	17,36,933	7.54%	17,36,933	8.46%

(vi) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company refer note 47.

(vii) Aggregate number of equity shares issued for consideration other than cash during five years immediately preceding the reporting date:

Particulars	As at 31st	As at 31st
	March 2024	March 2023
Equity shares allotted for consideration other than cash		
Financial Year 2023-24	1,05,93,001	-
Financial Year 2022-23	-	-
Financial Year 2021-22	-	-
Financial Year 2020-21	-	-
Financial Year 2019-20	-	-
	<u>1,05,93,001</u>	<u>-</u>



Purple Finance Limited  
Notes forming the parts of Restated financial statements

Note 19: Share capital  
(viii) Details of shareholding of promoters and promoter group

Name of promoters	Category	31st March 2024		31st March 2023		% Change during the year
		No. of shares	% of total shares	No. of shares	% of total shares	
Amitabh Chaturvedi	Promoter	65,66,174	19.53%	66,21,174	28.76%	-9.23%
Minal Chaturvedi	Promoter	7,33,334	2.18%	7,33,334	3.19%	-1.00%
Abhishek Chaturvedi	Promoter	2,45,333	0.73%	2,45,333	1.07%	-0.34%
Asher Foods Pvt. Ltd.	Promoter	35,48,570	10.56%	35,48,570	15.41%	-4.86%
Ranjana Pathak	Promoter Group	41,72,362	12.41%	49,43,984	21.48%	-9.06%
Saiyaprakash Pathak	Promoter Group	11,46,735	3.41%	17,36,933	7.54%	-4.13%
Anil Kumar	Promoter Group	8,62,000	2.56%	32,000	0.14%	2.43%
M.K. Investment Consultancy Pvt Ltd	Promoter Group	32,053	0.10%	32,053	0.14%	-0.04%
Ashray Charitable Trust	Promoter Group	7,61,904	2.27%	7,61,904	3.31%	-1.04%
Rajeev Deoras	Promoter Group	4,00,000	1.19%	4,00,000	1.74%	-0.55%
Sabyasachi Rath	Promoter Group	3,00,000	0.89%	3,00,000	1.30%	-0.41%
Sonal Vira	Promoter Group	3,00,000	0.89%	3,00,000	1.30%	-0.41%
Souvik Dasgupta	Promoter Group	1,50,000	0.45%	1,50,000	0.65%	-0.21%
Mrinalini Sahai	Promoter Group	50,000	0.15%	50,000	0.22%	-0.07%
Tomorrow Capital Enterprises Pvt Ltd	Promoter Group	3,33,333	0.99%	3,33,333	1.45%	-0.46%
Surendra Sodhi	Promoter Group	5,75,016	1.71%	3,33,350	1.45%	0.26%
Debashish Mishra	Promoter Group	6,33,333	1.88%	3,33,333	1.45%	0.44%
Sunil Mittal	Promoter Group	2,50,000	0.74%	2,50,000	1.09%	-0.34%
Dilip Kumar Mittal	Promoter Group	2,50,000	0.74%	2,50,000	1.09%	-0.34%
Rushabh Shah	Promoter Group	83,340	0.25%	83,340	0.36%	-0.11%
Swati Mahapatra	Promoter Group	71,000	0.21%	50,000	0.22%	-0.01%
Ashis Mohanty	Promoter Group	3,33,294	0.99%	33,294	0.14%	0.85%
Venugopalan Swaminathan	Promoter Group	75,000	0.22%	75,000	0.33%	-0.10%
Raoul Kapoor	Promoter Group	75,000	0.22%	75,000	0.33%	-0.10%
Ajit Kumar and Sangeeta Sharma	Promoter Group	1,75,000	0.52%	-	-	0.52%
Shouryendu Ray	Promoter Group	76,000	0.23%	-	-	0.23%
Manas Ray	Promoter Group	76,000	0.23%	-	-	0.23%
Jaiprakash Pandey	Promoter Group	15,000	0.04%	-	-	0.04%
Neeta Shah and Dharmesh Shah	Promoter Group	15,000	0.04%	-	-	0.04%
Dharmesh Shah and Neeta Shah	Promoter Group	15,000	0.04%	-	-	0.04%
Emy Moody	Promoter Group	50,000	0.15%	-	-	0.15%
Arnol Shah and Sudha Shah	Promoter Group	25,000	0.07%	-	-	0.07%
Neema Popat and Dhirumal Popat	Promoter Group	22,000	0.07%	-	-	0.07%





Purple Finance Limited  
Notes forming the parts of Restated financial statements

Note 19: Share capital  
(viii) Details of shareholding of promoters and promoter group (contd..)

Name of promoters	Category	31st March 2024		31st March 2023		% Change during the year
		No. of shares	% of total shares	No. of shares	% of total shares	
Ashish Popat and Bhavini Popat	Promoter Group	22,000	0.07%	-	-	0.07%
Ramawatar Sharma	Promoter Group	20,000	0.06%	-	-	0.06%
Saroj Shukla	Promoter Group	5,000	0.01%	-	-	0.01%
Vrishali Wadhivkar	Promoter Group	45,820	0.14%	-	-	0.14%
Saguna Mercantile Private Limited (Canopy Promoter)	Promoter	17,31,495	5.15%	-	-	5.15%
Zen Enterprises Pvt Ltd	Promoter Group	-	0.00%	3,50,000	1.52%	-1.52%

Note 20: Other Equity

Particulars	As at 31st March 2024		As at 31st March 2023		As at 31st March 2022
	No. of shares	% of total shares	No. of shares	% of total shares	
1) Reserve u/s 45 IC of RBI Act 1934					
<b>Opening balance</b>	90.74		49.78		49.78
Add : Transfer from retained earnings	-		5.70		-
Add : Amalgamation adjustment account	-		35.26		-
<b>Closing balance</b>	90.74		90.74		49.78
2) Securities premium					
<b>Opening balance</b>	486.92		-		-
Add : Premium on shares issued during the year	2763.71		501.17		-
Less : Share issue expenses	-		-14.25		-
<b>Closing balance</b>	3250.63		486.92		-
3) Capital reserve					
<b>Opening balance</b>	123.02		123.02		123.02
Add : Transfer from retained earnings	-		-		-
<b>Closing balance</b>	123.02		123.02		123.02
4) Employee stock option outstanding account					
<b>Opening balance</b>	25.04		-		-
Add : Expense on Employee Stock Option Plan	41.68		25.04		-
<b>Closing balance</b>	66.72		25.04		-



Purple Finance Limited  
Notes forming the parts of Restated financial statements

Note 20: Other Equity (contd..)

Particulars	As at 31st	As at 31st	As at 31st
	March 2024	March 2023	March 2022
<b>5) Defined Benefit Plan - Other Comprehensive Income</b>			
<b>Opening balance</b>	-	-	-
Add : Movement in OCI (Net) during the year	-0.12	-	-
<b>Closing balance</b>	<b>-0.12</b>	<b>-</b>	<b>-</b>
<b>6) Amalgamation Adjustment Account</b>			
<b>Opening balance</b>	-35.26	-	-
Statutory reserve of transferor company reinstated	-	-35.26	-
<b>Closing balance</b>	<b>-35.26</b>	<b>-35.26</b>	<b>-</b>
<b>7) Retained earnings</b>			
<b>Opening balance</b>	-1263.00	-624.52	268.06
Add : Profit/(loss) for current year	-761.27	-632.78	-736.74
Add : Ind AS adjustment	-	-	107.68
Less : Transfer to statutory reserve	-	-5.70	-
Less : Transfer to equity share capital (bonus issued)	-	-	-263.52
Add : Amalgamation adjustment account	-	-	-
<b>Closing balance</b>	<b>-2024.27</b>	<b>-1263.00</b>	<b>-624.52</b>
<b>Grand total</b>	<b>1471.46</b>	<b>-572.55</b>	<b>-451.72</b>

**Nature and purpose of reserve**

**1) Reserve u/s 45 IC of Reserve Bank India Act, 1934**

Statutory reserve represents the reserve created as per Section 45IC of the RBI Act, 1934, pursuant to which a Non-Banking Financial Company shall create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit annually as disclosed in the Statement of Profit and Loss account, before any dividend is declared.

**2) Securities premium**

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

**3) Retained earnings**

Retained earnings comprises of the Company's undistributed earnings after taxes.



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Purple Finance Limited  
Notes forming the parts of Restated financial statements

Note 20: Other Equity (contd.)  
Nature and purpose of reserve

4) **Employee stock option reserve**

This reserve relates to stock options granted by the Company to employees under various ESOP schemes. This reserve is transferred to securities premium account on exercise of vested options.

5) **Defined Benefit Plan - Other Comprehensive Income**

This represents the cumulative gains and losses arising on the remeasurement of defined benefit plans in accordance with Ind AS 19 that have been recognized in other comprehensive income.

6) **Amalgamation Adjustment Reserve:**

Upon amalgamation of Canopy Finance Ltd (transferor company) with Purple Finance Ltd (Transferee company), the statutory reserves (i.e reserve under Section 451C of the Reserve Bank of India Act, 1934) of Rs. 35.26 lakh of the transferor company as on 1st October, 2022 (i.e appointed date) were recorded in the books of the transferee company with a corresponding debit to Amalgamation Adjustment Account. When the identity of the statutory reserves is no longer required to be maintained, both the statutory reserves and the aforesaid account will be reversed.



**Note - 39: Related Party Disclosures**

In terms of Indian Accounting Standard (Ind AS 24) 'Related Party Disclosures', notified in the Companies (Accounting Standards) Rules, 2014, the disclosures of transactions with the related parties as defined in IND AS 24 are given below:

Description of relationship Promoters / Promoter Group / Director & Mr. Arvindh Chaturvedi, Director Key management personnel (KMP) of the Mr. Rajesh Deoras, Director Company:	Names of related parties
	Mrs. Minati Chaturvedi, Director
	Mr. Ajay Kumar Pandey, Director (Appointed on 28.06.2023)
	Ms. Sumet Sandhu, Director (Appointed on 28.06.2023)
	Mr. Amit Sonawala, Director (Appointed on 29.12.2024)
	Mr. Satyprakash Pathak, Director (Resigned on 28.02.2024)
	Mr. Sunil Jorraj, Director (Resigned on 28.06.2023)
	Mr. Suresh Salian
	Mr. Anish Kumar K
	Ms. Priyanka Agarwal
	Ms. Priti Vishwakarma
	Mr. Varun Nevatia
	Ms. Manisha Agarwal
	Mr. Lallu Kumar Tapasila
	Ms. Anula Kelzwal
	Mr. Souvik DasGupta
	Ms. Minakshi Sahai
	Mr. Anil Kumar
	Ms. Devanshi Shah
	Mrs. Vaishali Wadhwar
	Mrs. Saroj Shukla
	Mr. Subhasini Rath, Chief Executive Officer
	Mrs. Sonal Vira, Chief Financial Officer
	Ms. Ruchi Nishar, Company Secretary

**Description of relationship**

**Relatives of Promoters / Promoter Group / Director & KMP:**

Mr. Anurag Chaturvedi  
Mr. Abhishek Chaturvedi  
Mrs. Ranjana Pathak  
Mrs. Mehek Anil Kumar  
Mr. Sanjeev Kumar  
Mrs. Kajal Sanjeev Kumar  
Mr. Yash Ranakant Wadhwar  
Mr. Ramesh Kumar Shukla  
Ms. Shivanshi Satyprakash Pathak  
Mrs. Shruti Satyprakash Pathak  
Smt. Shashi Anil Chaturvedi  
Ms. Meenakshi Anil Chaturvedi

**Entities in which Promoters / Promoter Group / Director & KMP and their relatives can exercise significant influence:**  
Promoter Abhishek Consultancy Services Pvt Ltd.  
Iqasw Financial Technology Pvt Ltd.  
Dealmonney Commodities Pvt. Ltd.  
Fiontic Global Logistics Ltd.  
Asher Foods Pvt. Ltd.



\*The related parties have been identified by the management.

Details of related party transactions during the year ended 31 March, 2024 and balances outstanding as at 31 March, 2024:

Particulars	Promoters / Promoter Group / Director & (KMP)		Relatives of Promoters / Promoter Group / Director & (KMP)		Entities in which Promoters / Promoter Group / Director & KMP and their relatives can exercise significant influence		Total	
	31-03-2024	31-03-2023	31-03-2024	31-03-2023	31-03-2024	31-03-2023	31-03-2024	31-03-2023
<b>Transactions during the year</b>								
<b>Reimbursements of expenses</b>								
Mr. Amitabh Chaturvedi	11.61	8.17	-	-	-	-	11.61	8.17
Mr. Rajeev Deoras	4.37	3.39	-	-	-	-	4.37	3.39
Mr. Minal Chaturvedi	-	1.39	-	-	-	-	-	1.39
Mr. Satyashachi Rath	-	7.68	-	-	-	-	-	7.68
Mrs. Smal Vira	5.41	2.39	-	-	-	-	5.41	2.39
Ms. Ranhi Nishar	0.20	0.03	-	-	-	-	0.20	0.03
Mr. Souvik DasGupta	6.70	3.74	-	-	-	-	6.70	3.74
Ms. Kirinalini Sehai	5.66	0.92	-	-	-	-	5.66	0.92
Mr. Yash Ramakant Wadhivkar	-	-	1.23	1.73	-	-	1.23	1.73
Mr. Ramesh Kumar Shukla	-	-	0.23	0.07	-	-	0.23	0.07

Details of related party transactions during the year ended 31 March, 2024 and balances outstanding as at 31 March, 2024:

Particulars	Promoters / Promoter Group / Director & (KMP)		Relatives of Promoters / Promoter Group / Director & (KMP)		Entities in which Promoters / Promoter Group / Director & KMP and their relatives can exercise significant influence		Total	
	31-03-2024	31-03-2023	31-03-2024	31-03-2023	31-03-2024	31-03-2023	31-03-2024	31-03-2023
<b>Director sitting fees paid</b>								
Mrs. Minal Chaturvedi	1.50	0.40	-	-	-	-	1.50	0.40
Mr. Satyaprakash Pathak	1.30	0.50	-	-	-	-	1.30	0.50
Mr. Ajay Kumar Pandey	2.00	-	-	-	-	-	2.00	-
Ms. Sumeet Sandhu	2.00	-	-	-	-	-	2.00	-
Mr. Anil Sonawala	0.50	-	-	-	-	-	0.50	-
Mr. Suresh Salun	0.30	0.50	-	-	-	-	0.50	0.50
Mr. Anish Kumar K	1.05	1.20	-	-	-	-	1.05	1.20
Ms. Manisha Agarwal	-	0.20	-	-	-	-	-	0.20
<b>Consultancy fees paid</b>								
Mr. Abhishek Chaturvedi	-	-	-	2.44	-	-	0.75	2.44
Mr. Ajay Kumar Pandey	0.75	-	-	-	-	-	-	-
Mr. Amitabh Chaturvedi	-	-	-	-	-	-	-	-
Mr. Abhishek Chaturvedi	-	-	-	-	-	-	-	-
Ms. Shivamshi Satyaprakash Pathak	-	-	-	-	4.00	-	-	-
Ms. Shruti Satyaprakash Pathak	-	-	-	-	4.00	-	-	-
Abhidev Consultancy Services Pvt. Ltd.	-	-	-	-	-	-	-	-
<b>Loan taken repaid</b>								
Abhidev Consultancy Services Pvt Ltd.	-	-	-	-	-	51.20	-	51.20
Ashar Foods Pvt. Ltd.	-	-	-	-	-	91.22	-	91.22
Mr. Anurag Chaturvedi	-	-	-	-	-	-	5.53	5.53
Flomic Global Logistics Ltd.	-	-	5.53	5.53	-	-	-	-
Mr. Abhishek Chaturvedi	-	-	-	-	-	222.39	-	222.39
Ms. Manakshi Anil Chaturvedi	-	-	-	-	-	-	-	-
Jigsaw Financial Technology Pvt. Ltd.	-	-	-	-	-	-	-	-
Smt. Shashi Anil Chaturvedi	-	-	-	-	-	1.00	-	1.00



*(Handwritten signature)*

Loans & Advances Made	Details of related party transactions during the year ended 31 March, 2024 and balances outstanding as at 31 March, 2024.										
	Promoters / Promoter Group / Director & (KMP)		Relatives of Promoters / Promoter Group / Director & (KMP)		Promoter Group / Director & (KMP)		Entities in which Promoters / Promoter Group / Director & (KMP) and their relatives can exercise significant influence		Total		
	31-03-2024	31-03-2023	31-03-2024	31-03-2023	31-03-2022	31-03-2024	31-03-2023	31-03-2022	31-03-2024	31-03-2023	31-03-2022
Abhideo Consultancy Services Pvt Ltd	-	-	-	-	-	-	-	-	-	-	-
Mr. Abhishek Chaturvedi	-	-	0.20	-	-	-	-	-	-	0.75	0.20
Asher Foods Pvt. Ltd.	-	-	-	-	-	-	-	4.04	-	-	4.04
Flornic Global Logistics Ltd.	-	-	-	-	-	-	-	200.00	-	-	200.00
<b>Advance returned</b>											
Abhideo Consultancy Services Pvt Ltd	-	-	-	-	-	-	-	-	-	0.75	-
Asher Foods Pvt. Ltd.	-	-	-	-	-	-	-	-	-	0.04	-
<b>Interest income received</b>											
Mr. Anurag Chaturvedi	-	-	2.83	-	-	-	-	-	2.83	-	-
Flornic Global Logistics Ltd.	-	-	-	-	-	-	-	26.27	-	-	26.27
Jigsaw Technology Pvt. Ltd.	-	-	-	-	-	-	-	0.07	-	-	0.07
Asher Foods Pvt. Ltd.	-	-	-	-	-	-	-	0.42	-	-	0.42
Smt. Sneha Anil Chaturvedi	-	-	-	-	-	-	-	0.45	-	-	0.45
<b>ICD rollover charges</b>											
Flornic Global Logistics Ltd.	-	-	-	-	-	-	-	0.20	-	-	0.20
<b>Remuneration</b>											
Mr. Amitabh Chaturvedi	153.25	102.27	1.74	-	-	-	-	-	153.25	-	1.74
Mr. Rajeev Douras	85.80	54.09	-	-	-	-	-	-	85.80	-	-
Mrs. Minal Chaturvedi	-	7.61	22.81	-	-	-	-	-	7.61	-	22.81
Mr. Sahyaswathi Rathi	72.98	36.52	-	-	-	-	-	-	72.98	-	-
Mr. Sornal Vira	40.98	18.32	-	-	-	-	-	-	40.98	-	-
Mrs. Deepanshi Shah	-	0.20	-	-	-	-	-	-	-	0.20	-
Mrs. Ruchi Nishar	6.74	2.62	-	-	-	-	-	-	6.74	-	2.62
Mr. Souvik DasGupta	54.19	29.47	-	-	-	-	-	-	54.19	-	29.47
Mrs. Minakshi Sahal	11.84	7.64	-	-	-	-	-	-	11.84	-	7.64
Mr. Yatish Ramakant Wadhwar	-	-	5.78	7.58	-	-	-	-	5.78	7.58	-
Mr. Ramesh Kumar Shukla	-	-	11.28	7.84	-	-	-	-	11.28	7.84	-
Mrs. Priyanka Agarwal	-	1.62	-	-	-	-	-	-	-	1.62	-
Mrs. Poojy Vishwakarma	1.22	0.15	-	-	-	-	-	-	1.22	0.15	-
Mr. Vatun Newelha	5.50	6.00	-	-	-	-	-	-	5.50	6.00	-
Mr. J. ahit Kumar Tapodia	5.50	-	-	-	-	-	-	-	5.50	-	-
Mrs. Anita Kejriwal	2.62	-	-	-	-	-	-	-	2.62	-	-
<b>Ex-gratia expense/bonus</b>											
Mr. Anurag Chaturvedi	-	-	25.00	-	-	-	-	-	-	-	25.00
Mrs. Minal Chaturvedi	-	-	26.20	-	-	-	-	-	-	-	26.20
Mr. Yatish Ramakant Wadhwar	-	-	2.00	-	-	-	-	-	2.00	-	-
Mr. Ramesh Kumar Shukla	-	-	2.00	-	-	-	-	-	2.00	-	-
<b>Interest Paid on Non Convertible Debenture</b>											
Mrs. Melek Anil Kumar	-	-	6.18	-	-	-	-	-	6.18	-	-
Mr. Sanjeev Kumar	-	-	12.56	-	-	-	-	-	12.56	-	-
Mrs. Kajal Sanjeev Kumar	-	-	11.84	-	-	-	-	-	11.84	-	-



Details of related party transactions during the year ended 31 March, 2024 and balances outstanding as at 31 March, 2024:

Particulars	Promoters / Promoter Group / Director & (KMP)		Relatives of Promoters / Promoter Group / Director & (KMP)		Entities in which Promoters / Promoter Group / Director & KMP and their relatives can exercise significant influence			Total	
	31-03-2024	31-03-2023	31-03-2024	31-03-2023	31-03-2024	31-03-2023	31-03-2022	31-03-2023	31-03-2022
<b>Outstanding balances as at year end</b>									
<b>Reimbursements payable</b>									
Mr. Rajeev Devdas	0.00	0.00	-	-	-	-	-	0.00	-
Mr. Subyasaich. Rath	0.17	0.02	-	-	-	-	-	0.17	-
Mrs. Sonal Vira	-	0.01	-	-	-	-	-	-	0.01
Mr. Ruchi Nishar	0.02	0.01	-	-	-	-	-	0.02	0.01
Mr. Souvik DasGupta	0.01	0.03	-	-	-	-	-	0.01	0.03
Ms. Mihirani Sahai	0.01	-	-	-	-	-	-	0.01	-
Mr. Yashish Ramakant Wadhavkar	-	-	-	0.01	-	-	-	-	0.01
Mr. Ramesh Kumar Shukla	-	-	-	0.01	-	-	-	-	0.01
Mrs. Minal Anantlath Charurvedi	-	-	0.35	-	-	-	-	0.02	-
<b>Salary Payable</b>									
Mr. Anantlath Charurvedi	-	-	21.75	-	-	-	-	-	21.75
Mrs. Minal Anantlath Charurvedi	-	-	11.89	-	-	-	-	-	11.89
<b>Salary Creditors</b>									
Abhishek Charurvedi	-	-	0.50	-	-	-	-	-	0.50
<b>Non Convertible Debenture</b>									
Mrs. Mehek Anil Kumar	-	-	100.00	-	-	-	-	-	-
Mr. Sameer Kumar	-	-	200.00	-	-	-	-	-	-
Mrs. Kajal Sanjeev Kumar	-	-	200.00	-	-	-	-	-	-
<b>Sale of Investments in Shares:</b>									
Abhishek Consultancy Services Pvt. Ltd.	-	-	-	-	-	-	123.68	-	123.68
<b>Other Receivables</b>									
Asher Foods Pvt. Ltd.	-	-	-	-	-	-	0.04	-	0.04
<b>Outstanding during the Year</b>									
<b>Loans given</b>									
Asher Foods Pvt. Ltd.	-	-	-	-	-	-	91.22	-	91.22
Flomic Global Logistics Ltd.	-	-	-	-	-	-	200.00	-	200.00
Mr. Anurag Charurvedi	-	-	25.41	28.11	28.11	30.25	-	25.41	30.25

Note - 55: Figures of the previous year have been regrouped, reclassified and recast, wherever necessary to conform to current year's classification

For and on behalf of the Board of Directors of  
 For Purple Finance Limited  
 (CIN: U67120MH11993PL075537)

ICAI's firm Registration Number: 128586W

As per our report of even date  
 For Jagan Patel & Associates  
 Chartered Accountants



Anantlath Charurvedi  
 Director  
 (DIN: 00197441)  
 Samal Vira  
 Chief Financial Officer

Rajeev Devdas  
 Director  
 (DIN: 02979519)  
 Subyasaich. Rath  
 Chief Executive Officer



Ruchi Nishar  
 (Membership No. A68260)  
 Company Secretary

# Purple Finance Limited

[CIN: U67120MH1993PLC075037]

## Note 1 - Significant accounting policies

### A Company Information

Purple Finance Limited is a Public Limited Company with registered office at Room No. 11, 1st Floor, Indu Chamber 349/353, Samuel Street, Vadgadi, Masjid Bunder (West), Mumbai, MH 400 003 IN and corporate office at 705/ 706, 7th Floor, Hallmark Business Plaza, Opp. Gurunanak Hospital, Bandra East, Mumbai, MH, IN, 400 051. The Company is registered under section 45-IA of the Reserve Bank of India Act 1934 as a NBFC - Investment & Credit Company (Non-Deposit) and is in the lending business of primarily lending loans to Corporate & Non-corporate entities.

Pursuant to the Hon'ble National Company Law Tribunal, Mumbai bench's ("NCLT") approval of the Scheme of Merger by Absorption, Canopy Finance Ltd (CFL) with its entire undertaking amalgamated with the company. Prior to initiating the application process with NCLT, the said scheme had already garnered endorsement from the Reserve Bank of India ("RBI"), Bombay Stock Exchange ("BSE"), and The Calcutta Stock Exchange ("CSE"). Upon the receipt of the signed order from NCLT on 15th February 2024, our company diligently submitted form INC 20 to the Registrar of Companies, Mumbai on 29th February 2024.

Furthermore, we have initiated the requisite procedures for obtaining listing approval and trading approval as applicable from both BSE and CSE on 19th March 2024. Notably, we are pleased to announce that we have received in principle approval for listing from BSE on 18th April 2024. While we eagerly await approval from CSE, the process is currently underway.

### B Significant Accounting Policies

#### 1 Basis of preparation:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015, as amended by the Companies (Indian Accounting Standards) Rules, 2016, notified under the Section 133 of the Companies Act, 2013 ('the Act') and other relevant provisions of the Companies Act, 2013. The financial statements have been prepared under the historical cost convention, except for certain financial instruments that are measured at fair values at the end of each reporting period. The financial statements have been prepared as per the guidelines issued by the RBI as applicable to a NBFCs and other accounting principles generally accepted in India. Any applicable guidance / clarifications / directions issued by RBI or other regulators are implemented as and when they are issued / applicable.

The regulatory disclosures as required by Master Direction - Non-Banking Financial Company - Systemically Important Non- Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued by the RBI are prepared as per the Ind AS financial statements, pursuant to the RBI notification on Implementation of Indian Accounting Standards, dated March 13, 2020. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

In the preparation of the financial statements, Management makes estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the year. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these judgements, assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

The financial statements are presented in Indian Rupees in thousands (INR '000 or Rs. in '000) which is also the functional currency of the Company and all values are rounded to the nearest thousand, except when otherwise indicated.

For all periods up to and including the year ended March 31, 2023, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP). These financial statements for





# Purple Finance Limited

[CIN: U67120MH1993PLC075037]

## Note 1 - Significant accounting policies

the year ended 31 March 2024 are the first the Company has prepared in accordance with Ind AS. Refer to notes for information on how the Company adopted Ind AS.

### 2 Presentation of financial statements:

The financial statements of the Company are presented as per Schedule III (Division III) of the Companies Act, 2013 applicable to Non-banking Finance Companies (NBFCs), as notified by the MCA. The Statement of Cash Flows is presented as per the requirements of Ind AS 7 - Statement of Cash Flows. The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements alongwith the other notes required to be disclosed under the notified Ind AS. Financial assets and financial liabilities are generally reported on a gross basis except when, there is an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event and the parties intend to settle on a net basis in the following circumstances:

- (i) The normal course of business
- (ii) The event of default
- (iii) The event of insolvency or bankruptcy of the Company and/or its counterparties

### 3 Financial instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### Initial recognition and measurement

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at their fair value adjusted for transaction costs/fees which are directly attributable to acquisition of financial assets or financial liabilities, except in the case of financial assets and financial liabilities recorded at FVTPL in which case transaction costs/fees are recognised immediately in statement of profit and loss. A financial asset and a financial liability is offset and presented on net basis in the balance sheet when there is a current legally enforceable right to set-off the recognised amounts and it is intended to either settle on net basis or to realise the asset and settle the liability simultaneously.

#### Financial assets:

The Company assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Company's business model for managing the asset.

The Company has more than one business model for managing its financial instruments which reflect how the Company manages its financial assets in order to generate cash flows. The Company's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Company considers all relevant information available when making the business model assessment. However, this assessment is performed on the basis of scenarios that the Company reasonably expects to occur and not so-called 'worst case' or 'stress case' scenarios.

The Company reassess its business models each reporting period to determine whether the business models have changed since the preceding period. If the business model under which the Company holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that result in reclassifying the financial assets.

Based on the business model for managing the assets and the asset's contractual terms, the Company classifies its financial assets into one of the following three measurement categories:



*Just*

*J*



# Purple Finance Limited

[CIN: U67120MH1993PLC075037]

## Note 1 - Significant accounting policies

### (a) Financial assets at amortised cost:

Financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

### (b) Financial assets at fair value through other comprehensive income (FVTOCI):

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to sole payments of principal and interest on the principal amount outstanding and by selling financial assets.

### (c) Financial assets at fair value through profit or loss (FVTPL):

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

## Derecognition

### Derecognition of financial assets due to substantial modification of terms and conditions

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be Purchased or Originated as Credit Impaired (POCI).

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

### Derecognition of financial assets other than due to substantial modification

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

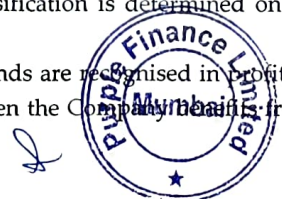
The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

On derecognition of a Financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the Statement of profit and loss.

## Equity Instruments

The Company subsequently measures all equity investments other than investment in subsidiaries and associates, Joint Ventures, at fair value through profit or loss, unless the Company's management has elected to classify irrevocably some of its equity investments as equity instruments at FVOCI, when such instruments meet the definition of Equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss. Dividends are recognised in profit or loss as dividend income when the right of the payment has been established, except when the Company has a claim from



# Purple Finance Limited

[CIN: U67120MH1993PLC075037]

## Note 1 - Significant accounting policies

such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI (Other Comprehensive Income). Equity instruments at FVOCI are not subject to an impairment assessment

### Financial liabilities

Financial liabilities, including derivatives, which are designated for measurement at FVTPL, are subsequently measured at fair value. All other financial liabilities including debt securities and borrowings are measured at amortised cost using Effective Interest Rate (EIR) method.

### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the Statement of Profit and Loss. As at the reporting date, the Company does not have any financial liabilities which have been derecognised.

### Impairment of financial assets

#### Overview of the ECL Principles

The Company records allowance for expected credit losses for all financial assets other than FVTPL, together with loan commitments. Equity instruments are not subject to impairment.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both Lifetime ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The company has currently grouped all its loan into a single portfolio.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. Based on the above process, the Company categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

#### Stage 1

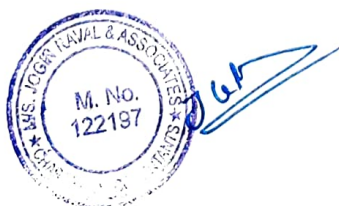
All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 or Stage 3. The company records allowance based on twelve months ECL.

#### Stage 2

All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. The company records allowance for Lifetime ECL.

#### Stage 3

All exposures assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred are classified in this stage. The company records allowance for Lifetime ECL.



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# Purple Finance Limited

[CIN: U67120MH1993PLC075037]

## Note 1 - Significant accounting policies

### The calculation of ECLs

The Company calculates ECLs based on a probability-weighted scenarios and historical data to measure the expected cash shortfalls. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. ECL consists of three key components:

#### Probability of default (PD) :

The probability of default ('PD') is the likelihood that an obligor will default on its obligations in the future. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio

#### Exposure At Default ("EAD"):

The amount which the obligor will owe to the Company at the time of default is defined as the exposure at default (EAD). Exposure at default (EAD) is the sum of outstanding principal and the interest amount accrued but not received on each loan as at reporting date.

#### Loss Given Default ("LGD"):

Loss given default estimates the normalised loss which company incurs post customer default. It is computed through recovery observed in delinquent accounts over a period of time. It is always expressed as %age of outstanding amount and not in count. It is based on the difference between contractual cash flows that are due and expected to be received including from the collateral if any.

### Forward looking information

While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and the market it operates in. On a periodic basis, the Company monitors the situation and economic factors affecting the operations of the company and assesses the requirement of any modification to ECL model.

### Provisioning for Trade Receivables and other financial assets at amortized cost:

In addition to the ECL for loans as prescribed above, the Company also holds other financial assets such as balances with Bank, trade receivables and other financial assets. The Company recognizes ECL on such assets based on the historical loss experience measures (e.g. write off rates / provision g rates) adjusted for expected losses in the future keeping in mind the nature of industry and credit ratings of such counter-parties. The amount is currently not expected to have a significant impact and the company will periodically assess the same.

#### Write off:

Loans and debt securities are written off when the Company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

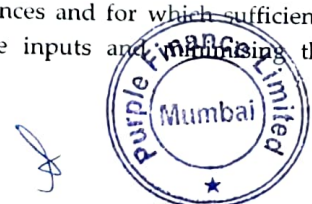
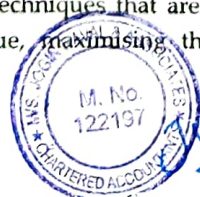
## 4 Fair value measurement

At initial recognition, all financial instruments are measured at fair value. For subsequent measurement, the company measures certain categories of financial instruments at fair value on each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i. In the principal market for the asset or liability, or
- ii. In the absence of a principal market, in the most advantageous market for the asset or liability.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.



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## Note 1 - Significant accounting policies

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which all inputs which have a significant effect on the recorded fair values are observable, either directly or indirectly.

Level 3 - Valuation techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data..

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between the levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

### 5 Property, plant and equipment (PPE):

An item of property, plant and equipment that qualifies as an asset is measured on initial recognition at cost. Following initial recognition, items of property, plant and equipment are carried at its cost less accumulated depreciation and accumulated impairment losses. The total cost of assets comprises its purchase price, freight, duties, taxes and any other incidental expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Subsequent expenditure related to an item of tangible asset are added to its gross value only if it increases the future benefits of the existing asset, if it is probable that future economic benefit will flow to the Company from that expenditure and cost can be measured reliably. Other repairs and maintenance costs are expensed of as and when incurred.

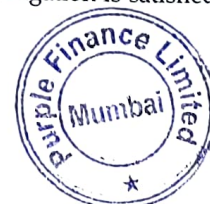
#### Depreciation

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives which is in line with the estimated useful life as specified in Schedule II of the Companies Act, 2013.

The estimated useful lives are as follows:

Particulars	Useful life estimated
Furniture and Fixtures	10 years
Vehicles	8 years
Office Equipment's	5 years
Computers	3 years

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. Property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income/ expense in the Statement of Profit and Loss in the year the asset is derecognised. Depreciation on assets acquired/ sold during the year is recognised on a pro rata basis to the Statement of Profit and Loss from/ upto the date of acquisition/ sale. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.



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## Note 1 - Significant accounting policies

### 6 Intangible assets:

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset comprises its purchase price and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight line basis over the useful economic life. The estimated useful life of intangible assets is mentioned below :

Particulars	Useful life estimated
License fees	10 years
Computer softwares	3 years

The amortization period and the amortization method for an intangible asset with finite useful life is reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate. Amortisation on assets acquired/sold during the year is recognised on a pro-rata basis to the Statement of Profit and Loss from/ upto the date of acquisition/ sale.

Goodwill is not subject to amortisation and is tested annually for impairment. Goodwill is carried at cost less accumulated impairment losses. An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are recognised in profit or loss when the asset is derecognised.

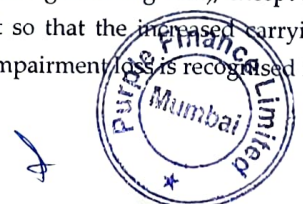
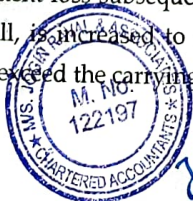
### 7 Impairment of non-financial assets, wherever applicable

As at the end of each accounting year, the Company reviews the carrying amounts of its PPE and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the PPE and intangible assets are tested for impairment so as to determine the impairment loss, if any. Goodwill and the intangible assets with indefinite life are tested for impairment each year. Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:

- in the case of an individual asset, at the higher of the net selling price and the value in use; and
- in the case of a cash generating unit (the smallest identifiable group of assets that generates independent cash flows), at the higher of the cash generating unit's net selling price and the value in use.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, such deficit is recognised immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. For this purpose, the impairment loss recognised in respect of a cash generating unit is allocated first to reduce the carrying amount of any goodwill allocated to such cash generating unit and then to reduce the carrying amount of the other assets of the cash generating unit on a pro-rata basis.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit), except for allocated goodwill, is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for



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## Note 1 - Significant accounting policies

the asset (or cash generating unit) in prior years. A reversal of an impairment loss (other than impairment loss allocated to goodwill) is recognised immediately in the Statement of Profit and Loss.

### 8 Revenue recognition:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured and there exists reasonable certainty of its recovery. Revenue is measured at the fair value of the consideration received or receivable as reduced for estimated customer credits and other similar allowances.

#### (I) Interest income:

Interest income is recognised by applying the effective Interest Rate (EIR) to the gross carrying amount of financial assets measured at amortised cost other than credit-impaired assets and financial assets classified as measured at FVTPL. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of a financial asset. The EIR is calculated by taking into account the fees and costs that are an integral part of the EIR.

Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets. Interest income on credit impaired assets is recognised by applying the effective interest rate to the net amortised cost (net of ECL provision) of the financial asset.

Interest on delayed payments by customers are treated to accrue only on realisation, due to uncertainty of realisation and are accounted accordingly.

#### (II) Fees & Commission Income

Fees and commissions are recognised at point in time when the Company satisfies the performance obligation, at the amount of transaction price (net of variable consideration) allocated to that performance obligation based on a five-step model as set out below, unless included in the effective interest calculation:

**Step 1:** Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

**Step 2:** Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

**Step 3:** Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

**Step 4:** Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

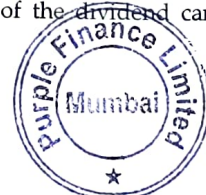
**Step 5:** Recognise revenue when (or as) the Company satisfies a performance obligation.

#### (III) Other Operational revenue

Other operational revenue represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

#### (IV) Dividend income:

Dividend income is recognised when the Company's right to receive the payment is established and it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably.



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## Note 1 - Significant accounting policies

### (V) Net gain or fair value change:

Any differences between the fair values of financial assets classified as fair value through the profit or loss held by the Company on the balance sheet date is recognised as an unrealised gain/loss. In cases there is a net gain in the aggregate, the same is recognised in 'Net gains on fair value changes' under Revenue from operations and if there is a net loss the same is disclosed under 'Expenses' in the Statement of Profit and Loss.

Similarly, any realised gain or loss on sale of financial instruments measured at FVPTL and debt or equity instruments measured at FVOCI (if any) is recognised in net gain / loss on fair value changes.

### 9 Borrowing costs:

Borrowing costs include interest expense calculated using the effective interest method. Borrowing costs net of any investment income from the temporary investment of related borrowings, that are attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### 10 Retirement and other employee benefit:

#### Short term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised as an expense during the period. Benefits such as salaries and wages, etc. and the expected cost of the bonus/ex-gratia are recognised in the period in which the employee renders the related service.

#### Post - employment employee benefits

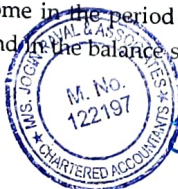
##### a. Defined Contribution Schemes

All the employees of the Company are entitled to receive benefits under the provident Fund and employees State Insurance scheme, defined contribution plans in which both the employee and the Company contribute monthly at a stipulated rate. The Company has no liability for future benefits other than its annual contribution and recognises such contributions as an expense in the period in which employee renders the related service. If the contribution payable to the scheme for service received before the Balance Sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the Balance Sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

##### b. Defined Benefit Schemes

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated years mentioned under 'The Payment of Gratuity Act, 1972'. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation, carried out by an independent actuary at each Balance Sheet date, using the Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized directly in the other comprehensive income in the period in which they occur. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Remeasurements are not reclassified to the statement of profit and loss in the subsequent periods.





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## Note 1 - Significant accounting policies

The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

### c Employee Stock Options

Eligible employees in terms of the Employees Stock Options Scheme of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in Share Option Outstanding Reserves in equity, over the period in which the performance and / or service conditions are fulfilled i.e. over the vesting period. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

The Statement of Profit and Loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense. No expense is recognised for awards that do not ultimately vest.



A handwritten signature in blue ink, appearing to be "J.R.", written over the stamp.



A handwritten signature in blue ink, appearing to be a stylized "P", written to the left of the stamp.

# Purple Finance Limited

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## Note 1 - Significant accounting policies

### 11 Leases:

#### The Company as a lessee

The Company mainly has lease arrangements for land and buildings for offices.

The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether :

- (i) the contract involves the use of an identified asset,
- (ii) the Company has substantially all the economic benefits from the use of the asset through the period of the lease, and
- (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-to-use asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases.

The ROU asset is initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The ROU asset is depreciated using the straight-line method from the commencement date to the earlier of, the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of ROU assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made and remeasured (with a corresponding adjustment to the related ROU asset) when there is a change in future lease payments in case of renegotiation, changes of an index or rate or in case of reassessment of options.

The company has applied the exemptions under IND AS 101 for First Time Adoption of Ind AS. Accordingly the company, has used a single discount rate for lease with similar characteristics and measured a lease liability at the date of transition at present value of remaining lease payments using the incremental borrowing rate (discount rate) as at the date of transition. Right of use assets is measured at an amount equal to lease liability at transition date.

#### **Short term leases and leases of low-value assets**

The Company has elected not to recognize ROU assets and lease liabilities for short term leases as well as low value assets and recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Further under the exemption under IND AS 101, the company has elected not to apply Ind AS 116 to leases for which the lease term ends within 12 months of the transition date i.e., 1st April 2022.

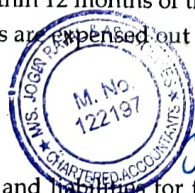
The lease payments are expensed out as per lease term in the statement of Profit and Loss.

### 12 Taxation:

#### **Current tax**

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside the Statement of Profit and Loss is recognised outside the Statement of Profit and Loss (either in other comprehensive income or in equity). Management periodically evaluates



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## Note 1 - Significant accounting policies

positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Company's financial statements and the corresponding tax bases used in computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. However, in case of temporary differences that arise from initial recognition of assets or liabilities in a transaction affect neither the taxable profit nor the accounting profit, deferred tax liabilities are not recognized.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary difference can be utilized. In case of temporary differences that arise from initial recognition of assets or liabilities in a transaction that affect neither the taxable profit nor the accounting profit, deferred tax assets are not recognized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefits of part or all of such deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

### Presentation of current and deferred tax

Current and deferred tax are recognized as income or an expense in the Statement of Profit and Loss, except when they relate to items that are recognized in Other Comprehensive Income, in which case, the current and deferred tax income/expense are recognized in Other Comprehensive Income.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the Company has a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Company.

## 13 Foreign currency translation

The standalone financial statements are presented in Indian Rupees which is also functional currency of the Company and the currency of the primary economic environment in which the Company operates

### Transaction and balances

#### (i) Initial recognition

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

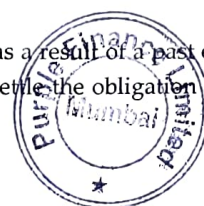
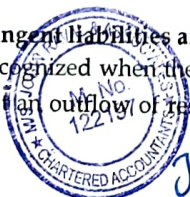
#### (ii) Conversion

Monetary assets and liabilities denominated in foreign currency, which are outstanding as at the reporting date, are translated at the reporting date at the closing exchange rate and the resultant exchange differences are recognised in the Statement of profit and Loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition.

## 14 Provisions, contingent liabilities and contingent assets:

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a



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reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimate

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements. Contingent liabilities are reviewed at each Balance Sheet date.

Contingent assets are disclosed where an inflow of economic benefits is probable.

### 15 Statement of cash flows:

Cash flows are reported under the 'Indirect method' as set out in Ind AS 7 on 'Statement of Cash Flows, whereby net profit after tax is adjusted for the effects of transactions of non-cash nature, tax and any deferrals or accruals of past or future cash receipts or payments. The cash flows are prepared for the operating, investing and financing activities of the Company

### 16 Cash and bank balances:

Cash and cash equivalents comprise cash at bank and on hand, short term deposits and highly liquid investments with an original maturity of three months or less, which are readily convertible in cash and subject to insignificant risk of change in value. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

### 17 Earnings per share:

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

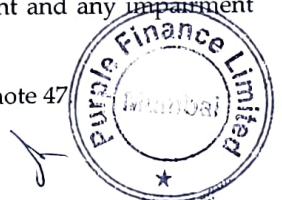
### 18 Business Combination:

The Company applies the acquisition method of accounting for business combinations where common control does not exist. The consideration transferred by the Company for the acquisition of business comprises of fair value of the assets transferred, liabilities incurred, and the equity interests issued by the Company as at the acquisition date i.e. the date on which it obtains the control of the acquire. The acquisition related costs are recognised in the statement of profit and loss as incurred, except to the extent related to the issue of debt or equity securities.

Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values on the acquisition date.

Goodwill is initially measured at cost, being the excess of the consideration transferred over the fair value of the net identifiable assets acquired. After initial recognition, Goodwill is tested annually for impairment and any impairment loss for Goodwill is recognised in the statement of profit and loss.

Further details and impact of this merger on financial statements of the Company is disclosed in note 47



# Purple Finance Limited

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## Note 1 - Significant accounting policies

### (C) Significant Accounting Judgements, Estimates and Assumptions

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

#### i) Business Model Assessment

Classification and measurement of financial assets depends on the results of the Solely for Payment of Principal and Interest and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement used by the company in determining the business model including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed. The Company monitors financial assets that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held.

#### ii) Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

#### iii) Fair value measurement

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

#### iv) Impairment of loans portfolio

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

#### v) Provisions

The timing of recognition and quantification of the liability (including litigations) requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

#### vi) Effective Interest Rate (EIR) method

The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost) before



# Purple Finance Limited

[CIN: U67120MH1993PLC075037]

## Note 1 - Significant accounting policies

any impairment allowance) or to the amortised cost of a financial liability. This estimation, by nature, requires an element of judgement regarding the expected behaviour and life- cycle of the instruments and other fee income / expense that are integral parts of the instrument.

### vii) Right-of-Use Assets and Lease Liability

The Company has exercised judgement in determining the lease term as the non - cancellable term of the lease, together with the impact of options to extend or terminate the lease if it is reasonably certain to be exercised. Where the rate implicit in the lease is not readily available, an incremental borrowing rate is applied. This incremental borrowing rate reflects the rate of interest that the lessee would have to pay to borrow over a similar term, with a similar security, the funds necessary to obtain an asset of a similar nature & value to the right of use asset in a similar economic environment. Determination of the incremental borrowing rate requires estimation.

### viii) Income taxes

Judgment of the Management is required for the calculation of provision for income taxes and deferred tax assets and liabilities. The company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from the actual outcome which could lead to significant adjustment to the amounts reported in the financial statements .





**PURPLE FINANCE LIMITED**

UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE, 2024

(Rs. In Lakhs)

Particulars	Standalone			
	Quarter ended 30.06.2024	Quarter ended 30.06.2023	Quarter ended 31.03.2024	Year ended 31.03.2024
	[Unaudited]	[Unaudited]	[Unaudited]	[Audited]
<b>1. Revenue from operations</b>				
(a) Interest income	172.78	28.23	118.32	290.44
(b) Fees and commission income	24.79	5.21	23.84	54.05
(c) Sale of services	-	1.20	0.50	8.90
(d) Dividend income	-	0.25	0.28	1.95
(e) Net gain on fair value changes	2.33	38.08	-	86.91
(f) Other Operating Income	-	-	-	-
<b>Total revenue from operations</b>	<b>199.90</b>	<b>72.98</b>	<b>142.94</b>	<b>442.24</b>
Other income	13.06	-	1.67	1.98
<b>Total income</b>	<b>212.96</b>	<b>72.98</b>	<b>144.61</b>	<b>444.22</b>
<b>2. Expenses</b>				
(a) Finance costs	87.25	4.84	37.47	104.11
(b) Impairment on financial instruments	2.19	0.23	2.23	4.81
(c) Net loss on fair value changes	-	-	31.00	-
(d) Employee benefit expenses	400.61	228.16	348.94	1,165.31
(e) Depreciation, amortization and impairment	35.08	24.67	33.37	117.69
(f) Other expenses	102.49	50.08	160.25	378.12
<b>Total expenses</b>	<b>627.62</b>	<b>307.98</b>	<b>633.26</b>	<b>1,770.04</b>
<b>3. Profit/(Loss) before exceptional items (1-2)</b>	<b>(414.66)</b>	<b>(235.00)</b>	<b>(488.65)</b>	<b>(1,325.82)</b>
4. Exceptional items	-	-	-	-
<b>5. Profit/(Loss) before tax (3+4)</b>	<b>(414.66)</b>	<b>(235.00)</b>	<b>(488.65)</b>	<b>(1,325.82)</b>
<b>6. Tax expense</b>				
(a) Current tax	-	-	-	-
(a) Deferred tax	7.96	0.47	(543.11)	(564.55)
<b>7. Net Profit / (Loss) for the period/year after tax (5-6)</b>	<b>(422.62)</b>	<b>(235.47)</b>	<b>56.45</b>	<b>(761.27)</b>
<b>8. Other comprehensive income ( net of tax expense)</b>				
<b>(i) Items that will not be reclassified to profit and loss</b>				
(a) Remeasurement of defined benefit scheme	(0.04)	-	(0.04)	(0.16)
(b) Tax on above	0.01	-	0.01	0.04
<b>(ii) Items that will be reclassified to profit and loss</b>	-	-	-	-
<b>9. Total Comprehensive income for the period</b>	<b>(422.63)</b>	<b>(235.47)</b>	<b>56.43</b>	<b>(761.38)</b>
<b>10. Paid-up Equity Share Capital</b> (Face value Rs. 10/-)	3,361.50	2,302.20	3,361.50	3,361.50
11. Reserves excluding revaluation reserves	-	-	-	1,471.46
<b>12. EPS (Not annualised)</b>				
(a) (i) Basic EPS before Extraordinary items	(1.26)	(1.02)	0.17	(2.27)
(ii) Diluted EPS before Extraordinary items	(1.26)	(1.02)	0.17	(2.27)

**Notes:**

1. Previous year/period figures have been regrouped/reclassified wherever necessary.
2. The above financial results are published in accordance with Regulation 33 of the SEBI (Listing Obligation & Disclosure Requirements), 2015



## PURPLE FINANCE LIMITED

### UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE, 2024

have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 29th July, 2024. The financial results are in accordance with the Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

- 3 The Company applied for listing and trading approval with both BSE Limited ("BSE") and Calcutta Stock Exchange Limited ("CSE") on 19th March 2024. The Company has subsequently received trading approval from BSE on 14th June 2024 and from CSE on 18th June 2024.
- 4 The Company is in the process of issuing shares by way of rights issue. The expenses directly related to this rights issue have been debited to the Company's reserves instead of being charged to the Profit and Loss Statement for the period under review.
- 5 The Company has classified a loan with an outstanding balance of ₹6.41 lakhs as substandard. This amount forms part of the total loans given, which amounts to ₹3,840.79 lakhs. A provision for impairment of ₹0.02 lakhs has been created in accordance with regulatory requirements.
- 6 The Company issued non-convertible debt securities (NCDs) amounting to Rs 5 crore, on which interest is paid quarterly as per the terms set out in the issuance. The due date for the payment of interest on these NCDs was June 30, 2024. The interest payment was made on time, in accordance with the terms and conditions of the securities. The next scheduled interest payment date for these NCDs is September 30, 2024, following the quarterly payment schedule specified in the issuance terms.
- 7 The balances appearing under, trade payables, trade receivables, loans and advances, other current liabilities and banks are subject to confirmation and reconciliation and consequential adjustment, if any, will be accounted for in the year of confirmation and/or reconciliation.
- 8 The company operates in only one segment and hence Ind AS-108 "Operating Segment" is not applicable to the company.
- 9 The financial results of the Company for the period under review have been subject to a first-time limited review. Accordingly, the figures presented for the previous periods are based on estimates.

#### For Purple Finance Limited

  
Amitabh Chaturvedi  
Executive Chairman  
DIN : 00057441  
Place: Mumbai  
Date: 29th July, 2024



#### Purple Finance Limited





**LIMITED REVIEW REPORT ON QUARTER ENDED UN-AUDITED FINANCIAL RESULTS**

To,  
The Board of Directors  
Purple Finance Ltd  
Mumbai

1. We have reviewed the accompanying statement of unaudited financial results of Purple Finance Limited ('the Company') for the quarter ended June 30, 2024 ('the Statement') attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('the Regulations').
2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 'Interim Financial Reporting' ('Ind AS 34'), prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with relevant rules issued thereunder and in compliance with the Regulations and directions issued by the Reserve Bank of India ("the RBI") from time to time, applicable to NBFC ("the RBI guidelines"), the listing regulations and other recognized accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as stated in above, nothing has come to our attention that causes us to believe that the accompanying Statement of unaudited financial results prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under Section 133 of the Act read with relevant rules issued thereunder and other recognized accounting principles generally accepted in India has not disclosed the information required to be disclosed in terms of the Regulations including the manner in which it is to be disclosed, or that it contains any material misstatement.

**For Jogin Raval & Associates**  
**Chartered Accountants**

ICAI's Firm Registration number: 128586W



Jogin K. Raval  
Proprietor

Membership Number: 122197

Place: Mumbai

Date: 29<sup>th</sup> July, 2024

UDIN: 24122197BKAOQT4518

## OTHER FINANCIAL INFORMATION

The following tables present certain accounting and other ratios compared on the basis of amounts derived from the Restated Financial Statements and Unaudited Financial Results. For details, see "*Financial Statements*" on page 102 of this Letter of Offer.

Particulars	June 30, 2024	March 31, 2024	March 31, 2023	March 31, 2022
Basics Earnings / (loss) per share (in ₹)	-1.26	-2.27	-2.31	-14.06
Diluted Earnings / (loss) per share (in ₹)	-1.26	-2.27	-2.31	-14.06
Return on Net worth	-9.56%	-15.75%	-36.58%	-45.98%
Net asset value per Equity share (in ₹)	13.16	14.38	7.51	7.80
EBITDA (₹ in Lakhs)	-292.33	-1,104.26	-540.71	-731.70

Below are the reconciliations to non-GAAP measures presented in this Letter of Offer:

1) Reconciliation of Net Worth

*(₹ in Lakhs)*

Particulars	June 30, 2024	March 31, 2024	March 31, 2023	March 31, 2022
Equity Share Capital (A)	3,361.50	3,361.50	2,302.20	2,053.86
Other Equity (B)	1,061.23	1,471.46	-572.55	-451.72
<b>Networth (C=A+B)</b>	<b>4,422.73</b>	<b>4,832.96</b>	<b>1,729.65</b>	<b>1,602.14</b>

2) Reconciliation of return on net worth

*(₹ in Lakhs)*

Particulars	June 30, 2024	March 31, 2024	March 31, 2023	March 31, 2022
Profit / (loss) for the period / year (A)	-422.65	-761.38	-632.78	-736.74
Equity Share Capital (B)	3,361.50	3,361.50	2,302.20	2,053.86
Other Equity (C)	1,061.23	1,471.46	-572.55	-451.72
<b>Return on Networth (%) (D= A/(B+C))</b>	<b>-9.56%</b>	<b>-15.75%</b>	<b>-36.58%</b>	<b>-45.98%</b>

3) Reconciliation of net asset value per Equity Share

*(₹ in Lakhs)*

Particulars	June 30, 2024	March 31, 2024	March 31, 2023	March 31, 2022
Equity Share Capital (A)	3,361.50	3,361.50	2,302.20	2,053.86
Other Equity (B)	1,061.23	1,471.46	-572.55	-451.72
Number of Equity shares outstanding at the period / year end (C) (Numbers)	3,36,14,954	3,36,14,954	2,30,21,953	2,05,38,619
<b>Net Asset Value per Equity Share (E= (A+B)/C)</b>	<b>13.16</b>	<b>14.38</b>	<b>7.51</b>	<b>7.80</b>

4) Reconciliation of the Profit / (loss) for the period / year to EBITDA

*(₹ in Lakhs)*

Particulars	June 30, 2024	March 31, 2024	March 31, 2023	March 31, 2022
Profit / (loss) for the period / year (A)	-422.65	-761.38	-632.78	-736.74
Total tax expense + other comprehensive Income (B)	7.99	-564.67	10.13	-14.66
Finance costs (C)	87.25	104.11	15.05	5.00
Depreciation and amortization expense (D)	35.08	117.69	66.90	14.69
<b>EBITDA (E=A+B+C+D)</b>	<b>-292.33</b>	<b>-1,104.26</b>	<b>-540.71</b>	<b>-731.70</b>

**Notes to Accounting Ratios:**

- a. Basic and diluted earnings/ (loss) per equity share: Basic and diluted earnings/ (loss) per equity share are computed in accordance with Indian Accounting Standard 33 notified under the Companies (Indian Accounting Standards) Rules of 2015 (as amended).
- b. Return on Net worth Ratio: Restated profit / (loss) for the year of the Company divided by Net Worth of the Company at the end of the year.
- c. Net Asset Value is the Net Worth of the Company.
- d. Net asset value per equity share is calculated by dividing Net Worth by the number of Equity Shares outstanding as at the end of the period/year.
- e. EBITDA is calculated as restated profit for the year plus total tax expenses, depreciation expenses, finance costs and exceptional items.
- f. "Net Worth" means the aggregate value of the paid-up share capital and other equity.
- g. Figures and Ratios for the period June 30, 2024 have not been annualized.

## CAPITALISATION STATEMENT

The following table sets forth the capitalisation statement as of March 31, 2024, on the basis of our Restated Financial Information and financial records as derived from the books of accounts, and as adjusted for the Issue. This table should be read in conjunction with "Risk Factors", "Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations", on pages 22,102 and 154, respectively.

### Statement of Capitalization

Particulars*		(₹ in lakhs)	
		Pre-Issue as at 31st March 2024	As adjusted for the issue (Post Issue)*
<b>Borrowings:</b>			
Current borrowings	<b>A</b>	409.78	409.78
Non-current borrowings	<b>B</b>	1,803.04	1,803.04
<b>Total borrowings</b>	<b>C=A+B</b>	<b>2,212.82</b>	2,212.82
<b>Shareholder's fund (Net worth)</b>			
Share Capital	<b>D</b>	3,361.50	4,481.99
Other Equity	<b>E</b>	1,471.46	4,832.96
<b>Total shareholder's fund (Net worth)</b>	<b>F=D+E</b>	<b>4,832.96</b>	9,314.95
<b>Non-current borrowing's/shareholder's fund (Net worth) ratio</b>	<b>B/F</b>	8.48%	19.36%
<b>Total borrowings /shareholders' funds (Net worth) ratio</b>	<b>C/F</b>	45.79%	23.76%

\*To be updated in the Letter of Offer

### Notes:

- Non-current borrowings are considered as borrowings other than short term borrowings and include current maturities of long-term borrowings from related parties.
- The Current borrowings are considered as borrowings which are repayable on demand and Cash Credits from banks.
- The amounts disclosed above are based on the Restated Financial Statements of the Company.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

### ANNEXURE – I

#### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

##### **FORWARD LOOKING STATEMENTS:**

*Statements in this Management Discussion and Analysis of Financial Condition and Results of Operations of the Company describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. Forward looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company assumes no responsibility to publicly amend, modify or revise forward – looking statements, on the basis of any subsequent developments, information, or events. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include determination of tariff and such other charges and levies by the regulatory authority, changes in government regulations, tax laws, economic developments within the country and other factors affecting the operations of the business of the company.*

*The Financial Statements are prepared under historical cost convention, on accrual basis of accounting and in accordance with the provisions of the Companies Act, 2013 (the "Act") and comply with the Accounting Standards notified under section 133 of the Act and SEBI guidelines. The Management of Purple Finance Limited ("PFL") has used estimates and judgments relating to the financial statements on a prudent and reasonable basis, to reflect the true and fair view of the state of the affairs of the company and profit for the year.*

*The following discussion on our financial conditions and results of operations should be read together with our restated financial statement and the notes to these statements which are part of the Annual report.*

*Unless otherwise stated or the context otherwise require, all reference herein to "we", "us", "our", "your", "the Company", "PFL" or "Purple Finance" are to be taken as "Purple Finance Limited".*

##### **Business Overview**

Purple Finance Limited was originally incorporated as a Private Limited Company under the name of "Devipura Balaji Securities & Investments Private Limited" under the provisions of the Companies Act, 1956 on November 09, 1993 issued by the Registrar of Companies, Mumbai, Maharashtra. The Company was subsequently converted into Public Limited Company as "Devipura Balaji Securities & Investments Limited" vide fresh Certificate of Incorporation dated July 20, 1998. The Company was registered under section 45-IA of The Reserve Bank of India Act, 1934 and received the certificate of registration from Reserve Bank of India ("RBI") dated July 20, 1999, having Registration no. 13.01268 to commence/ carry on the business of non-banking financial institution without accepting deposits. Our Company is registered with RBI as a Base Layer Non-Systemically Important Non-Deposit taking Non-Banking Finance Company (NBFC-ND-ICC). Devipura Balaji Securities & Investments Limited acquired K K Financial Services Private Limited on September 13, 2013. Pursuant to the aforesaid acquisition, the Company applied for name change to Registrar of Companies, Mumbai and received a Certificate of Registration approving change in name to 'Purple Finance Limited' vide Certificate of Incorporation dated November 26, 2013.

Further, the Hon'ble NCLT, Mumbai Bench on February 15, 2024 has approved the Scheme of Merger by Absorption of Canopy Finance Limited by Purple Finance Limited. Pursuant to the merger of the Company with CFL, the equity shares of the Company have been listed on BSE w.e.f. June 14, 2024 and on CSE w.e.f. June 18, 2024.

##### **Overview of our Company Operations**

PFL ventured into retail MSME secured lending in October 2022 and operates in tier II, III & tier IV cities, offering loans to micro and small entrepreneurs in a ticket size between ₹3 lakh to ₹30 lakh. PFL leverages technology to make its processes more efficient. It has built a robust tech platform for underwriting that enables

seamless and paperless loan approvals. PFL has opened 25 branches has empowered more than 2000 lives through best of technology adoption and giving them access to affordable, adequate and timely credit. In an era where MSMEs are the backbone of Indian economy, PFL's role as a lending Company has never been more critical. PFL has not only provided financial support but also served as a guiding force for several small entrepreneurs, helping them turn their dreams into thriving businesses. PFL intends to become a new age digital NBFC inter-alia currently engaged in the business of offering small size secured business loans across India predominantly in tier II, III & tier IV cities. PFL with its superior technology platform aspires to simplify the existing processes in the mortgages segment and is confident of making a difference to the MSME borrowers with simplified funding options and timely loan disbursements.

#### Significant Factors Affecting our Results of Operations and Financial Conditions

We believe that the following factors may have significant impact our results of operations and financial condition during the periods under review and may continue to affect our results of operations and financial condition in the future.

1. **Credit Risk:** Purple Finance Limited faces the risk of loss resulting from borrowers or counterparties failing to meet their financial or contractual obligations. This could be due to various factors such as insolvency, default, inability to repay loans or deterioration of external environment.
2. **Operational Risk:** The Company is exposed to the risk of loss due to internal factors such as human error, inadequate processes or controls, or system failures. This includes reliance on the accuracy of information provided by customers and third-party service providers, which may affect creditworthiness assessments and the valuation of collateral. Any failure or significant weakness of our internal processes or systems could cause operational errors or incidents of fraud, which would adversely affect our business, profitability and reputation.
3. **Asset Quality Risk:** Higher levels of Non-Performing Assets (NPAs) can adversely impact the quality of Purple Finance's loan portfolio. Inability to effectively manage NPAs could lead to financial losses and negatively affect the company's business operations and profitability.
4. **Capital Risk:** Purple Finance requires substantial capital to operate its business. Any disruption in its sources of capital could have adverse effects on its business, results of operations, and financial condition. This includes challenges in raising adequate funds for lending activities and meeting regulatory capital requirements.
5. **Interest Rate Risk:** As an NBFC, Purple Finance is particularly vulnerable to interest rate risk. Volatility in interest rates could impact its net interest income and margin, affecting overall profitability and cash flows. This risk arises from both lending and treasury operations and could have an adverse effect on our net interest income and net interest margin, thereby affecting our results of operations and cash flows.
6. **Liquidity Risk:** The Company is exposed to liquidity risk principally because of lending and investment for periods which may differ from those of its funding sources. In case of overall economic growth being muted, Purple Finance Limited may face challenge for fresh funding from Banks and Mutual Funds. In such an event, Purple Finance Limited may face refinancing challenges.
7. **Periodic inspections Risk:** As an NBFC, we are subject to periodic inspections by the RBI. Non-compliance with regulatory compliances and observations made by the RBI during these inspections could expose us to penalties and restrictions.
8. **Fraud Risk:** Your Company is exposed to fraud risk because of possible frauds perpetuated by customers, employees, vendors etc. The company has a detailed fraud check procedure while on boarding employees, vendors and customers etc.
9. **Regulatory Risk:** As an entity in the financial services sector, the Company is subject to regulations by Indian governmental authorities, including the Reserve Bank of India. Their laws and regulations impose numerous requirements on the Company, including asset classification and prescribed levels of capital adequacy, solvency requirements and liquid assets. There may be future changes in the regulatory system

- or in the enforcement of the laws and regulations that could adversely affect the Company's performance.
10. **Macro-economic Risk:** Any unfavorable economic conditions, unstable political environment and changes in Government policies could impact the growth of the company. Any slowdown in the Indian economy and in particular the financing business could adversely affect the Company's business. Also increase in competition in MSME funding and competitors taking aggressive posture can have impact on the business of the company.

### **Significant Accounting Policies**

The accounting policies have been applied consistently to the periods presented in the Restated Financial Statements and Unaudited Interim Financial Information.

### **Change in Accounting Policies in Previous 3 Years**

The Company has adopted Ind AS notified under section 133 of the Companies Act 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015 from April 01, 2023 and the effective date of such transition is April 01, 2022 due to the approval of the Scheme of Merger by Absorption of Canopy Finance Limited by Purple Finance Limited by Hon'ble National Company Law Tribunal, Mumbai Bench ('NCLT') on February 15, 2024. For periods up to and including the year ended March 31, 2023, the Company had prepared and presented its financial statements in accordance with the erstwhile generally accepted accounting principles in India (Indian GAAP). In order to give effect of the transition to Ind AS these financial statements for the year ended March 31, 2024, together with the comparative financial information for the previous year ended March 31, 2023 and the transition date balance sheet as at April 1, 2022 have been prepared under Ind AS.

The transition to Ind AS, has involved changes in the Company's policies and processes relating to financial reporting. Further, the management has also exercised judgement (wherever applicable) in giving effect to various principles of Ind AS in its first-time adoption.

## **1. MACRO ECONOMIC OVERVIEW**

### **(a) Global Economy**

Global growth is projected at 3.1 percent in 2024 and 3.2 percent in 2025, on account of greater-than-expected resilience in the United States and several large emerging market and developing economies, as well as fiscal support in China. The forecast for 2024–25 is, however, below the historical (2000–19) average of 3.8 percent, with elevated central bank policy rates to fight inflation, a withdrawal of fiscal support amid high debt weighing on economic activity, and low underlying productivity growth. Inflation is falling faster than expected in most regions, in the midst of unwinding supply-side issues and restrictive monetary policy. Global headline inflation is expected to fall to 5.8 percent in 2024 and to 4.4 percent in 2025, with the 2025 forecast revised down.

With disinflation and steady growth, the likelihood of a hard landing has receded, and risks to global growth are broadly balanced. On the upside, faster disinflation could lead to further easing of financial conditions. Looser fiscal policy than necessary could imply temporarily higher growth, but at the risk of a more costly adjustment later on. Stronger structural reform momentum could bolster productivity with positive cross-border spillovers. On the downside, new commodity price spikes from geopolitical shocks—including continued attacks in the Red Sea—and supply disruptions or more persistent underlying inflation could prolong tight monetary conditions. Deepening property sector woes in China or, elsewhere, a disruptive turn to tax hikes and spending cuts could also cause growth disappointments.

The uncertainty on the pace and timing of policy pivots by central banks is keeping financial markets volatile. Equity markets have touched new highs in both advanced and emerging market economies. Non-energy commodity prices have firmed up, while the US dollar and bond yields are exhibiting two-way movement with spillovers to emerging market currencies. Gold prices have surged to record highs on safe haven demand.

While the risk of tight and volatile global financial conditions persists, India's vulnerability to these external shocks likely to be lower in Fiscal 2025. This, coupled with the adequate forex reserves and the country's good growth prospects, should cushion the impact of a global spill over on Indian macroeconomic conditions. IMF has projected Indian economy to grow at 6.8% in FY 2024-2025.

*Source: International Monetary Fund Forecast*

## **(b) Indian Economy**

According to the provisional estimates released by the National Statistical Office (NSO) on May 31, 2024, real gross domestic product (GDP) growth in Q4:2023-24 stood at 7.8 per cent as against 8.6 per cent in Q3. Real GDP growth for 2023-24 was placed at 8.2 per cent. On the supply side, real gross value added (GVA) rose by 6.3 per cent in Q4:2023-24. Real GVA recorded a growth of 7.2 per cent in 2023-24.

Headline inflation has seen sequential moderation since February 2024, albeit in a narrow range from 5.1 per cent in February to 4.8 per cent in April 2024. Food inflation, however, remains elevated due to persistence of inflation pressures in vegetables, pulses, cereals, and spices. Deflation in fuel prices deepened during March-April, reflecting the cut in liquefied petroleum gas (LPG) prices. Core (CPI excluding food and fuel) inflation eased further to 3.2 per cent in April, the lowest in the current CPI series, with core services inflation also falling to historic lows.

Going forward, high frequency indicators of domestic activity are showing resilience in 2024-25. The south-west monsoon is expected to be above normal, which augurs well for agriculture and rural demand. Coupled with sustained momentum in manufacturing and services activity, this should enable a revival in private consumption. Investment activity is likely to remain on track, with high-capacity utilisation, healthy balance sheets of banks and corporates, Government's continued thrust on infrastructure spending, and optimism in business sentiments. Improving world trade prospects could support external demand. Headwinds from geopolitical tensions, volatility in international commodity prices, and geoeconomic fragmentation, however, pose risks to the outlook. Taking all these factors into consideration, real GDP growth for 2024-25 is projected at 7.2 per cent with Q1 at 7.3 per cent; Q2 at 7.2 per cent; Q3 at 7.3 per cent; and Q4 at 7.2 per cent (Chart 1). The risks are evenly balanced.

*Source: RBI Monetary Policy Statement dated 21<sup>st</sup> June 2024*

## **2. NBFC SECTOR OVERVIEW**

As per CRISIL projection NBFC credit to grow at 12%-14% between Fiscal 2023 and Fiscal 2025. The credit growth will be driven by the retail vertical, including housing, auto, MSME and microfinance segments. Rapid revival in the economy is expected to drive consumer demand in Fiscal 2024, leading to healthy growth for NBFCs. Moreover, organic consolidation is underway with larger NBFCs gaining share with some of the merger and acquisition in the NBFC space.

The retail credit market in India stood at Rs 60 trillion as of fiscal 2023 and is rapidly growing at a CAGR of 14.3% during Fiscals 2018 and 2023. Retail credit growth in Fiscal 2020 was around approximately 16.3% which came down to approximately 9.5% in Fiscal 2021. However, post-pandemic, retail credit growth revived back to reach approximately 11.3% in Fiscal 2022. In Fiscal 2023, retail credit has grown at approximately 19-20% year on year basis. The Indian retail credit market is expected to further grow at a CAGR of 13-15% between fiscal 2023 to fiscal 2025 and reach a size of Rs 77 trillion by FY 2025. Moreover, the increasing demand and positive sentiments in the Indian retail credit market, presents an opportunity for both banks and NBFCs to broaden their investor base. Share of NBFC credit in the overall systemic credit remained @ 18% in Fiscal 2023.

In terms of the credit to GDP ratio, India has a low credit penetration compared with other developing countries, such as, China, indicating a significant untapped potential. Similarly, in terms of credit to households as a proportion of GDP as well, India lags other markets.



Rural India accounts for about half of GDP, but only about 8% of total credit and 9% of total deposits. Rural India under penetration and untapped market presents a huge opportunity for growth. Credit to metropolitan areas has decreased over the past few years with its share decreasing from 66% as at March 31, 2018 to 62% as at June 30, 2023. Between the same period, credit share has witnessed a marginal rise in rural and urban areas.

Asset quality for NBFCs is influenced by various factors such as economic cycle, target customer segment, geographical exposure, and local events. Within the NBFC universe itself, it is observed that various asset classes tend to exhibit heterogeneous behaviour. For example, the asset quality in small business loans and personal loans tends to be highly correlated with the macroeconomic environment. On the other hand, microfinance loans have shown lower historic correlation with macroeconomic cycles. This is because asset quality is more influenced by local factors, events that have wide ranging repercussions such as demonetisation and COVID-19 and relative leverage levels amongst borrowers.

It is estimated that the GNPA for NBFCs to have reduced significantly at the end of Fiscal 2023. The gross NPAs for NBFCs have reduced to 5.8% in FY 22 and expected to be around 4.8% in FY 23. It is expected the same will further reduce by at least 50 bps in FY 24.

The share of disbursements for NBFCs in unsecured loans and MSME finance, the non-traditional segments, has increased over the past 1.5 years. In the first half of this fiscal, ~35% of incremental disbursements were for unsecured loans. Small business loans grew at a fast pace, registering a CAGR of 15% over Fiscal 2018 and 2023. It is estimated that outstanding small business loans given out by banks and NBFCs to be around Rs 11.7 trillion as of March 2023.

The LAP portfolio NPAs have reduced from 4.7% in March 21 to 4.3% in March 22. With increasing branch network, customer acquisition and credit penetration, share of MSME loans is also expected to increase. Number of branches have grown at 16% CAGR over Fiscals 2017 and 2023 and is around 6638 branches.

*Source: 1) CII-KPMG Report for NBFC: February 2024; 2) NBFC Report by CRISIL & ASSOCHAM; 3) Market Intelligence and Analytics for NBFCs by CRISIL and Northern Arc: December 2023*

### 3. FINANCIAL PERFORMANCE AND BUSINESS OVERVIEW

The following table presents the financial results of the Company's operations for the year ended March 31, 2024:

Particulars	(Rs. in Lakhs)	
	FY 2023-2024	FY 2022-2023*
Gross income	44,422.38	25,607.73
NPA & other provisions (ECL Provisions)	481.17	8,162.32
Other expenses	1,76,522.86	79,710.71
Profit / (loss) before tax	(1,32,581.66)	(62,265.30)
Current Tax	-	246.84
Deferred Tax	(56,455.12)	816.73
Provision for tax	-	(50.45)
Net Profit / (loss) after tax	(76,126.54)	(63,278.42)

*\*Previous year figures have been regrouped / rearranged wherever necessary.*

The Company incurred a loss before tax of Rs. 7,61,26,535.86/- during the FY 2023-24 as compared to loss before tax of Rs. 6,32,78,422.78/- for the FY 2022-23. The loss is primarily on account of company foraying into retail lending business in October 2022. The Company is in the build-up phase, and now has the Senior Management team in place. The Company has opened 17 branches in the Financial Year marking its presence in 3 different states across India. This has led to investments in human resources and technology which will start giving results going forward. This involved substantial investment in building branch network, implementing IT systems, hiring manpower and other opex with a view to increase disbursements and become an institution of size in the future engaged in MSME secured lending. Your company will continue to expand in this segment with new branches, investment in technology and hiring additional manpower to increase distribution foot print. The management has a

view to build a large institution in retail lending in coming years backed by strong governance, compliance, risk metrics and would do substantial investment in technology to improve operational efficiency and reduce cost.

#### **SHAREHOLDERS' FUNDS**

As of March 31, 2024, the Shareholders' funds of the Company amounted to Rs. 48,32,95,657.46/- as compared to Rs. 17,29,64,768.78/- as on March 31, 2023.

#### **4. OUTLOOK AND OPPORTUNITIES**

Purple Finance Limited is into MSME lending which is very large and untapped market to tap into. Micro, Small and Medium Enterprise sector has been recognized as the backbone of the Indian economy for the past several decades expected to drive the country's growth and employment generation. The government envisages MSMEs to contribute USD 2 trillion to the target of becoming USD 5 trillion economy by 2024. In August 2021, MSME Ministry announced a target to boost MSME contribution to the GDP to 50% by 2025. India has approximately 6.3 crore MSMEs and the number of registered MSMEs stood at 80.16 lakh units as on March 31, 2022, indicating that 88% of enterprises still exist in the informal sector. Micro sector accounts for more than 99% of total estimated number of MSMEs and around 97% of total employment in the sector. Out of the estimated 633.88 million MSMEs, 324.88 lakh (51.25%) are in rural areas, while 309 lakh (48.75%) are in urban areas.

The credit gap to MSMEs have increased from Rs 69.3 trillion to estimated Rs 92 trillion in FY 2023 as per government estimate. The new MSME units continue to be set up across India. Between Fiscals 2016 and 2022, 18.3 million units were set up, according to the Government of India registration data of MSMEs. Thus, though a myriad of small businesses is set up every day in India, access to credit remains a challenge. However, the industry has witnessed an increase in access to formal credit to MSME, which could be attributed to the increase in the number of registered MSMEs to 13,093,698 in Fiscal 2023 from 495,013 in Fiscal 2016.

Hence this is a huge opportunity for Purple Finance Limited to address this untapped MSME lending market through secured product offering.

#### **5. CHALLENGES**

NBFCs also have their share of challenges. One of the biggest challenges facing NBFCs in India is access to funding. Unlike banks, which have access to low-cost deposits, NBFCs must rely on borrowing from banks or issuing bonds to raise funds. This can make it difficult for NBFCs to compete with banks on interest rates. The dependence on banks have increased cost of funds for NBFCs. In Fiscal 2023, NBFCs borrowings from banks witnessed high growth resulting in an increase in share to 36% of total funding up from 29% at the end of Fiscal 2022. Share of bank's lending to NBFCs have almost doubled during last 10 years. As per a CRISIL report there is a need of around Rs 10 trillion funding by NBFCs to cater to their growth in Fiscal 2024 to 2026. There must be alternate avenues like NCDs, Bonds, Securitisation etc. which will augment this funding requirement of NBFCs apart from bank funding. New NBFCs especially unrated one will continue facing challenge in raising funding.

The second challenge is competition from banks. Looking at the attractive segment of MSME lending many banks, Fintech companies and several large and small NBFCs have become active lately in MSME segment. Purple Finance Ltd. must stay competitive through superior customer service, quick disbursal, and technology enhancement to stay relevant. Also as mentioned above this challenge is partially mitigated because of large untapped MSME market.

#### **6. INTERNAL CONTROL SYSTEMS**

The Company has adequate systems of internal control in place which are commensurate with its size and the nature of operations. The Company maintains a system of internal controls designed to provide a high degree of assurance regarding the effectiveness and efficiency of operations, the adequacy of

safeguards for assets, the reliability of financial controls and compliance with applicable laws and regulations. The company also monitors various activities through defined policies, process, and SOPs. The company has strong corporate governance framework and the same continuously reviewed through various committees like Board of Directors, Management Committee, Risk Management Committee, IT Committee, HR committee etc.

## 7. RISKS & CONCERNS

In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative. The Company recognizes that risk is an integral part of business and is committed to managing the risk in proactive and efficient manner. The Company had adopted risk management system through framework of different policies and creating a robust internal monitoring processes to ensure sustainable business growth with stability and to promote a proactive approach in reporting, evaluating and resolving risks associated with the business. In order to achieve the key objective, the system establishes a structured and disciplined approach to Risk Management.

The Company is exposed to specific risks that are particular to its business and the environment within which it operates. This includes market risk, credit risk, liquidity and interest rate risk, regulatory risk, macro-economic risk, etc.

- **Market Risk:** The Company does not invest in market instruments therefore has limited exposure to market risk.
- **Credit Risk:** Credit risk is the risk arising out of default or failure on the part of borrowers in meeting their financial obligations towards repayment of loans. Thus, credit risk is a loss as a result of non-recovery of funds lent both on principal and interest counts. There is robust credit process with the risk oversight. The client selection is clearly defined, capability of repayment is rigorously assessed to reduce the defaults and since most of the loans are secured against assets which are valued by independent agencies and the loan to value ratio is restricted, chances of non-recoverability in case of default are minimized. The Company proposes to use various tools like portfolio analytics, bounce analysis, month on board analysis, early vintage analysis and net flow forward analysis to monitor early stress in the portfolio. These will be reported to senior management through Risk Management Committee periodically and if required course correction is undertaken.
- **Liquidity and Interest Rate Risk:** The Company is exposed to liquidity risk principally, as a result of lending and investment for maturity period which may differ from those of its funding sources. The Company will manage this risk by prudent management of resources including long term loans.
- **Regulatory Risk:** As an entity in the financial services sector, the Company is subject to regulations by Indian governmental authorities, including the Reserve Bank of India. Their laws and regulations impose numerous requirements on the Company, including asset classification and prescribed levels of capital adequacy, solvency requirements and liquid assets. There may be future changes in the regulatory system or in the enforcement of the laws and regulations that could adversely affect the Company's performance. All the players are sensitive to this risk and any adverse effect is not isolated to the Company.
- **Macro-economic Risk:** Any unfavourable economic conditions, unstable political environment and changes in Government policies could impact the growth of the Company. Any slowdown in the Indian economy and in particular the financing business could adversely affect the Company's business. The rural economy is resilient and market is also very large, therefore any slowdown will have only temporary effect.
- **Operational Risk:** The Company is exposed towards various operational risks in the course of its business relating to people, internal controls, processes, technology, infrastructure and other

external factors. Towards minimizing operational risks, the Company has created ‘maker-checker’ rule in all processes. The Risk Management Committee monitors the operation processes. The Company believes its efforts to continuously strengthen its risk framework and portfolio quality will help it build a stable business franchise.

Access to capital and funds, both short term and long term, managing asset-liability mismatches and managing growth without compromising asset quality are some of the challenges faced by all the players, big and small, in the NBFC sector. Your Company is no exception to this. However, we constantly invest in people, processes, technology and systems to manage and mitigate these challenges. Strong credit underwriting processes, early warning checks, strong portfolio analytics to minimise portfolio delinquency are on-going efforts.

## **8. HUMAN CAPITAL**

Your company recognizes that Human capital is one of the most critical assets of any business enterprise. Guided by this very philosophy the Company ensures recruitment of the most suitable manpower, trains them to handle their respective roles, empowers them to discharge their duties well and provide an enabling environment for their professional growth. The company has a well-defined on-boarding process and well-structured post joining induction process. The company also has deployed a digitally advanced Human Resource Management System (HRMS) to automate most of the HR processes and controls. Currently the company employs around 216 people.

### **Results of Operations**

The following table sets forth certain information with respect to our results of operations for the quarter ended June 30, 2024 and June 30, 2023.

Purple Finance Limited				
Unaudited Profit and Loss Statement for the three months period ended June 30				
(Rs. In Lakhs)				
Particulars	As at 30th June 2024	% of Total Income	As at 30th June 2023	% of Total Income
<b>INCOME</b>				
<b>Revenue from operations</b>				
Interest income	172.78	81.13%	28.23	38.69%
Fees and commission income	24.79	11.64%	5.21	7.14%
Sale of services	-	0.00%	1.20	1.64%
Dividend income	-	0.00%	0.25	0.34%
Net gain on fair value changes	2.33	1.10%	38.08	52.19%
<b>Total revenue from operations</b>	<b>199.90</b>	<b>93.87%</b>	<b>72.98</b>	<b>100.00%</b>
Other income	13.06	6.13%	-	0.00%
<b>Total income (A)</b>	<b>212.96</b>	<b>100.00%</b>	<b>72.98</b>	<b>100.00%</b>
<b>EXPENDITURE</b>				
Finance costs	87.25	40.97%	4.84	6.64%
Employee benefit expenses	400.61	188.11%	228.16	312.64%
Impairment on financial instruments	2.19	1.03%	0.23	0.32%
Depreciation, amortization and impairment	35.08	16.47%	24.67	33.80%
Other expenses	102.49	48.13%	50.08	68.62%
<b>Total expenses (B)</b>	<b>627.62</b>	<b>294.71%</b>	<b>307.98</b>	<b>422.02%</b>
<b>Profit Before Extra - ordinary item and tax C=A-B</b>	<b>(414.66)</b>	<b>-194.71%</b>	<b>(235.00)</b>	<b>-322.02%</b>
Exceptional Item (D)	-	0.00%	-	0.00%
<b>Tax expense:</b>				
i) Current tax	-	0.00%	-	0.00%
ii) Deferred Tax Expenses/Income	7.96	3.74%	0.47	0.65%
<b>Total Tax Expenses</b>	<b>7.96</b>	<b>3.74%</b>	<b>0.47</b>	<b>0.65%</b>
<b>Profit for the period ended</b>	<b>(422.62)</b>	<b>-198.45%</b>	<b>(235.47)</b>	<b>-322.66%</b>
<b>Other comprehensive income</b>				
<b>(I) Items that will not be reclassified to profit or loss</b>				
(i) Remeasurements of the defined benefit plans	(0.04)	-0.02%	-	0.00%
(ii) Income tax impact	0.01	0.00%	-	0.00%
<b>(II) Items that will be reclassified to profit or loss</b>				
(i) Financial instrument	-	0.00%	-	0.00%
(ii) Income tax impact	-	0.00%	-	0.00%
(iii) Fair Value gain/( Loss) on equity instruments ( Net of Tax )	-	0.00%	-	0.00%
<b>Other comprehensive income/(loss) net of tax for the period ended</b>	<b>(0.03)</b>	<b>-0.01%</b>	<b>-</b>	<b>0.00%</b>
<b>Total comprehensive income net of tax for the period ended</b>	<b>(422.65)</b>	<b>-198.46%</b>	<b>(235.47)</b>	<b>-322.66%</b>

### Comparison of three months period ending June 30, 2024 with three months period ending June 30, 2023

#### *Total Income*

Our total income increased by 191.82% to ₹2.13 crores for the quarter ended June 30, 2024 from 0.73 crores for the quarter ended June 30, 2023. The changes are due to following reasons:

#### *Revenue from operations*

Our revenue from operations increased by 173.92% to ₹2.00 crores versus Rs 0.73 for the quarter ended June 30, 2024 and June 30, 2023. This was due to increase in the number of branches.

#### *Interest Income*

Our interest income increased by 511.97% to ₹1.73 crore versus ₹0.28 crores for the quarter ended June 30, 2024 and June 30, 2023 on account of increase in AUM

### ***Fees and commission income***

Our income from fees and commissions increased by 375.36% to ₹0.25 v/s ₹0.05 crores for the quarter ended June 2024 and 2023 on account of higher log ins.

### ***Other income***

Our other income was ₹0.13 crore for the quarter ended June 2024.

### ***Expenses***

Our total expenses increased by 103.78% to ₹ 6.28 crores v/s ₹3.08 crore, for the quarter ended June 2024 and 2023 due to following reasons:

### ***Finance cost***

Our finance cost increased by 1701% to ₹0.87 crores v/s ₹0.05 crores for the quarter ended June 2024 and 2023. This is on account of increased debt in line with increase in AUM.

### ***Employee benefit expense***

Our employees benefit expense increased by 75.58% to ₹4.01 crore v/s ₹2.28 crores for the quarter ended June 2024 and 2023 due to increase in no of employees.

### ***Other Expenses***

Our other expenses increased by 104.67% to ₹1.02 crore v/s ₹0.50 crores for the quarter ended June 2024 and 2023. This mainly comprises of Software expenses, commission, Rent, professional Fees, travelling expenses, listing charges etc.

### ***Profit/(Loss) for the period after tax***

Our loss for the quarter ended June 2024 stood at ₹4.23 crores as compared to loss of ₹2.35 crores for quarter ended June 2023

The following table sets forth certain information with respect to our results of operations for the Fiscals 2024, 2023 and 2022:

Purple Finance Limited						
Restated Profit and Loss Statement for the year ended 31st March 2024						
(Rs. In Lakhs)						
Particulars	As at 31st March 2024	% of Total Income	As at 31st March 2023	% of Total Income	As at 31st March 2022	% of Total Income
<b>INCOME</b>						
<b>Revenue from operations</b>						
Interest income	290.44	65.38%	129.25	50.47%	90.30	-29.00%
Fees and commission income	54.05	12.17%	4.72	1.85%	0.20	-0.06%
Sale of services	8.90	2.00%	23.40	9.14%	-	0.00%
Dividend income	1.95	0.44%	6.94	2.71%	4.27	-1.37%
Net gain on fair value changes	86.91	19.56%	91.21	35.62%	(406.15)	130.44%
<b>Total revenue from operations</b>	<b>442.24</b>	<b>99.55%</b>	<b>255.53</b>	<b>99.78%</b>	<b>(311.37)</b>	<b>100.00%</b>
Other income	1.98	0.45%	0.55	0.22%	-	0.00%
<b>Total income (A)</b>	<b>444.22</b>	<b>100.00%</b>	<b>256.08</b>	<b>100.00%</b>	<b>(311.37)</b>	<b>100.00%</b>
<b>EXPENDITURE</b>						
Finance costs	104.11	23.44%	15.05	5.88%	5.00	-1.61%
Employee benefit expenses	1,165.31	262.32%	502.37	196.18%	94.22	-30.26%
Impairment on financial instruments	4.81	1.08%	81.62	31.87%	228.95	-73.53%
Depreciation, amortization and impairment	117.69	26.49%	66.90	26.12%	14.69	-4.72%
Other expenses	378.12	85.12%	212.79	83.10%	97.15	-31.20%
<b>Total expenses (B)</b>	<b>1,770.04</b>	<b>398.46%</b>	<b>878.73</b>	<b>343.15%</b>	<b>440.02</b>	<b>-141.32%</b>
<b>Profit Before Extra - ordinary item and tax C=A-B</b>	<b>(1,325.82)</b>	<b>-298.46%</b>	<b>(622.65)</b>	<b>-243.15%</b>	<b>(751.39)</b>	<b>-241.32%</b>
Exceptional Item (D)	-	0.00%	-	0.00%	-	0.00%
<b>Tax expense:</b>						
i) Current tax	-	0.00%	2.47	0.96%	-	0.00%
ii) Deferred Tax Expenses/Income	(564.55)	-127.09%	8.17	3.19%	(18.69)	-6.00%
iii) Provision for tax related to earlier years	-	0.00%	(0.50)	-0.20%	4.03	1.29%
<b>Total Tax Expenses</b>	<b>(564.55)</b>	<b>-127.09%</b>	<b>10.13</b>	<b>3.96%</b>	<b>(14.66)</b>	<b>-4.71%</b>
<b>Profit for the year</b>	<b>(761.27)</b>	<b>-171.37%</b>	<b>(632.78)</b>	<b>-247.11%</b>	<b>(736.74)</b>	<b>-236.61%</b>
<b>Other comprehensive income</b>						
<b>(I) Items that will not be reclassified to profit or loss</b>						
(i) Remeasurements of the defined benefit plans	(0.16)	-0.04%	-	0.00%	-	0.00%
(ii) Income tax impact	0.04	0.01%	-	0.00%	-	0.00%
<b>(II) Items that will be reclassified to profit or loss</b>						
(i) Financial instrument	-	0.00%	-	0.00%	-	0.00%
(ii) Income tax impact	-	0.00%	-	0.00%	-	0.00%
(iii) Fair Value gain/( Loss) on equity instruments (Net of Tax )	-	0.00%	-	0.00%	-	0.00%
<b>Other comprehensive income/(loss) net of tax for the year</b>	<b>(0.12)</b>	<b>-0.03%</b>	<b>-</b>	<b>0.00%</b>	<b>-</b>	<b>0.00%</b>
<b>Total comprehensive income net of tax for the year</b>	<b>(761.38)</b>	<b>-171.40%</b>	<b>(632.78)</b>	<b>-247.11%</b>	<b>(736.74)</b>	<b>-236.61%</b>

## Principal Components of our statement of Profit and Loss

### I. Income

Our total income comprise of (i) revenue from operations, and (ii) other income

- Revenue from operations: Revenue from operations comprises of
  - i. Interest Income - This consist of interest income earned on loans and deposits.
  - ii. Fess and commission – This consists of log in and admin fees charged for the loan
  - iii. Sale of Services – This consists of advisory services provided
  - iv. Dividend income – This consists of dividend received on investments made
  - v. Net gain on fair value change. – This represents realized and unrealized gains on investments held by the company
- Other income: Other income comprises of
  - i. Gain on Derecognition of lease – This represents gain on extinguishment of lease liability.
  - ii. Interest on income tax refund.

### II. Expenses: Our total expenses comprise of:

- i. Finance costs – Finance cost comprises of interest on borrowings, debt securities, subordinated liabilities, unwinding interest in lease liabilities and other finance cost.

- ii. Employee benefit expenses – This consists of salaries, wages, bonus, contribution to provident and other funds, employee stock option, and other staff welfare exp.
- iii. Impairment on financial instruments – This represents provisions made against financial assets such as loans and advances, trade receivables etc.
- iv. Depreciation, amortization and impairment – This consists of depreciation expense of lease assets, plant and equipment, motor car, furniture & fixture, office equipment, computers.
- v. Other expenses – Others expenses comprise of expenses related to legal & technical services availed from experts, direct operating activities of loans, advertising & marketing, security, travel & conveyance, software, repaints & maintenance etc.

**For the year ended 31<sup>st</sup> March, 2024 as compared to 31<sup>st</sup> March 2023**

***Total Income***

Our total income increased by 73.47% to ₹4.44 crores for the year ended 31<sup>st</sup> March, 2024 from ₹2.56 crores for the year ended 31<sup>st</sup> March 2023. The changes are due to following reasons:

***Revenue from operations***

Our revenue from operations increased by 73.07% to ₹4.42 crores for the year ended 31<sup>st</sup> March, 2024 from ₹2.56 crores for the year ended 31<sup>st</sup> March 2023. 31, 2023 mainly due to increase in the number of branches.

***Interest Income***

Our interest income increased by 124.71% to ₹2.90 crore for the year ended 31<sup>st</sup> March, 2024 from ₹1.29 crores for the year ended 31<sup>st</sup> March, 2023 primarily because of increase in AUM from ₹ 30.48 crores as on 31<sup>st</sup> March 24 compared to ₹13.04 Crores as on March 23.

***Dividend Income***

Our dividend income was decreased to ₹0.02 crore for the year ended 31<sup>st</sup> March, 2024 from ₹0.07 crores for the year ended 31<sup>st</sup> March, 2023, due to sale of investment.

***Fees and commission income***

Our income from fees and commissions increased by 1043.94% to ₹0.54 crore for the year ended 31<sup>st</sup> March, 2024 from ₹0.05 crores for the year ended 31<sup>st</sup> March, 2023 primarily because of increase in disbursements during the year.

***Sale of Services***

Our income from sale of services decreased to ₹0.09 crore for the year ended 31<sup>st</sup> March, 2024 from ₹0.23 crore for the year ended 31<sup>st</sup> March, 2023 because of decrease in advisory fees.

***Net gain on fair value changes***

Our net gain on fair value changes was ₹0.87 crore for the year ended 31<sup>st</sup> March, 2024 compared to ₹0.91 crores for the year ended 31<sup>st</sup> March, 2023 due to sale of investment.

***Other income***

Our other income increased by 259.50% to ₹0.02 crore for the year ended 31<sup>st</sup> March, 2024 from ₹0.006 crores for the year ended 31<sup>st</sup> March, 2023. This is primarily due to gain on de-recognition of lease

***Expenses***

Our total expenses increased by 101.43% to ₹ 17.70 crore for the year ended 31<sup>st</sup> March, 2024 from ₹8.79 crore for the year ended 31<sup>st</sup> March, 2023, due to following reasons:



### ***Finance cost***

Our finance cost increased by 591.86% to ₹1.04 crores for the year ended 31<sup>st</sup> March, 2024 from ₹0.15 crores for the year ended 31<sup>st</sup> March, 2023 due to increase in total borrowing from ₹ 0.30 Crores to ₹ 22.13 Crores.

### ***Impairment on financial instruments***

Our impairment on financial instruments was ₹0.05 crores for the year ended 31<sup>st</sup> March, 2024 compared to ₹0.82 crores for the year ended 31<sup>st</sup> March, 2023 due to no diminution of investment in unlisted shares.

### ***Employee benefit expense***

Our employees benefit expense increased by 131.96% to ₹11.65 crore for the year ended 31<sup>st</sup> March, 2024 from ₹ 5.02 crores for the year ended 31<sup>st</sup> March, 2023 primarily on account of increase in headcount.

### ***Depreciation, amortisation and impairment expense***

Our depreciation and amortisation expenses increased by 75.92% to ₹1.18 crore for the year ended 31<sup>st</sup> March, 2024 from ₹0.67 crores for the year ended 31<sup>st</sup> March, 2023 due to addition of fixed assets.

### ***Other Expenses***

Our other expenses increased by 77.70% to ₹3.78 crore for the year ended 31<sup>st</sup> March, 2024 from ₹2.13 crores for the year ended 31<sup>st</sup> March, 2023 due to increase in employee, rent due to increase in number of branches and finance cost..

### ***Profit/Loss before tax for the period***

Our loss before tax increased by 112.93% to ₹ 13.26 crore for the year ended 31<sup>st</sup> March, 2024 from ₹6.23 crores for the year ended 31<sup>st</sup> March 2023 due to increase in expenses.

### ***Profit/Loss for the period after tax***

Our loss for the year ended 31<sup>st</sup> March, 2024 stood at ₹7.61 crores as compared to loss of ₹6.33 crores for the year ended 31<sup>st</sup> March, 2023 due to the above mentioned reasons.

### ***Net gain/loss on other comprehensive income***

Our net loss on other comprehensive income was ₹0.001 crore for the year ended 31<sup>st</sup> March, 2024.

### ***Total Comprehensive Income net of tax for the year***

Our total comprehensive income was ₹ -7.61 crore for the year ended 31<sup>st</sup> March, 2024 as compared to ₹ -6.33 crore for the year ended 31<sup>st</sup> March, 2023 due to increase in loss.

### ***For the year ended 31<sup>st</sup> March, 2023 as compared to 31<sup>st</sup> March 2022***

#### ***Total Income***

Our total income increased by 182.24% to ₹2.56 crores for the year ended 31<sup>st</sup> March, 2023 from ₹-3.11 crores for the year ended 31<sup>st</sup> March 2022. The changes are due to following reasons:

#### ***Revenue from operations***

Our revenue from operations increased by 182.06% to ₹2.56 crores for the year ended 31<sup>st</sup> March, 2023 from ₹-3.11 crores for the year ended 31<sup>st</sup> March 2022 due to increase in the number of branches and expansion of business.

### ***Interest Income***

Our interest income increased by 43.13% to ₹1.29 crore for the year ended 31<sup>st</sup> March, 2023 from ₹0.90 crores for the year ended 31<sup>st</sup> March, 2022 due to increase in AUM.

### ***Dividend Income***

Our dividend income was increased to ₹0.07 crore for the year ended 31<sup>st</sup> March, 2023 from ₹0.04 crores for the year ended 31<sup>st</sup> March, 2022 due to increase in investment.

### ***Fees and commission income***

Our income from fees and commissions increased by 2262.32% to ₹0.05 crore for the year ended 31<sup>st</sup> March, 2023 from ₹0.002 crores for the year ended 31<sup>st</sup> March, 2022 due to increase in business.

### ***Sale of Services***

Our income from sale of services was ₹0.23 crore for the year ended 31<sup>st</sup> March, 2023.

### ***Net gain on fair value changes***

Our net gain on fair value changes was ₹0.91 crore for the year ended 31<sup>st</sup> March, 2023 compared to ₹-4.06 crores for the year ended 31<sup>st</sup> March, 2022. This increase was due to increase in value of investment held / sold.

### ***Other income***

Our other income was ₹0.006 crore for the year ended 31<sup>st</sup> March, 2023.

### ***Expenses***

Our total expenses increased by 99.70% to ₹ 8.79 crore for the year ended 31<sup>st</sup> March, 2023 from ₹4.40 crore for the year ended 31<sup>st</sup> March, 2022, due to following reasons:

#### ***Finance cost***

Our finance cost increased by 200.74% to ₹0.15 crores for the year ended 31<sup>st</sup> March, 2023 from ₹0.05 crores for the year ended 31<sup>st</sup> March, 2022 due to increase in borrowings.

#### ***Impairment on financial instruments***

Our impairment on financial instruments was ₹0.82 crores for the year ended 31<sup>st</sup> March, 2023 compared to ₹2.29 crores for the year ended 31<sup>st</sup> March, 2022 due to decrease in investment.

#### ***Employee benefit expense***

Our employees benefit expense increased by 433.19% to ₹5.02 crore for the year ended 31<sup>st</sup> March, 2023 from ₹0.94 crores for the year ended 31<sup>st</sup> March, 2022 primarily on account of increase of number of employees.

#### ***Depreciation, amortisation and impairment expense***

Our depreciation and amortisation expenses increased by 355.30% to ₹0.67 crore for the year ended 31<sup>st</sup> March, 2023 from ₹0.15 crores for the year ended 31<sup>st</sup> March, 2022 due to addition of fixed assets.

#### ***Other Expenses***

Our other expenses increased by 119.03% to ₹2.13 crore for the year ended 31<sup>st</sup> March, 2023 from ₹0.97 crores for the year ended 31<sup>st</sup> March, 2022, primarily due to increase in number of employees and branches.

***Profit/Loss before tax for the period***

Our loss before tax decreased by 17.13% to ₹ 6.23 crore for the year ended 31<sup>st</sup> March, 2023 from ₹7.51 crores for the year ended 31<sup>st</sup> March 2022, primarily due to expansion of business.

***Tax Expenses***

Our tax expenses increased by 169.13% to ₹ 0.10 crore for the year ended 31<sup>st</sup> March, 2023 from ₹-0.15 crores for the year ended 31<sup>st</sup> March 2022 due to increase in income.

***Profit/(Loss) for the period after tax***

Our loss for the year ended 31<sup>st</sup> March, 2023 stood at ₹6.33 crores as compared to loss of ₹7.37 crores for the year ended 31<sup>st</sup> March, 2022 due to the above mentioned reasons.

## MARKET PRICE INFORMATION

As on the date of this Letter of Offer, 3,36,14,954 Equity Shares of our Company are issued, subscribed and fully paid up. The Equity Shares have been listed and are available for trading on BSE and CSE.

Since the Equity Shares of our Company got listed on the Stock Exchanges in Financial Year 2024 with effect from June 14, 2024, and June 18, 2024 the details of high, low and average of the closing prices of our Equity Shares on the Stock Exchanges and number of Equity Shares traded on the days on which such high and low prices were recorded for, and the volume of Equity Shares traded, for the last three financial years and for the last six full months are not available and have not been included in this Letter of Offer.

Further, the equity shares actively traded on the BSE. There has been no trading in the Company's equity shares on the CSE since June 18, 2024 thus market price and other information for CSE does not exist.

The Board of our Company has approved the Issue at their meeting held on June 20, 2024. The high and low prices of our Company's shares as quoted on the BSE on June 21, 2024, the day on which the trading happened immediately following the date of the Board meeting is as follows:

<b>Date</b>	<b>Volume (No of equity Shares)</b>	<b>High Price (₹)</b>	<b>Low price (₹)</b>
<b><u>BSE</u></b>			
June 21, 2024	1,78,046	116.50	110.87

(Source: [www.bseindia.com](http://www.bseindia.com))

The closing market price of the Equity Shares as on one day prior\* to the date of this Letter of Offer was ₹ 82.11 on the BSE. The Issue Price is ₹ 40/- per Rights Equity Share.

\*As on September 19, 2024

## SECTION VI – LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

*Our Company is subject to various legal proceedings from time to time, primarily arising in the ordinary course of business.*

*Except as disclosed below, there are no outstanding litigations with respect to the (i) issues of moral turpitude or criminal liability on the part of our Company; (ii) material violations of statutory regulations by our Company; (iii) economic offences where proceedings have been initiated against our Company; and (iv) any pending matters including civil litigation and tax proceedings, which if they result in an adverse outcome, would materially and adversely affect our operations or our financial position.*

*In relation to point (iv) above, our Board of Directors vide a resolution dated July 19, 2024, has considered and adopted a 'Policy for Determining Material Events and Information', framed in accordance with Regulation 30 of the SEBI Listing Regulations ("**Materiality Policy**"). In terms of the Materiality Policy, any outstanding litigations, involving our Company, whose total monetary impact is equivalent to or exceeds the lower of the following:*

- a) 2% of turnover, as per the last audited financial statements of our Company;*
- b) 2% of net worth, as per the last audited financial statements of our Company, except in case the arithmetic value of the net worth is negative; and*
- c) 5% of the average of absolute value of profit or loss after tax, as per the last three audited consolidated financial statements of our Company.*

*Since points (a) and (b) above are not applicable, accordingly, all outstanding litigation (including civil and tax proceedings), involving our Company whose monetary impact is equivalent to or in excess of 5% of the average of absolute value of profit or loss after tax, as per the last three annual financial statements of our Company, which is determined to be ₹ 8.84 lakhs have been disclosed in this section.*

*Additionally, it is clarified that pre-litigation notices received by our Company from third parties (excluding those notices issued by statutory or regulatory or governmental authorities) shall not be evaluated for materiality until such time our Company is impleaded as a defendant in litigation proceedings before any judicial forum.*

*Unless stated to the contrary, the information provided below is as of the date of this Letter of Offer. All terms defined in a particular litigation disclosure below are for that particular litigation only*

#### **I. Litigation involving our Company.**

##### **A. Litigation filed against our Company**

##### **1. Criminal proceedings**

Nil

##### **2. Outstanding actions by regulatory and statutory authorities**

##### ***Canopy Finance Limited vs. UOI and Ors.***

A writ petition was filed by Canopy Finance Limited (now merged with Purple Finance Limited) ("**Petitioner**") against Union of India ("**Respondent 1**"), The Central Board of Direct Taxes ("**Respondent 2**") The Income Tax Officer, Ward 9(1), Kolkata ("**Respondent 3**"), The Principal Commissioner of Income Tax-1, Kolkata ("**Respondent 4**"), The Principal Chief Commissioner of Income Tax, west Bengal and Sikkim ("**Respondent 5**") at the High Court of Calcutta ("**Hon'ble Court**"). A Notice was issued by Respondent 3 under unamended section 148 of the Income Tax Act, 1961 ("**the Act**") in the case of Petitioner Company for Assessment Year 2016-17. Respondent No.3 issued letter as per the directions of Hon'ble Supreme Court rendered in case of UOI vs. Ashish Agarwal (2022 SCC Online SC 543) directing to treat notice dated June 23, 2021, issued under Section 148 of the

Act as deemed show cause notice under section 148A (b) of the Act. The Petitioner Company furnished its first reply in response to aforesaid notice/letter dated May 24, 2022, for the disputed amount of INR 29.15 Lakhs. The Respondent No.3 passed Order under section 148A (d) of the Act stating that the instant case is a fit case for issue of notice under section 148 of the Act. The Respondent No.3 issued notice under section 148 of the Act, as amended by Finance Act, 2021. Consequently, the Petitioner filed the presentation filed the present writ petition before the Hon'ble High Court.

3. **Material civil proceedings**

Nil

**B.** *Litigation filed by our Company.*

1. **Criminal proceedings**

Nil

2. **Material civil proceedings**

***Canopy Finance Limited vs. UOI and Ors.***

A writ petition was filed by Canopy Finance Limited (now merged with Purple Finance Limited) ("**Petitioner**") against Union of India ("**Respondent 1**"), The Central Board of Direct Taxes ("**Respondent 2**") The Income Tax Officer, Ward 9(1), Kolkata ("**Respondent 3**"), The Principal Commissioner of Income Tax-1, Kolkata ("**Respondent 4**"), The Principal Chief Commissioner of Income Tax, west Bengal and Sikkim ("**Respondent 5**") at the High Court of Calcutta ("**Hon'ble Court**"). A Notice was issued by Respondent 3 under unamended section 148 of the Income Tax Act, 1961 ("**the Act**") in the case of Petitioner Company for Assessment Year 2016-17. Respondent No.3 issued letter as per the directions of Hon'ble Supreme Court rendered in case of UOI vs Ashish Agarwal (2022 SCC Online SC 543) directing to treat notice dated June 23, 2021, issued under Section 148 of the Act as deemed show cause notice under section 148A (b) of the Act. The Petitioner Company furnished its first reply in response to aforesaid notice/letter dated May 24, 2022. The Respondent No.3 passed Order under section 148A (d) of the Act stating that the instant case is a fit case for issue of notice under section 148 of the Act. The Respondent No.3 issued notice under section 148 of the Act, as amended by Finance Act, 2021. Consequently, the Petitioner filed the presentation filed the present writ petition before the Hon'ble High Court.

**II. Litigation involving our Directors**

**A.** *Litigation filed against our Directors*

1. **Criminal proceedings**

Nil

2. **Outstanding actions by regulatory and statutory authorities**

Nil

3. **Material civil proceedings**

Nil

**B.** *Litigation filed by our Directors*

1. **Criminal proceedings**

Nil

2. **Material civil proceedings**

Nil

**III. Litigation involving our Promoters**

**A. Litigation filed against our Promoters**

1. **Criminal proceedings**

Nil

2. **Outstanding actions by regulatory and statutory authorities**

Nil

3. **Material civil proceedings**

Nil

**B. Litigation filed by our Promoters**

1. **Criminal proceedings**

Nil

2. **Material civil proceedings**

Nil

**TAX PROCEEDINGS AGAINST OUR COMPANY, DIRECTORS, PROMOTERS**

<i>(₹ in Lakhs)*</i>		
<b>Nature of case</b>	<b>Number of cases</b>	<b>Amount Involved</b>
<b>Company</b>		
Direct Tax	8	29.34
Indirect tax	Nil	Nil
<b>Total</b>	<b>8</b>	<b>29.34</b>
<b>Directors (excluding promoters)</b>		
Direct Tax	1	1.16
Indirect Tax	Nil	Nil
<b>Total</b>	<b>1</b>	<b>1.16</b>
<b>Promoter</b>		
Direct Tax	9	171.02 <sup>^</sup>
Indirect Tax	Nil	Nil
<b>Total</b>	<b>9</b>	<b>171.02</b>

*\*To the extent quantifiable*

<sup>^</sup>Amitabh Chaturvedi (our Promoter) has received a demand notice from the Income Tax Department for the assessment year 2021-22 under Section 143(1) of the Income Tax Act, 1961. The notice outlines a total demand of ₹1,26,94,280, which includes tax liability, interest, and fees. The discrepancy arises from mismatches between the tax credits claimed by the taxpayer and those allowed by the department. The demand notice calls upon the taxpayer to either pay the outstanding amount within 30 days or file a rectification request if any errors are identified.

**IV. Disclosures Pertaining to Wilful Defaulters or a Fraudulent Borrower**

Neither our Company, nor our Promoters and Directors have been categorized or identified as wilful

defaulters or fraudulent borrower by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India. There are no violations of securities laws committed by them in the past or are currently pending against any of them.

Further, we confirm that there are no show cause or legal notices, or any legal or regulatory proceedings or investigations known to be initiated or contemplated against the Company except as follows:

Nil

**V. Outstanding dues to creditors**

As of June 30, 2024, our Company owes the following amounts to small scale undertakings and other creditors.

Details of outstanding dues (trade payables) owed to micro, small and medium enterprises (as defined under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006), and other creditors, as of June 30, 2024, by our Company, are set out below and the disclosure of the same is available on the website of our Company at [www.purplefinance.in](http://www.purplefinance.in).

<b>Type of Creditors</b>	<b>Number of Creditors</b>	<b>Amount (in Rs)</b>
Outstanding dues to Small Scale Undertakings	11	3,60,793.51
Other dues to other Creditors	76	28,28,311.90
<b>Total</b>	<b>87</b>	<b>31,89,105.41</b>



## GOVERNMENT AND OTHER STATUTORY APPROVALS

Our Company has obtained necessary consents, licenses, permissions and approvals from governmental and regulatory authorities that are material for carrying on our present business activities. Some of the approvals and licenses that our Company requires for our business operations may expire in the ordinary course of business, and our Company will apply for their renewal from time to time.

We are not required to obtain any licenses or approvals from any governmental and regulatory authorities in relation to the objects of this Issue. For further details, please refer to "*Objects of the Issue*" on page 47 of this Letter of Offer.

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Issue

The Issue has been authorised by a resolution of the Board passed at its meeting held June 20, 2024, pursuant to Section 62(1)(a) and other applicable provisions of the Companies Act, 2013.

The Finance Committee has, at its meeting held on September 20, 2024 determined the Issue Price of ₹40/- per Rights Equity Share (including a premium of ₹30/- per Rights Equity Share), and the Rights Entitlement as 1 (One) Rights Equity Share for every 3 (Three) fully paid-up Equity Shares held on the Record Date. The Issue Price is ₹40/- and has been arrived at by our Company prior to determination of the Record date.

On Application, Investors will have to pay ₹40/- per Rights Equity Share, which constitutes 100 % of the Issue Price.

Our Company has received 'in-principle' approval for listing of the Rights Equity Shares to be Allotted pursuant to Regulation 28(1) of SEBI Listing Regulations, *vide* letter bearing reference number LOD/RIGHT/TT/FIP/921/2024-25 dated September 13, 2024 issued by BSE and letter bearing reference number CSE/LD/16381/2024 dated September 17, 2024 issued by CSE for listing of the Rights Equity Shares to be Allotted pursuant to the Issue. Our Company will also make application to BSE and CSE to obtain their trading approval for the Rights Entitlements as required under the SEBI Rights Issue Circulars.

Our Company has been allotted the ISIN INE0CYK20015 for the Rights Entitlements to be credited to the respective demat accounts of the Eligible Equity Shareholders of our Company. Our Company has been allotted ISIN INE0CYK20015 from both NSDL and CDSL. For details, see "*Terms of the Issue*" on page 182 of this Letter of Offer.

### Prohibition by SEBI or other Governmental Authorities

Our Company, our Promoters, our Directors, the members of our Promoter Group and persons in control of our Company have not been prohibited from accessing the capital market or debarred from buying or selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any jurisdiction or any authority/court as on date of this Letter of Offer.

There are no outstanding SEBI actions against our Company or our Promoters and members of our Promoter Group as on the date of this Letter of Offer. For details, see chapter titled "*Outstanding Litigations and Default*" on page 170 of this Letter of Offer.

Further, our Promoters and our Directors are not promoters or directors of any other company which is debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI. Further, there is no outstanding action initiated against any of our Directors or Promoters by SEBI in the five years preceding the date of filing of this Letter of Offer.

Neither our Promoters nor our Directors have been declared as fugitive economic offender under Section 12 of Fugitive Economic Offenders Act, 2018.

### Association of our Directors with the securities markets

None of our Directors are associated with the securities market.

### Prohibition by RBI

Neither our Company nor our Promoters and Directors have been categorized or identified as wilful defaulters by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India. There are no violations of securities laws committed by them in the past or are currently pending against any of them.

### **Eligibility for the Issue**

Our Company is a listed company, incorporated under the Companies Act, 1956. The Equity Shares of our Company are presently listed on BSE and CSE. We are eligible to undertake the Issue in terms of Chapter III and other applicable provisions of the SEBI ICDR Regulations. Pursuant to Clause (2) of Part B-1 of Schedule VI to the SEBI ICDR Regulations our Company is undertaking the Issue in compliance with Part B-1 of Schedule VI of the SEBI ICDR Regulations.

### **Applicability of the SEBI ICDR Regulations**

The present Issue being of less than ₹5,000 Lakhs, our Company is in compliance with first proviso to Regulation 3 of the SEBI ICDR Regulations and our Company shall file the copy of the Letter of Offer prepared in accordance with the SEBI ICDR Regulations with SEBI for information and dissemination on the website of SEBI, i.e. [www.sebi.gov.in](http://www.sebi.gov.in).

### **Compliance with Regulations 61 and 62 of the SEBI ICDR Regulations**

Our Company is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI ICDR Regulations, to the extent applicable. Further, in relation to compliance with Regulation 62(1)(a) of the SEBI ICDR Regulations, our Company undertakes to make an application to the BSE and CSE for listing of the Rights Equity Shares to be issued pursuant to the Issue. BSE Limited is the Designated Stock Exchange for the Issue.

### **Disclaimer Clause of SEBI**

**THE PRESENT ISSUE, BEING LESS THAN ₹5,000 LAKHS, OUR COMPANY IS IN COMPLIANCE WITH FIRST PROVISIO TO REGULATION 3 OF THE SEBI ICDR REGULATIONS AND OUR COMPANY SHALL FILE A COPY OF THE LETTER OF OFFER PREPARED IN ACCORDANCE WITH THE SEBI (ICDR) REGULATIONS WITH SEBI FOR INFORMATION AND DISSEMINATION ON THE WEBSITE OF SEBI FOR INFORMATIVE PURPOSES.**

### **Disclaimer from our Company and our Directors**

Our Company accepts no responsibility for statements made other than in this Letter of Offer or in any advertisement or other material issued by our Company or by any other persons at the instance of our Company and anyone placing reliance on any other source of information would be doing so at their own risk.

Investors who invest in this Issue will be deemed to have represented to our Company, and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable law, rules, regulations, guidelines and approvals to acquire the Rights Equity Shares, and are relying on independent advice/evaluation as to their ability and quantum of investment in the Issue.

### **CAUTION**

Our Company shall make all relevant information available to the Eligible Equity Shareholders in accordance with the SEBI ICDR Regulations and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever, including at presentations, in research or sales reports, etc., after filing this Letter of Offer.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Letter of Offer. You must not rely on any unauthorized information or representations. This Letter of Offer is an offer to sell only the Rights Equity Shares and the Rights Entitlements, but only under circumstances and in the applicable jurisdictions. Unless otherwise specified, the information contained in this Letter of Offer is current only as of its date.

Our Company and its directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any Applicant, whether such Applicant is eligible to acquire any Rights Equity Shares.

### **Disclaimer in respect of Jurisdiction**

This Letter of Offer has been prepared under the provisions of Indian law and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Mumbai, Maharashtra, India only.

### **Disclaimer Clause of BSE**

*“BSE Limited (the “Exchange”) has given vide its letter dated September 13, 2024, permission to this Company to use the Exchange's name in this Letter of Offer as the stock exchange on which this Company's securities are proposed to be listed. The Exchange has scrutinized this letter of offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:*

- *Warrant, certify or endorse the correctness or completeness of any of the contents of this letter of offer; or*
- *Warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or*
- *Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;*

*and it should not for any reason be deemed or construed that this letter of offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever”*

### **Disclaimer Clause of CSE**

*“CSE has given vide its letter dated September 17, 2024, permission to this Company to use the Exchange's name in this Letter of Offer as the stock exchange on which this Company's securities are proposed to be listed.*

*The Exchange does not in any manner:*

- *Warrant, certify or endorse the correctness or completeness of any of the contents of this letter of offer; or*
- *Warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or*
- *Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;*

*and it should not for any reason be deemed or construed that this Letter of Offer has been cleared or approved by the Exchange.”*

### **Designated Stock Exchange**

The Designated Stock Exchange for the purposes of this Issue is BSE Limited.

### **Listing**

Our Company will apply to BSE and CSE for final approval for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under the Issue will trade after the listing thereof.

### **Selling Restrictions**

This Letter of Offer is solely for the use of the person who has received it from our Company or from the Registrar. This Letter of Offer is not to be reproduced or distributed to any other person.

The distribution of this Letter of Offer, Abridged Letter of Offer, Common Application Form and the Rights Entitlement Letter ("**Issue Materials**") and the issue of Rights Entitlements and Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions.

Persons into whose possession the Issue Materials may come are required to inform themselves about and observe such restrictions.

Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and, in accordance with the SEBI ICDR Regulations, the Company will dispatch Issue Materials only to the Eligible Equity Shareholders who have a registered address in India or who have provided an Indian address to our Company. In case such Eligible Equity Shareholders have provided their valid e-mail address, the relevant Issue Materials will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then Issue Material will be physically dispatched, on a reasonable effort basis, to the Indian address provided by them. Those overseas Shareholders, who do not update our records with their Indian address or the address of their duly authorized representative in India, prior to the date on which we propose to e-mail or send a physical copy of the Issue Materials, shall not be sent the issue Materials.

Investors can also access the Issue Materials from the websites of the Registrar, our Company and the Stock Exchanges.

Our Company and the Registrar will not be liable for non-dispatch of physical copies of the Issue Materials.

No action has been or will be taken to permit the Issue in any jurisdiction, to the possession, circulation, or distribution of this Letter of Offer, Abridged Letter of Offer or any other material relating to our Company, the Equity Shares of Rights Entitlement in any jurisdiction, where action would be required for that purpose, except that the Letter of Offer has been filed with SEBI and the Stock Exchanges.

Accordingly, the Rights Entitlements or Rights Equity Shares may not be offered or sold, directly or indirectly, and the Issue Materials or any offering materials or advertisements in connection with the Issue may not be distributed, in whole or in part, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of the Issue Materials will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer, and, in those circumstances, the Issue Materials must be treated as sent for information purposes only and should not be acted upon for subscription to the Rights Equity Shares and should not be copied or redistributed.

Accordingly, persons receiving a copy of the Issue Materials should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send the Issue Materials to any person outside India where to do so, would or might contravene local securities laws or regulations. If Issue Materials are received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares, or the Rights Entitlements referred to in the Issue Materials.

Any person who makes an application to acquire the Rights Entitlements or the Rights Equity Shares offered in the Issue will be deemed to have declared, represented, warranted and agreed that such person is authorized to acquire the Rights Entitlements or the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in his jurisdiction. Our Company, the Registrar, or any other person acting on behalf of our Company reserves the right to treat any Application Form as invalid where they believe that Application Form is incomplete or acceptance of such Application Form may infringe applicable legal or regulatory requirements and we shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such Application Form.

Neither the delivery of the Issue Materials nor any sale hereunder, shall, under any circumstances, create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Letter of Offer or the date of such information. Each person who exercises Rights Entitlements and subscribes for Equity Shares, or who purchases Rights Entitlements or Equity Shares shall do so in accordance with the restrictions set out below.

**THE CONTENTS OF THIS LETTER OF OFFER SHOULD NOT BE CONSTRUED AS LEGAL, TAX OR INVESTMENT ADVICE. PROSPECTIVE INVESTORS MAY BE SUBJECT TO ADVERSE FOREIGN, STATE OR LOCAL TAX OR LEGAL CONSEQUENCES AS A RESULT OF THE ISSUE OF RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENTS. ACCORDINGLY, EACH INVESTOR SHOULD CONSULT THEIR OWN COUNSEL, BUSINESS ADVISOR AND TAX ADVISOR AS TO THE LEGAL, BUSINESS, TAX AND RELATED MATTERS CONCERNING THE ISSUE OF RIGHTS**

**EQUITY SHARES. IN ADDITION, OUR COMPANY IS NOT MAKING ANY REPRESENTATION TO ANY OFFEREE OR PURCHASER OF THE EQUITY SHARES REGARDING THE LEGALITY OF AN INVESTMENT IN THE EQUITY SHARES BY SUCH OFFEREE OR PURCHASER UNDER ANY APPLICABLE LAWS OR REGULATIONS.**

**NO OFFER IN THE UNITED STATES**

**THE RIGHTS ENTITLEMENTS AND THE RIGHTS EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES OF AMERICA OR THE TERRITORIES OR POSSESSIONS THEREOF (“UNITED STATES”), AND APPLICABLE STATE SECURITIES LAWS. THE OFFERING TO WHICH THIS LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENT FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENT. THERE IS NO INTENTION TO REGISTER ANY PORTION OF THE ISSUE OR ANY OF THE SECURITIES DESCRIBED HEREIN IN THE UNITED STATES OR TO CONDUCT A PUBLIC OFFERING OF SECURITIES IN THE UNITED STATES. ACCORDINGLY, THIS ISSUE MATERIALS SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO THE UNITED STATES AT ANY TIME.**

Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company, or any person acting on behalf of our Company, has reason to believe is, in the United States when the buy order is made. Envelopes containing an Application Form should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer under this Letter of Offer. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and this Letter of Offer/ Abridged Letter of Offer, Application Form and the Rights Entitlement Letter will be dispatched to the Eligible Equity Shareholders who have provided an Indian address to our Company. Any person who acquires the Rights Entitlements and the Equity Shares will be deemed to have declared, represented, warranted and agreed, by accepting the delivery of the Letter of Offer, (i) that it is not and that, at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States when the buy order is made; and (ii) is authorised to acquire the Rights Entitlements and the Equity Shares in compliance with all applicable laws, rules and regulations.

Our Company reserves the right to treat as invalid any Application Form which: (i) appears to our Company or its agents to have been executed in or dispatched from the United States of America; (ii) does not include the relevant certification set out in the Application Form headed "Overseas Shareholders" to the effect that the person accepting and/or renouncing the Application Form does not have a registered address (and is not otherwise located) in the United States, and such person is complying with laws of the jurisdictions applicable to such person in connection with the Issue, among others; (iii) where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; or (iv) where a registered Indian address is not provided, and our Company shall not be bound to allot or issue any Equity Shares or Rights Entitlement in respect of any such Application Form.

None of the Rights Entitlements or the Equity Shares have been, or will be, registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or any state securities laws in the United States. Accordingly, the Rights Entitlements and Equity Shares are being offered and sold only outside the United States in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers, and sales are made.

**NO OFFER IN ANY JURISDICTION OUTSIDE INDIA**

**NO OFFER OR INVITATION TO PURCHASE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES IS BEING MADE IN ANY JURISDICTION OUTSIDE OF INDIA, INCLUDING, BUT NOT LIMITED TO AUSTRALIA, BAHRAIN, CANADA, THE EUROPEAN ECONOMIC AREA, GHANA, HONG KONG, INDONESIA, JAPAN, KENYA, KUWAIT, MALAYSIA, NEW ZEALAND, SULTANATE OF OMAN, PEOPLE'S REPUBLIC OF CHINA, QATAR, SINGAPORE, SOUTH**

**AFRICA, SWITZERLAND, THAILAND, THE UNITED ARAB EMIRATES, THE UNITED KINGDOM AND THE UNITED STATES. THE OFFERING TO WHICH THIS LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENT FOR SALE IN ANY JURISDICTION OUTSIDE INDIA OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, THIS LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO ANY OTHER JURISDICTION AT ANY TIME.**

### **Consents**

Consents in writing of our Directors, the Registrar to the Issue and the Bankers to the Issue/ Refund Bank to act in their respective capacities, have been obtained and such consents have not been withdrawn up to the date of this Letter of Offer.

### **Expert Opinion**

Our Company has received written consent dated July 12, 2024 from our Statutory Auditor to include their name as required in this Letter of Offer and as an 'expert' as defined under Section 2(38) of the Companies Act, 2013 in relation to its examination report, dated June 27, 2024 on the Restated Financial Information and the Statement of Tax Benefits dated August 21, 2024 and such consent has not been withdrawn as of the date of this Letter of Offer. The term 'expert' and consent thereof, does not represent an expert or consent within the meaning under the U.S. Securities Act.

Except for the abovementioned documents, provided by our Auditors, our Company has not obtained any expert opinions.

### **Performance vis-à-vis objects – Public/Rights Issue of our Company**

Our Company has not made any public issues during last one year immediately preceding the date of this Letter of Offer. There have been no instances in the past, wherein our Company has failed to achieve the objects in its previous issues.

### **Performance vis-à-vis objects – Last issue of listed Subsidiaries or Associates**

As on date of filing of this Letter of Offer, our Company does not have any Subsidiaries.

### **Stock Market Data of the Equity Shares**

Our Equity Shares are listed on BSE and CSE. Our Equity Shares are traded on BSE and CSE. For details in connection with the stock market data of the Stock Exchanges, please refer to the chapter titled "**Market Price Information**" beginning on page 169 of this Letter of Offer

### **Filing**

SEBI vide the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 has amended Regulation 3(b) of the SEBI ICDR Regulations as per which the threshold of filing of Draft Letter of Offer with SEBI for rights issues has been increased. The threshold of the rights issue size under Regulation 3 (b) of the SEBI ICDR Regulations has been increased from Rupees ten crores to Rupees fifty crores. Since the size of this Issue falls below this threshold, the Draft Letter of Offer has been filed with the Stock Exchanges and not with SEBI. However, the Letter of Offer has been submitted with SEBI for information and dissemination and have also been filed with the Stock Exchanges.

### **Mechanism for Redressal of Investor Grievances**

Our Company has adequate arrangements for redressal of investor grievances in compliance with the SEBI Listing Regulations. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/OIAE/2/2011 dated June 3, 2011. Consequently, investor grievances are tracked online by our Company.

Our Company has a Stakeholders Relationship Committee which meets at least once a year and as and when required. Its terms of reference include considering and resolving grievances of Shareholders in relation to transfer of shares and effective exercise of voting rights.

Purva Shareregistry (India) Private Limited is our Registrar and Share Transfer Agent. All investor grievances received by us have been handled by the Registrar and Share Transfer Agent in consultation with the Company Secretary and Compliance Officer.

Investor complaints received by our Company are typically disposed of within 15 days from the receipt of the complaint.

**Investors may contact the Registrar or our Company Secretary and Compliance Officer for any pre-Issue or post-Issue related matter. All grievances relating to the ASBA process may be addressed to the Registrar, with a copy to the SCSBs (in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), e mail address of the sole/ first holder, folio number or demat account number, number of Equity Shares applied for, amount blocked (in case of ASBA process), ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip (in case of ASBA process). For details on the ASBA process, see "*Terms of the Issue*" beginning on page 182 of this Letter of Offer. The contact details of Registrar to the Issue and our Company Secretary and Compliance Officer are as follows:**

**Registrar to the Company:**

**Purva Shareregistry (India) Private Limited**

Unit No. 9 Shiv Shakti Industrial Estate,  
J.R. Boricha marg, Lower Parel (E),  
Mumbai – 400 011

**Telephone:** 022-3522 0056 / 4961 4132

**Email:** [newissue@purvashare.com](mailto:newissue@purvashare.com)

**Website:** <https://www.purvashare.com/>

**Investor grievance e-mail:** [newissue@purvashare.com](mailto:newissue@purvashare.com)

**Contact Person:** Deepali Dhuri

**SEBI Registration No.:** INR000001112

Investors may contact the Company Secretary and Compliance Officer at the below mentioned address for any pre-Issue/post-Issue related matters such as non-receipt of Letters of Allotment/share certificates/demat credit/Refund Orders etc.

Ruchi Nishar, is the Company Secretary and Compliance Officer of our Company. Her contact details are set forth hereunder:

**Ruchi Nishar**

705/706, Hallmark Business Plaza

Sant Dnyaneshwar Marg

Opp. Gurunanak Hospital

Bandra (E), Mumbai – 400 051 **Telephone:** 022-69165100

**E- mail:** [compliance@purplefinance.in](mailto:compliance@purplefinance.in)



## SECTION VII – ISSUE INFORMATION

### TERMS OF THE ISSUE

*This section is for the information of the Investors proposing to apply in the Issue. Investors should carefully read the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, before submitting the Application Form. Our Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make an independent investigation and ensure that the Application Form is accurately filled up in accordance with instructions provided therein and this Letter of Offer. Unless otherwise permitted under the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, Investors proposing to apply in the Issue can apply only through ASBA or by mechanism as disclosed in this Letter of Offer.*

*Investors are requested to note that application in the Issue can only be made through ASBA or any other mode which may be notified by SEBI.*

### OVERVIEW

The Rights Entitlement on the Equity Shares, the ownership of which is currently under dispute and including any court proceedings or are currently under transmission or are held in a demat suspense account and for which our Company has withheld the dividend, shall be held in abeyance and the Application Form along with the Rights Entitlement Letter in relation to these Rights Entitlements shall not be dispatched pending resolution of the dispute or court proceedings or completion of the transmission or pending their release from the demat suspense account. On submission of such documents /records confirming the legal and beneficial ownership of the Securities with regard to these cases on or prior to the Issue Closing Date, to the satisfaction of our Company, our Company shall make available the Rights Entitlement on such Equity Shares to the identified Eligible Equity Shareholder. The identified Eligible Equity Shareholder shall be entitled to subscribe to the Rights Equity Shares pursuant to the Issue during the Issue Period with respect to these Rights Entitlement and subject to the same terms and conditions as the Eligible Equity Shareholder.

The Issue is proposed to be undertaken on a rights basis and is subject to the terms and conditions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association of our Company, the provisions of the Companies Act, 2013, the FEMA, the FEMA Rules, the SEBI ICDR Regulations, the SEBI LODR Regulations and the guidelines, notifications, circulars and regulations issued by SEBI, the RBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from RBI or other regulatory authorities, the terms of the Listing Agreements entered into by our Company with Stock Exchanges and the terms and conditions as stipulated in the Allotment Advice.

### I. DISPATCH AND AVAILABILITY OF ISSUE MATERIALS

In accordance with the SEBI ICDR Regulations and SEBI Rights Issue Circulars, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent/ dispatched only to the Eligible Equity Shareholders who have provided their Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be physically dispatched, on a reasonable effort basis, to the Indian addresses provided by them. Further, this Letter of Offer will be sent/ dispatched to the Eligible Equity Shareholders who have provided Indian address and who have made a request in this regard. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Letter of Offer will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Letter of Offer will

be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Investors can access this Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable laws) on the websites of:

- (i) our Company at; [www.purplefinance.in/](http://www.purplefinance.in/)
- (ii) the Registrar at [www.purvashare.com/](http://www.purvashare.com/)
- (iii) the Lead Manager at [www.markcorporatedadvisors.com](http://www.markcorporatedadvisors.com); and
- (iv) the Stock Exchanges at <https://www.bseindia.com/> and [www.cse-india.com/](http://www.cse-india.com/)

In case the Eligible Equity Shareholders have provided their valid e-mail address, the Letter of Offer will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e. <https://www.purvashare.com/>) by entering their DP ID and Client ID or folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) and PAN. The link for the same shall also be available on the website of our Company (i.e. [www.purplefinance.in/](http://www.purplefinance.in/)).

Further, our Company along with the Lead Manager will undertake all adequate steps to reach out the Eligible Equity Shareholders who have provided their Indian address through other means, as may be feasible.

**Please note that neither our Company nor the Registrar nor the Lead Manager shall be responsible for not sending the physical copies of Issue materials, including this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form or delay in the receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the email addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit.**

The distribution of the Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer is being filed with the Stock Exchanges. Accordingly, the Rights Entitlements and Rights Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with the Issue may not be distributed, in any jurisdiction, except in accordance with and as permitted under the legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed.

Accordingly, persons receiving a copy of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations or would subject our Company or its affiliates or the Lead Manager or their respective affiliates to any filing or registration requirement (other than in India). If the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they

must not seek to make an Application or acquire the Rights Entitlements referred to in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form.

Any person who makes an application to acquire Rights Entitlements and the Rights Equity Shares offered in the Issue will be deemed to have declared, represented and warranted that such person is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction and India, without requirement for our Company or our affiliates or the Lead Manager or their respective affiliates to make any filing or registration (other than in India).

## **NO OFFER IN THE UNITED STATES**

**THE RIGHTS ENTITLEMENTS AND THE RIGHTS EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT AND 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 RIGHTS ENTITLEMENTS (INCLUDING THEIR CREDIT) AND THE RIGHTS EQUITY SHARES ARE ONLY BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES IN "OFFSHORE TRANSACTIONS" AS DEFINED IN AND IN RELIANCE ON REGULATION S UNDER THE U.S. SECURITIES ACT AND THE APPLICABLE LAWS OF THE JURISDICTION WHERE THOSE OFFERS AND SALES OCCUR.**

Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company, or any person acting on behalf of our Company, has reason to believe is, in the United States when the buy order is made. No Application Form should be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer under the Letter of Offer or where any action would be required to be taken to permit the Issue. Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch the Letter of Offer or the Abridged Letter of Offer and Application Form only to Eligible Equity Shareholders who have provided an Indian address to our Company.

Any person who acquires Rights Entitlements or Rights Equity Shares will be deemed to have represented, warranted and agreed, by accepting the delivery of this Letter of Offer, that it is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it will not be, in the United States and is authorized to acquire the Rights Entitlement and the Rights Equity Shares in compliance with all applicable laws and regulations.

Our Company is undertaking the Issue on a Rights basis to the Eligible Equity Shareholders and will send the Letter of Offer, Abridged Letter of Offer, the Application Form and other applicable Issue materials primarily to email addresses of Eligible Equity Shareholders who have provided a valid email addresses and an Indian address to our Company.

This Letter of Offer is being provided, primarily through e-mail, by the Registrar on behalf of our Company or the Lead Manager to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard.

## **II. PROCESS OF MAKING AN APPLICATION IN THE ISSUE**

**In accordance with Regulation 76 of the SEBI ICDR Regulations, the SEBI Rights Issue Circulars, all Investors desiring to make an Application in the Issue are mandatorily required to use the ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA.**

The Application Form can be used by the Eligible Equity Shareholders as well as the Renouncees, to make Applications in the Issue basis the Rights Entitlement credited in their respective demat accounts

or demat suspense escrow account, as applicable. For further details on the Rights Entitlements and demat suspense escrow account, see “**Terms of Issue - Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders**” on page 195 of this Letter of Offer.

Please note that one single Application Form shall be used by Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense escrow account in case of resident Eligible Equity Shareholders holding shares in physical form as on Record Date and applying in the Issue, as applicable. In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Rights Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account.

a) *Facilities for Application in this Issue:*

ASBA facility

Investors may apply for the Rights Equity Shares by submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors are also advised to ensure that the Application Form is correctly filled in, stating therein the ASBA Account in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB. For details, please refer to Paragraph titled “**Terms of Issue- Procedure for Application through the ASBA process**” beginning on page 186 of this Letter of Offer.

Applicants should note that they should very carefully fill-in their depository account details and PAN in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB). Please note that incorrect depository account details or PAN or Application Forms without depository account details shall be treated as incomplete and shall be rejected. For details, see “- **Grounds for Technical Rejection**” on page 191 of this Letter of Offer.

Our Company, the Lead Manager, the Registrar and the SCSBs shall not be liable for any incomplete or incorrect demat details provided by the Applicants.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in the Issue by making plain paper Applications. Please note that SCSBs shall accept such applications only if all details required for making the application as per the SEBI ICDR Regulations are specified in the plain paper application and that Eligible Equity Shareholders making an application in the Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, see “- **Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process**” on page 187 of this Letter of Offer.

• *Options available to the Eligible Equity Shareholders*

The Rights Entitlement Letter will clearly indicate the number of Rights Equity Shares that the Eligible Equity Shareholder is entitled to. Details of each of the Eligible Equity Shareholders’ Rights Entitlement will be sent to the Eligible Equity shareholder separately along with the Application Form and would also be available on the website of the Registrar to the Issue at [www.purvashare.com/](http://www.purvashare.com/) and link of the same would also be available on the website of our Company at [www.purplefinance.in/](http://www.purplefinance.in/) Respective Eligible Equity Shareholder can check their entitlement by keying their requisite details therein.

If the Eligible Equity Shareholder applies in the Issue, then such Eligible Equity Shareholder can:

1. apply for its Rights Equity Shares to the full extent of its Rights Entitlements; or
2. apply for its Rights Equity Shares to the extent of part of its Rights Entitlements (without

- renouncing the other part); or
3. apply for Rights Equity Shares to the extent of part of its Rights Entitlements and renounce the other part of its Rights Entitlements; or
4. apply for its Rights Equity Shares to the full extent of its Rights Entitlements and apply for Additional Rights Equity Shares; or
5. renounce its Rights Entitlements in full.

*Making of an Application through the ASBA process*

An Investor, wishing to participate in the Issue through the ASBA facility, is required to have an ASBA enabled bank account with SCSBs, prior to making the Application. Investors desiring to make an Application in the Issue through ASBA process, may submit the Application Form in physical mode to the Designated Branches of the SCSB or online/ electronic Application through the website of the SCSBs (if made available by such SCSB) for authorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors should ensure that they have correctly submitted the Application Form and have provided an authorisation to the SCSB, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to [www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34](http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34). Please note that subject to SCSBs complying with the requirements of the SEBI circular bearing reference number CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs. Further, in terms of the SEBI circular bearing reference number CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in the Issue and clear demarcated funds should be available in such account for such an Application.

The Lead Manager, our Company, the directors, employees, affiliates, associates and their respective directors and officers and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc., in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

Investors applying through the ASBA facility should carefully read the provisions applicable to such Applications before making their Application through the ASBA process.

**Do's:**

- (a) Ensure that the necessary details are filled in on the Application Form including the details of the ASBA Account.
- (b) Ensure that the details about your Depository Participant, PAN and beneficiary account are correct and the beneficiary account is activated as the Rights Equity Shares will be Allotted in the dematerialized form only.
- (c) Ensure that the Applications are submitted to the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application.
- (d) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares (including Additional Rights Equity Shares) applied for} X {Application Money of Rights Equity Shares}) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branch of the SCSB.
- (e) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application Form and have signed the same.
- (f) Ensure that you have a bank account with SCSBs providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.

- (g) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the Application Form in physical form or plain paper Application.
- (h) Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form and the Rights Entitlement Letter.
- (i) Ensure that your PAN is linked with Aadhaar, and you are in compliance with CBDT notification dated Feb 13, 2020 read with press release dated June 25, 2021 and September 17, 2021.

**Don'ts:**

- (a) Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.
- (b) Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or vice versa.
- (c) Do not send your physical Application to the Lead Manager, the Registrar, the Banker to the Issue, a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only.
- (d) Do not instruct the SCSBs to unblock the funds blocked under the ASBA process upon making the Application.
- (e) Do not submit Application Form using third party ASBA account.
- (f) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.
- (g) Do not submit multiple Applications.
- (h) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- (i) Do not pay the Application Money in cash, by money order, pay order or postal order.

*Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*

An Eligible Equity Shareholder in India who is eligible to apply under the ASBA process may make an Application to subscribe to the Issue on plain paper in case of non-receipt of Application Form as detailed above and only such plain paper applications which provide all the details required in terms of Regulation 78 of SEBI ICDR Regulations shall be accepted by SCSBs. In such cases of non-receipt of the Application Form through physical delivery (where applicable) and the Eligible Equity Shareholder not being in a position to obtain it from any other source may make an Application to subscribe to the Issue on plain paper with the same details as per the Application Form that is available on the website of the Registrar, the Stock Exchanges or the Lead Manager.

An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorising such SCSB to block Application Money in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any Eligible Equity Shareholder who has not provided an Indian address.

Please note that the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilize the Application Form for any purpose including renunciation even if it is received subsequently. The Application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with his/her bank, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

1. Name of our Company, being Purple Finance Limited;
2. Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository);
3. Folio number (in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date)/DP and Client ID;
4. Except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue;
5. Number of Equity Shares held as on Record Date;

6. Allotment option – only dematerialised form;
7. Number of Rights Equity Shares entitled to;
8. Number of Rights Equity Shares applied for within the Rights Entitlements;
9. Number of Additional Rights Equity Shares applied for, if any (applicable only if entire Rights Entitlements have been applied for);
10. Total number of Rights Equity Shares applied for;
11. Total amount paid at the rate of ₹ 40/- per Rights Equity Share;
12. Details of the ASBA Account such as the SCSB account number, name, address and branch of the relevant SCSB;
13. In case of non-resident Eligible Equity Shareholders making an application with an Indian address, details of the NRE / FCNR/ NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;
14. Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;
15. Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB); and
16. All such Eligible Equity Shareholders shall be deemed to have made the representations, warranties and agreements set forth in “**Restrictions on Foreign Ownership of Indian Securities**” on page 209, of this Letter of Offer and shall include the following:

*“I/ We hereby make representations, warranties and agreements set forth in “**Restrictions on Foreign Ownership of Indian Securities**” on page 209 of this Letter of Offer.*

*I/ We acknowledge that the Company, the Lead Manager, its affiliates and others will rely upon the truth and accuracy of the representations, warranties and agreements set forth therein.”*

In cases where Multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account or in demat suspense escrow account, as applicable, including cases where an Investor submits Application Forms along with a plain paper Application, such Applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an Application being rejected, with our Company, the Lead Manager and the Registrar not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrar at [www.purvashare.com/](http://www.purvashare.com/).

Our Company, the Lead Manager and the Registrar shall not be responsible if the Applications are not uploaded by the SCSB or funds are not blocked in the Investors’ ASBA Accounts on or before the Issue Closing Date.

*Making of an Application by Eligible Equity Shareholders holding Equity Shares in physical form*

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Rights Equity Shares in the Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two clear Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Prior to the Issue Opening Date, the Rights Entitlements of those Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company or the Registrar, shall be credited in a demat suspense escrow account opened by our Company.

Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in the Issue:

- (a) The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, e-mail address, contact details and the details of their demat account along with copy of self-attested PAN and self- attested client master sheet of their demat account either by e-mail, post, speed post, courier,

- or hand delivery so as to reach to the Registrar no later than two clear Working Days prior to the Issue Closing Date;
- (b) The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date;
  - (c) The remaining procedure for Application shall be same as set out in “- ***Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process***” on page 187 of this Letter of Offer.

In accordance with the SEBI Rights Issue Circulars, Resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date will not be allowed to renounce their Rights Entitlements in the Issue. However, such Eligible Equity Shareholders, where the dematerialized Rights Entitlements are transferred from the suspense escrow demat account to the respective demat accounts within prescribed timelines, can apply for Additional Rights Equity Shares while submitting the Application through ASBA process.

**PLEASE NOTE THAT THE ELIGIBLE EQUITY SHAREHOLDERS, WHO HOLD EQUITY SHARES IN PHYSICAL FORM AS ON RECORD DATE AND WHO HAVE NOT FURNISHED THE DETAILS OF THEIR RESPECTIVE DEMAT ACCOUNTS TO THE REGISTRAR OR OUR COMPANY AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE, SHALL NOT BE ELIGIBLE TO MAKE AN APPLICATION FOR RIGHTS EQUITY SHARES AGAINST THEIR RIGHTS ENTITLEMENTS WITH RESPECT TO THE EQUITY SHARES HELD IN PHYSICAL FORM.**

*Application for Additional Rights Equity Shares*

Investors are eligible to apply for Additional Rights Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Equity Shares under applicable law and they have applied for all the Rights Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of Additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalised in consultation with the Designated Stock Exchange. Applications for Additional Rights Equity Shares shall be considered, and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner as set out in “-***Basis of Allotment***” on page 203 of this Letter of Offer.

**Eligible Equity Shareholders who renounce their Rights Entitlements in full or part, cannot apply for Additional Rights Equity Shares. Non-resident Renounees who are not Eligible Equity Shareholders cannot apply for Additional Rights Equity Shares.**

Investors to kindly note that after purchasing the Rights Entitlements through on market renunciation / off market renunciation, an application has to be made for subscribing to the rights equity shares. If no such application is made by the renounee on or before issue closing date, then such rights entitlements will get lapsed and shall be extinguished after the issue closing date and no rights equity shares for such lapsed Rights Entitlements will be credited. For procedure of application by shareholders who have purchased the right entitlement through on market renunciation / off market renunciation, please refer to the heading titled “***Process of making an application in the issue***” on page 184 of this Letter of Offer.

Additional general instructions for Investors in relation to making of an Application

- (a) Please read this Letter of Offer carefully to understand the Application process and applicable settlement process.
- (b) Please read the instructions on the Application Form sent to you. Application should be complete in all respects. The Application Form found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English.
- (c) In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under “***Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process***” on page 187 of this Letter of Offer.
- (d) Applications should be submitted to the Designated Branch of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block



- Application Money payable on the Application in their respective ASBA Accounts. Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.
- (e) Applications should not be submitted to the Banker to the Issue, our Company or the Registrar or the Lead Manager.
  - (f) All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention their PAN allotted under the Income-tax Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, Applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be “suspended for credit” and no Allotment and credit of Rights Equity Shares pursuant to the Issue shall be made into the accounts of such Investors.
  - (g) Ensure that the demographic details such as address, PAN, DP ID, Client ID, folio number, bank account details and occupation (“**Demographic Details**”) are updated, true and correct, in all respects. Investors applying under the Issue should note that on the basis of name of the Investors, DP ID and Client ID provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Therefore, Investors applying under the Issue should carefully fill in their Depository Account details in the Application. These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants. The Allotment Advice and the intimation on unblocking of ASBA Account or refund (if any) would be mailed to the address of the Investor as per the Indian address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not Allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs, Registrar or the Lead Manager shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay. In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) DP ID, and (c) Client ID, then such Application Forms are liable to be rejected.
  - (h) By signing the Application Forms, Investors would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.
  - (i) For physical Applications through ASBA at Designated Branches of SCSB, signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in any such language or thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the Application as per the specimen signature recorded with the SCSB.
  - (j) Investor will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, the Lead Manager, SCSBs or the Registrar will not be liable for any such rejections.
  - (k) In case of joint Applicants, reference, if any, will be made in the first Applicant’s name and all communication will be addressed to the first Applicant.
  - (l) All communication in connection with Application for the Rights Equity Shares, including any change in contact details of the Eligible Equity Shareholders should be addressed to the Registrar prior to the date of Allotment in the Issue quoting the name of the first/sole Applicant, folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date)/DP ID and Client ID and Application Form number, as applicable. In case of any change in contact details of the Eligible Equity Shareholders, the Eligible Equity Shareholders should also send the intimation for such change to the respective depository participant, or to our Company or the Registrar in case of Eligible Equity Shareholders holding Equity Shares in physical form.
  - (m) Investors are required to ensure that the number of Rights Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.
  - (n) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.
  - (o) An Applicant being an OCB is required not to be under the adverse notice of RBI and in order to apply for the Issue as an incorporated non-resident must do so in accordance with the FDI Policy and FEMA Rules.

- (p) Ensure that your PAN is linked with Aadhaar and you are in compliance with CBDT notification dated Feb 13, 2020 and press release dated June 25, 2021 and September 17, 2021.

Grounds for Technical Rejection

Applications made in the Issue are liable to be rejected on the following grounds:

- (a) DP ID, folio number and Client ID mentioned in Application does not match with the DP ID, folio number and Client ID records available with the Registrar.
- (b) Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar.
- (c) Sending an Application to our Company, the Lead Manager, Registrar, Banker to the Issue, to a branch of a SCSB which is not a Designated Branch of the SCSB.
- (d) Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.
- (e) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.
- (f) Account holder not signing the Application or declaration mentioned therein.
- (g) Submission of more than one Application Form for Rights Entitlements available in a particular demat account.
- (h) Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.
- (i) Submitting the GIR number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts).
- (j) Applications by persons not competent to contract under the Indian Contract Act, 1872, except Applications by minors having valid demat accounts as per the Demographic Details provided by the Depositories.
- (k) Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.
- (l) Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and this Letter of Offer.
- (m) Physical Application Forms not duly signed by the sole or joint Investors, as applicable.
- (n) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.
- (o) If an Investor is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlements.
- (p) Applications which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States (other than from persons in the United States who are U.S. QIBs and “qualified purchasers” (as defined under the U.S. Investment Company Act of 1940, as amended and referred to in this Letter of Offer as “QPs”) or other jurisdictions where the offer and sale of the Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is (a) both a U.S. QIB and a QP, if in the United States or a U.S. Person or (b) outside the United States and is a non-U.S. Person, and in each case such person is eligible to subscribe for the Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with this Issue; and our Company shall not be bound to issue or allot any Equity Shares in respect of any such Application Form.
- (q) Applications which have evidence of being executed or made in contravention of applicable securities laws.
- (r) Application from Investors that are residing in U.S. address as per the depository records (other than from persons in the United States who are U.S. QIBs and QPs).
- (s) Applicants not having the requisite approvals to make application in the Issue.
- (t) **IT IS MANDATORY FOR ALL THE INVESTORS APPLYING UNDER THIS ISSUE TO APPLY THROUGH THE ASBA PROCESS, TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY THE INVESTOR AS ON THE RECORD DATE. ALL INVESTORS APPLYING UNDER THIS**

**ISSUE SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DP ID AND BENEFICIARY ACCOUNT NUMBER/ FOLIO NUMBER IN THE APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE APPLICATION FORM OR PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.**

- (u) Investors applying under this Issue should note that on the basis of name of the Investors, Depository Participant's name and identification number and beneficiary account number provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Hence, Investors applying under this Issue should carefully fill in their Depository Account details in the Application.
- (v) These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants. By signing the Application Forms, the Investors would be deemed to have authorized the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.
- (w) The Allotment advice and the email intimating unblocking of ASBA Account or refund (if any) would be emailed to the address of the Investor as per the email address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs or the Registrar shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay.
- (x) In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) the DP ID, and (c) the beneficiary account number, then such Application Forms are liable to be rejected.
- (y) Application forms supported by the amount blocked from a third-party bank account.

#### Multiple Applications

In case where multiple Applications are made using same demat account in respect of the same Rights Entitlement, such Applications shall be liable to be rejected. A separate Application can be made in respect of Rights Entitlements in each demat account of the Investors and such Applications shall not be treated as multiple applications. Similarly, a separate Application can be made against Equity Shares held in dematerialized form and Equity Shares held in physical form, and such Applications shall not be treated as multiple applications. Further, additional applications in relation to additional Rights Equity Shares with/without using additional Rights Entitlements will not be treated as multiple application. A separate Application can be made in respect of each scheme of a mutual fund registered with SEBI and such Applications shall not be treated as multiple applications. For details, see “- **Procedure for Applications by Mutual Funds**” on page 194 of this Letter of Offer.

In cases where Multiple Application Forms are submitted, including cases where (a) an Investor submits Application Forms along with a plain paper Application or (b) multiple plain paper Applications (c) or multiple applications through ASBA, such Applications shall be treated as multiple applications and are liable to be rejected, other than multiple applications submitted by our Promoter to meet the minimum subscription requirements applicable to the Issue as described in “**General Information – Minimum Subscription**” on page 43 of this Letter of Offer.

#### Procedure for Applications by certain categories of Investors

##### **Procedure for Applications by FPIs**

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the multiple entities having common ownership, directly or indirectly, of more than 50% or common control) must be below 10% of our post- Issue Equity Share capital. Further, in terms of FEMA Rules, the total

holding by each FPI shall be below 10% of the total paid-up equity share capital of a company on a fully diluted basis and the total holdings of all FPIs put together shall not exceed 24% of the paid-up equity share capital of a company on a fully diluted basis.

Further, pursuant to the FEMA Rules the investments made by a SEBI registered FPI in a listed Indian company will be reclassified as FDI if the total shareholding of such FPI increases to more than 10% of the total paid-up equity share capital on a fully diluted basis or 10% or more of the paid-up value of each series of debentures or preference shares or warrants.

FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. FPIs who wish to participate in the Issue are advised to use the Application Form for non-residents. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons registered as Category I FPI under the SEBI FPI Regulations; (ii) such offshore derivative instruments are issued only to persons who are eligible for registration as Category I FPIs (where an entity has an investment manager who is from the Financial Action Task Force member country, the investment manager shall not be required to be registered as a Category I FPI); (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iv) compliance with other conditions as may be prescribed by SEBI.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by or on its behalf, is carried out subject to inter alia the following conditions: (a) such offshore derivative instruments are transferred only to persons in accordance with the SEBI FPI Regulations; and (b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre – approved by the FPI.

#### *Procedure for Applications by AIFs, FVCIs, VCFs and FDI route*

The SEBI VCF Regulations and the SEBI FVCI Regulations prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in the Issue. Further, venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in the Issue. Other categories of AIFs are permitted to apply in the Issue subject to compliance with the SEBI AIF Regulations. Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.

#### *Procedure for Applications by NRIs*

Investments by NRIs are governed by the FEMA Rules. Applications will not be accepted from NRIs that are ineligible to participate in the Issue under applicable securities laws. As per the FEMA Rules, an NRI or Overseas Citizen of India (“OCI”) may purchase or sell capital instruments of a listed Indian company on repatriation basis, on a recognised stock exchange in India, subject to the conditions, inter alia, that the total holding by any individual NRI or OCI will not exceed 5% of the total paid-up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together will not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10% may be raised to 24%, if a special resolution to that effect is passed by the general body of the Indian company.

Further, in accordance with press note 3 of 2020, the FDI Policy has been amended to state that all investments by entities incorporated in a country which shares land border with India or where beneficial owner of an investment into India is situated in or is a citizen of any such country (“**Restricted Investors**”), will require prior approval of the Government of India. It is not clear from the press note whether or not an issue of the Rights Equity Shares to Restricted Investors will also require prior approval of the Government of India and each Investor should seek independent legal advice about its ability to participate in the Issue. In the event such prior approval has been obtained, the Investor shall intimate our Company and the Registrar about such approval within the Issue Period.

#### ***Procedure for Applications by Mutual Funds***

Applications made by asset management companies or custodians of Mutual Funds should clearly and specifically state names of the concerned schemes for which such Applications are made.

In case of a Mutual Fund, a separate Application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple Applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company’s paid-up share capital carrying voting rights.

#### ***Procedure for applications by Systemically Important NBFCs***

In case of application made by Systemically Important NBFCs registered with the RBI, (i) the certificate of registration issued by the RBI under Section 45 –IA of the RBI Act, 1934 and (ii) net worth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

#### **Last date for Application**

The last date for submission of the duly filled in the Application Form or a plain paper Application is Friday, October 11, 2024, i.e., Issue Closing Date. Our Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the Application Form is not submitted with an SCSB, uploaded with the Stock Exchanges and the Application Money is not blocked with the SCSB, on or before the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in this Letter of Offer shall be deemed to have been declined and our Board or any committee thereof shall be at liberty to dispose of the Equity Shares hereby offered, as set out in “- **Basis of Allotment**” on page 203 of this Letter of Offer.

Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges. Please ensure that the Application Form and necessary details are filled in. In place of Application number, Investors can mention the reference number of the e-mail received from Registrar informing about their Rights Entitlement or last eight digits of the demat account. Alternatively, SCSBs may mention their internal reference number in place of application number.

#### **Withdrawal of Application**

An Investor who has applied in the Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted. However, no Investor, applying through ASBA facility, may withdraw their Application post 5.00 p.m. (Indian Standard Time) on the Issue Closing Date.

### Disposal of Application and Application Money

No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branches of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form.

Our Board reserves its full, unqualified and absolute right to accept or reject any Application, in whole or in part, and in either case without assigning any reason thereto. In case an Application is rejected in full, the whole of the Application Money will be unblocked in the respective ASBA Accounts. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Rights Equity Shares Allotted, will be refunded / unblocked in the respective bank accounts from which Application Money was received / ASBA Accounts of the Investor within a period of four days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the Application Form carefully.

## **I. CREDIT OF RIGHTS ENTITLEMENTS IN DEMAT ACCOUNTS OF ELIGIBLE EQUITY SHAREHOLDERS**

### • Rights Entitlements

As your name appears as a beneficial owner in respect of the issued and paid-up Equity Shares held in dematerialised form or appears in the register of members of our Company as an Eligible Equity Shareholder in respect of our Equity Shares held in physical form, as on the Record Date, you may be entitled to subscribe to the number of Rights Equity Shares as set out in the Rights Entitlement Letter.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e. [www.purvashare.com/](http://www.purvashare.com/)) by entering their DP ID and Client ID or folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) and PAN. The link for the same shall also be available on the website of our Company (i.e., [www.purplefinance.in/](http://www.purplefinance.in/)).

In this regard, our Company has made necessary arrangements with NSDL and CDSL for crediting the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders in a dematerialized form. A separate ISIN for the Rights Entitlements has also been generated which is INE0CYK20015. The said ISIN shall remain frozen (for debit) until the Issue Opening Date. The said ISIN shall be suspended for transfer by the Depositories post the Issue Closing Date.

Additionally, our Company will submit the details of the total Rights Entitlements credited to the demat accounts of the Eligible Equity Shareholders and the demat suspense escrow account to the Stock Exchanges after completing the corporate action. The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar after keying in their respective details along with other security control measures implemented thereat.

**Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialised form. Further, if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before Issue Closing Date, such Rights Entitlements shall lapse and shall be extinguished after the Issue Closing Date. No Rights Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and purchaser will lose the premium paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an Application to apply for Rights Equity Shares offered under Issue for subscribing to the Rights Equity Shares offered under Issue.**

If Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two clear Working

Days prior to the Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar (i.e., [www.purvashare.com/](http://www.purvashare.com/)). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts.

**In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only.**

Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account (namely, “**Purple Finance Ltd. -RE Account- Operated by- Purva Sharegistry (India) Pvt. Ltd.**”) opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in the account of the IEPF authority; or (b) the demat accounts of the Eligible Equity Shareholder which are frozen or the Equity Shares which are lying in the unclaimed suspense account (including those pursuant to Regulation 39 of the SEBI LODR Regulations) or details of which are unavailable with our Company or with the Registrar on the Record Date; or (c) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (d) credit of the Rights Entitlements returned/reversed/failed; or (e) the ownership of the Equity Shares currently under dispute, including any court proceedings, if any; or (f) non-institutional equity shareholders in the United States.

Eligible Equity Shareholders are requested to provide relevant details (such as copies of self-attested PAN and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to our Company or the Registrar not later than two clear Working Days prior to the Issue Closing Date, i.e., by Wednesday, October 09, 2024 to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least one day before the Issue Closing Date, i.e., by October 10, 2024 to enable such Eligible Equity Shareholders to make an application in the Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard.

Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to our Company or the Registrar is active to facilitate the aforementioned transfer.

## **II. RENUNCIATION AND TRADING OF RIGHTS ENTITLEMENT**

- *Renounees*

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to the Issue shall apply to the Renounee(s) as well.

- *Renunciation of Rights Entitlements*

The Issue includes a right exercisable by Eligible Equity Shareholders to renounce the Rights Entitlements credited to their respective demat account either in full or in part.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and vice versa shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

The renunciation of Rights Entitlements credited in your demat account can be made either by sale of such Rights Entitlements, using the secondary market platform of the Stock Exchange or through an off

market transfer.

- *Procedure for Renunciation of Rights Entitlements*

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchange (the “**On Market Renunciation**”); or (b) through an off market transfer (the “**Off Market Renunciation**”), during the Renunciation Period. The Investors should have the demat Rights Entitlements credited / lying in his/her own demat account prior to the renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

In accordance with the SEBI Rights Issue Circulars, the resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date shall be required to provide their demat account details to our Company or the Registrar to the Issue for credit of REs not later than two Working Days prior to Issue Closing Date, such that credit of REs in their demat account takes place at least one day before Issue Closing Date, thereby enabling them to renounce their Rights Entitlements through Off Market Renunciation.

Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Investors who intend to trade in the Rights Entitlements should consult their tax advisor or stock-broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements.

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

- *Payment Schedule of Rights Equity Shares*

₹ 40/- per Rights Equity Share (including premium of ₹ 30/- per Rights Equity Share) shall be payable on Application.

The Lead Manager and our Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.

**a) On Market Renunciation**

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchange through a registered stock-broker in the same manner as the existing Equity Shares of our Company. In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI Rights Issue Circulars, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchange under ISIN: INE0CYK20015 subject to requisite approvals. Prior to the Issue Opening Date, our Company will obtain the approval from the Stock Exchange for trading of Rights Entitlements. No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. The details for trading in Rights Entitlements will be as specified by the Stock Exchange from time to time.

The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is 1 (one) Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., from Friday, October 04, 2024, to Tuesday, October 08, 2024, (both days inclusive). The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock-brokers by quoting the **ISIN: INE0CYK20015** and indicating the details of the Rights Entitlements they intend to trade. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.



The On Market Renunciation shall take place electronically on the secondary market platform of the Stock Exchanges under automatic order matching mechanism and on T+1 rolling settlement basis', where 'T' refers to the date of trading. The transactions will be settled on a trade-for-trade basis. Upon execution of the order, the stock-broker will issue a contract note in accordance with the requirements of the Stock Exchanges and the SEBI.

**b) Off Market Renunciation**

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off-market transfer through a depository participant. The Rights Entitlements can be transferred in dematerialised form only. Eligible Equity Shareholders are requested to ensure that renunciation through off market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renounees on or prior to the Issue Closing Date to enable Renounees to subscribe to the Rights Equity Shares in the Issue.

The Investors holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the **ISIN: INE0CYK20015**, the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Investors can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants.

The detailed rules for transfer of Rights Entitlements through off market transfer shall be as specified by the NSDL and CDSL from time to time.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and *vice versa* shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

**III. MODE OF PAYMENT**

All payments against the Application Forms shall be made only through ASBA facility. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility.

The Investor agrees to block the entire amount payable on Application with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in the Investor's ASBA Account. The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth in this Letter of Offer.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. On the Transfer Date, upon receipt of intimation from the Registrar, of the receipt of minimum subscription and pursuant to the finalization of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account(s) which shall be a separate bank account maintained by our Company in accordance with sub-section (3) of Section 40 of the Companies Act, 2013. The balance amount remaining after the finalisation of the Basis of Allotment

on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stock investment scheme has been withdrawn. Hence, payment through stock invest would not be accepted in the Issue.

#### *Mode of payment for Resident Investors*

All payments on the Application Forms shall be made only through ASBA facility. Applicants are requested to strictly adhere to these instructions.

#### *Mode of payment for Non-Resident Investors*

As regards the Application by non-resident Investors, payment must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by RBI and subject to the following:

1. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Rights Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income tax Act. However, please note that conditions applicable at the time of original investment in our Company by the Eligible Equity Shareholder including repatriation shall not change and remain the same for subscription in the Issue or subscription pursuant to renunciation in the Issue.
2. Subject to the above, in case Rights Equity Shares are Allotted on a non-repatriation basis, the dividend and sale proceeds of the Rights Equity Shares cannot be remitted outside India.
3. In case of an Application Form received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.
4. Application Forms received from non-residents/ NRIs, or persons of Indian origin residing abroad for Allotment of Rights Equity Shares shall, amongst other things, be subject to conditions, as may be imposed from time to time by RBI under FEMA, in respect of matters including Refund of Application Money and Allotment.
5. In the case of NRIs who remit their Application Money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account.
6. Non-resident Renouncees who are not Eligible Equity Shareholders must submit regulatory approval for applying for Additional Rights Equity Shares.

#### **IV. BASIS FOR THE ISSUE AND TERMS OF THE ISSUE**

The Rights Equity Shares are being offered for subscription to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of our Equity Shares held in dematerialised form and on the register of members of our Company in respect of our Equity Shares held in physical form at the close of business hours on the Record Date.

For principal terms of Issue such as face value, Issue Price, Rights Entitlement ratio, see “*The Issue*” beginning on page 37 of this Letter of Offer.

#### *Fractional Entitlements*

The Rights Equity Shares are being offered on a rights basis to Eligible Equity Shareholders in the ratio of 1 (One) Rights Equity Share for every 3 (Three) Equity Shares held on the Record Date. For Equity Shares being offered on a rights basis under the Issue, if the shareholding of any of the Eligible Equity Shareholders is less than 3 Equity Shares or not in the multiple of 3, the fractional entitlement of such Eligible Equity Shareholders shall be ignored in the computation of the Rights Entitlement. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored, will be given preferential consideration for the allotment of one additional Equity Share each if they apply for additional Equity Shares over and above their rights entitlement, if any.

For example, if an Eligible Equity Shareholder holds 3 (Three) Equity Shares, such Equity Shareholder will be entitled to 1 (one) Equity Share.

Further, the Eligible Equity Shareholders holding less than 3 (Three) Equity Shares shall have 'zero' entitlement in the Issue. Such Eligible Equity Shareholders are entitled to apply for additional Equity Shares and will be given preference in the allotment of one additional Equity Share if such Eligible Equity Shareholders apply for the additional Equity Shares. However, they cannot renounce the same in favour of third parties and the application forms shall be non-negotiable.

#### Ranking

The Rights Equity Shares to be issued and Allotted pursuant to the Issue shall be subject to the provisions of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association, the provisions of the Companies Act, 2013, FEMA, the SEBI ICDR Regulations, the SEBI LODR Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, the terms of the Listing Agreements entered into by our Company with the Stock Exchanges and the terms and conditions as stipulated in the Allotment advice. The Rights Equity Shares to be issued and Allotted under the Issue shall rank *pari passu* with the existing Equity Shares, in all respects including dividends.

#### Listing and trading of the Rights Equity Shares to be issued pursuant to the Issue

Subject to receipt of the listing and trading approvals, the Rights Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on CSE and BSE. Unless otherwise permitted by the SEBI ICDR Regulations, the Rights Equity Shares Allotted pursuant to the Issue will be listed as soon as practicable and all steps for completion of necessary formalities for listing and commencement of trading in the Rights Equity Shares will be taken within such period prescribed under the SEBI ICDR Regulations. Our Company has received in-principle approval from the BSE and CSE through their letters bearing reference number dated September 13, 2024 and dated September 17, 2024 respectively. Our Company will apply to the Stock Exchanges for final approval for the listing and trading of the Rights Equity Shares subsequent to its Allotment.

No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under the Issue will trade after the listing thereof. The existing Equity Shares are listed and traded on BSE Limited (Scrip Code: 544191) and CSE (Scrip Code: 26505) under the **ISIN: INE0CYK01015**. The Rights Equity Shares shall be credited to a temporary ISIN which will be frozen until the receipt of the final listing/ trading approvals from the Stock Exchanges.

Upon receipt of such listing and trading approvals, the Rights Equity Shares shall be debited from such temporary ISIN and credited to the new ISIN for the Rights Equity Shares and thereafter be available for trading and the temporary ISIN shall be permanently deactivated in the depository system of CDSL and NSDL.

The listing and trading of the Rights Equity Shares issued pursuant to the Issue shall be based on the current regulatory framework then applicable. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

In case our Company fails to obtain listing or trading permission from the Stock Exchanges, our Company shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within four days of receipt of intimation from the Stock Exchanges, rejecting the application for listing of the Rights Equity Shares, and if any such money is not refunded/ unblocked within four days after our Company becomes liable to repay it, our Company and every director of our Company who is an officer-in-default shall, on and from the expiry of the fourth day, be jointly and severally liable to repay that money with interest at rates prescribed under applicable law.

- Subscription to the Issue by our Promoter and members of the Promoter Group

For details of the intent and extent of subscription by our Promoter, see “*Capital Structure – Intention and extent of participation by our Promoters and Promoter Group in the Issue*” on page 45.

## V. GENERAL TERMS OF THE ISSUE

- Market Lot

The Equity Shares of our Company shall be tradable only in dematerialized form. The market lot for Equity Shares in dematerialised mode is one Equity Share.

- Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as the joint holders with the benefit of survivorship subject to the provisions contained in our Articles of Association. In case of Equity Shares held by joint holders, the Application submitted in physical mode to the Designated Branch of the SCSBs would be required to be signed by all the joint holders (in the same order as appearing in the records of the Depository) to be considered as valid for allotment of Equity Shares offered in the Issue.

- Nomination

Nomination facility is available in respect of Equity Shares in accordance with the provisions of the Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014. Since the Allotment is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be allotted in the Issue. Nominations registered with the respective DPs of the Investors would prevail. Any Investor holding Equity Shares in dematerialised form and desirous of changing the existing nomination is requested to inform its Depository Participant.

- Arrangements for Disposal of Odd Lots

The Equity Shares shall be traded in dematerialised form only and, therefore, the marketable lot shall be one Equity Share and hence, no arrangements for disposal of odd lots are required.

- Restrictions on transfer and transmission of shares and on their consolidation/splitting

There are no restrictions on transfer and transmission and on their consolidation/splitting of shares issued pursuant to this Issue. However, the Investors should note that pursuant to provisions of the SEBI LODR Regulations, with effect from April 1, 2019, except in case of transmission or transposition of securities, the request for transfer of securities shall not be affected unless the securities are held in the dematerialized form with a depository.

- Notices

In accordance with the SEBI ICDR Regulations and the SEBI Rights Issue Circulars, and MCA General Circular No. 21/2020 dated May 11, 2020, our Company will send through email and speed post, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent/ dispatched only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be physically dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in one English language national daily newspaper with wide circulation, one Hindi language national

daily newspaper with wide circulation and one regional Tamil daily newspaper with wide circulation (Tamil also being the regional language in the place where our Registered and Corporate Office is located).

This Letter of Offer, the Abridged Letter of Offer and the Application Form shall also be submitted with the Stock Exchanges for making the same available on its website.

- *Offer to Non-Resident Eligible Equity Shareholders/Investors*

As per Rule 7 of the FEMA Rules, RBI has given general permission to a person resident outside India and having investment in an Indian company to make investment in rights equity shares issued by such company subject to certain conditions. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by RBI, non-residents may, amongst other things, subject to the conditions set out therein (i) subscribe for additional shares over and above their rights entitlements; (ii) renounce the shares offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour. Applications received from NRIs and non-residents for allotment of Rights Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Rights Equity Shares and issue of Rights Entitlement Letters/ letters of Allotment/Allotment advice.

If a non-resident or NRI Investor has specific approval from RBI or any other governmental authority, in connection with his shareholding in our Company, such person should enclose a copy of such approval with the Application details and send it to the Registrar at [www.purvashare.com/](http://www.purvashare.com/). It will be the sole responsibility of the investors to ensure that the necessary approval from the RBI or the governmental authority is valid in order to make any investment in the Issue and the Lead Manager and our Company will not be responsible for any such allotments made by relying on such approvals.

The Abridged Letter of Offer, the Rights Entitlement Letter and Application Form shall be sent only to the Indian addresses of the non-resident Eligible Equity Shareholders on a reasonable efforts basis, who have provided an Indian address to our Company and located in jurisdictions where the offer and sale of the Rights Equity Shares may be permitted under laws of such jurisdictions. Eligible Equity Shareholders can access this Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of the Registrar, our Company, the Lead Manager and the Stock Exchanges.

Further, Application Forms will be made available at Registered and Corporate Office of our Company for the non-resident Indian Applicants. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the Allotment. The Rights Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which Rights Equity Shares are issued on rights basis. In case of change of status of holders, i.e., from resident to non-resident, a new demat account must be opened.

Any Application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company and the Lead Manager.

**ALLOTMENT OF THE RIGHTS EQUITY SHARES IN DEMATERIALIZED FORM PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR IN THE ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE. FOR DETAILS, SEE “- ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS” ON PAGE 204 OF THIS LETTER OF OFFER.**

## VI. ISSUE SCHEDULE

<b>Issue Opening Date</b>	Friday, October 04, 2024
<b>Last date for On Market Renunciation#</b>	Tuesday, October 08, 2024
<b>Issue Closing Date</b>	Friday, October 11, 2024
<b>Finalising the basis of allotment with the Designated Stock Exchange</b>	Thursday, October 17, 2024
<b>Date of Allotment (on or about)</b>	Friday, October 18, 2024
<b>Initiation of refunds</b>	Friday, October 18, 2024
<b>Date of credit (on or about)</b>	Tuesday, October 22, 2024
<b>Date of listing (on or about)</b>	Wednesday, October 23, 2024

*\*Our Board may, however, decide to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).*

*\*\*Investors are advised to ensure that the Application Forms are submitted on or before the Issue Closing Date. Our Company, the Lead Manager and/or the Registrar to the Issue will not be liable for any loss on account of non-submission of Application Forms or on before the Issue Closing Date.*

*#Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee(s) on or prior to the Issue Closing Date.*

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two clear Working Days prior to the Issue Closing Date, i.e., Wednesday, October 09, 2024 to enable the credit of the Rights Entitlements by way of transfer from the demat suspense account to their respective demat accounts, at least one day before the Issue Closing Date, i.e., Thursday, October 10, 2024.

## VII. BASIS OF ALLOTMENT

Subject to the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, the Articles of Association and the approval of the Designated Stock Exchange, our Board will proceed to allot the Rights Equity Shares in the following order of priority:

- (a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlements of Rights Equity Shares either in full or in part and also to the Renouncee(s) who has or have applied for Rights Equity Shares renounced in their favour, in full or in part, as adjusted for fraction entitlement.
- (b) Eligible Equity Shareholders whose fractional entitlements are being ignored and Eligible Equity Shareholders with zero entitlement, would be given preference in allotment of one Additional Rights Equity Share each if they apply for Additional Rights Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after allotment under (a) above. If number of Rights Equity Shares required for Allotment under this head are more than the number of Rights Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.
- (c) Allotment to the Eligible Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of the Issue, have also applied for Additional Rights Equity Shares. The Allotment of such Additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there are any unsubscribed Rights Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such Rights Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.
- (d) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in

their favour, have applied for Additional Rights Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Rights Equity Shares will be made on a proportionate basis in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.

- (e) Allotment to any other person, subject to applicable laws, that our Board may deem fit, provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board in this regard shall be final and binding.

After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the Investors who have been allocated Rights Equity Shares in the Issue, along with:

1. The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for the Issue, for each successful Application;
2. The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
3. The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

Further, the list of Applicants eligible for refund with corresponding amount will also be shared with Banker to the Issue to refund such Applicants.

#### **VIII. ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS**

Our Company will send/ dispatch Allotment advice, refund intimations or demat credit of securities and/or letters of regret, only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, Allotment advice, refund intimations or demat credit of securities and/or letters of regret will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Allotment advice, refund intimations or demat credit of securities and/or letters of regret will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them; along with crediting the Allotted Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or in a demat suspense account (in respect of Eligible Equity Shareholders holding Equity Shares in physical form on the Allotment Date) or issue instructions for unblocking the funds in the respective ASBA Accounts, if any, within a period of 1 day from the finalisation of Basis of allotment T+1, T being the date of approval of basis of allotment. In case of failure to do so, our Company and our Directors who are "officers in default" shall pay interest at 15% p.a. and such other rate as specified under applicable law from the expiry of such 1 day' period.

The Rights Entitlements will be credited in the dematerialized form using electronic credit under the depository system and the Allotment advice shall be sent, through a mail, to the Indian mail address provided to our Company or at the address recorded with the Depository.

In the case of non-resident Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, unblocking refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts.

Where an Applicant has applied for Additional Rights Equity Shares in the Issue and is Allotted a lesser number of Rights Equity Shares than applied for, the excess Application Money paid/locked shall be refunded/unblocked. The unblocking of ASBA funds / refund of monies shall be completed be within such period as prescribed under the SEBI ICDR Regulations. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, our Company shall pay the requisite

interest at such rate as prescribed under applicable law.

#### IX. PAYMENT OF REFUND

- Mode of making refunds

In case of Applicants not eligible to make an application through ASBA process, the payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through unblocking amounts blocked using ASBA facility.

- Refund payment to non-residents

The Application Money will be unblocked in the ASBA Account of the non-resident Applicants, details of which were provided in the Application Form.

#### X. ALLOTMENT ADVICE OR DEMAT CREDIT OF SECURITIES

The demat credit of securities to the respective beneficiary accounts will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

- Receipt of the Rights Equity Shares in Dematerialized Form

**PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR UNDER THE ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO (A) THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO OUR COMPANY OR THE REGISTRAR AT LEAST TWO CLEAR WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE ELIGIBLE EQUITY SHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM AS ON THE RECORD DATE, OR (C) DEMAT SUSPENSE ACCOUNT PENDING RECEIPT OF DEMAT ACCOUNT DETAILS FOR RESIDENT ELIGIBLE EQUITY SHAREHOLDERS HOLDING EQUITY SHARES FORM/ WHERE THE CREDIT OF THE RIGHTS ENTITLEMENTS RETURNED/REVERSED/FAILED.**

Investors shall be Allotted the Rights Equity Shares in dematerialized (electronic) form. Our Company has signed two agreements with the respective Depositories and the Registrar to the Issue, which enables the Investors to hold and trade in the securities issued by our Company in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates: tripartite agreements dated March 13, 2020, and July 13, 2022 amongst our Company, NSDL and CDSL, respectively, and the Registrar to the Issue.

**INVESTORS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.**

The procedure for availing the facility for Allotment of Rights Equity Shares in the Issue in the dematerialised form is as under:

1. Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.
2. It should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company or the Depositories.
3. The responsibility for correctness of information filled in the Application Form vis-a-vis such information with the Investor's depository participant, would rest with the Investor. Investors



should ensure that the names of the Investors and the order in which they appear in Application Form should be the same as registered with the Investor's depository participant.

4. If incomplete or incorrect beneficiary account details are given in the Application Form, the Investor will not get any Rights Equity Shares and the Application Form will be rejected.
5. The Rights Equity Shares will be allotted to Applicants only in dematerialized form and would be directly credited to the beneficiary account as given in the Application Form after verification or demat suspense account (pending receipt of demat account details for resident Eligible Equity Shareholders holding Equity Shares in physical form/ with Investor Education and Protection Fund (IEPF) authority/ in suspense, etc.). Allotment advice, refund order (if any) would be sent through physical dispatch, by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Applicant's depository account.
6. Non-transferable Allotment advice/ refund intimation will be directly sent to the Investors by the Registrar, through physical dispatch.
7. Renounees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in the Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.
8. Dividend or other benefits with respect to the Equity Shares held in dematerialized form would be paid to those Equity Shareholders whose names appear in the list of beneficial owners given by the Depository Participant to our Company as on the date of the book closure.
9. Resident Eligible Equity Shareholders, who hold Equity Shares in physical form and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, shall not be able to apply in this Issue

### **Impersonation**

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of Section 38 of the Companies Act, 2013 which is reproduced below:

*“Any person who:*

- (i) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- (ii) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (iii) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.”*

The liability prescribed under Section 447 of the Companies Act, 2013 for fraud involving an amount of at least ₹ 10 lakhs or 1% of the turnover of the Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to ten years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. Where such fraud (i) involves an amount which is less than ₹ 10 lakhs or 1% of the turnover of the Company, whichever is lower, and (ii) does not involve public interest, then such fraud is punishable with imprisonment for a term extending up to five years or fine of an amount extending up to ₹ 50 lakhs or with both.

### **Utilization of Issue Proceeds**

Our Board of Directors declares that:

- (a) All monies received out of the Issue shall be transferred to a separate bank account;
- (b) Details of all monies utilized out of the Issue shall be disclosed, and shall continue to be disclosed until the time any part of the Issue Proceeds remains unutilized, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilized;
- (c) Details of all unutilized monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested; and
- (d) Our Company may utilize the funds collected in the Issue only after final listing and trading approvals for the Rights Equity Shares Allotted in the Issue is received.

## **Undertakings by our Company**

Our Company undertakes the following:

- (i) The complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily.
- (ii) All steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges where the Rights Equity Shares are to be listed will be taken within the time prescribed by the SEBI.
- (iii) The funds required for making refunds to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.
- (iv) Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
- (v) Other than any Equity Shares that may be issued pursuant to exercise options under the ESOP 2016 and ESOP 2018, no further issue of securities affecting our Company's Equity Share capital shall be made until the Rights Equity Shares are listed or until the Application Money is refunded on account of non-listing, under subscription etc.
- (vi) In case of unblocking of the application amount for unsuccessful Applicants or part of the application amount in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.
- (vii) Adequate arrangements shall be made to collect all ASBA Applications and to consider them similar to non- ASBA Applications while finalizing the Basis of Allotment.
- (viii) At any given time, there shall be only one denomination for the Rights Equity Shares of our Company.
- (ix) Our Company shall comply with all disclosure and accounting norms specified by the SEBI from time to time.
- (x) Our Company accepts full responsibility for the accuracy of information given in this Letter of Offer and confirms that to the best of its knowledge and belief, there are no other facts the omission of which makes any statement made in this Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.

## **Minimum Subscription**

Our Promoter and Promoter Group may or may not fully subscribe to their respective entitlements, arising out of the proposed Rights Issue and may renounce a part of their rights entitlement in the favour of third parties whom our Promoters and Promoter Group may identify in due course. Therefore, the criteria required for exemption from minimum subscription of 90% of the Issue set out in the second paragraph to the proviso to Regulation 86(1) of the SEBI ICDR Regulations is not met by our Company. Our Company must, therefore, ensure a minimum subscription of 90% of the Issue in this proposed Rights Issue. In the event of non-receipt of minimum subscription, all application monies received shall be refunded to the Applicants / ASBA account unblocked forthwith, but not later than four days from the closure of the Rights Issue, in compliance with Pursuant to regulation 86(2) of the SEBI ICDR Regulations.

## **Filing**

SEBI vide the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 has amended Regulation 3(b) of the SEBI ICDR Regulations as per which the threshold for filing of the draft letter of offer with SEBI for rights issues has been increased. The threshold of the rights issue size under Regulation 3 (b) of the SEBI ICDR Regulations has been increased from Rupees one thousand lakhs to Rupees five thousand lakhs. Since the size of this Issue falls below this threshold, the Draft Letter of Offer has been filed with BSE Limited and Calcutta Stock Exchange Limited and not with SEBI. However, the Letter of Offer is submitted with SEBI for information and dissemination and also filed with the Stock Exchanges.

## **Withdrawal of the Issue**

Subject to provisions of the SEBI ICDR Regulations, the Companies Act and other applicable laws, our Company in consultation with the Lead Manager, reserves the right not to proceed with the Issue at any time before the Issue Opening Date without assigning any reason thereof.

If our Company withdraws the Issue any time after the Issue Opening Date, a public notice within two (2) Working Days of the Issue Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Issue shall be issued by our Company. The notice of withdrawal will be issued in the same newspapers where the pre-Issue advertisement has appeared and the Stock Exchanges will also be informed promptly.

The Lead Manager, through the Registrar to the Issue, will instruct the SCSBs to unblock the ASBA Accounts within one (1) working Day from the day of receipt of such instruction. Our Company shall also inform the same to the Stock Exchanges.

If our Company withdraws the Issue at any stage including after the Issue Closing Date and subsequently decides to proceed with an Issue of the Equity Shares, our Company will file a fresh offer document with the Stock Exchanges where the Equity Shares may be proposed to be listed.

### **Important**

Please read this Letter of Offer carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of the Letter of Offer and must be carefully followed; otherwise the Application is liable to be rejected. It is to be specifically noted that this Issue of Rights Equity Shares is subject to the risk factors mentioned in “**Risk Factors**” on page 22 of this Letter of Offer.

All enquiries in connection with this Letter of Offer or Application Form and the Rights Entitlement Letter must be addressed (quoting the Registered Folio Number or the DP and Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and super scribed “**Purva Finance Limited – Rights Issue**” on the envelope to the Registrar at the following address:

#### **Purva Sharegistry (India) Private Limited**

9 Shiv Shakti Industrial Estate,

J R Boricha Marg,

Lower Parel (E),

Mumbai, Maharashtra, 400011

**Telephone:** 022-4961 4132 / 4970 0138

**Email:** support@purvashare.com

**Website:** [www.purvashare.com/](http://www.purvashare.com/)

**Investor grievance e-mail:** newissue@purvashare.com

**Contact Person:** Deepali Dhuri

**SEBI Registration No.:** INR000001112

The Issue will remain open for a minimum period of 7 (seven) days. However, our Board will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 (thirty) days from the Issue Opening Date (inclusive of the Issue Closing Date).

The Investors can visit following links for the below-mentioned purposes:

- a) Frequently asked questions are available on the website of the Registrar ([www.purvashare.com/](http://www.purvashare.com/));
- b) Updation of email address/ mobile number in the records maintained by the Registrar or our Company [www.purvashare.com/](http://www.purvashare.com/);
- c) Updation of Indian address can be sent to Registrar at email ID [newissue@purvashare.com](mailto:newissue@purvashare.com);
- d) Updation of demat account details by Eligible Equity Shareholders holding shares in physical form: [www.purvashare.com/](http://www.purvashare.com/); and
- e) Submission of self-attested PAN, client master sheet and demat account details by non- resident Eligible Equity Shareholders at [newissue@purvashare.com](mailto:newissue@purvashare.com)

## **RESTRICTIONS ON FOREIGN OWNERSHIP AND INDIAN SECURITIES**

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991, of the Government of India and FEMA. While the Industrial Policy, 1991, of the Government of India, prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. The Union Cabinet, as provided in the Cabinet Press Release dated May 24, 2017, has given its approval for phasing out the Foreign Investment Promotion Board ("**FIPB**"). Under the Industrial Policy, 1991, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Accordingly, the process for foreign direct investment ("**FDI**") and approval from the Government of India will now be handled by the concerned ministries or departments, in consultation with the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly known as the Department of Industrial Policy and Promotion) ("**DPIIT**"), Ministry of Finance, Department of Economic Affairs, FIPB section, through a memorandum dated June 5, 2017, has notified the specific ministries handling relevant sectors.

The Government has, from time to time, made policy pronouncements on FDI through press notes and press releases. The DPIIT issued the Consolidated FDI Policy Circular of 2020 ("**FDI Policy**") by way of circular bearing number DPIIT file number 5(2)/2020-FDI Policy dated October 15, 2020, which with effect from October 15, 2020, consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on October 15, 2020. The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendments to FEMA. In case of any conflict between FEMA and such policy pronouncements, FEMA prevails. The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company falls under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

As per the extant policy of the Government of India, erstwhile OCBs cannot participate in this Issue. OCBs or Overseas Corporate Bodies have been de-recognised as a class of investor entity in India with effect from September 16, 2003.

Overseas Corporate Body means a company, partnership firm, society and other corporate body owned directly or indirectly to the extent of at least sixty per cent by Non- Resident Indians and includes overseas trust in which not less than sixty percent beneficial interest is held by Non-resident Indians directly or indirectly but irrevocably, which was in existence as on September 16, 2003 and was eligible to undertake transactions pursuant to the general permission granted under FEMA. Any investment made in India by such entities will be treated as investments by incorporated non-resident entities, i.e. a foreign company.

The Rights Equity Shares purchased by non- residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which Rights Equity Shares are issued on rights basis. The above information is given for the benefit of the Investors. Our Company is not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Rights Equity Shares applied for do not exceed the applicable limits under laws or regulations.

## **RESTRICTIONS ON PURCHASES AND REALES**

### **General Eligibility and Restrictions**

No action has been taken or will be taken to permit a public offering of the Rights Entitlements or the Issue Shares in any jurisdiction, or the possession, circulation, or distribution of this Letter of Offer, its accompanying documents or any other material relating to our Company, the Rights Entitlements or the Equity Shares in any jurisdiction where action for such purpose is required, except that this Letter of Offer will be filed with the Stock Exchanges.

The Rights Entitlements and the Issue Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States.

The Rights Entitlements or the Equity Shares may not be offered or sold, directly or indirectly, and none of this Letter of Offer, its accompanying documents or any offering materials or advertisements in connection with the Rights Entitlements or the Equity Shares may be distributed or published in or from any country or jurisdiction except in accordance with the legal requirements applicable in such jurisdiction.

Investors are advised to consult their legal counsel prior to accepting any provisional allotment of Equity Shares, applying for excess Equity Shares or making any offer, sale, resale, pledge or other transfer of the Rights Entitlements or the Equity Shares.

This Letter of Offer and its accompanying documents will be supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or part, for any purpose.

Each person who exercises the Rights Entitlements and subscribes for the Equity Shares, or who purchases the Rights Entitlements, or Equity Shares shall do so in accordance with the restrictions in their respective jurisdictions.

## SECTION VIII – SATUTORY AND OTHER INFORMATION

### MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following material documents and contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years prior to the date of this Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. Copies of the documents for inspection referred to hereunder, may be inspected at the Registered and Corporate Office between 10 a.m. and 5 p.m. on all working days from the date of the Letter of Offer until the Issue Closing Date.

#### **I. Material Contracts for the Issue**

1. Memorandum of Understanding dated August 19, 2024, between our Company and Lead Manager.
2. Registrar Agreement dated July 16, 2024, entered into amongst our Company and the Registrar to the Issue.
3. Banker to the Issue Agreement dated September 18, 2024, entered amongst our Company, the Registrar to the Issue, and the Banker to the Issue.

#### **II. Material Documents**

1. Certified copies of the updated Memorandum of Association and Articles of Association of our Company as amended from time to time.
2. Certificate of Incorporation dated November 09, 1993, and fresh certificate of incorporation consequent to conversion from private to public company dated July 25, 1998, and change of name dated November 26, 2013.
3. Certificate of Registration from Reserve Bank of India dated July 20, 1999.
4. Scheme of Amalgamation entered between Canopy Finance Limited, and our Company dated February 15, 2024.
5. Order dated February 15, 2024, passed by the Hon'ble NCLT at Mumbai Bench sanctioning the Scheme of Amalgamation.
6. No Objection Certificate issued by Reserve Bank of India dated January 05, 2023, to the Scheme of Merger by Absorption of Canopy Finance Limited by our Company.
7. Resolution of the Board of Directors of our Company dated June 20, 2024, approving the Rights Issue.
8. Resolution of the Finance Committee of our Company dated August 21, 2024, approving the Draft Letter of Offer.
9. Resolution of the Finance Committee of our Company dated September 20, 2024, for approving the Letter of Offer.
10. Consent of our Directors, Company Secretary and Compliance Officer, Statutory Auditor, Legal Advisor, the Registrar to the Issue, Banker to the Issue/ Refund Bank for inclusion of their names in the Letter of Offer in their respective capacities.
11. Copy of the Annual Report of our Company for the financial year ended March 31, 2024, March 31, 2023, and March 31, 2022.
12. The Restated Financial Statements for the year ended March 31, 2024, along with report dated June 27, 2024, of the Statutory Auditor thereon, included in this Letter of Offer.

13. The Unaudited Interim Financial Information for the three (3) months periods ended June 30, 2024 with Limited review Report.
14. Data / Reports related to Industry Overview.
15. Deployment certificate dated August 21, 2024, issued by the Statutory Auditor.
16. Statement of Tax Benefits dated August 21, 2024, from the Statutory Auditor included in this Letter of Offer.
17. Consent letter dated July 12, 2024, from the Statutory Auditor for inclusion of their name as expert, as defined under Section 2(38) of the Companies Act, in this Letter of Offer.
18. Copy of Tripartite Agreement between the Company, RTA and NSDL dated March 13, 2020.
19. Copy of Tripartite Agreement between the Company, RTA and CDSL dated July 13, 2022.
20. Memorandum of Understanding with Share Transfer Agent dated March 06, 2024.
21. SEBI Letter No. SEBI/HO/CFD/CFD-RAC-DCR2/P/OW/2024/0000018222/1 dated May 31, 2024, granting relaxation from the applicability of Rule 19(2)(b) of the Securities Contract Regulation (Rules) 1975 for listing of Shares of Purple Finance Limited.
22. In-principle listing approval dated September 13, 2024, from the BSE.
23. In-principle listing approval dated September 17, 2024, from the CSE.

## **DECLARATION**

I hereby declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations or guidelines issued by the SEBI, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Letter of Offer is contrary to the provisions of the Companies Act 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contract (Regulation) Rules, 1957 and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements and disclosures made in this Letter of Offer are true and correct.

### **SIGNED BY THE DIRECTOR OF OUR COMPANY**

Sd/-

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**Amitabh Chaturvedi**  
Executive Chairman

**Date:** September 20, 2024

**Place:** Mumbai



## **DECLARATION**

I hereby declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations or guidelines issued by the SEBI, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Letter of Offer is contrary to the provisions of the Companies Act 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contract (Regulation) Rules, 1957 and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements and disclosures made in this Letter of Offer are true and correct.

### **SIGNED BY THE DIRECTOR OF OUR COMPANY**

Sd/-

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**Rajeev Deoras**  
Executive Director

**Date:** September 20, 2024

**Place:** Mumbai

## **DECLARATION**

I hereby declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations or guidelines issued by the SEBI, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Letter of Offer is contrary to the provisions of the Companies Act 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contract (Regulation) Rules, 1957 and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements and disclosures made in this Letter of Offer are true and correct.

### **SIGNED BY THE DIRECTOR OF OUR COMPANY**

Sd/-

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**Minal Chaturvedi**  
Non-Executive Non-Independent Director

**Date:** September 20, 2024

**Place:** Mumbai

## **DECLARATION**

I hereby declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations or guidelines issued by the SEBI, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Letter of Offer is contrary to the provisions of the Companies Act 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contract (Regulation) Rules, 1957 and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements and disclosures made in this Letter of Offer are true and correct.

### **SIGNED BY THE DIRECTOR OF OUR COMPANY**

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**Ajay Kumar Pandey**  
Non-Executive Independent Director

**Date:** September 20, 2024

**Place:** Mumbai

## **DECLARATION**

I hereby declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations or guidelines issued by the SEBI, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Letter of Offer is contrary to the provisions of the Companies Act 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contract (Regulation) Rules, 1957 and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements and disclosures made in this Letter of Offer are true and correct.

### **SIGNED BY THE DIRECTOR OF OUR COMPANY**

Sd/-

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**Sumeet Sandhu**

Non-Executive Independent Director

**Date:** September 20, 2024

**Place:** Mumbai

## **DECLARATION**

I hereby declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations or guidelines issued by the SEBI, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Letter of Offer is contrary to the provisions of the Companies Act 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contract (Regulation) Rules, 1957 and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements and disclosures made in this Letter of Offer are true and correct.

### **SIGNED BY THE DIRECTOR OF OUR COMPANY**

Sd/-

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**Amit Sonawala**

Non-Executive Independent Director

**Date:** September 20, 2024

**Place:** Mumbai