

Report  
On  
Share Exchange Ratio

**Purple Finance Limited**  
("Transferee Company")  
&  
**Canopy Finance Limited**  
("Transferor Company")

Bhavesh M Rathod  
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To,  
The Board of Directors,  
Purple Finance Limited,  
Room No.11, 1st Floor,  
Indu Chamber 349/353,  
Samuel Street, Vadgadi,  
Masjid Bunder(West)  
Mumbai Mh 400003 In

To,  
The Board of Directors,  
Canopy Finance Limited  
301 Corporate Arena Off,  
Aarey Piramal X Road, 3rd Floor,  
Behind Mahindra Gardens,  
Goregaon West Mumbai City  
Mh 400062 In

Re: Recommendation of Share Exchange Ratio for the purpose of proposed merger of Canopy Finance Limited with Purple Finance Limited.

Dear Sir(s)/Madam(s),

As per our discussions with the Management of Purple Finance Limited and Canopy Finance Limited (hereinafter collectively referred to as the "Management"), we have carried out the fair valuation of equity shares of Purple Finance Limited (hereinafter referred to as "the Transferee Company" or "PFL") and Canopy Finance Limited (hereinafter referred to as "the Transferor Company" or "CFL") to recommend the share exchange ratio for the proposed Scheme of Merger of Canopy Finance Limited with Purple Finance Limited (hereinafter collectively referred to as "Companies").

The cut-off date for the valuation exercise has been considered as 30<sup>th</sup> September 2022 ("Relevant Date", "Valuation date"). A summary of the analysis is presented in the accompanying report, as well as description, methodology and procedure we used and the factors we considered in formulating our opinion.

We believe that our report should be considered in whole, and the selective reading of the report may not give proper picture and may be misleading.

The report should be read in conjunction of this letter.

Thanking you.

  
Bhavesh M Rathod  
Chartered Accountants  
M No: 119158  
Registered Valuer - Securities or Financial Assets  
(Reg No: IBBI/RV/06/2019/10708)



Place: Mumbai  
Date: 14/11/2022

UDIN:

22119158BDC&DE6063

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## 1. Purpose of Valuation.

During the financial year 22-23, we refer to our Engagement Letter dated 05.10.2022 and as informed by the managements of Purple Finance Limited and Canopy Finance Limited are considering a merger proposal of Canopy Finance Limited with Purple Finance Limited, (hereinafter referred to as "Amalgamation" or "Merger") pursuant to Section 230 to 232 of the Companies Act, 2013 (including statutory modifications or re-enactments thereof) for the time being in force, (hereinafter referred to as "Scheme"). Subject to necessary approvals, the merger of Canopy Finance Limited with Purple Finance Limited will be with effect from the Appointed Date of as may be approved by Hon'ble National Company Law Tribunal, Mumbai Bench. Further, as consideration for the proposed merger under Part III of the Scheme, equity shares of the Transferee Company would be issued to the equity shareholders of Transferor Company respectively.

In this connection, I, Bhavesh M Rathod, Registered Valuer-Securities or Financial Assets, have been appointed to recommend the fair equity share exchange ratio.

## 2. Background of the Companies

### Canopy Finance Limited

Canopy Finance Limited ("CFL") CIN: L65910MH1981PLC380399 having its registered office at 301, Corporate Arena Off, Aarey Piramal X Road, 3rd Floor, Behind Mahindra Gardens, Goregaon West, Mumbai - 400 062 was originally incorporated under the name of "Kanisk Udyog Viniyog Limited" under the provisions of the Companies Act, 1956 on June 26, 1981 issued by the Registrar of Companies, West Bengal. Further Kanisk Udyog Viniyog Limited changed its name to "Kartavya Udyog Viniyog Limited" vide Certificate of Incorporation dated May 22, 2014. The name of the Company was further changed to "Canopy Finance Limited" vide Certificate of Incorporation dated May 23, 2016. The present Authorized Share Capital of CFL is Rs. 15,00,00,000/- divided into 1,50,00,000 Equity Shares of Rs. 10/- each. The present Issued, Subscribed and Paid up Share Capital of CFL is Rs. 10,59,30,010/- divided into 1,05,93,001 Equity Shares of Rs. 10/- each.

CFL is a Non-Banking Financial Company registered with Reserve Bank of India having Registration Number N-13.02430 and is inter-alia engaged in the business of lending money or financing Industrial Enterprises by way of making loans and advances or by subscribing to their Capital Structure. They carry out all the objectives of a NBFC Company and is mainly dealing in lending loans and advances and investment. The Company is a Non-Deposit Taking Company

### Further Details of the Company:

CIN	L65910MH1981PLC380399
Company / LLP Name	CANOPY FINANCE LIMITED
ROC Code	RoC-Mumbai
Registration Number	380399
Company Category	Company limited by Shares
Company Subcategory	Non-govt company

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Class of Company	Public
Authorised Capital (Rs)	150000000
Paid up Capital (Rs)	105930010
Number of Members (Applicable in case of company without Share Capital)	0
Date of Incorporation	26/06/1981
Registered Address	301 Corporate Arena Off, Aarey Piramal X Road, 3rd Floor, Behind Mahindra Gardens, Goregaon West Mumbai Mumbai City MH 400062 IN
Email Id	info@canopyfinance.org
Whether Listed or not	Listed
Date of last AGM	30/09/2022
Date of Balance Sheet	31/03/2022

**Directors and Key Managerial Persons:**

DIN/PAN	Name	Begin date	Designation
0006815164	Manisha Agarwal	12/02/2019	Director
BLEPN7655N	Varun Newatia	24/03/2018	CFO(KMP)
0008071741	Varun Newatia	28/09/2018	Director
0008117881	Lalit Kumar Tapadia	21/05/2018	Managing Director
0008766256	Aneish Kumaran Kumar	25/05/2022	Director
AKTPG3956C	Priyanka Agarwal	02/12/2020	Company Secretary

**Shareholding Pattern:**

Name of Shareholders	Total	% Holding
Saguna Mercantile Private Limited	17,31,495	16.35%
Pranesh Dealmark Private Limited	7,05,475	6.66%
Others	81,56,030	76.99%
<b>Total</b>	<b>1,05,93,000</b>	<b>100.00%</b>

Face value per share is Rs. 10/-

**Purple Finance Limited**

Purple Finance Limited has been in existence for the last three decades, having been incorporated since 1993. The Company is registered with the Reserve Bank of India as a non-deposit taking NBFC and started limited lending activities in 2013. In 2022, five like-minded professionals came together with the existing founder of Purple Finance, Mr. Amitabh Chaturvedi, to build an MSME-focused, digital-first NBFC, catering to micro and small enterprises with secured business loans. This founding team of six professionals has more than 125 years of cumulative work experience in leadership roles in large and successful financial service organisations before commencing their journey with Purple Finance as founding members.

Company URL: - <https://www.purplefinance.in/>

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## Further Details of the Company:

CIN	U67120MH1993PLC075037
Company / LLP Name	PURPLE FINANCE LIMITED
ROC Code	RoC-Mumbai
Registration Number	075037
Company Category	Company limited by Shares
Company Subcategory	Non-govt company
Class of Company	Public
Authorised Capital (Rs)	356000000
Paid up Capital (Rs)	230219530
Number of Members (Applicable in case of company without Share Capital)	0
Date of Incorporation	09/11/1993
Registered Address	Room No.11, 1st Floor, Indu Chamber 349/353, Samuel Street, Vadgadi, Masjid Bunder(West) Mumbai MH 400003 IN
Email Id	mrinalini.sahai@purplefinance.in
Whether listed or not	Unlisted
Date of last AGM	07/06/2022
Date of Balance Sheet	31/03/2022

## Directors and Key Managerial Persons:

DIN/PAN	Name	Begin date	Designation
0000057441	Amitabh Jitendra Chaturvedi	09/03/2022	Director
0000884844	Satyaprakash Satyanarayan Pathak	15/04/2013	Director
0002879519	Rajeev Deoras	09/03/2022	Director
0005315800	Minal Amitabh Chaturvedi	20/12/2013	Director
ADCPR0428E	Sabyasachi Rath	02/08/2022	CEO(KMP)
0008700427	Sunil Bhalchandra Jomraj	15/02/2020	Additional Director
ACZPC3411E	Sonal Amit Vira	03/10/2022	CFO(KMP)
BPXPN8814E	Ruchi Jitendra Nishar	01/11/2022	Company Secretary

## Shareholding Pattern:

Shareholders	No. of Shares	% Holding
Satyaprakash Pathak	17,36,933	7.54%
Ranjana Pathak	51,08,984	22.19%
Amitabh Chaturvedi	66,21,173	28.76%
Asher Foods Pvt. Ltd.	35,48,572	15.41%
Others	60,06,291	26.09%
<b>Total</b>	<b>2,30,21,953</b>	<b>100.00%</b>

Face value per share is Rs. 10/-



### 3. Exclusions and Limitations

Our report is subject to the scope limitations detailed hereinafter. As such, the report is to be read in totality, and not in parts, and in conjunction with the relevant documents referred to herein.

No investigation of the Companies' claim to title of assets has been made for the purpose of this valuation and their claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.

Our work does not constitute an audit or certification of the historical financial statements / prospective results, including the working results of the Companies referred to in this report, and should not be construed as such. Accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report. Valuation analysis and results are specific to the purpose of valuation mentioned in the report and is as per the agreed terms of our engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.

A valuation of this nature involves consideration of various factors, including those impacted by prevailing market trends, in general, and industry. This report is issued on the understanding that the management of the Companies have drawn our attention to all the matters, which they are aware of, concerning the financial position of both the Companies and any other matter, which may have an impact on our opinion, on the fair value of the shares of the Companies including any significant changes that have taken place or are likely to take place in the financial position of the Companies, subsequent to the Appointed Date for the proposed merger. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

In the course of the valuation, we were provided with both written and verbal information. We have however, evaluated the information provided to us by the Companies through broad inquiry, analysis and review, but have not carried out a due diligence or an audit of the information provided for the purpose of this engagement. Public information, estimates, industry and statistical information relied upon in this report have been obtained from sources considered by us to be reliable. However, we have not independently verified such information and make no representation as to the accuracy or completeness of such information from or provided by such sources. Our conclusions are based on the assumptions, forecasts and other information given by/on behalf of the Companies. We assume no responsibility for any errors in the above information furnished by the Companies and its consequential impact on the present exercise.

Our report should not be construed as our opining or certifying the compliance of the proposed merger with the provisions of any law, including companies, taxation and capital market related laws, or as regards any legal implications or issues arising from such proposed merger.

This report is prepared only in connection with the proposed merger, exclusively for the use of the Companies and for submission to any regulatory/statutory authority, as may be required under any applicable law.





Any person/party intending to provide finance/invest in the shares/businesses of any of the Companies, shall do so, after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision.

It is to be noted that any reproduction, copying or otherwise quoting of this report or any part thereof, other than in connection with the proposed merger, as aforesaid, can be done only with our prior permission in writing.

The fee for the engagement and this report is not contingent upon the results reported.

Neither Bhavesh M Rathod, or its employees, nor any of their agents, make any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information, based on which the valuation is carried out. All the aforesaid parties expressly disclaim any and all liability for or based on or relating to any such information contained in the valuation.

#### 4. Approach & Methodology

The valuation methodologies used by registered valuer to arrive at the value attributable to the equity shareholders of Purple Finance Limited and Canopy Finance Limited are discussed hereunder:

##### 1. Asset Approach:

The value arrived at under this approach is based on the audited financial statements of the business and may be defined as Shareholders' Funds or Net Assets owned by the business. The balance sheet values are adjusted for any contingent liabilities that are likely to materialise.

The Net Asset Value is generally used as the minimum break-up value for the transaction since this methodology ignores the future return the assets can produce and is calculated using historical accounting data that does not reflect how much the business is worth to someone who may buy it as a going concern.

##### 2. Market Approach:

###### Comparable Company Market (CCM) Multiple Method

Under this methodology, market multiples of comparable listed companies are computed and applied to the business being valued in order to arrive at a multiple based valuation. The difficulty here in the selection of a comparable company since it is rare to find two or more companies with the same product portfolio, size, capital structure, business strategy, profitability and accounting practices.

Whereas no publicly traded company provides an identical match to the operations of a given company, important information can be drawn from the way comparable enterprises are valued by public markets. In case of early stage company and different business model the problem aggravates further.





**Market Price Method**

The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares. But there could be situations where the value of the shares as quoted on the stock market would not be regarded as a proper index of the fair value of the share especially where the market values are fluctuating in a volatile capital market.

In the present case, equity shares of CFL are listed on BSE and CSE, which are widely held, regularly and frequently traded with reasonable volume on the exchange. We have therefore used the market price approach to value the equity shares of CFL.

Equity shares of PFL are not listed on any stock exchange. We have therefore not considered the market price method to determine the fair value of equity shares of PFL.

**3. Income Approach:****Discounted Cash Flows – ("DCF")**

DCF uses the future free cash flows of the company discounted by the firm's weighted average cost of capital (the average cost of all the capital used in the business, including debt and equity), plus a risk factor measured by beta, to arrive at the present value.

Beta is an adjustment that uses historic stock market data to measure the sensitivity of the Company's cash flow to market indices, for example, through business cycles.

The DCF method is a strong valuation tool, as it concentrates on cash generation potential of a business. This valuation method is based on the capability of a company to generate cash flows in the future. The free cash flows are projected for a certain number of years and then discounted at a discount rate that reflects a Company's cost of capital and the risk associated with the cash flows it generates. DCF analysis is based mainly on the following elements:

- Projection of financial statements (key value driving factors)
- The cost of capital to discount the projected cash flows.

Canopy Finance Limited is a listed company and since the information related to future financial projections of the Company is price sensitive in nature, we were not provided with the financial projections of these Companies by the Management. We have therefore not used DCF method to determine the fair value of the equity shares of CFL.

Purple Finance Limited is a profit-making company and generates surplus cash. Going forward as well, PFL is expected to make profits and generate surplus cash in future. We have therefore used DCF method to determine the fair value of the equity shares of PFL.

**Valuation Methodology**

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose.



In the instant case, based on the nature of business of the Company, availability of data and generally acceptable valuation methodologies, we have valued the Equity Shares of Purple Finance Limited as on 30<sup>th</sup> September 2022 as per the DCF method for our analysis. For Canopy Finance Limited being a listed Company, we have considered valuation as per regulation 164 of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 to arrive at fair value of equity shares.

Our choice of methodology and valuation has been arrived using usual and conventional methodologies adopted for purposes of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of similar nature.

*Refer Annexures for working.*

#### 4. Sources of Information

For the purpose of the valuation exercise, we have relied upon the following sources of information provided by the management.

##### **Canopy Finance Limited**

- Historical Data of Trading Price and Volume traded of the stock on Bombay Stock Exchange.

Further, we have also been informed by the Company that

- 1) The Equity Shares of the Company are listed on The Calcutta Stock Exchange and Bombay Stock Exchange Limited.
- 2) The Equity Shares are frequently traded on Bombay Stock Exchange Limited and meet the definition of Frequently traded shares as per Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.
- 3) Historical Data of Trading Price and Volume traded of the stock of Canopy Finance Limited on Bombay Stock Exchange of India Ltd.
- 4) Other relevant details regarding the Companies, such as their history, their promoters, past and present activities, other relevant information and data including information in the public domain.

##### **Purple Finance Limited**

- a) Details of Shareholding and numbers of Equity Shares as on valuation date of PFL
- b) Projected financial statements of Canopy Finance Limited for period of 5 years from FY23 to FY27
- c) Other relevant details regarding the Companies, such as their history, their promoters, past and present activities, other relevant information and data including information in the public domain.





## 5. Determination of Exchange/Swap Ratio

The share exchange ratio has been arrived at on the basis of a relative (and not absolute) equity value of the Transferor company and Transferee company for the proposed scheme of merger based on the various methodologies mentioned herein earlier. Suitable rounding off have been carried out wherever necessary to arrive at the recommended share exchange ratio.

To the equity shareholders of CFL:

1 (One) equity share of PFL having face value of INR 10 each fully paid up shall be issued for every 1 (One) equity shares held in CFL having face value of INR 10 each fully paid up.

Issued under my hand

Yours faithfully

  
Bhavesh M Rathod

Chartered Accountants

M No: 119158

Registered Valuer - Securities or Financial Assets

(Registration No: IBBI/RV/06/2019/10708)

Date: 14/11/2022

Place: Mumbai



UDIN: 22119158BDC&DE6063

## 6. Annexure 1

Computation of Share Exchange Ratio				
Valuation Approach (*)	PFL (Transferee Company)		CFL (Transferor Company)	
	Value Per Share (INR)	Weight	Value Per Share (INR)	Weight
Asset Approach	0.00	0%	0.00	0%
Income Approach	36.09	100%	0.00	0%
Market Approach)	0.00	0%	0.00	0%
Market Price method	0.00	0%	35.73	100%
Fair Value Per Share	36.09		35.73	
Exchange Ratio		0.99		
Exchange Ratio (R/off)		1.00		

Swap Ratio
For every 1 Share of Canopy Finance Limited, 1 Share of Purple Finance Limited will be issued

(\*) Note on Valuation Methodology

Methodology	Name	Remark
Asset Approach	PFL	The Asset Approach is not adopted as this methodology shall not capture the future cash flow of the company.
	CFL	The Asset Approach is not adopted as this methodology shall not capture the future cash flow of the company.
Income Approach	PFL	Purple Finance Limited is a profit-making company and generates surplus cash. Going forward as well, PFL is expected to make profits and generate surplus cash in future. We have therefore used DCF method to determine the fair value of the equity shares of PFL.
	CFL	Canopy Finance Limited is a listed company and since the information related to future financial projections of the Company is price sensitive in nature, we were not provided with the financial projections of these Companies by the Management. We have therefore not used DCF method to determine the fair value of the equity shares of CFL.
Market Approach	PFL	Under the Income Approach – DCF Method, Fair Value is calculated using Implied Terminal Value ("ITV") under which Discounted Cash Flows method ("DCF") blended with Comparable Companies Method ("CCM") method, for computing Terminal Value. Hence separate Market Approach is not considered.
	CFL	Canopy Finance Limited being a listed Company & frequently traded on Bombay Stock Exchange, we have considered valuation as per regulation 164 of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 to arrive at fair value of equity shares.



## 7. Annexure 2

### Canopy Finance Limited

Pricing of frequently traded shares as per Regulation 164 (1) of Securities And Exchange Board Of India (Issue Of Capital And Disclosure Requirements) Regulations, 2018

Method		in INR
90 trading days' volume weighted average price	A	32.25
10 trading days' volume weighted average price	B	35.73
Higher of A & B	C	35.73

#### Volume Weighted Average price for 90 trading days

Sl. No.	Date	No. of Shares Traded	Total Turnover Traded (Rs.)
1	30-Sep-22	-	-
2	29-Sep-22	-	-
3	28-Sep-22	-	-
4	27-Sep-22	-	-
5	26-Sep-22	12,829	4,66,868
6	23-Sep-22	-	-
7	22-Sep-22	-	-
8	21-Sep-22	-	-
9	20-Sep-22	-	-
10	19-Sep-22	7,271	2,51,293
11	16-Sep-22	-	-
12	15-Sep-22	-	-
13	14-Sep-22	-	-
14	13-Sep-22	-	-
15	12-Sep-22	2,451	81,005
16	09-Sep-22	-	-
17	08-Sep-22	-	-
18	07-Sep-22	-	-
19	06-Sep-22	-	-
20	05-Sep-22	8,119	2,54,298
21	02-Sep-22	-	-
22	01-Sep-22	-	-
23	30-Aug-22	-	-
24	29-Aug-22	2,500	76,500
25	26-Aug-22	-	-
26	25-Aug-22	-	-
27	24-Aug-22	-	-

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28	23-Aug-22	-	-
29	22-Aug-22	312	10,651
30	19-Aug-22	-	-
31	18-Aug-22	-	-
32	17-Aug-22	-	-
33	16-Aug-22	-	-
34	12-Aug-22	4,354	1,55,517
35	11-Aug-22	8,797	2,99,110
36	10-Aug-22	1,60,147	51,96,770
37	08-Aug-22	57,950	17,93,474
38	05-Aug-22	2,150	67,688
39	04-Aug-22	-	-
40	03-Aug-22	100	3,020
41	02-Aug-22	282	8,516
42	01-Aug-22	20	600
43	29-Jul-22	-	-
44	28-Jul-22	25	783
45	27-Jul-22	180	5,938
46	26-Jul-22	-	-
47	25-Jul-22	-	-
48	22-Jul-22	-	-
49	21-Jul-22	-	-
50	20-Jul-22	-	-
51	19-Jul-22	5	157
52	18-Jul-22	442	13,765
53	15-Jul-22	-	-
54	14-Jul-22	25	790
55	13-Jul-22	3,080	96,653
56	12-Jul-22	208	6,386
57	11-Jul-22	112	3,183
58	08-Jul-22	-	-
59	07-Jul-22	-	-
60	06-Jul-22	-	-
61	05-Jul-22	-	-
62	04-Jul-22	615	19,391
63	01-Jul-22	-	-
64	30-Jun-22	-	-
65	29-Jun-22	-	-
66	28-Jun-22	-	-
67	27-Jun-22	2,020	55,321
68	24-Jun-22	-	-
69	23-Jun-22	-	-
70	22-Jun-22	-	-
71	21-Jun-22	-	-
72	20-Jun-22	934	26,772
73	17-Jun-22	-	-
74	16-Jun-22	-	-





75	15-Jun-22	-	-
76	14-Jun-22	-	-
77	13-Jun-22	2,708	78,921
78	10-Jun-22	-	-
79	09-Jun-22	-	-
80	08-Jun-22	-	-
81	07-Jun-22	-	-
82	06-Jun-22	5	139
83	03-Jun-22	-	-
84	02-Jun-22	-	-
85	01-Jun-22	-	-
86	31-May-22	-	-
87	30-May-22	12,705	3,90,146
88	27-May-22	-	-
89	26-May-22	-	-
90	25-May-22	-	-
Total		2,90,346	93,63,615

Total Turnover	93,63,615
Total No. of Shares traded	2,90,346
Volume Weighted Average Price for 90 trading Days	32.25

## Volume Weighted Average Price for 10 trading Days

Sr. No.	Date	No. of Shares Traded	Total Turnover Traded (Rs.)
1	30-Sep-22	-	-
2	29-Sep-22	-	-
3	28-Sep-22	-	-
4	27-Sep-22	-	-
5	26-Sep-22	12,829	4,66,868
6	23-Sep-22	-	-
7	22-Sep-22	-	-
8	21-Sep-22	-	-
9	20-Sep-22	-	-
10	19-Sep-22	7,271	2,51,293
Total		20,100	7,18,161

Total Turnover	7,18,161
Total No. of Shares traded	20,100
Volume Weighted Average Price for 10 trading Days	35.73



## 8. Annexure 3

### Purple Finance Limited

#### Discounted Cash Flows

We have been provided with the business projection of the Company for **Five years** by the Management, which we have considered for our Analysis. Accordingly, the projected free cash flows to Equity ("FCFF") based on these financial statements is set out below:

(INR Million)

Number of Months	6	12	12	12	12
Particulars	FY23	FY24	FY25	FY26	FY27
PAT	-3.59	-6.87	-10.69	34.56	88.22
Add: Depreciation	0.86	0.81	0.64	0.51	0.41
Less: Capex	-3.38	0.00	0.00	0.00	0.00
(Increase)/ decrease in working capital	-22.96	-6.73	-52.51	-156.32	-139.22
Free cash flow to firm ("FCFF")	-29.07	-12.79	-62.56	-121.25	-50.59
Net Debt Taken / (Repaid)	-0.24	0.00	0.00	0.00	0.00
Other Non Current Assets	-12.91	-1.99	3.06	-78.03	51.27
Free cash flow to Equity ("FCFE")	-42.22	-14.79	-59.50	-199.28	0.68
Annual factor	0.50	1.00	1.00	1.00	1.00
Discounting period (end year)	0.50	1.50	2.50	3.50	4.50
PV factor	24.29%	0.90	0.72	0.58	0.47
PV of FCFE	-37.89	-10.67	-34.56	-93.12	0.26

PV of FCFE for the horizon period	-175.98	A
Implied Terminal Value	651.07	
PV factor	0.38	
PV of terminal value	244.77	B
Enterprise value	68.79	A+B
Add: Investments	6.55	
Add: Cash & Bank	7.75	
Fair Value of Equity	83.09	
No of Share	2,30,21,953	
Value Per Share (in INR)	36.09	



#### Assumptions

Cost of Equity	24.29%
Long Term Growth Rate	2.00%
Market Return (Rm)	14.29%

#### Terminal Value

The Terminal Value has been calculated using the Implied Terminal Value, Discounted Cash Flows method ("DCF") blended with Comparable Companies Method ("CCM") method, for computing Terminal Value of Purple Finance since it is an operating entity and has a robust business model; as this method captures value based on earnings potential of the business

#### Calculation of Implied Terminal Value

Sr. No.	Name	P/BV
1	Bajaj Finserv Limited	6.74
2	Cholamandalem Investment and Finance Company Limited	5.01
3	L&T Finance Holdings Limited	1.00
4	Shriram City Union Finance Limited	1.17
5	MAS Financial Services Limited	2.22
		3.23
Less: Size discount		-1.33
		1.90
Less: Discount for lack of marketability		-0.38
Selected multiple		1.52
Book value for terminal year		428.51
Implied terminal value		651.07

Using these cash flows and a discount rate of **24.29 %**, we estimate the equity value of the Company **Rs. 83.09 Crores**.

#### Discount Factor

##### Organisation Specific Discount Rate

- Cost of Equity of 24.29 % is taken as Discounting rate, calculated using,
  - Historical Market Return of BSE 500 from February 01, 1999 to Sep 30, 2022 is 14.29 %
  - We have considered Premium of 10.00 % towards risk and illiquidity

	Rate	Source
Market Return (Rm)	14.29 %	Return of BSE 500 for the period of Feb 01, 1999, to Sep 30, 2022.
Company Specific Risk	10.00%	Contingency of revenues, projected high profitability, achievability of projections

# CANOPY FINANCE LIMITED

CIN: L65910MH1981PLC380399

Registered Office: 301 Corporate Arena Off, Aarey Piralal X Road, Behind Mahindra Gardens,  
Goregaon West, Mumbai-400062

Ph: 9867309169/022-67585876

Website: [www.canopyfinance.org](http://www.canopyfinance.org)

Email Id: [info@canopyfinance.org](mailto:info@canopyfinance.org)

To,  
BSE Limited  
The Corporate Relationship Department  
P.J. Towers, 1<sup>st</sup> Floor,  
Dalal Street,  
Mumbai - 400 001

To,  
The Calcutta Stock Exchange Limited,  
7, Lyons Range,  
Dalhousie, Kolkata-700001,  
West Bengal

CSE Scrip Code: 021114

Scrip Code: 539304  
Scrip ID: CANOPYFIN

Dear Sir,

Sub: Application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 for the Scheme of Merger by Absorption of Canopy Finance Limited ("the Transferor Company"/ "the Company") by Purple Finance Limited ("the Transferee Company") as per section 230 to 232 of the Companies Act, 2013.

I, Priyanka Agarwal, Company Secretary and Compliance Officer of Canopy Finance Limited ("the Company") hereby confirm the following:

- No material event impacting the valuation has occurred during the intervening period of filing the scheme documents with Stock Exchanges and period under consideration for valuation.
- Declaration/ details on any past defaults of listed debt obligations of the entities forming part of the scheme- Not Applicable as there are no listed debentures in Canopy Finance Limited ("the Transferor Company") and Purple Finance Limited ("the Transferee Company") forming part of the Scheme.

Thanking You,  
Yours faithfully,  
For Canopy Finance Limited  
  
Priyanka Agarwal  
Company Secretary  
Date: 16.11.2022