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PURPLE UNITED SALES LIMITED

Corporate Identity Number: U51909DL2014PLC271636

Our Company was originally incorporated as 'Purple United Sales Private Limited' under the provisions of Companies Act, 2013 vide Certificate of Incorporation dated September 16, 2014 bearing Registration Number 271636 issued by Registrar of Companies, Delhi. Subsequently our Company was converted into a Public Limited Company vide Special Resolution passed by the shareholders at the Extra-Ordinary General Meeting held on May 11, 2024 and consequently the name of the Company was changed from 'Purple United Sales Private Limited' to 'Purple United Sales Limited' vide fresh Certificate of Incorporation consequent upon conversion into public limited company dated June 20, 2024 by Registrar of Companies, Delhi bearing Corporate Identity Number U51909DL2014PLC271636. For details of incorporation, change of name and registered office of our Company, please refer to chapter titled "General Information" and "History and Certain Corporate Matters" beginning on page 48 and 146 respectively of the Draft Red Herring Prospectus.

Registered Office: Khasra No. 55/14 & 55/15, Near Rani Khera Road, Mundka, West Delhi, New Delhi, Delhi, India, 110041;
Telephone No: +91 9667792635 / 36; **Website:** www.purpleunited.in **E-mail:** cs@purpleunited.in;
Contact Person: Mr. Vishnu Kumar, Company Secretary and Compliance Officer

ADDENDUM TO THE DRAFT RED HERRING PROSPECTUS DATED AUGUST 10, 2024: NOTICE TO THE INVESTORS ("THE ADDENDUM")

INITIAL PUBLIC ISSUE OF UPTO [●]* EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH OF PURPLE UNITED SALES LIMITED (THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF ₹ [●] PER SHARE (THE "ISSUE PRICE") AGGREGATING TO ₹ [●] ("THE ISSUE"), OF WHICH UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF [●] PER EQUITY SHARE AGGREGATING TO ₹ [●] WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKER TO THE ISSUE (THE "MARKET MAKER RESERVATION PORTION"). THE ISSUE LESS THE MARKET MAKER RESERVATION PORTION I.E. NET ISSUE OF [●] EQUITY SHARES OF FACE VALUE OF 10/- EACH AT A PRICE OF ₹ [●] PER EQUITY SHARE AGGREGATING TO ₹ [●] IS HEREIN AFTER REFERRED TO AS THE "NET ISSUE". THE ISSUE AND THE NET ISSUE WILL CONSTITUTE [●] % AND [●] % RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY. THE FACE VALUE OF EQUITY SHARES IS ₹ 10/- EACH. THE ISSUE PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES. THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGER AND WILL BE ADVERTISED IN ALL EDITIONS OF THE ENGLISH NATIONAL NEWSPAPER I.E. [●], ALL EDITIONS OF THE HINDI NATIONAL NEWSPAPER I.E. [●] AND REGIONAL NEWSPAPER I.E. [●], EACH WITH WIDE CIRCULATION AT THE PLACE WHERE REGISTERED OFFICE OF THE ISSUER IS SITUATED, AT LEAST TWO WORKING DAYS PRIOR TO THE BID/ ISSUE OPENING DATE AND SHALL BE MADE AVAILABLE TO NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE", "STOCK EXCHANGE") FOR THE PURPOSE OF UPLOADING ON THEIR WEBSITE.

Potential Bidders may note the following:

1. The Chapter titled "Definitions and Abbreviations" beginning on page 2 of the Draft Red Herring Prospectus has been updated;
2. The Chapter titled "Summary of the Issue Document" beginning on page 21 of the Draft Red Herring Prospectus has been updated;
3. The Chapter titled "Risk Factor" beginning on page 27 of the Draft Red Herring Prospectus has been updated;
4. The Chapter titled "Capital Structure" beginning on page 58 of the Draft Red Herring Prospectus has been updated;
5. The Chapter titled "Objects of the Issue" beginning on page 70 of the Draft Red Herring Prospectus has been updated;
6. The Chapter titled "Basis of the Issue Price" beginning on page 80 of the Draft Red Herring Prospectus has been updated;
7. The Chapter titled "Our Business" beginning on page 121 of the Draft Red Herring Prospectus has been updated;
8. The Chapter titled "History and Certain Corporate Matters" beginning on page 146 of the Draft Red Herring Prospectus has been updated;
9. The Chapter titled "Our Management" beginning on page 153 of the Draft Red Herring Prospectus has been updated;
10. The Chapter titled "Our Promoter and Promoter Group" beginning on page 169 of the Draft Red Herring Prospectus has been updated;
11. The Chapter titled "Financial Indebtness" beginning on page 191 of the Draft Red Herring Prospectus has been updated;
12. The Chapter titled "Outstanding Litigation and Material Developments" beginning on page 193 of the Draft Red Herring Prospectus has been updated;
13. Please note that all other details in, and updates to the Red Herring Prospectus/ Prospectus with respect to issue price and/or other relevant details will be carried out in the Red Herring Prospectus, as and when filed with ROC, SEBI and the Stock Exchange.

The above is to be read in conjunction with the Draft Red Herring Prospectus and accordingly their references in the Draft Red Herring Prospectus stand amended pursuant to this Addendum. Please note that the changes pursuant to this Addendum will be appropriately included in the Red Herring Prospectus, as and when filed with the RoC, the SEBI and the Stock Exchange. All capitalized terms used in this Addendum shall, unless the context otherwise requires, have the meaning ascribed to them in the Draft Red Herring Prospectus.

The Equity Shares offered in the Issue have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) within the United States only to "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act and referred to in the Draft Red Herring Prospectus as "U.S. QIBs") in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act, and (ii) outside the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur. For the avoidance of doubt, the term "U.S. QIBs"

does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in the Draft Red Herring Prospectus as “QIBs”. The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

All capitalised terms used in this Addendum shall, unless the context otherwise requires, have the meaning ascribed to them in the Draft Red Herring Prospectus.

Place: New Delhi, India
Dated: November 04, 2024

For and on behalf of **Purple United Sales Limited**

Sd/-
Mr. Vishnu Kumar
Company Secretary and Compliance Officer

BOOK RUNNING LEAD MANAGER	REGISTRAR TO THE ISSUE
 Expert Global Consultants Private Limited 1511, RG Trade Tower Netaji Subhash Place, Pitampura, New Delhi – 110034, India Telephone: +91 11 4509 8234 Email: ipo@expertglobal.in Website: www.expertglobal.in Investor grievance email: compliance@expertglobal.in Contact Person: Gaurav Jain SEBI registration number: INM000012874 CIN: U74110DL2010PTC205995	 Kfin Technologies Limited Selenium Tower-B, Plot 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032, Telangana, India. Telephone: +91 40 6716 2222 Email: bil.ipo@kfintech.com Investor grievance email: ejinward.ris@kfintech.com Contact Person: M Murali Krishna Website: www.kfintech.com SEBI Registration Number: INR000000221 CIN: L72400TG2017PLC117649
BID/ISSUE PROGRAM	
Anchor portion Opens/Closes on⁽¹⁾: [●]	Bid/Issue Opens on⁽¹⁾: [●] Bid/Issue Closes on⁽²⁾: [●]*

(1) Our Company in consultation with the BRLM, may consider participation by Anchor Investors, in accordance with the SEBI ICDR Regulations. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/Issue Opening Date.

(2) Our Company in consultation with the BRLM, may decide to close the Bid/Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date, in accordance with the SEBI ICDR Regulations.

*The UPI mandate end time and date shall be at 5:00 p.m. on Bid/Issue Closing Day.

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

Conventional or General Terms

Terms	Descriptions
Promoter (s)	The promoters of our Company, namely being, Mr. Jatinder Dev Seth, Mrs. Bhawna Seth, Mr. Manish Dev Seth, Mrs. Monica Seth and InnovationM Mobile and Web Technologies Private Limited. For further details, please refer to section titled “ <i>Our Promoters and Promoter Group</i> ” beginning on page 20 of Draft Red Herring Prospectus;

SECTION II – SUMMARY OF THE ISSUE DOCUMENT

NAME OF THE PROMOTERS

Our Company is promoted by Mr. Jatinder Dev Seth, Mrs. Bhawna Seth, Mr. Manish Dev Seth, Mrs. Monica Seth and InnovationM Mobile and Web Technologies Private Limited.

AGGREGATE PRE-ISSUE SHAREHOLDING OF THE PROMOTERS AND THE PROMOTER GROUP AS A PERCENTAGE OF THE PAID-UP SHARE CAPITAL OF THE COMPANY

The aggregate equity shareholding and the percentage of pre-Issue Equity Share capital of our Promoters and the Promoter Group as a percentage of the paid-up share capital of the Company as on the date of the Draft Red Herring Prospectus is set forth below:

Sr. No.	Name of the Shareholder	No. of Equity Shares	Percentage of the pre-Issue Equity Share Capital
A)	Promoters		
1	Mr. Jatinder Dev Seth	40,00,000	57.10%
2	Mrs. Bhawna Seth	10,00,000	14.27%
3	InnovationM Mobile and Web Technologies Private Limited	11,33,000	16.17%
4	Mr. Manish Dev Seth	-	-
5	Mrs. Monica Seth	-	-
	Total A	61,33,000	87.54%
B)	Promoters Group		
	-	-	-
	Total B	-	-
	Total (A+B)	61,33,000	87.54%

SUMMARY OF OUTSTANDING LITIGATION

A summary of outstanding litigation proceedings involving our Company, Directors and Promoters as on the date of the Draft Red Herring Prospectus is provided below:

Name of Entity	Criminal Proceedings	Tax Proceedings	Statutory or Regulatory Proceedings	Disciplinary actions by the SEBI or Stock Exchanges against our Promoters	Material Civil Litigations	Aggregate amount involved (₹ in Lakhs)
Company						
By the Company	-	-	-	-	-	-
Against the Company	-	4	-	-	-	4.09
Directors						
By the Directors	-	-	-	-	-	-
Against the Directors	-	-	-	-	-	-
Promoters						
By the Promoters	-	-	-	-	1	61.55
Against the Promoters	1	2	1	-	-	5.99*
Subsidiaries						
By Subsidiaries	-	-	-	-	-	-
Against Subsidiaries	-	-	-	-	-	-
Group Companies						
By Group Companies	-	-	-	-	-	-
Against Group Companies	-	-	-	-	-	-

*amount with respect to criminal proceeding not ascertained yet

For further details, in relation to the legal proceedings involving our Company, our Directors, and our Promoters, please refer to the section titled “*Outstanding Litigation and Material Developments*” and “*Risk Factors*” beginning on page 193 and 27 respectively of the Draft Red Herring Prospectus.

SUMMARY OF RELATED PARTY TRANSACTIONS (RESTATED STANDALONE)

A. Promoters, Directors and Key Managerial Personnel (KMP)

Name of Related Party	Designation
Jatinder Dev Seth	Managing Director
Bhawna Seth	Whole-time Director
Niraj Rajpal (w.e.f. September 15 2023)	Non-Executive Director
Pankaj Lal Gupta (w.e.f. May 11 2024)	Independent Director
Vishal Sharma (w.e.f. May 11 2024)	Independent Director
Tarun Anand (w.e.f. May 11 2024)	Independent Director
Naresh Kumar (w.e.f. May 01 2024)	Chief Financial Officer
Vishnu Kumar (w.e.f. May 20 2024)	Company Secretary
InnovationM Mobile & Web Technologies Private Limited	Promoter
Manish Dev Seth	Promoter
Monica Seth	Promoter

B. Transactions with the related parties during the year:

(Figures in lakhs)

Name of related party	Relationship	FY 2024	FY 2023	FY 2022
<u>Share Capital issued during the year</u>				
Jatinder Dev Seth	Managing Director	-	310.00	-
Bhawna Seth	Whole-time Director	-	90.00	-
InnovationM Mobile & Web Technologies Private Limited	Promoter	113.30	-	-
<u>Loans</u>				
Jatinder Dev Seth				
Opening Balance	Managing Director	2.49	514.57	736.50
Loan/Advances Received		363.89	265.73	334.83
Loan/Advances Repaid		336.62	777.80	556.75
Closing Balance		29.77	2.49	514.57
Bhawna Seth				
Opening Balance	Whole-time Director	0.82	148.03	102.37
Loan/Advances Received		116.30	23.29	60.17
Loan/Advances Repaid		113.13	170.50	14.50
Closing Balance		3.99	0.82	148.03
<u>Director remuneration</u>				
Jatinder Dev Seth	Managing Director	54.00	34.00	12.00
Bhawna Seth	Whole-time Director	54.00	34.00	12.00
<u>Interest on loan</u>				
Jatinder Dev Seth	Managing Director	0.66	22.36	61.64
Bhawna Seth	Whole-time Director	0.27	5.60	10.02
InnovationM Mobile & Web Technologies Private Limited				
Opening Balance	Promoter	670.15	336.24	328.21
Loan and Advances Received		290.00	354.41	29.39

Name of related party	Relationship	FY 2024	FY 2023	FY 2022
Loan and Advances Repaid		879.08	20.50	21.36
Closing Balance		81.07	670.15	336.24
Interest on loan		71.61	49.34	32.65
Jaydee Enterprises	Proprietorship			
Purchases*		5.25	3.25	5.27
Sales*		0.99	39.28	0.64

*Above balances are inclusive of GST, all Sales/purchases from KMP are on Arm Length Price (ALP)

Note 1: The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

For further details of related party transactions, please refer to the section titled “Financial Information” beginning on page 178 of the Draft Red Herring Prospectus.

WEIGHTED AVERAGE PRICE AT WHICH THE SHARES WERE ACQUIRED BY THE PROMOTERS IN THE ONE YEAR PRECEDING THE DATE OF THE DRAFT RED HERRING PROSPECTUS

The weighted average price at which Equity Shares were acquired by the Promoters in the one year preceding the date of the Draft Red Herring Prospectus is:

Name of the Promoter	No. of Equity Shares acquired	Weighted average price (Per Equity Share)
Mr. Jatinder Dev Seth	-	-
Mrs. Bhawna Seth	-	-
InnovationM Mobile and Web Technologies Private Limited	11,33,000	62
Manish Dev Seth	-	NA
Monica Seth	-	NA

*As certified by NGMKS & Associates, Chartered Accountants, by way of their certificate dated September 30, 2024.

For further details, refer the section titled “Capital Structure” beginning on page 58 of the Draft Red Herring Prospectus.

AVERAGE COST OF ACQUISITION OF SHARES OF THE PROMOTERS

The average cost of acquisition of Equity Shares acquired by the Promoters as on the date of the Draft Red Herring Prospectus is:

Name of the Promoter	No. of Equity Shares held	Average cost of acquisition per Equity Share
Mr. Jatinder Dev Seth	40,00,000	10
Mrs. Bhawna Seth	10,00,000	10
InnovationM Mobile and Web Technologies Private Limited	11,33,000	62
Manish Dev Seth	-	NA
Monica Seth	-	NA

*As certified by NGMKS & Associates, Chartered Accountants, by way of their certificate dated September 30, 2024.

SECTION III – RISK FACTORS

3. ***Our business requires significant working capital, necessitating substantial financing. Inability to secure favourable terms for additional debt or equity financing may adversely impact our financial performance, operations, and the market price of our Equity Shares.***

Our business operations, particularly the management of inventory, demand significant working capital, necessitating reliance on various sources of financing. As of March 31, 2024, our short-term borrowings amounted to ₹ 1,610.10 lakhs. To support ongoing growth and operational needs, we may need to raise additional debt in the future. However, acquiring more debt financing could lead to increased interest costs and introduce further restrictions through covenants in our credit agreements, limiting our operational flexibility. Alternatively, raising additional equity financing could dilute our earnings per Equity Share, reduce shareholders' ownership, and potentially pressure the market price of our Equity Shares.

Over the past years, our revenue from operations has experienced significant growth, as highlighted in the following table:

Particulars	2021-22 Audited	2022-23 Audited	2023-24 Audited	2024-25 Estimates
Revenue from operations (₹ in Lakhs)	1,651.89	2,569.45	4,277.44	7,847.12
Growth in revenue (%)	14.05	55.55	66.47	83.45
Net working capital (₹ in Lakhs)	1,558.93	1,760.73	3,788.22	6,058.83
Working capital turnover ratio (in times)	1.03	1.55	1.54	1.59

Despite these encouraging trends, our business remains heavily reliant on working capital financing to support this growth. The increase in working capital requirements, from ₹1,558.93 lakhs in FY 2021-22 to an estimated ₹6,058.83 lakhs in FY 2024-25, further emphasizes the need for diverse funding sources.

The objects of this Issue include funding the working capital requirements of our Company, based on management estimates and assumptions. For more information on these estimates and assumptions, please refer to the “Objects of the Issue” section on page 70 of the Draft Red Herring Prospectus.

Our working capital requirements may also be impacted by factors beyond our control, including force majeure events, delayed or defaulted payments from clients, and limited availability of funding from banks or financial institutions. Consequently, our actual working capital requirements may differ from current estimates, and investors should not place undue reliance on such projections.

Any failure to meet debt obligations or adhere to restrictive covenants could result in the termination of credit facilities, trigger cross-default provisions, and severely affect our operations and financial performance. We cannot guarantee that we will secure additional financing on favorable terms or within the necessary timeframe. The inability to renew or secure financing could adversely impact our planned capital expenditures, operations, financial health, and overall business stability.

7. ***We may not be able to collect receivables due from our clients, in a timely manner, or at all, which may adversely affect our business, financial condition, results of operations and cash flows.***

As collection from debtors are subject to some risk and as of March 31, 2024, ₹ 2,860.68 lakhs are total trade receivables and ₹ 738.12 lakhs out of total trade receivables had been outstanding for a period exceeding six months. We hereby included the above risk factor as precautionary measure because we cannot guarantee collection of our receivables in time or at all which may have an adverse effect on our cash flows, business, results of operations and financial condition.

8. ***Our inability to collect receivables and default in payment from our customers could result in the reduction of our profits and affect our cash flows.***

Our operations involve extending credit for extended periods of time to our customers and distributors in respect of our services, and consequently, we face the risk of non-receipt of these outstanding amounts in a timely manner or at all, particularly in the absence of long-term arrangements with customers and distributors. Our credit terms vary from 45 days to 90 days for our customers and distributors. While our customers typically provide us with their commitments, we cannot guarantee that our customers and distributors will not default on their payments. Our inability to collect receivables from our customers and distributors in a timely manner or at all in future, could adversely affect our working capital cycle and cash flows

Macroeconomic conditions could also result in financial difficulties, including insolvency or bankruptcy, for our customers

and agents, and as a result could cause customers and distributors to delay payments to us, request modifications to their payment arrangements, that could increase our receivables or affect our working capital requirements, or default on their payment obligations to us. An increase in bad debts or in defaults by our customers and distributors may compel us to utilize greater amounts of our operating working capital and result in increased interest costs, thereby adversely affecting our results of operations and cash flows.

9. In the past Company had delayed in the EPF and GST returns. This may adversely affect the financial performance and regulatory compliance of the company.

The Company's past delays in GST returns indicate a failure to meet regulatory compliance obligations. Such non-Compliance can have serious consequences, including penalties, fines, legal actions, and reputational damage. The delays in GST can result in interest liabilities, penal charges, and strained relationships with client.

Potential legal disputes. Additionally, late filing of GST returns may attract penalties and disrupt the Company's cash flow, hindering its ability to meet financial obligations and impacting liquidity. The impact of past delays extends beyond financial implications. Regulatory authorities may increase scrutiny on the Company's operations due to non-compliance with EPF and GST requirements, leading to audits, investigations, and potential legal actions. This can divert management's attention from core business activities and cause operational disruptions.

Moreover, the Company's reputation among stakeholders, including employees, investors, suppliers, and customers, may be compromised due to persistent delays in EPF payments and GST returns. Negative publicity and loss of trust can have long-term consequences, affecting business relationships and the Company's growth prospects.

It is important for prospective investors to consider the potential risks and consequences associated with the delay in EPF payments and GST returns while evaluating the investment opportunity. The company shall implement robust systems.

10. Our Company during the preceding one year from the date of Draft Red herring Prospectus (DRHP) allotted Equity Shares at a price which is may be lower than the Issue Price.

In the last one year preceding the date of Draft Red herring Prospectus (DRHP), we have made allotments of Equity Shares through preferential allotment and conversion of loan, which may be lower than the Issue Price. For details relating to number of shares issued, date of allotment etc. please refer to section titled "Capital Structure" on page 58 of the Draft Red herring Prospectus (DRHP). The Issue Price is not indicative of the price that will prevail in the open market following listing of the Equity Share.

12. Our Company has entered into certain related party transactions in the past and may continue to do so in the future, which may potentially involve conflicts of interest with the equity shareholders.

We have in the course of our business entered into, and will continue to enter into, several transactions with our related parties. For further information, see "Financial Statements – Note -31 "Related Party Disclosures" on page 178. We cannot assure you that we will receive similar terms in our related party transactions in the future. While we confirm that all such related party transactions that we have entered into in last three fiscals years are legitimate business transactions conducted on an arms' length basis, in compliance with the requirements stipulated in Companies Act, 2013, and relevant Accounting Standards and other statutory compliances, we cannot assure you that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties. Any further transactions with our related parties could involve conflicts of interest.

While we have not had any conflict of interest in relation to our equity shareholders in the past, we cannot assure you that such conflicts will not arise in the future. Further, we cannot assure you that such transactions, individually or in the aggregate, will not have any adverse effect on our business and financial results, including because of potential conflicts of interest or otherwise. For details, please refer "**Financial Statements – Note 31 - Related Party Disclosures**" on page no. 178 of the Draft Red Herring Prospectus.

(₹ in Lakhs)

Name of related party	Relationship	FY 2024	FY 2023	FY 2022
<u>Share Capital issued during the year</u>				
Jatinder Dev Seth	Managing Director	-	310.00	-
Bhawna Seth	Whole-time Director	-	90.00	-
InnovationM Mobile & Web Technologies Pvt Ltd	Promoter	113.30	-	-
<u>Loans</u>				

Name of related party	Relationship	FY 2024	FY 2023	FY 2022
Jatinder Dev Seth	Managing Director			
Opening Balance		2.49	514.57	736.50
Loan/Advances Received		363.89	265.73	334.83
Loan/Advances Repaid		336.62	777.80	556.75
Closing Balance		29.77	2.49	514.57
Bhawna Seth	Whole-time Director			
Opening Balance		0.82	148.03	102.37
Loan/Advances Received		116.30	23.29	60.17
Loan/Advances Repaid		113.13	170.50	14.50
Closing Balance		3.99	0.82	148.03
<u>Director remuneration</u>				
Jatinder Dev Seth	Managing Director	54.00	34.00	12.00
Bhawna Seth	Whole-time Director	54.00	34.00	12.00
<u>Interest on loan</u>				
Jatinder Dev Seth	Managing Director	0.66	22.36	61.64
Bhawna Seth	Whole-time Director	0.27	5.60	10.02
InnovationM Mobile & Web Technologies Pvt Ltd	Promoter			
Opening Balance		670.15	336.24	328.21
Loan and Advances Received		290.00	354.41	29.39
Loan and Advances Repaid		879.08	20.50	21.36
Closing Balance		81.07	670.15	336.24
Interest on loan		71.61	49.34	32.65
Jaydee Enterprises	Proprietorship			
Purchases*		5.25	3.25	5.27
Sales*		0.99	39.28	0.64

13. *We face intense competition in our businesses, which may limit our growth and prospects. Our Company faces significant competition from other companies.*

We compete on the basis of a number of factors, including execution, depth of service offerings, innovation, reputation and price. Our competitors may have advantages over us, including, but not limited to:

- Substantially greater financial resources;
- Longer operating history than our business;
- Greater brand recognition among consumers;
- More diversified operations which allow profits from certain operations to support others with lower profitability. These competitive pressures may affect our business, and our growth will largely depend on our ability to respond in an effective and timely manner to these competitive pressures.

14. *Our high levels of trade receivables from extending credit to customers, particularly within the past six months, could negatively impact our liquidity and profitability if customers delay or default on payments, despite our credit management efforts.*

Our company's high levels of trade receivables, particularly within the past six months, arise from industry-specific supply chain delays, extended payment cycles for key accounts, and seasonal sales patterns. In the fashion retail industry, supply chain challenges such as supplier lead times, sales returns, and reconciliations create a gap of 30 to 45 days between invoice generation and receipt of goods by customers. Additionally, a significant portion of our revenue is generated in the last quarter of the financial year, which coincides with the launch of the summer season and ongoing reconciliations for winter inventory. While these factors contribute to a temporary increase in trade receivables, they also reflect our strategic decision to attract and retain key clients by offering extended payment terms of 45 to 90 days.

Despite our credit management efforts, we face the risk of delayed or defaulted payments from customers and distributors, particularly in the absence of long-term arrangements. Our inability to collect receivables in a timely manner, or at all, could reduce our profitability and adversely impact our working capital and cash flows. Macroeconomic conditions or financial difficulties among our customers, including insolvency or bankruptcy, may further exacerbate these risks, leading to requests for modified payment terms, increased receivables, or defaults. If such risks materialize, we may be required to increase provisions for bad debts, resulting in higher working capital requirements, increased interest costs, and adverse effects on our financial performance and liquidity.

There can be no assurance that we will be able to fully mitigate these risks, and any deterioration in the timely collection of receivables could materially affect our financial health and ability to execute our business strategy.

24. There are certain outstanding legal proceedings pending against our Company and Directors. Any adverse outcome in any of these proceedings may adversely affect our profitability and reputation and may have an adverse effect on our results of operations and financial condition.

Our Company and Directors are currently involved in certain tax proceedings in India which are pending at different levels of adjudication before the concerned authority/ forum. We cannot assure you that these tax proceedings will be decided in favour of our Company and Directors, as the case may be. Any adverse decision in such proceedings may render us liable to penalties and may have a material adverse effect on our reputation, business, financial condition and results of operations. Additionally, during the course of our business we are subject to risk of litigation in relation to contractual obligations, employment and labour law related, personal injury and property damage, etc.

A classification of these outstanding litigations is given in the following table:

Name of Entity	Criminal Proceedings	Tax Proceedings	Statutory or Regulatory Proceedings	Disciplinary actions by the SEBI or Stock Exchanges against our Promoters	Material Civil Litigations	Aggregate amount involved (₹ in Lakhs)
Company						
By the Company	-	-	-	-	-	-
Against the Company	-	4	-	-	-	4.09
Directors						
By the Directors	-	-	-	-	-	-
Against the Directors	-	-	-	-	-	-
Promoters						
By the Promoters	-	-	-	-	1	61.55
Against the Promoters	1	2	1	-	-	5.99*
Subsidiaries						
By Subsidiaries	-	-	-	-	-	-
Against Subsidiaries	-	-	-	-	-	-
Group Companies						
By Group Companies	-	-	-	-	-	-
Against Group Companies	-	-	-	-	-	-

* amount with respect to criminal proceeding not ascertained yet

For further details, in relation to the legal proceedings involving our Company, our Directors, and our Promoters, please refer to the section titled “*Outstanding Litigation and Material Developments*” and “*Risk Factors*” beginning on page 193 and 27 respectively of the Draft Red Herring Prospectus.

SECTION IV- INTRODUCTION

CAPITAL STRUCTURE

15. Details of Shareholding of our Promoters and members of the Promoter Group in the Company

(a) Provided below are the details of Equity Shares held by our Promoters and the members of Promoter Group as on the date of the Draft Red Herring Prospectus:

Sr. No.	Name of the Shareholder	Pre-Issue		Post-Issue*	
		No. of Equity Shares	Percentage of the Pre-Issue Equity Share Capital	No. of Equity Shares	Percentage of the Post-Issue Equity Share Capital
<u>Promoters</u>					
1	Mr. Jatinder Dev Seth	40,00,000	57.10%	[●]	[●]%
2	Mrs. Bhawna Seth	10,00,000	14.27%	[●]	[●]%
3	InnovationM Mobile and Web Technologies Private Limited	11,33,000	16.17%	[●]	[●]%
4	Mr. Manish Dev Seth	-	-	-	-
5	Mrs. Monica Seth	-	-	-	-
	Total A	61,33,000	87.54%	[●]	[●]%
<u>Promoter Group</u>					
	-	-	-	-	-
	Total B	-	-	-	-
	Total (A+B)	61,33,000	87.54%	[●]	[●]%

The current Promoters are Mr. Jatinder Dev Seth, Mrs. Bhawna Seth, Mr. Manish Dev Seth, Mrs. Monica Seth and InnovationM Mobile and Web Technologies Private Limited.

The build-up of the equity shareholding of our Promoters since incorporation of our Company is set forth in the table below:

Nature of Transaction	Date of Allotment/ Transfer / Transmission	No. of Equity Shares	Nature of Consideration	Face value per Equity Share	Issue Price/ Transfer Price per Equity Share	Cumulative no. of Equity Shares	% of Pre-Issue Equity Share Capital	% of Post Issue Equity Share Capital*
(i) Mr. Jatinder Dev Seth								
Initial Subscription to the MOA	October 09, 2014	10,000	Cash	₹10	₹10	10,000	0.14%	[●]%
Transfer from Existing Shareholder Ms. Payal	July 17, 2017	10,000	Cash	₹10	₹10	20,000	0.14%	[●]%
Right Issue	March 30, 2019	4,30,000	Cash	₹10	₹10	4,50,000	6.14%	[●]%
Right Issue	December 11, 2019	4,50,000	Cash	₹10	₹10	9,00,000	6.42%	[●]%
Conversion of Loan	September 05, 2022	31,00,000	Other than Cash	₹10	₹10	40,00,000	44.25%	[●]%
Total		40,00,000					57.10%	[●]%
(ii) Mrs. Bhawna Seth								
Transfer from Ms. Suman Kohli	July 17, 2017	10,000	Cash	₹10	₹10	10,000	0.14%	[●]%
Right Issue	March 30, 2019	40,000	Cash	₹10	₹10	50,000	0.57%	[●]%
Right Issue	December 11, 2019	50,000	Cash	₹10	₹10	1,00,000	0.71%	[●]%
Conversion of Loan	September 05, 2022	9,00,000	Other than Cash	₹10	₹10	10,00,000	12.85%	[●]%

Nature of Transaction	Date of Allotment/ Transfer / Transmission	No. of Equity Shares	Nature of Consideration	Face value per Equity Share	Issue Price/ Transfer Price per Equity Share	Cumulative no. of Equity Shares	% of Pre-Issue Equity Share Capital	% of Post Issue Equity Share Capital*
Total		10,00,000					14.27%	[●]%
(iii) InnovationM Mobile and Web Technologies Private Limited								
Conversion of Loan	March 30, 2024	11,33,000	Other than Cash	₹10	₹10	1,13,30,000	16.17%	[●]%
(iv) Mr. Manish Dev Seth								
NA	-	-	-	-	-	-	-	-
(v) Mrs. Monica Seth								
NA	-	-	-	-	-	-	-	-
Grand Total		66,33,000					87.54%	[●]%

OBJECTS OF THE ISSUE

Utilization of Proceeds of IPO

The details of utilization of Proceeds are as per the table set forth below:

Sr. No.	Particulars	Amount (₹ in Lakhs)	% of Net Proceeds
1	Working capital requirements;	1,800.00	[●]
2	Expenditure for opening new stores;	535.40	[●]
3	General corporate purposes; and	[●]	[●]
	Total Proceeds from the Issue	[●]	100.00%

Proposed Schedule of Implementation and Deployment of Funds

The fund deployment indicated above is based on current circumstances of our business and we may have to revise our estimates from time to time on account of various factors, such as financial and market conditions, competition, interest rate fluctuations and other external factors, which may not be within the control of our management. This may entail rescheduling the proposed utilization of the Net Proceeds and changing the allocation of funds from its planned allocation at the discretion of our management, subject to compliance with applicable laws. For further details, see “*Object of the Issue*” on page 70 of the Draft Red Herring Prospectus, and “*Risk Factors*” on page 27 of the Draft Red Herring Prospectus.

Sr. No.	Particulars	Amount (₹ in Lakhs)	Ratio	Amount to be deployed and utilized in Fiscal 2025 (Rupees in Lakhs)
1	Working capital requirements;	1,800.00	[●]	1,800.00
2	Expenditure for opening new stores;	535.40	[●]	535.40
3	General corporate purposes; and	[●]	[●]	[●]
	Total Proceeds from the Issue	[●]	1.00	[●]

If the actual utilization towards any of the Objects, as set out above, is lower than the proposed deployment, such balance will be used towards any other Object including general corporate purposes, provided that the total amount to be utilized towards general corporate purposes will not exceed 25% of the Gross Proceeds, in accordance with the ICDR Regulations. In case of a shortfall in raising requisite capital from the Net Proceeds towards meeting the Objects, we may explore a range of options including utilizing our internal accruals, any additional equity or debt arrangements or both. We believe that such alternate arrangements would be available to fund any such shortfalls.

The Board at its meeting held on July 29, 2024, approved the plan of utilization of Issue Proceeds as stated herein above. This amount is based on our management’s current estimates of the amounts to be utilized towards the respective objects. However, the actual deployment of funds will depend on a number of factors affecting our results of operation, financial condition and access to capital. Further, in the event that there is a surplus under any head, such amount shall be utilized towards general corporate purpose.

BASIS OF THE ISSUE PRICE

1. Comparison of Accounting ratios with Peer Group Companies

Name of Company	Face value (₹)	Current Market Price (₹)	Basic EPS (₹)	Diluted EPS (₹)	P/E ratio	RoNW (%)	NAV per equity share	Revenue from operations (₹ In Lakhs)
Purple United Sales Ltd.	10	[●]	7.84	7.84	[●]	27.78%	26.14	4,277.44
Peer Group*								
Iris Clothing Ltd.	2	66.03	1.50	1.50	44.02	17.67%	8.48	12,192.11
Karnika Industries Ltd.	10	297.00	8.15	8.15	36.44	19.03%	42.83	12,727.26
S.P. Apparels Limited	10	873.40	35.72	35.72	24.45	11.74	304.32	1,08,735.50

Notes:

1. Sourced from Annual Reports, Audited financials for financial year ended March 31, 2024.
2. Current Market Price is taken as closing on July 31, 2024.
3. We have calculated P/E Ratio by dividing the Current Market Price on July 31, 2024 and EPS as on March 31, 2024

8. Comparison of our key performance indicators with listed industry peers for the Financial Years included in the Restated Financial Information:

Iris Clothing Limited

(₹ in Lakhs, unless otherwise stated)

Metrics	Purple United Sales Limited			Iris Clothing Limited		
	Financial Year 2024	Financial Year 2023	Financial Year 2022	Financial Year 2024	Financial Year 2023	Financial Year 2022
Revenue from Operations	4,277.44	2,569.45	1,651.89	12,192.11	11,300.14	11,152.13
Total Income	4,291.59	2,571.10	1,656.19	12,201.81	11,310.82	11,176.75
Revenue growth (in %)	66.47%	55.55%	14.05%	7.89%	1.33%	26.88%
EBITDA	987.20	385.57	240.18	2,642.75	1,950.55	2,155.93
EBITDA Margin (%)	23.08%	15.01%	14.54%	21.68%	17.26%	19.33%
EBIT	831.26	358.92	221.71	2,033.68	1,420.28	1,595.98
Profit After Tax	481.54	149.22	177.16	1,221.91	825.89	987.03
PAT Margin (%)	11.26%	5.81%	10.72%	10.02%	7.31%	8.85%
Total Equity (Net Worth)	1,733.64	1,036.58	617.59	6,916.17	5,694.97	4,869.07
Return on Net Worth	27.78%	14.40%	28.69%	17.67%	14.50%	20.27%
Total Debt	2,562.80	1,187.42	1,105.76	4,419.54	3,509.90	3,276.62
Debt / Equity Ratio (in times)	1.48	1.15	1.79	0.64	0.62	0.67
Basic EPS	7.26	2.45	3.20	1.50	1.01	1.24
Diluted EPS	7.26	2.45	3.20	1.50	1.01	1.24
Interest Coverage Ratio	3.54	2.39	2.12	5.29	4.74	6.69
Return on Capital Employed (in %)	19.35%	16.14%	12.87%	17.94%	15.43%	19.59%

Metrics	Purple United Sales Limited			Iris Clothing Limited		
	Financial Year 2024	Financial Year 2023	Financial Year 2022	Financial Year 2024	Financial Year 2023	Financial Year 2022
Days working capital (in Days)	323.25	250.12	344.47	249.00	204.09	158.98

Karnika Industries Limited

(₹ in Lakhs, unless otherwise stated)

Metrics	Purple United Sales Limited			Karnika Industries Limited		
	Financial Year 2024	Financial Year 2023	Financial Year 2022	Financial Year 2024	Financial Year 2023	Financial Year 2022
Revenue from Operations	4,277.44	2,569.45	1,651.89	12,727.26	12,459.24	9,880.93
Total Income	4,291.59	2,571.10	1,656.19	12,845.65	12,605.61	9,892.52
Revenue growth (in %)	66.47%	55.55%	14.05%	2.15%	26.09%	108.18%
EBITDA	987.20	385.57	240.18	1,925.95	1,664.41	929.29
EBITDA Margin (%)	23.08%	15.01%	14.54%	15.13%	13.36%	9.40%
EBIT	831.26	358.92	221.71	1,848.16	1,625.38	912.75
Profit After Tax	481.54	149.22	177.16	1,010.49	818.21	424.33
PAT Margin (%)	11.26%	5.81%	10.72%	7.94%	6.57%	4.29%
Total Equity (Net Worth)	1,733.64	1,036.58	617.59	5,310.78	1,792.90	1,845.55
Return on Net Worth	27.78%	14.40%	28.69%	19.03%	45.64%	22.99%
Total Debt	2,562.80	1,187.42	1,105.76	5,210.26	5,230.33	2,224.13
Debt / Equity Ratio (in times)	1.48	1.15	1.79	0.98	2.92	1.21
Basic EPS	7.26	2.45	3.20	8.15	8.99	NA
Diluted EPS	7.26	2.45	3.20	8.15	8.99	NA
Interest Coverage Ratio	3.54	2.39	2.12	3.78	3.15	4.85
Return on Capital Employed (in %)	19.35%	16.14%	12.87%	17.57%	23.14%	22.43%
Days working capital (in Days)	323.25	250.12	344.47	285.89	199.75	203.22

S.P. Apparels Limited

(₹ in Lakhs, unless otherwise stated)

Metrics	Purple United Sales Limited			S.P. Apparels Limited		
	Financial Year 2024	Financial Year 2023	Financial Year 2022	Financial Year 2024	Financial Year 2023	Financial Year 2022
Revenue from Operations	4,277.44	2,569.45	1,651.89	1,08,735.50	1,08,085.50	85,942.70
Total Income	4,291.59	2,571.10	1,656.19	1,08,751.82	1,08,105.54	86,892.20

Metrics	Purple United Sales Limited			S.P. Apparels Limited		
	Financial Year 2024	Financial Year 2023	Financial Year 2022	Financial Year 2024	Financial Year 2023	Financial Year 2022
Revenue growth (in %)	66.47%	55.55%	14.05%	0.60%	25.76%	31.75%
EBITDA	987.20	385.57	240.18	17,409.30	16,553.60	16,122.90
EBITDA Margin (%)	23.08%	15.01%	14.54%	16.01%	15.32%	18.76%
EBIT	831.26	358.92	221.71	13,633.90	12,938.30	12,664.30
Profit After Tax	481.54	149.22	177.16	8,962.50	8,251.20	8,469.30
PAT Margin (%)	11.26%	5.81%	10.72%	8.24%	7.63%	9.85%
Total Equity (Net Worth)	1,733.64	1,036.58	617.59	76,364.20	67,361.10	63,777.40
Return on Net Worth	27.78%	14.40%	28.69%	11.74%	12.25%	13.28%
Total Debt	2,562.80	1,187.42	1,105.76	20,341.80	24,468.50	23,131.40
Debt / Equity Ratio (in times)	1.48	1.15	1.79	0.27	0.36	0.36
Basic EPS	7.26	2.45	3.20	35.72	32.37	32.96
Diluted EPS	7.26	2.45	3.20	35.72	32.37	32.96
Interest Coverage Ratio	3.54	2.39	2.12	7.29	6.95	10.68
Return on Capital Employed (in %)	19.35%	16.14%	12.87%	14.10%	14.09%	14.57%
Days working capital (in Days)	323.25	250.12	344.47	95.99	72.50	106.48

SECTION V- ABOUT OUR COMPANY

OUR BUSINESS

Major Agreement

The Company has entered into a non-exclusive licensing arrangement with globally recognized brands, Disney and Mattel, for their footwear category. These agreements authorize them to design, develop, source, and manufacture Licensed Products as well as offer, distribute, and sell these Licensed Products to their Customers. This strategic partnership is a significant milestone for the company, allowing them to leverage the widespread appeal of these beloved characters to enhance their product offerings and expand their reach to a broader customer base.

The arrangement helps them in the following aspects:

1. Licensed characters enable them to leverage global trends, providing children with footwear that is both fashionable and aligned with contemporary preferences. By incorporating popular characters, their products resonate with current trends, enhancing their appeal and making them more desirable to young consumers.
2. As an emerging brand, their association with Disney and Mattel provides them with substantial marketing support, which is critical for enhancing their visibility and brand presence in the market. The characters associated with these brands are widely recognized and resonate strongly with their target demographics, helping them attract a diverse range of customers and boost sales.
3. Association with Disney and Mattel gives access to their marketing assets, having very strong followers indirectly helps the Company in promoting their brand.

Agreement Structure: These licensing agreements are structured on a renewable basis, enabling the Company to maintain a long-term partnership that can be periodically reviewed and adapted to meet their evolving business objectives. As part of these agreements, the Company has committed to paying a minimum guarantee (MG) as royalty to the licensors based on the business plan, ensuring a baseline financial commitment. Additionally, should the Company's sales exceed the thresholds set under the MG, they are obligated to make additional payments for any amounts beyond the MG, reflecting the success and profitability of the partnership. The royalty margin varies from 8.5 -13% depending upon the character and business channel (B2B or B2C). Detailed below is the relationship between revenue generated due to the licensing arrangement and licensing cost incurred for the past 3 financial years:

(₹ in Lakhs)			
Particulars	FY 2023-24	FY 2022-23	FY 2021-22
Revenue	740.63	974.15	1,022.30
Licensing fees	53.98	101.95	103.76
Percentage	7.28%	10.47%	10.15%

Our Competitive Strengths

Experienced Promoter and management team.

We have an experienced management team led by our Promoter, Chairman and Managing Director, Mr. Jatinder Dev Seth, who has more than 25 years of experience in the apparel and footwear industry. We are also led by a highly experienced senior management team with our Promoter, Whole-time Director, Mrs. Bhawna Seth, who is deeply involved in conceptualization, design, product development and retail operations of the Company. Mr. Manish Dev Seth proven track record in the world of designing, coding, analysis, developing, testing, and implementation of software applications. He holds Over 25 years' experience in Software Design, Development and Project Management, Mrs. Monica Seth is an accomplished professional with a strong educational background and a proven track record in the world of Technology and management. We believe it has proven its ability to identify emerging trends in industry and to identify new locations to promote our business growth.

Properties

S. No.	Purpose	Location	Name of lessor	Area (sq. ft.)	Monthly Rental	Term	Lease Start date	Lease End date
12	Retail Store	Shop No-136, Ground Floor, NH-	Surinder Jit Kaur	816	Rs 100,000	9 years	December 22, 2021	December 21, 2030

S. No.	Purpose	Location	Name of lessor	Area (sq. ft.)	Monthly Rental	Term	Lease Start date	Lease End date
		7, Factory Outlet Barnala Highway Road NH-07, Opp Wallmart, Mc Donald & KFC, Village Bhucho Khurd, Bhucho Mandi, Bhatinda, Bhucho, Punjab – 151101						

HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was originally incorporated as 'Purple United Sales Private Limited' under the provisions of Companies Act, 2013 vide Certificate of Incorporation dated September 16, 2014 bearing Registration Number 271636 issued by Registrar of Companies, Delhi. Subsequently our Company was converted into a Public Limited Company vide Special Resolution passed by the shareholders at the Extra-Ordinary General Meeting held on May 11, 2024 and consequently the name of the Company was changed from 'Purple United Sales Private Limited' to 'Purple United Sales Limited' vide fresh Certificate of Incorporation consequent upon conversion to public company dated June 20, 2024 by Registrar of Companies, Delhi, bearing Corporate Identity Number U51909DL2014PLC271636. Mr. Jatinder Dev Seth, Mrs. Bhawna Seth, Mr. Manish Dev Seth, Mrs. Monica Seth and InnovationM Mobile and Web Technologies Private Limited are the Promoters of our Company. For further details of Our Promoters please refer the chapter titled "*Our Promoters and Promoter Group*" beginning on page 20 of the Draft Red Herring Prospectus.

OUR MANAGEMENT

Brief Biographies of the Directors of our Company

Brief details of Pankaj Lal Gupta:

Mr. Pankaj Lal Gupta aged 50 years is an independent director on the Board of the Company. He is an experienced Chief Executive Officer with 20 years' experience of working in the information technology and services industry, skilled in Global Delivery, IT Strategy, Management, Pre-sales, and Solution Architecture. Strong business development professional with a MDP focused on Business Management for Delivery Excellence from Indian Institute of Management Bangalore. He holds B. Tech degree in Computer Science & Engineering, Master of Science in Software Systems from Birla Institute of Technology and Science, PGDBM, International Business & Systems from IMT, Ghaziabad besides MDPs from IIM Ahmedabad & IIM Bangalore. He holds directorships in the following entities as on date:

1. Body And Strength Private Limited
2. Intelibliss India Private Limited
3. Seguir Innovation Private Limited
4. Qnt Sport India Private Limited
5. Xelium Retail Private Limited
6. Xeliumtech Solutions Private Limited
7. Lanzeintegra Technologies Private Limited
8. Daksh Electronics Private Limited
9. Vng Enterprises Private Limited
10. Inbel Enterprises Private Limited
11. M2R Technomations LLP

KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT PERSONNEL

Profile of Key Managerial Personnel

Mr. Naresh Kumar, aged about 33 years, is the Chief Financial Officer of our company. He joined our company as CFO w.e.f. May 01, 2024. He has cleared the Bachelor of Commerce Examinations held by Delhi University. He is a member of the Institute of Chartered Accountants of India. Accomplished with over a decade of managerial experience in finance and accounting. Proven track record in leading financial operations, strategic planning, and risk managed abutment. Adept at driving organizational growth and efficiency through insightful financial analysis and effective resource allocation. He has worked with Shreyash Retail Pvt. Ltd. Demonstrates exceptional leadership, communication, and problem-solving skills, ensuring fiscal integrity and compliance.

Mr. Vishnu Kumar, aged about 28 years, was appointed as Company Secretary w.e.f. May 20, 2024. He holds qualifications as Company Secretary (CS) and a bachelor of law (LLB) with over two years of experience in legal and secretarial roles. He has previously worked at Primatel Fibcom Limited. Where he has achieved successful and timely completion of various obligations and compliances.

OUR PROMOTERS AND PROMOTER GROUP

The Promoters of our Company, as on the date of the Draft Red Herring Prospectus are:

1. Mr. Jatinder Dev Seth,
2. Mrs. Bhawna Seth,
3. InnovationM Mobile and Web Technologies Private Limited
4. Mr. Manish Dev Seth
5. Mrs. Monica Seth

As on the date of the Draft Red Herring Prospectus, our Promoters hold an aggregate of 61,33,000 Equity Shares of ₹ 10/- each, constituting 87.54% of the pre issued, subscribed and paid-up Equity Share capital of our Company. For further details, please refer to the “*Capital Structure*” beginning on page 58 of the Draft Red Herring Prospectus.

	Mr. Manish Dev Seth aged 51 years is one of the Promoter of our Company. He holds a bachelor’s degree in engineering (BE) and Post Graduate Diploma in Business Management. Mr. Seth is an accomplished professional with a strong educational background and a proven track record in the world of designing, coding, analysis, developing, testing, and implementation of software applications. He holds over 25 years’ experience in Software Design, Development and Project Management. For further details, please refer to section titled “Our Management” beginning on page 153 of this Prospectus. DIN: 05181219 Permanent Account Number: AAZPS6705R Date of Birth: September 24, 1973 Residential Address: K - 303, Great Value Sharanam, Sector - 107, Noida, UP - 210301 Voter’s Identification Number: JBJ0772657 Directorship held in Companies: • InnovationM Mobile and Web Technologies Private Limited • FoxMatrix Global Service Private Limited • NuFolks Global Private Limited • MovingPin Technologies Private Limited
	Mrs. Monica Seth aged 49 years is one of the Promoter of our Company. An exceptional expert in the Information Technology and Management field. Mrs. Monica possesses a distinctive fusion of qualifications and experience. She holds a bachelor’s degree in Education (B.Ed) and Post Graduate Diploma in Information Technology and Management. Mrs. Seth is an accomplished professional with a strong educational background and a proven track record in the world of Technology and management. She holds over 20 years’ experience in Technology and Management. For further details, please refer to section titled “Our Management” beginning on page 153 of this Prospectus. DIN: 05181223 Permanent Account Number: BBXPS1323R Date of Birth: July 12, 1975 Residential Address: K - 303, Great Value Sharanam, Sector - 107, Noida, UP - 210301 Voter’s Identification Number: JBJ0772640

	Directorship held in Companies: InnovationM Mobile and Web Technologies Private Limited
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Interest as Guarantor

Except as disclosed below, as on the date of this Prospectus, our Promoters have not provided any guarantees to third parties

S No.	Particulars	Given By	Given To
1	Personal Guarantee	Mr. Manish Dev Seth	1. Deutsche Bank Limited 2. HDFC bank Limited
2	Personal Guarantee	Mrs. Monica Seth	1. HDFC Bank 2. ICICI Bank

Our Promoter Group

In addition to our Promoters named hereinabove, the following natural persons are part of our Promoter Group in terms of Regulation 2(1)(pp) (ii) of SEBI (ICDR) Regulations:

Name of our Promoters	Relationship with the relatives	Name of the Immediate Relatives
Mr. Manish Dev Seth	Spouse	Mrs. Monica Seth
	Brother	Mr. Ashish Dev Seth
	Brother	Mr. Jatinder Dev Seth
	Father	Mr. Baldev Raj Seth
	Mother	Mrs. Saroj Seth
	Spouse Father	Mr. Rajinder Kumar Chhabra
	Spouse Brother	Mr. Sachin Chhabra
	Daughter	Ms. Pehal Seth
	Son	Mr. Chirag Seth
Mrs. Monica Seth	Spouse	Mr. Manish Dev Seth
	Father	Mr. Rajinder Kumar Chhabra
	Brother	Mr. Sachin Chhabra
	Father-in-law	Mr. Baldev Raj Seth
	Mother-in-law	Mrs. Saroj Seth
	Spouse Brother	Mr. Jatinder Dev Seth
	Spouse Brother	Mr. Ashish Dev Seth
	Daughter	Ms. Pehal Seth
	Son	Mr. Chirag Seth

SECTION VI- FINANCIAL INFORMATION

FINANCIAL INDEBTEDNESS

In terms of the Articles of Association of the Company, the Board is authorized to accept deposits from members either in advance of calls or otherwise, and generally accept deposits, raise loans or borrow or secure the payment of any sum of moneys to be borrowed together with the moneys already borrowed including acceptance of deposits apart from temporary loans obtained from the Banks / Financial Institution in the ordinary course of business, exceeding the aggregate of the paid-up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) or up to such amount subject to members approval from time to time.

Our Company has obtained the necessary consents required under the relevant loan documentation with banks and financial institutions for undertaking activities wherever applicable. As on March 31, 2024 our Company has total outstanding borrowings aggregating to ₹2,562.79 lakhs. Details are mentioned hereunder:

Particulars	Rate of interest	Sanctioned amount	Amount outstanding as on March 31, 2024	As per Financials		Purpose of loans
				Short-Term	Long-Term	
Bank CC A/C						
Deutsche Bank	10.25%	570.00	557.82	557.82	-	Cash credit (Working capital)
ICICI Bank Ltd	8.95%	411.00	618.89	618.89	-	Cash credit (Working capital)
Bank OD A/C						
INDUSIND Bank Ltd.	16.50%	30.00	16.04	16.04	-	Bank overdraft
Secured Loan						
Deutsche Bank Loan	8.26%	40.61	21.00	6.42	14.58	Working capital term loan
Deutsche Bank Loan	8.26%	20.30	17.31	13.94	3.37	Working capital term loan
HDFC Bank Ltd	8.75%	34.00	12.26	2.89	9.37	Vehicle loan
HDFC Bank Ltd	8.80%	15.53	33.11	3.76	29.35	Vehicle loan
ICICI Bank Ltd Secured Loan	8.95%	409.00	374.92	58.43	316.49	Working capital term loan
Unsecured Loan from Banks						
Axis Bank Ltd	15.00%	60.00	54.22	18.05	36.18	Business loan
ICICI Bank Ltd	16.50%	40.00	37.47	11.72	25.75	Business loan
IDFC First Bank	16.00%	30.60	18.78	10.67	8.11	Business loan
IndusInd Bank Ltd	16.00%	35.00	32.67	10.29	22.38	Business loan
Kotak Mahindra Bank	16.11%	30.00	25.46	19.96	5.51	Business loan
Standard Chartered Bank	16.50%	18.00	11.01	6.29	4.72	Business loan
Yes Bank Ltd	16.00%	50.00	46.68	14.67	32.01	Business loan
Unsecured Loan from NBFC						
Aditya Birla Finance Limited	16.00%	65.00	60.69	19.07	41.62	Business loan
Aditya Birla Finance Limited	14.00%	5.68	0.75	0.75	-	Business loan
Bajaj Finance Ltd	16.00%	28.77	26.86	8.44	18.42	Business loan
Cholamandalam Investment and Finance Company Ltd	18.00%	20.00	12.41	7.00	5.41	Business loan
Clix Capital Services Private Limited	14.00%	6.00	1.18	1.18	-	Business loan
Clix Capital Services Private Limited	17.00%	47.50	44.54	13.86	30.68	Business loan
ECL Finance Limited	17.50%	35.00	32.73	10.14	22.59	Business loan
Fedbank Financial Services Ltd	16.00%	50.00	46.68	14.67	32.01	Business loan
Fullerton India Credit Company Ltd	14.00%	4.52	0.61	0.61	-	Business loan

Particulars	Rate of interest	Sanctioned amount	Amount outstanding as on March 31, 2024	As per Financials		Purpose of loans
				Short-Term	Long-Term	
Fullerton India Credit Company Ltd	17.50%	40.39	25.00	14.12	10.87	Business loan
Hero Fincorp Limited	16.50%	40.12	37.48	11.72	25.76	Business loan
IIFL Finance Limited	16.50%	30.00	28.02	8.76	19.26	Business loan
Incread Getvantage	7.50%	30.00	30.00	30.00	-	Working capital
India Infoline Finance Limited	14.00%	4.01	0.18	0.18	-	Business loan
Inditrade Fincorp Limited	19.00%	25.00	17.55	8.37	9.18	Business loan
Kisetsu Saison Finance (India) Pvt Ltd	16.00%	50.00	46.68	14.67	32.01	Business loan
L&T Finance Limited	16.50%	35.00	33.55	10.25	23.30	Business loan
Moneywise Financial Services Pvt. Ltd.	18.00%	35.42	22.92	12.21	10.71	Business loan
Neogrowth Credit Private Limited	8.38%	62.49	18.39	18.39	-	Business loan
Poonawalla Fincorp Limited	16.00%	25.44	15.61	8.87	6.74	Business loan
Tata Capital Limited	15.50%	50.15	46.78	14.78	32.00	Business loan
Unity Small Finance Bank	18.00%	35.00	21.72	12.25	9.47	Business loan
Unsecured Loan - Others						
InnovationM Mobile & Web Tech P. Ltd	10.00%	NA	81.07	-	81.07	General purpose
Unsecured Loan - Directors						
Bhawna Seth	10.00%	NA	3.99	-	3.99	General purpose
Jatinder Dev Seth	10.00%	NA	29.77	-	29.77	General purpose
TOTAL				1,610.10	952.70	

*Business loans were utilized for capital expenditure of retail stores and funding working capital purposes.

Notes:

1. All the loans are secured by personal guarantee(s) of promoters and/or promoter group.
2. Bank CC A/C from Deutsche Bank and ICICI Bank are secured against properties, stock and debtors.
3. Secured loans from Deutsche Bank are secured against properties, stock and debtors.
4. HDFC Bank car/auto loans are secured against the vehicle financed through the loan.

SECTION VII- LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

B. LITIGATIONS INVOLVING THE PROMOTERS & DIRECTORS OF THE COMPANY

(e) Actions by statutory and regulatory authorities against the Promoters & Directors of the company

1. Prerna Pandey v/s InnovtionM Mobile and Web Technologies Pvt. Ltd. (“**Corporate Promoter**”). The Complainant Ms. Prerna Pandey has filed the case against the Corporate Promoter at National Commission for Women vide File no. 8/C230014574/2023/NCW/MEM/AM for the claim of maternity benefits, at Deputy Labour Commissioner (U.P.) vide complaint reference no. 22023-024/Go/Ma/Hi/Adhi-24 11/24 dated July 23, 2024 for maternity benefits and at Deputy Labour Commissioner (U.P.) as per vide letter reference no. 16097-98 C.P. Vaad no. 193/23 dated September 18, 2023. The complainant has filed the case against the Corporate Promoter towards for termination of her service without proper reason and also for the maternity benefits of Rs. 4,26,000 as she was pregnant before the termination of her service. The case is pending for adjudication before the applicable regulatory authorities.

D. TAX PROCEEDINGS

There are no outstanding tax liabilities (direct and indirect) against the company, the promoters and directors. However, the Company has received the following notices as u/s.221(1) of the Income Tax Act, 1961 which are being contested by the Company. Therefore, the amount of liability, if any, as may be ascertained, to be payable by the Company is yet to be crystallized.

Nature of Proceedings	Number of cases	Amount involved (₹ in lakhs)
Of the Company		
Direct Tax (Income Tax)	2	0.67
Direct Tax (TDS)	Nil	Nil
Indirect Tax (GST)	2	3.42*
Of the Promoters and Directors (Income Tax/Goods & Services Tax)	2	1.73

* The amount mentioned is pertaining to one pending matter with GST Department. The amount involved in another matter is not yet crystalised as the same was due to the delayed filing of the GSTR-3B return.