SSKL
SAI SILKS (KALAMANDIR) LIMITED

SAI SILKS (KALAMANDIR) LIMITED

CORPORATE IDENTITY NUMBER: U52190TG2008PLC059968

REGISTERED AND CORPORATE OFFICE	CONTACT PERSON	E-MAIL AND TELEPHONE	WEBSITE
6-3-790/8, Flat No. 1 Bathina Apartments, Ameerpet Hyderabad 500 016 Telangana, India	Matte Koti Bhaskara Teja Company Secretary and Compliance Officer	E-mail: secretarial@sskl.co.in Telephone: +91 40 6656 6555	www.sskl.co.in

PROMOTERS OF OUR COMPANY: NAGAKANAKA DURGA PRASAD CHALAVADI AND JHANSI RANI CHALAVADI

DETAILS OF THE OFFER

TYPE	SIZE OF FRESH ISSUE	SIZE OF OFFER FOR SALE	SIZE OF TOTAL OFFER	ELIGIBILITY AND RESERVATION
Fresh Issue and Offer for Sale	Up to [●] Equity Shares aggregating up to ₹ 6,000 million	Up to 18,048,440 Equity Shares aggregating up to ₹ [●] million	Up to ₹ [●] million	The Offer is being made pursuant to Regulation 6(1) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("**SEBI ICDR Regulations**"). For details, see "*Other Regulatory and Statutory Disclosures – Eligibility for the Offer*" on page 354. For details in relation to the share reservation among QIBs, NIIs and RIBs, see "*Offer Structure*" on page 374.

OFFER FOR SALE

DETAILS OF OFFER FOR SALE BY THE SELLING SHAREHOLDERS

NAME OF THE SELLING SHAREHOLDERS	TYPE	NUMBER OF EQUITY SHARES OFFERED	WEIGHTED AVERAGE COST OF ACQUISITION PER EQUITY SHARE (IN ₹) *
Nagakanaka Durga Prasad Chalavadi	Promoter Selling Shareholder	Up to 6,410,005 Equity Shares aggregating up to ₹ [●] million	5.48
Jhansi Rani Chalavadi	Promoter Selling Shareholder	Up to 7,949,520 Equity Shares aggregating up to ₹ [●] million	19.81
Dhanalakshmi Perumalla	Promoter Group Selling Shareholder	Up to 3,083,865 Equity Shares aggregating up to ₹ [●] million	-
Doodeswara Kanaka Durgarao Chalavadi	Promoter Group Selling Shareholder	Up to 96,750 Equity Shares aggregating up to ₹ [●] million	1.17
Kalyan Srinivas Annam	Promoter Group Selling Shareholder	Up to 261,300 Equity Shares aggregating up to ₹ [●] million	1.50
Subash Chandra Mohan Annam	Promoter Group Selling Shareholder	Up to 138,000 Equity Shares aggregating up to ₹ [●] million	5.64
Venkata Rajesh Annam	Promoter Group Selling Shareholder	Up to 109,000 Equity Shares aggregating up to ₹ [●] million	2.14

**As certified by our Statutory Auditors, by way of their certificate dated July 21, 2022.*

RISKS IN RELATION TO THE FIRST OFFER

This being the first public offer of Equity Shares of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹ 2 each. The Offer Price, Floor Price and Price Band, determined by our Company in consultation with the Book Running Lead Managers, on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process as stated in "*Basis for Offer Price*" on page 116, should not be taken to be indicative of the market price of the Equity Shares after such Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares nor regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Offer. For taking an investment decision, investors must rely on their own examination of our Company and this Offer, including the risks involved. The Equity Shares have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to "*Risk Factors*" on page 30.

ISSUER'S AND SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and this Offer, which is material in the context of this Offer, that the information contained in this Draft Red Herring Prospectus 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 Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions, misleading in any material respect. Further, each Selling Shareholder, severally and not jointly, accepts responsibility for and confirms the statements specifically made by such Selling Shareholder in this Draft Red Herring Prospectus pertaining to itself and its respective portion of the Offered Shares and assumes responsibility that such statements are true and correct in all material respects and not misleading in any material respect.

LISTING

The Equity Shares, once offered through the Red Herring Prospectus, are proposed to be listed on BSE Limited and National Stock Exchange (India) Limited. For the purposes of this Offer, [●] shall be the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGERS

Details of Book Running Lead Managers		Contact Person	Telephone and E-mail
MOTILAL OSWAL Investment Banking	**Motilal Oswal Investment Advisors Limited**	Subodh Mallya /Kirti Kanoria	Telephone.: +91 22 7193 4380 E-mail: sskl.ipo@motilaloswal.com
Edelweiss Ideas create, values protect	**Edelweiss Financial Services Limited**	Dhruv Bhavsar / Lokesh Singhi	Telephone: + 91 22 4009 4400 E-mail: sskl.ipo@edelweissfin.com
HDFC BANK We understand your world	**HDFC Bank Limited**	Kunal Thakkar	Telephone: +91 22 3395 8233 E-mail: ssklipo@hdfcbank.com

REGISTRAR TO THE OFFER

Details of Registrar		Contact Person	Telephone and E-mail
Bigshare Services Pvt. Ltd.	**Bigshare Services Private Limited**	Jibu John	Telephone: +91 22 6263 8200 E-mail: ipo@bigshareonline.com

BID/ OFFER PERIOD

ANCHOR INVESTOR BIDDING DATE	[●]*	BID/OFFER OPENS ON	[●]	BID/OFFER CLOSES ON	[●]**

** Our Company may, in consultation with the BRLMs, consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investors shall Bid during the Anchor Investor Bidding Date, i.e., one Working Day prior to the Bid/Offer Opening Date.*

***Our Company may, in consultation with the BRLMs, consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date, in accordance with the SEBI ICDR Regulations.*

DRAFT RED HERRING PROSPECTUS
Dated July 21, 2022
Please read Section 32 of the Companies Act, 2013
(This Draft Red Herring Prospectus will be updated upon filing with the RoC**)**
100% Book Built Offer

SAI SILKS (KALAMANDIR) LIMITED

Our business was started as a partnership firm under the name and style of "*Sai Silks*" on August 10, 2005 with Nagakanaka Durga Prasad Chalavadi and Jhansi Rani Chalavadi as its partners. Subsequently, Kalyan Srinivas Annam and Subash Chandra Mohan Annam joined the partnership firm on April 1, 2006 and Suchitra Annam, Sowjanya Annam and Venkata Rajesh Annam joined on March 4, 2008. Further, the name of the partnership firm was also changed to "*Sai Silks (Kalamandir)*" on March 4, 2008 to incorporate the brand in its name. The partnership firm was subsequently converted into a private limited company and a certificate of incorporation was obtained dated July 3, 2008 under the name and style of '*Sai Silks (Kalamandir) Private Limited*' from the Registrar of Companies, Andhra Pradesh at Hyderabad. Our Company was further converted into a public limited company pursuant to a special resolution passed by our Shareholders on May 14, 2009 and a fresh certificate of incorporation consequent upon conversion to public limited company was obtained on May 21, 2009 from the Registrar of Companies, Andhra Pradesh. The name of our Company was changed to its present name, '*Sai Silks (Kalamandir) Limited*'. For details of changes in the name and the registered office address of our Company, see "*History and Certain Corporate Matters*' on page 207.

Corporate Identity Number: U52190TG2008PLC059968
Registered and Corporate Office: 6-3-790/8, Flat No. 1, Bathina Apartments, Ameerpet, Hyderabad 500 016, Telangana, India
Contact Person: Matte Koti Bhaskara Teja, Company Secretary and Compliance Officer
Website: www.sskl.co.in; **E-mail**: secretarial@sskl.co.in; **Telephone**: +91 40 6656 6555

PROMOTERS OF OUR COMPANY: NAGAKANAKA DURGA PRASAD CHALAVADI AND JHANSI RANI CHALAVADI

INITIAL PUBLIC OFFERING OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹ 2 EACH ("EQUITY SHARE") OF SAI SILKS (KALAMANDIR) LIMITED (OUR "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹[●] PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE (THE "OFFER PRICE") AGGREGATING UP TO ₹ [●] MILLION (THE "OFFER"). THE OFFER COMPRISES OF A FRESH ISSUE OF UP TO [●] EQUITY SHARES BY OUR COMPANY AGGREGATING UP TO ₹ 6,000 MILLION (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 18,048,440 EQUITY SHARES (THE "OFFERED SHARES") AGGREGATING UP TO ₹ [●] MILLION (THE "OFFER FOR SALE"), COMPRISING OFFER FOR SALE OF (A) UP TO 6,410,005 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY NAGAKANAKA DURGA PRASAD CHALAVADI, UP TO 7,949,520 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY JHANSI RANI CHALAVADI (COLLECTIVELY, THE "PROMOTER SELLING SHAREHOLDERS"), AND (B) UP TO 3,083,865 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY DHANALAKSHMI PERUMALLA, UP TO 96,750 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY DOODESWARA KANAKA DURGARAO CHALAVADI, UP TO 261,300 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY KALYAN SRINIVAS ANNAM, UP TO 138,000 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY SUBASH CHANDRA MOHAN ANNAM AND UP TO 109,000 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY VENKATA RAJESH ANNAM (COLLECTIVELY THE "PROMOTER GROUP SELLING SHAREHOLDERS" AND TOGETHER WITH THE PROMOTER SELLING SHAREHOLDERS, THE "SELLING SHAREHOLDERS") (THE "OFFER FOR SALE, AND TOGETHER WITH THE FRESH ISSUE, THE "OFFER"). THE OFFER WILL CONSTITUTE [●]% OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

OUR COMPANY MAY, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS, CONSIDER A FURTHER ISSUE OF EQUITY SHARES THROUGH A PREFERENTIAL ISSUE OR ANY OTHER METHOD AS MAY BE PERMITTED IN ACCORDANCE WITH APPLICABLE LAW TO ANY PERSON(S), AGGREGATING UP TO ₹ 1,200 MILLION, AT ITS DISCRETION, PRIOR TO FILING OF THE RED HERRING PROSPECTUS WITH THE ROC (THE "PRE-IPO PLACEMENT"). THE PRE-IPO PLACEMENT, IF UNDERTAKEN, WILL BE AT A PRICE TO BE DECIDED BY OUR COMPANY, IN CONSULTATION WITH THE BRLMS. IF THE PRE-IPO PLACEMENT IS COMPLETED, THE FRESH ISSUE SIZE WILL BE REDUCED TO THE EXTENT OF SUCH PRE-IPO PLACEMENT, SUBJECT TO THE OFFER COMPLYING WITH RULE 19(2)(B) OF THE SECURITIES CONTRACTS (REGULATION) RULES, 1957, AS AMENDED ("SCRR") AND THE OFFER CONSTITUTING AT LEAST [●] % OF THE POST-OFFER PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY.

THE FACE VALUE OF THE EQUITY SHARE IS ₹ 2 EACH. THE OFFER PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES. THE PRICE BAND AND THE MINIMUM BID LOT SIZE WILL BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AND WILL BE ADVERTISED IN ALL EDITIONS OF THE ENGLISH NATIONAL DAILY NEWSPAPER [●], ALL EDITIONS OF THE HINDI NATIONAL DAILY NEWSPAPER [●], AND ALL EDITIONS OF THE TELUGU DAILY NEWSPAPER [●] (TELUGU BEING THE REGIONAL LANGUAGE OF TELANGANA WHEREIN THE REGISTERED OFFICE OF OUR COMPANY IS LOCATED), EACH WITH WIDE CIRCULATION, AT LEAST TWO WORKING DAYS PRIOR TO THE BID/ OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO BSE LIMITED ("BSE") AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE", AND TOGETHER WITH BSE, THE "STOCK EXCHANGES") FOR UPLOADING ON THEIR RESPECTIVE WEBSITES IN ACCORDANCE WITH THE SEBI ICDR REGULATIONS.

In case of any revision in the Price Band, the Bid/ Offer Period shall be extended for at least three additional Working Days after such revision of the Price Band, subject to the total Bid/Offer Period not exceeding 10 Working Days. In cases of *force majeure*, banking strike or similar circumstances, our Company may, in consultation with the BRLMs, for reasons to be recorded in writing, extend the Bid/Offer Period for a minimum of three Working Days, subject to the Bid/ Offer Period not exceeding 10 Working Days. Any revision in the Price Band, and the revised Bid/ Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges by issuing a public notice, and also by indicating the change on the websites of the BRLMs and at the terminals of the Members of the Syndicate and by intimation to Designated Intermediaries and Sponsor Bank, as applicable.

The Offer is being made through the Book Building Process, in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended (the "**SCRR**"), read with Regulation 31 of the SEBI ICDR Regulations and in compliance with Regulation 6(1) of the SEBI ICDR Regulations wherein not more than 50% of the Issue shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("**QIBs**", and such portion, "**QIB Portion**") provided that our Company may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations ("**Anchor Investor Portion**"), of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is made to Anchor Investors ("**Anchor Investor Allocation Price**"). Further, 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis only to Mutual Funds and the remainder of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Investors ("**Non-Institutional Category**") of which (a) one-third of the Non-Institutional Category shall be available for allocation to Bidders with an application size of more than ₹ 200,000 and up to ₹ 1,000,000 and (b) two-thirds of the Non-Institutional Category shall be available for allocation to Bidders with an application size of more than ₹ 1,000,000, and under-subscription in either of these two sub-categories of Non-Institutional Category may be allocated to Bidders in the other sub-category of Non-Institutional Category in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. Further, not less than 35% of the Offer shall be available for allocation to Retail Individual Investors ("**Retail Category**"), in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price. All Bidders (except Anchor Investors) shall mandatorily participate in this Offer only through the Application Supported by Blocked Amount ("**ASBA**") process, and shall provide details of their respective bank account (including UPI ID (defined hereinafter) in case of UPI Bidders (defined hereinafter)) in which the Bid Amount will be blocked by the Self Certified Syndicate Banks ("**SCSBs**") or the Sponsor Bank, as the case may be. Anchor Investors are not permitted to participate in the Anchor Investor Portion through the ASBA process. For details, see "*Offer Procedure*" on page 377.

RISKS IN RELATION TO FIRST OFFER

This being the first public issue of our Company, there has been no formal market for the Equity Shares. The face value of the Equity Shares is ₹ 2 each. The Offer Price/ Price Band as determined by our Company in consultation with the Book Running Lead Managers, and on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process as stated in "*Basis for Offer Price*" on page 116 should not be taken to be indicative of the market price of the Equity Shares after such Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares nor regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Offer. For taking an investment decision, investors must rely on their own examination of our Company and this Offer, including the risks involved. The Equity Shares have not been recommended or approved by the SEBI, nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to "*Risk Factors*" on page 30.

ISSUER'S AND SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and this Offer, which is material in the context of this Offer, that the information contained in this Draft Red Herring Prospectus 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 Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions, misleading in any material respect. Further, each Selling Shareholder, severally and not jointly, accepts responsibility for and confirms the statements specifically made by such Selling Shareholder in this Draft Red Herring Prospectus pertaining to itself and its respective portion of the Offered Shares and assumes responsibility that such statements are true and correct in all material respects and not misleading in any material respect.

LISTING

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on BSE Limited and National Stock Exchange (India) Limited. Our Company has received in-principle approvals from BSE and NSE for listing of the Equity Shares pursuant to their letters dated [●] and [●], respectively. For the purposes of this Offer, [●] shall be the Designated Stock Exchange. A signed copy of the Red Herring Prospectus and the Prospectus shall be filed with the RoC in accordance with Sections 26(4) and 32 of the Companies Act, 2013. For details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus up to the Bid/Offer Closing Date, see "*Material Contracts and Documents for Inspection*" on page 419.

BOOK RUNNING LEAD MANAGEI			REGISTRAR TO THE OFFER
Motilal Oswal Investment Advisors Limited Motilal Oswal Tower, Rahimtullah Sayani Road Opposite Parel ST Depot, Prabhadevi, Mumbai 400 025 Maharashtra, India **Telephone:** +91 22 7193 4380 **E-mail:** sskl.ipo@motilaloswal.com **Investor Grievance E-mail:** moiaplredressal@motilaloswalgroup.com **Website:** www.motilaloswalgroup.com **Contact Person:** Subodh Mallya /Kirti Kanoria **SEBI Registration No.:** INM000011005	**Edelweiss Financial Services Limited** 6th Floor, Edelweiss House, Off C.S.T Road, Kalina Mumbai 400 098, Maharashtra, India **Telephone:** + 91 22 4009 4400 **E-mail:** sskl.ipo@edelweissfin.com **Investor Grievance ID:** customerservice.mb@edelweiss.com **Website:** www.edelweissfin.com **Contact Person:** Dhruv Bhavsar / Lokesh Singhi **SEBI Registration Number:** INM0000010650	**HDFC Bank Limited** Investment Banking Group, Unit No. 401 & 402, 4th Floor, Tower B Peninsula Business Park, Lower Parel, Mumbai 400 013, Maharashtra, India **Telephone:** +91 22 3395 8233 **E-mail:** ssklipo@hdfcbank.com **Investor Grievance E-mail:** investor.redressal@hdfcbank.com **Website:** www.hdfcbank.com **Contact Person:** Kunal Thakkar **SEBI Registration No.:** INM000011252	**Bigshare Services Private Limited** Office No S6-2, 6th Floor, Pinnacle Business Park, Next to Ahura Centre, Mahakali Caves Road, Andheri (East) Mumbai – 400093 **Telephone:** 022 62638200 **E-mail:** ipo@bigshareonline.com **Investor Grievance e-mail:** investor@bigshareonline.com **Website:** www.bigshareonline.com **Contact Person:** Jibu John **SEBI Registration No.:** INR000001385

BID/OFFER PROGRAMME

BID/ OFFER OPENS ON: *	**[●]**
BID/ OFFER CLOSES ON: **	**[●]**

* *Our Company may, in consultation with the BRLMs, consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investors shall Bid during the Anchor Investor Bidding Date, i.e., one Working Day prior to the Bid/Offer Opening Date.*

***Our Company may, in consultation with the BRLMs, consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date, in accordance with the SEBI ICDR Regulations*

TABLE OF CONTENTS

SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

This Draft Red Herring Prospectus uses certain definitions and abbreviations 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, policies, circulars, notifications, directions or clarifications shall be to such legislation, act, regulation, rule, guideline, policy, circular, notification, direction or clarification as amended, updated, supplemented, re-enacted or modified, from time to time, and any reference to a statutory provision shall include any subordinate legislation made, from time to time, under such provision.

The words and expressions used in this Draft Red Herring Prospectus but not defined herein shall have, to the extent applicable, the same meaning ascribed to such terms in the SEBI ICDR Regulations, the Companies Act, the SCRA, the Depositories Act and the rules and regulations made thereunder. Further, the Offer related terms used but not defined in this Draft Red Herring Prospectus shall have the meaning ascribed to such terms under the General Information Document. In case of any inconsistency between the definitions given below and the definitions contained in the General Information Document (as defined below), the definitions given below shall prevail.

Notwithstanding the foregoing, the terms used in the sections titled "Industry Overview", "Statement of Possible Special Tax Benefits", "Restated Financial Statements", "Basis for Offer Price", "Key Regulations and Policies" "Outstanding Litigation and Material Developments", "Offer Procedure" and "Main Provision of the Articles of Association" on pages 126, 119, 241, 116, 202, 346, 377 and 397 respectively, shall have the meaning ascribed to such terms in the relevant sections.

General Terms

Term	Description
"the Company", "Our Company", or "the Issuer" or "we", "our" or "us"	Sai Silks (Kalamandir) Limited, a public limited company incorporated under the Companies Act, and having its registered and corporate office at 6-3-790/8, Flat No. 1, Bathina Apartments, Ameerpet, Hyderabad 500 016, Telangana, India.

Company Related Terms

Term	Description
"Articles" or "Articles of Association" or "AoA"	The articles of association of our Company, as amended from time to time.
"Audit Committee"	The audit committee of our Board, as described in "*Our Management*" on page 221.
"Auditors" or "Statutory Auditors"	The current statutory auditors of our Company, namely, M/s Sagar & Associates, Chartered Accountants.
"Board" or "Board of Directors"	The board of directors of our Company (including any duly constituted committee thereof).
"Chairperson"	Chairperson of the Board, being Ravindra Vikram Mamidipudi
"Chief Financial Officer" or "CFO"	Chief financial officer of our Company, being Konduri Venkata Lakshmi Narasimha Sarma
"Company Secretary and Compliance Officer"	Company secretary and compliance officer of our Company, being Matte Koti Bhaskara Teja
"Corporate Social Responsibility Committee" or "CSR Committee"	The corporate social responsibility committee of our Board, as described in "*Our Management*" on page 226.
"Director(s)"	The director(s) on our Board as appointed from time to time.
"Equity Shares"	The equity shares of our Company of face value of ₹ 2 each.
"ESOP Scheme"	The employee stock option scheme of our Company namely, Sai Silks (Kalamandir) Limited Share-based Employee Benefit Scheme – 2022.
"Executive Director(s)"	Executive director(s) on our Board.

Term	Description
"Group Companies"	The group companies of our Company namely, Sai Retail India Limited and Varamahalakshmi Holding Private Limited in accordance with the SEBI ICDR Regulations. For details, see "*Our Group Companies*" on page 237.
"Independent Director(s)"	Independent director(s) on our Board as appointed from time to time.
"IPO Committee"	The IPO committee of our Board constituted to facilitate the process of the Offer.
"Key Managerial Personnel" or "KMP"	Key management/ managerial personnel of our Company in terms of the SEBI ICDR Regulations and Companies Act, 2013 and as disclosed in "*Our Management – Key Managerial Personnel*" on page 229.
"Managing Director"	Managing Director of our Company, being Nagakanaka Durga Prasad Chalavadi
"Materiality Policy"	Policy for identification of Group Companies, material outstanding civil litigations proceedings of our Company, our Promoters and our Directors and material creditors of the Company, pursuant to the disclosure requirements under SEBI ICDR Regulations, as adopted by the Board through its resolution dated June 4, 2022.
"Memorandum" or "Memorandum of Association" or "MoA"	The memorandum of association of our Company, as amended from time to time.
"Nomination and Remuneration Committee"	The nomination and remuneration committee of our Board, as described in "*Our Management*" on page 224.
"Proforma Financial Statements" or "Proforma Financial Information"	Proforma consolidated statement of assets and liabilities as at March 31, 2022, March 31, 2021 and March 31, 2020 and the proforma consolidated statement of profit and loss, statement of cash flows each for the years ended March 31, 2022, March 31, 2021 and March 31, 2020, read with the notes to the proforma financial statements. The proforma balance sheet has been compiled by our Company to illustrate the impact of a significant acquisition of business assets made through a business assets transfer agreement between our Company and Sai Retail India Limited dated April 1, 2022, *i.e.*, after the period for which the Restated Financial Statements has been included in the DRHP, as set out in Note 1, on the Company's financial position as at March 31, 2022, March 31, 2021 and March 31, 2020 and its financial performance and cash flows for the years ended March 31, 2022, March 31, 2021 and March 31, 2020 as if the acquisition had taken place at April 1, 2019.
"Promoter(s)"	The promoters of our Company, namely, Nagakanaka Durga Prasad Chalavadi and Jhansi Rani Chalavadi.
"Promoter Selling Shareholders"	The promoter selling shareholders of our Company, namely, Nagakanaka Durga Prasad Chalavadi and Jhansi Rani Chalavadi.
"Promoter Group"	Such individuals and entities constituting the promoter group of our Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations. For details, see "*Our Promoter and Promoter Group*" on page 232.
"Promoter Group Selling Shareholders"	The members of the Promoter Group participating in the Offer for Sale, namely, Dhanalakshmi Perumalla, Doodeswara Kanaka Durgarao Chalavadi, Kalyan Srinivas Annam, Subash Chandra Mohan Annam and Venkata Rajesh Annam.
"Registered and Corporate Office"	The registered office of our Company located at 6-3-790/8, Flat No. 1, Bathina Apartments, Ameerpet, Hyderabad 500 016, Telangana, India.
"Registrar of Companies" or "RoC"	Registrar of Companies, Telangana at Hyderabad.
"Restated Financial Statements" or "Restated Financial Information"	The restated financial statements of our Company, comprising of restated statement of assets and liabilities as at March 31, 2022, March 31, 2021 and March 31, 2020, the restated statement of profit and loss (including other comprehensive income), the restated statement of cash flows and restated statement of changes in equity for each of the financial year ended March 31, 2022, March 31, 2021 and March 31, 2020 and the Significant Accounting Policies and explanatory notes to the restated financial statements of the Company and included in "*Financial Information*" on page 241.

Term	Description
"Risk Management Committee"	The risk management committee of our Company, as described in "*Our Management*" on page 227.
"Scheme of Amalgamation"	Scheme of amalgamation of our Company approved by High Court of Hyderabad, by its order dated August 18, 2016, pursuant to which I-ONE Investments Private Limited was amalgamated into our Company.
"Selling Shareholders"	Collectively, the Promoter Selling Shareholders and the Promoter Group Selling Shareholders.
"Shareholders"	The holders of the Equity Shares from time to time.
"Stakeholders' Relationship Committee"	The stakeholders' relationship committee of our Company, described in "*Our Management*" on page 225.
"Technopak"	Technopak Advisors Private Limited.
"Technopak Report"	Report prepared by Technopak titled "*Industry Report on Indian Ethnic Wear Market for Women*" dated July 12, 2022, which is exclusively prepared for the purpose of understanding the industry in connection with the Offer and is commissioned and paid for by our Company. Technopak was appointed by our Company pursuant to an engagement letter dated February 22, 2022. Technopak Report is available on the website of our Company at https://sskl.co.in/investor-relations/.
"Whole-time Director(s)"	Whole-time director(s) of our Company, as described in "*Our Management*" on page 213.

Offer Related Terms

Term	Description
"Abridged Prospectus"	Abridged prospectus means a memorandum containing such salient features of a prospectus as may be specified by the SEBI in this behalf.
"Acknowledgement Slip"	The slip or document issued by the relevant Designated Intermediary (ies) to a Bidder as proof of registration of the Bid cum Application Form.
"Allot" or "Allotment" or "Allotted"	Unless the context otherwise requires, allotment of Equity Shares pursuant to the Fresh Issue and transfer of the Offered Shares by the Selling Shareholders pursuant to the Offer for Sale to the successful Bidders.
"Allotment Advice"	A note or advice or intimation of Allotment sent to the successful Bidders who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange.
"Allottee"	A successful Bidder to whom an Allotment is made.
"Anchor Investor(s)"	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in the SEBI ICDR Regulations and the Red Herring Prospectus, and who has Bid for an amount of at least ₹ 100 million.
"Anchor Investor Allocation Price"	The price at which Equity Shares will be allocated to Anchor Investors during the Anchor Investor Bid/Offer Period according to the terms of the Red Herring Prospectus and the Prospectus, which will be decided by our Company in consultation with the BRLMs.
"Anchor Investor Application Form"	The form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and the Prospectus.
"Anchor Investor Bid/ Offer Period" or "Anchor Investor Bidding Date"	The date, one Working Day prior to the Bid/ Offer Opening Date, on which Bids by Anchor Investors shall be submitted, prior to and after which BRLMs will not accept any Bids from Anchor Investors and allocation to Anchor Investors shall be completed.
"Anchor Investor Offer Price"	The final price at which the Equity Shares will be Allotted to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Offer Price but not higher than the Cap Price. The Anchor Investor Offer Price will be decided by our Company in

Term	Description
	consultation with the BRLMs.
"Anchor Investor Pay-in Date"	With respect to Anchor Investor(s), it shall be the Anchor Investor Bidding Date, and in the event the Anchor Investor Allocation Price is lower than the Offer Price, not later than two Working Days after the Bid/ Offer Closing Date.
"Anchor Investor Portion"	Up to 60% of the QIB Portion which may be allocated by our Company in consultation with the BRLMs, to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price in accordance with the SEBI ICDR Regulations.
"ASBA" or "Application Supported by Blocked Amount"	An application, whether physical or electronic, used by Bidders/Applicants, other than Anchor Investors, to make a Bid and authorising an SCSB to block the Bid Amount in the specified bank account maintained with such SCSB and will include applications made by UPI Bidders using the UPI Mechanism where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by the UPI Bidders using the UPI Mechanism.
"ASBA Account"	A bank account maintained with an SCSB by an ASBA Bidder, which may be blocked by such SCSB or the account of the UPI Bidder blocked upon acceptance of UPI Mandate Request by UPI Bidders using the UPI Mechanism to the extent of the Bid Amount of the ASBA Bidder/UPI Bidder
"ASBA Bid"	A Bid made by an ASBA Bidder.
"ASBA Bidder(s)"	Any Bidder (other than an Anchor Investor) in the Offer who intends to submit a Bid.
"ASBA Form"	An application form, whether physical or electronic, used by ASBA Bidders which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus.
"Banker(s) to the Offer"	Collectively, the Escrow Collection Bank, the Refund Bank, the Public Offer Account Bank and the Sponsor Banks.
"Basis of Allotment"	Basis on which Equity Shares will be Allotted to successful Bidders under the Offer, described in "*Offer Procedure*" on page 377.
"Bid(s)"	An indication by a Bidder (other than an Anchor Investor) to make an offer during the Bid/Offer Period pursuant to submission of the ASBA Form, or on the Anchor Investor Bidding Date by an Anchor Investor, pursuant to the submission of the Anchor Investor Application Form, to subscribe to or purchase Equity Shares at a price within the Price Band, including all revisions and modifications thereto, to the extent permissible under the SEBI ICDR Regulations, in terms of the Red Herring Prospectus and the Bid cum Application Form. The term 'Bidding' shall be construed accordingly.
"Bid Amount"	The highest value of optional Bids indicated in the Bid cum Application Form and, in the case of RIBs Bidding at the Cut off Price, the Cap Price multiplied by the number of Equity Shares Bid for by such RIBs and mentioned in the Bid cum Application Form and payable by the Bidder or blocked in the ASBA Account of the Bidder, as the case may be, upon submission of the Bid.
"Bid cum Application Form"	The Anchor Investor Application Form or the ASBA Form, as the context requires.
"Bidder" or "Applicant"	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied, includes an Anchor Investor.
"Bidding Centres"	Centres at which the Designated Intermediaries shall accept the ASBA Forms, *i.e.*, Designated SCSB Branches for SCSBs, Specified Locations for Members of the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for

Term	Description
	CDPs.
"Bid Lot"	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.
"Bid/ Offer Closing Date"	Except in relation to any Bids received from the Anchor Investors, the date after which the Designated Intermediaries will not accept any Bids, being [●], which shall be notified in all editions of the English national daily newspaper [●], and all editions of the Hindi national daily newspaper [●], and all editions of Telugu daily newspaper [●] (Telugu being the regional language of Telangana wherein our Registered Office is located) each with wide circulation, and in case of any revision, the extended Bid/Offer Closing Date shall also be widely disseminated by notification to the Stock Exchanges by issuing a press release and also be notified on the website of the BRLMs and at the terminals of the Members of the Syndicate and communicated to the Designated Intermediaries and the Sponsor Banks, as required under the SEBI ICDR Regulations. Our Company in consultation with the BRLMs, may consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date.
"Bid/ Offer Opening Date"	Except in relation to any Bids received from the Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids, which shall be notified in all editions of the English national daily newspaper [●], and all editions of the Hindi national daily newspaper [●], and all editions of Telugu daily newspaper [●] (Telugu being the regional language of Telangana wherein our Registered Office is located), each with wide circulation, and in case of any revision, the extended Bid/ Offer Opening Date shall also be widely disseminated by notification to the Stock Exchanges by issuing a press release and also to be notified on the website and terminals of the Members of the Syndicate and communicated to the Designated Intermediaries and the Sponsor Banks, as required under the SEBI ICDR Regulations.
"Bid/ Offer Period"	Except in relation to Anchor Investors, the period between the Bid/ Offer Opening Date and the Bid/ Offer Closing Date, inclusive of both days, during which Bidders (excluding Anchor Investors) can submit their Bids, including any revisions thereto in accordance with the SEBI ICDR Regulations and in accordance with the terms of the Red Herring Prospectus. Provided that the Bidding shall be kept open for a minimum of three working days for all categories of Bidders, other than Anchor Investors. Our Company, in consultation with the Book Running Lead Managers, may consider closing the Bid/Offer Period for the QIB Category, one working day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations. The Bid/Offer Period will comprise Working Days only.
"Book Building Process"	The book building process as provided in Part A of Schedule XIII of the SEBI ICDR Regulations, in terms of which the Offer is being made.
"Book Running Lead Managers" or "BRLMs"	The book running lead managers to the Offer, being Motilal Oswal Investment Advisors Limited, Edelweiss Financial Services Limited and HDFC Bank Limited.
"Broker Centres"	Broker centres notified by the Stock Exchanges where ASBA Bidders can submit the ASBA Forms to a Registered Broker. The details of such Broker Centres, along with the names and contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com and updated from time to time
"CAN" or "Confirmation of Allocation Note"	Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated the Equity Shares, on or after the Anchor Investor Bidding Date.
"Cap Price"	The higher end of the Price Band, above which the Offer Price and Anchor Investor Offer Price will not be finalised and above which no Bids will be

Term	Description
	accepted.
"Cash Escrow and Sponsor Bank Agreement"	The agreement to be entered into amongst our Company, the Selling Shareholders, the Syndicate Members, the Registrar to the Offer, the BRLMs and the Banker(s) to the Offer for among other things, collection of the Bid Amounts from the Anchor Investors, transfer of funds to the Public Offer Account and where applicable, refunds of the amounts collected from Anchor Investors, on the terms and conditions thereof.
"Client ID"	Client identification number maintained with one of the Depositories in relation to the demat account.
"CDP" or "Collecting Depository Participant"	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI as per the lists available on the websites of the BSE and the NSE.
"Cut-Off Price"	The Offer Price, which shall be any price within the Price Band, finalised by our Company in consultation with the BRLMs. Only Retail Individual Bidders are entitled to Bid at the Cut-off Price. QIBs (including Anchor Investors) and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price.
"Demographic Details"	Details of the Bidders including the Bidders' address, name of the Bidders' father/husband, investor status, occupation, bank account details and UPI ID, wherever applicable.
"Designated Branches"	Such branches of the SCSBs which shall collect the ASBA Forms, a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes or at such other website as may be prescribed by SEBI from time to time.
"Designated CDP Locations"	Such locations of the CDPs where Bidders can submit the ASBA Forms. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com) as updated from time to time.
"Designated Date"	The date on which the Escrow Collection Bank(s) transfers funds from the Escrow Account to the Public Offer Account or the Refund Account, as appropriate, and the instructions are issued to the SCSBs and Sponsor Banks as the case may be, for the transfer of funds blocked by the SCSBs/Sponsor Banks in the ASBA Accounts to the Public Offer Account, after finalisation of the Basis of Allotment, in terms of the Red Herring Prospectus and the Prospectus, following which the Equity Shares will be Allotted in the Offer.
"Designated Intermediary(ies)"	In relation to ASBA Forms submitted by RIBs with an application size of up to ₹ 2,00,000 and Non-Institutional Bidders Bidding with an application size of up to ₹ 500,000 (not using the UPI mechanism) by authorising an SCSB to block the Bid Amount in the ASBA Account, Designated Intermediaries shall mean SCSBs. In relation to ASBA Forms submitted by UPI Bidders where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by such UPI Bidders using the UPI Mechanism, Designated Intermediaries shall mean Syndicate, sub-Syndicate/agents, Registered Brokers, CDPs, SCSBs and RTAs. In relation to ASBA Forms submitted by QIBs and Non-Institutional Bidders(not using the UPI Mechanism), Designated Intermediaries shall mean Syndicate, sub-Syndicate/ agents, SCSBs, Registered Brokers, the CDPs and RTAs
"Designated RTA Locations"	Such locations of the RTAs where Bidders can submit the ASBA Forms to RTAs.

Term	Description
	The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com, respectively,) as updated from time to time.
"Designated SCSB Branches"	Such branches of the SCSBs which shall collect the ASBA Forms used by the Bidders, a list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35, updated from time to time, or at such other website as may be prescribed by SEBI from time to time.
"Designated Stock Exchange"	[●]
"Draft Red Herring Prospectus" or "DRHP"	This draft red herring prospectus dated July 21, 2022 issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Offer, including any addenda or corrigenda thereto.
"Edelweiss"	Edelweiss Financial Services Limited
"Eligible FPI(s)"	FPIs that are eligible to participate in the Offer in terms of applicable law and from such jurisdictions outside India where it is not unlawful to make an offer/ invitation under the Offer and in relation to whom the Bid cum Application Form and the Red Herring Prospectus constitutes an invitation to purchase the Equity Shares offered thereby.
"Eligible NRI"	NRI(s) eligible to invest under the relevant provisions of the FEMA Non-debt Rules, on a non-repatriation basis, from jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the Bid cum Application Form and the Red Herring Prospectus will constitute an invitation to subscribe to or purchase the Equity Shares.
"Escrow Account(s)"	Account(s) opened with the Escrow Collection Bank and in whose favour Anchor Investors will transfer the money through direct credit/NEFT/RTGS/NACH in respect of the Bid Amount while submitting a Bid.
"Escrow Collection Bank"	A bank which is a clearing member and registered with SEBI as a banker to an issue, and with whom the Escrow Account(s) will be opened in this case being [●].
"First or sole Bidder"	The Bidder whose name shall be mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names.
"Floor Price"	The lower end of the Price Band, subject to any revision thereto, at or above which the Offer Price and the Anchor Investor Offer Price will be finalised and below which no Bids will be accepted.
"Fraudulent Borrower"	Fraudulent borrower as defined under Regulation 2(1)(lll) of the SEBI ICDR Regulations.
"Fresh Issue"	The issue of up to [●] Equity Shares aggregating up to ₹ 6,000 million by our Company. Our Company may, in consultation with the BRLMs, consider a Pre-IPO Placement of such number of securities for cash consideration aggregating up to ₹ 1,200 million, at its discretion, prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the SCRR.
"General Information Document" or "GID"	The General Information Document for investing in public offers, prepared and issued in accordance with the circular (SEBI/HO/CFD/DIL1/CIR/P/2020/37) dated March 17, 2020 issued by SEBI, suitably modified and updated pursuant to, among others, the circular (SEBI/HO/CFD/DIL2/CIR/P/2020/50) dated March 30, 2020 issued by SEBI and the UPI Circulars, as amended from time to time. The General Information Document shall be made available on the websites of the Stock Exchanges and the BRLMs

Term	Description
"HDFC"	HDFC Bank Limited
"Monitoring Agency"	[●]
"Motilal Oswal"	Motilal Oswal Investment Advisors Limited
"Mutual Fund Portion"	The portion of the Offer being 5% of the Net QIB Portion which shall be available for allocation to Mutual Funds only on a proportionate basis, subject to valid Bids being received at or above the Offer Price.
"Mutual Funds"	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
"NBFC-SI"	A systemically important non-banking financial company as defined under Regulation 2(1)(iii) of the SEBI ICDR Regulations.
"Net Proceeds"	The proceeds from the Fresh Issue less our Company's share of the Offer related expenses. For further details regarding the use of the Net Proceeds and the Offer related expenses, see "*Objects of the Offer*" on page 92.
"Net QIB Portion"	The portion of the QIB Portion less the number of Equity Shares Allotted to the Anchor Investors.
"Non-Institutional Bidders" or "Non-Institutional Investors" or "NIIs"	Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than ₹ 200,000 and does not include NRIs (other than Eligible NRIs).
"Non-Institutional Portion"	The portion of this Offer being not less than 15% of the Offer, which shall be available for allocation to Non-Institutional Bidders, subject to valid Bids being received at or above the Offer Price, subject to the following and in accordance with the SEBI ICDR Regulations: (i) one-third of the portion available to Non-Institutional Bidders shall be reserved for Non-Institutional Bidders with an application size of more than ₹ 200,000 and up to ₹ 1,000,000; and (ii) two-third of the portion available to Non-Institutional Bidders shall be reserved for Non-Institutional Bidders with application size of more than ₹ 1,000,000. Provided that the unsubscribed portion in either of the sub-categories specified in (i) and (ii) above may be allocated to applicants in the other sub-category of Non-Institutional Bidders.
"Non-Resident" or "NR"	A person resident outside India, as defined under FEMA.
"Offer"	The initial public offering of the Equity Shares of our Company by way of the Fresh Issue and the Offer for Sale. Our Company may, in consultation with the BRLMs, consider a Pre-IPO Placement of such number of securities for cash consideration aggregating up to ₹ 1,200 million, at its discretion, prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the SCRR.
"Offer Agreement"	The agreement dated July 21, 2022 among our Company, the Selling Shareholders and the BRLMs, pursuant to which certain arrangements are agreed to in relation to the Offer.
"Offer for Sale"	The offer for sale of up to 18,048,440 Equity Shares aggregating up to ₹ [●] million by the Selling Shareholders.
"Offer Size"	Initial public offer of up to [●] Equity Shares of face value of ₹ 2 each of our Company for cash at a price of ₹ [●] per Equity Share aggregating up to ₹ [●].
"Offer Price"	The final price at which Equity Shares will be Allotted to ASBA Bidders in terms of the Red Herring Prospectus. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price which will be decided by our Company in consultation with the BRLMs in terms of the Red Herring Prospectus and the Prospectus.

Term	Description
	The Offer Price will be decided by our Company in consultation with the BRLMs on the Pricing Date, in accordance with the Book-Building Process and in terms of the Red Herring Prospectus and the Prospectus.
"Offered Shares"	Up to 18,048,440 Equity Shares aggregating up to ₹ [●] million being offered for sale by the Selling Shareholders in the Offer for Sale.
"Offer Proceeds"	The proceeds of the Fresh Issue which shall be available to our Company and the proceeds of the Offer for Sale which shall be available to the Selling Shareholders.
"Pre – IPO Placement"	Our Company may, in consultation with the BRLMs, consider a further issue of Equity Shares through a preferential issue or any other method as may be permitted in accordance with applicable laws to any person(s), aggregating up to ₹ 1,200 million, at its discretion, prior to filing of the Red Herring Prospectus with the RoC and the details of which, if completed, will be included in the Red Herring Prospectus. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company, in consultation with the BRLMs.
"Price Band"	The price band ranging from the Floor Price of ₹ [●] per Equity Share to the Cap Price of ₹ [●] per Equity Share, including any revisions thereof. The Price Band and minimum Bid Lot, as decided by our Company, in consultation with the BRLMs will be advertised in all editions of the English national daily newspaper [●], and all editions of the Hindi national daily newspaper [●], and the all editions of Telugu daily newspaper [●] (Telugu being the regional language of Telangana wherein our Registered Office is located) each with wide circulation, at least two Working Days prior to the Bid/ Offer Opening Date with the relevant financial ratios calculated at the Floor Price and at the Cap Price, and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites.
"Pricing Date"	The date on which our Company, in consultation with the BRLMs, will finalise the Offer Price.
"Prospectus"	The Prospectus to be filed with the RoC after the Pricing Date in accordance with Section 26 of the Companies Act, 2013, and the SEBI ICDR Regulations containing, *inter alia*, the Offer Price, the size of the Offer and certain other information, including any addenda or corrigenda thereto.
"Public Offer Account"	The bank account opened with the Public Offer Account Bank under Section 40(3) of the Companies Act, 2013, to receive monies from the Escrow Account and from the ASBA Accounts on the Designated Date.
"Public Offer Account Bank(s)"	The bank(s) which are clearing members and registered with SEBI as a banker to an issue, and with whom the Public Offer Account(s) will be opened, in this case being [●].
"QIBs" or "Qualified Institutional Buyers"	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations. In accordance with the FEMA Rules, other non-residents such as, Eligible NRIs applying on a repatriation basis, FVCIs and multilateral and bilateral development financial institutions are not permitted to participate in the Offer. For details, see "*Restrictions on Foreign Ownership of Indian Securities*" on page 396.
"QIB Bidders"	QIBs who Bid in the Offer.
"QIB Portion"	The portion of the Offer (including Anchor Investor Portion) being not more than 50% of the Offer, which shall be available for allocation to QIBs (including Anchor Investors) on a proportionate basis (in which allocation to Anchor Investors shall be on a discretionary basis, as determined by our Company in consultation with the BRLMs), subject to valid Bids being received at or above the Offer Price.
"QIB Bid/ Offer Closing Date"	In the event our Company in consultation with the BRLMs, decide to close Bidding by QIBs one day prior to the Bid/Offer Closing Date, the date one day prior to the Bid/Offer Closing Date; otherwise it shall be the same as the Bid/Offer Closing Date.

Term	Description
"Red Herring Prospectus" or "RHP"	The Red Herring Prospectus to be issued in accordance with Section 32 of the Companies Act, 2013, and the provisions of the SEBI ICDR Regulations, which will not have complete particulars of the price at which the Equity Shares will be offered and the size of the Offer, including any addenda or corrigenda thereto. The Red Herring Prospectus will be filed with the RoC at least three Working Days before the Bid/Offer Opening Date and will become the Prospectus upon filing with the RoC after the Pricing Date.
"Refund Account(s)"	The account opened with the Refund Bank(s), from which refunds, if any, of the whole or part of the Bid Amount to Anchor Investors shall be made.
"Refund Bank(s)"	The Banker(s) to the Offer with whom the Refund Account(s) will be opened, in this case being [●].
"Registrar Agreement"	The agreement dated July 13, 2022, entered into between our Company, the Selling Shareholders and the Registrar to the Offer, in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer.
"Registered Brokers"	Stock brokers registered with SEBI under the Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Regulations, 1992 and the stock exchanges having nationwide terminals, other than the Members of the Syndicate and eligible to procure Bids in terms of Circular No. CIR/CFD/14/2012 dated October 4, 2012, issued by SEBI.
"Registrar to the Offer" or "Registrar"	Bigshare Services Private Limited
"RTAs" or "Registrar and Share Transfer Agents"	The registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, issued by SEBI.
"Resident Indian"	A person resident in India, as defined under FEMA.
"Retail Individual Bidder(s)" or "Retail Individual Investor(s)" or "RII(s)" or "RIB(s)"	Individual Bidders, who have Bid for the Equity Shares for an amount which is not more than ₹ 200,000 in any of the bidding options in the Offer (including HUFs applying through their Karta and Eligible NRI Bidders) and does not include NRIs (other than Eligible NRIs).
"Retail Portion" or "Retail Category"	The portion of the Offer, being not less than 35% of the Offer, available for allocation to Retail Individual Bidders as per the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.
"Revision Form"	Form used by the Bidders to modify the quantity of the Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s), as applicable. QIB Bidders and Non-Institutional Bidders are not allowed to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders can revise their Bids during the Bid/ Offer Period and withdraw their Bids until the Bid/ Offer Closing Date.
"Self-certified Syndicate Bank(s)" or "SCSB(s)"	The banks registered with SEBI, which offer the facility of ASBA services, (i) in relation to ASBA, where the Bid Amount will be blocked by authorising an SCSB, a list of which is available on the website of SEBI at https:/www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 and updated from time to time and at such other websites as may be prescribed by SEBI from time to time, (ii) in relation to UPI Bidders using the UPI Mechanism, a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 or such other website as may be prescribed by SEBI and updated from time to time. Applications through UPI in the Offer can be made only through the SCSBs mobile applications (apps) whose name appears on the SEBI website (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43). A list of SCSBs and mobile application, which, are live for applying in public issues using UPI Mechanism is provided as Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26,

Term	Description
	2019, which may be updated from time to time or at such other website as may be prescribed by SEBI from time to time.
"Share Escrow Agent"	The share escrow agent to be appointed pursuant to the Share Escrow Agreement.
"Share Escrow Agreement"	The agreement to be entered into between our Company, the Selling Shareholders and the Share Escrow Agent in connection with the transfer of the Offered Shares by the Selling Shareholders and credit of such Equity Shares to the demat account of the Allottees in accordance with the Basis of Allotment.
"Specified Locations"	Bidding centres where the Syndicate shall accept ASBA Forms from Bidders.
"Sponsor Bank(s)"	Bank(s) registered with SEBI which are appointed by the Company to act as a conduit between the Stock Exchanges and the NPCI in order to push the mandate collect requests and / or payment instructions of the UPI Bidders using the UPI Mechanism and carry out other responsibilities, in terms of the UPI Circulars in this case being [●].
"Sub-Syndicate Members"	The sub-syndicate members, if any, appointed by the BRLMs and the Syndicate Members, to collect ASBA Forms and Revision Forms.
"Syndicate Agreement"	The agreement to be entered into between our Company, the Registrar to the Offer, the Selling Shareholders, the BRLMs and the Syndicate Members in relation to the procurement of Bid cum Application Forms by the Syndicate.
"Syndicate Members"	Syndicate members as defined under Regulation 2(1)(hhh) of the SEBI ICDR Regulations.
"Syndicate" or "Members of the Syndicate"	The BRLMs and the Syndicate Members.
"Underwriters"	[●]
"Underwriting Agreement"	The agreement to be entered into between the Underwriters, our Company and the Selling Shareholders, on or after the Pricing Date but prior to filing of the Prospectus with the RoC.
"UPI"	'Unified Payments Interface' which is an instant payment mechanism, developed by NPCI.
"UPI Bidders"	Collectively, individual investors applying as Retail Individual Investors in the Retail Portion, and individuals applying as Non-Institutional Investors with a Bid Amount of up to ₹ 500,000 in the Non-Institutional Portion. Bidding through ASBA Form(s) submitted with Syndicate Members, Registered Brokers, Collecting Depository Participants and Collecting Registrar and Share Transfer Agents. Pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/P/2022/45 dated April 5, 2022, all individual investors applying in public issues where the application amount is up to ₹ 500,000 shall use UPI and shall provide their UPI ID in the bid-cum-application form submitted with: (i) a syndicate member, (ii) a stock broker registered with a recognized stock exchange (whose name is mentioned on the website of the stock exchange as eligible for such activity), (iii) a depository participant (whose name is mentioned on the website of the stock exchange as eligible for such activity), and (iv) a registrar to an issue and share transfer agent (whose name is mentioned on the website of the stock exchange as eligible for such activity).
"UPI Circulars"	Collectively, the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2021/47 dated March 31, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570

Term	Description
	dated June 2, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/45 dated April 5, 2022, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022, SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022 and any subsequent circulars or notifications issued by SEBI in this regard.
"UPI ID"	ID created on Unified Payment Interface (UPI) for single-window mobile payment system developed by the National Payments Corporation of India (NPCI).
"UPI Mandate Request"	A request (intimating the UPI Bidders by way of a notification on the UPI application and by way of a SMS directing the UPI Bidders to such UPI application) to the UPI Bidders initiated by the Sponsor Bank to authorise blocking of funds on the UPI application equivalent to Bid Amount and subsequent debit of funds in case of Allotment.
"UPI Mechanism"	The bidding mechanism that may be used by a UPI Bidder to make an ASBA Bid in the Offer in accordance with UPI Circulars.
"UPI PIN"	Password to authenticate UPI transaction.
"Wilful Defaulter"	Wilful defaulter as defined under Regulation 2(1)(lll) of the SEBI ICDR Regulations.
"Working Day"	All days on which commercial banks in Mumbai are open for business; provided, however, with reference to (a) announcement of Price Band; and (b) Bid/ Offer Period, the expression "Working Day" shall mean all days on which commercial banks in Mumbai are open for business, excluding all Saturdays, Sundays or public holidays; and (c) with reference to the time period between the Bid/ Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, the expression 'Working Day' shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, in terms of the circulars issued by SEBI, including UPI Circulars.

Technical/ Industry Related Terms/ Abbreviations

Term	Description
AR	Augmented Relaity
B&M	Brick and Mortar
CAGR	Compound Annual Growth Rate
EBOs	Exclusive Brand Outlets
LBOs or LFS	Large Brand Outlets or Large Format Stores
MBOs	Multi Brand Outlets
PPP	Purchasing Power Parity
RTS	Ready to Stitch
RTW	Ready to Wear
SKD	Alwar, Kameez and Dupatta
VR	Virtual Reality

Conventional and General Terms or Abbreviations

Term	Description
₹ or Rs. Or Rupees or INR	Indian Rupees
AGM	Annual General Meeting.
AIF	An alternative investment fund as defined in and registered with SEBI under the SEBI AIF Regulations.
BSE	BSE Limited.
CAGR	Compound annual growth rate.
Category I AIF	AIFs registered as "Category I alternative investment funds" under the SEBI AIF Regulations.
Category I FPI	FPIs registered as "Category I foreign portfolio investors" under the SEBI FPI Regulations.
Category II AIF	AIFs registered as "Category II alternative investment funds" under the SEBI AIF Regulations.

Term	Description
Category II FPI	FPIs registered as "Category II foreign portfolio investors" under the SEBI FPI Regulations.
Category III AIF	AIFs registered as "Category III alternative investment funds" under the SEBI AIF Regulations.
CDSL	Central Depository Services (India) Limited.
CIN	Corporate Identity Number.
CIT	Commissioner of Income Tax.
Companies Act	Companies Act, 1956 and Companies Act, 2013, as applicable.
Companies Act, 1956	The erstwhile Companies Act, 1956 along with the relevant rules made thereunder.
Companies Act, 2013	Companies Act, 2013, along with the relevant rules, regulations, clarifications, circulars and notifications issued thereunder, as amended to the extent currently in force.
Contract Labour Act	The Contract Labour (Regulation and Abolition) Act, 1970.
CSR	Corporate Social Responsibility.
Depositories	NSDL and CDSL.
Depositories Act	The Depositories Act, 1996, read with regulations framed thereunder.
DIN	Director Identification Number.
DP ID	Depository Participant's identity number.
DP or Depository Participant	A depository participant as defined under the Depositories Act.
DPIIT	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly known as Department of Industrial Policy and Promotion)
EGM	Extraordinary General Meeting.
EPS	Earnings Per Share.
FAQs	Frequently asked questions.
FCNR	Foreign currency non-resident account.
FDI	Foreign Direct Investment.
FDI Circular or Consolidated FDI Policy	The Consolidated Foreign Direct Investment Policy bearing DPIIT file number 5(2)/2020-FDI Policy dated October 15, 2020, issued by the Department of Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India, and any modifications thereto or substitutions thereof, issued from time to time.
FEMA	Foreign Exchange Management Act, 1999, read with rules and regulations thereunder.
FEMA Rules or FEMA Non-Debt Instrument Rules	Foreign Exchange Management (Non-debt Instrument) Rules, 2019, as amended.
'Financial Year' or 'Fiscal' or 'Fiscal Year' or 'FY'	Unless stated otherwise, the period of 12 months commencing on April 1 of the immediately preceding Calendar Year and ending on March 31 of that particular Calendar Year.
FPI(s)	Foreign portfolio investors as defined under the SEBI FPI Regulations.
FVCI	Foreign venture capital investors as defined and registered under the SEBI FVCI Regulations.
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018.
GDP	Gross domestic product.
GoI or Government or Central Government	The Government of India.
GST	Goods and services tax.
HUF	Hindu undivided family.
ICAI	The Institute of Chartered Accountants of India.
IFRS	International Financial Reporting Standards of the International Accounting Standards Board.
Income Tax Act	Income- Tax Act, 1961, read with the rules framed thereunder.
Income Tax Rules	Income- Tax Rules, 1962.
Ind AS	Indian Accounting Standards notified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015,

Term	Description
	as amended and other relevant provisions of the Companies Act, 2013.
Indian GAAP or IGAAP	Accounting Standards notified under Section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016.
IPO	Initial public offering.
IRDAI	Insurance Regulatory and Development Authority of India
IST	Indian Standard Time.
IT	Information Technology
IT Act	The Information Technology Act, 2000
KYC	Know Your Customer
‘Mn’ or ‘mn’	Million.
MBA	Master’s degree in business administration.
MCA	Ministry of Corporate Affairs, Government of India.
N.A.	Not applicable.
NACH	National Automated Clearing House
National Investment Fund	National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI, published in the Gazette of India
NAV	Net asset value.
NBFC	Non-Banking Financial Companies
NCLT	National Company Law Tribunal
NEFT	National Electronic Fund Transfer.
Negotiable Instruments Act	The Negotiable Instruments Act, 1881
NRE Account	Non-Resident External account.
NRI	A person resident outside India, who is a citizen of India or an overseas citizen of India cardholder within the meaning of section 7(A) of the Citizenship Act, 1955.
NRO	Non-Resident Ordinary
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited.
‘OCB’ or ‘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 was eligible to undertake transactions pursuant to general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Offer.
p.a.	Per annum.
P/E Ratio	Price/earnings ratio.
PAN	Permanent account number.
PAT	Profit after tax.
RBI	Reserve Bank of India.
Regulation S	Regulation S under the U.S. Securities Act.
RoNW	Return on Net Worth
RTGS	Real time gross settlement.
SCORES	SEBI Complaints Redress System
SCRA	Securities Contracts (Regulation) Act, 1956.
SCRR	Securities Contracts (Regulation) Rules, 1957.
SEBI	Securities and Exchange Board of India constituted under the SEBI Act, 1992.
SEBI Act	Securities and Exchange Board of India Act, 1992.
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019.
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000.
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure

Term	Description
	Requirements) Regulations, 2018.
SEBI Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
SEBI Merchant Bankers Regulations	Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992.
SEBI Mutual Fund Regulations	Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
SEBI SBEB and Sweat Equity Regulations	Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
SEBI VCF Regulations	The erstwhile Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996, as repealed pursuant to SEBI AIF Regulations.
State Government	The government of a state in India.
Stock Exchanges	Collectively, the BSE and NSE.
STT	Securities transaction tax.
TAN	Tax deduction account number.
TDS	Tax deducted at source.
U.S./United States/USA	The United States of America, together with its territories and possessions, any state of the United States of America and the District of Columbia.
U.S. GAAP	Generally accepted accounting principles of the United States of America.
U.S. Securities Act	U.S. Securities Act of 1933, as amended.
USD or US$	United States Dollars
VAT	Value added tax.
VCFs	Venture capital funds as defined in and registered with SEBI under SEBI VCF Regulations.
Year/ Calendar Year	The 12 months period ending December 31.

CERTAIN CONVENTIONS, USE OF FINANCIAL INFORMATION AND MARKET DATA AND CURRENCY OF PRESENTATION

Certain Conventions

All references to "India" in this Draft Red Herring Prospectus 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. All references herein to the "US", the "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 Draft Red Herring Prospectus is in Indian Standard Time ("**IST**"). Unless indicated otherwise, all references to a year in this Draft Red Herring Prospectus are to a Calendar Year and references to a Fiscal or a Fiscal Year are to the year ended on March 31, of that Calendar Year.

Page Numbers

Unless otherwise stated, all references to page numbers in this Draft Red Herring Prospectus are to page numbers of this Draft Red Herring Prospectus.

Currency and Units of Presentation

All references to *"Rupee(s)," "Rs."* Or "₹" or "*INR*" are to Indian Rupees, the official currency of the Republic of India. All references to *"US$"* or *"USD"* or *"U.S. Dollars"* are to United States Dollar, the official currency of the United States of America.

All the figures in this Draft Red Herring Prospectus have been presented in million or in whole numbers where the numbers have been too small to present in million, unless stated otherwise. One million represents 1,000,000 and one billion represents 1,000,000,000. Certain figures contained in this Draft Red Herring Prospectus, including financial information, have been subject to rounding adjustments. All figures in decimals have been rounded off to the second decimal. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given, and (ii) the sum of the figures in a column or row in certain tables may not conform exactly to the total figure given for that column or row. However, figures sourced from third-party industry sources may be expressed in denominations other than million or may be rounded off to other than two decimal points in the respective sources, and such figures have been expressed in this Draft Red Herring Prospectus in such denominations or rounded-off to such number of decimal points as provided in such respective sources.

Exchange Rates

This Draft Red Herring Prospectus may contain conversions of certain other currency amounts into Rupees that have been presented solely to comply with the requirements of SEBI ICDR Regulations. Unless otherwise stated, the exchange rates referred to for the purpose of conversion of foreign currency amounts into Rupee amounts, are as follows:

(*in ₹*)

Currency	Exchange rate as on		
	March 31, 2022	**March 31, 2021**	**March 31, 2020**
1 US$	75.81	73.50	75.39

Source: Foreign exchange reference rates as available on www.fbil.org.in
Note: Exchange rate is rounded off to two decimal point.

Such conversion should not be considered as a representation that such currency amounts have been, could have been or can be converted into Rupees at any particular rate, the rates stated above or at all.

Time

Unless otherwise specified, all references to time in this Draft Red Herring Prospectus are to Indian Standard Time.

Financial and Other Data

Unless stated or the context requires otherwise, the financial information and financial ratios in this Draft Red Herring Prospectus is derived from our Restated Financial Statements. For further information, see *"Financial Information"* on page 241.

The restated statement of assets and liabilities as at Fiscals 2022, 2021 and 2020, the restated statements of profit and loss and the restated statement of cash flows for the Fiscals 2022, 2021 and 2020, together with the statement of significant accounting policies, and other explanatory information, have been prepared in accordance with Section 26 of Part I of Chapter III of the Companies Act, 2013, the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("**ICAI**"), as amended from time to time. For further information, see "*Financial Information*" on page 241.

We have included in this Draft Red Herring Prospectus, the Proforma Financial Statements which has been compiled by our management to illustrate the impact of a significant acquisition of business assets made on April 1, 2022, *i.e.*, after the period for which the Restated Financial Statements has been included in this Draft Red Herring Prospectus, on the Company's financial position as at March 31, 2022, 2021 and 2020 and its financial performance and cash flows for the years ended March 31 2022, 2021 and 2020 as if the acquisition had taken place at April 1, 2019.

As a part of this process, information about our Company's and Sai Retail India Limited's financial position and financial performance has been extracted by our management from the following financial statements / financial information:

a) Special Purpose Audited Financial Information of our Company as at and for the year ended March 31 2021 and 2020, on which we there is issued an unmodified opinion on June 15, 2022 and Audited Financial Information of our Company as at and for the year ended March 31, 2022, on which there is issued an unmodified opinion on June 15, 2022; and
b) Special Purpose Audited Financial Information of Sai Retail India Limited as at and for the year ended March 31, 2022, 2021 and 2020, on which there is issued an unmodified opinion on June 15, 2022. For further details, see "*Financial Information*" and "*History and Certain Corporate Matters – Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamation or revaluation of assets in the last 10 years*" on pages 241 and 210.

There are significant differences between Ind AS, U.S. GAAP and IFRS. For details see, "*Risk Factors – Significant differences exist between Ind AS and other accounting principles, such as U.S. GAAP and IFRS, which investors may be more familiar with and may consider material to their assessment of our financial condition*" on page 57. Our Company does not provide reconciliation of its financial information to IFRS or U.S. GAAP. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Draft Red Herring Prospectus and it is urged that you 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 Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting policies and practices, the Companies Act, Ind AS, and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting policies and practices on the financial disclosures presented in this Draft Red Herring Prospectus should, accordingly, be limited.

Our Company's fiscal year commences on April 1 of each year and ends on March 31 of the next year. Accordingly, all references to a particular fiscal year (referred to herein as "**Fiscal**," "**Fiscal Year**", "**Financial Year**" or "**FY**") are to the 12 months period ended March 31 of that particular year, unless otherwise specified.

Unless the context otherwise indicates, any percentage amounts, or ratios (excluding certain operational metrics), as set forth in "*Risk Factors*," "*Our Business"* and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 30, 178 and 315, respectively, and elsewhere in this Draft Red Herring Prospectus have been calculated on the basis of amounts derived from the Restated Financial Statements.

Non-Generally Accepted Accounting Principles Financial Measures ("Non- GAAP Measures")

This Draft Red Herring Prospectus contains certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance that are not required by, or presented in accordance with Ind AS ("**Non-GAAP Measures**"). Further, these Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS. We compute and disclose such Non- GAAP Measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance. These Non-GAAP Measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other companies and are not measures of operating performance or liquidity defined by Ind AS and may not be comparable to similarly titled measures presented by other companies. See also "*Risk Factors – We have in this Draft Red Herring Prospectus included certain non-GAAP financial measures and certain other industry measures related to our operations and financial performance. These non-GAAP measures and industry measures may vary from any standard methodology that is applicable across the Indian retailing industry, and therefore may not be comparable with financial or industry related statistical information of similar nomenclature computed and presented by other companies*" on page 51.

Industry and Market Data

Unless stated otherwise, the industry and market data set forth in this Draft Red Herring Prospectus have been obtained or derived from a report prepared by Technopak titled "*Industry Report on Indian Ethnic Wear Market for Women*" dated July 12, 2022, which is exclusively prepared for the purpose of understanding the industry in connection with the Offer and is commissioned and paid for by our Company. Technopak was appointed by our Company pursuant to an engagement letter dated February 22, 2022. Technopak has, through its letter dated July 14, 2022 ("**Letter**") accorded its consent to use the Technopak Report in this Draft Red Herring Prospectus. Technopak has also confirmed in the Letter that it is an independent agency, and that it is not related to our Company, our Directors or our Promoters. Technopak Report is available on the website of our Company at *https://sskl.co.in/investor-relations/* in compliance with applicable laws. The data used in these sources may have been re-classified by us for the purposes of presentation. Data from these sources may also not be comparable. There are no parts, data or information (which may be relevant for the proposed Offer), that has been left out or changed in any manner. Technopak has required us to include the following disclaimer in connection with the Technopak Report:

"*This information package is distributed by Technopak Advisors Private Limited (hereinafter "Technopak") on a strictly private and confidential and on 'need to know' basis exclusively to the intended recipient. This information package and the information and projections contained herein may not be disclosed, reproduced or used in whole or in part for any purpose or furnished to any other person(s) other than in relation to the proposed Offer of Sai Silks (Kalamandir) Limited or as may be required by SEBI or Stock Exchanges or any other regulator. The person(s) who is/are in possession of this information package or may come in possession at a later day hereby undertake(s) to observe the restrictions contained herein.*

Only leading players are profiled and benchmarked for the purpose of the report and does not necessarily cover all types of players.

The information contained herein is of a general nature and is not intended to address the facts and figures of any particular individual or entity. The content provided here treats the subjects covered here in condensed form. It is intended to provide a general guide to the subject matter and should not be relied on as a basis for business decisions. No one should act upon such information without taking appropriate additional professional advice and/or thorough examination of the particular situation. Technopak and its directors , employees, agents and consultants shall have no liability (including liability to any person by reason of negligence or negligent misstatement) for any statements, opinions, information or matters (expressed or implied) arising out of, contained in or derived from, or of any omissions from the information package and any liability whatsoever for any direct, indirect, consequential or other loss arising from any use of this information package and/or further communication in relation to this information package."

Although based on our assessment, the industry and market data used in this Draft Red Herring Prospectus is reliable, industry sources and publications may base their information on estimates and assumptions that may prove to be incorrect. 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 accuracy, completeness and underlying assumptions of such third-party sources are not guaranteed. Further, Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends.

The extent to which industry and market data set forth in this Draft Red Herring Prospectus 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 we conduct our business, and methodologies and assumptions may vary widely among different industry sources. Accordingly, no investment decision should be made solely on the basis of such information. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those disclosed in "*Risk Factors- Industry information included in this Draft Red Herring Prospectus has been derived from an industry report prepared by Technopak Advisors Private Limited exclusively commissioned and paid for by us for such purpose*" on page 41.

In accordance with the SEBI ICDR Regulations, the section "*Basis for Offer Price*" on page 116 includes information relating to our peer group. Such information has been derived from publicly available sources. Accordingly, no investment decision should be made solely on the basis of such information.

FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain “forward-looking statements” which are not statements of historical fact and may be described as “forward-looking statements.” These forward-looking statements include statements which can generally be identified by words or phrases such as “aim,” “anticipate”, “believe”, “can”, “could” “goal”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “should” “will”, “will continue”, “shall” “seek to”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. However, these are not the exclusive means of identifying forward looking statements.

These forward-looking statements are based on our present plans, estimates and expectations and actual results may differ materially from those suggested by such forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. For the reasons described below, we cannot assure investors that the expectations reflected in these forward-looking statements will prove to be correct. Therefore, 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.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with the expectations with respect to, but not limited to, regulatory changes pertaining to the industry in which our Company have business and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, 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, the performance of the financial markets in India and globally, changes in laws, regulations and taxes and changes in competition in our industry and incidence of any natural calamities and/or acts of violence.

Certain important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- Highly concentrated on women’s ethnic sarees and vulnerable to variations in demand and changes in consumer preference;
- Inability to effectively market our products and brand, or any deterioration in public perception of our brand;
- Current locations of our stores may become unattractive, and suitable new locations may not be available for a reasonable price or acceptable terms and exposure to all of the risks associated with leasing real estate and any adverse developments;
- Impact of the ongoing COVID-19 pandemic on our business and operations and in the future, including its effect on the ability or desire of customers to visit our stores;
- Inability to identify customer demand accurately and maintain an optimal level of inventory;
- Failure to anticipate and respond to changes in fashion trends and changing customer preferences in a timely and effective manner;
- Inability to comply with the terms of the leases, renew our agreements or enter into new agreements on favorable terms, or at all;
- Quality and consistency in customer service at our stores;
- Subject to labour unrest, slowdowns and increased wage costs; and
- No long term agreement because of which we may not be able to obtain sufficient quantities or desired quality of products from third party vendors and/or master weavers in a timely manner or at acceptable prices, or on an exclusive basis.

For a discussion of factors that could cause our actual results to differ from our expectations, see “*Risk Factors*,” “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 30, 178 and 315, respectively. By their nature, certain market risk disclosures are 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 and are not a guarantee of future performance.

Forward-looking statements reflect our views as of the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. These statements are based on our management’s beliefs and assumptions, which in turn are based on the currently available information. Although we believe that 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. None of our Company, Directors, the Selling Shareholders, and the BRLMs or their respective affiliates 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 and the Selling Shareholders, severally and not jointly, will ensure that investors in India are informed of material developments from the date of filing of the Red Herring Prospectus until the grant of listing and trading permission by the Stock Exchanges for this Offer. The Selling Shareholders will ensure that investors are informed of material developments in relation to the statements and undertakings expressly made, to the extent of information specifically pertaining to itself and the Offered Shares in the Offer for Sale, by the Selling Shareholders in the Red Herring Prospectus until the grant of listing and trading permission by the Stock Exchanges for this Offer.

SUMMARY OF THE OFFER DOCUMENT

The following is a general summary of certain disclosures and terms of the Offer included in this Draft Red Herring Prospectus and is neither exhaustive, nor purports to contain a summary of all the disclosures in this Draft Red Herring Prospectus or all details relevant to 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 Draft Red Herring Prospectus, including "Risk Factors", "The Offer", "Capital Structure", "Objects of the Offer", "Industry Overview", "Our Business", "Our Promoters and Promoter Group, "Restated Financial Statements", "Outstanding Litigation and Material Developments", and "Offer Procedure" on pages 30, 60, 77, 92, 126, 178, 232, 241, 346 and 377, respectively.

<table>
<tr><td>Summary of our primary business</td><td>We are one of the largest retailers of ethnic apparel, particularly sarees, in south India in terms of revenues and profit after tax in Fiscal 2019, 2020 and 2021. (Source: Technopak Report) Through our four store formats, i.e., Kalamandir, VaraMahalakshmi Silks, Mandir, and KLM Fashion Mall, we offer our products to various segments of the market that include premium ethnic fashion, ethnic fashion for middle income and value-fashion. As of May 31, 2022, we operated 46 stores in four major south Indian states, i.e., Andhra Pradesh, Telangana, Karnataka and Tamil Nadu.</td></tr>
<tr><td>Summary of the Industry in which we operate</td><td>Retail Market in India was valued at US$ 492 billion in Fiscal 2015 and reached a value of US$ 796 billion in FY 2020, growing at a 10.1% CAGR over this period. Organized retailing share of Apparel has increased from 14% in FY 2007 to 32% in FY 2020. In other words, in the last thirteen years, organized retail not only captured the new incremental demand, but it has also succeeded to shift the demand away from unorganized apparel retail in its favour. (Source: Technopak Report)</td></tr>
<tr><td>Our Promoters</td><td>Nagakanaka Durga Prasad Chalavadi and Jhansi Rani Chalavadi</td></tr>
<tr><td>Offer size</td><td>
<table>
<tr><td>Offer[#]</td><td>Up to [●] Equity Shares for cash at a price of ₹ [●] per Equity Share (including a premium of ₹ [●] per Equity Share), aggregating up to ₹ [●] million</td></tr>
<tr><td>of which</td><td></td></tr>
<tr><td>Fresh Issue[(1)#]</td><td>Up to [●] Equity Shares, aggregating up to ₹ 6,000 million</td></tr>
<tr><td>Offer for Sale[(1)(2)(3)]</td><td>Up to 18,048,440 Equity Shares aggregating up to ₹ [●] million</td></tr>
</table>
Our Company may, in consultation with the BRLMs, consider a Pre-IPO Placement of such number of securities for cash consideration aggregating up to ₹ 1,200 million, at its discretion, prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the SCRR.

(1) The Offer has been authorised by our Board pursuant to a resolution passed at its meeting held on June 4, 2022 and the Fresh Issue has been authorised by our Shareholders pursuant to their resolution dated June 22, 2022.
(2) For details on authorisation of the Selling Shareholders in relation to their respective portion of their Offered Shares, see "The Offer" and "Other Regulatory and Statutory Disclosures" on pages 60 and 354.
(3) Each Selling Shareholder (severally and not jointly) has specifically confirmed that its respective portion of the Offered Shares are eligible to be offered for sale in the Offer in accordance with the SEBI ICDR Regulations. For details, see "Offer Procedure – Undertakings by the Selling Shareholders" on page 394.

The Offer shall constitute [●] % of the post-Offer paid-up equity share capital of our Company. For further details, see "The Offer" and "Offer Structure" on pages 60 and 374.</td></tr>
<tr><td>Objects of the Offer</td><td>The objects for which the Net Proceeds from the Offer shall be utilized are as follows:
<table>
<tr><th>Particulars</th><th>Amount (₹ in million)</th></tr>
<tr><td>Funding capital expenditure towards setting-up of 25 new stores</td><td>1,225.87</td></tr>
<tr><td>Funding capital expenditure towards setting-up of two warehouses</td><td>253.96</td></tr>
<tr><td>Funding working capital requirements of our Company</td><td>2,359.94</td></tr>
</table></td></tr>
</table>

Repayment or pre-payment, in full or part, of certain borrowings availed by our Company	600.00
General corporate purposes (1)	[●]
Total (2)(3)	[●]

(1) The amount utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds.
(2) To be finalized upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC.
(3) Our Company may, in consultation with the BRLMs, consider a Pre-IPO Placement of such number of securities for cash consideration aggregating up to ₹ 1,200 million, at its discretion, prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the SCRR.

For further details, see "*Objects of the Offer*" on page 92.

Aggregate pre-Offer shareholding of our Promoters, the Promoter Group and the Selling Shareholders

(a) The aggregate pre-Offer shareholding of our Promoters as a percentage of the pre-Offer paid-up share capital of the Company is set out below:

Name of the Shareholder*	Number of Equity Shares	Percentage of the pre-Offer Equity Share capital (%)
Promoter		
Nagakanaka Durga Prasad Chalavadi	56,975,505	45.10
Jhansi Rani Chalavadi	11,451,495	9.06
Total (A)	**68,427,000**	54.16

**Also the Promoter Selling Shareholders.*

(b) The aggregate pre-Offer shareholding of the members of the Promoter Group (other than our Promoters) as a percentage of the pre-Offer paid-up share capital of the Company is set out below:

Name of the Shareholder (other than the Promoter Selling Shareholders)	Number of Equity Shares	Percentage of the pre-Offer Equity Share capital (%)
Kalyan Srinivas Annam*	15,096,975	11.95
Dhanalakshmi Perumalla*	3,083,865	2.44
Doodeswara Kanaka Durgarao Chalavadi*	6,435,250	5.09
Subash Chandra Mohan Annam*	2,120,500	1.68
Venkata Rajesh Annam*	505,500	0.40
SSKL Family Trust	24,653,850	19.51
Total	**51,895,940**	41.07

**Also the Promoter Group Selling Shareholders.*

Other than as disclosed above, there are no other Selling Shareholders participating in the Offer for Sale.

Summary of selected financial information

The details of certain financial information as set out under the SEBI ICDR Regulations as at and for the Financial Years ended March 31, 2022, March 31, 2021 and March 31, 2020 derived from the Restated Financial Statements are as follows:

(₹ in million, except per share data)

Particulars	As at and for the Fiscal 2022	As at and for the Fiscal 2021	As at and for the Fiscal 2020
(A) Equity share capital	240.65	240.65	234.55
(B) Net Worth(i)	3,006.61	2,429.90	2,315.05
(C) Revenue from operations	11,293.23	6,772.48	11,755.60
(D) Restated profit for the year	576.87	51.31	420.96

(E) Restated basic earnings per equity share (in ₹)(ii)	4.79	0.43	3.59
(F) Restated diluted earnings per equity share (in ₹)(iii)	4.79	0.43	3.59
(G) Restated Net Asset Value per Equity Share (in ₹))(iv)	24.99	20.19	19.74
(H) Total borrowings (v)	2,604.89	2,172.24	1,646.96

Notes:

i. Net Worth has been defined as 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 restated balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

ii. Restated basic earnings per share (₹) = Profit for the year divided by weighted average number of equity shares outstanding during the year, as adjusted for sub-division.

iii. Restated diluted earnings per share (₹) = Profit for the year divided by weighted average number of diluted equity shares outstanding during the year, that has been adjusted for the effects of all dilutive potential Equity Shares outstanding during the year, if any, and for sub-division.

iv. Restated Net Asset Value per Equity Share = Net worth divided by outstanding number of equity shares at the end of the year.

v. Total Borrowings = Non – current borrowings + Current Borrowings including current maturities of long-term borrowings

For further details, see "*Restated Financial Statements"* on page 241.

Auditor qualifications which have not been given effect to in the Restated Financial Information

The Statutory Auditors have not made any qualifications in the examination report that require any adjustments to the Restated Financial Statements.

Summary of outstanding litigation

A summary of outstanding litigation proceedings involving our Company, Directors and Promoters, as of the date of this Draft Red Herring Prospectus, as also disclosed in "*Outstanding Litigation and Material Developments*" on page 346, in terms of the SEBI ICDR Regulations and the materiality policy adopted by our Board pursuant to a resolution dated June 4, 2022, is provided below:

Name of the 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 ₹million)
Company						
By our Company	1	Nil	Nil	Nil	Nil	30.00
Against our Company	Nil	5	3	Nil	1	12.66
Directors (other than Promoter)						
By our Directors	1	Nil	Nil	Nil	Nil	Nil
Against our Directors	3	Nil	Nil	Nil	1	0.05
Promoters						

By our Promoters	Nil	Nil	Nil	Nil	Nil	Nil
Against our Promoters	Nil	Nil	Nil	Nil	1	Nil

** According to the materiality policy and to the extent quantifiable.*

Risk Factors

Specific attention of Investors is invited to the section titled "*Risk Factors*" on page 30.

Summary of contingent liabilities

The following is a summary table of our contingent liabilities and commitments as at March 31, 2022 as indicated in our Restated Financial Statements:

Sr. No.	Particulars	Amount (₹ in million)
1.	Income Tax – AY 2009-10	0.58
2.	Income Tax – AY 2010-11	0.15
3.	Income Tax – AY 2011-12	0.79
4.	Income Tax – AY 2016-17	8.86
	Total	**10.38**

Notes:

1. Our Company has filed rectification under section 154 of the Income Tax Act, 1961 in relation to the aforementioned.

2. Further, the Municipal authorities have levied a penalty amounting to ₹ 4.40 million for violation of the Municipal Act (GHMC Act) by erecting advertisements display for the entire building without the written permission of the competent authority. Against the demand, our Company paid an amount of ₹ 0.6 million. Writ petitions was preferred before the Hon'ble High Court of Telangana at Hyderabad seeking stay over the recovery of balance amount of ₹ 3.80 million. The Hon'ble High Court of Telangana vide its order dated January 31, 2022 stayed the proceedings subject to payment of 40% of the balance amount demanded in the challans within a period of four weeks. Pursuant to it, our Company has paid an amount of ₹1.52 million within the stipulated time. The matter is pending before the Hon'ble High Curt and the balance amount is ₹ 2.28 million.

For details of the contingent liabilities, see "*Restated Financial Statements – Note No. 37 – Contingent liabilities and commitments*" on page 271.

Summary of related party transactions

Details of related party transactions entered into by our Company for the year ended March 31, 2022, March 31, 2021 and March 31, 2020, and derived from the Restated Financial Statements are as set out in the table below:

Details of related party transactions

(₹ in million)

Name of the Related Party	Nature of transaction	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2020
Sai Retail India Limited	Purchases	8,416.90	4,421.87	8,689.48
	Rent (Expense)	3.16	2.45	1.10
	Other Income - Rent	0.12	0.12	0.12
Varamahalakshmi Holdings Pvt Ltd.	Rent (Expense)	1.02	1.02	1.02
Nagakanaka Durga Prasad Chalavadi	Rent (Expense)	1.85	0.59	0.72
	Salary / Remuneration	24.37	8.81	11.94
	Repayment of loan and deposit	2.41	-	-
Jhansi Rani Chalavadi	Rent (Expense)	0.50	0.34	0.48
	Salary / Remuneration	5.64	2.64	3.58

	Soul of Pluto Tech LLP	Other Income - Rent	1.31	1.20	1.40
		Professional charges - Software Consultation / Maintenance (Exp)	33.00	22.20	22.20
		Other Income	-	-	6.00
	Kalyan Srinivas Annam	Salary / Remuneration	10.49	4.40	5.97
	Doodeswara Kanaka Durgarao Chalavadi	Salary / Remuneration	3.60	2.97	3.88
	Venkata Rajesh Annam	Salary / Remuneration	5.43	2.87	3.88
	Sowjanya Annam	Salary / Remuneration	1.49	0.79	1.07
	Suchitra Annam	Salary / Remuneration	1.39	0.79	1.07
	Mohana Durga Rao Chalavadi	Salary / Remuneration	3.80	2.87	3.88
	Supriya Padarthy	Salary / Remuneration	1.00	0.82	1.07
	Bhavani Annam	Salary / Remuneration	1.38	0.79	1.07
	Lavanya Mankal	Salary / Remuneration	1.05	0.79	1.07
	Devamani Venkata Kanaka Durga Hanisha Chalavadi	Salary / Remuneration	1.17	1.09	1.19
	Rachamadugu Balaji Bharadwaj	Salary / Remuneration	3.63	2.17	2.39
	Rama Krishna Oruganti	Salary / Remuneration	0.69	0.36	0.88
	Konduri Venkata Lakshmi Narasimha Sarma	Salary / Remuneration	0.45	-	-
	Matte Koti Bhaskara Teja	Salary / Remuneration	0.82	0.48	0.71
	Subhash Chandra Mohan Annam	Salary / Remuneration	1.48	-	-
	SSS Marketing	Rent expenses – Commission	2.00	1.80	1.80
	Sumaja Creations	Business Promotion Expenses – Advertisement	103.48	21.46	207.02
		Other Income	-	-	1.80
	Naveen Nandigam	Other Expenses - Sitting fees	0.06	0.06	0.06
	Sirisha Chintapalli	Other Expenses - Sitting fees	0.06	0.06	0.06
	Laxminivas Jaju	Other Expenses - Sitting fees	0.06	0.06	0.06
	Kalamandir Foundation	CSR Expenditure	8.18	0.68	10.08
	Krishna Murthy Chalavadi	Repayment of loan and deposit	0.01	-	-

For details of the related party transactions, see “*Restated Financial Statements – Note No. 45 – Related Party Disclosures*” on page 287.

Details of financing	Our Promoters, members of the Promoter Group, our Directors and their relatives (as defined in Companies Act, 2013) have not financed the purchase by any other person of securities of our

<table>
<tr><td>arrangements</td><td>Company (other than in the normal course of business of such financing entity) during a period of six months immediately preceding the date of this Draft Red Herring Prospectus.</td></tr>
<tr><td>Weighted average price at which the specified securities were acquired by our Promoters and the Selling Shareholders, in the last one year preceding the date of this Draft Red Herring Prospectus</td><td>The weighted average price at which the specified securities were acquired by our Promoters in the last one year preceding the date of this Draft Red Herring Prospectus is as follows:
<table>
<tr><th>Name of our Promoter**</th><th>Number of Equity Shares acquired in the last one year#</th><th>Weighted average price of acquisition per Equity Share (in ₹)*@</th></tr>
<tr><td>Nagakanaka Durga Prasad Chalavadi</td><td>23,621,000</td><td>-</td></tr>
</table>
*As certified by our Statutory Auditors, by way of their certificate dated July 21, 2022.
**Also, the Promoter Selling Shareholders.@Acquired by way of gift.
As adjusted for the sub-division of the face value of the equity shares of our Company from ₹10 each to ₹2 each.

The weighted average price at which the specified securities were acquired by the Promoter Group Selling Shareholders in the last one year preceding the date of this Draft Red Herring Prospectus is as follows:
<table>
<tr><th>Name of the Selling Shareholders</th><th>Number of Equity Shares acquired in the last one year#</th><th>Weighted average price of acquisition per Equity Share (in ₹)*@</th></tr>
<tr><td>Dhanalakshmi Perumalla</td><td>79,93,520</td><td>-</td></tr>
<tr><td>Kalyan Srinivas Annam</td><td>75,19,975</td><td>-</td></tr>
<tr><td>Subash Chandra Mohan Annam</td><td>47,75,090</td><td>-</td></tr>
<tr><td>Venkata Rajesh Annam</td><td>72,74,090</td><td>-</td></tr>
</table>
*As certified by our Statutory Auditors, by way of their certificate dated July 21, 2022.
@ Acquired by way of gift.
# As adjusted for the sub-division of the face value of the equity shares of our Company from ₹10 each to ₹2 each.</td></tr>
<tr><td>Average cost of acquisition of Equity Shares of our Promoters and the Selling Shareholders</td><td>The average cost of acquisition of Equity Shares for our Promoters as on the date of the Draft Red Herring Prospectus is as set out below:
<table>
<tr><th>Name of our Promoters**</th><th>Number of Equity Shares held</th><th>Average cost of acquisition per Equity Share (₹)*</th></tr>
<tr><td>Nagakanaka Durga Prasad Chalavadi</td><td>56,975,505</td><td>5.48</td></tr>
<tr><td>Jhansi Rani Chalavadi</td><td>11,451,495</td><td>19.81</td></tr>
</table>
* As certified by our Statutory Auditors, by way of their certificate dated July 21, 2022.
** Also, the Promoter Selling Shareholders.

The average cost of acquisition of Equity Shares for the Promoter Group Selling Shareholders as on the date of the Draft Red Herring Prospectus is as set out below:
<table>
<tr><th>Name of the Selling Shareholders</th><th>Number of Equity Shares held</th><th>Average cost of acquisition per Equity Share (in ₹)+</th></tr>
<tr><td>Dhanalakshmi Perumalla</td><td>3,083,865</td><td>-</td></tr>
<tr><td>Doodeswara Kanaka Durgarao Chalavadi</td><td>64,35,250</td><td>1.17</td></tr>
<tr><td>Kalyan Srinivas Annam</td><td>15,096,975</td><td>1.50</td></tr>
<tr><td>Subash Chandra Mohan Annam</td><td>21,20,500</td><td>5.64</td></tr>
<tr><td>Venkata Rajesh Annam</td><td>5,05,500</td><td>2.14</td></tr>
</table>
* As certified by our Statutory Auditors, by way of their certificate dated July 21, 2022.</td></tr>
<tr><td>Details of price at which specified</td><td>Except as stated below, there have been no specified securities that were acquired in the last three years preceding the date of this Draft Red Herring Prospectus, by our Promoters, Promoter Group, Selling Shareholders. The details of the prices at which these acquisitions were undertaken are stated below:</td></tr>
</table>

<table>
<tr>
<td>securities were acquired by our Promoters, the members of the Promoter Group, the Selling Shareholders, and Shareholders with rights to nominate directors or have other rights, in the last three years preceding the date of this Draft Red Herring Prospectus</td>
<td>
<table>
<tr><th>Name of acquirer</th><th>Date of acquisition</th><th>Number of equity shares acquired in the last three years at a face value of ₹ 10 each</th><th>Acquisition price per equity share (₹)</th></tr>
<tr><td colspan="4">Promoters</td></tr>
<tr><td rowspan="5">Nagakanaka Durga Prasad Chalavadi*</td><td>October 23, 2020</td><td>300,000</td><td>100</td></tr>
<tr><td>February 26, 2021</td><td>200,000</td><td>100</td></tr>
<tr><td>March 27, 2021</td><td>110,000</td><td>100</td></tr>
<tr><td>May 13, 2022</td><td>2,224,200</td><td>N.A. (1)</td></tr>
<tr><td>May 13, 2022</td><td>2,500,000</td><td>N.A. (1)</td></tr>
<tr><td colspan="4"></td></tr>
<tr><td colspan="4">Promoter Group</td></tr>
<tr><td>Dhanalakshmi Perumalla*</td><td>May 5, 2022</td><td>1,598,704</td><td>N.A. (1)</td></tr>
<tr><td>Kalyan Srinivas Annam*</td><td>May 9, 2022</td><td>1,503,995</td><td>N.A. (1)</td></tr>
<tr><td>Subash Chandra Mohan Annam*</td><td>May 9, 2022</td><td>955,018</td><td>N.A. (1)</td></tr>
<tr><td rowspan="2">Mohana Durga Rao Chalavadi</td><td>May 9, 2022</td><td>63,033</td><td>N.A. (1)</td></tr>
<tr><td>May 5, 2022</td><td>1,471,085</td><td>N.A. (1)</td></tr>
<tr><td>Venkata Rajesh Annam*</td><td>May 9, 2022</td><td>1,454,818</td><td>N.A. (1)</td></tr>
<tr><td>SSKL Family Trust</td><td>June 20, 2022</td><td>24,653,850^</td><td>N.A. (1)</td></tr>
</table>
* Also the Selling Shareholders.
(1) Transfer by way of gift.
^ At the face value of. ₹2 each.

As on the date of this Draft Red Herring Prospectus, none of the Shareholders has a right to appoint director or any other special right in respect of the Equity Shares.
</td>
</tr>
<tr>
<td>Size of the pre-IPO placement and allottees, upon completion of the placement</td>
<td>Our Company may, in consultation with the BRLMs, consider a Pre-IPO Placement of such number of securities for cash consideration aggregating up to ₹ 1,200 million, at its discretion, prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the SCRR.</td>
</tr>
<tr>
<td>Any issuance of Equity Shares in the last one year for consideration other than cash</td>
<td>Our Company has not issued any Equity Shares in the one year immediately preceding the date of this Draft Red Herring Prospectus for consideration other than cash.</td>
</tr>
<tr>
<td>Any split or consolidation of Equity Shares in the last one year</td>
<td>Pursuant to a resolution of our Board dated May 3, 2022 and Shareholders' resolution dated May 18, 2022, wherein each equity share of our Company of face value of ₹ 10 each, fully paid-up, was sub-divided into five Equity Shares of our Company of face value of ₹ 2 each and accordingly, 24,064,588 equity shares of our Company of face value of ₹10 each were sub-divided into 120,322,940 Equity Shares of face value of ₹ 2 each. For further details, see "Capital Structure" on page 77.</td>
</tr>
<tr>
<td>Exemption from complying with any</td>
<td>Our Company has not made any application under the SEBI ICDR Regulations for seeking exemption from complying with any provisions of securities laws, as on the date of this Draft Red Herring Prospectus.</td>
</tr>
</table>

provisions of securities laws, if any, granted by SEBI	

SECTION II – RISK FACTORS

*An investment in equity shares involves a high degree of risk. Investors should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. The risks described below are not the only ones relevant to us or our Equity Shares, the industry in which we operate or to India. Additional risks and uncertainties, not currently known to us or that we currently do not deem material may also adversely affect our business, results of operations, cash flows and financial condition. If any of the following risks, or other risks that are not currently known or are not currently deemed material, actually occur, our business, results of operations, cash flows and financial condition could be adversely affected, the price of our Equity Shares could decline, and investors may lose all or part of their investment. To the extent the novel coronavirus ("**COVID-19**") pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in this section. In order to obtain a complete understanding of our Company and our business, prospective investors should read this section in conjunction with "Industry Overview", "Our Business", "Restated Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and on pages 126, 178, 241 and 315, respectively, as well as the other financial and statistical information contained in this Draft Red Herring Prospectus. In making an investment decision, prospective investors must rely on their own examination of us and our business and the terms of the Offer including the merits and risks involved.*

Prospective investors should consult their tax, financial and legal advisors about the particular consequences of investing in the Offer. Unless specified or quantified in the relevant risk factors below, we are unable to quantify the financial or other impact of any of the risks described in this section. Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment, which may differ in certain respects from that of other countries.

This Draft Red Herring Prospectus also contains certain forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Red Herring Prospectus. For further information, see "Forward-Looking Statements" on page 20.

Unless otherwise indicated, the financial information included herein is based on our Restated Financial Statements included in this Draft Red Herring Prospectus. For further information, see "Restated Financial Statements" on page 241. Unless otherwise indicated or the context otherwise requires, in this section, references to "the Company", "we", "us" or "our Company", are to Sai Silks (Kalamandir) Limited.

*Unless otherwise indicated, industry and market data used in this section has been derived from industry publications, in particular, the report titled "Industry Report on Women Ethnic Wear Apparel in India" dated July 12, 2022 (the "**Technopak Report**"), prepared and issued by Technopak Advisors Private Limited appointed on February 22, 2022 and exclusively commissioned by and paid for by us in connection with the Offer. A copy of the Technopak Report is available on the website of our Company at https://sskl.co.in/investor-relations/. There are no parts, data or information (which may be relevant for the proposed Offer), that has been left out or changed in any manner. Unless otherwise indicated, financial, operational, industry and other related information derived from the Technopak Report and included herein with respect to any particular year refers to such information for the relevant calendar year. Also see, "Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation – Industry and Market Data" on page 18.*

Internal Risks

Risks Relating to the Business of the Company

1. ***Our business is highly concentrated on the sale of women's sarees and is vulnerable to variations in demand and changes in consumer preference, could have an adverse effect on our business, results of operations and financial condition.***

Our business is currently highly concentrated on a single product, *i.e.*, women's sarees. The table below provides details of the contribution of the sales of sarees to our total revenue from operations:

Category	Fiscals					
	2020		2021		2022	
	Revenue (₹ million)	Percentage of total revenue from operations (%)	Revenue (₹ million)	Percentage of total revenue from operations (%)	Revenue (₹ million)	Percentage of total revenue from operations (%)
Sarees	7,524.29	64.01%	4,448.96	65.70%	7,607.06	67.36%
Others[(1)]	4,230.30	35.99%	2,322.52	34.30%	3,686.17	32.64%
Total	**11,754.60**	**100.00%**	**6,771.47**	**100.00%**	**11,293.23**	**100.00%**

(1) *Others includes products other than sarees .*

Our sales of women's sarees are dependent on a number of factors, and may decline as a result of increased competition, pricing pressures or fluctuations in the demand for or supply of our products and other factors outside our control. In particular, our business is characterized by rapidly-changing customer preferences. Our results of operations are dependent on our ability to attract customers by anticipating and responding to such changes in customer preferences, and modify our existing products in line with changes in customer demands and preferences. The number of customers demanding women's ethnic wear may not continue to increase. Further, for our premium and ultra-premium sarees, our continued increase in sales is dependent on the demand for such products. If we are unable to anticipate and gauge customer preferences, or if we are unable to adapt to such changes in a timely basis or at all, we may lose or fail to attract customers, our inventory may become obsolete and we may be subject to pricing pressure to sell our inventory at a discount. A decline in demand for our products or a misjudgement on our part regarding the nature of designs in demand could lead to increased market acceptance of our competitors' products or may result in the substitution of our products in the market, which could lead to us having lower sales and excess inventories, which may necessitate us to sell this excess inventory at cost price / lower than cost price. This may render us unable to support new growth platforms and cause a decline in our revenues and profits, which would adversely affect our business, results of operations, financial condition and cash flows.

2. *An inability to effectively market our products, or any deterioration in public perception of our brands, could affect customer footfall and consequently adversely impact our business, financial condition, cash flows and results of operations.*

Brand awareness is essential to our continued growth and financial success, and our operations are influenced by our brand marketing and advertising initiatives. Use of digital media as a marketing tool is being adopted by key players, with its wider reach and relatively low cost of customer conversion makes it a medium of choice. (*Source: Technopak Report*) We market and sell our products through four different store format, namely *Kalamandir*, which provides contemporary ethnic fashion for middle income customers; *Mandir*, which provides ultra-premium designer silk sarees targeting high net-worth customers; *VaraMahalakshmi* which provides premium ethnic silk sarees; and *KLM Fashion Mall*, which provides value-fashion at affordable price points. We believe our various store formats are well recognized having been developed to serve the needs of customers across the market. Our ability to attract and retain customers is dependent upon public perception and recognition of the quality associated with our store formats. Negative reviews from customers regarding the quality of our products, dissatisfaction amongst our suppliers, inability to deliver quality products at competitive prices and accidents, injuries or adverse incidents at our stores/and or warehouses could adversely affect public perception. While there have not been any such instances or events in past, there can be no assurance that such events or instances will not occur in future. Further, since each of our store formats cater to a specific occasion / price point, we may not be able to focus or have sufficient resources to equally develop all the four store formats. Also see, "- *We may be unable to adequately protect our intellectual property and may be subject to risks of infringement claims.*" on page 48.

Maintaining and enhancing our brand may require us to make substantial investments in areas such as store operations, employee training, marketing and advertising. We plan to continue to enhance the brand recall of our products through the use of targeted marketing and public relations initiatives, specifically with respect to new geographies we intend to enter. In Fiscal 2020, 2021 and 2022, our advertisement and sales promotion expenses were ₹ 297.65 million, ₹ 109.99 million and ₹ 485.72 million, or 2.53%, 1.62% and 4.30%, of our revenue from sale of products, respectively, and may increase this proportion in the future. However, these marketing and advertising campaigns may not be effective to the extent planned or at all and we may, therefore, fail to attract new customers and retain existing customers. In addition, we may fail to penetrate new target markets if these marketing and advertising programs are unsuccessful or not appropriately tailored to appeal to the target market or if other competitor brand increase spending on advertising and promotion or their marketing and advertising campaigns are more effective than ours. If these marketing and advertising campaigns are not as effective as our competitors, our ability to increase our brand awareness and our competitive position could be adversely affected, which would have a material adverse effect on our business, results of operations and financial condition.

3. ***Current locations of our stores may become unattractive, and suitable new locations may not be available for a reasonable price or acceptable terms, if at all. In addition, we are exposed to risks associated with leasing real estate and any adverse developments could materially affect our business, results of operations and financial condition. Further, we generated substantially all of our sales from stores located in Southern India and any adverse developments affecting our operations in these regions could have an adverse impact on our revenue and results of operations.***

Risk associated with location of our stores

The success of any store depends in part on its location. We aim to make our products available in stores opened in strategic locations and in high-density cluster areas. We cannot assure you that current locations of stores operated by us will continue to be attractive or profitable as demographic patterns change, or as leases are renewed/extended on terms less favourable to us. Neighbourhood or economic conditions where our stores are located could decline in the future, thus resulting in reduced sales in those locations. Alternatively, neighbourhoods could continue to improve and escalate real estate prices, which may not be proportionate to the sales we are able to carry out. In the event real estate prices increase or if we are unable to renew lease agreements for our existing stores on terms favourable to us, such store locations may not be profitable for our business, and we may be compelled to reassess the feasibility of such stores.

Risks associated with leasing real estate

We sell our products through our own stores and our own and third-party online websites. The table below provides details of our stores in Fiscal 2020, 2021 and 2022.

Store Format	Fiscal 2020	Fiscal 2021	Fiscal 2022
Kalamandir	10	8*	8
Mandir	2	2	3
VaraMahalakshmi	14	15*	17
KLM Fashion Mall	17	17	18
Total	**43**	**42**	**46**

** In Fiscal 2021, we closed one of our Kalamandir store located in KMR-Guntur, Andhra Pradesh. In addition, one Kalamandir store in Hyderabad was converted into Varamahalakshmi store.*

As all our stores and warehouses operate on leased premises, we are exposed to the market conditions of the retail rental market. We generally enter into lease agreements for our stores with initial terms varying between nine years to 15 years. Most of our lease agreements for our stores contain an early termination clause that permits us to terminate the lease agreement early for the reasons specified therein. While we have renewal options for all of our leases for our stores, we typically need to renegotiate the terms of renewal with the lessor, who may insist on a significant modification to the terms and conditions of the lease agreement. We are subject to a lock-in provision under majority of our leases which may restrict our ability to terminate such leases, including in the event the location of the leased premises is no longer profitable.

Where we do not have an option to renew a lease agreement for our store, we must negotiate the terms of renewal with the lessor, who may insist on a significant modification to the terms and conditions of the lease agreement. If a lease agreement is renewed at a rate substantially higher than the existing rate, or if any existing favorable terms granted by the lessor are not extended, we must determine whether it is desirable to renew on such modified terms. If we are unable to renew leases for our stores on acceptable terms or at all, we will have to close or relocate the relevant stores, which would eliminate the sales that those stores would have contributed to our revenues during the period of closure, and could subject us to renovation and other costs and risks.

Concentration of stores located in Southern India

All of our stores are located in the south of India in the states of Telangana, Andhra Pradesh, Tamil Nadu and Karnataka. Any materially adverse social, political or economic development, natural calamities, civil disruptions, or changes in the policies of the states or local governments in this region could adversely affect operations at our showrooms. Natural disasters such as earthquakes, extreme climatic or weather conditions such as floods or droughts, or diseases heightened or particular to the region or lockdowns and restrictions due to outbreak COVID-19 or any new pandemic, may adversely impact the supply of products, local transportation and operations at our offices and stores.

The table below sets forth details of our revenue from operations across geographies for the periods indicated:

Particulars	**Fiscal 2020**		**Fiscal 2021**		**Fiscal 2022**	
	Amount (₹ million)	**% of Total Revenue from Operations**	**Amount (₹ million)**	**% of Total Revenue from Operations**	**Amount (₹ million)**	**% of Total Revenue from Operations**
Telangana	5,190.93	44.16%	2,845.31	42.02%	5,115.90	45.30%
Andhra Pradesh	3,894.51	33.13%	2,611.15	38.56%	4,153.44	36.78%
Tamil Nadu	907.83	7.72%	444.84	6.57%	765.80	6.78%
Karnataka	1,761.33	14.98%	870.16	12.85%	1,258.09	11.14%
Total	**11,754.60**	**100.00%**	**6,771.47**	**100.00%**	**11,293.23**	**100.00%**

Any such adverse development could result in significant loss from inability to meet inventory schedules and stock our stores appropriately, which could materially affect our business reputation within the industry. Should our supply of products be disrupted, we may not be able to procure an alternate source of supply of products in time to meet the demands of our customers, or we may not be able to procure products of equal quality or on equally competitive terms, or at all. Such disruption to supply would materially and adversely affect our business, profitability and reputation.

We may continue to open more stores in such states. Existing and potential competitors to our businesses may increase their focus on these states, which could reduce our market share. For example, our competitors may intensify their efforts in these states to capture a larger market share by launching aggressive promotional campaigns. Any adverse development that affects the performance of the stores located in these states could have a material adverse effect on our business, financial condition and results of operations. Our past store sales may not be comparable to or indicative of future sales.

Additionally, while opening new stores, we consciously follow a cluster-based approach which leads to concentration of our business in a relatively small area rather than a widespread presence. More than one store located close to each other in a cluster may lead to each such store eating into the sales of the other stores in the cluster leading to falling sales in each of such stores.

4. ***The current and continuing impact of the ongoing COVID-19 pandemic on our business and operations has been significant. The impact of the pandemic on our operations in the future, including its effect on the ability or desire of customers to visit our stores, is uncertain and may be significant and continue to have an adverse effect on our business prospects, strategies, business, operations, our future financial performance, and the price of our Equity Shares.***

The outbreak of the COVID-19 pandemic and its continuing impact, as well as government measures to reduce the spread of COVID-19, have had a substantial impact on our operations during the first quarter of Fiscal 2021. The impact of the pandemic on our business, operations and financial performance have included and may continue to include the following:

Impact on our operations

- Temporary store and warehouse closures and reduced operating hours as mandated by regional regulatory bodies.

- A continued decline or fluctuation in footfalls, particularly as a result of any subsequent waves in India, may also affect our ability to effectively manage our inventory of products. Further, stores located in containment zones, as demarcated by the Government of India from time to time, may have further restrictions imposed on their operations.

- Temporary closure of our office and decline in availability of workforce due to employees contracting the virus, rationalization of workforce, and restrictions on travel and movement due to lockdowns imposed by various state governments, affecting commute of employees to their places of work.

- Disruptions of the services we receive from third-parties including our master weavers from whom we source of products, due to limited and sporadic availability of raw materials, fluctuating and unpredictable demands and disruptions in supply chain.

- Compliance with evolving government regulations, including with respect to social distancing measures and sanitization practices.

Impact on our financial performance

- Our revenue from sale of products declined by 42.39% from ₹ 11,754.60 million in Fiscal 2020 to ₹ 6,771.47 million in Fiscal 2021, on account of COVID-19. However, we witnessed a recovery in our revenue from sale of products which increased from ₹ 6,771.47 million in Fiscal 2021 to ₹ 11,293.23 million in Fiscal 2022. Further, we witnessed a 212.36% growth in sales from online channels between Fiscal 2021 and Fiscal 2022 from ₹ 54.92 million to ₹ 171.55 million. Many of our expenses are less variable in nature and may not correlate to changes in revenues, such as depreciation, employee benefit expenses and other costs associated with operating and maintaining our stores. Further, our working capital borrowings increased by 36.89% from ₹ 1,393.76 million in Fiscal 2021 to 1,907.91 million in Fiscal 2022.

- Our profit after tax decreased by 87.81% from ₹ 420.96 million in Fiscal 2020 to ₹ 51.31 million in Fiscal 2021 on account of COVID-19. However, we have since seen a recovery in our operations and our profit after tax was ₹ 576.87 million in Fiscal 2022.

- Rental expenses and leave and license fees account for a significant portion of our cash outflows, as a result, we entered into renegotiations under various rental arrangements with mall developers, landlords and lessors during the onset of the COVID-19 pandemic in India. While we have re-negotiated certain of our rental arrangements including by receiving certain waivers which amounted to ₹ 101.39 million in Fiscal 2021 and ₹ 28.06 million in Fiscal 2022, there can be no assurance that they would agree to any complete or partial waiver or reduction of rent expenses for the remaining term of the relevant lease. There can also be no assurance that we will be able to obtain such waivers or successfully further renegotiate these arrangements in the future.

In addition, one of our key strategies is the expansion of our store network, which has become increasingly challenging as we have had to delay such expansion plans due to the impact of COVID-19 pandemic. For further information on our store expansion plans, see "*Our Business – Strategies - Expand our footprint within India through owned stores and franchise network by leveraging our brand appeal*" on page 188. While we have been able to defer these plans and focus on alternate distribution channels, such as increasing our e-commerce presence, there can be no assurance that we will be able to successfully achieve this strategy in the event of subsequent waves of the pandemic in India that lead to additional restrictive measures or hamper overall economic recovery.

Notwithstanding the measures we have adopted to increase safety and hygiene levels in our stores, and increased focus on online retailing, there can be no assurance that footfalls in our stores, sales, and demand for our products will fully recover from the impact of the COVID-19 crisis, and if they do not recover as a result of the COVID-19 crisis continuing or worsening, or otherwise, our business and results of operations would be significantly and adversely impacted. In addition, if our Key Managerial Personnel or a significant percentage of our workforce is unable to work due to COVID-19 illness, quarantine, limitations on travel or other government restrictions in connection with the COVID-19 pandemic, our operations may be negatively impacted. An outbreak or perceived outbreak of the COVID-19 pandemic connected to one or more of our stores could also cause negative publicity directed at any of our store formats and cause customers to avoid our stores, which could have a material adverse effect on our business, results of operations, financial condition, cash flows, reputation and prospects.

Further, to the extent COVID-19 adversely affects our business, financial condition and results of operations, it may also have the effect of exacerbating many other risks described in this "*Risk Factors*" section on page 30.

5. ***The Proforma Financial Statements included in this Draft Red Herring Prospectus are not indicative of our future financial condition or results of operations.***

Until Fiscal 2022, we procured our products through Sai Retail India Limited, a member of our Promoter Group and Group Company. Our Company had entered into a supplier's agreement with Sai Retail India Limited dated April 1, 2017 ("**Suppliers Agreement**") for the purchase of apparel products from Sai Retail India Limited for a period of five years with effect from April 1, 2017. Under the terms of the Suppliers Agreement, the maximum sale by Sai Retail India Limited to our Company was ₹ 11,000.00 million and Sai Retail India Limited agreed to maintain a minimum inventory as required for the products. In view of the changing business dynamics, our Company and Sai Retail India Limited did not continue with arrangements under such Suppliers Agreement with effect from April 1, 2022. Our Company entered into a business assets transfer agreement dated April 1, 2022 ("**BTA**") pursuant to which we acquired the business assets of Sai Retail India Limited. Since April 1, 2022, our Company has commenced directly purchasing the products from the master weavers, weavers and vendors.

Accordingly, we have included in this Draft Red Herring Prospectus, the Proforma Financial Statements as at and for the years ended March 31, 2022, March 31, 2021 and March 31, 2020 as if the acquisition of the business assets of Sai Retail India Limited had taken place with effect from April 1, 2019. The Proforma Financial Statements illustrate the impact of the arrangement between our Company and Sai Retail India Limited under the Suppliers Agreement which was in operation until March 31, 2022, and to illustrate the impact of the acquisition on our financial condition and results of operations. The Proforma Financial Statements included in this Draft Red Herring Prospectus is not intended to be indicative of our future financial performance or a substitute for our past financial performance, and the degree of reliance placed by investors on our Proforma Financial Statements should be limited.

The Proforma Financial Statements addresses a hypothetical situation and does not represent our actual consolidated financial condition or results of operations, and is not intended to be indicative of our future financial condition and results of operations. The adjustments set forth in the Proforma Financial Statements are based upon available information and assumptions that our management believes to be reasonable. As the Proforma Financial Statements are prepared for illustrative purposes only, it is, by its nature, subject to change and may not give an accurate picture of the actual financial results that would have occurred had such transactions by us been effected on the dates they are assumed to have been effected, and is not intended to be indicative of our future financial performance.

As of March 31, 2020, 2021 and 2022, our inventory as a percentage of our current assets was 89.48%, 89.65% and 84.96%, while our inventory as a percentage of our revenue from operations was 31.61%, 54.19% and 42.19%, respectively. In Fiscal 2020, 2021 and 2022, our total payables was ₹ 1,700.62 million, ₹ 1,075.99 million and ₹ 1,291.18 million, respectively and represented 14.47%, 15.89% and 11.43%, respectively, of our revenue from operations in such periods.

Based on the Proforma Financial Statements, as of March 31, 2020, 2021 and 2022, our inventory (on a proforma basis) as a percentage of our current assets (on a proforma basis) was 91.39%, 91.21% and 87.59%, respectively, while our inventory (on a proforma basis) as a percentage of revenue from operations (on a proforma basis) was 44.35%, 75.74% and 57.49%, respectively in such periods. Based on the Proforma Financial Statements, our total payables (on a proforma basis) in Fiscal 2020, 2021 and 2022 was ₹ 2,458.53 million, ₹ 1,729.17 million and ₹ 2,820.66 million respectively, and represented 20.91%, 25.47% and 24.83%, respectively, of our revenue from operations (on a proforma basis) in such periods.

Further, our Proforma Financial Statements were not prepared in connection with an offering registered with the SEC under the U.S. Securities Act and consequently do not comply with the SEC's rules on presentation of the proforma financial information. Further, the rules and regulations related to the preparation of proforma financial information in other jurisdictions may vary significantly from the basis of preparation as set out in the Proforma Financial Statements included in this Draft Red Herring Prospectus. Therefore, the Proforma Financial Statements should not be relied upon as if it has been prepared in accordance with those standards and practices. If the various assumptions underlying the preparation of the Proforma Financial Statements do not come to pass, our actual results could be materially different from those indicated in the Proforma Financial Statements. Accordingly, the Proforma Financial Statements included in this Draft Red Herring Prospectus are not intended to be indicative of expected results or operations in the future periods or the future financial position of our Company or a substitute for our past results, and the degree of reliance placed by investors on our Proforma Financial Statements should be limited.

6. ***If we are unable to maintain an optimal level of inventory, our business, results of operations and financial condition may be adversely affected.***

The success of our business depends upon our ability to anticipate and forecast customer demand and trends. Any error in our forecast could result in either surplus stock, which we may not be able to sell in a timely manner, or at all, or under stocking, which could affect our ability to meet customer demand. An optimal level of inventory is important to our business as it allows us to respond to customer demand effectively and to maintain a full range of products at our stores. We plan our inventory and estimate our sales based on the forecast, demand and requirements for the forthcoming seasons. We have inventory stored at our warehouses ahead of an upcoming season.

As of March 31, 2020, 2021 and 2022, our inventory as a percentage of our current assets was 89.48%, 89.65% and 84.96%, while our inventory as a percentage of our revenue from operations was 31.61%, 54.19% and 42.19%, respectively. In Fiscal 2020, 2021 and 2022, our total payables was ₹ 1,700.62 million, ₹ 1,075.99 million and ₹ 1,291.18 million, respectively and represented 14.47%, 15.89% and 11.43%, respectively, of our revenue from operations in such periods.

Based on the Proforma Financial Statements, as of March 31, 2020, 2021 and 2022, our inventory (on a proforma basis) as a percentage of our current assets (on a proforma basis) was 91.39%, 91.21% and 87.59%, respectively, while our inventory (on a proforma basis) as a percentage of revenue from operations (on a proforma basis) was 44.35%, 75.74% and 57.49%, respectively in such periods. Based on the Proforma Financial Statements, our total payables (on a proforma basis) in Fiscal 2020, 2021 and 2022 was ₹ 2,458.53 million, ₹ 1,729.17 million and ₹ 2,820.66 million respectively, and represented 20.91%, 25.47% and 24.83%, respectively, of our revenue from operations (on a proforma basis) in such periods. In periods following the acquisition of assets of Sai Retail India Limited, a member of our Promoter Group and Group Company, pursuant to the BTA, we expect our trade payables and inventory cost to substantially increase.

For further information, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Presentation of Financial Statements – Proforma Financial Statements*" on page 322.

While we aim to avoid under-stocking and over-stocking through use of our information technology system, our estimates and forecasts may not always be accurate. If we fail to accurately forecast customer demand, we may experience excess inventory levels or a shortage of products available for sale. If we under-stock inventory, our ability to meet customer demand may be impaired. If we over-stock inventory, our capital requirements may increase and we may incur additional financing and storage costs. Any unsold inventory may have to be sold at cost price or lower than cost price or discarded, potentially leading to losses. We cannot assure you that we will be able to sell surplus stock in a timely manner, or at all, which in turn may adversely affect our business, results of operations and financial condition.

7. ***We operate all of our shops, our Registered Office, and warehouses on a leasehold basis. If we are unable to comply with the terms of the leases, renew our agreements or enter into new agreements on favorable terms, or at all, our business, results of operations and financial condition may be adversely affected.***

We operate all of our stores, our Registered Office, and all of our warehouses on a leasehold basis. The term of our lease agreements for our shops typically range from nine years to 15 years, lease agreements for warehouses typically range from six years to 14 years and the current lease agreement for our Registered Office is valid until January 31, 2026. Further, we have also leased one property located at Ameerpet, Hyderabad for our customer service operations which is valid until January 31, 2026.

In Fiscal 2020, 2021 and 2022, our short-term lease expenses amounted to ₹ 183.35 million, ₹ 133.27 million and ₹ 214.10 million representing 1.63%, 1.98% and 2.03%, respectively of our total expenses in such period. Our total lease expenses for the Fiscal 2020, 2021 and 2022 amounted to ₹ 300.15 million, ₹ 257.44 million, ₹ 367.75 million, respectively, representing 2.67%, 3.83% and 3.48% of our total expenses.

We cannot assure you that we will be able to fully comply with all the terms of the lease deed, renew such lease or enter into new lease in the future, on terms favorable to us, or at all. We are subject to a lock-in provision under majority of our leases which may restrict our ability to terminate such leases, including in the event the location of the leased premises is no longer profitable. Further, generally the lessors are entitled to terminate the lease deeds prior to the end of their tenure including due to our non-compliance with its terms or non-payment of rent for over a specified period. We may also face the risk of being evicted in the event that our landlords allege a breach on our part of any terms under these lease/ leave and license agreements and there is no assurance that we will be able to identify suitable locations to re-locate our operations. Although no such incidents have occurred in the past, we cannot assure you that such instances will not occur in future. In the event such incidents occur, our business, financial condition and results of operation may be adversely affected.

8. ***Quality and consistency in customer service at our stores are critical for our success, which depend on our ability to attract and retain skilled personnel. Any failure in this respect could materially and adversely impact our reputation, business, financial condition, cash flows and results of operations.***

Our business is manpower intensive and the success of our business depends on maintaining high standards of customer service in our stores. This is dependent on our ability to attract, hire, train, and retain skilled personnel particularly for sales functions, monitor them continuously on key service parameters and guide them regularly. We had 4,298 employees and 85 contract labourers as of May 31, 2022. As we seek to expand our retail network, we need experienced manpower that has relevant knowledge of our target customers and of the local market and the retail industry to operate our stores, respectively. Across our operations, we experienced attrition of 12.60% for Fiscal 2020, 19.03% for Fiscal 2021 and 23.67% in Fiscal 2022. In addition, we had 84, 108 and 129 employees in Fiscal 2020, 2021 and 2022 in our sourcing and logistics operations with an attrition rate of 2.43%, 3.12% and 2.53%. However, we cannot assure you that attrition rates for our employees, particularly our sourcing personnel, will not increase.

A significant increase in our employee attrition rate could also result in decreased operational efficiencies and productivity, loss of market knowledge and customer relationships, and an increase in recruitment and training costs, thereby materially and adversely affecting our business, results of operations and financial condition. In the event that we are unable to hire people with the necessary knowledge or expertise, our business may be severely disrupted, financial condition and results of operations may be adversely affected.

While we consider our current labour relations to be good, and have measures in place aimed at maintaining balanced employee relations, there can be no assurance that we will not experience future disruptions in our operations due to disputes, strikes, work stoppages, work slow-downs or lockouts at our shops, though such disruptions have not been experienced in the past. Moreover, we are subject to stringent labour laws, and any violation of these laws may lead regulators or other authorities to order a suspension of certain or all of our operations. Any of the foregoing may adversely affect our business and results of operations.

We may also be subject to increasing manpower costs in India, which would directly impact our employee costs and consequently, on our margins. Further, the minimum wage laws in India may be amended leading to upward revisions in the minimum wages payable in one or more states in which we currently operate or are planning to expand to. As inflationary trends are witnessed in the market, the wages that we are required to pay to our employees might correspondingly undergo an increase. We may need to increase compensation and other benefits in order to attract and retain key personnel in the future and that may materially affect our costs and profitability. We cannot assure you that as we continue to grow our business in the future, our employee costs coupled with operating expenses will not significantly increase.

9. ***We may be subject to labour unrest, slowdowns and increased wage costs, which may have an adverse effect on our business, operations, our cash flow and financial condition.***

India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for the establishment of unions, dispute resolution and employee removal, and legislation that imposes certain financial obligations on employers upon retrenchment. Our employees are not unionised. However, in the event that employees seek to unionise, it may become difficult for us to maintain flexible labour policies, which may increase our costs and adversely affect our business. We believe our employees and personnel are critical to maintain our competitive position. Although we have not experienced any labour unrest, we cannot assure you that we will not experience disruptions in work or our retail operations due to disputes or other problems with our work force, which may adversely affect our ability to continue our business operations. Any labour unrest directed against us, could directly or indirectly prevent or hinder our normal operating activities, and, if not resolved in a timely manner, could lead to disruptions in our operations. Further, our third-party suppliers may experience strikes or other labour disruptions and shortages that could affect our operations, possibly for a significant period of time, result in increased wages, shortage in manpower and other costs and otherwise have a material adverse effect on our business, results of operations or financial condition. These actions are very difficult for us to predict or control and any such event could adversely affect our business, results of operations and financial condition. A potential increase in the salary scale of our employees as a result of organisation or unrest, or a disruption in services from our employees or contract manufacturers due to potential strikes, could adversely affect our business operations and financial condition.

10. *We procure our products from third-party vendors and master weavers. We do not enter into long term formal agreements with such vendors and may not be able to procure sufficient quantities or desired quality of products from such vendors and master weavers in a timely manner or at acceptable prices, or on an exclusive basis, which may adversely affect our business, financial condition and results of operations.*

We procure our products from third party vendors and master weavers/weavers. We have ongoing arrangements with third party vendors, weavers and master weavers, located across various states and cities. We may be unable to replace our existing third party vendors, weavers or master weavers at short notice, or at all, and may face delays in supplies.

Typically, we do not enter into long term formal agreements with our vendors and prices for products procured by us are normally based on non-exclusive purchase orders. Fluctuations in the price, availability and quality of the fabrics or other raw materials used in our manufactured apparel, could have a material adverse effect on the price at which we purchase these products. The prices of fabrics depend largely on the market prices of the raw materials used to produce them. The price and availability of the raw materials and, in turn, the fabrics used in our products may fluctuate significantly, depending on many factors. Though the price of the raw materials that are purchased by the third parties to manufacture products that we sell are included in the purchase orders that we enter into, there can be no assurance that we will always be successful in our efforts to protect our business from the volatility of the market price of raw materials, and our business can be affected by dramatic movements in prices of raw materials.

Discontinuation of production by these suppliers or a failure of these suppliers to adhere to the delivery schedule or the required quality could hamper our inventory management. There can be no assurance that strong demand, capacity limitations or other problems experienced by our suppliers will not result in occasional shortages or delays in their supply of products to us. Further, we cannot assure you that our suppliers will continue to be associated with us on reasonable terms, or at all. Since these suppliers are not contractually bound to deal with us exclusively, we may face the risk of our competitors offering better terms to such suppliers, which may cause them to cater to our competitors alongside, or even instead of us. Our vendors, weavers and master weavers may replicate the designs that they produce for us, and there can be no assurance that we will be able to protect our designs from such replication. In the event that we fail to secure sufficient quantities of such products from our suppliers at acceptable quality and prices in a timely manner, our business, financial performance and cash flows may be adversely affected. While there have not been any instances or events in the past that has resulted in any shortfall in supply of our products, we cannot assure you that such incidents will not occur in the future.

11. *The objects of the Offer include funding working capital requirements of our Company, which are based on certain assumptions and estimates and such working capital requirements may not be indicative of the actual requirements of our Company.*

Our Company has relied and continues to rely on cash flow generated from operations and working capital facilities to fund its working capital gap. Further, the Company experienced high levels of trade payable and inventory days for the last three Fiscals. The objects of the Offer include funding working capital requirements of our Company, which are based on management estimates and certain assumptions in relation to, *inter alia*, sales of our products in the future, and the cost and holding periods of inventories of finished goods. The incremental and proposed working capital requirements, was approved by the Board pursuant to a resolution dated June 15, 2022. For further information, see "*Objects of the Offer*" on page 92. Our working capital requirements may be subject to change due to factors beyond our control including force majeure conditions, an increase in defaults by our customers, availability of funding from banks or financial institutions. Accordingly, such working capital requirements may not be indicative of the actual requirements of our Company in the future and investors are advised to not place undue reliance on such estimates of future working capital requirements.

12. *Our e-commerce business faces distinct risks, and our failure to successfully manage those risks could have a negative impact on our profitability.*

We sell our products by listing our products on our websites, www.kalamandir.com, www.brandmandir.com and www.kanchivml.com and certain third-party websites and e-commerce platforms. As a result, we encounter risks and difficulties frequently experienced by retailers who use e-commerce to sell their products. The successful operation of our business as well as our ability to provide a positive shopping experience that will generate orders, brand loyalty and drive subsequent visits depends on the efficient and uninterrupted operation of our order-taking and fulfilment operations. While we have not experienced any material disruptions to our operations in the past owing to these, risks associated with our e-commerce business include:

- disruptions in internet service or power outages;
- reliance on third parties for computer hardware and software, as well as delivery of the merchandise to our customers;
- rapid technology changes;
- lack of visibility of our products over the products of our competitors on third-party e-commerce websites;
- cybersecurity and data privacy concerns and regulation; and
- natural disasters or adverse weather conditions.

Any of the foregoing may adversely affect our business and results of operations.

13. *Technology failures could disrupt our operations and adversely affect our business operations and financial performance.*

IT systems are critical to our ability to manage our inventory management, financial management, data handling, supply chain management, and e-commerce sales and in turn, to maximize efficiencies and optimize costs. Our IT systems enable us to coordinate our operations, from automated invoicing, customer relationship management and decision support. For further information, see "*Our Business*" on page 178. While we currently use an in-house developed ERP system that was developed by Soul of Pluto LLP, a member of our Promoter Group, there is no guarantee that the ERP system that we use will be sufficient to handle the increased loads that are likely to materialize as a result of opening of new stores. Further, in the event we are required to transmit data, including sensitive data, our ERP may not have encryption and safety measures that are comparable to large, well-established ERP providers.

If we do not allocate and effectively manage the resources necessary to implement and sustain the proper IT infrastructure, we could be subject to transaction errors, processing inefficiencies and, in some instances, loss of customers. Challenges relating to the revamping or implementation of new IT structures can also subject us to certain errors, inefficiencies, disruptions and, in some instances, loss of customers. Our IT systems, and the systems of our third-party IT service providers may also be vulnerable to a variety of interruptions due to events beyond our control, including, but not limited to, natural disasters, terrorist attacks, telecommunications failures, computer viruses, hackers and other security issues. Although we have security initiatives and disaster recovery plans in place to mitigate its risk to these vulnerabilities, such measures may not have been effectively implemented or may not be adequate to ensure that its operations are not disrupted, which could have an adverse impact on our business operations.

14. *We have entered into a business assets transfer agreement to acquire the business assets of Sai Retail India Limited. Any failure to realise the anticipated benefits of the transfer or any future acquisition, partnership or purchase that we undertake, may have an adverse effect on our business, results of operations, cash flows and financial condition.*

Until Fiscal 2022, we procured our products through Sai Retail India Limited, a member of our Promoter Group and Group Company. Our Company had entered into a supplier's agreement with Sai Retail India Limited dated April 1, 2017 ("**Suppliers Agreement**") for the purchase of apparel products from Sai Retail India Limited for a period of five years with effect from April 1, 2017. In view of the changing business dynamics, our Company and Sai Retail India Limited did not continue with arrangements under such Suppliers Agreement with effect from April 1, 2022. Our Company entered into a business assets transfer Agreement dated April 1, 2022 pursuant to which we acquired the business assets of Sai Retail. In addition, the employees of Sai Retail India Limited engaged in the apparel business, who were responsible for procurement of products and inventory management were also employed by our Company, on terms and conditions similar to that applicable to such employees at Sai Retail India Limited. While we believe the assets that we have acquired from Sai Retail India Limited complement our business requirements, the success of the asset acquisition or any other acquisition or joint venture that we may undertake in the future will depend, in part, on our ability to realize the anticipated growth opportunities and synergies from combining these businesses.

If the management's attention is diverted or there are any difficulties associated with integrating these businesses, our results of operations and cash flows could be adversely affected. Even if we are able to successfully combine business operations, it may not be possible to realize the full benefits of the integration opportunities, the synergies and other benefits that we expect will result from this acquisition, or realize these benefits within the time frame that we currently expect from this acquisition. Further, we may be unable to find suitable companies to acquire, assets to purchase or joint ventures to pursue in the future. Any failure to identify suitable opportunities or to realize the anticipated benefits of any acquisition, joint venture or partnership, in a timely manner, or at all, could have an adverse effect on our business, results of operations, cash flows and financial condition. For further information, see "*History and Certain Corporate Matters – Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamation or revaluation of assets in the last 10 years - Business Assets Transfer Agreement dated April 1, 2022 entered into between the Company and Sai Retail India Limited ("BTA")*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Presentation of Financial Statements – Proforma Financial Statements*" on pages 210 and 322, respectively.

15. ***We may be subject to fraud, theft, employee negligence or similar incidents which may adversely affect our results of operations and financial condition.***

Our operations may be subject to incidents of theft or damage to inventory in transit, prior to or during stocking or delivery. Our industry typically encounters some inventory loss on account of employee theft, shoplifting, vendor fraud, credit card fraud and general administrative error. We maintain large amounts of inventory at all our stores and warehouse at all times and had a total inventory of ₹ 4,764.32 million, as of March 31, 2022. Although we have set up various security measures such as CCTV camera at key vantage points in our stores, we have in the past experienced such incidents, including certain instances of theft amounting to ₹ 0.89 million in Fiscal 2021. There can be no assurance that we will not experience any fraud, theft, employee negligence, security lapse, loss in transit or similar incidents in the future, which could adversely affect our results of operations and financial condition.

Additionally, in case of losses due to theft, fire, breakage or damage caused by other casualties, there can be no assurance that we will be able to recover from our insurers the full amount of any such loss in a timely manner, or at all. If we incur a significant inventory loss due to third-party or employee theft and if such loss exceeds the limits of, or is subject to an exclusion from, coverage under our insurance policies, it could have an adverse effect on our business, results of operations and financial condition. In addition, if we file claims under an insurance policy it could lead to increases in the insurance premiums payable by us or the termination of coverage under the relevant policy.

16. ***Our insurance cover may not be adequate or we may incur uninsured losses or losses in excess of our insurance coverage.***

Our insurance policies currently cover our inventory, our stores, our warehouses and transit of goods from our warehouses to our stores. Notwithstanding the insurance coverage that we carry, we may not be fully insured against certain business risks. There are many events that could significantly impact our operations, or expose us to third-party liabilities, for which we may not be adequately insured. There can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part, or on time. To the extent that we suffer any loss or damage that is not covered by insurance or exceeds our insurance coverage, our business, financial condition and results of operations could be adversely affected.

We could face liabilities or otherwise suffer losses should any unforeseen incident such as fire, flood, and accidents affect our shops, warehouses or corporate offices. Although we maintain insurance coverage such as fire policy, burglary policy for the stocks, and insurance for our employees and personal accident insurance for contractors/ workers and sub-contracts' workers, there are possible losses, which we may not have insured against or covered or wherein the insurance cover in relation to the same may not be adequate. We may face losses in the absence of insurance and even in cases in which any such loss may be insured, we may not be able to recover the entire claim from insurance companies. Any damage suffered by us in excess of such limited coverage amounts, or in respect of uninsured events, not covered by such insurance policies will have to be borne by us. As of March 31, 2020, 2021 and 2022 the aggregate coverage of the insurance policies obtained by us was ₹ 6,379.17 million, ₹ 4,997.09 million, and ₹ 5,735.00 million, which constituted 115.38%, 94.02%, and 88.53% of our total insurable assets, respectively.

While we believe that we have obtained insurance against losses which are most likely to occur in our line of business, there may be certain losses which may not be covered by insurance, which we have not ascertained as on the date. Therefore, we cannot assure you that we will continue to accurately ascertain and maintain adequate insurance policies for losses that may be incurred in the future. For further information on the insurance policies availed by us, see "*Our Business – Insurance*" on page 199.

17. *Industry information included in this Draft Red Herring Prospectus has been derived from an industry report prepared by Technopak Advisors Private Limited exclusively commissioned and paid for by us for such purpose.*

We have used the report titled "*Industry Report on Women Ethnic Wear Apparel in India*" dated July 12, 2022 ("**Technopak Report**") by Technopak Advisors Private Limited ("**Technopak**") appointed on February 22, 2022 for purposes of inclusion of such information in this Draft Red Herring Prospectus, and exclusively commissioned by our Company for purposes of inclusion of such information in the Offer documents at an agreed fees to be paid by our Company. Given the scope and extent of the Technopak Report, disclosures are limited to certain excerpts and the Technopak Report has not been reproduced in its entirety in this Draft Red Herring Prospectus. In addition, statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Draft Red Herring Prospectus. Also see, "*Certain Conventions, Presentation of Financial, Industry and Market Data – Industry and Market Data*" on page 18.

18. *If we are unable to raise additional capital, either through debt or equity, our business prospects could be adversely affected.*

We intend to fund our growth and expansion plans through our cash on hand and cash flow from operations. We will continue to incur significant expenditure in maintaining and growing our existing network. We cannot assure you that we will have sufficient capital resources for our current operations or any future expansion plans that we may have. While we expect our cash on hand and cash flow from operations to be adequate to fund our existing commitments, our ability to incur any future borrowings is dependent upon the success of our operations.

The table below provides details of our total borrowings during the last three Fiscals:

Facility	Fiscal 2020 (₹ million)	Fiscal 2021 (₹ million)	Fiscal 2022 (₹ million)
Term Loan	466.61	776.60	696.98
Working Capital Facilities	1,158.46	1,393.76	1,907.91
Total	**1,625.07**	**2,170.36**	**2,604.89**

Our ability to arrange financing and the costs of capital of such financing are dependent on several factors, including our credit ratings, general economic and capital market conditions, credit availability from banks, investor confidence, the continued success of our operations and regulatory framework that allows us to raise capital. If we decide to meet our capital requirements through debt financing, we may be subject to certain restrictive covenants. Further, our Promoters may be required to extend additional personal guarantees for raising such debt. If we are unable to raise adequate capital in a timely manner and on acceptable terms, or at all, our business, results of operations, cash flows and financial condition could be adversely affected. For further information, see "*History and Certain Corporate Matters – Details of guarantees given to third parties by the promoter participating in the Offer for Sale*" on page 211.

19. *Our Statutory Auditors have included emphasis of matters in our audited financial statements as of and for the years ended March 31, 2021, and 2020.*

Our Statutory Auditors have included emphasis of matters in the annexure to their audit reports on the consolidated financial statements as at and for the years ended March 31, 2020 and 2021 as follows:

Fiscal 2020 and Fiscal 2021

"We draw your attention to Note No. 44 of the Financial Statements which describes Management's assessment of the impact of the COVID–19 pandemic on the operations and financial results of the company. Our opinion is not modified in respect of the above matter.

<u>*Note No. 44 of the Financial Statements for the year ended March 31, 2021 and March 31, 2020:*</u>

The retail industry as a whole has been adversely impacted by the spread of COVID-19. The operations of the company were impacted to certain extent owing to the complete Lock down imposed from 22-03-2020. In this crisis, our priorities are to protect the employees and their families from COVID-19, besides our customers visiting our stores and the society associated with it. The company has begun restoration of store operations from last week of May-20 and has been opening the stores, as permitted by the Government and Local/Regulatory authorities, with controlled movement, maintaining social distancing, taking appropriate hygiene measures and following the directions of regulatory authorities. The Company believes that the pandemic is not likely to impact the recoverability of the carrying value of its assets. The Company is closely monitoring the developments and possible effects that may result from the current pandemic on its financial condition, liquidity and operations and is actively working to minimize the impact of this unprecedented situation. As the situation is continuously evolving, the eventual impact may be different from the estimates made as of the date of approval of these Results."

Other than as mentioned above, there are no adverse reservations/ qualifications/ adverse remarks/ made by our Statutory Auditors in their auditor's reports on the audited financial statements as of and for the years ended March 31, 2020, and 2021. There can be no assurance that any similar emphasis of matters will not form part of our financial statements for the future fiscal periods, which could subject us to additional liabilities due to which our reputation and financial condition may be adversely affected.

20. ***We have incurred indebtedness and an inability to comply with repayment and other covenants in our financing agreements could adversely affect our business and financial condition. Further, certain of our financing agreements involve variable interest rates and an increase in interest rates may adversely affect our results of operations and financial condition.***

Some of the financing arrangements entered into by us include conditions that require our Company to obtain respective lenders' consent prior to carrying out certain activities and entering into certain transactions. As of June 15, 2022, we had total outstanding borrowings of ₹ 2,590.94 million. Failure to meet these conditions or obtain these consents could have significant consequences on our business and operations. These covenants vary depending on the requirements of the financial institution extending such loan and the conditions negotiated under each financing agreement. Some of the corporate actions that require prior consents from certain lenders include, amongst others, changes in the (a) capital structure of our Company (including a bonus issuance or a preferential issue or otherwise) and/or by way of a split of the face value of the Equity Shares, (b) constitutional documents, including but not limited to the articles of association and memorandum of association of our Company, (c) management (including key managerial personnel) of our Company or composition of and/or remuneration payable to the board of directors of our Company in order to comply with various requirements applicable to listed companies, (d) expansion, acquisition, diversification, modernization, or renovation by the Company including but not limited to undertaking any further capital expenditure, undertaking any new project, or acquire any fixed assets, (e) shareholding pattern of our Company (including any offer for sale of Equity Shares by certain existing shareholders pursuant to the Offer and any consequent dilution of the current shareholding of our directors, promoters, member(s) of the promoter group and other shareholders of our Company and (f) effecting lock-in of any Equity Shares held by the shareholders (including Promoters) of the Company. While we have received all relevant consents required for the purposes of this Offer and have complied with these covenants, a failure to comply with such covenants in the future may restrict or delay certain actions or initiatives that we may propose to take from time to time. While we have not defaulted on any covenants in financing agreements in the past, we cannot assure you that this will continue to be the case in the future.

A failure to observe the covenants under our financing arrangements or to obtain necessary consents/ waivers, constitute defaults under the relevant financing agreements and will entitle the respective lenders to declare a default against us and enforce remedies under the terms of the financing agreements, that include, among others, acceleration of amounts due under such facilities, enforcement of any security interest created under the financing agreements and taking possession of the assets given as security in respect of the financing agreements. If the obligations under any of our financing documents are accelerated, we may have to dedicate a portion of our cash flow from operations to make payments under such financing documents, thereby reducing the availability of cash for our working capital requirements and other general corporate purposes. In addition, during any period in which we are in default, we may be unable to raise, or face difficulties raising, further financing. A default by us under the terms of any financing agreement may also trigger a cross-default under some of our other financing agreements, or any other agreements or instruments of our containing cross-default provisions, which may individually or in aggregate, have an adverse effect on our operations, financial position and credit rating. For details of our borrowings, see "*Financial Indebtedness*" on page 344.

Further, we are susceptible to changes in interest rates and the risks arising therefrom. Certain of our financing agreements provide for interest at variable rates with a provision for the periodic resetting of interest rates. Further, under certain of our financing agreements, the lenders are entitled to charge the applicable rate of interest, which is a combination of a base rate/MCLR rate that depends upon the policies of the RBI and a contractually agreed spread, and in the event of an adverse change in our Company's credit risk rating. Further, in recent years, the GoI has taken measures to control inflation, which included tightening the monetary policy by raising interest rates. As such, any increase in interest rates may have an adverse effect on our business, results of operations, cash flows, and financial condition.

21. *As of March 31, 2022, we had contingent liabilities which have not been provided for in our financial statements.*

As of March 31, 2022, our contingent liabilities as per Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets, that have not been provided for were as follows:

Particulars	Amount (₹ million)
Income Tax	
- Assessment Year 2009 – 2010	0.58
- Assessment Year 2010 – 2011	0.15
- Assessment Year 2011 – 2012	0.79
- Assessment Year 2016 – 2017	8.86
Total	**10.38**

Our Company has filed rectification under section 154 of the Income Tax Act, 1961 in relation to the aforementioned.

Further, the Municipal authorities have levied a penalty amounting to ₹ 4.40 million for violation of the Municipal Act (GHMC Act) by erecting advertisements display for the entire building without the written permission of the competent authority. Against the demand, our Company paid an amount of ₹ 0.6 million. Writ petitions was preferred before the Hon'ble High Court of Telangana at Hyderabad seeking stay over the recovery of balance amount of ₹ 3.80 million. The Hon'ble High Court of Telangana vide its order dated January 31, 2022 stayed the proceedings subject to payment of 40% of the balance amount demanded in the challans within a period of four weeks. Pursuant to it, our Company has paid an amount of ₹1.52 million within the stipulated time. The matter is pending before the Hon'ble High Court and the balance amount is ₹ 2.28 million.

If a significant portion of these liabilities materialize, it could have an adverse effect on our business, financial condition and results of operations. For further information, see "*Restated Financial Statements – Note No. 37 – Contingent liabilities and commitments*" on page 271 .

22. *Our Company, Directors, Promoters and Group Companies are or may be involved in certain legal and regulatory proceedings. Any adverse decision in such proceedings may have a material adverse effect on our business, financial condition, cash flows and results of operations.*

There are outstanding legal and regulatory proceedings involving our Company, Directors and Promoters which are pending at different levels of adjudication before various courts, tribunals and other authorities. Such proceedings could divert the management's time and attention and consume financial resources in their defence or prosecution. The amounts claimed in these proceedings have been disclosed to the extent that such amounts are ascertainable and quantifiable and include amounts claimed jointly and severally, as applicable. Any unfavourable decision in connection with such proceedings, individually or in the aggregate, could adversely affect our reputation, business, financial condition and results of operations. The summary of such outstanding material legal and regulatory proceedings as on the date of this Draft Red Herring Prospectus is set out below:

Name of the 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 ₹million)
Company						
By our Company	1	Nil	Nil	Nil	Nil	30.00
Against our Company	Nil	5	3	Nil	1	12.66
Directors (other than Promoter)						

Name of the 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 ₹million)
By our Directors	1	Nil	Nil	Nil	Nil	Nil
Against our Directors	3	Nil	Nil	Nil	1	0.05
Promoters						
By our Promoters	Nil	Nil	Nil	Nil	Nil	Nil
Against our Promoters	Nil	Nil	Nil	Nil	1	Nil

**According to the materiality policy and to the extent quantifiable*

We cannot assure you that any of these on-going matters will be settled in favour of our Company, Promoters, Directors, or Group Companies respectively, or that no additional liability will arise out of these proceedings. Further, we cannot assure you that there will be no new legal and regulatory proceedings involving our Company, Directors, Promoters or Group Companies in the future. An adverse outcome in any such proceedings may have an adverse effect on our business, financial position, prospects, results of operations and our reputation. The Deputy Director (Directorate of Enforcement) under the FEMA, 1999 levied a penalty of ₹ 0.10 million on Nagakanaka Durga Prasad Chalavadi, our Promoter along with others under section 13 of the FEMA, 1999 which was paid by the Promoter on February 18, 2022. For further details, see "*Outstanding Litigation and Material Developments*" on page 346.

23. *Any failure in our quality control processes may have an adverse effect on our business, results of operations and financial condition.*

Our products may contain quality issues resulting from the design or manufacture of the product or raw materials used in the product. We have implemented quality control processes and regularly conduct inspections of finished products manufactured by third-party vendors on the basis of our internal quality standards. However, we cannot assure you that our third-party vendors will always adhere to such standards and that our quality control processes will not fail or the quality tests and inspections conducted by will be accurate at all times. We have, from time to time, exchanged products sold to our customers due to quality defects, or otherwise, in accordance with our exchange and returns policy. In Fiscal 2020, 2021 and 2022, our sales return were ₹ 354.41 million, ₹ 277.92 million and ₹ 392.24 million, respectively representing 2.93%, 3.94% and 3.36% of our gross sales, respectively. In the event the quality of our products is not in accordance with our standards or our products are defective, our customers may return our products or we may be required to recall or exchange such products at an additional cost. Such incidents may impact our reputation, which in turn may adversely affect our business, results of operations and financial condition. We also face the risk of legal proceedings and product liability claims being brought against us by online retailers, for defective products sold. We could be asked to pay compensatory costs and punitive damages if such claims or lawsuits are determined against us which may also result in adverse publicity and impact our brand and customer goodwill. While we have not faced any instances of product liability claims in the past, we cannot assure you that we will not face any such product liability claims in the future.

24. *Failure to obtain or renew approvals, licenses, registrations and permits to operate our business in a timely manner, or at all, may adversely affect our business, financial condition, cash flows and results of operations.*

We are required to obtain certain approvals, registrations, permissions and licenses from regulatory authorities, to carry out/ undertake our operations. These approvals, licenses, registrations and permissions may be subject to numerous conditions. If we fail to obtain some or all of these approvals or licenses, or renewals thereof, in a timely manner or at all, or if we fail to comply with applicable conditions or it is claimed that we have breached any such conditions, our license or permission for carrying on a particular activity may be suspended or cancelled and we may not be able to carry on such activity, which could adversely affect our business, results of operations, cash flows and financial condition. Some our approvals may have expired in the ordinary course of business, for which either we have made the applications or are in the process of making an application with the relevant authorities which are pending as of the date of this Draft Red Herring Prospectus. For further information on the nature of approvals and licenses required for our business, see "*Government and Other Approvals*" on page 352. In addition, we have, and may need to in the future, apply for certain additional approvals, including the renewal of approvals, which may expire from time to time.

There is no assurance that such approvals and licenses will be granted or renewed in a timely manner or at all by the relevant governmental authorities. Failure to obtain or renew such approvals and licenses in a timely manner would make our operations non-compliant with applicable laws and may result in imposition of penalties by relevant authorities, and may also prevent us from carrying out our business. Our licenses and approvals are subject to various conditions, including periodic renewal and maintenance standards. Any actual or alleged failure on our part to comply with the terms and conditions of such regulatory licenses and registrations could expose us to legal action, compliance costs or liabilities, or could affect our ability to continue to operate at the locations or in the manner in which we have been operating thus far.

25. ***We are dependent on third-party transportation providers for the delivery of our products, and any disruption in such delivery or failure by third parties to provide their services may adversely affect our operations.***

Our success depends on the uninterrupted supply and transportation of our products. We rely on our vendors to deliver our finished products to our warehouses. For the purposes of delivery of our products from our warehouses to our stores we typically rely on third-party transportation and logistics providers. We typically enter into non-exclusive agreements with such transportation providers for the delivery of our products. We are therefore dependent on transportation and logistics companies that we engage with. Although we have not encountered any significant disruption to the supply and transportation of raw materials and products in the past, the operating restrictions/ lockdown consequent to the outbreak of the COVID-19 pandemic temporarily affected our ability to transport of our finished products in the first quarter of Fiscal 2021. There can be no assurance that any such disruption will not occur in the future as a result of these factors and that such disruptions will not be material. While in last three Fiscal, most of our products were transported through our owned set of vehicles and we spent minimal expenditure on third party logistics providers, we expect to avail services of third-party transportation and logistics providers from time to time.

Although we do not rely on a limited number of vendors for transportation of our products and have alternative vendors whose services we may avail, transportation strikes may have an adverse effect on supplies and deliveries. In addition, products may be lost or damaged in transit for various reasons including occurrence of accidents or natural disasters. There may also be delay in delivery of products which may also affect our business and results of operation negatively. A failure to deliver our products in an efficient and reliable manner could have a material and adverse effect on our business, financial condition and results of operations. Any recompense received from insurers or third-party transportation providers may be insufficient to cover the cost of any delays and will not repair damage to our relationships with our affected customers. We may also be affected by an increase in fuel costs, as it will have a corresponding impact on freight charges levied by our third-party transportation providers. This could require us to expend considerable resources in addressing our distribution requirements, including by way of absorbing these excess freight charges to maintain our selling price, which could adversely affect our results of operations, or passing these charges on to our customers, which could adversely affect demand for our products.

26. ***We are dependent on our Promoters, our senior management team, and Key Managerial Personnel, and the loss of, or our inability to hire, retain, train, and motivate qualified personnel could adversely affect our business, results of operations, and financial condition.***

Our ability to compete depends upon our ability to attract, motivate, and retain qualified personnel. We are dependent on the continued contributions of our Promoter, Nagakanaka Durga Prasad Chalavadi who has spearheaded our growth and market dominance. We believe that the inputs and experience of our senior management and key managerial personnel are valuable for the growth and development of business and operations and the strategic directions taken by our Company. We cannot assure you that we will be able to retain these employees or find adequate replacements in a timely manner, or at all.

We may require a long period of time to hire and train replacement personnel when qualified personnel terminate their employment with our Company. We may also be required to increase our levels of employee compensation more rapidly than in the past to remain competitive in attracting employees that our business requires. The loss of the services of such persons may have an adverse effect on our business, our results of operations and our cash flows. For details in relation to change in our KMPs in the last three years, please see "*Our Management - Changes in the Key Managerial Personnel*" on page 230.

The continued operations and growth of our business is dependent upon our ability to attract and retain personnel. Competition for qualified personnel with relevant industry expertise in India is intense. A loss of the services of our key personnel may adversely affect our business, results of operations, cash flows and financial condition.

27. *The growth of online retailers and current trends of discounting and pricing strategies may adversely affect our pricing ability, which may have an adverse effect on our results of operations and financial condition.*

In Fiscal 2021 and 2022, our revenue from operations attributable to online sales was ₹ 54.92 million, and ₹ 171.55 million, and accounted for 0.81%, and 1.52%, respectively, of our revenue from operations. In recent years, increase in penetration of smart phones and low-cost internet data has led to a boost in online retailing. This has led to current trends of discounting and deep price competition amongst ecommerce players. Online retailers sell multiple brands on their platforms, providing customers the ability to compare products and prices across brands. *(Source: Technopak Report)* While we believe this provides us with an opportunity to increase the visibility of our brand, it also increases the negotiating position of such online retailers. We cannot assure you that we will always be able to negotiate agreements on favorable terms or at all, with such online retailers, particularly in relation to pricing or credit terms. If our customers perceive that the price of our products are not in line with the quality of our products, our sales may be directly impacted. We may not always be able to offer our products at prices which represent value for money. Any inability on our part to enter into agreements and on terms favorable to us, may have an adverse effect on our pricing and margins, and consequently adversely affect our results of operations and financial condition.

28. *If any new products that we launch are not as successful as we anticipate, our business, results of operations and financial condition may be adversely affected.*

We may launch additional products under our existing store formats in the future in order to effectively market a wider range of apparel or other products. However, we cannot assure you that any new products we launch will be successful or find traction with our customers. If the products that we launch are not as successful as we anticipate, our brand equity may suffer and our business, results of operations and financial condition may be adversely affected. Further, such expanded product offerings place a strain on our management, operational and financial resources.

29. *Our Promoter has pledged certain of his Equity Shares and entered into agreement for the pledge of shares with certain lenders. Any exercise of such pledge by the lender or enforcement of such pledge could dilute the shareholding of these Promoters, which may adversely affect our business and future prospects.*

As on the date of this Draft Red Herring Prospectus, 21,437,500 Equity Shares held by our Promoter, Nagakanaka Durga Prasad Chalavadi, are pledged in favor of State Bank of India, pursuant to sanction letters dated December 5, 2017, March 8, 2019, March 10, 2020 and March 20, 2021 to secure the borrowing obligations of our Company with the lender.

Any default under the agreements pursuant to which these Equity Shares have been pledged will entitle the pledgee to enforce the pledge over these Equity Shares. Till the date of the Draft Red Herring Prospectus, none of our lenders have invoked any pledged Equity Shares of our Company in the past. Further, any default under the loan agreements following the creation of a pledge on the Equity Shares of our Company may result in, inter alia, reduction on the aggregate shareholding of our Promoter, the lender taking ownership of the pledged shares, selling the pledged shares to any third-party purchaser, and attending and exercising voting rights in respect of the pledged shares on any matter at any meeting of the members of our Company. For further information in respect of encumbrances created on the Promoters' shareholding, see "*Capital Structure – Build-up of the shareholding of our Promoters in our Company*" on page 81.

30. *Any downgrade in our credit ratings could increase our borrowing costs, affect our ability to obtain financing, and adversely affect our business, results of operations and financial condition.*

The cost and availability of our capital depends on our credit ratings. Credit ratings reflects the opinion of the rating agency on our management, track record, diversified clientele, increase in scale and operations and margins, medium term revenue visibility and operating cycle. Our bank facilities were assigned Care A-, Outlook: Stable outlook for Fiscal 2021 by Care Ratings and IND A- with Negative outlook by India Ratings and Research for Fiscal 2021.

Any downgrade in our credit ratings could increase borrowing costs, result in an event of default under our financing arrangements and adversely affect our access to capital and debt markets, which could in turn adversely affect our interest margins, our business, results of operations, financial condition and cash flows. In addition, any downgrade in our credit ratings could increase the probability that our lenders impose additional terms and conditions, including increasing the rates of interest at which loans are extended to us, to any financing or refinancing arrangements we enter into in the future and adversely affect our business, results of operations and financial condition.

31. *Our growth and profitability depend on the level of consumer confidence and spending in India.*

Our results of operations are sensitive to changes in overall economic and political conditions that impact consumer spending. The Indian retail apparel market, in particular, is very sensitive to broad economic changes, and retail purchases tend to decline during recessionary periods. Many factors outside of our control, including interest rates, volatility of India's and the world's stock markets, inflation, tax rates and other government policies, and unemployment rates can affect consumer confidence and spending. The domestic and international political environments, including conflicts, political turmoil or social instability, may also affect consumer confidence and reduce spending, which could affect our growth and profitability.

32. *If we are unable to protect credit card or debit card data or any data related to any other electronic mode of payment, or any other personal information that we collect from customers, our reputation could be significantly harmed.*

The use of electronic payment methods and collection of other personal information from customers exposes us to an increased risk of privacy and security breaches as well as other risks. Although, we rely on, among other security measures, firewalls, web content filtering, encryption and authentication technology, unauthorized use of, or inappropriate access to, our networks, computer systems or services could potentially jeopardize the security of such confidential information. The techniques used to obtain unauthorized access, disable or degrade service or sabotage systems change frequently and often are not recognized until launched against a target. We may be unable to anticipate these techniques or to implement adequate preventative measures. Non-technical means, such as actions (or inactions) by an employee, can also result in a data breach. We cannot assure you that any security measures taken by us will be effective in preventing these activities. We may need to expend significant resources to protect against security breaches or to address problems caused by such breaches.

Further, third parties may have the technology or know-how to breach the security of the customer information transmitted in connection with credit and debit card sales and use of e-wallets, and our security measures and those of technology suppliers may not effectively prohibit others from obtaining improper access to this information. If a person is able to circumvent our security measures or otherwise gain access to the confidential information that we collect, they may be able to destroy or steal valuable information or otherwise disrupt our operations. While we have not experienced any such instances in the past, we may become subject to claims for purportedly fraudulent transactions arising out of the actual or alleged theft of credit or debit card information or other confidential information, and we may also be subject to lawsuits or other proceedings relating to these types of incidents. Any such claim or proceeding could cause us to incur significant unplanned expenses, which could have an adverse impact on our financial condition, results of operations and cash flows. Further, adverse publicity resulting from these allegations could significantly harm our reputation and may have a material adverse effect on us and our stores.

Moreover, we receive and process certain personal financial and other information about our customers and employees when we accept credit cards for payment. While we do not store customers' credit and debit card payment information, the use and handling of this information is regulated by evolving and increasingly demanding laws and regulations in India. If our security and information systems are compromised as a result of data corruption or loss, cyberattack or a network security incident or our employees, or suppliers fail to comply with these laws and regulations, and this information is obtained by unauthorized persons or used inappropriately, it could subject us to litigation and government enforcement actions, damage our reputation, cause us to incur substantial costs, liabilities and penalties and/or result in a loss of customer confidence, any and all of which could adversely affect our business, financial condition and results of operations.

33. ***We may be unable to adequately protect our intellectual property and may be subject to risks of infringement claims.***

As of the date of this Draft Red Herring Prospectus, our Company has registered 50 trademarks in India under various classes, including our logo SSKL

Further, our Company has 8 trademarks which are accepted and advertised. We also have 2 trademarks that have been opposed, 4 that have been abandoned, 20 that have been objected, 6 that have not been put up for examination due to incomplete digitization, 15 that have been formalities check pass and 6 that have been refused. For further details, see "*Government and Other Approvals*" on page 352. In addition, pursuant to a user license agreement dated August 9, 2011, our Company was provided with the rights to use the Kalamandir logo by one of our Promoter, Jhansi Rani Chalavadi at a royalty of ₹ 0.10 million per store for a period of five years. The trademark was assigned by Jhansi Rani Chalavadi to I-One Investment Private Limited ("**I-One**") at a consideration of ₹ 25.33 million pursuant to an assignment agreement dated May 20, 2014. However, the said agreement was not registered with the trademark registry at the time of assignment. Subsequent to an order dated August 18, 2016 by High Court of Hyderabad, I-One was merged with our Company and we have initiated the process of transmission of trademark Kalamandir in our name. While we have made an application for the transmission of the trademark in the name of our Company, as on the date of this Draft Red Herring Prospectus, the application is still pending. For further details, see "*Material Contracts and Documents for Inspection*" on page 419.

While we take care to ensure that we comply with the intellectual property rights of third parties, we cannot determine with certainty whether we are infringing upon any existing third-party intellectual property rights. While we have not been involved in any intellectual property disputes in the past, we cannot assure you that we will not be involved in such disputes in the future, including disputes relating to our pending trademark applications.

Any intellectual property claims, with or without merit, could be very time-consuming, could be expensive to settle or litigate and could divert our management's attention and other resources. These claims could also subject us to significant liability for damages, potentially including enhanced statutory damages if we are found to have wilfully infringed intellectual property rights. While such claims by third parties have not been made to us historically, the occurrence of any of the foregoing would adversely affect our business operations and financial results.

Further, there can be no assurance that third parties will not infringe upon our intellectual property, adversely affecting our business prospects, reputation, and goodwill. Our efforts to protect our intellectual property may not be adequate and any failure to protect our intellectual property may affect our business value and our operations could be adversely affected. We may need to litigate in order to determine the validity of such claims and the scope of proprietary rights of others.

34. ***We are dependent on sales through third party online market place. Our business, results of operations and financial condition could suffer if we fail to maintain relationships with such third parties.***

We enter into agreements with online market place retailers to sell our products. Counterparties under these agreements typically have the right to terminate these agreements without cause. Further, we generally do not have exclusivity arrangements with online retailers, and accordingly, they may also retail products of our competitors.

We cannot assure you that we will be able to continue to renew the arrangements with these third parties on terms that are commercially acceptable to us, or at all. We cannot assure you that such third parties shall fulfil their obligations under such agreements entirely, or at all, shall not breach certain terms of their arrangements with us, including with respect to payment obligations or quality standards, or shall not choose to terminate their arrangements with our Company. We may have to initiate litigation in respect of any breach by such third-parties, and such litigation could divert the attention of our management from our operations, and be decided against us, which may adversely affect our business, financial condition and results of operations.

35. *Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates and may be subject to change based on various factors, some of which are beyond our control.*

We intend to use the Net Proceeds for the purposes described in "*Objects of the Offer*" on page 92. As on the date of this Draft Red Herring Prospectus, our funding requirements are based on management estimates in view of past expenditures and have not been appraised by any bank or financial institution. Our funding requirements and proposed deployment of the Net Proceeds are based on current conditions and are subject to change in light of changes in external circumstances, costs, business initiatives, other financial conditions or business strategies. While we will use the Net Proceeds for (i) funding capital expenditure towards setting-up of 25 new stores; (ii) funding capital expenditure towards setting-up of two warehouses; (iii) funding working capital requirements of our Company; (iv) repayment or pre-payment, in full or part, of certain borrowings availed by our Company; and (v) general corporate purposes in the manner specified in "*Objects of the Offer*" on page 92, the amount of Net Proceeds to be actually used will be based on our management's discretion. However, the deployment of the Net Proceeds will be monitored by a monitoring agency appointed pursuant to the SEBI ICDR Regulations. Our internal management estimates may exceed fair market value or the value that would have been determined by third-party appraisals, which may require us to reschedule or reallocate our capital expenditure and may have an adverse impact on our business, financial condition, results of operations and cash flows. We may have to reconsider our estimates or business plans due to changes in underlying factors, some of which are beyond our control, such as interest rate fluctuations, changes in input cost, and other financial and operational factors. Accordingly, prospective investors in the Offer will need to rely upon our management's judgment with respect to the use of Net Proceeds. If we are unable to deploy the Net Proceeds in a timely or an efficient manner, it may affect our business and the results of operations.

36. *Any variation in the utilization of the Net Proceeds would be subject to certain compliance requirements, including prior shareholders' approval.*

We propose to utilize the Net Proceeds towards (i) funding capital expenditure towards setting-up of 25 new stores; (ii) funding capital expenditure towards setting-up of two warehouses; (iii) funding working capital requirements of our Company; (iv) repayment or pre-payment, in full or part, of certain borrowings availed by our Company; and (v) general corporate purposes, in the manner specified in "*Objects of the Offer*" on page 92. At this stage, we cannot determine with any certainty if we would require the Net Proceeds to meet any other expenditure or fund any exigencies arising out of competitive environment, business conditions, economic conditions or other factors beyond our control. In accordance with Sections 13(8) and 27 of the Companies Act, 2013, we cannot undertake any variation in the utilization of the Net Proceeds without obtaining the shareholders' approval through a special resolution. In the event of any such circumstances that require us to undertake variation in the disclosed utilization of the Net Proceeds, we may not be able to obtain the shareholders' approval in a timely manner, or at all. Any delay or inability in obtaining such shareholders' approval may adversely affect our business or operations.

Further, our Promoter would be required to provide an exit opportunity to Shareholders who do not agree with our proposal to change the objects of the Offer or vary the terms of such contracts, at a price and manner as prescribed by SEBI. Additionally, the requirement on Promoter to provide an exit opportunity to such dissenting shareholders may deter the Promoter from agreeing to the variation of the proposed utilization of the Net Proceeds, even if such variation is in the interest of our Company. Further, we cannot assure you that the Promoter or the controlling shareholders of our Company will have adequate resources at their disposal at all times to enable them to provide an exit opportunity at the price prescribed by SEBI.

In light of these factors, we may not be able to undertake variation of objects of the Offer to use any unutilized proceeds of the Offer, if any, or vary the terms of any contract referred to in the Red Herring Prospectus, even if such variation is in the interest of our Company. This may restrict our Company's ability to respond to any change in our business or financial condition by re-deploying the unutilized portion of Net Proceeds, if any, or varying the terms of contract, which may adversely affect our business and results of operations.

37. *Our business is subject to seasonality. Lower revenues in the festive period of any Fiscal may adversely affect our business, financial condition, results of operations and prospects.*

We are impacted by seasonal variations in sales volumes, which may cause our revenues to vary significantly between different quarters in a Fiscal. Typically, we see an increase in our business before Diwali and during end of season sales. Our sales also typically experience a surge ahead of festivals that are significant in South India.

Therefore, our results of operations and cash flows across quarters in a Fiscal may not be comparable and any such comparisons may not be meaningful or may not be indicative of our annual financial results or our results in any future quarters or periods.

38. *Our Promoters, certain of our Directors and Key Managerial Personnel are interested in our Company's performance in addition to their remuneration and reimbursement of expenses.*

In addition to regular remuneration or benefits and reimbursement of expenses, our Promoters, certain of our Directors and KMPs of our Company are interested in our Company, to the extent of their shareholding in our Company, any dividends, bonuses or other distributions on such Equity Shares. Further, Nagakanaka Durga Prasad Chalavadi, Jhansi Rani Chalavadi, our Promoters, received payments towards rent for property provided by them to the Company on lease, amounting to ₹ 2.35 million for Fiscal 2022. We cannot assure you that our Promoters, Directors and our KMPs will exercise their rights to the benefit and best interest of our Company. As shareholders of our Company, our Promoters, Directors or KMPs may take or block actions with respect to our business which may conflict with the best interests of the Company or that of minority shareholders. For further information on the interest of our Promoter and Directors of our Company, other than reimbursement of expenses incurred or normal remuneration or benefits, see "*Our Management*" and "*Our Promoters and Promoter Group*" on pages 213 and 232, respectively.

39. *The average cost of acquisition of Equity Shares by the Promoters and Selling Shareholders may be less than the Offer Price.*

The average cost of acquisition of Equity Shares by the Promoters and the Selling Shareholders may be less than the Offer Price. The details of the average cost of acquisition of Equity Shares held by the Promoters and Selling Shareholders are set out below:

S. No.	Name of the Promoter	Number of Equity Shares	Average cost of acquisition per Equity Shares* (₹)
1.	Nagakanaka Durga Prasad Chalavadi	56,975,505	5.48
2.	Jhansi Rani Chalavadi	11,451,495	19.81

* *As certified by Sagar & Associates, Chartered Accountants, by way of their certificate dated July 21, 2022.*

S. No.	Name of the Selling Shareholder	Number of Equity Shares	Average cost of acquisition per Equity Shares* (₹)
1.	Nagakanaka Durga Prasad Chalavadi	56,975,505	5.48
2.	Jhansi Rani Chalavadi	11,451,495	19.81
3	Dhanalakshmi Perumalla	3,083,865	-
4.	Doodeswara Kanaka Durgarao Chalavadi	6,435,250	1.17
5.	Kalyan Srinivas Annam	15,096,975	1.50
6.	Subash Chandra Mohan Annam	2,120,500	5.64
7.	Venkata Rajesh Annam	505,500	2.14

* *As certified by Sagar & Associates, Chartered Accountants, by way of their certificate dated July 21, 2022.*

40. *We enter into certain related party transactions in the ordinary course of our business and we cannot assure you that such transactions will not have an adverse effect on our results of operation and financial condition.*

We have entered into transactions with related parties in the past and from, time to time, we may enter into related party transactions in the future. All such transactions have been conducted on an arm's length basis, in accordance with the Companies Act and other applicable regulations pertaining to the evaluation and approval of such transactions and have not been prejudicial to the interests of our Company. All related party transactions that we may enter into post-listing, will be subject to an approval by our Audit Committee, Board, or Shareholders, as required under the Companies Act and the SEBI Listing Regulations. Such related party transactions in the future or any other future transactions may potentially involve conflicts of interest which may be detrimental to the interest of our Company and we cannot assure you that such transactions, individually or in the aggregate, will always be in the best interests of our minority shareholders and will not have an adverse effect on our business, financial condition, results of operations, cash flows and prospects.

In Fiscal 2020, 2021 and 2022, the aggregate amount of such related party transactions was ₹ 8,968.43 million, ₹ 4,503.94 million, and ₹ 8,636.76 million respectively primarily on account of our transaction with Sai Retail. The percentage of the aggregate value of such related party transactions to our total revenue from operations in Fiscal 2020, 2021 and 2022 was 76.30%, 66.51% and 76.48%, respectively. In Fiscal 2020, 2021 and 2022, the aggregate amount of our related party transactions with Sai Retail India Limited was ₹ 8,689,48 million, ₹ 4,421.87 million and ₹ 8,416.90 million, respectively aggregating to 73.92%, 65.29% and 74.53%, respectively of our total revenue from operations.

For further details, see "*Summary of the Offer Document - Summary of related party transactions*" and "*Restated Financial Statements – Note No. 45 – Related Party Disclosures*" on pages 25 and 287 respectively.

41. *Our Promoters and Promoter Group will continue to exercise significant influence over us after completion of the Offer.*

As on the date of this Draft Red Herring Prospectus, our Promoters and Promoter Group held 95.24% of the issued and outstanding equity share capital of our Company. Post listing, our Promoters and Promoter Group will continue to exercise significant influence over us through their shareholding after the Offer. In accordance with applicable laws and regulations, our Promoters will have the ability to exercise, directly or indirectly, a significant influence over our business.

42. *Our Company may not be able to pay dividends in the future. Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, working capital requirements and capital expenditures and the terms of our financing arrangements.*

Any dividends to be declared and paid in the future are required to be recommended by our Company's Board of Directors and approved by its Shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable law, including the Companies Act. Our Company's ability to pay dividends in the future will depend upon our future results of operations, financial condition, cash flows, sufficient profitability, working capital requirements and capital expenditure requirements. We cannot assure you that we will generate sufficient revenues to cover our operating expenses and, as such, pay dividends to our Company's shareholders in future consistent with our past practices, or at all.

43. *We have in this Draft Red Herring Prospectus included certain non-GAAP financial measures and certain other industry measures related to our operations and financial performance. These non-GAAP measures and industry measures may vary from any standard methodology that is applicable across the Indian retailing industry, and therefore may not be comparable with financial or industry related statistical information of similar nomenclature computed and presented by other companies.*

Certain non-GAAP financial measures and certain other industry measures relating to our operations and financial performance have been included in this Draft Red Herring Prospectus. We compute and disclose such non-GAAP financial measures and such other industry related statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of Indian retailing industry, many of which provide such non-GAAP financial measures and other industry related statistical and operational information. Such supplemental financial and operational information is therefore of limited utility as an analytical tool, and investors are cautioned against considering such information either in isolation or as a substitute for an analysis of our audited financial statements as reported under applicable accounting standards disclosed elsewhere in this Draft Red Herring Prospectus.

These non-GAAP financial measures and such other industry related statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and industry related statistical information of similar nomenclature that may be computed and presented by other companies. For further information, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Non-GAAP Measures*" on page 330.

External Risks

Risks Related to India

44. ***Recent global economic conditions have been challenging and continue to affect the Indian market, which may adversely affect our business, financial condition, results of operations and prospects.***

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt, in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India and could then adversely affect our business, financial performance and the price of our Equity Shares.

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.

45. ***Natural or man-made disasters, fires, epidemics, pandemics, acts of war, terrorist attacks, civil unrest and other events could materially and adversely affect our business.***

Natural disasters (such as typhoons, flooding, and/or earthquakes), epidemics, pandemics such as COVID-19, and man-made disasters, including acts of war, terrorist attacks, and other events, many of which are beyond our control, may lead to economic instability, including in India or globally, which may in turn materially and adversely affect our business, financial condition, and results of operations. Recent developments in the ongoing conflict between Russia and Ukraine has resulted in and may continue to result in a period of sustained instability across global financial markets, induce volatility in commodity prices, adversely impact availability of natural gas, increase in supply chain, logistics times and costs, increase borrowing costs, cause outflow of capital from emerging markets and may lead to overall slowdown in economic activity in India. Our operations may be adversely affected by fires, natural disasters, and/or severe weather, which can result in damage to our property or inventory and generally reduce our productivity, and may require us to evacuate personnel and suspend operations. Any terrorist attacks or civil unrest as well as other adverse social, economic, and political events in India could have a negative effect on us. 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 price of the Equity Shares. A number of countries in Asia, including India, as well as countries in other parts of the world, are susceptible to contagious diseases and, for example, have had confirmed cases of diseases such as the highly pathogenic H7N9, H5N1, and H1N1 strains of influenza in birds and swine and more recently, the SARS-CoV-2 virus. A worsening of the current outbreak of the COVID-19 pandemic or future outbreaks of SARS-CoV-2 virus or a similar contagious disease could adversely affect the global economy and economic activity in the region. As a result, any present or future outbreak of a contagious disease could have a material adverse effect on our business and the trading price of the Equity Shares.

46. ***Any downgrading of India's sovereign debt rating by an international rating agency could have a negative impact on our business and results of operations.***

Our borrowing costs and our access to the debt capital markets depend significantly on the credit ratings of India. Any adverse revisions to credit ratings for India and other jurisdictions we operate in by international rating agencies may adversely impact our ability to raise additional financing. This could have an adverse effect on our ability to fund our growth on favourable terms and consequently adversely affect our business and financial performance and the price of the Equity Shares.

47. ***Changing laws, rules or regulations and legal uncertainties including taxation laws, or their interpretation, such changes may significantly affect our financial statements.***

The regulatory environment in which we operate is evolving and is subject to change. The GoI may implement new laws or other regulations that could affect the industry in which we operate, which could lead to new compliance requirements. New compliance requirements could increase our costs or otherwise adversely affect our business, financial condition and results of operations. Further, the manner in which new requirements will be enforced or interpreted can lead to uncertainty in our operations and could adversely affect our operations. Accordingly, any adverse regulatory change in this regard could lead to fluctuation of prices of raw materials and thereby increase our operational cost. For details on the laws applicable to us, please see "*Key Regulations and Policies*" on page 202.

The Income Tax Act, 1961 ("**IT Act**") was amended to provide domestic companies an option to pay corporate income tax at the effective rate of approximately 25.17% (inclusive of applicable surcharge and health and education cess), as compared to effective rate of 34.94% (inclusive of applicable surcharge and health and education cess), provided such companies do not claim certain specified deductions or exemptions. Further, where a company has opted to pay the reduced corporate tax rate, the minimum alternate tax provisions would not be applicable. Any such future amendments may affect our ability to claim exemptions that we have historically benefited from, and such exemptions may no longer be available to us. Any adverse order passed by the appellate authorities/ tribunals/ courts would have an effect on our profitability. Due to the COVID -19 pandemic, the Government of India had also passed the Taxation and Other Laws (Relaxation of Certain Provisions) Act, 2020, implementing relaxations from certain requirements under, amongst others, the Central Goods and Services Tax Act, 2017 and Customs Tariff Act, 1975.

Further, with the implementation of GST, we are obligated to pass on any benefits accruing to us as result of the transition to GST to the consumer thereby limiting our benefits. In order for us to utilise input credit under GST, the entire value chain has to be GST compliant, including us. While we are and will continue to adhere to the GST rules and regulations, there can be no assurance that our suppliers and dealers will do so. Any such failure may result in increased cost on account of non-compliance with the GST and may adversely affect our business and results of operations.

Earlier, distribution of dividends by a domestic company was subject to Dividend Distribution Tax ("**DDT**"), in the hands of the company at an effective rate of 20.56% (inclusive of applicable surcharge and health and education cess). Such dividends were generally exempt from tax in the hands of the shareholders. However, the Government of India has amended the IT Act to abolish the DDT regime. Accordingly, any dividend distributed by a domestic company is subject to tax in the hands of the investor at the applicable rate. Additionally, the Company is required to withhold tax on such dividends distributed at the applicable rate.

Further, the Government of India has notified the Finance Act, 2022 ("**Finance Act**"), which has introduced various amendments to the IT Act. As such, there is no certainty on the impact that the Finance Act may have on our business and operations or on the industry in which we operate. In addition, unfavourable 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 relating to compliance with such new requirements, which may also require 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.

Unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment and stamp duty laws governing our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals. Further it may also impact the viability of our current businesses or restrict our ability to grow our businesses in the future. For instance, the Supreme Court of India has in a decision clarified the components of basic wages which need to be considered by companies while making provident fund payments, which resulted in an increase in the provident fund payments to be made by companies. Any such decisions in future or any further changes in interpretation of laws may have an impact on our results of operations.

Similarly, changes in other laws may require additional compliances and/or result in us incurring additional expenditure. For instance, the Government of India has notified four labour codes which are yet to come into force as on the date of this Draft Red Herring Prospectus, namely, (i) the Code on Wages, 2019, (ii) the Industrial Relations Code, 2020; (iii) the Code on Social Security, 2020; and (iv) the Occupational Safety, Health and Working Conditions Code, 2020. Such codes will replace the existing legal framework governing rights of workers and labour relations. Once these codes are in force, we may be required to incur additional expenditure to ensure compliance with them. 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. For further information, see "*Key Regulation and Policies*" on page 202.

48. *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, including conditions in the United States, Europe and certain emerging economies in Asia. Financial turmoil in Asia, United States, United Kingdom, Russia and elsewhere in the world in recent years has adversely 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 us. 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 negatively affect the Indian economy. Financial disruptions could materially and adversely affect our business, prospects, financial condition, results of operations and cash flows. Further, economic developments globally can have a significant impact on our principal markets. Concerns related to a trade war between large economies may lead to increased risk aversion and volatility in global capital markets and consequently have an impact on the Indian economy.

These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity, restrict the ability of key market participants to operate in certain financial markets or restrict our access to capital. This could have a material adverse effect on our business, financial condition and results of operations and reduce the price of the Equity Shares.

49. *If inflation were to rise in India, we might not be able to increase the prices of our services at a proportional rate thereby reducing our margins.*

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 transportation, wages, raw materials 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 adequately pass on to our customers, whether entirely or in part, and may adversely affect our business and financial condition. In particular, we might not be able to reduce our costs or entirely offset any increases in costs with increases in prices for our products. In such case, our business, results of operations, cash flows and financial condition may be adversely affected. Further, the Government 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.

50. *Investors may not be able to enforce a judgment of a foreign court against us, our Directors, the Book Running Lead Managers or any of their directors and executive officers in India respectively, except by way of a law suit in India.*

Our Company is a company incorporated under the laws of India and all of our Directors are located in India. All of our assets, our Key Managerial Personnel and officers are also located in India. As a result, it may not be possible for investors to effect service of process upon our Company or such persons in jurisdictions outside India, or to enforce judgments obtained against such parties outside India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if that court was of the view that the amount of damages awarded was excessive or inconsistent with public policy, or if judgments are in breach or contrary to Indian law. In addition, a party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to execute such a judgment or to repatriate outside India any amounts recovered.

Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Code of Civil Procedure, 1908. India is not party to any international treaty in relation to the recognition or enforcement of foreign judgments. India has reciprocal recognition and enforcement of judgments in civil and commercial matters with only a limited number of jurisdictions, such as the United Kingdom, United Arab Emirates, Singapore and Hong Kong. In order to be enforceable, a judgment from a jurisdiction with reciprocity must meet certain requirements established in the Indian Code of Civil Procedure, 1908. The CPC only permits the enforcement and execution of monetary decrees in the reciprocating jurisdiction, not being in the nature of any amounts payable in respect of taxes, other charges, fines or penalties. Judgments or decrees from jurisdictions which do not have reciprocal recognition with India, including the United States, cannot be enforced by proceedings in execution in India. Therefore, a final judgment for the payment of money rendered by any court in a non-reciprocating territory for civil liability, whether or not predicated solely upon the general laws of the non-reciprocating territory, would not be directly enforceable in India. The party in whose favour a final foreign judgment in a non-reciprocating territory is rendered may bring a fresh suit in a competent court in India based on the final judgment within three years of obtaining such final judgment. However, it is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India or that an Indian court would enforce foreign judgments if it viewed the amount of damages as excessive or inconsistent with the public policy in India. Further, there is no assurance that a suit brought in an Indian court in relation to a foreign judgment will be disposed of in a timely manner. In addition, any person seeking to enforce a foreign judgment in India is required to obtain the prior approval of the RBI to repatriate any amount recovered, and we cannot assure that such approval will be forthcoming within a reasonable period of time, or at all, or that conditions of such approval would be acceptable. Such amount may also be subject to income tax in accordance with applicable law.

Risks Relating to the Equity Shares and this Offer

51. *The trading volume and market price of the Equity Shares may be volatile following the Offer.*

The market price of the Equity Shares may fluctuate as a result of, among other things, the following factors, some of which are beyond our control:

- quarterly variations in our results of operations;
- results of operations that vary from the expectations of securities analysts and investors;
- results of operations that vary from those of our competitors;
- changes in expectations as to our future financial performance, including financial estimates by research analysts and investors;
- a change in research analysts' recommendations;
- announcements by us or our competitors of significant acquisitions, strategic alliances, joint operations or capital commitments;
- announcements by third parties or governmental entities of significant claims or proceedings against us;
- new laws and governmental regulations applicable to our industry;
- additions or departures of key management personnel;
- changes in exchange rates;
- fluctuations in stock market prices and volume; and
- general economic and stock market conditions.

Changes in relation to any of the factors listed above could adversely affect the price of the Equity Shares.

52. *Fluctuation in the exchange rate between the Indian Rupee and foreign currencies may have an adverse effect on 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 taken for such conversion may reduce the net dividend to foreign investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, 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 Shareholders. For example, the exchange rate between the Indian Rupee and the U.S. dollar has fluctuated substantially in recent years and may continue to fluctuate substantially in the future, which may have an adverse effect on the returns on our Equity Shares, independent of our operating results.

53. *Investors 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 in an Indian company is generally taxable in India. A securities transaction tax ("**STT**") is levied on and collected by an Indian stock exchange on which equity shares are sold. Any gain realized on the sale of listed equity shares held for more than 12 months may be subject to long-term capital gains tax in India at the specified rates depending on certain factors, such as STT paid, the quantum of gains and any available treaty exemptions. 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 our Equity Shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. While non-residents may claim tax treaty benefits in relation to such capital gains income, generally, Indian tax treaties do not limit India's right to impose tax on capital gains arising from the sale of shares of an Indian company.

The Finance Act, 2020 ("**Finance Act 2020**") had stipulated that the sale, transfer and issue of certain securities through exchanges, depositories or otherwise to be charged with stamp duty. The Finance Act 2020 also clarified that, in the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of certain securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of certain securities, other than debentures, on a delivery basis is currently specified under the Finance Act 2020 at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount. These amendments have come into effect from July 1, 2020. Under the Finance Act 2020, any dividends paid by an Indian company will be subject to tax in the hands of the shareholders at applicable rates. Such taxes will be withheld by the Indian company paying dividends. Further, the Finance Act, 2021, which followed, removed the requirement for DDT to be payable in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020, and accordingly, such dividends would not be exempt in the hands of the shareholders, both resident as well as non-resident. The Company may or may not grant the benefit of a tax treaty (where applicable) to a non-resident shareholder for the purposes of deducting tax at source pursuant to any corporate action including dividends. Investors are advised to consult their own tax advisors and to carefully consider the potential tax consequences of owning Equity Shares.

The GoI has notified the Finance Act, 2022. We cannot predict whether the amendments made pursuant to the Finance Act, 2022 would have an adverse effect on our business, financial condition, future cash flows and results of operations. Unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment and stamp duty laws governing our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals.

54. ***Investors will not be able to sell immediately on an Indian stock exchange any of the Equity Shares they purchase in the Offer.***

The Equity Shares will be listed on the Stock Exchanges. Pursuant to applicable Indian laws, certain actions must be completed before the Equity Shares can be listed and trading in the Equity Shares may commence. Investors' book entry, or 'demat' accounts with depository participants in India, are expected to be credited within one working day of the date on which the Basis of Allotment is approved by the Stock Exchanges. The Allotment of Equity Shares in the Offer and the credit of such Equity Shares to the applicant's demat account with depository participant could take approximately five Working Days from the Bid/ Offer Closing Date and trading in the Equity Shares upon receipt of final listing and trading approvals from the Stock Exchanges is expected to commence within six Working Days of the Bid/ Offer Closing Date. There could be a failure or delay in listing of the Equity Shares on the Stock Exchanges. Any failure or delay in obtaining the approval or otherwise commence trading in the Equity Shares would restrict investors' ability to dispose of their Equity Shares. There can be no assurance that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods specified in this risk factor. We could also be required to pay interest at the applicable rates if allotment is not made, refund orders are not dispatched or demat credits are not made to investors within the prescribed time periods.

55. ***Any future issuance of Equity Shares, or convertible securities or other equity linked instruments by us may dilute your shareholding and sale of Equity Shares by shareholders with significant shareholding may adversely affect the trading price of the Equity Shares.***

We may be required to finance our growth through future equity offerings. Any future equity issuances by us, including a primary offering of Equity Shares, convertible securities or securities linked to Equity Shares including through exercise of employee stock options, may lead to the dilution of investors' shareholdings in our Company. Any future equity issuances by us or sales of our Equity Shares by our shareholders may adversely affect the trading price of the Equity Shares, which may lead to other adverse consequences including difficulty in raising capital through offering of our Equity Shares or incurring additional debt. In addition, any perception by investors that such issuances or sales might occur may also affect the market price of our Equity Shares. There can be no assurance that we will not issue Equity Shares, convertible securities or securities linked to Equity Shares or that our Shareholders will not dispose of, pledge or encumber their Equity Shares in the future.

56. ***Under Indian law, foreign investors are subject to investment restrictions that limit our ability to attract foreign investors, which may adversely affect the trading price of the Equity Shares.***

Foreign ownership of Indian securities is subject to Government regulation. Under the consolidated foreign direct investment policy (effective from October 15, 2020) ("**FDI Policy**"), the Government of India has prescribed specific requirements and conditionalities with respect to the level of foreign investment permitted in certain business sectors both without prior regulatory approval (the "**Automatic Route**") and with prior regulatory approval (the "**Approval Route**"). Our Company is involved in multi brand retail sector which falls under the Approval Route. This may restrict our ability to raise capital in the future or in the ability of foreign investors to purchase Equity Shares of our Company.

Under foreign exchange regulations currently in force in India, transfer of shares between non-residents and residents are freely permitted (subject to certain restrictions), 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 falls under any of the exceptions referred to above, then a prior regulatory approval will be required. Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities.

In addition, pursuant to the Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the DPIIT, which has been incorporated as the proviso to Rule 6(a) of the FEMA Non-debt Rules, all investments under the foreign direct investment route by entities of a country which shares land border with India or where the beneficial owner of the Equity Shares is situated in or is a citizen of any such country, can only be made through the Government approval route, as prescribed in the Consolidated FDI Policy dated October 15, 2020 and the FEMA Non-debt Rules. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/purview, such subsequent change in the beneficial ownership will also require approval of the Government of India.

We cannot assure investors that any required approval from the RBI or any other governmental agency can be obtained on any particular terms or at all. For further information, see "*Restrictions on Foreign Ownership of Indian Securities*" on page 396.

57. ***Significant differences exist between Ind AS and other accounting principles, such as U.S. GAAP and IFRS, which investors may be more familiar with and may consider material to their assessment of our financial condition.***

Our Restated Financial Statement for Fiscal 2020, 2021 and 2022, have been prepared and presented in conformity with Ind AS. Ind AS differs in certain significant respects from IFRS, U.S. GAAP and other accounting principles with which prospective investors may be familiar in other countries. If our financial statements were to be prepared in accordance with such other accounting principles, our results of operations, cash flows and financial position may be substantially different. Prospective investors should review the accounting policies applied in the preparation of our financial statements and consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they may be more familiar. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should be limited accordingly.

58. ***The determination of the Price Band is based on various factors and assumptions and the Offer Price of the Equity Shares may not be indicative of the market price of the Equity Shares after the Offer. Further, the current market price of some securities listed pursuant to certain previous issues managed by the BRLMs is below their respective issue prices.***

The determination of the Price Band is based on various factors and assumptions, and will be determined by our Company in consultation with the BRLMs. Furthermore, the Offer Price of the Equity Shares will be determined by our Company in consultation with the BRLMs through the Book Building Process. These will be based on numerous factors, including factors as described under "*Basis for the Offer Price*" on page 116 and may not be indicative of the market price for the Equity Shares after the Offer.

In addition to the above, the current market price of securities listed pursuant to certain previous initial public offerings managed by the BRLMs is below their respective issue price. For further details, see "*Other Regulatory and Statutory Disclosures – Price information of past issues handled by the BRLMs*" on page 360. The factors that could affect the market price of the Equity Shares include, among others, broad market trends, financial performance and results of our Company post-listing, and other factors beyond our control. We cannot assure you that an active market will develop or sustained trading will take place in the Equity Shares or provide any assurance regarding the price at which the Equity Shares will be traded after listing.

59. ***QIBs and Non-Institutional Bidders are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid amount) at any stage after submitting a bid, and Retail Individual Bidders are not permitted to withdraw their Bids after Bid/Offer Closing Date.***

Pursuant to the SEBI ICDR Regulations, QIBs and Non-Institutional Bidders are required to block the Bid amount on submission of the Bid and are not permitted to withdraw or lower their Bids (in terms of quantity of equity shares or the Bid Amount) at any stage after submitting a Bid. Similarly, Retail Individual Bidders can revise or withdraw their Bids at any time during the Bid/Offer Period and until the Bid/ Offer Closing date, but not thereafter. While we are required to complete all necessary formalities for listing and commencement of trading of the Equity Shares on all Stock Exchanges where such Equity Shares are proposed to be listed, including Allotment, within six Working Days from the Bid/ Offer Closing Date or such other period as may be prescribed by the SEBI, events affecting the investors' decision to invest in the Equity Shares, including adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operations, cash flows or financial condition may arise between the date of submission of the Bid and Allotment.

We may complete the Allotment of the Equity Shares even if such events occur, and such events may limit the investors' ability to sell the Equity Shares Allotted pursuant to the Offer or cause the trading price of the Equity Shares to decline on listing. Therefore, QIBs and Non-Institutional Bidders will not be able to withdraw or lower their bids following adverse developments in international or national monetary policy, financial, political or economic conditions, our business, results of operations, cash flows or otherwise between the dates of submission of their Bids and Allotment.

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

Under the Companies Act, a company having share capital and incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages before the issuance of any new equity shares, unless the pre-emptive rights have been waived by adoption of a special resolution. However, if the laws of the jurisdiction the investors are located in does not permit them to exercise their pre-emptive rights without our filing an offering document or registration statement with the applicable authority in such jurisdiction, the investors will be unable to exercise their pre-emptive rights unless we make such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for the investor's benefit. The value the custodian receives on the sale of such securities and the related transaction costs cannot be predicted. In addition, to the extent that the investors are unable to exercise pre-emption rights granted in respect of the Equity Shares held by them, their proportional interest in us would be reduced.

61. ***A third-party could be prevented from acquiring control of us post this Offer, because of anti-takeover provisions under Indian law.***

As a listed Indian entity, there are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of our Company. Under the Takeover Regulations, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of our Company subsequent to completion of the Offer. Consequently, even if a potential takeover of our Company would result in the purchase of the Equity Shares at a premium to their market price or would otherwise be beneficial to our shareholders, such a takeover may not be attempted or consummated because of Takeover Regulations.

62. ***Rights of shareholders of companies under Indian law may be more limited than under the laws of other jurisdictions.***

Our Articles of Association, composition of our Board, Indian laws governing our corporate affairs, the validity of corporate procedures, directors' fiduciary duties, responsibilities and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive and wide-spread as shareholders' rights under the laws of other countries or jurisdictions. Investors may face challenges in asserting their rights as shareholder of our Company than as a shareholder of an entity in another jurisdiction.

63. ***Compliance with provisions of Foreign Account Tax Compliance Act may affect payments on the Equity Shares.***

The U.S. "Foreign Account Tax Compliance Act" (or "**FATCA**") imposes a new reporting regime and potentially, imposes a 30% withholding tax on certain "foreign passthru payments" made by certain non-U.S. financial institutions (including intermediaries). If payments on the Equity Shares are made by such non-U.S. financial institutions (including intermediaries), this withholding may be imposed on such payments if made to any non-U.S. financial institution (including an intermediary) that is not otherwise exempt from FATCA or other holders who do not provide sufficient identifying information to the payer, to the extent such payments are considered "foreign passthru payments". Under current guidance, the term "foreign passthru payment" is not defined and it is therefore not clear whether and to what extent payments on the Equity Shares would be considered "foreign passthru payments". The United States has entered into intergovernmental agreements with many jurisdictions (including India) that modify the FATCA withholding regime described above. It is not yet clear how the intergovernmental agreements between the United States and these jurisdictions will address "foreign passthru payments" and whether such agreements will require us or other financial institutions to withhold or report on payments on the Equity Shares to the extent they are treated as "foreign passthru payments". Prospective investors should consult their tax advisors regarding the consequences of FATCA, or any intergovernmental agreement or non-U.S. legislation implementing FATCA, to their investment in Equity Shares.

SECTION III – INTRODUCTION

THE OFFER

The following table summarises details of the Offer.

Offer	Up to [●] Equity Shares aggregating up to ₹ [●] million
Of which:	
Fresh Issue[(1)^]	Up to [●] Equity Shares aggregating up to ₹ 6,000 million
Offer for Sale[(2)] by the Selling Shareholders	Up to 18,048,440 Equity Shares aggregating up to ₹ [●] million
The Offer^ consists of:	
A. QIB Portion[(3)(4)]	Not more than [●] Equity Shares
Of which	
(i) Anchor Investor Portion	Up to [●] Equity Shares
(ii) Net QIB Portion (assuming Anchor Investor Portion is fully subscribed)	Up to [●] Equity Shares
Of which:	
(a) Mutual Funds only (i.e., 5% of the Net QIB Portion)	[●] Equity Shares
(b) Balance of Net QIB Portion for all QIBs including Mutual Funds	[●] Equity Shares
B. Non-Institutional Portion[(4)(5)]	Not less than [●] Equity Shares
C. Retail Portion[(4)]	Not less than [●] Equity Shares
Pre and post-Offer Equity Shares	
Equity Shares outstanding prior to the Offer (as on the date of this Draft Red Herring Prospectus)	126,339,085 Equity Shares
Equity Shares outstanding after the Offer	[●] Equity Shares
Use of Net Proceeds of this Offer	See "*Objects of the Offer*" on page 92 for information about the use of the proceeds from the Fresh Issue. Our Company will not receive any proceeds from the Offer for Sale.

^ *Our Company may, in consultation with the BRLMs, consider a Pre-IPO Placement of such number of securities for cash consideration aggregating up to ₹ 1,200 million, at its discretion, prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the SCRR.*

(1) *The Offer has been authorised by our Board pursuant to a resolution passed at its meeting held on June 4, 2022 and the Fresh Issue has been authorised by our Shareholders pursuant to their resolution dated June 22, 2022.*

(2) *Each Selling Shareholder, severally and not jointly, confirms that its respective portion of the Offered Shares have been held by it for a period of at least one year prior to the filing of this Draft Red Herring Prospectus with SEBI, and are accordingly eligible for being offered for sale in the Offer in terms of the SEBI ICDR Regulations. For details, see "Offer Procedure – Undertakings by the Selling Shareholders" on page 394. Each Selling Shareholder, severally and not jointly, has confirmed and authorised its participation in the Offer for Sale as set out below*

S. No.	*Name of the Selling Shareholder*	*Number of Equity Shares offered in the Offer for Sale (up to)*	*Date of consent letter*
1.	*Nagakanaka Durga Prasad Chalavadi*	*6,410,005*	*July 14, 2022*
2.	*Jhansi Rani Chalavadi*	*7,949,520*	*July 14, 2022*
3.	*Dhanalakshmi Perumalla*	*3,083,865*	*July 14, 2022*
4.	*Doodeswara Kanaka Durgarao Chalavadi*	*96,750*	*July 14, 2022*
5.	*Kalyan Srinivas Annam*	*261,300*	*July 14, 2022*
6.	*Subash Chandra Mohan Annam*	*138,000*	*July 14, 2022*
7.	*Venkata Rajesh Annam*	*109,000*	*July 14, 2022*

[3] *Our Company, in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. Further, 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. In the event the aggregate demand from Mutual Funds is less than as specified above, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the QIB Portion and allocated proportionately to the QIB Bidders (other than Anchor Investors) in proportion to their Bids. For details, see "Offer Procedure" on page 377. Allocation to all categories shall be made in accordance with SEBI ICDR Regulations.*

[4] *Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange subject to applicable law. Under-subscription, if any, in the QIB Portion (excluding the Anchor Investor Portion) would not be allowed to be met with spill-over from other categories or a combination of categories. In the event of an under-subscription in the Offer, the Equity Shares in the Fresh Issue will be issued prior to the sale of Equity Shares through the Offer for Sale to meet the minimum subscription of 90% of the Fresh Issue. Additionally, even if the minimum subscription to the Fresh Issue is reached, the Equity Shares in the remaining portion of the Fresh Issue will be issued prior to the Equity Shares being offered as part of the Offer for Sale*

[5] *The Equity Shares available for Allocation to Non-Institutional Bidders under the Non-Institutional Portion, shall be subject to the following: (i) one-third of the portion available to Non-Institutional Bidders shall be reserved for Non-Institutional Bidders with an application size of more than ₹ 0.20 million and up to ₹ 1.00 million; and (ii) two-third of the portion available to Non-Institutional Bidders shall be reserved for Non-Institutional Bidders with application size of more than ₹ 1.00 million, provided that the unsubscribed portion in either of the subcategories specified above may be allocated to applicants in the other sub-category of Non-Institutional Bidders*

SEBI through its circular (SEBI/HO/CFD/DIL2/CIR/P/2022/45) dated April 5, 2022, has prescribed that all individual investors applying in initial public offerings opening on or after May 1, 2022, where the application amount is up to ₹ 500,000, shall use UPI. UPI Bidders using the UPI Mechanism, shall provide their UPI ID in the Bid-cum-Application Form for Bidding through Syndicate, sub-syndicate members, Registered Brokers, RTAs or CDPs, or online using the facility of linked online trading, demat and bank account (3 in 1 type accounts), provided by certain brokers.

Allocation to Bidders in all categories, except the Retail Individual Bidders Portion, Non-Institutional Bidders Portion and Anchor Investor Portion, if any, shall be made on a proportionate basis, subject to valid Bids received at or above the Offer Price. The Allocation to each Retail Individual Bidder and Non-Institutional Bidder shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in Retail Portion and Non-Institutional Portion, and the remaining available Equity Shares, if any, shall be Allocated on a proportionate basis. Allocation to Anchor Investors shall be on a discretionary basis in accordance with the SEBI ICDR Regulations. For further details, please see section *"Offer Structure"* and *"Offer Procedure"* on pages 374 and 377, respectively. For details of the terms of the Offer, please see the section *"Terms of the Offer"* on page 368.

SUMMARY OF RESTATED FINANCIAL STATEMENTS

The following tables set forth summary financial information derived from our Restated Financial Statements as at and for the Financial Year ended March 31, 2022, March 31, 2021 and March 31, 2020. The summary financial information presented below should be read in conjunction with "*Financial Information – Restated Financial Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 241 and 315, respectively.

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Statement of restated assets and liabilities

(In ₹ million)

Particulars		As at Mar 31, 2022	As at Mar 31, 2021	As at Mar 31, 2020
ASSETS				
1	**Non-current assets**			
(a)	Property, plant and equipment	1,631.71	1,587.25	1,717.92
(b)	Capital work-in-progress	-	21.19	-
(c)	Other Intangible assets	76.10	97.59	119.38
(d)	Right-of-use assets	784.05	566.79	674.74
(e)	Financial assets			
(i)	Other financial assets	238.02	233.91	224.24
(f)	Other non-current assets	87.45	54.15	39.24
		2,817.33	**2,560.89**	**2,775.52**
2	**Current assets**			
(a)	Inventories	4,764.32	3,669.68	3,715.14
(b)	Financial assets			
(i)	Trade receivables	18.92	22.56	16.77
(ii)	Cash and cash equivalents	86.24	43.34	180.90
(iii)	Bank balances other than cash and cash equivalents	383.99	185.60	47.41
(iv)	Loans	162.02	55.03	44.96
(v)	Other financial assets	3.26	1.12	0.16
(c)	Other current assets	188.79	116.02	146.74
		5,607.54	**4,093.35**	**4,152.09**
	Total Assets	**8,424.87**	**6,654.24**	**6,927.61**
EQUITY AND LIABILITIES				
1	Equity			
(a)	Equity share capital	240.65	240.65	234.55
(b)	Other equity	2,765.96	2,189.26	2,080.51
		3,006.61	**2,429.90**	**2,315.05**
2	**Liabilities**			
(1)	**Non-current liabilities**			
(a)	Financial liabilities			
(i)	Lease liabilities	690.48	466.97	556.28
(ii)	Borrowings	486.60	573.56	345.84
(iii)	Other financial liabilities	11.15	5.51	5.05
(b)	Provisions	25.22	29.99	29.88
(c)	Deferred tax liabilities (Net)	127.71	145.37	142.42
		1,341.16	**1,221.41**	**1,079.47**
(2)	**Current liabilities**			
(a)	Financial liabilities			
(i)	Lease liabilities	175.91	153.65	124.17
(ii)	Borrowings	2,118.29	1,598.69	1,301.12
(iii)	Trade payables			
	-Due to micro, small and medium enterprises	-	-	-
	-Others	1,291.18	1,075.99	1,700.62

Particulars		As at Mar 31, 2022	As at Mar 31, 2021	As at Mar 31, 2020
(iv)	Other financial liabilities	253.07	125.59	332.31
(b)	Provisions	2.49	1.89	1.77
(c)	Other current liabilities	24.26	29.57	25.75
(d)	Current tax liabilities (Net)	211.90	17.56	47.34
		4,077.10	**3,002.93**	**3,533.09**
	Total equity and liabilities	**8,424.87**	**6,654.24**	**6,927.61**

Statement of restated profit and loss

(In ₹ million)

			Year ended Mar 31, 2022	Year ended Mar 31, 2021	Year ended Mar 31, 2020
	Particulars				
	INCOME				
I	Revenue from operations		11,293.23	6,772.48	11,755.60
II	Other income		36.93	18.47	30.57
III		**Total Income (I+II)**	**11,330.16**	**6,790.95**	**11,786.17**
IV	**EXPENSES**				
	(a)	Purchases of stock-in-trade	8,472.12	4,451.60	8,734.62
	(b)	Changes in inventories	(1,093.42)	16.83	(274.01)
	(c)	Employee benefit expense	1,027.51	865.82	1,068.58
	(d)	Finance costs	286.39	274.43	273.63
	(e)	Depreciation and amortization expense	308.16	294.57	260.29
	(f)	Impairment of windmill	50.94	-	-
	(g)	Other expenses	1,505.60	814.61	1,189.29
		Total expenses (IV)	**10,557.30**	**6,717.87**	**11,252.40**
V	**Profit before exceptional items and tax (III-IV)**		772.86	73.07	533.77
VI	Exceptional Items			-	-
VII	**Profit before tax (V-VI)**		772.86	73.07	533.77
VIII	Tax expense:		195.99	21.76	112.81
	(a)	Current Tax	213.26	19.65	122.39
	(b)	Deferred Tax	(17.61)	2.10	(9.58)
	(c)	Short/ (Excess) provision of earlier years	0.34	0.01	-
IX	**Profit for the year (VII-VIII)**		**576.87**	**51.31**	**420.96**
X	**Other Comprehensive Income**				
	A)	Items that will not be reclassified to profit or loss			
		a) Remeasurements of the defined benefit plans	(0.22)	3.39	0.23
		b) Income tax relating to Items that will not be reclassified to profit or loss	0.06	(0.85)	(0.06)
	Other comprehensive income for the year, net of tax		(0.16)	2.53	0.17
XI	**Total comprehensive income for the year (IX+X)**		**576.71**	**53.85**	**421.14**
XII	Earnings per equity share				
	(a)	Basic earnings per share of Rs.2/- each	4.79	0.43	3.59
	(b)	Diluted earnings per share of Rs.2/- each	4.79	0.43	3.59

Statement of restated cash flows

(In ₹ million)

Particulars	Year ended Mar 31, 2022	Year ended Mar 31, 2021	Year ended Mar 31, 2020
A) Net Cash Flows from Operating Activities			
Net profit before tax and exceptional items	772.86	73.07	533.77
Adjustments for:			
Amortisation of Right to use asset	117.60	107.95	102.39
Unwinding of discount on security deposits (net)	71.12	59.60	60.81
Actuarial gain / loss	(0.22)	3.39	0.23
Preliminary Expenditure Written Off	-	-	0.30
Depreciation on property, plant and equipment	169.07	164.81	135.67
Impairment loss on windmill	61.07	-	-
Amortisation on intangible assets	21.49	21.81	22.24
Unrealized foreign exchange (gain)/ loss	0.33	(0.53)	1.49
(Profit)/ Loss on sale of Property, Plant and Equipment	(0.17)	0.09	0.16
Other Income	(21.61)	(9.98)	(20.97)
Interest expense	274.44	268.39	269.28
Interest income	(9.93)	(3.84)	(5.61)
Operating profit before working capital changes	**1,456.05**	**684.75**	**1,099.74**
Adjustments for working capital changes			
Inventories	(1,094.64)	45.47	(304.09)
Trade Receivables	3.64	(5.79)	6.89
Other current financial and non-financial asset	(181.90)	19.70	16.74
Trade payables	215.19	(624.63)	280.67
Other current liabilities	(5.30)	3.81	5.47
Other financial liabilities	124.72	(206.72)	51.14
Other financial and non-financial non-current assets	(43.98)	(19.85)	(76.97)
Long-term provisions	(4.78)	0.11	3.26
Other non-current financial liabilities	5.63	0.46	3.74
Current tax liabilities	-	-	-
Short term provisions	0.61	0.12	0.31
Cash generated from operations	475.23	(102.55)	1,086.90
Income tax paid	(19.26)	(49.44)	(234.27)
Net Cash flows from/ (used in) operating activities	**455.98**	**(152.00)**	**852.63**
B) Net Cash flows from Investing Activities			
Sale/ (Purchase) of Property, Plant and Equipment/CWIP (incl. capital advances)	(253.21)	(55.44)	(474.09)
(Increase)/ Decrease in Deposits	(198.39)	(138.20)	(26.62)
Interest income	9.93	3.84	5.61
Other income	21.61	9.98	20.97
Net Cash flow from/ (used in) Investing Activities	**(420.06)**	**(179.82)**	**(474.12)**

Particulars	Year ended Mar 31, 2022	Year ended Mar 31, 2021	Year ended Mar 31, 2020
C) Net Cash flows from Financing Activities			
Proceeds from issue of Share Capital/ Share Application Money	-	61.00	-
Proceeds/ (repayment) from or of Long-term borrowings	(86.96)	227.72	(57.78)
Increase/ (Decrease) in Short-term borrowings	519.60	297.57	(11.22)
Principal payment of lease liability	(153.65)	(124.17)	(116.80)
Interest paid and effect of foreign exchange	(272.01)	(267.86)	(261.84)
Net Cash Flow from/ (used in) Financing Activities	**6.98**	**194.26**	**(447.64)**
Net change in cash and cash equivalents (A + B + C)	**42.89**	**(137.55)**	**(69.13)**
Cash and Cash equivalents at the beginning of the year	43.34	180.90	250.03
Cash and Cash equivalents at the ending of the year	**86.24**	**43.34**	**180.90**

GENERAL INFORMATION

Brief history of our Company

Our business started as a partnership firm under the name and style of "*Sai Silks*" on August 10, 2005 with Nagakanaka Durga Prasad Chalavadi and Jhansi Rani Chalavadi as its partners. Subsequently, Kalyan Srinivas Annam and Subash Chandra Mohan Annam joined the partnership firm on April 1, 2006 and Suchitra Annam, Sowjanya Annam and Venkata Rajesh Annam joined on March 4, 2008. Further, the name of the partnership firm was also changed to "*Sai Silks (Kalamandir)*" on March 4, 2008 to incorporate the brand in its name. The partnership firm was subsequently converted into a private limited company and a certificate of incorporation was obtained dated July 3, 2008 under the name and style of '*Sai Silks (Kalamandir) Private Limited*' from the Registrar of Companies, Andhra Pradesh at Hyderabad. Our Company was further converted into a public limited company pursuant to a special resolution passed by our Shareholders on May 14, 2009 and a fresh certificate of incorporation consequent upon conversion to public limited company was obtained on May 21, 2009 from the Registrar of Companies, Andhra Pradesh. The name of our Company was changed to its present name, '*Sai Silks (Kalamandir) Limited*'.

Corporate Identity Number: U52190TG2008PLC059968

Company Registration Number: 059968

Registered and Corporate Office

The address and certain other details of our Registered and Corporate Office are as follows:

Sai Silks (Kalamandir) Limited
6-3-790/8, Flat No. 1,
Bathina Apartments,
Ameerpet, Hyderabad 500 016
Telangana, India
Telephone: +91 40 6656 6555

For details of our incorporation and changes in the name and registered office address of our Company, see "*History and Certain Corporate Matters*" on page 207.

Address of the Registrar of Companies

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

Registrar of Companies, Telangana at Hyderabad
2nd Floor, Corporate Bhawan,
GSI Post, Nagole,
Bandlaguda, Hyderabad - 500 068
Telangana, India

Board of Directors

As on the date of this Draft Red Herring Prospectus, our Board comprises the following persons:

Name	Designation	DIN	Address
Ravindra Vikram Mamidipudi	Chairman & Independent Director	00008241	H. No. 16, Cardmaster Road, Arihant Enclave, 205 Akbar Road Tadbund, Tirumalagri, Manovikas Nagar, Hyderabad – 500 009, Telangana, India
Nagakanaka Durga Prasad Chalavadi	Managing Director	01929166	H. No. 36, Senor Valley, Road No-13, Film Nagar, Hyderabad -500 036, Telangana India
Kalyan Srinivas Annam	Whole-time Director	02428313	8-1-299/103/104/NS, Flat No-907, Aparna Aura Apartment, Film Nagar, Road No- 79, Jubliee Hills, Shaikpet, Hyderabad – 500 096, Telangana, India

Name	Designation	DIN	Address
Doodeswara Kanaka Durgarao Chalavadi	Whole-time Director	02689280	Villa 653, Phase 3, Doddakanelli Road, Adarsh Palm Retreat, behind Intel, Devara Bessana Halli, Bengaluru – 560 103, Karnataka, India
Pramod Kasat	Independent Director	00819790	24/11, Aardra, Tarangan Complex, Samata Nagar, BHND Korum mall, Thane – 400 606, Maharashtra, India
Sirisha Chintapalli	Independent Director	08407008	74-29-3/4, Alluri Sita Rama Raju Road, Ayyappanagar, Vijayawada (Urban), Autonagar, Krishna Dist - 520 007, Andhra Pradesh, India
Kunisetty Venkata Ramakrishna	Independent Director	00133248	Flat 301, Orchid, Hiranandani Meadows, G.A.Marg, off Pokhran Road no.2, Thane – 400 610, Maharashtra, India

For brief profiles and further details of our Directors, see "*Our Management*" beginning on page 213.

Company Secretary and Compliance Officer

Matte Koti Bhaskara Teja is the Company Secretary and Compliance Officer. His contact details are as follows:

6-3-790/8, Flat No. 1
Bathina Apartments
Ameerpet, Hyderabad – 500 016
Telangana, India
Telephone: +91 40 6656 6555
E-mail: secretarial@sskl.co.in

Book Running Lead Managers

Motilal Oswal Investment Advisors Limited
Motilal Oswal Tower
Rahimtullah Sayani Road
Opposite Parel ST Depot
Prabhadevi, Mumbai – 400 025
Maharashtra, India
Tel: +91 22 7193 4380
E-mail: sskl.ipo@motilaloswal.com
Investor Grievance E-mail:
moiaplredressal@motilaloswalgroup.com
Website: www.motilaloswalgroup.com
Contact Person: Subodh Mallya/ Kirti Kanoria
SEBI Registration No.: INM000011005

Edelweiss Financial Services Limited
6th Floor, Edelweiss House
Off C.S.T Road, Kalina,
Mumbai – 400098
Maharashtra, India
Tel: +91 22 4009 4400
E-mail: sskl.ipo@edelweissfin.com
Investor Grievance E-mail:
customerservice.mb@edelweiss.com
Website: www.edelweissfin.com
Contact Person: Dhruv Bhavsar/ Lokesh Singhi
SEBI Registration No.: INM0000010650

HDFC Bank Limited
Investment Banking Group
Unit No. 401 & 402, 4th Floor
Tower B, Peninsula Business Park
Lower Parel, Mumbai – 400 013
Maharashtra, India
Tel: +91 22 3395 8233
E-mail: ssklipo@hdfcbank.com
Investor Grievance E-mail:
investor.redressal@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: Kunal Thakkar
SEBI Registration No.: INM000011252

Inter-se allocation of responsibilities among the BRLMs

The responsibilities and co-ordination by the BRLMs for various activities in this Offer are as follows:

S. No.	Activity	Responsibility	Coordinator
1.	Due diligence of the Company including its operations/management/business plans/legal etc. Drafting and design of the Draft Red Herring Prospectus, Red Herring Prospectus, Prospectus, abridged prospectus and application form. The Book Running Lead Managers shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalization of Prospectus and RoC filing	Book Running Lead Managers	Motilal Oswal
2.	Capital structuring with the relative components and formalities such as type of instruments, size of offer, allocation between primary and secondary, etc.	Book Running Lead Managers	Motilal Oswal
3.	Drafting and approval of all statutory advertisement	Book Running Lead Managers	Motilal Oswal
4.	Drafting and approval of all publicity material other than statutory advertisement as mentioned above including corporate advertising, brochure, etc. and filing of media compliance report	Book Running Lead Managers	HDFC Bank
5.	Appointment of intermediaries - Registrar to the Offer, advertising agency, Banker(s) to the Offer, Sponsor Bank, printer and other intermediaries, including coordination of all agreements to be entered into with such intermediaries	Book Running Lead Managers	Motilal Oswal
6.	Preparation of road show marketing presentation and frequently asked questions	Book Running Lead Managers	Edelweiss
7.	International institutional marketing of the Offer, which will cover, *inter alia*: • marketing strategy; • Finalizing the list and division of international investors for one-to-one meetings; and • Finalizing international road shows and investor meeting schedule	Book Running Lead Managers	Edelweiss
8.	Domestic institutional marketing of the Offer, which will cover, *inter alia*: • marketing strategy; • Finalizing the list and division of domestic investors for one-to-one meetings; and • Finalizing domestic road show and investor meeting schedule	Book Running Lead Managers	Motilal Oswal
9.	Retail marketing of the Offer, which will cover, *inter alia*, • Finalising media, marketing and public relations strategy including list of frequently asked questions at retail road shows and preparation of publicity budget; • Finalising centres for holding conferences for brokers, etc.; • Follow-up on distribution of publicity and Offer material including application form, the Prospectus and deciding on the quantum of the Offer material; and • Finalising collection centres	Book Running Lead Managers	HDFC
10.	Non-Institutional marketing of the Offer, which will cover, *inter alia*, • Finalising media, marketing and public relations strategy; • Finalising centres for holding conferences etc.	Book Running Lead Managers	HDFC
11.	Managing the book and finalization of pricing in consultation with the Company and the Selling Shareholders	Book Running Lead Managers	Edelweiss
12.	Coordination with Stock Exchanges for book building software, bidding terminals, mock trading, payment of 1% security deposit, anchor coordination, anchor CAN and intimation of anchor allocation	Book Running Lead Managers	HDFC

S. No.	Activity	Responsibility	Coordinator
13.	Post bidding activities including management of escrow accounts, coordinate non- institutional allocation, coordination with Registrar, SCSBs, Sponsor Banks and other Bankers to the Offer, intimation of allocation and dispatch of refund to Bidders, etc. Other post-Offer activities, which shall involve essential follow-up with Bankers to the Offer and SCSBs to get quick estimates of collection and advising Company about the closure of the Offer, based on correct figures, finalization of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds, payment of STT on behalf of the Selling Shareholders and coordination with various agencies connected with the post-Offer activity such as Registrar to the Offer, Bankers to the Offer, Sponsor Banks, SCSBs including responsibility for underwriting arrangements, as applicable. Coordinating with Stock Exchanges and SEBI for submission of all post-Offer reports including the final post-Offer report to SEBI and release of 1% security deposit post closure of the Offer	Book Running Lead Managers	Edelweiss

Syndicate Members

[●]

Legal Counsel to the Company as to Indian Law

J. Sagar Associates
Sandstone Crest
Sushant Lok Phase 1
Gurgaon – 122 009, India
Telephone: +91 124 439 0600

Legal Counsel to the Book Running Lead Managers as to Indian Law

Trilegal
One World Centre
10th Floor, Tower 2A & 2B
Senapati Bapat Marg
Lower Parel (West)
Mumbai - 400 013
Telephone: +91 22 4079 1000

International Legal Counsel to the Book Running Lead Managers

Hogan Lovells Lee & Lee
50 Collyer Quay
#10-01 OUE Bayfront
Singapore 049 321
Telephone: +65 6538 0900

Statutory Auditors of our Company

M/s Sagar & Associates
Chartered Accountants
6-3-244/5
Sarada Devi Street, Prem Nagar
Hyderabad– 500 004,
Telangana, India
Telephone: 40 2339 5588
E-mail: sagarandassociates@yahoo.co.in

Peer Review Certificate Number: 011975
ICAI Firm Registration Number: 003510S

Changes in statutory auditors

Except as disclosed below, there has been no change in our statutory auditors in the last three years immediately preceding the date of this Draft Red Herring Prospectus:

Particulars	Date of change	Reason for change
M/s Sagar & Associates Chartered Accountants 6-3-244/5 Sarada Devi Street, Prem Nagar Hyderabad – 500 004, Telangana India **E-mail:** sagarandassociates@yahoo.co.in **Peer Review Certificate Number:** 011975 **ICAI Firm Registration Number:** 003510S	November 25, 2021	Appointed as Statutory Auditor due to casual vacancy of previous auditor
Kannegolla Krishna Rao & Co., Chartered Accountants 7A-14-18, Eastern Street, Eluru – 534001, Andhra Pradesh **E-mail:** krishnarao_kannegolla@hotmail.com **Peer Review Certificate Number:** N.A. **ICAI Firm Registration Number:** 001727S	November 24, 2021	Pre- Occupation

Registrar to the Offer

Bigshare Services Private Limited

Office No S6-2, 6th Floor,
Pinnacle Business Park,
Next to Ahura Centre,
Mahakali Caves Road,
Andheri (East) Mumbai – 400093
Telephone: 022 62638200
E-mail: ipo@bigshareonline.com
Investor grievance e-mail: investor@bigshareonline.com
Website: www.bigshareonline.com
Contact person: Jibu John
SEBI registration number: INR000001385

Banker(s) to the Offer

Escrow Collection Bank(s)

[●]

Refund Bank(s)

[●]

Public Offer Account Bank(s)

[●]

Sponsor Bank(s)

[●]

Bankers to our Company

Canara Bank

Specialised Mid Corporate Branch
D No 5-2-69/3, Kandala Plaza,
Near Arya Samaj Building,
R P Road, Secunderabad
Tel: +91 40 23438608, 23438609
Email: cb4929@canarabank.com
Website: www.canarabank.com
Contact Person: Mr. P Sukumar

HDFC Bank Limited

HDFC Bank House, Road no.1,
Banjara Hills, Hyderabad- 500034
Tel: +91 9810484526
Email: abhinab.chakravarty@hdfc.com
Website: https://www.hdfcbank.com
Contact Person: Abhinab Chakravarty

IDBI Bank Limited

IDBI Bank, D. Num 5-9-89/1 and 2,
Chapel Road, P.B. Num 370,
Hyderabad - 500001
Tel: +91 40 67694115
Email: ajay.matangi@idbi.co.in
Website: www.idbibank.in
Contact Person: Shri Ajay Kumar Matangi

State Bank of India

Commercial Branch – Hyderabad,
Local Head Office Buildings, Bank Street,
Koti, Hyderabad - 500 095
Tel: +91 40 23466828
Email: rm1.cbh@sbi.co.in
Website: https://www.onlinesbi.com
Contact Person: Assistant General Manager & Relationship Manager – AMT -1

Designated Intermediaries

Self-Certified Syndicate Banks

The banks registered with SEBI, which offer the facility of ASBA services, (i) in relation to ASBA, where the Bid Amount will be blocked by authorising an SCSB, a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 and https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35, other than a UPI Bidders using the UPI Mechanism) as updated from time to time and at such other websites as may be prescribed by SEBI from time to time, (ii) In accordance with SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019,SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 and SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2022/45dated April 5, 2022, UPI Bidders may only apply through the SCSBs and mobile applications using the UPI handles a specified list is available on the website of the SEBI(https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40) and (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43) respectively, or such other website as updated from time to time.

Syndicate SCSB Branches

In relation to Bids (other than Bids by Anchor Investors) submitted to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Bid cum Application Forms from the members of the Syndicate is available on the website of the SEBI at (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35) as updated from time to time and any such website as may be prescribed by SEBI from time to time. For more information on such branches collecting Bid cum Application Forms from the Syndicate at Specified Locations, see the website of the SEBI http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes as updated from time to time.

Registered Brokers

Bidders can submit ASBA Forms in the Offer using the stockbroker network of the Stock Exchanges, i.e. through the Registered Brokers at the Broker Centres. The list of the Registered Brokers eligible to accept ASBA forms, including details such as postal address, telephone number and e-mail address, is provided on the websites of the Stock Exchanges at www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx? and www.nseindia.com/products/content/equities/ipos/ipo_mem_terminal.htm, respectively, as updated from time to time.

Registrar and Share Transfer Agents

The list of the RTAs eligible to accept ASBA Forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, is provided on the websites of the Stock Exchanges at www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx? and www.nseindia.com/products/content/equities/ipos/asba_procedures.htm respectively, or such other websites as updated from time to time.

Collecting Depository Participants

The list of the CDPs eligible to accept ASBA Forms at the Designated CDP Locations, including details such as name and contact details, is provided on the websites of the Stock Exchanges at www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx? and www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, respectively, as updated from time to time.

Experts

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent dated July 21, 2022 from our Statutory Auditors, to include their name as required under Section 26 of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Draft Red Herring Prospectus, and as an "expert" as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditors, and in respect of (i) their examination report dated June 15, 2022 on our Restated Financial Statements; and (ii) their report dated July 21, 2022 on the statement of special tax benefits included in this Draft Red Herring Prospectus and (iii) their report dated June 15, 2022, on the Proforma Financial Statements, included in this Draft Red Herring Prospectus, and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

Our Company has received written consent dated July 20, 2022 from Shilpalaya Associates, architects to include its name as required under section 26 of the Companies Act, 2013 read with the SEBI ICDR Regulations, in this DRHP, and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 to the extent and in their capacity as an independent architect with respect to the certificates issued by the, and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Monitoring Agency

Our Company will appoint a credit rating agency registered with SEBI as a monitoring agency to monitor utilization of the Net Proceeds, in accordance with Regulation 41 of the SEBI ICDR Regulations prior to the filing of the Red Herring Prospectus with RoC. For further details, see "*Objects of the Offer – Monitoring Utilization of Funds*" on page 114.

Appraising Agency

None of the objects of the Offer for which the Net Proceeds will be utilised have been appraised by any bank/financial institution or any other agency.

Credit Rating

As this is an offer of Equity Shares, there is no credit rating for the Offer.

IPO Grading

No credit rating agency registered with the SEBI has been appointed in respect of obtaining grading for the Offer.

Debenture Trustees

As this is an offer of Equity Shares, no debenture trustee has been appointed for the Offer.

Green Shoe Option

No green shoe option is contemplated under the Offer.

Filing of this Draft Red Herring Prospectus

A copy of this Draft Red Herring Prospectus has been filed electronically on the SEBI Intermediary Portal at https://siportal.sebi.gov.in/intermediary/index.html, in accordance with SEBI circular bearing reference SEBI/HO/CFD/DIL1/CIR/P/2018/011 dated January 19, 2018 and emailed at cfddil@sebi.gov.in, in accordance with the instructions issued by the SEBI on March 27, 2020, in relation to "Easing of Operational Procedure - Division of Issues and Listing – CFD."

A copy of the Red Herring Prospectus, along with the material contracts and documents required to be filed under Section 32 of the Companies Act, 2013 will be filed with the RoC and a copy of the Prospectus required to be filed under Section 26 of the Companies Act, 2013 will be filed with the RoC.

Book Building Process

Book building, in the context of the Offer, refers to the process of collection of Bids from investors on the basis of the Red Herring Prospectus and the Bid cum Application Forms and the Revision Forms within the Price Band, which along with minimum bid lot will be decided by our Company in consultation with the BRLMs, and if not disclosed in the Red Herring Prospectus, will be advertised in all editions of [●] (a widely circulated English national daily newspaper), all editions of [●] (a widely circulated Hindi national daily newspaper) and all editions of [●] (a widely circulated Telugu newspaper, Telugu being the regional language of Telangana where our Registered Office is located), at least two Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites. The Offer Price shall be determined by our Company in consultation with the BRLMs after the Bid/Offer Closing Date. For further details, see "*Offer Procedure*" on page 377.

All Bidders, except Anchor Investors, are mandatorily required to use the ASBA process for participating in the Offer by providing details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by SCSBs and Sponsor Bank(s), as the case may be. In addition to this, the UPI Bidders may participate through the ASBA process by either (a) providing the details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by the SCSBs; or (b) through the UPI Mechanism. Anchor Investors are not permitted to participate in the Offer through the ASBA process.

In accordance with the SEBI ICDR Regulations, QIBs and Non-Institutional Bidders are not allowed to withdraw or lower the size of their Bids (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. RIBs can revise their Bids during the Bid/Offer Period and withdraw their Bids on or before the Bid/Offer Closing Date. Further, Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/Offer Period. Allocation to the Anchor Investors will be on a discretionary basis.

For further details on the method and procedure for Bidding, and book building procedure see "*Offer Structure*" and "*Offer Procedure*" beginning on pages 374 and 377, respectively.

The Book Building Process under the SEBI ICDR Regulations and the Bidding Process are subject to change from time to time. Bidders are advised to make their own judgement about an investment through this process prior to submitting a Bid.

Bidders should note the Offer is also subject to: (i) obtaining final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and (ii) filing of the Prospectus with the RoC.

Illustration of Book Building and Price Discovery Process

For an illustration of the Book Building Process and the price discovery process, see *"Terms of the Offer"* and "*Offer Procedure*" on pages 368 and 377, respectively.

Underwriting Agreement

After the determination of the Offer Price and allocation of Equity Shares but prior to the filing of the Prospectus with the RoC, our Company and the Selling Shareholders will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered/issued through the Offer. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters will be several and will be subject to certain conditions to closing, as specified therein.

The Underwriting Agreement is dated [●]. The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(*This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC)*

Name, address, telephone number and email of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (in ₹ million)
[●]	[●]	[●]

The abovementioned underwriting commitments are indicative and will be finalised after pricing of the Offer, the Basis of Allotment and actual allocation in accordance with provisions of the SEBI ICDR Regulations.

In the opinion of our Board (based on representations made to our Company by the Underwriters), the resources of the abovementioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The abovementioned Underwriters are registered with the SEBI. Our Board/ IPO Committee, at its meeting held on [●], has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitment set forth in the table above.

Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors respectively procured by them in accordance with the Underwriting Agreement. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscribers for or subscribe to the Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement. The extent of underwriting obligations and the Bids to be underwritten in the Offer shall be as per the Underwriting Agreement.

CAPITAL STRUCTURE

The share capital of our Company, as on the date of this Draft Red Herring Prospectus, is set forth below.

(In ₹, except share data or otherwise indicated)

	Particulars	Aggregate value at face value	Aggregate value at Offer Price*
A.	**AUTHORIZED SHARE CAPITAL(1)**		
	210,000,000 Equity Shares of face value of ₹ 2 each	420,000,000	-
B.	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER**		
	126,339,085 Equity Shares of face value of ₹ 2 each	252,678,170	-
C.	**PRESENT OFFER**		
	Offer of up to [●] Equity Shares of face value of ₹ 2 each aggregating up to ₹ [●] million(2)	[●]	[●]
	of which:		
	Fresh Issue of up to [●] Equity Shares of face value of ₹ 2 each aggregating up to ₹ 6,000 million(2)#	[●]	[●]
	Offer for Sale of up to 18,048,440 Equity Shares of face value of ₹ 2 each aggregating up to ₹ [●] million(2)(3)	[●]	[●]
D.	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE OFFER**		
	[●] Equity Shares of face value of ₹ 2 each*	[●]	[●]
E.	**SECURITIES PREMIUM ACCOUNT**		
	Before the Offer	463,885,820	
	After the Offer*	[●]	

* *To be included upon finalization of Offer Price.*

\# *Our Company, in consultation with the BRLMs, may consider a Pre-IPO Placement of such number of securities for cash consideration aggregating up to ₹ 1,200 million, at its discretion, prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the SCRR.*

(1) *For details in relation to changes in the authorized share capital of our Company in last 10 years, see "History and Certain Corporate Matters – Amendments to the Memorandum of Association" on page 208.*

(2) *The Offer (including the Pre-IPO Placement) has been authorized by a resolution of our Board dated June 4, 2022 and the Fresh Issue has been authorized by a special resolution of our Shareholders dated June 22, 2022. Further, our Board has taken on record the approval for the Offer for Sale by the Selling Shareholders pursuant to its resolution dated July 15, 2022.*

(3) *Each of the Selling Shareholders, severally and not jointly, confirms that the Offered Shares held by them respectively, are eligible for being offered for sale in the Offer as required under Regulation 8 of the SEBI ICDR Regulations. For details on authorisation of the Selling Shareholders in relation to their respective portion of the Offered Shares, see "The Offer" and "Other Regulatory and Statutory Disclosures" on pages 60 and 354, respectively*

Notes to the Capital Structure

1. **Share Capital History of our Company**

a. **History of Equity Share capital**

The following table sets forth the history of the Equity Share capital of our Company:

Date of allotment of equity shares	Number of equity shares allotted	Details of allottees and equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration	Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (₹)
July 03, 2008	10,000,000	Nagakanaka Durga Prasad Chalavadi was allotted 6,000,000 equity shares, Jhansi Rani Chalavadi was allotted 1,900,000 equity shares, Kalyan Srinivas Annam was allotted 1,400,000 equity shares, Subash Chandra Mohan Annam was allotted 400,000 equity shares, Suchitra Annam was allotted 100,000 equity shares, Sowjanya Annam was allotted 100,000 equity shares and Venkata Rajesh Annam was allotted 100,000 equity shares.	10	10	Other than cash	Subscription to MOA(1)	10,000,000	100,000,000
March 31, 2009	10,000,000	Nagakanaka Durga Prasad Chalavadi was allotted 10,000,000 equity shares	10	10	Cash	Further issue	20,000,000	200,000,000
April 1, 2011	220,000	Nagakanaka Durga Prasad Chalavadi was allotted 176,000 equity shares, Jhansi Rani Chalavadi was allotted 20,900 equity shares, Kalyan Srinivas Annam was allotted 15,400 equity shares, Suchitra Annam was allotted 1,100 equity shares, Subash Chandra Mohan Annam was allotted 4,400 equity shares, Sowjanya Annam was allotted 1,100 equity shares and Venkata Rajesh Annam was allotted 1,100 equity shares,	10	75	Cash	Preferential issue	20,220,000	202,200,000
September 07, 2013	500,000	Kalyan Srinivas Annam was allotted 100,000 equity shares, Subash Chandra Mohan Annam was allotted 100,000 equity shares, Doodeswara Kanaka Durgarao Chalavadi was allotted 100,000 equity shares and Nagakanaka Durga Prasad Chalavadi was allotted 200,000 equity shares.	10	75	Cash	Rights issue(2)	20,720,000	207,200,000

Date of allotment of equity shares	Number of equity shares allotted	Details of allottees and equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration	Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (₹)
December 12, 2013	170,000	Nagakanaka Durga Prasad Chalavadi was allotted 170,000 equity shares	10	75	Cash	Rights issue(3)	20,890,000	208,900,000
October 15, 2016	2,064,588	Jhansi Rani Chalavadi was allotted 2,063,388 equity shares and Subash Chandra Mohan Annam was allotted 1,200 equity shares.	10	100	Other than Cash	Allotment pursuant to scheme of amalgamation (4)	22,954,588	229,545,880
December 28, 2017	450,000	Nagakanaka Durga Prasad Chalavadi was allotted 450,000 equity shares	10	100	Cash	Preferential issue	23,404,588	234,045,880
December 17, 2018	50,000	Nagakanaka Durga Prasad Chalavadi was allotted 50,000 equity shares	10	100	Cash	Rights issue	23,454,588	234,545,880
October 23, 2020	300,000	Nagakanaka Durga Prasad Chalavadi was allotted 300,000 equity shares	10	100	Cash	Rights issue	23,754,588	237,545,880
February 26, 2021	200,000	Nagakanaka Durga Prasad Chalavadi was allotted 200,000 equity shares	10	100	Cash	Rights issue(5)	23,954,588	239,545,880
March 27, 2021	110,000	Nagakanaka Durga Prasad Chalavadi was allotted 110,000 equity shares	10	100	Cash	Rights issue	24,064,588	240,645,880
Pursuant to the resolutions passed by our Board of Directors on May 3, 2022 and our Shareholders on May 18, 2022, each equity share of our Company of face value of ₹ 10 each, fully paid-up, was sub-divided into five Equity Shares of our Company of face value of ₹ 2 each. Therefore, 24,064,588 equity shares of our Company of face value of ₹10 each were sub-divided into 120,322,940 Equity Shares of our Company of face value of ₹ 2 each.								
June 9, 2022	6,016,145	SSKL Employees Trust was allotted 6,016,145 Equity Shares	2	22	Cash	Further issue(6)	126,339,085	252,678,170

(1) *Our Company was originally formed as a partnership firm under the name and style of "Sai Silks" on August 10, 2005 and subsequently, the name of the partnership firm was changed to "Sai Silks (Kalamandir)" on March 4, 2008. Pursuant to a meeting of the erstwhile partners of Sai Silks (Kalamandir) dated May 26, 2008, it was decided to convert the partnership firm into a private limited company under Part IX of the Companies Act, 1956 with the name "Sai Silks (Kalamandir) Private Limited" and a certificate of incorporation dated July 3, 2008 was issued by the Registrar of Companies, Andhra Pradesh for the same. Post conversion into a private limited company and pursuant to the first general meeting of its members held on July 25, 2008 in accordance with the Companies Act, 1956, the deed of the partnership of the erstwhile firm was replaced with MOA and AOA of our Company and 10,000,000 equity shares of face value of Rs. 10 each was issued to the erstwhile partners of Sai Silks (Kalamandir) who became the first members of our Company pursuant to subscription to its MOA.*

(2) *Pursuant to the letter of offer dated August 7, 2013, the existing shareholders, who had extended loans to our Company, which were outstanding, were entitled to adjust the consideration payable for the equity shares to be allotted against such outstanding amounts. Accordingly, an aggregate amount of ₹ 37.50 million, which was availed by our Company as part of unsecured loans from Nagakanaka Durga Prasad Chalavadi, Kalyan Srinivas Annam, Subash Chandra Mohan Annam and Doodeswara Kanaka Durgarao Chalavadi was adjusted towards the consideration payable by the allottees.*

(3) *Pursuant to the letter of offer dated November 5, 2013, the existing shareholders, who had extended loans to our Company, which were outstanding, were entitled to adjust the consideration payable for the equity shares to be allotted against such outstanding amounts. Accordingly, an aggregate amount of ₹ 12.75 million, which was availed by our Company as part of unsecured loans from Nagakanaka Durga Prasad Chalavadi was adjusted towards the consideration payable by the allottee.*

(4) *Pursuant to an order dated August 18, 2016, the High Court of Hyderabad sanctioned a scheme of amalgamation under Sections 391 to 394 of the Companies Act, 1956 and the provisions of the Companies Act, 2013 (to the extent applicable), pursuant to which I-ONE Investments Private Limited was amalgamated into our Company ("**SSKL Scheme**"), and in terms of which our Company allotted equity shares to the members of I-ONE Investments Private Limited in the ratio of 120 equity shares for every 100 equity shares of face value ₹10 each at a premium of ₹ 90 per share of I-ONE Investments*

Private Limited held by such members. For further details, see "History and Certain Corporate Matters – Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamation or revaluation of assets in the last 10 years" on page 210.

(5) *Pursuant to the letter of offer dated February 3, 2021, the existing shareholders, who had extended loans to our Company, which were outstanding, were entitled to adjust the consideration payable for the equity shares to be allotted against such outstanding amounts. Accordingly, an aggregate amount of ₹ 20 million, which was availed by our Company as part of unsecured loans from Nagakanaka Durga Prasad Chalavadi was adjusted towards the consideration payable by the allottee.*

(6) *Equity Shares were allotted to SSKL Employee Trust for implementation of the Sai Silks (Kalamandir) Limited Share Based Employee Benefit Scheme 2022.*

b. **History of Preference Share capital**

Our Company does not have any preference share capital as on the date of this Draft Red Herring Prospectus.

c. **Equity Shares issued for consideration other than cash or out of revaluation of reserves**

Our Company has not issued any Equity Shares out of revaluation reserves since its incorporation. Further, except as set forth below, our Company has not issued any Equity Shares for consideration other than cash:

Date of allotment	No. of equity shares allotted	Details of allottee and equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Reason/Nature of allotment	Benefits accrued to our Company
July 03, 2008	10,000,000	Nagakanaka Durga Prasad Chalavadi was allotted 6,000,000 equity shares, Jhansi Rani Chalavadi was allotted 1,900,000 equity shares, Kalyan Srinivas Annam was allotted 1,400,000 equity shares, Subash Chandra Mohan Annam was allotted 400,000 equity shares, Suchitra Annam was allotted 100,000 equity shares, Sowjanya Annam was allotted 100,000 equity shares and Venkata Rajesh Annam was allotted 100,000 equity shares.	10	10	Subscription to MOA(1)	Our Company was converted into a private limited company in accordance with the applicable Companies Act.
October 15, 2016	2,064,588	Jhansi Rani Chalavadi was allotted 2,063,388 equity shares and Subash Chandra Mohan Annam was	10	100	Allotment pursuant to the scheme of amalgamation(2)	On account of the merger, our Company acquired the "Kalamandir" Trademark.

		allotted 1,200 equity shares.				

[(1)] Our Company was originally formed as a partnership firm under the name and style of "Sai Silks" on August 10, 2005 and subsequently, the name of the partnership firm was changed to "Sai Silks (Kalamandir)" on March 4, 2008. Pursuant to a meeting of the erstwhile partners of Sai Silks (Kalamandir) dated May 26, 2008, it was decided to convert the partnership firm into a private limited company under Part IX of the Companies Act, 1956 with the name "Sai Silks (Kalamandir) Private Limited" and a certificate of incorporation dated July 3, 2008 was issued by the Registrar of Companies, Andhra Pradesh for the same. Post conversion into a private limited company and pursuant to the first general meeting of its members held on July 25, 2008 in accordance with the Companies Act, 1956, the deed of the partnership of the erstwhile firm was replaced with MOA and AOA of our Company and 10,000,000 equity shares of face value of Rs. 10 each was issued to the erstwhile partners of Sai Silks (Kalamandir) who became the first members of our Company pursuant to subscription to its MOA.

*[(2)] Pursuant to an order dated August 18, 2016, the High Court of Hyderabad sanctioned a scheme of amalgamation under Sections 391 to 394 of the Companies Act, 1956 and the provisions of the Companies Act, 2013 (to the extent applicable), pursuant to which I-ONE Investments Private Limited was amalgamated into our Company ("**SSKL Scheme**"), and in terms of which our Company allotted equity shares to the members of I-ONE Investments Private Limited in the ratio of 120 equity shares for every 100 equity shares of face value ₹10 each at a premium of ₹ 90 per share of I-ONE Investments Private Limited held by such members. For further details, see "History and Certain Corporate Matters – Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamation or revaluation of assets in the last 10 years" on page 210.*

d. **Equity Shares issued under any scheme of arrangement**

Except for the allotment of equity shares on October 15, 2016 pursuant to the SSKL Scheme, our Company has not allotted any Equity Shares pursuant to any scheme approved under Sections 230 to 234 of the Companies Act, 2013, as applicable. For further details, see "*History and Certain Corporate Matters – Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamation or revaluation of assets in the last 10 years*" on page 210.

e. **Issue of Shares at a price lower than the Offer Price in preceding one year**

Except for the allotment of Equity Shares on June 9, 2022 to SSKL Employees Trust, our Company has not issued any Equity Shares at a price which may be lower than the Offer Price in the one year preceding the date of this Draft Red Herring Prospectus.

2. **Details of shareholding of our Promoters and the Promoter Group in our Company**

As on the date of this Draft Red Herring Prospectus, our Promoters hold, in the aggregate 68,427,000 Equity Shares, which constitute 54.16% of the issued, subscribed and paid-up Equity Share capital of our Company.

a. **Build-up of the shareholding of our Promoters in our Company**

The details regarding the shareholding of our Promoters since incorporation of our Company is set forth in the table below.

Date of allotment/ transfer	Reason/ Nature of transaction	Number of equity shares allotted/ transferred	Nature of consideration	Face value per equity share (₹)	Issue price/ Transfer price per equity share (₹)	% of pre-Offer capital	% of post-Offer capital#
(A) Nagakanaka Durga Prasad Chalavadi							
July 3, 2008	Subscription to MOA	6,000,000	Other than Cash	10	10	23.75	[●]
March 31, 2009	Further issue	10,000,000	Cash	10	10	39.58	[●]
March 29, 2011	Transferred by way of gift deed to Dhanalakshmi Perumalla	(2,931,900)	N.A.	10	N.A.	(11.60)	[●]
April 1, 2011	Preferential issue	176,000	Cash	10	75	0.70	[●]

Date of allotment/ transfer	Reason/ Nature of transaction	Number of equity shares allotted/ transferred	Nature of consideration	Face value per equity share (₹)	Issue price/ Transfer price per equity share (₹)	% of pre-Offer capital	% of post-Offer capital#
May 25, 2011	Transferred by way of gift deed to Devamani Venkata Kanakadurga Hanisha	(2,224,200)	N.A.	10	N.A.	(8.80)	[●]
May 25, 2011	Transferred by way of gift deed to Doodeswara Kanaka Durgarao Chalavadi	(1,516,500)	N.A.	10	N.A.	(6.00)	[●]
May 25, 2011	Transferred by way of gift deed to Jhansi Rani Chalavadi	(2,830,800)	N.A.	10	N.A.	(11.20)	[●]
September 7, 2013	Rights issue	200,000	Cash	10	75	0.79	[●]
December 12, 2013	Rights issue	170,000	Cash	10	75	0.67	[●]
September 15, 2017	Transferred by way of gift deed to Konijeti Rupamani Nagakanakadurgasri Harshada	(2,000,000)	N.A.	10	N.A.	(7.92)	[●]
December 28, 2017	Preferential issue	450,000	Cash	10	100	1.78	[●]
October 5, 2018	Transferred by way of gift deed from Jhansi Rani Chalavadi	820,000	N.A.	10	N.A.	3.25	[●]
December 17, 2018	Rights issue	50,000	Cash	10	100	0.20	[●]
May 22, 2019	Transferred by way of gift deed from Jhansi Rani Chalavadi	135,000	N.A.	10	N.A.	0.53	[●]
October 23, 2020	Rights issue	300,000	Cash	10	100	1.19	[●]
February 26, 2021	Rights issue	200,000	Cash	10	100	0.79	[●]
March 27, 2021	Rights issue	110,000	Cash	10	100	0.44	[●]
May 13, 2022	Transferred by way of gift deed from Devamani Venkata Kanakadurga Hanisha	2,224,200	N.A	10	N.A	8.80	[●]
May 13, 2022	Transferred by way of gift deed from Rupamani Nagakanakadurgasri Harshada Konijeti	2,500,000	N.A	10	N.A	9.89	[●]
Pursuant to the resolutions passed by our Board of Directors on May 3, 2022 and our Shareholders on May 18, 2022, each equity share of our Company of face value of ₹ 10 each, fully paid-up, was sub-divided into five Equity Shares of our Company of face value of ₹ 2 each. Therefore, 11,831,800 equity shares of our Company of face value of ₹10 each held by Nagakanaka Durga Prasad Chalavadi were sub-divided into 59,159,000 Equity Shares of our Company of face value of ₹ 2 each.							
June 20, 2022	Transferred by way of gift deed to SSKL Family Trust	(2,183,495)	N.A.	2	N.A.	(1.73)	**[●]**
Total (A)		**56,975,505***				**45.10**	**[●]**

Date of allotment/ transfer	Reason/ Nature of transaction	Number of equity shares allotted/ transferred	Nature of consideration	Face value per equity share (₹)	Issue price/ Transfer price per equity share (₹)	% of pre-Offer capital	% of post-Offer capital#
(B) Jhansi Rani Chalavadi							
July 3, 2008	Subscription to MOA	1,900,000	Other than Cash	10	10	7.52	[●]
April 1, 2011	Preferential issue	20,900	Cash	10	75	0.08	[●]
May 25, 2011	Transferred by way of gift deed from Nagakanaka Durga Prasad Chalavadi	2,830,800	N.A.	10	N.A.	11.20	[●]
October 15, 2016	Allotment pursuant to scheme of amalgamation	2,063,388	Other than Cash	10	100	8.17	[●]
September 15, 2017	Transferred by way of gift deed to Rupamani Nagakanaka Durgasri Harshada Konijeti	(500,000)	N.A.	10	N.A.	(1.98)	[●]
October 5, 2018	Transferred by way of gift deed to Nagakanaka Durga Prasad Chalavadi	(820,000)	N.A.	10	N.A.	(3.25)	[●]
May 22, 2019	Transferred by way of gift deed to Nagakanaka Durga Prasad Chalavadi	(135,000)	N.A.	10	N.A.	(0.53)	[●]
May 5, 2022	Transferred by way of gift deed to Dhanalakshmi Perumalla	(1,598,704)	N.A.	10	N.A.	(6.33)	[●]
May 5, 2022	Transferred by way of gift deed to Mohana Durga Rao Chalavadi	(1,471,085)	N.A.	10	N.A.	(5.82)	[●]
Pursuant to the resolutions passed by our Board of Directors on May 3, 2022 and our Shareholders on May 18, 2022, each equity share of our Company of face value of ₹ 10 each, fully paid-up, was sub-divided into five Equity Shares of our Company of face value of ₹ 2 each. Therefore, 2,290,299 equity shares of our Company of face value of ₹10 each held by Jhansi Rani Chalavadi were sub-divided into 11,451,495 Equity Shares of our Company of face value of ₹ 2 each.							
Total (B)		**11,451,495**	-		-	**9.06%**	[●]
Total (A+B)		**68,427,000***	-		-	**54.16%**	**[●]**

** As on the date of this Draft Red Herring Prospectus, 21,437,500 Equity Shares constituting 16.97% of the fully diluted equity share capital of our Company held by Nagakanaka Durga Prasad Chalavadi, one of our Promoters, are pledged in favor of State Bank of India to secure the borrowing obligations of our Company with this lender.*
 # Subject to finalisation of Basis of Allotment.

All the Equity Shares held by our Promoters were fully paid-up on the respective dates of acquisition of such Equity Shares. The entire shareholding of our Promoters and members of Promoter Group is in dematerialised form as of the date of this Draft Red Herring Prospectus.

b. **Shareholding of the members of the Promoter Group**

Except as disclosed below, the members of the Promoter Group (other than our Promoters) do not hold any Equity Shares as on the date of this Draft Red Herring Prospectus:

S No.	Name of shareholder	Number of Equity Shares held	% of the pre-Offer capital	% of the post-Offer capital#
1.	Subash Chandra Mohan	2,120,500	1.68	[●]

S No.	Name of shareholder	Number of Equity Shares held	% of the pre-Offer capital	% of the post-Offer capital#
	Annam			
2.	Kalyan Srinivas Annam	15,096,975	11.95	[●]
3.	Dhanalakshmi Perumalla	3,083,865	2.44	[●]
4.	Doodeswara Kanaka Durgarao Chalavadi	6,435,250	5.09	[●]
5.	Venkata Rajesh Annam	505,500	0.40	[●]
6.	SSKL Family Trust	24,653,850	19.51	[●]
Total		**51,895,940**	**41.08**	[●]

#Subject to finalisation of Basis of Allotment.

c. **Details of Promoters' contribution and lock-in**

Pursuant to Regulations 14 and 16 of the SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post-Offer Equity Share capital of our Company held by our Promoters shall be locked in for a period of eighteen months as minimum promoters' contribution from the date of Allotment ("**Minimum Promoters' Contribution**") and the shareholding of our Promoters in excess of 20% of the fully diluted post-Offer Equity Share capital shall be locked in for a period of six months from the date of Allotment as a majority of the Net Proceeds are not proposed to be utilized for capital expenditure. As per the applicable provisions of SEBI ICDR Regulations, "capital expenditure" means civil work, miscellaneous fixed assets, purchase of land, building and plant and machinery etc.

Details of the Equity Shares to be locked-in for eighteen months from the date of Allotment as Minimum Promoters' Contribution are set forth in the table below:*

Name of Promoter	Number of Equity Shares locked-in	Date of allotment/ acquisition of Equity Shares and when made fully paid-up	Nature of transaction	Face Value per Equity Share (₹)	Issue/ Acquisition price per Equity Share (₹)	Percentage of the pre-Offer paid-up Equity Share capital (%)	Percentage of the post- Offer paid-up Equity Share capital (%)	Date up to which Equity Shares are subject to
Nagakanaka Durga Prasad Chalavadi	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Jhansi Rani Chalavadi	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Total	**[●]**					**[●]**	**[●]**	**[●]**

** To be included in the Prospectus.*

Our Promoters have given their consent to include such number of Equity Shares held by them as may constitute 20% of the fully diluted post-Offer Equity Share capital of our Company as the Minimum Promoters' Contribution. Our Promoters have agreed not to sell, transfer, charge, pledge or otherwise encumber in any manner, the Promoters' Contribution from the date of filing of this Draft Red Herring Prospectus, until the expiry of the lock-in period specified above, or for such other time as required under SEBI ICDR Regulations, except as may be permitted, in accordance with the SEBI ICDR Regulations. The Minimum Promoters' Contribution has been brought in to the extent of not less than the specified minimum lot and from the persons defined as "promoter" under the SEBI ICDR Regulations.

The Equity Shares that are being locked-in are not and will not be, ineligible for computation of Minimum Promoters' Contribution in terms of Regulation 15 of the SEBI ICDR Regulations. In this connection, our Company confirms the following:

(i). The Equity Shares offered for Minimum Promoters' Contribution do not include Equity Shares acquired during the three immediately preceding years (i) for consideration other than cash, and revaluation of assets or capitalisation of intangible assets, (ii) pursuant to a bonus issue out of revaluation reserves or unrealised profits of our Company or from a bonus issue against Equity Shares, which are otherwise ineligible for computation of Minimum Promoters' Contribution;

(ii). The Minimum Promoters' Contribution does not include any Equity Shares acquired during the immediately preceding one year at a price lower than the price at which the Equity Shares are being offered to the public in the Offer;

(iii). Our Company was incorporated pursuant to conversion of a partnership firm into a private limited company under Part IX of the Companies Act, 1956 and a certificate of incorporation dated July 3, 2008 was issued by the Registrar of Companies, Andhra Pradesh. For further details please see "*History and Certain Corporate Matters – Brief history of our Company*" on page 207. No Equity Shares have been issued to our Promoters upon such conversion, in the last one year;

(iv). The Equity Shares held by our Promoters which will be offered for Minimum Promoters' Contribution are not subject to any pledge or encumbrance; and

(v). All the Equity Shares held by our Promoters are held in dematerialised form prior to filing of this Draft Red Herring Prospectus.

d. **Details of Equity Shares locked-in for six months**

In terms of Regulation 17 of the SEBI ICDR Regulations, the entire pre-Offer Equity Share capital held by persons (including those Equity Shares held by our Promoters in excess of the Minimum Promoters' contribution) will be locked-in for a period of six months from the date of Allotment in the Offer, except (a) the minimum promoter's contribution which shall be locked in as above; (b) the Equity Shares which may be allotted to the employees under the SSKL ESOP Schemes pursuant to exercise of options held by such employees (whether currently employees or not); and (c) Offered Shares, which are successfully transferred as part of the Offer for Sale. Any unsubscribed portion of the Offered Shares would also be locked-in as required under Regulation 17 of the SEBI ICDR Regulations.

e. **Lock-in of Equity Shares Allotted to Anchor Investors**

There shall be a lock-in of 90 days on 50% of the Equity Shares Allotted to Anchor Investors from the date of Allotment, and a lock-in of 30 days on the remaining 50% of the Equity Shares Allotted to Anchor Investors from the date of Allotment.

f. **Other lock-in requirements:**

Pursuant to Regulation 21 of the SEBI ICDR Regulations, Equity Shares held by our Promoters and locked-in, as mentioned above, may be pledged as collateral security for a loan granted by a scheduled commercial bank, a public financial institution, NBFC-SI or a housing finance company, subject to the following:

(i). with respect to the Equity Shares locked-in for six months from the date of Allotment, such pledge of the Equity Shares must be one of the terms of the sanction of the loan; and
(ii). with respect to the Equity Shares locked-in as Minimum Promoters' Contribution for 18 months from the date of Allotment, the loan must have been granted to our Company for the purpose of financing one or more of the objects of the Offer, which is not applicable in the context of this Offer.

However, the relevant lock-in period shall continue post the invocation of the pledge referenced above, and the relevant transferee shall not be eligible to transfer the Equity Shares till the relevant lock-in period has expired in terms of the SEBI ICDR Regulations.

Pursuant to Regulation 22 of the SEBI ICDR Regulations, Equity Shares held by our Promoters and locked-in terms of Regulation 16 of the ICDR Regulations, may be transferred to and amongst the members of our Promoter Group or to any new promoter, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI Takeover Regulations, as applicable and such transferees shall not be eligible to transfer them till the lock-in period stipulated under the SEBI ICDR Regulations has expired. Further, in terms of Regulation 22 of the SEBI ICDR Regulations, the Equity Shares held by persons other than our Promoters and locked-in for a period of six months from the date of Allotment in the Offer may be transferred to any other person holding the Equity Shares which are locked-in, subject to continuation of the lock-in in the hands of transferees for the remaining period and compliance with the Takeover Regulations. However, it should be noted that the Offered Shares which will be transferred by the respective Selling Shareholders in the Offer for

Sale shall not be subject to lock-in.

As on the date of this Draft Red Herring Prospectus, 21,437,500 Equity Shares constituting 16.97% of the fully diluted equity share capital of our Company held by Nagakanaka Durga Prasad Chalavadi, one of our Promoters, are pledged in favor of State Bank of India, to secure the borrowing obligations of our Company with this lender.

g. **Recording on non-transferability of Equity Shares locked-in**

As required under Regulation 20 of the SEBI ICDR Regulations, our Company shall ensure that the details of the Equity Shares locked-in are recorded by the relevant Depository.

3. **Shareholding Pattern of our Company**

The table below presents the shareholding pattern of our Company as on the date of this Draft Red Herring Prospectus.

Category (I)	Category of shareholder (II)	Number of shareholders (III)	Number of fully paid up equity shares held (IV)	Number of Partly paid-up equity shares held (V)	Number of shares underlying Depository Receipts (VI)	Total number of shares held (VII) =(IV)+(V)+ (VI)	Shareholding as a % of total number of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)				Number of shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)*		Number of equity shares held in dematerialized form (XIV)
								Number of Voting Rights			Total as a % of (A+B+ C)			Number (a)	As a % of total Shares held (b)	Number (a)	As a % of total Shares held (b)	
								Class e.g.: Equity Shares	Class e.g.: Others	Total								
(A)	Promoters and Promoter Group	8	120,322,940	-	-	120,322,940	95.24%	120,322,940	-	120,322,940	95.24%	-	95.24%	-		44,847,000	35.50%	120,322,940
(B)	Public	-	-	-	-	-	-	-	-	-	-	-	-	-		-	-	-
(C)	Non-Promoter-Non Public	1	6,016,145	-	-	6,016,145	4.76%	6,016,145		6,016,145	4.76%	-	4.76%	-		-	-	6,016,145
(C1)	Shares underlying depository receipts	-	-	-	-	-	-	-	-	-	-	-	-	-		-	-	-
(C2)	Shares held by employee trusts	1	6,016,145	-	-	6,016,145	4.76%	6,016,145		6,016,145	4.76%	-	4.76%	-		-	-	6,016,145
	Total	**9**	**126,339,085**	**-**	**-**	**126,339,085**	**100%**	**126,339,085**	**-**	**126,339,085**	**100%**	**-**	**100%**	**-**		**44,847,000**	**35.50%**	**126,339,085**

**As on the date of this Draft Red Herring Prospectus, 21,437,500 Equity Shares constituting 16.97% of the fully diluted equity share capital of our Company held by Nagakanaka Durga Prasad Chalavadi, one of our Promoters, are pledged in favor of State Bank of India, to secure the borrowing obligations of our Company with this lender. Similarly, 6,338,500 Equity Shares held by Doodeswara Kanaka Durgarao Chalavadi, 14,692,000 Equity Shares held by Kalyan Srinivas Annam, 1,982,500 Equity Shares held by Subash Chandra Mohan Annam and 396,500 Equity Shares held by Venkata Rajesh Annam, all members of our Promoter Group, are pledged in favour of different lenders to secure the borrowing obligations of our Company with respective lenders.*

4. The BRLMs and their respective associates (as defined under the SEBI Merchant Bankers Regulations) do not hold any Equity Shares as on the date of this Draft Red Herring Prospectus. The BRLMs and their respective affiliates may engage in transactions with and perform services for our Company in the ordinary course of business or may in the future engage in commercial banking and investment banking transactions with our Company, for which they may in the future receive customary compensation.

5. **Shareholding of our Directors and Key Managerial Personnel in our Company**

Except as disclosed below, none of our Directors and Key Managerial Personnel hold Equity Shares in our Company as on the date of this Draft Red Herring Prospectus:

Name	No. of Equity Shares	% of pre-Offer capital	% of post-Offer capital[#]
Directors (including Executive Directors)			
Nagakanaka Durga Prasad Chalavadi	56,975,505	45.10	[●]
Kalyan Srinivas Annam	15,096,975	11.95	[●]
Doodeswara Kanaka Durgarao Chalavadi	6,435,250	5.09	[●]
Key Managerial Personnel			
Venkata Rajesh Annam	505,500	0.40	[●]
Total	**79,013,230**	**62.54**	**[●]**

[#] *Subject to finalisation of Basis of Allotment.*

6. **Details of equity shareholding of the major equity Shareholders of our Company**

(a) As on the date of this Draft Red Herring Prospectus, our Company has nine Shareholders.

(b) Set forth below are details of shareholders holding 1% or more of the pre-Offer paid-up Equity Share capital of our Company, on a fully diluted basis, as on the date of filing of this Draft Red Herring Prospectus:

Name of Shareholder	Pre-Offer	
	No. of Equity Shares of face value of ₹2 each	% of Equity Share capital
Nagakanaka Durga Prasad Chalavadi	56,975,505	45.10
SSKL Family Trust	24,653,850	19.51
Kalyan Srinivas Annam	15,096,975	11.95
Jhansi Rani Chalavadi	11,451,495	9.06
Doodeswara Kanaka Durgarao Chalavadi	6,435,250	5.09
SSKL Employees Trust	6,016,145	4.76
Dhanalakshmi Perumalla	3,083,865	2.44
Subash Chandra Mohan Annam	2,120,500	1.68
Total	**125,833,585**	**99.60**

(c) Set forth below are details of shareholders holding 1% or more of the pre-Offer paid-up Equity Share capital of our Company, on a fully diluted basis, as on 10 days prior to the date of filing of this Draft Red Herring Prospectus:

Name of Shareholder	Pre-Offer	
	No. of Equity Shares of face value of ₹2 each	% of Equity Share capital
Nagakanaka Durga Prasad Chalavadi	56,975,505	45.10
SSKL Family Trust	24,653,850	19.51
Kalyan Srinivas Annam	15,096,975	11.95
Jhansi Rani Chalavadi	11,451,495	9.06
Doodeswara Kanaka Durgarao Chalavadi	6,435,250	5.09
SSKL Employees Trust	6,016,145	4.76
Dhanalakshmi Perumalla	3,083,865	2.44
Subash Chandra Mohan Annam	2,120,500	1.68
Total	**125,833,585**	**99.60**

(d) Set forth below are details of shareholders holding 1% or more of the pre-Offer paid-up Equity Share capital of our Company, on a fully diluted basis, as on the date one year prior to the date of filing of this Draft Red Herring Prospectus:

Name of Shareholder	Pre-Offer	
	No. of equity shares of face value ₹ 10 each	% of Equity Share capital
Nagakanaka Durga Prasad Chalavadi	7,107,600	29.54
Jhansi Rani Chalavadi	5,360,088	22.27
Dhanalakshmi Perumalla	2,931,900	12.18
Rupamani Nagakanaka Durgasri Harshada Konijeti	2,500,000	10.39
Devamani Venkata Kanakadurga Hanisha	2,224,200	9.24
Doodeswara Kanaka Durgarao Chalavadi	1,616,500	6.72
Kalyan Srinivas Annam	1,515,400	6.30
Subash Chandra Mohan Annam	505,600	2.10
Total	**23,761,288**	**98.74**

(e) Set forth below are details of shareholders holding 1% or more of the pre-Offer paid-up Equity Share capital of our Company, on a fully diluted basis, as on the date two years prior to the date of filing of this Draft Red Herring Prospectus:

Name of Shareholder	Pre-Offer	
	No. of equity shares of face value ₹ 10 each	% of Equity Share capital
Nagakanaka Durga Prasad Chalavadi	6,497,600	27.70
Jhansi Rani Chalavadi	5,360,088	22.85
Dhanalakshmi Perumalla	2,931,900	12.50
Rupamani Nagakanaka Durgasri Harshada Konijeti	2,500,000	10.66
Devamani Venkata Kanakadurga Hanisha	2,224,200	9.48
Doodeswara Kanaka Durgarao Chalavadi	1,616,500	6.89
Kalyan Srinivas Annam	1,515,400	6.46
Subash Chandra Mohan Annam	505,600	2.16
Total	**23,151,288**	**98.71**

7. Except as disclosed below, no shares have been acquired in the immediately preceding three years by our Promoters, members of the Promoter Group and / or the Selling Shareholders:

Name of acquirer	Date of acquisition	Number of equity shares acquired in the last three years at a face value of ₹ 10 each	Acquisition price per equity share (₹)
Promoters			
Nagakanaka Durga Prasad Chalavadi*	October 23, 2020	300,000	100
	February 26, 2021	200,000	100
	March 27, 2021	110,000	100
	May 13, 2022	2,224,200	N.A.(1)
	May 13, 2022	2,500,000	N.A. (1)
Promoter Group			
Dhanalakshmi Perumalla*	May 5, 2022	1,598,704	N.A. (1)
Kalyan Srinivas Annam*	May 9, 2022	1,503,995	N.A. (1)
Subash Chandra Mohan Annam*	May 9, 2022	955,018	N.A. (1)
Mohana Durga Rao Chalavadi	May 9, 2022	63,033	N.A. (1)
	May 5, 2022	1,471,085	N.A. (1)
Venkata Rajesh Annam*	May 9, 2022	1,454,818	N.A. (1)
SSKL Family Trust	June 20, 2022	24,653,850^	N.A.(1)

** Also the Selling Shareholders.*
(1) *Transfer by way of gift.*
^ *At the face value of. ₹2 each*

As on the date of this Draft Red Herring Prospectus, none of the Shareholders has a right to appoint director or any other special right in respect of the Equity Shares.

8. There have been no financing arrangements whereby our Promoters, members of the Promoter Group, our Directors and their relatives have financed the purchase by any other person of securities of our Company, during a period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus.

9. Our Company, Promoters, Directors, and the BRLMs have not entered into any buy-back arrangements or any other similar arrangements for the purchase of Equity Shares from any person.

10. Except as disclosed above, none of the members of the Promoter Group, our Directors or their relatives have purchased or sold any securities of our Company during the period of six months immediately preceding the date of this Draft Red Herring Prospectus.

11. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law.

12. ***Sai Silks (Kalamandir) Limited Share-based Employee Benefit Scheme - 2022 ("ESOP Scheme")***

    Our Company, pursuant to the resolutions passed by our Board of Directors on May 28, 2022, and our Shareholders on June 4, 2022, adopted the ESOP Scheme**.** The Company under the ESOP Scheme may grant an aggregate number of up to 6,016,145 employee stock options, in one or more tranches. Upon exercise and payment of the exercise price, the option holder will be entitled to be allotted one Equity Share per employee stock option. The purpose of the ESOP Scheme is, among other things, to: (a) motivate the employees to contribute to the growth and profitability of our Company; (b) achieve sustained growth and the creation of Shareholder value by aligning the interests of the employees with the long-term interests of our Company; and (c) incentivize the senior and critical talents in line with corporate growth and creation of Shareholders' value. There are no options granted pursuant to the ESOP Scheme as of the date of this Draft Red Herring Prospectus.

13. No person connected with the Offer, including but not limited to, our Company, the Selling Shareholders, the members of the Syndicate, our Directors, Promoters or the members of the Promoter Group or Group Companies, shall offer in any manner whatsoever any incentive, whether direct or indirect, in cash, in kind or in services or otherwise to any Bidder for making a Bid.

14. Our Promoters and the Company confirm that 20% of the post-Offer Equity Share capital of our Company shall be available for the Minimum Promoters' Contribution post completion of the pledge. Further, none of the Equity Shares being offered for sale through the Offer for Sale are pledged or otherwise encumbered, as on the date of this Draft Red Herring Prospectus.

15. The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Draft Red Herring Prospectus.

16. The Equity Shares issued pursuant to the Offer shall be fully paid-up at the time of Allotment, failing which, no Allotment shall be made.

17. There are no outstanding warrants, options or rights to convert debentures, loans or other convertible instruments into Equity Shares as on the date of this Draft Red Herring Prospectus.

18. Except for Pre-IPO Placement, there will be no further issue of Equity Shares whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from filing of this Draft Red Herring Prospectus with SEBI until the Equity Shares have been listed on the Stock Exchanges or refund of application monies.

19. Except for any Equity Shares to be issued pursuant to the Fresh Issue, there is no proposal or intention, negotiations and consideration of our Company to alter its capital structure for a period of six months from the Bid/Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares, or further issue of Equity Shares (including issue of securities convertible into or exchangeable for, directly or indirectly into Equity Shares), whether on a preferential basis or issue of bonus or rights or further public issue of Equity Shares. However, if our Company enters acquisitions, joint ventures or other arrangements, our Company may, subject to necessary approvals, consider raising additional capital to fund such activity or use Equity Shares as consideration for acquisitions or participation in such joint ventures or other arrangements.

20. Our Promoters and the members of our Promoter Group will not participate in the Offer, except to the extent of the Offer for Sale by the Selling Shareholders.

21. Our Company shall ensure that any transactions in the Equity Shares by our Promoters and the members of the Promoter Group during the period between the date of filing of this Draft Red Herring Prospectus with SEBI and the date of closure of the Offer shall be reported to the Stock Exchanges within 24 hours of the transactions.

22. Except as disclosed in this section, our Company has not undertaken any public issue of securities or any rights issue of any kind or class of securities, in terms of SEBI ICDR Regulations, since its incorporation

OBJECTS OF THE OFFER

The Offer comprises of a Fresh Issue by our Company and an Offer for Sale by the Selling Shareholders.

Offer for Sale

The Selling Shareholders will be entitled to their respective portion of the proceeds of the Offer for Sale after deducting their proportion of the Offer related expenses and relevant taxes thereon. Our Company will not receive any proceeds from the Offer for Sale. Further, the proceeds received from the Offer for Sale will not form part of the net proceeds, *i.e.,* gross proceeds of the Fresh Issue less the Offer related expenses applicable to the Fresh Issue ("**Net Proceeds**"). For details of the Selling Shareholders, see "*Other Regulatory and Statutory Disclosures – Authority for the Offer*" on page 354.

For further details, see "*- Offer related expenses*" on page 112.

Net Proceeds

The details of the proceeds from the Fresh Issue are summarised in the following table:

(*₹ in million*)

Particulars	Amount^
Gross proceeds from the Fresh Issue	6,000.00*
(Less) Offer related expenses in relation to the Fresh Issue (1)(2)	[●]
Net Proceeds	[●]

** Subject to full subscription of the Fresh Issue component.*

^ Our Company may, in consultation with the BRLMs, consider a Pre-IPO Placement of such number of securities for cash consideration aggregating up to ₹ 1,200 million, at its discretion, prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the SCRR.

(1) To be finalised upon determination of the Offer Price and will be updated in the Prospectus prior to filing with the RoC.

(2) For details with respect to sharing of fees and expenses amongst our Company and the Selling Shareholders, please refer to the heading " – Offer related expenses" at page 112.

Objects of the Fresh Issue

Our Company proposes to utilise the Net Proceeds towards funding the following objects:

1. Funding capital expenditure towards setting-up of 25 new stores ("**New Stores**");
2. Funding capital expenditure towards setting-up of two warehouses;
3. Funding working capital requirements of our Company;
4. Repayment or pre-payment, in full or part, of certain borrowings availed by our Company; and
5. General corporate purposes.

(collectively, referred to herein as the "**Objects**").

In addition, our Company expects to receive the benefits of listing of the Equity Shares on the Stock Exchanges including enhancement of our Company's visibility, brand image among our existing and potential customers and creation of a public market for our Equity Shares in India.

The main objects clause and objects incidental and ancillary to the main objects as set out in the Memorandum of Association enables our Company to undertake (i) its existing activities, (ii) the activities proposed to be funded from the Net Proceeds, and (iii) the activities towards which the loans proposed to be repaid or pre-paid from the Net Proceeds were utilised.

Utilisation of Net Proceeds

The Net Proceeds are proposed to be utilised in accordance in the following manner:

(In ₹ million)

Particulars	Amount[(1)(2)]
Funding capital expenditure towards setting-up of 25 new stores	1,225.87
Funding capital expenditure towards setting-up of two warehouses	253.96
Funding working capital requirements of our Company	2,359.94
Repayment or pre-payment, in full or part, of certain borrowings availed by our Company	600.00
General Corporate Purposes[(1)]	[●]
Total	[●]

(1) *To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC. The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds.*

(2) *Our Company may, in consultation with the BRLMs, consider a Pre-IPO Placement of such number of securities for cash consideration aggregating up to ₹ 1,200 million, at its discretion, prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the SCRR. Upon allotment of Equity Shares issued pursuant to the Pre- IPO Placement and after compliance with requirements prescribed under the Companies Act, our Company shall utilise the proceeds from such Pre-IPO Placement towards one or more of the Objects.*

Proposed schedule of implementation and deployment of Net Proceeds

We propose to deploy the Net Proceeds towards the Objects in accordance with the estimated schedule of implementation and deployment of funds, as set forth in the table below:

(*in ₹ million*)

Particulars	Estimated utilisation from Net Proceeds	Estimated schedule of deployment	
		Fiscal 2023	Fiscal 2024
Funding capital expenditure towards setting-up of 25 new stores	1,225.87	352.87	873.00
Funding capital expenditure towards setting-up of two warehouses	253.96	253.96	-
Funding working capital requirements of our Company	2,359.94	796.93	1,563.01
Repayment or pre-payment, in full or part, of certain borrowings availed by our Company	600.00	600.00	-
General Corporate Purposes[(1)]	[●]	[●]	[●]
Total[(2)]	[●]	[●]	[●]

(1) *To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC. The aggregate amount to be utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds.*

(2) *Our Company may, in consultation with the BRLMs, consider a Pre-IPO Placement of such number of securities for cash consideration aggregating up to ₹ 1,200 million, at its discretion, prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the SCRR. Upon allotment of Equity Shares issued pursuant to the Pre- IPO Placement and after compliance with requirements prescribed under the Companies Act, our Company shall utilise the proceeds from such Pre-IPO Placement towards one or more of the Objects.*

The fund requirements, proposed deployment of funds and the intended use of the Net Proceeds set out above is based on our current business plan, internal management estimates, valid quotations received from third parties, certificate from an independent architect, current circumstances of our business, prevailing market conditions and other commercial considerations. However, these fund requirements and proposed deployment of Net Proceeds have not been appraised by any bank or financial institution. We may have to revise our funding requirement on account of various factors, such as financial and market conditions, delay in procuring and operationalizing assets or necessary licenses and approvals, competition, price fluctuations, interest rate fluctuations and other external factors, which may not be within the control of our management. This may also entail rescheduling of the proposed deployment of the Net Proceeds at the discretion of our management, subject to compliance with applicable laws. Further, in the event, the Net Proceeds are not utilized (in full or in part) for the objects of the Offer during the period stated above due to any reason, including (i) the timing of completion of the Offer; (ii) market conditions outside the control of our Company; and (iii) any other economic, business and commercial considerations, the remaining Net Proceeds shall be utilized in subsequent periods as may be determined by our Company, in accordance with applicable laws. This may also entail rescheduling or revising the planned expenditure and funding requirements, including the expenditure for a particular purpose at the discretion of our management, subject to compliance with applicable law. For details, see "*Risk Factors – The Objects of the Offer include funding working capital requirements of our Company, which are based on certain assumptions and estimates and such working capital requirements may not be indicative of the actual requirements of our Company*", "*Risk Factors – Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates and may be subject to change based on various factors, some of which are beyond our control*" and *"Risk Factors – Any variation in the utilization of the Net Proceeds would be subject to certain compliance requirements, including prior shareholders' approval"* on pages 38, 49 and 49.

Subject to compliance with applicable laws, if the actual utilisation 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 utilised towards general corporate purposes will not exceed 25% of the Gross Proceeds, in accordance with the SEBI ICDR Regulations. In case of a shortfall in raising requisite capital from the Net Proceeds towards meeting the Objects of the Offer, we may explore a range of options including utilising 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. Further, in case of any variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, including from internal accruals, if any, available in respect of the other purposes for which funds are being raised in the Offer. To the extent our Company is unable to utilise any portion of the Net Proceeds towards the aforementioned Objects, as per the estimated scheduled of deployment specified above, our Company shall deploy the Net Proceeds in subsequent Fiscals towards the aforementioned Objects as may be determined by our Company, in accordance with applicable law. Our Company may also utilise any portion of the Net Proceeds, towards the aforementioned Objects of the Offer, ahead of the estimated schedule of deployment specified above.

Means of finance

The fund requirements for all the Objects of the Offer are proposed to be entirely funded from the Net Proceeds. Accordingly, we confirm that there is no requirement for us to make firm arrangements of finance under Regulation 7(1)(e) the SEBI ICDR Regulations through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised through the Fresh Issue or through existing identifiable internal accruals.

Details of the Objects

1. Funding capital expenditure towards setting-up of 25 new stores

As of May 31, 2022, our Company operated 46 stores (under different formats of Mandir, Vara Mahalakshmi, Kalamandir and KLM Fashion Mall) located across Andhra Pradesh, Telangana, Karnataka and Tamil Nadu, with an aggregate area of approximately 550,815 sq. ft. and offering a diverse range of products across different price ranges thereby catering to customers across all market segments. Our store network is integral to our business operations. Sales from our physical stores in Fiscal 2020, 2021 and 2022 amounted to ₹ 11,754.60 million, ₹ 6,716.55 million and ₹ 11,121.67 million, respectively representing 100.00%, 99.19% and 98.48% of our total revenue from sale of products. For further information about our store network, see "*Our Business – Our Retail Operations – Store Network*" on page 196.

During Fiscal 2020 to Fiscal 2022, we opened 12 stores (out of which 3 stores were converted into a different format) which has provided us with significant experience in expanding our showroom network.

Brand	Fiscal			Total number of Stores
	2020	2021	2022	
Kalamandir	Nil	Nil	1	**1**
Vara Mahalakshmi	Nil	1	2	**3**
Mandir	Nil	Nil	1	**1**
KLM Fashion Mall	5	Nil	2	**7**

Currently, each of our brands cater to a different segment of the market (*i.e.*, premium ethnic fashion, ethnic fashion for middle income and value-fashion). The table below provides certain information on our product portfolio and break down by price range as of May 31, 2022:

Brand	Target Segment	Product Portfolio	Average Price Range
Kalamandir	Contemporary ethnic fashion for middle income	Different variety of sarees, such as *Tusser, Silk, Kota, Kora, Khadi, Georgette, Cotton and Matka*	From ₹ 1,000 to ₹ 100,000
KANCHEEPURAM Vara Mahalakshmi Silks	Premium ethnic silk sarees and handlooms targetting wedding and occasional wear.	The major product offerings includes premium variety of sarees such as *Banarasi, Patola, Kota, Kanchipuram, Paithani, and Organza, Kuppadam*, , with major focus on handlooms such as *Kacheepuram* silk sarees	From around ₹ 4,000 to ₹ 250,000
mandir	Ultra-premium designer sarees targeting high net-worth individuals	The major product offerings includes ultra-premium variety of designer sarees such as *Banarasi, Patola, Ikat, Kanchipuram, Paithani, Organza and Kuppadam*	From about ₹ 6,000 to ₹ 350,000.
KLM FASHION MALL	Value-fashion at affordable price points	Value fashion products comprising fusion wear, sarees for daily wear and western wear for women, men and children	From ₹ 200 to about ₹ 75,000

In order to support our growth strategy, we intend to leverage our experience to expand our operations by opening new stores such that it offers us potential for better market share gains, increased brand recognition and economies of scale. Using our brand leverage, our product quality and customer engagement, we intend to open approximately 25 new stores over the course of the next two Fiscals. Our Board by its resolution dated June 15, 2022 has approved the proposal to set up these new stores across different formats.

Estimated Cost

Our Company is planning to set-up 25 new stores across different formats, *i.e.*, Vara Mahalakshmi, Kalamandir and KLM Fashion Mall. While our Company has currently not identified the locations where the new stores will be established, however the same will be undertaken basis an analysis primarily focused on the demographics of such location, existing businesses in the surrounding areas, the site quality such as site visibility, footfall generation, accessibility and parking and the feasibility of the location to the customers, etc. Accordingly, the locations selected will be based on the abovementioned criteria and each such premises is proposed to be taken on leasehold basis.

Further, our Company will be required to incur various fit-out costs for making these stores operational and the estimated cost for the same will depend on the format and the estimated average size of such store. The size of our stores varies across regions and is dependent on various factors such as the availability of suitable locations, addressable market, lease rentals, etc. Therefore, our Company, basis its experience, sample physical stores currently operational and historical costs, among other things, has proposed to utilise a portion of the Net Proceeds, *i.e.*, ₹ 1,225.87 million towards setting-up 25 new stores between Fiscals 2023 and 2024, across the following store formats:

States	Vara Mahalakshmi(1)		Kalamandir(2)		KLM Fashion Mall(3)		Total	
	Fiscal 23	Fiscal 24	Fiscal 23	Fiscal 24	Fiscal 23	Fiscal 24	Fiscal 23	Fiscal 24
Andhra Pradesh	-	-	-	1	-	-	**-**	**1**
Tamil Nadu	6	10	-	-	1	3	**7**	**13**
Telangana	-	-	-	4	-	-	**-**	**4**
Total	**6**	**10**	**-**	**5**	**1**	**3**	**7**	**18**

(1) The estimated average size per store under Vara Mahalakshmi format is proposed to be 5,000 sq. ft., pursuant to the certificate dated July 20, 2022 issued by Shilpalaya Associates, an independent firm of architects.
(2) The estimated average size per store under Kalamandir format is proposed to be 3,500 sq. ft., pursuant to the certificate dated July 20, 2022 issued by Shilpalaya Associates, an independent firm of architects.

[(3)] *The estimated average size per store under KLM Fashion Mall format is proposed to be 13,000 sq. ft., pursuant to the certificate dated July 20, 2022 issued by Shilpalaya Associates, an independent firm of architects.*

The estimated cost for setting up the new stores primarily comprise of the following:

Particulars	Amount (in ₹ million)
Cost of fit-outs to be installed in the new stores	825.91
Security deposit / Rental advance	87.46
Visual, branding, signage, store inauguration costs	312.50
Total	**1,225.87**

Methodology for computation of estimated cost of fit-outs

The premises for the proposed new stores will be taken on leasehold basis in line with the Company's business practices. Our estimated costs for fit-outs mentioned above are based on (i) quotations received from our empanelled contractors or vendors from whom our Company has purchased similar items for our stores in the past on prevailing market rates; (ii) estimated average size of stores under each format to be funded and (iii) our internal estimates for specifications and item requirements based on our experience of setting-up stores in these States.

The breakdown of estimated fit-out costs proposed to be deployed at the new stores and the corresponding costs are given below:

Particulars *(in ₹ million)*	"Vara Mahalakshmi" Stores		"Kalamandir" Stores		KLM Fashion Mall	
	Total cost per square foot*	Total cost per store[(1)] (in ₹ million)	Total cost per square foot*	Total cost per store[(2)] (in ₹ million)	Total cost per square foot*	Total cost per store[(3)] (in ₹ million)
Civil works	1,510	7.55	1,114	3.90	723	9.40
Furniture & fixtures	3,220	16.10	2,982	10.44	3,668	47.69
Equipment	891	4.05	843	2.95	1,016	13.22
IT hardware and software	82	0.41	200	0.70	95	1.25
Total cost per store – A^	**5,621**	**28.11**	**5,140**	**17.99**	**5,504**	**71.55**
Number of Stores – B		**16**		**5**		**4**
Total Amount – C (A*B)[#]		**449.72**		**89.95**		**286.21**

^Inclusive of GST.
**The estimates above have been certified by Shilpalaya Associates vide their certificate dated July 20, 2022.*
[(1)] *The estimated average size per store under Vara Mahalakshmi format is proposed to be 5,000 sq. ft., pursuant to the certificate dated July 20, 2022 issued by Shilpalaya Associates, an independent firm of architects.*
[(2)] *The estimated average size per store under Kalamandir format is proposed to be 3,500 sq. ft., pursuant to the certificate dated July 20, 2022 issued by Shilpalaya Associates, an independent firm of architects.*
[(3)] *The estimated average size per store under KLM Fashion Mall format is proposed to be 13,000 sq. ft., pursuant to the certificate dated July 20, 2022 issued by Shilpalaya Associates, an independent firm of architects.*
[#] *The total amounts reflected in this table is subject to rounding off differences*

A. The table below sets forth the break-up of costs to be incurred against each category of expense applicable for a "**Vara Mahalakshmi**" store with an estimated average size of 5,000 sq. ft.:

#	Category	Qty / Sft. (as applicable)	Rate	Tax	Total (Rs. in million)	Date	Expiry	Name of Vendor
Civil works								
1	Waterproof	4,785.00	45	-	0.22	February 11, 2022	October 10, 2022	Sri Venkateswara Water Proofing
2	Civil works	9,800.00	195	18%	2.96	February 18, 2022	October 17, 2022	Mahanidi Constructions

#	Category	Qty / Sft. (as applicable)	Rate	Tax	Total (Rs. in million)	Date	Expiry	Name of Vendor
3	Dismantling	3,000.00	85	18%	0.25	February 15, 2022	October 14, 2022	Mahanidi Constructions
4	Fabrication	2,515.00	190	18%	0.48	February 15, 2022	October 14, 2022	Mahanidi Constructions
5	Tiles	475	1,211	18%	0.68	February 20, 2022	October 19, 2022	Tranceform (Srushti Baths)
6	Granite & Tiles laying	2,800.00	150	-	0.42	February 6, 2022	October 5, 2022	Ghan Shyam Sharma
7	Granite material	1,766.00	185	18%	0.39	February 12, 2022	October 11, 2022	Hari Om Granite
8	Painting	25,602.00	70	18%	1.79	May 21, 2022	January 20, 2023	F A Art Decorator
9	Plumbing & Sanitary	13	11,500	18%	0.15	May 28, 2022	January 30, 2023	Tranceform (Srushti Baths)
10	Floor Guards	80	2,300	18%	0.22	February 7, 2022	October 6, 2022	MR Solutions
	Total				**7.55**			
				Furniture & fixtures				
11	Plywoods & Hardware	5,273.00	500	18%	2.64	February 3, 2022	October 2, 2022	Gopal Plywood Corporation
12	Sign Boards	3	72,250	-	0.22	February 3, 2022	October 2, 2022	MK Zama
13	Glasses & Mirrors	9,000.00	83	18%	0.75	February 2, 2022	October 1, 2022	Madhuri Glass Traders
14	Architectural Consultancy	5,000.00	75	18%	0.44	February 13, 2022	October 12, 2022	Shilpalaya Associates
15	Rods & Brackets	2,570.00	436	18%	1.12	February 3, 2022	October 2, 2022	D'Zine Display Systems
16	Gandolas	4	30,571	18%	0.14	February 5, 2022	October 4, 2022	D'Zine Display Systems
17	Wall Papers	5,000.00	64	18%	0.38	February 22, 2022	October 21, 2022	AA Design Studios
18	Lunch Tables	10	14,908	18%	0.18	February 15, 2022	February 15, 2023	Bishnoi Steel Fabrication
19	Carpenter	5,000.00	220	18%	1.30	February 18, 2022	October 17, 2022	Nemichand Woodworks & Interiors
20	Lights	810	1,543	12%	1.25	May 5, 2022	January 5, 2023	Leora Lighting
21	Idol	1	5,08,100	18%	0.60	February 3, 2022	October 2, 2022	P.R. Works
22	Elevation	1,800.00	917	18%	1.65	February 5, 2022	October 4, 2022	P.R. Works
23	ACP	630	350	-	0.22	February 18, 2022	October 17, 2022	Space Projects
24	Electrical works	5,000.00	410	18%	2.05	February 3, 2022	October 3, 2022	Bhavani Electricals
25	CC Cameras	216	4,694	18%	1.01	February 3, 2022	October 2, 2022	Sree Hanmaya Enterprises
26	Fire Alarm	1,614.00	160	18%	0.26	February 4, 2022	October 3, 2022	Sree Hanmaya Enterprises
27	lntercom	18	7,309	18%	0.13	February 24, 2022	October 23, 2022	Sree Hanmaya Enterprises

#	Category	Qty / Sft. (as applicable)	Rate	Tax	Total (Rs. in million)	Date	Expiry	Name of Vendor
28	Speakers, Cables and Amplifiers	40	11,778	18%	0.47	February 27, 2022	October 26, 2022	USK Electronics
29	Shutter	682	360	18%	0.31	February 28, 2022	October 27, 2022	Veenus Engineering Work & Rolling
30	False Ceiling	5,000.00	166	18%	0.98	February 2, 2022	October 3, 2022	Reena Art Decorators
	Total				**16.10**			
Equipment								
31	Air Conditioners	25.5	56,702	28%	1.45	May 17, 2022	January 17, 2023	Select Engineering Systems
32	RO Plant	1	1,80,275	18%	0.21	February 10, 2022	October 9, 2022	Durga Aashritha Traders
33	125KVA Generator	1	7,28,200	18%	0.86	February 4, 2022	October 3, 2022	Akshaya Industrial Electricals
34	Elevators	1	12,92,372	18%	1.53	February 15, 2022	October 15, 2022	Johnson Lifts and Elevators
	Total				**4.05**			
IT hardware and software								
35	IT Hardware and Software	47	26,510	18%	0.41	February 16, 2022	October 15, 2022	SSV Technologies
	Total				**0.41**			
	Grand Total				**28.11**			

B. The table below sets forth the break-up of costs to be incurred against each category of expense applicable for a "Kalamandir" store with an estimated average size of 3,500 sq. ft.:

#	Category	Qty / Sft (as applicable)	Rate	Tax	Total (Rs. in million)	Date	Expiry	Name of Vendor
Civil works								
1	Waterproof	3430	45	-	0.16	February 5, 2022	October 4, 2022	Sri Venkateswara Water Proofing
2	Civil works	3767.35	245	18%	0.92	February 10, 2022	October 9, 2022	Mahanidhi Constructions
3	Dismantling	3500	85	18%	0.35	February 10, 2022	October 9, 2022	Mahanidhi Constructions
4	Sand, dust & cement	3176	49	18%	0.15	February 4, 2022	October 3, 2022	Mahanidhi Constructions
5	Tiles	247	1789	18%	0.44	February 22, 2022	October 21, 2022	Tranceform (Srushti Baths)
6	Granite & Tiles laying	2166.67	150	-	0.33	February 18, 2022	October 18, 2022	Ghan Shyam Sharma
7	Granite material	2001	125	18%	0.30	January 2, 2022	September 1, 2022	Hari Om Granite
8	Painting	4644.63	121	18%	0.56	May 21, 2022	January 20, 2023	F A Art Decorator
9	Plumbing & Sanitary	12	15075	18%	0.18	January 7, 2022	October 30, 2022	Tranceform (Srushti Baths)
10	Latricete & Pop Bags	145.31	1600	18%	0.23	February 10, 2022	October 10, 2022	Sowmya Hardware

#	Category	Qty / Sft (as applicable)	Rate	Tax	Total (Rs. in million)	Date	Expiry	Name of Vendor
11	Floor Guards	28	2300	18%	0.08	February 3, 2022	October 2, 2022	M R Solutions
12	Scaffolding	16500	12	-	0.2	February 18, 2022	October 17, 2022	Sri Sai Iron Scaffolding
	Total				**3.90**			
Furniture & fixtures								
13	Plywoods & Hardware	2675.47	450	18%	1.20	January 5, 2022	October 4, 2022	Gopal Plywood Corporation
14	Veneer Sheets	3883	110	18%	0.50	February 29, 2022	October 28, 2022	Gopal Plywood Corporation
15	Sign Boards	385	400	-	0.19	February 7, 2022	October 6, 2022	M.K Zama
16	Glasses & Mirrors	3112.68	213	18%	0.66	January 1, 2022	September 1, 2022	Madhuri Glass
17	Architectural Consultancy	3500	75	18%	0.31	January 3, 2022	September 2, 2022	Shilpalaya Associates
18	False Ceiling	5360	50	18%	0.27	February 15, 2022	October 14, 2022	Reena Art Decorator
19	Electrical Works	3500	256	18%	0.89	January 1, 2022	September 1, 2022	Bhavani Electricals
20	SS Fixtures	1077.12	1229	18%	1.32	January 7, 2022	September 6, 2022	Dzine Display Systems
21	Wall Papers	3500	21.62	18%	0.09	February 22, 2022	February 28, 2023	AA Design Studios
22	Lunch Tables	5	12867.8	18%	0.08	January 6, 2022	January 5, 2023	Bishnoi Steel Fabrication
23	Carpenter	2106.98	215	18%	0.45	February 29, 2022	October 28, 2022	Nimichand Suthar
24	Lights	380	1842	12%	0.70	February 15, 2022	October 15, 2022	Leora Lighting
25	Elevation	1536.25	1076	18%	1.65	February 6, 2022	October 5, 2002	P.R Works
26	CC Cameras	45	5214	18%	0.23	February 3, 2022	October 2, 2022	Sree Hanmaya Enterprises
27	Fire Alarm	1148.82	170	18%	0.20	January 9, 2022	October 8, 2022	Sree Hanmaya Enterprises
28	lntercom	13	5277	18%	0.09	February 3, 2022	October 2, 2022	Sree Hanmaya Enterprises
29	Speakers, Cables and Amplifiers	40	7697		0.31	February 13, 2022	October 12, 2022	Usk Electronics
30	Shutter	658	375	18%	0.27	February 26, 2022	October 25, 2022	Veenus Engineering works & Rolling shutters
31	Toughened Glass	268.89	794	18%	0.21	February 24, 2022	October 23, 2022	Madhuri Glass Traders
32	ACP Cladding	1979.03	414	18%	0.82	June 2, 2022	February 2, 2023	Cosmos Glass & Aluminium Works
	Total				**10.44**			
Equipment								

#	Category	Qty / Sft (as applicable)	Rate	Tax	Total (Rs. in million)	Date	Expiry	Name of Vendor
33	Air Conditioners & Ancillary works	38.5	37697	18%	1.43	February 15, 2022	October 14, 2022	Sai Ganesh Solutions
34	RO Plant	1	120015	18%	0.14	February 10, 2022	October 9, 2022	Durga Aashritha Traders
35	45KVA Generator	1	549502	18%	0.55	January 2, 2022	September 1, 2022	Akshaya Industrial Electricals
36	70Kva LT Works	218	3799	18%	0.83	February 24, 2022	October 23, 2022	Banu Enterprises
	Total				**2.95**			
IT hardware and software								
37	IT Hardware and Software	25	28120	18%	0.70	February 18, 2022	October 17, 2022	SSV Technologies
	Total				**0.70**			
	Grand Total				**17.99**			

C. The table below sets forth the break-up of costs to be incurred against each category of expense applicable for a "KLM Fashion Mall store with an estimated average size of 13,000 sq. ft.:

#	Category	Qty / Sft (as applicable)	Rate	Tax	Total (Rs. in million)	Date	Expiry	Name of Vendor
Civil works								
1	Waterproof	6808	45	-	0.31	February 6, 2022	October 5, 2022	Sri Venkateswara Water Proofing
2	Civil works	9210	195	18%	1.80	February 20, 2022	October 19, 2022	Mahanidhi Constructions
3	Dismantling	5622	85	18%	0.48	February 20, 2022	October 19, 2022	Mahanidhi Constructions
4	Fabrication	6956	190	18%	1.32	February 20, 2022	October 19, 2022	Mahanidhi Constructions
5	Tiles	1956	472	18%	1.09	February 15, 2022	October 14, 2022	Trance form (Srushti Baths)
6	Granite & Tiles laying	3567	150	-	0.54	February 18, 2022	October 17, 2022	Ghan Shyam Sharma
7	Granite material	3460	122	18%	0.50	February 10, 2022	October 9, 2022	Hari Om Granite
8	Painting	10713	80	18%	2.46	May 21, 2022	January 20, 2023	F A Art Decorator
9	Plumbing & Sanitary	11	41591	18%	0.46	February 10, 2022	October 30, 2022	Trance form (Srushti Baths)
10	Floor Guards	40	2300	18%	0.11	February 8, 2022	October 7, 2022	M R Solutions
11	Scaffolding	29375	12	18%	0.35	February 18, 2022	October 17, 2022	Sri Sai Iron Scaffolding
	Total				**9.40**			
Furniture & fixtures								

#	Category	Qty / Sft (as applicable)	Rate	Tax	Total (Rs. in million)	Date	Expiry	Name of Vendor
12	Plywoods & Hardware	7050	500	18%	3.52	February 15, 2022	October 14, 2022	Gopal Plywood Corporation Exclusive
13	Sign Boards	919	800	-	0.74	February 11, 2022	October 10, 2022	M. K Zama
14	Glasses & Mirrors	31205	83	18%	2.59	February 25, 2022	October 24, 2022	Madhuri Glass Traders
15	Architectural Consultancy	13000	75	18%	1.15	February 9, 2022	October 8, 2022	Shilpalaya Associates
16	SS Fixtures	31205	83	18%	21.46	February 7, 2022	October 6, 2022	Dzine Display Systems
17	Wall Papers	13000	13	18%	0.20	February 22, 2022	October 21, 2022	AA Design Studios
18	Lunch Tables	9	15282	18%	0.16	February 16, 2022	February 16, 2023	Bishnoi Steel Fabrication
19	Carpenter	13000	140	18%	2.15	February 22, 2022	October 21, 2022	Nimichand Suthar
20	Lights	1650	1456	18%	2.40	February 18, 2022	October 17, 2022	Satco Lighting
21	Elevation	5000	1068	18%	5.34	May 18, 2022	January 17, 2023	Cosmos Glass & Aluminium Works
22	CC Cameras	322	4694	18%	1.48	February 3, 2022	October 2, 2022	Sree Hanmaya Enterprises
23	Fire Alarm	1614	160	18%	0.26	February 7, 2022	October 6, 2022	Sree Hanmaya Enterprises
24	Intercom	25	7309	18%	0.16	February 3, 2022	October 2, 2022	Sree Hanmaya Enterprises
25	Speakers, Cables and Amplifiers	43	11778	18%	0.51	February 16, 2022	October 15, 2022	USK Electronics
26	Shutter	1232	350	18%	0.51	February 22, 2022	October 21, 2022	Veenus Engineering works & Rolling shutters
27	False Ceiling	26381	50	18%	1.56	February 15, 2022	October 14, 2022	Reena Art Decorator
28	Electrical works	13000	269	18%	3.50	February 10, 2022	October 10, 2022	Bhavani Electricals
	Total				**47.69**			
				Equipment				
29	Air Conditioners &	4	63112	28%	1.48	February 15, 2022	October 14, 2022	Select Engineering & Systems
30	Ancillary Works	68	63112	18%	2.82	February 15, 2022	October 14, 2022	Select Engineering & Systems
31	RO Plant	1	216350	18%	0.26	February 10, 2022	October 9, 2022	Durga Aashritha Traders
32	320 KVA Generator	1	1907520	18%	2.25	February 7, 2022	October 6, 2022	Akshaya Industrial Electricals
33	Panel Board	2	703392	18%	0.83	February 22, 2022	October 21, 2022	Roopa Power Technologies
34	Conveyor Belt	1	260905	18%	0.27	February 25, 2022	October 24, 2022	PMS Engineering Works

#	Category	Qty / Sft (as applicable)	Rate	Tax	Total (Rs. in million)	Date	Expiry	Name of Vendor
35	HT 400KVA	1	2095030	18%	2.47	February 19, 2022	October 18, 2022	Banu Enterprises
36	Elevators	2	1422945	18%	2.85	February 16, 2022	October 15, 2022	Johnson Lifts & Escalators
	Total				**13.22**			
				IT hardware and software				
37	IT Hardware and Software	79	15772	18%	1.25	February 18, 2022	October 17, 2022	SSV Technologies
	Total				**1.25**			
	Grand Total				**71.55**			

Methodology for computation of estimated cost of security deposit/ rental advance and visual, branding, signage and store inauguration

The premises for the new stores are proposed to be taken on leasehold basis. In terms of the certificate dated July 20, 2022 issued by Shilpalaya Associates, an independent firm of architects, the estimated average size for each store under each format that is proposed to be set-up has been identified as indicated above. IThe estimated average cost per sq. ft. for rental deposit for each format of store proposed to be set-up from the Objects of the Offer is calculated as ₹ 65 per square feet based on the Company's analysis of the current rates being paid under current market conditions and estimated average size of stores.

Further, the new stores of the Company may require bright product displays and interior layouts that will be designed specifically to attract and manage traffic to such stores. Further, the Company may engage brand ambassadors for inaugurating some or all of these new stores and/or offer schemes during their respective inaugural period, for which our Company may utilize approximately ₹ 312.50 million from the portion of the Net Proceeds earmarked for this Object.

Particulars	**Vara Mahalakshmi(1)**		**Kalamandir(2)**		**KLM Fashion Mall(3)**		**Total**		**Grand Total**
	Fiscal 23	**Fiscal 24**	**Fiscal 23**	**Fiscal 24**	**Fiscal 23**	**Fiscal 24**	**Fiscal 23**	**Fiscal 24**	
New stores to be opened	6	10	0	5	1	3	7	18	**25**
Average sq. ft per store	5,000	5,000	3,500	3,500	13,000	13,000	-	-	
Rental Deposits per sq. ft. (₹ 65 per month for 9 months)	17.55	29.25	-	10.24	7.61	22.82	25.16	62.30	**87.46**
Average cost for visual, branding, signage, store inauguration costs	12.50	12.50	12.50	12.50	12.50	12.50	-	-	
Visual, branding, signage, store inauguration costs (₹ 12.5 million per store)	75.00	125.00	-	62.50	12.50	37.50	87.50	225.00	**312.50**

In relation to this proposed Object, we are required to obtain certain approvals and/or licenses, which are routine in nature, from certain governmental or local authorities, which may include registration under the respective shops and commercial establishment acts of respective states, wherever applicable and trade licenses from respective municipal authorities of areas, where are new stores will operate. Our Company shall submit necessary applications for obtaining these approvals, as applicable, at the relevant stages of setting-up these new stores in accordance with applicable law. In the event of any unanticipated delay in receipt of such approvals, the proposed schedule of implementation and deployment of the Net Proceeds may be extended or may vary accordingly.

With respect to the fit-outs, security deposits and other expenses, we have not entered into definitive agreements with any of these vendors and there can be no assurance that the same vendors would be engaged to eventually supply the civil works, fixtures and other items or at the same costs. The quantity of these items to be purchased is based on the present estimates of our management. All quotations received from the vendors mentioned above are valid as on the date of this Draft Red Herring Prospectus. If we engage someone other than the identified third-party vendors from whom we have obtained quotations or if the quotations obtained expire, such vendor's estimates and actual costs for the items listed above may differ from the current estimates. Additionally, there may be revision in the final amounts payable towards these quotations pursuant to any taxes or levies payable on such item. No second-hand or used equipment and computers is proposed to be purchased out of the Net Proceeds.

2. Funding capital expenditure towards setting-up of two warehouses

Our Company manages the inventory and logistics as well as our entire supply chain for all our channels from our three warehouses in Karnataka, Andhra Pradesh and Telangana, with an aggregate area of approximately 162,000 sq. ft., as of May 31, 2022 and a designated storage space located at one of our stores in Chennai, Tamil Nadu. In order to cater to the aforementioned expansion by our Company with setting-up of 25 new stores across Andhra Pradesh, Tamil Nadu and Telangana and to ensure that product requirements and order fulfilment at each store, across all store formats, is done in a timely and efficient manner, our Board of Directors, through its resolution dated June 15, 2022, have agreed to set-up two new warehouses in Hyderabad, Telangana and Chennai, Tamil Nadu.

The estimated amount of Net Proceeds towards the two warehouses is proposed to be ₹ 253.96 million.

Estimated Cost

While our Company has currently not identified the locations where the new warehouses will be set-up, however the same will be undertaken basis Company's internal assessment relying on various factors. Each such premises is proposed to be taken on leasehold basis.

Further, our Company will be required to incur various fit-out costs for making these warehouses operational and the estimated cost for the same will depend on the estimated average size of such warehouse. Therefore, our Company, basis its experience, sample warehouses currently operational and historical costs, among other things, has proposed to utilise a portion of the Net Proceeds, *i.e.*, ₹ 253.96 million towards setting-up the two new warehouses in Hyderabad, Telangana and Chennai, Tamil Nadu.

The estimated cost for setting up the new warehouse comprise of the following:

Particulars	Amount (in ₹ million)
Cost of fit-outs to be installed in the new stores	253.96
Total	**253.96**

Methodology for computation of estimated cost of fit-outs

The premises for the proposed warehouses will be taken on leasehold basis in line with the Company's business practices. Our estimated costs for fit-outs mentioned above are based on (i) quotations received from our empanelled contractors or vendors from whom our Company has purchased similar items for our warehouses in the past on prevailing market rates; (ii) estimated average size of our warehouses to be funded and (iii) our internal estimates for specifications and item requirements based on our experience of setting-up warehouses in these States.

The breakdown of estimated fit-out costs proposed to be deployed at the new warehouses and the corresponding costs are given below:

Particulars *(in ₹ million)*	Chennai Warehouse		Hyderabad Warehouse	
	Total cost per square foot*	**Total cost per warehouse[1] (in ₹ million)**	**Total cost per square foot***	**Total cost per warehouse[2] (in ₹ million)**
Civil work	1,048	78.61	1,157	28.94
Furniture & fixtures	1,247	93.59	1,273	31.83
Equipment	172	12.95	166	4.17
IT hardware and software	39	2.92	39	0.99
Total cost per warehouse	**2,507**	**188.07**	**2,636**	**65.92**

**The estimates above have been certified by Shilpalaya Associates vide their certificate dated July 20, 2022.*

[1] The estimated average size of Chennai Warehouse is proposed to be 75,000 sq. ft., pursuant to the certificate dated July 20, 2022 issued by Shilpalaya Associates, an independent firm of architects.

[2] The estimated average size of Hyderabad Warehouse is proposed to be 25,000 sq. ft., pursuant to the certificate dated July 20, 2022 issued by Shilpalaya Associates, an independent firm of architects.

A. The table below sets forth the break-up of costs to be incurred against each category of expense applicable for Chennai Warehouse with an estimated average size of 75,000 sq. ft.:

Category of expense	Quantity (per sq. ft.) (as applicable)	Rate	Tax (in %)	Total (in ₹ million)	Quotations received from	Date of quotation	Validity of quotation
Civil works							
Floor Epoxy Coating	65,000.00	52	18	3.38	Oakwey Projects	May 14, 2022	January 13, 2023
Fabrication	75,000.00	355	18	26.63	Madhuri Robotic Automation	May 25, 2022	January 24, 2023
Civil Works	90,017.00	500	18	45.01	Karthik Interio	May 16, 2022	January 15, 2023
Waterproof, tiles and plumbing & sanitary.	-	-	-	3.60	Multiple vendors	-	-
Total	**-**	**-**	**-**	**78.61**	-	-	-
Furniture & fixtures							
Godrej racks	5.00	1,25,08,000	18	62.54	Kaizen Enterprises	May 20, 2022	January 20, 2023
CC cameras	632.00	4,443	18	2.81	KVN Technosys	May 05, 2022	January 04, 2023
Electrical works	75,000.00	135	18	11.95	Bhavani Electricals	May 17, 2022	January 16, 2023
Plywoods & hardware, lights, panel board, chairs & tables and other similar expenses related to furniture & fixtures	**-**	**-**	**-**	16.31	Multiple vendors	-	-
Total	**-**	**-**	**-**	**93.59**	-	-	-
Equipment							
Hydraulic lift	3.00	5,30,000	18	1.98	KY Industries	May 17, 2022	January 16, 2023
HT transformer	733.00	3,266	18	2.39	Banu Enterprises	May 24, 2022	January 23, 2023

Category of expense	Quantity (per sq. ft.) (as applicable)	Rate	Tax (in %)	Total (in ₹ million)	Quotations received from	Date of quotation	Validity of quotation
250KVA	3.00	15,94,000	18	5.64	Akshaya Industrial Electricals	May 28, 2022	January 27, 2023
Air conditioners, ancillary works, RO plant and other similar expenses related to plant/machinery	-	-	-	2.93	Multiple vendors	-	-
Total	**-**	-	**-**	**12.94**	-	-	-
			IT hardware and software				
Computers	57.00	51,280	18	**2.92**	SSV Technologies	February 16, 2022	October 15, 2022

B. The table below sets forth the break-up of costs to be incurred against each category of expense applicable for Hyderabad Warehouse with an estimated average size of 25,000 sq. ft.:

Category of expense	Quantity (per sq. ft.) (as applicable)	Rate	Tax (in %)	Total (in ₹ million)	Quotations received from	Date of quotation	Validity of quotation
			Civil works				
Waterproof	5,920.00	45	-	0.27	Sri Venkateswara Water Proofing	February 18, 2022	October 17, 2022
Fabrication	25,000.00	355	18	10.47	Madhuri Robotic Automation	May 25, 2022	January 24, 2023
Civil works	24,000.00	625	18	15.00	Mahanidhi Constructions	May 06, 2022	January 05, 2023
Painting,, tiles, plumbing & sanitary and other similar expenses related to civil works	-	-	-	3.20	Multiple vendors	Multiple vendors	-
Total	**-**	-	**-**	**28.94**	-	-	-
			Furniture & fixtures				
Godrej racks	15,200.00	1,366	18	20.77	Kaizen Enterprises	May 21, 2022	January 20, 2023
UPVC windows	768.00	550	18	0.97	Cratsfman Interiors	May 17, 2022	May 16, 2023
Electrical works	26,420.00	135	18	4.21	Bhavani Electricals	May 08, 2022	January 07, 2023
Plywoods & hardware, lights, fire alarm and	**-**	**-**	**-**	5.87	Multiple vendors	-	-

Category of expense	Quantity (per sq. ft.) (as applicable)	Rate	Tax (in %)	Total (in ₹ million)	Quotations received from	Date of quotation	Validity of quotation
other similar expenses related to furniture & fixtures							
Total	**-**	**-**	**-**	**31.83**	-	-	-
Equipment							
RO plant	1.00	84,000	18	0.08	Durga Aashritha Traders	May 26, 2022	January 25, 2023
320 KVA generator	1.00	21,02,000	18	2.48	Akshaya Industrial Electricals	May 23, 2022	January 22, 2023
HT transformer	1.00	9,41,001	18	0.94	Banu Enterprises	May 14, 2022	January 13, 2023
Hydraulic lift	1.00	5,30,000	18	0.66	KY Industries	May 17, 2022	January 16, 2023
Total	**-**	**-**	**-**	**4.17**	-	-	-
IT hardware and software							
Computers	57.00	17,289	18	**0.99**	SSV Technologies	May 18, 2022	January 17, 2023

In relation to this proposed Object, we are required to obtain certain approvals, which are routine in nature, from certain governmental or local authorities. Our Company shall submit necessary applications for obtaining these approvals, as applicable, at the relevant stages of setting-up these new warehouses in accordance with applicable law. In the event of any unanticipated delay in receipt of such approvals, the proposed schedule of implementation and deployment of the Net Proceeds may be extended or may vary accordingly.

With respect to the fit-outs and security deposits, we have not entered into definitive agreements with any of these vendors and there can be no assurance that the same vendors would be engaged to eventually supply the civil works, fixtures and other items or at the same costs. The quantity of these items to be purchased is based on the present estimates of our management. All quotations received from the vendors mentioned above are valid as on the date of this Draft Red Herring Prospectus. If we engage someone other than the identified third-party vendors from whom we have obtained quotations or if the quotations obtained expire, such vendor’s estimates and actual costs for the items listed above may differ from the current estimates. Additionally, there may be revision in the final amounts payable towards these quotations pursuant to any taxes or levies payable on such item. No second-hand or used equipment and computers is proposed to be purchased out of the Net Proceeds.

3. Funding working capital requirements of our Company

All of our stores are required to be well-stocked with SKUs of our brands and depending on the format of the store. We typically stock our stores with sufficient inventory comprising of sarees, lehengas, dress materials as well as menswear and childrenswear for various occasions. This makes our business working capital intensive and we fund most of our working capital requirements in the ordinary course of our business from internal accruals and draw down on our overdraft facilities from scheduled commercial banks depending on our requirement.

As we experience growth in sales of our existing stores, we anticipate that our requirement of working capital will increase. Further, as detailed above, we plan to open 25 new stores over Fiscals 2023 and 2024. As a result, we anticipate that our base inventory in these stores along with growth of these stores will require us to deploy incremental working capital. The estimated cost of the inventory in the New Stores has been calculated based on (i) estimated size and proposed locations of the New Stores; (ii) the average cost incurred towards showroom inventory (a) at the time of setting up other new comparable store(s); (b) on a recent date, after making necessary adjustments based on Company’s expectations and market review; and (c) estimated inventory required in the existing comparable showrooms situated in close proximity with the New Stores. Additional working capital is planned to maintain this inventory which will enable us to achieve our growth targets and serve our customers on a consistent timeline.

a. Existing Working Capital

(*in ₹ million*)

S. No	Particulars	Fiscal 2020	Fiscal 2021	Fiscal 2022
I.	**Current assets**			
A.	Inventories	3,715.14	3,669.68	4,764.32
B.	Trade receivables	16.77	22.56	18.92
C.	Loans	44.96	55.03	162.02
D	Cash and cash equivalents	180.90	43.34	86.24
E	Bank balances other than cash and cash equivalents	47.41	185.60	383.99
F.	Other financial assets	0.16	1.12	3.26
G.	Other current assets	146.74	116.02	188.79
	Total current assets (I)	**4,152.09**	**4,093.35**	**5,607.54**
II.	**Current liabilities**			
H	Borrowings	1,301.12	1,598.69	2,118.29
I.	Lease liabilities	124.17	153.65	175.91
J	Trade payables	1,700.62	1,075.99	1,291.18
K	Other financial liabilities	332.31	125.59	253.07
L	Other current liabilities	25.75	29.57	24.26
M	Provisions	1.77	1.89	2.49
N	Current Tax Liabilities (Net)	47.34	17.56	211.90
	Total current liabilities (II)	**3,533.09**	**3,002.93**	**4,077.10**
III	**Total working capital requirement excluding cash and cash equivalents and bank balances other than cash and cash equivalents and borrowings (III) = (–-D-E) - (II-H)**	**1,691.82**	**2,460.16**	**3,178.50**
IV.	Fund pattern			
	Borrowings	1,301.12	1,598.69	2,118.29
	Internal Accruals	390.70	861.48	1,060.22

The following table sets forth the details of the holding levels (with days rounded to the nearest) considered:

Particulars	Actuals			Projected	
	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024
Inventory	115	198	154	156	141
Trade receivables	1	1	1	2	2
Trade payables	53	58	42	22	7

b. Incremental Working Capital

The incremental and proposed working capital requirements, as approved by the Board pursuant to a resolution dated June 15, 2022, and key assumptions with respect to the determination of the same are mentioned below. Our expected working capital requirements for Fiscals 2023 and 2024 and the proposed funding of such working capital requirements are as set out in the table below:

(*in ₹ million*)

S. No	Particulars	Fiscal 2023	Fiscal 2024
I.	**Current assets**		
A.	Inventories	6,293.16	7,856.17

S. No	Particulars	Fiscal 2023	Fiscal 2024
B.	Trade receivables	75.91	78.73
C.	Cash and cash equivalents including Bank balance*	2,711.49	305.44
D.	Other assets	781.10	2,267.99
	Total current assets (I)	**9,861.65**	**10,508.33**
	Unutilised IPO Proceeds (A)	1,563.01	-
	Net current assets (I) – (A)	8,298.64	10,508.33
II.	**Current liabilities**		
A	Trade payables	887.09	388.28
B.	Other liabilities	752.87	1,481.66
C.	Borrowings	1,080.00	480.00
	Total current liabilities (II)	**2,719.96**	**2,349.94**
III.	**Total working capital requirement (III) = (I-C) – (II)**	**5,510.21**	**8,332.96**
IV	Fund Pattern		
A.	Internal accruals	3,633.28	6,289.95
B.	Usage from Net Proceeds	796.93	1,563.01
C.	Borrowings	1,080.00	480.00

** Assuming addition of Offer Proceeds less amounts proposed to be deployed in the respective years*

The working capital projections made by the Company are based on certain key assumptions, as set out below:

Particulars	Assumptions and Justifications
Inventories	Inventory days have been calculated as inventory as on balance sheet date divided by Sales over 365 days. Inventory days for Fiscal 2023 and 2024 are anticipated to be 156 days and 141 days, respectively, for maintaining required level of inventory to meet the future requirements including the base inventory needed for the New Stores. The holding level of inventory in Fiscal 2021 and 2022 are stretched due to period disruptions due to Covid-19 restrictions during the first, second and third waves in April 2020, May 2021 and December 2021 respectively. The projections for the holding levels are based on our projected increase in sales coupled with the projected increase in stores. We have projected an inventory of ₹ 20,167 per sq. ft for Varamahalakshmi format, ₹ 9,465 per sq. ft. for Kalamandir format and ₹ 5,187 per sq. ft. for KLM Fashions format.
Current trade receivables	Current receivables days are calculated as current trade receivables as on balance sheet date divided by revenue from operations over 365 days. Trade receivables days for Fiscal 2023 and 2024 are anticipated to be 2 days and 2 days, respectively. This is in line with our existing pattern since a large majority of our sales are done at retail POS where we do not offer credit facility to our retail customers.
Other assets	Other assets majorly comprise of security deposits, interest accrued on deposit, advance income tax, prepaid expenses, advance to suppliers, loans and advances, and balances with statutory/governmental authorities. We expect the growth in other assets to be in line with the expected growth in business.
Trade payables	Trade payable days are calculated as trade payable as on balance sheet date divided by Sales over 365 days. Holding levels for trade payables for Fiscal 2023 and 2024 are anticipated to be 22 days and 7 days, respectively. The substantial decrease in the forecast for the trade payable days are as a result of the Company's strategic aim to increase margins by offering advance payments / early repayments to its vendors.
Other liabilities	Other liabilities primarily include provision for expenses, current tax liabilities (net), advance received from customers, other financial liabilities, and statutory dues. We expect the growth in other liabilities to be in line with the expected growth in business.

Pursuant to the certificate dated July 21, 2022 by our Statutory Auditors have compiled the working capital estimates and working capital projections, as approved by the Board pursuant to its resolution dated June 15, 2022.

4. Repayment or pre-payment, in full or part, of certain borrowings availed by our Company

Our Company has entered into various financing arrangements with banks and financial institutions. The loan facilities availed by our Company includes borrowing in the form of, *inter alia*, term loans, vehicle loan and other fund-based working capital loans. As at June 15, 2022, our total outstanding borrowings amounted to ₹ 2,590.94 million. For further details, see "*Financial Indebtedness*" on page 344. Our Company proposes to utilise an estimated amount of ₹ 600.00 million from the Net Proceeds towards full or partial repayment or pre-payment of certain borrowings availed by our Company. Our Company may avail further loans and/or draw down further funds under existing loans from time to time.

The selection of borrowings proposed to be repaid or pre-paid amongst our borrowing arrangements availed will be based on various factors including (i) cost of borrowing, including applicable interest rates, (ii) any conditions attached to the borrowings restricting our ability to prepay the borrowings and time taken to fulfil or obtain waiver for such requirements, and (iii) other commercial considerations including, among others, the amount of the loans outstanding and the remaining tenor of the loan. Given the nature of these borrowings and the terms of repayment or prepayment, the aggregate outstanding amounts under these borrowings may vary from time to time and our Company may, in accordance with the relevant repayment schedule, repay or refinance some of the existing borrowings prior to Allotment. Accordingly, our Company may utilise the Net Proceeds for part prepayment of any such refinanced facilities or repayment of any additional facilities obtained by our Company. However, the aggregate amount to be utilised from the Net Proceeds towards repayment and/or prepayment, in part or full, of certain borrowings would not exceed ₹ 600.00 million. In light of the above, at the time of filing the Red Herring Prospectus, the table below shall be suitably updated to reflect the revised amounts or loans, as the case may be.

We believe that such repayment and/or pre-payment will help reduce our outstanding indebtedness, improve our debt-to-equity ratio and enable utilisation of our accruals for further investment in our business growth and expansion. Additionally, we believe that the leverage capacity of our Company will improve our ability to raise further resources in the future to fund our potential business development opportunities and plans to grow and expand our business. The loan facilities are listed below in no particular order of priority.

The following table provides the details of borrowings availed by our Company and outstanding amounts, as of June 15, 2022, which we have identified to repay or prepay, in full or in part, from the Net Proceeds and have been certified by our Statutory Auditors pursuant to their certificate dated July 21, 2022:

S. No.	Name of lender	Nature of borrowing	Amount sanctioned (in ₹ million)	Amount disbursed (in ₹ million)	Principal amount outstanding as on June 15, 2022 (in ₹ million)	Interest rate (in % p.a.)^	Repayment schedule/ tenor	Prepayment Penalty/ conditions	Purpose*
1	State Bank of India	Guaranteed Emergency Credit Line (GECL)	243.20	243.20	217.87	6 Months MCLR + 1%	Repayable in 48 monthly instalments of ₹ 5.07 million per month from the month of January 2022	Nil	To augment net working capital, to meet operational liabilities and overcome the stress faced due to–Covid - 19
2	Canara Bank	Guaranteed Emergency Credit Line (GECL)	51.00	51.00	46.75	1 Year MCLR + 0.6%	Repayable in 48 monthly instalments of ₹ 1.06 million per month from the month of	Nil	To build up current assets and to meet operational liabilities like salaries and office rent etc.

S. No.	Name of lender	Nature of borrowing	Amount sanctioned (in ₹ million)	Amount disbursed (in ₹ million)	Principal amount outstanding as on June 15, 2022 (in ₹ million)	Interest rate (in % p.a.)^	Repayment schedule/ tenor	Prepayment Penalty/ conditions	Purpose*
							January 2022		
3	Canara Bank	Guaranteed Emergency Credit Line (GECL) 2.0 Extension Scheme	24.80	24.80	24.80	1 year MCLR + 0.6%	Repayable in 48 monthly instalments of ₹ 0.52 million per month from the month of July 2024	Nil	To build up current assets and to meet operational liabilities like salaries and office rent etc.
4	State Bank of India	Guaranteed Emergency Credit Line (GECL) 2.0 Extension Scheme	121.60	0.00	0.00	6 Month MCLR + 1%	Repayable in 48 monthly instalments of ₹ 2.53 millions per month from the month of June 2024	Nil	To augment net working capital, to meet operational liabilities and overcome the stress faced due to–Covid - 19
5	State Bank of India	Term Loan	300.00	299.89	134.86	6 Months MCLR + 3.15% With Half Yearly Reset	Repayable in 20 quarterly instalments of ₹ 15.00 million per quarter	2% of prepaid amount. Prepayment will not be levied in case payment has been made out of cash sweep / insurance proceeds;	Ongoing capex for opening 7 new showrooms (stores);
6	Canara Bank	Term Loan	220.00	219.78	122.43	1 year MCLR + 2.75%	Repayable in 20 quarterly instalments ₹ 11.00 million each. (from June 30, 2019 to March 31, 2024) And it was reset due to COVID-19 related moratorium as ₹ 12.24 million per quarter from the month of September 2021	2% of the amount prepaid. No prepayment penalty, if prepaid from out of own sources;	To establish 8 retail showrooms at various places in Telangana, Andhra Pradesh and Karnataka in leased accommodations;

S. No.	Name of lender	Nature of borrowing	Amount sanctioned (in ₹ million)	Amount disbursed (in ₹ million)	Principal amount outstanding as on June 15, 2022 (in ₹ million)	Interest rate (in % p.a.)^	Repayment schedule/ tenor	Prepayment Penalty/ conditions	Purpose*
7	Canara Bank	Term Loan	80.00	79.98	79.98	1 year MCLR + 2.75%	Repayable in 20 quarterly instalments of ₹ 4.00 million each. Repayment starts from quarter 2 of Fiscal 2023	2% of the amount prepaid. No prepayment penalty, if prepaid from out of own sources / internal accruals/ cash sweep model;	To part fund the project cost of ₹ 160.1 million for establishing 2 retail showrooms at Khammam, Telangana in leased accommodations;
8	HDFC Bank	Term Loan	7.50	7.50	3.34	11.85%	Repayable in 24 monthly instalments of ₹ 0.3 million per month from the month of May 2021	Nil	For the purpose of business
9	Canara Bank	Housing Loan	60.00	31.79	31.68	RLLR + 0.1%	Repayable in 180 equal monthly installments from date of disbursement	Prepayment penalty of 2% on the outstanding liability if the closure is made by takeover by other bank;	Towards purchase of ready built flat new / old or under construction of flats.
	Total		**1,108.10**	**957.94**	**661.71**				

** In accordance with Clause 9(A)(2)(b) of Part A of Schedule VI of the SEBI ICDR Regulations, our Statutory Auditors by way of their certificate dated July 21, 2022, have confirmed the utilisation of the borrowings, specified above, for the purposes availed, as per the sanction letters/loan agreements issued by the respective lenders.*

^ The rate of interest mentioned in the table above, is the current rate of interest and is subject to changes as per the sanction letters/loan agreements issued by the respective banks.

We may, from time to time, repay, refinance, enter into further financing arrangements or draw down funds from any such existing borrowing facilities. In such event, we may utilise the Net Proceeds towards repayment/prepayment of any existing or additional indebtedness which will be selected based on various commercial considerations including, among others, the interest on the borrowing facility, the amount of the borrowing outstanding and the remaining tenor of the borrowing, levy of prepayment penalty and quantum, any conditions attached to the borrowings restricting the ability to pre-pay/repay/redeem the borrowings, receipt of consents for repayment/prepayment from the respective lenders on agreed terms and conditions, presence of onerous terms and conditions under the facility, other commercial considerations and applicable law governing such borrowings.

For the purposes of the Offer, our Company has obtained consents and notified the relevant lenders, as is respectively required under the relevant facility documentation for undertaking the Offer. Further, to the extent our Company may be subject to the levy of prepayment penalties or premiums, depending on the facility being repaid/prepaid, the conditions specified in the relevant documents governing such credit facility and the amount outstanding/being pre-paid/repaid, as applicable, payment of such penalty or premium shall be made from the Net Proceeds. If the Net Proceeds are insufficient to the extent required for making payments for such prepayment penalties or premiums, such excessive amount shall be met from our internal accruals.

5. General corporate purposes.

Our Company proposes to deploy the balance Net Proceeds aggregating to ₹ [●] million (net of the expenses in relation to the Offer) towards general corporate purposes, subject to such utilisation not exceeding 25% of the Gross Proceeds of the Offer, in compliance with Regulation 7(2) of the SEBI ICDR Regulations. The general corporate purposes for which our Company proposes to utilise the Net Proceeds include strategic initiatives, meeting our long term and short-term working capital requirements, marketing, advertising expenditures and business development expenses, expansion of facilities, payment of salaries and allowances, rent, administration, insurance, repairs and maintenance, payment of taxes, duties and meeting expenses incurred by our Company in the ordinary course of business. In addition to the above, our Company may utilise the Net Proceeds towards other expenditure (in the ordinary course of business) considered expedient and as approved periodically by the Board or a duly constituted committee thereof, subject to compliance with necessary provisions of the Companies Act or other applicable laws.

The quantum of utilisation of funds towards each of the above purposes will be determined by our Board, based on the amount actually available under this head and the business requirements of our Company, from time to time. Our Company's management, in accordance with the policies of the Board, shall have flexibility in utilising surplus amounts, if any. In the event that we are unable to utilise the entire amount that we have currently estimated for use out of Net Proceeds in a Fiscal, we will utilise such unutilised amount in the next Fiscal.

Offer related expenses

The total expenses in relation to the Offer are estimated to be approximately ₹[●] million. The expenses in relation to the Offer include, among others, listing fees, underwriting fees, selling commission, fees payable to the BRLMs, fees payable to legal counsel, fees payable to the Registrar to the Offer, Banker(s) to the Offer, processing fee to the SCSBs for processing ASBA Forms, brokerage and selling commission payable to Registered Brokers, RTAs and CDPs, printing and stationery expenses, advertising and marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges.

All charges, fees and expenses associated with and incurred in connection with the Offer will be shared pro-rata between the Company and each of the Selling Shareholders in line with Section 28 of the Companies Act, except (i) listing fees, fees payable to the Statutory Auditor for the annual audit of our Company's financial statements in accordance with the provisions of the Companies Act, 2013 and any corporate communication or publicity undertaken by our Company which is not connected to the Offer, each of which shall be borne by our Company; and (ii) fees and expenses in relation to the respective legal counsel to the Selling Shareholders which will be borne by the respective Selling Shareholders. Each Selling Shareholder shall bear its portion of the expenses in proportion to the number of Equity Shares being offered and sold by such Selling Shareholder, in the offer for sale in the Offer.

All the above payments shall be made first by the Company. Upon the successful completion of the Offer, each Selling Shareholder will reimburse the Company in proportion to its respective portion of the Equity Shares sold in the Offer from the proceeds of the Offer for Sale due and payable to each Selling Shareholder, for any expenses incurred by our Company on behalf of such Selling Shareholder.

The break-down of the estimated Offer expenses is disclosed below:

Sr. No	Activity	Estimated amount(1) (*in ₹ million*)	As a % of total estimated offer expenses(1)	As a % of Offer Size(1)
1.	BRLMs' fees and commissions (including underwriting commission, brokerage and selling commission)	[●]	[●]	[●]
2.	Selling commission/processing fee for SCSBs, Banker(s) to the Offer, Sponsor Bank(s) and fee payable to the Sponsor Bank(s) for Bids made by RIIs(2)(3)(4)	[●]	[●]	[●]
3.	Bidding charges for members of the Syndicate (including their sub-Syndicate Members), Registered Brokers, RTAs	[●]	[●]	[●]

Sr. No	Activity	Estimated amount(1) (*in ₹ million*)	As a % of total estimated offer expenses(1)	As a % of Offer Size(1)
	and CDPs(5)			
4.	Fees payable to the Registrar to the Offer	[●]	[●]	[●]
5.	Other expenses:			
	(i) Listing fees, SEBI filing fees, upload fees, BSE and NSE processing fees, book building software fees and other regulatory expenses	[●]	[●]	[●]
	(ii) Printing and stationery	[●]	[●]	[●]
	(iii) Advertising and marketing expenses	[●]	[●]	[●]
	(iv) Fee payable to legal counsel	[●]	[●]	[●]
	(v) Fee payable to statutory auditors			
	(vi) Fee payable to architect			
	(vii) Miscellaneous	[●]	[●]	[●]
	Total estimated Offer Expenses	[●]	[●	

(1) Amounts will be finalised and incorporated in the Prospectus on determination of Offer Price. Offer expenses include applicable taxes, where applicable. Offer expenses are estimates and are subject to change.

(2) Selling commission payable to the SCSBs on the portion for Retail Individual Investors, Eligible Employees and Non-Institutional Investors, which are directly procured by the SCSBs, would be as follows

*Portion for Retail Individual Investors**	*[●]% of the Amount Allotted* (plus applicable taxes)*
*Portion for the Eligible Employees**	*[●]% of the Amount Allotted* (plus applicable taxes)*
*Portion for Non-Institutional Investors**	*[●]% of the Amount Allotted* (plus applicable taxes)*

**Amount allotted is the product of the number of Equity Shares Allotted and the Offer Price. The selling commission payable to the SCSBs will be determined on the basis of the bidding terminal ID as captured in the Bid Book of BSE or NSE*

No uploading/processing fees shall be payable by our Company and the Selling Shareholders to the SCSBs on the applications directly procured by them.

(3) Processing fees payable to the SCSBs on the portion for Retail Individual Investors, Eligible Employees and Non-Institutional Investors which are procured by the members of the Syndicate/sub-Syndicate/Registered Broker/RTAs/ CDPs and submitted to SCSB for blocking, would be as follows:

Portion for Retail Individual Investors	*₹[●] per valid Bid cum Application Form (plus applicable taxes)*
Portion for Eligible Employees	*₹[●] per valid Bid cum Application Form (plus applicable taxes)*
Portion for Non-Institutional Investors	*₹[●] per valid Bid cum Application Form (plus applicable taxes)*

(4) The processing fees for applications made by UPI Bidders using the UPI Mechanism would be as follows:

Sponsor Bank(s)	*₹[●] per valid Bid cum Application Form* (plus applicable taxes) The Sponsor Bank(s) shall be responsible for making payments to the third parties such as remitter bank, NCPI and such other parties as required in connection with the performance of its duties under the SEBI circulars, the Syndicate Agreement and other applicable laws.*

**For each valid application*

(5) Selling commission on the portion for UPI Bidders using the UPI Mechanism, Eligible Employees and Non-Institutional Investors which are procured by members of the Syndicate (including their sub-Syndicate Members), Registered Brokers, RTAs and CDPs or for using 3-in-1 type accounts- linked online trading, demat & bank account provided by some of the Registered Brokers which are Members of the Syndicate (including their Sub-Syndicate Members) would be as follows:

Portion for Retail Individual Investors	*[●]% of the Amount Allotted* (plus applicable taxes)*
Portion for Non-Institutional Investors	*[●]% of the Amount Allotted* (plus applicable taxes)*
*Portion for the Eligible Employees**	*[●]% of the Amount Allotted* (plus applicable taxes)*

**Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price*

Uploading charges payable to Members of the Syndicate (including their sub-Syndicate Members), RTAs and CDPs on the applications made by UPI Bidders procured through the UPI Mechanism, Eligible Employees and Non-Institutional Investors which are procured by them and submitted to SCSB for blocking or using 3-in- 1 accounts, would be as follows: ₹[●] plus applicable taxes, per valid application bid by the Syndicate (including their sub-Syndicate Members), RTAs and CDPs.

[6] The Selling Commission payable to the Syndicate / Sub-Syndicate Members will be determined on the basis of the application form number / series, provided that the application is also bid by the respective Syndicate / Sub-Syndicate Member. For clarification, if a Syndicate ASBA application on the application form number / series of a Syndicate / Sub-Syndicate Member, is bid by an SCSB, the Selling Commission will be payable to the SCSB and not the Syndicate / Sub-Syndicate Member.

[7] Bidding Charges payable to members of the Syndicate (including their sub-Syndicate Members), RTAs and CDPs on the portion for RIIs and Non-Institutional Investors which are procured by them and submitted to SCSB for blocking, would be as follows: ₹[●] plus applicable taxes, per valid application bid by the Syndicate (including their sub-Syndicate Members), RTAs and CDPs.

The selling commission and bidding charges payable to Registered Brokers the RTAs and CDPs will be determined on the basis of the bidding terminal id as captured in the Bid Book of BSE or NSE.

Bidding charges payable to the Registered Brokers, RTAs/CDPs on the portion for UPI Bidders using the UPI Mechanism, Eligible Employees and Non-Institutional Investors which are directly procured by the Registered Broker or RTAs or CDPs and submitted to SCSB for processing, would be as follows:

*Portion for Retail Individual Investors**	*₹[●] per valid application (plus applicable taxes)*
*Portion for Eligible Employees**	*[●]% of the Amount Allotted* (plus applicable taxes)*
*Portion for Non-Institutional Investors**	*₹[●] per valid application (plus applicable taxes)*

** Based on valid applications*

All such commissions and processing fees set out above shall be paid as per the timelines in terms of the Syndicate Agreement and Cash Escrow and Sponsor Bank Agreement. Further, the processing fees for applications made by UPI Bidders using the UPI Mechanism may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 read with SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 and SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022.

Interim use of Net Proceeds

The Net Proceeds shall be retained in the Public Offer Account until receipt of the listing and trading approvals from the Stock Exchanges by our Company. Pending utilisation of the Net Proceeds for the purposes described above, our Company will temporarily invest the Net Proceeds in deposits in one or more scheduled commercial banks included in the Second Schedule of Reserve Bank of India Act, 1934 as may be approved by the Board. In accordance with Section 27 of the Companies Act, 2013, our Company confirms that it shall not use the Net Proceeds for buying, trading or otherwise dealing in shares of any other listed company or for any investment in the equity markets.

Bridge financing facilities

Our Company has not raised any bridge loans from any bank or financial institution as at the date of this Draft Red Herring Prospectus, which are proposed to be repaid from the Net Proceeds.

Monitoring utilisation of funds

In terms of Regulation 41 of the SEBI ICDR Regulations, our Company shall appoint a SEBI registered credit rating agency as a monitoring agency to monitor the utilisation of the Net Proceeds prior to filing the Red Herring Prospectus. Our Company undertakes to place the report(s) of the Monitoring Agency on receipt before the Audit Committee. Our Company will disclose the utilisation of the Net Proceeds, including interim use under a separate head in its balance sheet for such fiscal periods as required under the SEBI ICDR Regulations, the SEBI Listing Regulations and any other applicable laws or regulations, clearly specifying the purposes for which the Net Proceeds have been utilised. Our Company will disclose and continue to disclose details of all monies utilised out of the Fresh Issue till the time any part of the Fresh Issue proceeds remain unutilised, under an appropriate head in the balance sheet of our Company. Our Company will also, in its balance sheet for the applicable fiscal periods, provide details, if any, in relation to all such Net Proceeds that have not been utilised, if any, of such currently unutilised Net Proceeds.

Pursuant to Regulation 32(3) of the SEBI Listing Regulations, our Company shall on a quarterly basis disclose to the Audit Committee the use and application of the Net Proceeds. The Audit Committee will make recommendations to our Board for further action, if appropriate. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in this Draft Red Herring Prospectus and place it before the Audit Committee and make other disclosures as may be required until such time as the Offer Proceeds remain unutilised. Such disclosure shall be made only until such time that all the Offer Proceeds have been utilised in full. The statement shall be certified by the statutory auditor of our Company. Furthermore, in accordance with Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilisation of the proceeds of the Fresh Issue from the object of the Fresh Issue as stated above; and (ii) details of category wise variations in the actual utilisation of the proceeds of the Fresh Issue from the object of the Fresh Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results and explanation for such variation (if any) will be included in our Director's report, after placing the same before the Audit Committee. This information will also be uploaded onto our website.

Variation in the Objects

In accordance with Section 13(8) and Section 27 of the Companies Act, 2013, read with Regulation 59 and Schedule XX of the SEBI ICDR Regulations and applicable rules, our Company shall not vary the Objects without our Company being authorised to do so by the Shareholders by way of a special resolution. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution ("**Notice**") shall specify the prescribed details, including justification for such variation and be published and placed on website of our Company, as required under the Companies Act, 2013 read with applicable rules. The Notice shall simultaneously be published in the newspapers, one in English and one in Telugu, being the vernacular language of the jurisdiction where the Registered Office is situated. Pursuant to Section 13(8) of the Companies Act, 2013, the Promoters or controlling Shareholders will be required to provide an exit opportunity to such Shareholders who do not agree to the proposal to vary the Objects, subject to the provisions of the Companies Act, 2013 and in accordance with such terms and conditions, including in respect of pricing of the Equity Shares, in accordance with the Companies Act, 2013 and the SEBI ICDR Regulations.

Appraising agency

None of the Objects of the Offer for which the Net Proceeds will be utilised has been appraised by any agency, including any bank or financial institutions.

Other confirmations

No part of the Net Proceeds will be paid by our Company as consideration to the Promoters, members of the Promoter Group, the Directors, the Key Managerial Personnel or the Group Companies. Further, there is no existing or anticipated transactions in relation to utilization of Net Proceeds by our Company with the Promoters, members of the Promoter Group, the Directors, the Key Managerial Personnel or the Group Companies.

BASIS FOR OFFER PRICE

The Offer Price will be determined by our Company, in consultation with the BRLMs on the basis of assessment of market demand for the Equity Shares offered in the Offer through the Book Building Process and on the basis of the qualitative and quantitative factors as described below. The face value of the Equity Shares is ₹ 2 each and the Offer Price is [●] times the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band.

Investors should also refer to the sections "*Our Business*", "*Risk Factors*", "*Restated Financial Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 178, 30, 241 and 315 respectively, to have an informed view before making an investment decision.

Qualitative Factors

We believe that some of the qualitative factors and our strengths which form the basis for computing the Offer Price are:

- Among the leading ethnic and value-fashion retail company in south India having a portfolio of established formats with focused sales and marketing strategy.
- Leading ethnic wear retail brand in India with a scalable model, which is well positioned to leverage growth in the ethnic and value-fashion apparel industry in India.
- Strong presence in offline and online marketplace with an omni-channel network.
- Track record of growth, profitability and unit economics with an efficient operating model.
- Experienced Promoter, management and in-house teams with proven execution capabilities.

For further details, see "*Our Business – Our Competitive Strengths*" on page 184.

Quantitative factors

Some of the information presented in this section relating to our Company is derived from the Restated Financial Statements. Pursuant to a resolution of our Board dated May 3, 2022 and pursuant to the special resolution passed by our shareholders dated May 18, 2022, each equity share of face value of ₹10 each was sub-divided into 5 equity shares of face value of ₹ 2 each. Accordingly, the issued, subscribed and paid-up capital of our Company was sub-divided from 24,064,588 equity shares of face value of ₹ 10 each into 120,322,940 equity shares of face value of ₹2 each. Sub-division of shares, as adjusted proportionately for the equity shares then outstanding, are retrospectively considered for the computation of EPS in accordance with Ind AS 33 for all periods presented and for the computation of Net Asset Value per share for all periods presented. For details, see "*Restated Financial Statements*" beginning on page 241.

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

1. Basic and Diluted Earnings Per Share ("EPS"), as adjusted for changes in capital, as per the Restated Financial Statements:

Period	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
Financial Year ended March 31, 2022	4.79	4.79	3
Financial Year ended March 31, 2021	0.43	0.43	2
Financial Year ended March 31, 2020	3.59	3.59	1
Weighted Average	**3.14**	**3.14**	

Notes:

(1) Basic EPS (₹) = Basic earnings per share are calculated by dividing the Restated Profit for the year divided by the weighted average number of Equity Shares outstanding during the year, as adjusted for sub-division.

(2) Diluted EPS (₹) = Diluted earnings per share are calculated by dividing the Restated Profit for the year divided by the weighted average number of equity Shares outstanding during the year as adjusted for the effects of all dilutive potential Equity Shares outstanding during the year, if any and for sub-division.

(3) Earnings per Share calculations are in accordance with the notified Indian Accounting Standard 33 'Earnings per share.

(4) Weighted average number of Equity Shares is the number of Equity Shares outstanding at the beginning of the year adjusted by the number of Equity Shares issued during the year/period multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year.

(5) The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Statements

as appearing in Restated Financial Statements.
(6) Weighted average = Aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. (EPS x Weight) for each year / Total of weights

2. *Price Earning ("P/E") Ratio in relation to the Price Band of ₹ [●] to ₹ [●] per Equity Share:*

Particulars	P/E ratio at the lower end of the Price Band (number of times)*	P/E ratio at the higher end of the Price Band (number of times)*
Based on Basic EPS for the financial year ended March 31, 2022	[●]	[●]
Based on Diluted EPS for the financial year ended March 31, 2022	[●]	[●]

**Will be populated in the Prospectus.*

Industry Peer Group P/E ratio

Based on the peer group information (excluding our Company) given below in this section:

Particulars	P/E ratio
Highest	405.17
Lowest	84.55
Average	212.73

3. *Return on Net Worth (RoNW), as derived from Restated Financial Statements:*

Financial Year	RoNW (%)	Weight
Financial Year ended March 31, 2022	19.19	3
Financial Year ended March 31, 2021	2.11	2
Financial Year ended March 31, 2020	18.18	1
Weighted Average	13.33	

Notes:
(1) "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 restated balance sheet, but does not include reserves created out of revaluation of assets, capital reserve, write-back of depreciation and amalgamation as per the SEBI ICDR Regulations as at March 31, 2022, March 31, 2021 and March 31, 2020.
(2) Return on Net worth (%) = Restated Profit for the year divided by Net worth as at the end of the year.
(3) Weighted average = Aggregate of year-wise weighted Return on Net worth divided by the aggregate of weights i.e. (Return on Net worth x Weight) for each year / Total of weights

4. *Net Asset Value per Equity Share of face value of ₹ 2 each, as adjusted for changes in capital*

Year Ended	NAV derived from the Restated Financial Statements (₹)
As on March 31, 2022	24.99
After the completion of the Offer	At the Floor Price: [●] At the Cap Price: [●]
Offer Price(1)	[●]

Notes:
(1) Offer Price per Equity Share will be determined on conclusion of the Book Building Process.
(2) "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 restated balance sheet, but does not include reserves created out of revaluation of assets, capital reserve, write-back of depreciation and amalgamation as per SEBI ICDR Regulations
(3) Net Asset Value per Equity Share = Net worth divided by the outstanding number of equity shares outstanding at the end of the year, as adjusted for sub-division.

5. ***Comparison of Accounting Ratios with Listed Industry Peers***

Name of the company	Standalone/ Consolidated	Face value (₹ per share)	Total income (in ₹ million)	EPS		NAV (₹ per share)	P/E	RoNW (%)
				Basic	Diluted			
Sai Silks (Kalamandir) Limited	Standalone	2.00	11,330.16	4.79	4.79	24.99	-	19.19
Peer Group								
Vedant Fashions Limited	Consolidated	1.00	10,907.67	12.90	12.90	44.61	84.55	29.08
TCNS Clothing Co. Limited	Standalone	2.00	9,307.43	(0.90)	(0.90)	100.61	NA	(0.92)
Go Fashion (India) Limited	Standalone	10.00	4,221.07	6.74	6.74	81.17	148.46	8.12
Aditya Birla Fashion and Retail Limited	Consolidated	10.00	82,367.70	(1.18)	(1.18)	29.56	NA	(3.92)
Shoppers Stop Limited	Consolidated	5.00	26,865.10	(4.29)	(4.29)	6.93	NA	(61.90)
Trent Limited	Consolidated	1.00	46,732.30	2.98	2.98	66.50	405.17	4.48

Notes:

a) With respect to our Company, the information above is based on the Restated Financial Statements for the year ended March 31, 2022

b) Financial information for listed industry peers mentioned above is for the year ended March 31, 2022 and is based on audited financial results/ annual report disclosed by these companies to the stock exchanges.

c) Diluted EPS refers to the diluted earnings per share sourced from the audited financial results of the respective company

d) NAV is computed as the net worth at the end of the year divided by the closing outstanding number of equity shares. In case of Aditya Birla Fashion and Retail Limited, partly paid up shares have also been considered.

e) P/E Ratio has been computed based on the closing market price of the equity shares (Source: NSE) on July 11, 2022, divided by the Diluted EPS.

f) RoNW is computed as net profit attributable to owners of the company divided by net worth at the end of the year

g) Net worth is sum of share capital and other equity.

The Offer Price is [●] times of the face value of the Equity Shares.

The Offer Price of ₹ [●] has been determined by our Company in consultation with the BRLMs, on the basis of assessment of demand from investors for Equity Shares through the Book Building Process and, is justified in view of the above qualitative and quantitative parameters.

Investors should read the above-mentioned information along with "*Risk Factors*", "*Our Business*", "*Restated Financial Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 30, 178, 241 and 315, respectively, to have a more informed view. The trading price of the Equity Shares could decline due to the factors mentioned in the "*Risk Factors*" beginning on page 30 and you may lose all or part of your investments.

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS

STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO SAI SILKS (KALAMANDIR) LIMITED (THE "COMPANY") AND THE SHAREHOLDERS OF THE COMPANY (THE "SHAREHOLDERS") UNDER THE DIRECT AND INDIRECT TAX LAWS IN INDIA

To,

The Board of Directors
Sai Silks (Kalamandir) Limited
6-3-790/8, Flat No. 1,
Bathina Apartments, Ameerpet,
Hyderabad- 500016, Telangana.

Sub: Statement of possible special tax benefits available to Sai Silks (Kalamandir) Limited and its shareholders prepared in accordance with the requirements under Schedule VI (Part A)(9)(L) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended ("SEBI ICDR Regulations")

1. We, **Sagar & Associates** ("**the Firm**"), the statutory auditors of the Company, hereby confirm the enclosed statement ("Statement") in the Annexure prepared and issued by the Company, which provides the possible special tax benefits under Income-tax Act, 1961 ('**Act'**) presently in force in India viz. the Income-tax Act, 1961, ('**Act'**), the Income-tax Rules, 1962, ('Rules'), regulations, circulars and notifications issued thereon, as applicable to the assessment year 2023-24 relevant to the financial year 2022-23, possible special tax benefits under the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 and applicable State Goods and Services Tax Act, 2017 ("**GST Acts**"), the Customs Act, 1962 ("Customs Act") and the Customs Tariff Act, 1975 ("**Tariff Act**"), as amended by the Finance Act 2022 including the relevant rules, notifications and circulars issued there under, applicable for the Financial Year 2022-23, available to the Company, its shareholders. Several of these benefits are dependent on the Company and its shareholders, as the case may be, fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company and its shareholders, to derive the special tax benefits is dependent upon their fulfilling such conditions, which based on business imperatives the Company, and its shareholders face in the future, the Company and its shareholders may or may not choose to fulfil.

2. This statement of possible special tax benefits is required as per Schedule VI (Part A)(9)(L) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended ('**SEBI ICDR Regulations'**). While the term 'special tax benefits' has not been defined under the SEBI ICDR Regulations, it is assumed that with respect to special tax benefits available to the Company, the same would include those benefits as enumerated in the statement. Any benefits under the Taxation Laws other than those specified in the statement are considered to be general tax benefits and therefore not covered within the ambit of this statement. Further, any benefits available under any other laws within or outside India, except for those specifically mentioned in the statement, have not been examined and covered by this statement.

3. Our views are based on the existing provisions of law 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.

4. The benefits discussed in the enclosed Statement cover the possible special tax benefits available to the Company and its shareholders and do not cover any general tax benefits available to them.

5. In respect of non-residents, the tax rates and the consequent taxation shall be further subject to any benefits available under the applicable Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile.

6. The benefits stated in the enclosed Statement are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that this statement is only intended

to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the distinct 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 out of their participation in the issue and we shall in no way be liable or responsible to any shareholder or subscriber for placing reliance upon the contents of this statement. Also, any tax information included in this written communication was not intended or written to be used, and it cannot be used by the Company or the investor, for the purpose of avoiding any penalties that may be imposed by any regulatory, governmental taxing authority or agency.

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

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

8. The contents of the enclosed Statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company. We have relied upon the information and documents of the Company being true, correct, and complete and have not audited or tested them. Our view, under no circumstances, is to be considered as an audit opinion under any regulation or law. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our Firm or any of partners or affiliates, shall not be responsible for any loss, penalties, surcharges, interest or additional tax or any tax or non-tax, monetary or non-monetary, effects or liabilities (consequential, indirect, punitive or incidental) before any authority / otherwise within or outside India arising from the supply of incorrect or incomplete information of the Company.

9. This Statement is addressed to Board of Directors and BRLMs and issued at specific request of the Company for submission to the BRLMs to assist them in conducting their due-diligence and documenting their investigations of the affairs of the company in connection with the proposed Offer. This report may be delivered to SEBI, the stock exchanges, to the Registrar of Companies, Telangana at Hyderabad or to any other regulatory and statutory authorities by the BRLMs only when called upon by SEBI or the stock exchanges in connection with any inspection, enquiry or investigation, as the case may be, to evidence BRLMs due diligence obligations pertaining to subject matter of this report or for any defence that the BRLMs may wish to advance in any claim or proceeding with SEBI or stock exchanges in connection with due diligence obligations of the BRLMs in the Offer pertaining to subject matter of this report. It should not be used by any other person or for any other purpose. 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 certificate is shown or into whose hands it may come without our prior consent in writing. Any subsequent amendment / modification to provisions of the applicable laws may have an impact on the views contained in our statement. While reasonable care has been taken in the preparation of this certificate, we accept no responsibility for any errors or omissions therein or for any loss sustained by any person who relies on it.

For Sagar & Associates
Chartered Accountants
ICAI Firm Registration Number: 003510S

Partner: CA. B.Aruna
Membership No. 216454

Place: Hyderabad
Date: July 21, 2022
UDIN: 22216454ANIMIC1030

ANNEXURE TO THE STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO SAI SILKS (KALAMANDIR) LIMITED (THE "COMPANY") AND ITS SHAREHOLDERS

Outlined below are the possible Special Tax Benefits available to the Company and its shareholders under the Income Tax Act, 1961 presently forced in India. It 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 Equity Shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have different interpretation on the benefits, which an investor can avail.

STATEMENT OF POSSIBLE SPECIAL DIRECT TAX BENEFITS AVAILABLE TO THE COMPANY, AND TO THE SHAREHOLDERS OF THE COMPANY

Under the Income Tax Act, 1961 ('the Act')

1. Special tax benefits available to the company under the Act

Section 115BAA of the Act: Corporate Tax Rate of 22%

- Section 115BAA, as inserted vide The Taxation Laws (Amendment) Act, 2019, provides that domestic company can opt for a rate of 22% (plus applicable surcharge and education cess) for the financial year 2019-20 onwards, provided the total income of the company is computed without claiming certain specified deductions or set–off of losses, depreciation etc., and claiming depreciation determined in the prescribed manner.

- In case a company opts for section 115BAA, provisions of Minimum Alternate Tax(MAT) would not be applicable and unutilized MAT credit will not be available for set – off.

- The option needs to be exercised on or before the due date of filing the income tax return. Option once exercised, cannot be subsequently withdrawn for the same or any other tax year.

Further, if the conditions mentioned in section 115BAA are not satisfied in any year, the option exercised shall become invalid in respect of such year and subsequent years, and the other provisions of the Act shall apply as if the option under section 115BAA had not been exercised.

- The company has represented to us that they have opted section 115BAA of the Act for AY 2020-21.

Section 80JJAA of the Act: Deduction in respect of employment of new employees

- In accordance with and subject to the conditions specified under Section 80JJAA of the Act, a company is entitled to a deduction of an amount equal to 30% of additional employee cost incurred in the course of business in a previous year, for 3 consecutive assessment years including the assessment year relevant to the previous year in which such additional employment cost is incurred.

- Additional employee cost means the total emoluments paid or payable to additional employees employed in the previous year. The deduction under section 80JJAA would continue to be available to the company even where the company opts for the lower tax rate of 22% under the provisions of section 115BAA (as discussed above).

- The company should be eligible to claim this deduction in case it incurs additional employee cost within the meaning of Explanation (i) to sub-section (2) of Section 80JJAA of the Act and satisfies the conditions mentioned in the section.

2. Special tax benefits available to the shareholders under the Act

There are no special tax benefit available to the Shareholders of Company for investing in the shares of the Company. However, such shareholders shall be liable to concessional tax rates on certain incomes under the extant provisions of the Act.

Section 112A of the Act provides for concessional rate of tax on long term capital gain arising on transfer of equity shares with effect from April 1, 2019 (i.e., Assessment Year 2019-20) subject to conditions. Any long term capital gain, exceeding INR 1,00,000 arising from the transfer of a long-term capital asset (i.e., capital asset held for the period of 12 months or more) being an Equity Share in a company wherein Securities Transaction Tax ('STT') is paid on both acquisition and transfer, income tax is charged at a rate of 10% without giving effect to indexation.

Section 111A of the Act provides for concessional rate of tax @ 15% in respect of short-term capital gains (provided the short-term capital gains exceed the basic threshold limit of income exemption, where applicable) arising from the transfer of a short term capital asset (i.e., capital asset held for the period of less than 12 months) being an Equity Share in a company or wherein STT is paid on both acquisition and transfer.

In respect of non-residents, the tax rates and the consequent taxation shall be further subject to any benefits available under the applicable Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident shareholder has fiscal domicile.

Notes:

- These tax benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company or its shareholders may or may not choose to fulfil.

- This statement does not discuss any tax consequences in the country outside India of an investment in the shares. The shareholders / investors in the country outside India are advised to consult their own professional advisors regarding possible Income tax consequences that apply to them.

- We understand that the Company has opted for concessional income tax rate under section 115BAA of the Act. Accordingly, surcharge shall be levied at the rate of 10% irrespective of the amount of total income.

- Health and Education Cess @ 4% on the tax and surcharge is payable by all category of tax payers.

- We understand that the Company has opted for concessional tax rate under section 115BAA of the Act. Hence, 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 sub-section (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 and 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

- Further, it is also clarified in section 115JB(5A) that if the Company opts for concessional income tax rate under section 115BAA, the provisions of section 115JB regarding Minimum Alternate Tax (MAT) are not applicable. Further, such Company will not be entitled to claim tax credit relating to MAT.

- The above statement of possible direct tax benefits sets out the provisions of law 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.

STATEMENT OF POSSIBLE SPECIAL INDIRECT TAX BENEFITS AVAILABLE TO THE COMPANY, AND TO THE SHAREHOLDERS OF THE COMPANY

Outlined below are the possible tax benefits available to the Company and its shareholders under the Indirect tax laws in force in India. This Statement is as per the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 and applicable State Goods and Services Tax Act, 2017 ("GST Acts"), the Customs Act, 1962 ("Customs Act") and the Customs Tariff Act, 1975 ("Tariff Act"), as amended by the Finance Act 2022 including the relevant rules, notifications and circulars issued there under, applicable for the Financial Year 2022-23, presently in force in India.

UNDER THE INDIRECT TAX

BENEFITS TO THE COMPANY UNDER VARIOUS INDIRECT TAX LAWS:

1. Special tax benefits available to the Company

There are no special tax benefits available to the company.

2. **Special Tax Benefits available to the Shareholders of the Company**

(i) The shareholders of the Company are not required to discharge any GST on transaction in securities of the Company.

Securities are excluded from the definition of Goods as defined u/s 2(52) of the Central Goods and Services Tax Act, 2017 as well from the definition of Services as defined u/s 2(102) of the Central Goods and Services Tax Act, 2017].

(ii) Apart from above, the shareholders of the Company are not eligible to special tax benefits under the provisions of the Customs Tariff Act, 1975 and / or Central Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017, respective Union Territory Goods and Services Tax Act, 2017 respective State Goods and Services Tax Act, 2017, Goods and Services Tax (Compensation to States) Act, 2017 including the relevant rules, notifications and circulars issued there under.

Notes:

1. This Statement covers only certain relevant Indirect tax law benefits and does not cover any other benefit under any other law.

2. These tax benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Indian Indirect Tax Regulation. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company or its shareholders may or may not choose to fulfil.

3. The tax benefits discussed in the Statement are not exhaustive and is only intended to provide general information to the investors and hence, is neither designed 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 his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

4. The Statement is prepared on the basis of information available with the Management of the Company and there is no assurance that:

    i. the Company or its shareholders will continue to obtain these benefits in future;

    ii. the conditions prescribed for availing the benefits have been/ would be met with; and

    iii. the revenue authorities/courts will concur with the view expressed herein.

5. The above views are based on the existing provisions of 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.

For Sagar & Associates
Chartered Accountants
ICAI Firm Registration Number: 003510S

Partner: CA. B.Aruna
Membership No. 216454

Place: Hyderabad
Date: July 21, 2022
UDIN: 22216454ANIMIC1030

SECTION IV – ABOUT OUR COMPANY

INDUSTRY OVERVIEW

*Unless otherwise indicated, industry and market data used in this section has been derived from industry publications, in particular, the report titled "Industry Report on Women Ethnic Wear Apparel in India" dated July 12, 2022 (the "**Technopak Report**"), prepared and issued by Technopak Advisors Private Limited ("**Technopak**") appointed on February 22, 2022 and exclusively commissioned by and paid for by us in connection with the Offer. A copy of the Technopak Report is available on the website of our Company at https://sskl.co.in/investor-relations/. There are no parts, data or information (which may be relevant for the proposed Offer), that has been left out or changed in any manner. Unless otherwise indicated, financial, operational, industry and other related information derived from the Technopak Report and included herein with respect to any particular year refers to such information for the relevant calendar year. For more information, see "Risk Factors – Industry information included in this Draft Red Herring Prospectus has been derived from an industry report prepared by Technopak exclusively commissioned and paid for by us for such purpose." on page 41. Also see, "Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation – Industry and Market Data" on page 18. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. The recipient should not construe any of the contents in this report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction. Unless otherwise stipulated, years indicated refer to calendar years.*

While preparing its report, Technopak Advisors Private Limited has also sourced information from publicly available sources, including our Company's financial statements available publicly. However, financial information relating to our Company presented in other sections of this Draft Red Herring Prospectus has been prepared in accordance with Ind AS and restated in accordance with the SEBI ICDR Regulations. Accordingly, the financial information of our Company in this section is not comparable with Ind AS financial information presented elsewhere in this Draft Red Herring Prospectus.

OVERVIEW OF INDIAN ECONOMY

India GDP and GDP Growth

India is the world's 6th largest economy and expected to be in the top 3 global economies by 2050

Currently, India ranks sixth in the world in terms of nominal gross domestic product ("GDP") and is the third-largest economy in the world in terms of purchasing power parity ("PPP"). India is estimated to be among the top three global economies in nominal GDP by Fiscal 2050.

GDP at current prices (In US$ Trillion) and GDP Ranking of Key Global Economies (2020)

Country	Rank in GDP (PPP)	CY 2010	% Share	CY 2015	% Share	CY	% Share	CY 2025P	CAGR (2020-2025)
China	1	6.1	9.20%	11	14.70%	14.7	17.40%	22.5	8.90%
USA	2	15	22.50%	18.2	24.30%	20.9	24.70%	26.7	5.00%
India	3	0.9	2.50%	1.7	2.80%	2.6	3.10%	4.2	10.10%
Japan	4	5.7	8.70%	4.4	5.90%	4.9	5.80%	6.3	5.20%
Germany	5	3.4	5.10%	3.4	4.50%	3.8	4.50%	5.1	6.10%
France	8	2.6	4.00%	2.4	3.20%	2.6	3.10%	3.4	5.50%
UK	9	2.5	3.70%	2.9	3.90%	2.7	3.20%	3.8	7.10%
Italy	10	2.1	3.20%	1.8	2.40%	1.9	2.20%	2.4	4.80%
Korean Republic	13	1.1	1.70%	1.5	2.00%	1.6	1.90%	2.1	5.60%
Canada	14	1.1	2.40%	1.5	2.10%	1.6	1.90%	2.4	8.40%

Source: World Bank Data, RBI, Technopak Analysis

India expected to fare better than developed economies and recover to a high growth path in the coming years

India's real gross domestic product ("**GDP**") has sustained an average growth between 6% and 7% since FY 1991. India has been the fastest-growing G20 economy since FY 2015, with an annual growth rate hovering around 7%.

India's economy grew at ~7% in FY 2019. The real growth rate declined to 4% in FY 2020 and witnessed a degrowth of 7.3% in FY 2021 due to the outbreak of the COVID-19 pandemic, which led to the imposition of lockdowns towards the last quarter of FY 2020 and a major part of the first quarter of FY 2021 causing a contraction in the economy. India is projected to have the highest real GDP growth rate as compared to other key economies affected by COVID-19. India witnessed a strong recovery in H2FY22 especially after relaxation of lockdown and other restrictions post the second wave of COVID-19 pandemic. An increased demand from consumers fueled the recovery of the Indian economy.

Real GDP Growth rate of Key Global Economies (2018 - 2021P)

Country	GDP Growth Rate - 2018 (in %)	GDP Growth Rate - 2019 (in %)	GDP Growth Rate - 2020 (in %)	GDP Growth Rate – 2021P (in %)
United States	3.0%	2.2%	-3.5%	5.1%
China	6.8%	6.0%	2.3%	8.1%
Japan	0.6%	0.3%	-5.8%	3.1%
Germany	1.1%	1.1%	-4.6%	3.5%
United Kingdom	1.3%	1.4%	-10.0%	4.5%
India*	6.1%	4.2%	-7.3%	9.5%
France	1.9%	1.8%	-7.9%	5.5%
Italy	0.9%	0.4%	-8.9%	3.0%
Brazil	1.8%	1.4%	-4.1%	3.6%
Canada	2.4%	1.9%	-5.3%	3.6%

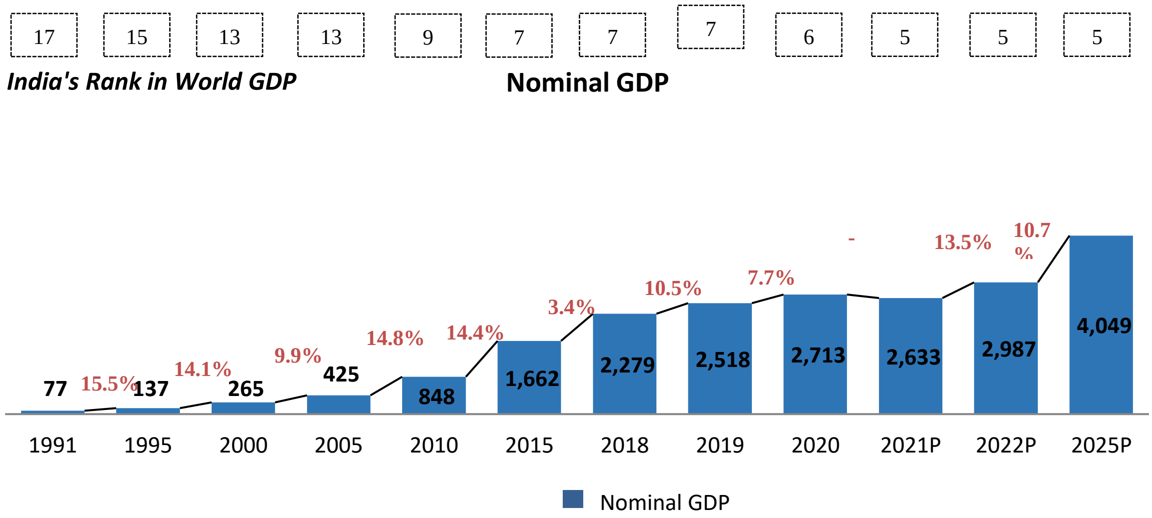
Source: World Bank data, WEO April 2021 by IMF; Data of India is based on Financial Year (April-March) basis.
**Secondary sources and Technopak Analysis. 2021P: Projected numbers for 2021*
CY2018 numbers for other countries is compared with FY 2019 numbers of India. Similarly, CY2021 (P) for other countries is FY2022 for India

India's GDP Growth almost Twice as that of the World Economy

Since FY 2005, the Indian economy's growth rate has been twice as that of the world economy and it is expected to sustain this growth momentum in the long term. In the wake of COVID-19, India's nominal GDP contracted by approximately 3% in FY2021 but expected to bounce back and reach US$ 4,049 Bn by FY 2025. It is also expected that the growth trajectory of Indian economy will enable India to be among the top 3 global economies by FY 2050.

Several structural factors are likely to contribute to economic growth in the long run. These include favorable demographics, reducing dependency ratio, rapidly rising education levels, steady urbanization, growing young & working population, IT revolution, increasing penetration of mobile & internet infrastructure, increasing aspirations and affordability etc.

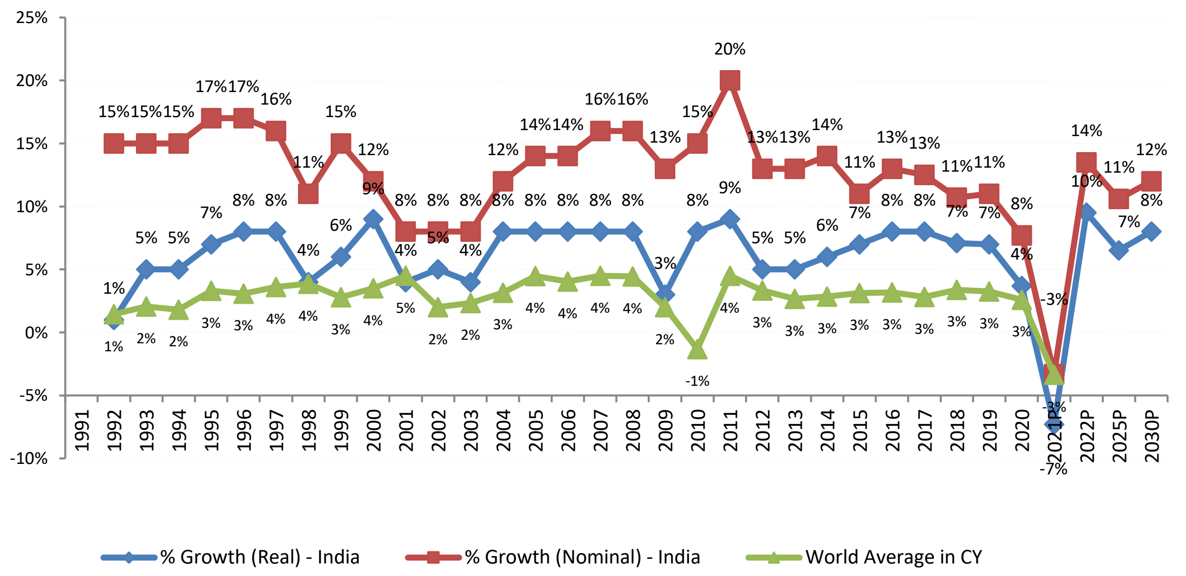
India's Nominal GDP in FY (US$ Billion)



Source: RBI Data, Economic Survey, World Bank, EIU, IMF
1 US$= INR 75

White boxes at the top refer to India's GDP rank on a global basis

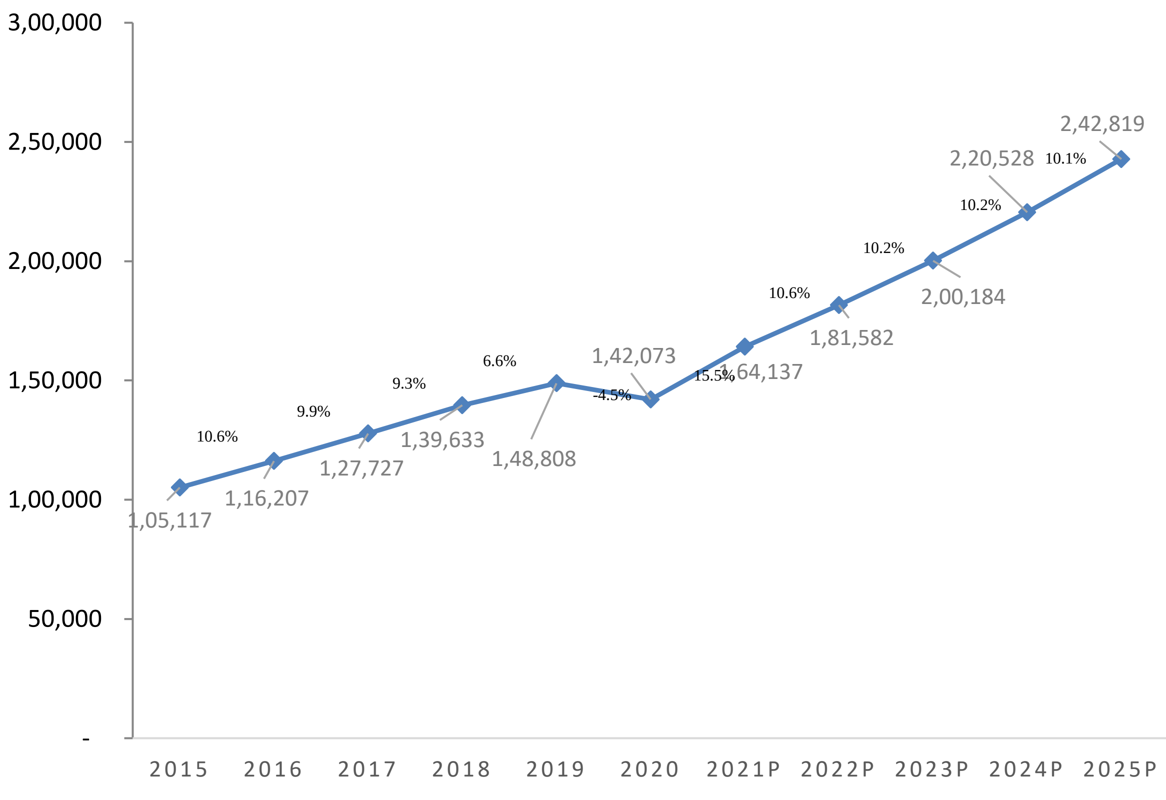
Historical GDP Growth in FY (%)



Source: RBI Data, World Bank, IMF
**2012- GDP Spike in Real growth rate due to change of base from 2004-05 to 2011-12. Hence excluded from decadal growth rate as well*

Evolution of Per Capita Income

Exhibit 1.5: India's GDP Per Capita in CY (INR) (Current Prices)



Year indicates CY. Source: IMF projections. Note: Numbers for 2021-2025 are Provisional

The per capita income of India has been showing an increasing trend since 2012; growing at a healthy CAGR of approximately 10%, the per capita income reached ₹1,48,808 in CY 2019. Given the impact of COVID-19, it decreased to ₹1,42,073 in CY 2020. However, it is expected to bounce back to ₹1,64,137 in CY 2021 and continue its growth journey at a CAGR of 10.3% between CY 2021 and CY 2025.

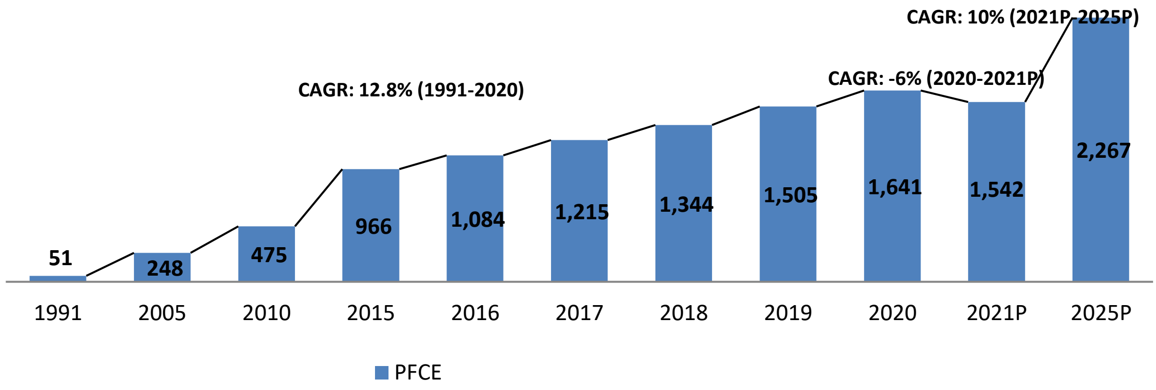
Private Final Consumption

High share of domestic consumption in Private Final Consumption Expenditure

India's share of domestic consumption, measured as private final consumption expenditure, in its GDP was ~60.5% in FY 2020. This private consumption expenditure comprises both goods (food, lifestyle, home, pharmacy etc.) and services (food services, education, healthcare etc.). In comparison, China's domestic consumption share to GDP in 2019 was 36.8%. High share of private consumption to GDP has the advantage of insulating India from volatility in the global economy. It also implies that sustainable economic growth directly translates into sustained consumer demand for goods and services. India's domestic consumption has grown at a CAGR of 7.3% between FY 2016 and FY 2021, compared to 2.8% and 4.7% in the USA and China, respectively during the similar period of CY 2015 and CY 2020.

With the economic environment becoming uncertain, not only are consumers more thoughtful about their consumption but also more conscious of their savings and investments. The consumption priorities are also driven by the health and safety concerns and the other behavioral changes adopted because of the pandemic.

India's Household Final Consumption Expenditure in FY (in US$ Bn)



Source: Technopak Analysis, RBI Data; Year indicates FY

The annual growth rate for FY 1991-2005 was ~13% and this increased to ~14% for FY 2005-2019. While in the short term, consumption will suffer a setback, it is expected to reach to ~US$ 2.27 Tn by FY 2025. This sustainable growth is expected to increase the Private Final Consumption Expenditure of Indians, leading to a growth in The Indian retail and Service industry.

The drop in consumption is mainly because of consumer sentiment being weak both due to health and economic reasons. Structurally, all the other variables remain the same, the quantum of consumption will not take long to revive. However, the loss suffered during COVID-19 manifest itself as loss of momentum of growth. The loss in momentum and current fall will recover bringing the economy back to FY2019 levels in FY2022.

In FY 2020, PFCE accounted for ~60% of India's GDP. This is much higher than that in China (~39%) and comparable to that of the US (~67%). This sustainable growth is expected to increase the Private Final Consumption Expenditure of Indians, leading to a growth in the Indian retail and Service industry.

Total Private Final Consumption Expenditure in CY (Current Prices US $ Bn)

Country	CY 2010	CY 2011	CY 2012	CY 2013	CY 2014	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019	CY 2020	CY 2021P	Contribution to GDP (2020)	CAGR 2015-2020
U.S.	10,260	10,699	11,047	11,363	11,847	12,263	12,693	13,239	13,993	14,428	14,047	14,347	64.8%	2.8%
China	2,090	2,637	3,019	3,429	3,845	4,178	4,344	4,745	5,353	5,605	5,611	6,347	38.2%	6.1%
Germany	1,872	2,036	1,937	2,036	2,075	1,778	1,829	1,918	2,068	2,018	1,951	1,924	49.6%	1.9%
India*	411**	447**	749	863	966	1,084	1,215	1,344	1,505	1,641	1,542	1,718	57.5%	7.3%
France	1,463	1,573	1,469	1,536	1,549	1,318	1,341	1,397	1,503	1,463	1,398	1,394	48.8%	1.2%
Italy	1,296	1,401	1,279	1,304	1,309	1,116	1,128	1,179	1,258	1,202	1,093	1,108	54.8%	-0.4%
Brazil	1,330	1,577	1,514	1,526	1,546	1,153	1,154	1,331	1,239	1,216	906	1,230	56.4%	-4.7%
Indonesia	424	495	518	519	509	495	539	582	594	648	624	723	48.5%	4.7%
Thailand	178	196	212	221	214	206	207	223	248	271	265	259	50.2%	5.2%
Malaysia	123	143	156	167	177	163	165	177	206	218	205	226	19.0%	4.7%

Source: World Bank, RBI, Technopak Research & Analysis
2020P: The projections have been arrived at by considering impact of COVID-19
** For India, CY 2020P means FY 2021P, India Data in FY*
*** For CY 2010 & CY 2011, base year was 2004-05*
1US$ = INR 75

Key Growth Drivers

India's medium to long term growth and its positive impact on private consumption will be determined by inter-play of demographics, urbanization, and policy reforms. The per capita income of India has been showing an increasing trend since 2012; growing at a healthy CAGR of approximately 10%, the per capita income reached ₹1,48,808 in CY 2019. Given the impact of COVID-19, it decreased to ₹1,42,073 in CY 2020. However, it is expected to bounce back to ₹1,64,137 in CY 2021 and continue its growth journey at a CAGR of 10.3% between CY 2021 and CY 2025.

Demographic Profile of India

India has one of the youngest populations globally compared to other leading economies. The median age in India is estimated to be 28.1 years in 2021 as compared to 38.1 years and 37.4 years in the United States and China, respectively, and is expected to remain under 30 years until 2030. A younger consumer class absorbs and interprets fashion trends faster, has a higher tendency towards discretionary spend and is also more digitally connected & exposed than their counterparts were in the past. These factors collectively enable the growth of retail.

Median Age: Key Emerging & Developed Economies in CY (CY2021 Estimated)

Country	India	China	USA	Singapore	Russia	Korea	Canada	UK
Median Age (Yrs.)	28.1	37.4	38.1	34.6	39.6	41.8	42.2	40.5

Source: World Population Review, Technopak Analysis

The size of India's young population is contributing to a decline in the dependence ratio (the ratio of dependent population size compared to the working-age population size (15 to 64 years of age), which has decreased from 64% in Fiscal 2000 to 50% in Fiscal 2018. This trend is expected to lead to rising income levels per household as well as higher levels of discretionary expenditure. A substantial rise in India's working age population from 36% in Fiscal 2000 to 50% in Fiscal 2019 is expected to continue sustaining the growth momentum of the Indian economy and lead to rising income levels in the long-term. The younger segment of the population is naturally pre-disposed to adopting new trends and exploration given their educational profile and their exposure to media and technology, which presents an opportunity for domestic consumption in the form of branded products and organized retail.

Women Workforce

Numerous factors, including better health care and greater media focus are allowing women in India, in both urban and rural areas, to exercise greater influence on their families and society as a whole. The most important factor, however, is educational opportunity. Between 2005 and 2015, enrolment of girls in secondary education increased from 45.3% to 81% and in FY 2019 was higher than enrolment of boys. In FY 2021, women held a total share of 49% in total enrolment in higher education. Higher education has also seen an increase in women enrolment, with almost 20% of women pursuing higher education studies compared to 22% of men.

These changes are expected to have a broad impact on societal factors, including workforce demographics and economic independence for women. The share of women workforce in the services sector has increased from 17.5% in CY 2010 to 28%in CY 2019. The overall share of working women increased from approximately 14% in 2000 to approximately 17% in 2010 and to approximately 24% in 2018. This increase of women in the workforce has seen a shift of patterns in terms of household activity, including an upward trend towards purchase of branded products including fashion and lifestyle.

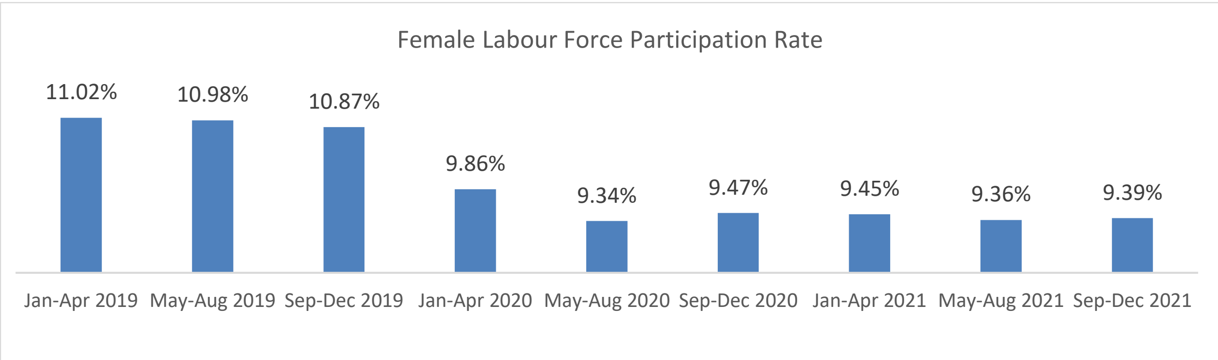
Sector wise Split of Female Employment in CY

Sector	CY 2010	CY 2011	CY 2012	CY 2013	CY 2014	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019
Agriculture	67.0%	63.6%	60.0%	59.4%	58.7%	57.9%	57.2%	56.4%	55.5%	54.7%
Industry	15.5%	17.1%	18.8%	18.4%	18.2%	18.0%	17.7%	17.5%	17.3%	17.4%
Services	17.5%	19.3%	21.3%	22.2%	23.2%	24.1%	25.1%	26.1%	27.2%	28.0%

Source: World Bank Data

However, female employment in the workforce has declined post pandemic, with the decline being sharper in urban areas which witnessed a decline in female employment of 6.9% in CY 2021 as opposed to CY 2020 and a decline of 22.1% as compared to pre-pandemic year of CY 2019. Rural areas witnessed an increase of 9.2% and decline of 0.1% during the two periods respectively. Women job seekers looking for jobs actively decline 33.7% from CY 2019 to CY 2021 with 9.52 Mn women actively seeking jobs every month in CY 2019 as opposed to 6.52 Mn women in CY 2021. This decrease in workforce is expected to be temporary and the country's employment condition is witnessing a rapid recovery.

Female Labour Force Participation Rate – Impact of COVID

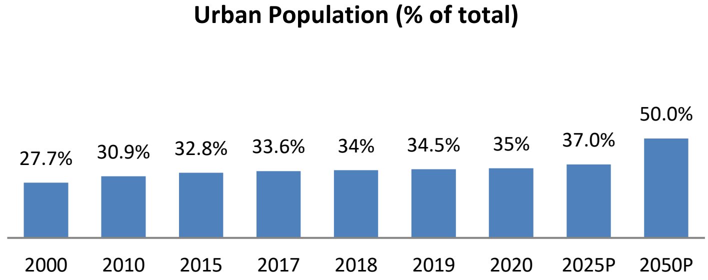


Source: CMIE

Urbanization

India has the second largest urban population in the world in absolute terms at 472 Mn. in FY 2019, second only to China. However, only 34.5% of India's population is classified as urban compared to a global average of 54%. It is the pace of India's urbanization that is a key trend to note for implication on India's economic growth. Currently urban population contributes 63% of India's GDP. Going forward, it is estimated that 37% (541 Mn.) of India's population will be living in urban centers by FY 2025. Urban population is expected to contribute 75% of India's GDP in FY 2030.

Increasing Urbanization in CY



Source: World Bank, Technopak Analysis

Urban Population as Percentage of Total Population of Key Economies (CY 2020)

Country	India	China	USA	Singapore	Russia	Malaysia	Vietnam	UK
Urban Population as %age of total population	34.9%	61.4%	82.6%	100%	74.8%	77.1%	37.3%	83.9%

Source: World Bank

Urbanization is also creating two trends that are impacting India's domestic consumption habits:

Growing Middle Class

The households with annual earnings between US$ 5,000-10,000 have grown at a CAGR of 10% from FY 2012-2020 and their number is projected to further double by 2025 from 2020 levels. The households with annual earnings between US$ 10,000-50,000 have grown at a CAGR of 20% between FY 2012-2020.

Increase in number of households with annual earnings of US$ 10,000 to US$ 50,000 has led to an increase in discretionary spending on food and beverages, apparel & accessories, luxury products, consumer durables and across other discretionary categories.

Household Annual Earning Details

Year	Total House Holds (in Mn.)	HHs with Annual earning US$ 5,000 - 10,000 (Mn.)	*% of total HHs*	HHs with Annual earning US$ 10,000 – 50,000 (Mn.)	*% share of total HHs*
2009	236	36	*15.2%*	11	*4.7%*
2012	254	60	*23.8%*	22	*8.7%*
2014	267	71	*26.5%*	27	*10.2%*
2015	274	85	*30.9%*	36	*13.2%*
2018	295	121	*41.2%*	86	*29.3%*
2020*	310	132	*42.5%*	95	*30.6%*

*Source: EIU, *Technopak Estimates*

Nuclearization

The growth in the number of households exceeds population growth, which indicates an increase in nuclearization in India. According to the 2011 census, 74% of urban households have five or less members, compared to 65% in 2001. It is expected that that smaller households with higher disposable income will lead to a greater expenditure in, among others, fashion, jewellery, home & living, packaged food and food services.

Indian Household Size and Growth Trend

Year	Total No. of HHs (Mn.)	Avg. HH Size	Avg. Urban HH size	Decadal growth rate of HHs	Decadal growth rate population
1981	119	5.5	5.4	19.2%	24.7%
1991	148	5.5	5.3	24.4%	24.4%
2001	192	5.3	5.1	30.4%	25.7%
2011	248	4.8	4.6	28.5%	16.4%

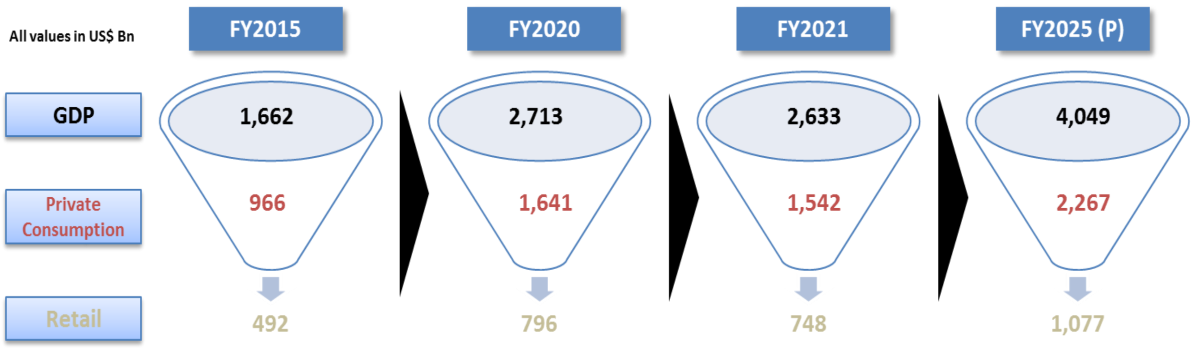
Source: Census 2001 and 2011

APPAREL INDUSTRY IN INDIA

Retail Market in India

Retail Market in India was valued at US$ 492 Bn in FY 2015 and reached a value of US$ 796 Bn in FY 2020, growing at a 10.1% CAGR over this period. Currently, the Retail Market in India was valued at US$ 748 Bn (INR 56,10,000 Cr) in FY 2021 and is expected to grow at a CAGR of 9.5% to reach US$ 1,077 Bn (INR 80,77,500 Cr) by FY 2025.

India's Consumption Funnel in FY (in US$ Bn)



Source: Technopak Analysis. 1US$ = INR 75

Retail Size – Overall & across Key Categories

In Fiscal 2020, India's retail basket was approximately 48.5% of its private consumption and it is expected to maintain roughly this share in private consumption for the next five years. The food & grocery ("F&G") segment forms the major share of India's merchandise retail expenditure (~66%), it has jumped to ~73% amid the disruptions caused by COVID-19 in fiscal 2021. While other sectors in retail have contracted by 25-30% during FY 2021 due to the impact of COVID-19, need based categories like food & grocery and pharma retail have witnessed growth. The apparel market in India was estimated at ~US$ 60 billion as of FY 2020 and is one of the larger segments of the Indian retail sector.
As the per capita income of India increase, the spend on Primary Non-Food is also expected to increase, thus increasing its share in Indian Retail Basket by FY 2025. Apparel and accessories is estimated to have the highest share in Primary Non-Food sector and is expected to show the highest growth at 22.4% CAGR over the next 5 years. Share of Apparel & Accessories in overall retail is expected to further increase from 7.9% in FY 2020 to 9% in FY 2025.

Share of various categories in overall Indian Retail Basket in FY (in US$ Bn)

Type of Categories	Categories	FY 2020	FY 2021	FY 2025 (P)	CAGR (FY 2021 -FY 2025)
	Total Retail (US$ bn)	**796**	**748**	**1077**	**9.5%**
Need based	Food and Grocery	66.2%	73.2%	63.3%	5.6%
	Pharmacy & Wellness	2.9%	3.2%	3.3%	10.0%
Primary Non-Food	**Apparel & Accessories***	**7.9%**	**5.7%**	**9.0%**	**22.4%**
	Jewellery & Watches	7.9%	6.0%	8.7%	20.2%
	Consumer Electronics	6.4%	5.7%	7.1%	15.9%
Other Non-Food	Home & Living	4.3%	3.0%	4.4%	19.8%
	Footwear	1.2%	0.8%	1.3%	23.7%
	Others	3.2%	2.2%	3.1%	18.8%
	Total	**100%**	**100%**	**100%**	**9.5%**

**Accessories includes Bags, Belts, Watches and Wallets; Others include Books & Stationery, Toys, Eyewear, Sports Goods, Alcoholic Beverages & Tobacco etc. Source: Technopak analysis; Year Indicates FY. 1US$ = INR 75*

Share of Need based & Discretionary categories: Comparison with US and China (CY 2019)

Type of Categories	Categories	India	US	China
	Total Retail (US$ bn)	**796**	**5,564**	**5,005**
Need based	Food and Grocery	66%	13%	29%
	Pharmacy & Wellness	3%	5%	1%
Discretionary	**Apparel & Accessories**	**8%**	**5%**	**5%**
	Others	23%	77%	65%
	Total	**100%**	**100%**	**100%**

Source: Technopak Analysis
For comparison: CY2019 of other countries vis a vis FY 2020 of India

Share of Merchandise and Services in Household Expenditure- India (FY 2020)

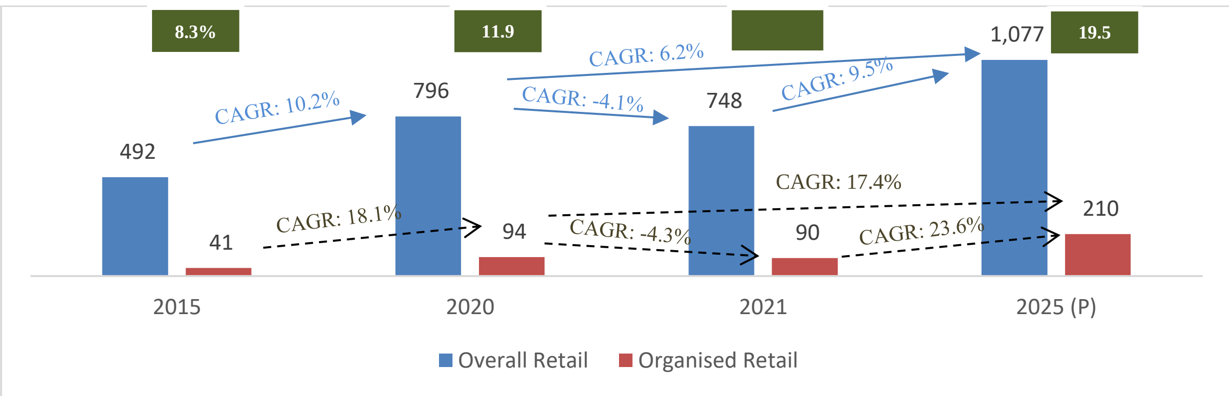
The share of apparel in overall Indian retail basket is expected to be 9% by FY 2025, which would be the highest within discretionary spend categories.

Broad Category	Share in Household Expenditure	Category	Share of Wallet
Merchandise Retail	~49%	Food and Grocery	32%
		Jewellery	4%
		Apparel & Accessories	4%
		Footwear	1%
		Pharma & Wellness	1%
		Consumer Durables & Information Technology	3%
		Home & Living	2%
		Others Retail Categories	2%
Services	~51%	Healthcare, Travel, Hospitality etc.	51%

Source: Technopak Analysis

While organized retail, primarily brick & mortar, has been in India for 2 decades now, its contribution to total retail was low at 11.9% (US$ 94 bn) in FY 2020. The organized retail penetration is expected to increase to ~20% by FY 2025.

Overall Retail Market in FY (US$ Bn)



Source: Technopak Analysis Organised Retail Penetration

Consumption of Retail basket across key Categories

Apparel & Accessories, Jewelry & Watches and Consumer Electronics are the other three key categories which accounted 7.9%, 7.9% and 6.4% of retail respectively in 2020. Share of Apparel & Accessories is expected to grow to reach 9% in FY 2025, growing at a CAGR of 8.8% from FY 2020 to FY 2025. Apparel & accessories is one of the fastest growing categories amongst all other retail categories and is expected to grow at a CAGR of 22.4% in the period FY 2021 to FY 2025. The share of organized is expected to increase further to 45% by FY 2025 and that will continue to support of branded apparel as well.

Between FY 2015 and FY 2020, e-commerce sales in the Apparel and Accessories segment have grown at CAGR of 53% and it is estimated that the share of e-commerce retail in this segment will reach approximately 21.8% of the market in FY 2025 from 17.5% in FY 2020.

Share of Brick & Mortar and E-commerce across Categories in FY

	FY2015					FY2020					FY2025				
	Share of Retail	**Retail Size (US$ Bn)**	**Share of Unorganised retail**	**Share of organised B&M Retail**	**Share of organised E-commerce**	**Share of Retail**	**Retail Size (US$ Bn)**	**Share of Unorganised retail**	**Share of organised B&M Retail**	**Share of organised E-commerce**	**Share of Retail**	**Retail Size (US$ Bn)**	**Share of Unorganised retail**	**Share of organised B&M Retail**	**Share of organised E-commerce**
Food and Grocery	66.7%	328.2	97.0%	2.5%	0.5%	66.1%	526.2	95.5%	4.0%	0.5%	63.2%	680.7	91.0%	5.0%	4.0%
Jewellery	7.3%	35.9	73.0%	25.0%	2.0%	7.5%	59.7	68.0%	28.0%	4.0%	8.4%	90.5	60.0%	33.0%	7.0%
Apparel & Accessories*	8.4%	41.3	77.0%	19.5%	3.5%	8.3%	66.1	68.0%	14.5%	17.5%	9.3%	100.2	55.0%	23.0%	21.8%
Footwear	1.2%	5.9	91.0%	5.5%	3.5%	1.3%	10.3	70.0%	14.2%	15.8%	1.3%	14.0	62.0%	16.0%	22.0%
Pharmacy & Wellness	3.0%	14.8	95.0%	4.5%	0.5%	2.9%	23.1	90.0%	7.8%	2.2%	3.3%	35.5	80.0%	11.0%	8.0%
Consumer Electronics	5.9%	29.0	74.0%	16.5%	9.5%	6.4%	50.9	68.0%	4.7%	27.3%	7.1%	76.5	55.0%	9.0%	36.0%
Home & Living	4.5%	22.1	91.0%	7.6%	1.4%	4.3%	34.2	85.0%	7.7%	7.3%	4.4%	47.4	70.0%	11.0%	19.0%
Others	3.0%	14.8	89.0%	10.4%	0.6%	3.3%	26.3	86.0%	5.3%	8.7%	2.9%	31.2	78.0%	10.0%	11.0%
Total	**100.0%**	**492.0**	**91.7%**	**7.1%**	**1.2%**	**100%**	**796.0**	**88.1%**	**7.2%**	**4.6%**	**100%**	**1077.0**	**80.4%**	**10.0%**	**9.6%**

** Accessories include Bags, Belts, Wallets & Watches. Source: Technopak Analysis. 1US$ = INR 75*

The e-commerce market in India has witnessed an accelerated growth and is expected to reach 9.6% (US$ 103.4 Bn) of the total retail market by FY 2025 from its share of 4.6% in FY 2020 (US$ 36.6 billion) at a growth rate of ~23% CAGR.

Evolution of Organized Apparel Retail Segment in India

Organized retailing share of Apparel has increased from 14% in FY 2007 to 32% in FY 2020. In other words, in the last thirteen years, organized retail not only captured the new incremental demand, but it has also succeeded to shift the demand away from unorganized apparel retail in its favour. Given the fact that organized retail sells branded apparel, the growth of organized retail is poised to be a key growth enabler for the growth of branded apparel. Apart from the demographic and urbanization (that were the reasons for the growth of branded apparel) that aided the growth of organized retail, the rapid evolution of organized retailing models for apparel is a key reason that has also enabled this growth. The share of organized is expected to increase further to 45% by FY 2025 and that will continue to support of branded apparel as well.

Organized Apparel Retail's Evolution in India

Source: Technopak Analysis

Note: The graph represents the four phases of the organized retail evolution and indicates the players who took center stage in these phases.

Phase I (Pre 1995) – Till 1995, organized retail for apparel was synonymous with Exclusive Brand Outlets (EBOs) of a handful of apparel brands. These EBOs were restricted by their physical reach (number of stores and coverage across cities) and product offering (fabrics, suits, formal dressing etc.). Brands like Van Heusen, Arrow, Raymond, Vimal, and Bombay Dyeing signified organized apparel retailing. Indian Wear focused Brands such as Pothy's, Kalaniketan, Nalli, The Chennai Silk, Fabindia etc entered the organised retail sector and became category creators in their segment.

Phase II (1995 – 2000) – Shoppers Stop started the first large format multi-brand outlet in the mid-nineties that triggered the expansion of multi brand retail for apparel and other retailing categories. Around the same time, Westside and Lifestyle also started their private brand led large format stores. Indian apparel fashion brands like Nalli, Fabindia, The Chennai Silk also initiated the expansion of their stores beyond their places of origin. This period also saw the entry of Benetton into India. These developments expanded the product offerings for the consumer and aspects around product design, sourcing and supply chain became key focus areas for organized retailers. This period also marked the entry of global sportswear brands like Nike that introduced the Indian market to Athleisure as an extension of footwear.

Phase III (2001 – 2015)– This phase was marked by the bifurcation of apparel retailing into specialized groups viz. Casual, Sportswear, Daily wear, Denimwear, Sarees, SKDs etc. Existing players expanded their physical retail presence through exclusive brand outlets like Nalli and Pothy's in Indian fashion and Shopper's Stop & Westside in LFS. This phase also saw the genesis of prominent players like Sai Silks Kalamandir Ltd with brands Kalamandir, Mandir, Vara Mahalakshmi being launched in 2005, 2011 and 2012 respectively. This phase also witnessed increase in competitive intensity with the entry of more players. Western wear brands like Zara and Marks & Spencer entered India during the same period. General Merchandise retailers like Future Group (Central, Brand Factory, fbb) and Lifestyle expanded their private brand offering into Apparel fashion. This period also witnessed the emergence of brand aggregator model for international brands into India with players like Arvind Brands and Reliance Brands becoming major India partners for many international apparel fashion brands. This phase has also witnessed rapid growth of E-commerce. Online emerged as a key organized retailer for apparel in India with the scale up of players like Myntra+Flipkart and Amazon. Online and offline channels proved to co-exist and jointly grow the organized retail pie. Product differentiation of organized apparel retailers also became sharper on price points (value fashion, mid to premium and premium plus offering) and on product attributes (fusion, prints, fabric, look).

Phase IV (2016 onwards) – The current phase represents distinct segmentation of channels of organized retail for Apparel. This phase also represents emergence of category leaders in respective groups of Western (formal and casual), Indian, and Athleisure etc. Value fashion retail has emerged as the mainstay of growth of apparel in the country. Value fashion retailer such as fbb, Max Fashion, V-Mart are working towards bridging the price gap in the branded apparel market by offering quality products at affordable prices. Exclusive Brands Outlets (EBOs) have emerged as a core channel for most national apparel retailers irrespective of the category (type of apparel sold) or fashion (Indian or western) play. This phase also saw the entry of existing leading players into value-mid segment, like Sai Silks Kalamandir launching KLM Fashion Mall. LFSs have also grown their footprints with the expansion of Central, Brand Factory, Shoppers Stop, Reliance Trends, Westside, Decathlon and Pantaloons in towns beyond Metros and Tier I cities and are important growth drivers for organized apparel retailing.

Digitization in India: An Enabler to Retail

Increasing Omni-channel approach by Retailers

Omnichannel approach to sales provides customers with a seamless shopping experience, irrespective of the channel that consumers are choosing to shop through, whether online from a desktop or mobile device, by telephone, or in a brick-and-mortar store. It ensures integration between distribution, communication and promotion channels and consumers can pick up from where they left. The customer can use a desktop computer to check inventory by store on the company's website, buy the item later with a smartphone or tablet, and pick it up at a chosen location.

'Omnichannel' approach improves customer service by providing multiple communication options. The back-end integration of channels also allows for more flexibility, as the customer can switch between channels throughout an interaction. It also improves customer service by providing multiple communication options. Hence more flexibility is achieved through back-end integration of channels and provides for a seamless experience for consumers.

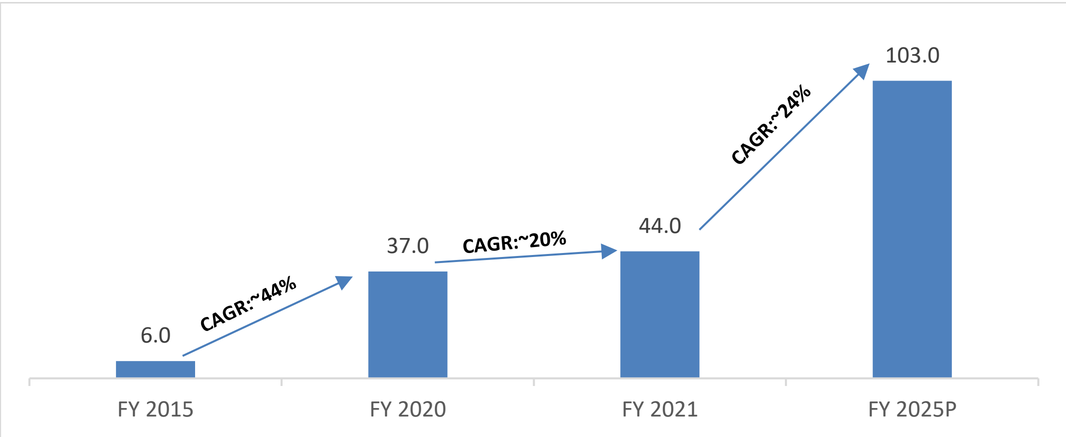
Brands and large e-retailers have started creating scale ecosystems, serving as a one-stop shop for digital and retail needs. These ecosystems use sticky offerings such as video streaming and gaming to drive consumer engagement and capture a larger share of consumer time and spending. Many retailers have started video commerce for promoting their products and tagging products in the video that help consumers directly shop the product being seen. Social commerce is also on the rise, especially in Tier 2 and Tier 3 cities with platforms like Meesho engaging with resellers to promote and sell products via WhatsApp, Instagram and Facebook by creating texts, images or videos.

Retailers and brands are prioritising the listing of products across online and offline channels including EBOs, MBOs, LFSs, E-commerce marketplaces and verticals. E-commerce has seen disparate growth owing to lockdown and restrictions. Retailing in India is witnessing scale up of many multiple category single brand national & regional players like such as Nalli, Pothy's, Kalamandir, Fabindia, Zara, H&M, Marks & Spencer, etc. providing customers with a wide assortment and options, across many categories under a single roof. Customers can choose products offline which can be delivered to their home in the size of their choice.

Online/E-tailing Opportunity

E-tail in India has witnessed a rapid growth trajectory and is expected to reach 9.6% (US$ 103.4 Billion) of total retail by FY 2025 from its share of 4.6% in FY 2020 (US$ 36.6 Billion), expected to grow at rate of 23%. Between 2015 and 2020, the e-commerce sales have grown at CAGR of 44%. In 2012, the e-tail pie was INR 4,500 Cr (US$ ~0.6 Bn) and that was limited to key categories of Electronics, Books, Stationery, and Music which catered to nearly 50% of the pie.

Growth of E-retail in India in FY 2015, FY 2020, FY 2021, FY 2025P (in US$ Bn)



Source: Technopak Analysis

Retailers across categories are moving towards online channel to expand their offerings, in an attempt to have a place in the 'Omni-channel Ecosystem' where all channels of retailing are essential to reach to the consumers. The lines between offline and online retailing are blurring gradually, whereby consumers connect with brands through any medium of their preference. A purchase made by a consumer is often a mix of various mediums. E.g., A consumer searches online and reading reviews about a product before making a purchase decision, then going to an offline store to look and experience the product, and the eventual purchase could be through either of the channels. This makes presence across mediums essential for retailers to connect with the consumer at every touch point.

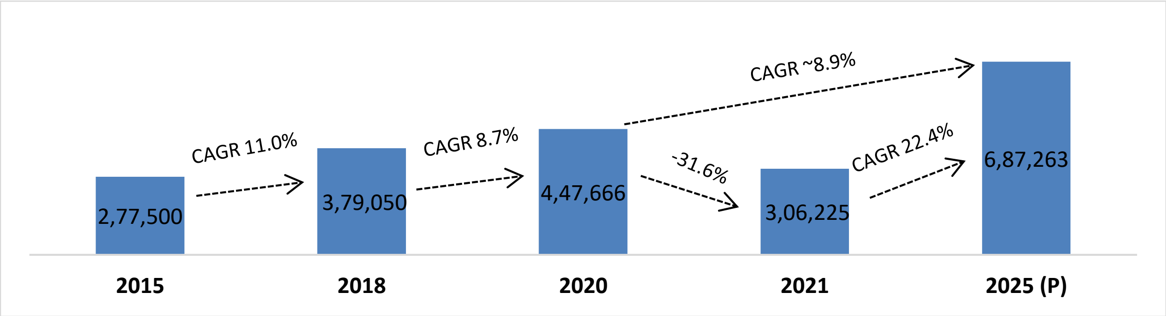
Increase in penetration of smart phones and low-cost internet data has led to a boost in Online retailing. Option of payments across various methods (card, cash, wallets), and e-commerce transaction security has led to a faith in these payment systems. The option of easy returns at e-commerce portals has led to trial of products and services. As the disposable income is increasing, and with increase in women employment, time has become of essence which has also led to the growth of ecommerce. Covid, eventually increased the pace at which these changes were happening and made companies and consumers alike to adapt to the online medium. In the context of apparel retail. Online channel of sales allows product and price discovery with more ease. Consumers can research about the product at their convenience through browsing, reviews, and discussion. Innovations in online retailing such as virtual try- on further enables consumers to engage through better interface and the convenience of easy delivery and replacements encourages them to undertake sales through the online channel.

India Apparel Market Size & Level of Organization

Apparel market size in FY 2020 was INR 4,47,666 Cr (US$ 59.7 Bn) and expected to grow at a CAGR of ~8.9% between FY 2020 and FY 2025 to reach INR 6,87,263 Cr (US$ 91.6 Bn) by FY 2025 on the back of factors like higher brand consciousness, increasing digitization, greater purchasing power and increasing urbanization. While the apparel market has degrown by ~32% to reach a value of INR 3,06,225 (US$ 40.8 Bn) in FY 2021 due to negative impact of COVID-19 pandemic, the market is expected to recover at a higher pace of 22.4% between FY 2022 and FY 2025.

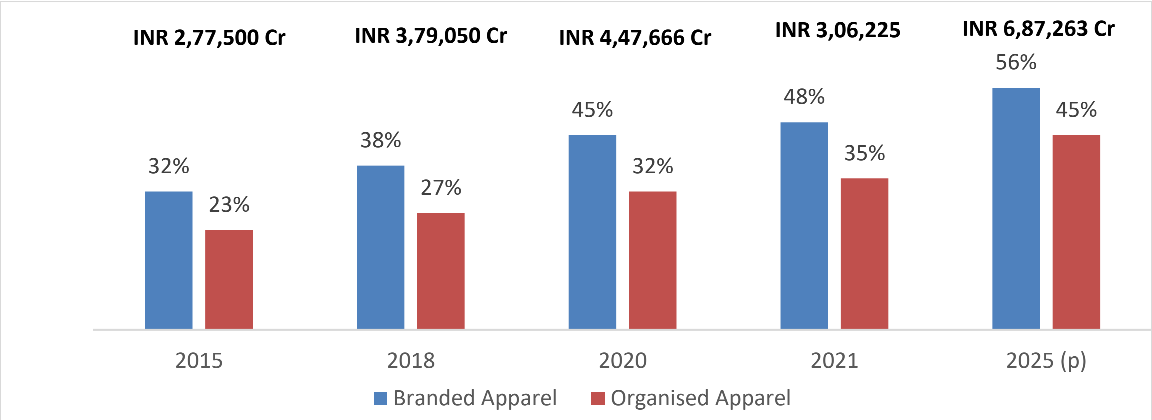
While the CAGR of total apparel market between FY 2020 and FY 2025 is expected to be ~8.9%, the branded apparel and organized apparel retail are expected to grow at CAGR of ~10% and ~11% respectively in the same period. In other words, growth of both branded apparel share and organized apparel retail share in apparel category will outpace the overall category growth. COVID-19 gave impetus to the growth of e-commerce which is expected to become a significant growth driver for the organised market.

Apparel Market Size in India (in INR Cr) (Year In FY)



Source: Technopak Analysis
Note: Year indicates FY; Excludes accessories (Bags, Belts, Wallets etc.)

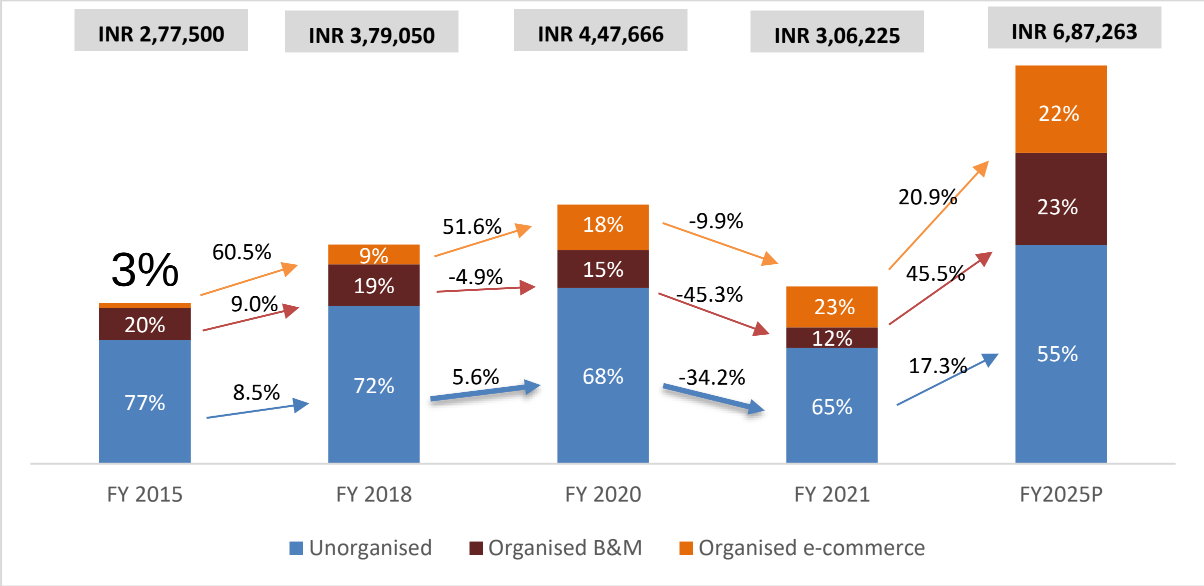
Share of Branded Apparel and Organized Apparel Retail as a percentage of Apparel Market (Year in FY)



Source: Technopak Analysis
Branded apparel signifies registered trademarks that are regularly patronized by customers and that are sold through both organized retail and trade channels. Organized retail signifies formal retail channels of Exclusive Brand Outlets (EBOs),Multi Brand Outlets (MBOs), Large Format Stores (LFS), E-commerce etc. Apparel retailed through these organized retail points of sales is necessarily branded. Therefore, organized share is less than the share of Branded apparel in total share

India has the youngest population in comparison to other leading economies. The median age in India was estimated to be 28.1 years in CY 2021 as compared to 38.1 and 37.4 in the United States and China, respectively, and is expected to remain under 30 years until 2030. Younger population is naturally pre-disposed to adopting new trends and exploration given their educational profile and their exposure to media and technology, which presents an opportunity for domestic consumption in the form of branded products and organized retail.

Share and Growth of Organised Vs Unorganised in Apparel Industry (in INR Cr)



Source: Technopak Analysis

The total organised apparel retail in FY 2020 was INR 1,43,400 Cr (US$ 19.1 Bn) which is expected to grow to INR 3,09,975 Cr (US$ 40.9 Bn) in FY 2025 at a CAGR of 16.7%. The share of organised retail which was 32% (15% B&M+18% Ecommerce) in 2020 is expected to increase to 45% (23% B&M+22% Ecommerce) in 2025.

The total unorganised apparel market in the FY 2020 was INR 3,04,200 Cr (US$ 40.56 Bn) which is expected to increase to INR 3,78,225 Cr (US$ 50.8 Bn) in FY 2025. However, its overall share in the apparel market is expected to decrease from 68% to 55%.

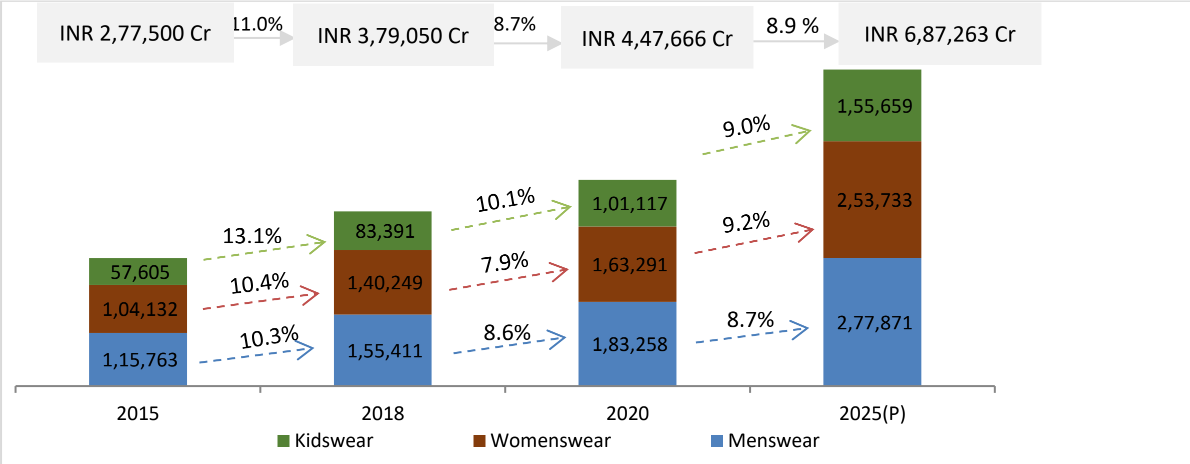
Product Segmentation

Men's apparel constituted ~41% and Women apparel share was estimated to be ~36% of the total apparel market in FY 2020. The balance ~23% is contributed by kids' apparel. Out of the total apparel market, Indian wear accounted for approximately 31% or INR 1,40,964 Cr (~US$ 19 Bn) (FY 2020) and the balance 69% of the market comprised of western wear. The high share of Indian wear in the total apparel is a unique feature of apparel market in India. In women wear market, Indian wear contributed ~71% to the total market.

Also, women wear is expected to be the fastest growing segment in Indian Apparel market (Exhibit 2.12). However, for men and kids, the contribution of western wear is significant.

The disproportionate size of Indian wear in womenswear is an outcome of the distinct positioning of Indian wear for women compared to that for men in India. For Indian women, Indian fashion is a mainstream need for both festive wear and daily wear use, whereas for men it is currently restricted to occasion wear viz. weddings and festivals.

Growth Projections of Apparel Market by Gender



Source: Technopak Analysis

The women wear market is projected to grow at a faster rate compared to menswear and kidswear market. This is due to multiple factors like a) an increase in the number of working women, b) a shift towards aspiration rather than need based buying c) design innovation, (d) continued & strong cultural association with Indian wear for women, especially Sarees, and (d) a culture of mix and match in women apparel whereby bottom and top wear are mixed and matched interchangeably across Indian, western, fusion categories.

Apparel E-tail

The share of E-tail in apparel & accessories in overall retail share was 3.5% in FY 2015. It is estimated that in FY 2020, E-tail's share in Apparel & Accessories was over 17.5% and the share is expected to reach to ~21.8% by FY 2025.

Broad types of Apparel E-tailers (2020)

Source: Secondary Research, Technopak Analysis

Lifestyle E-tailers fall into 5 key types based on merchandize offering and business models:

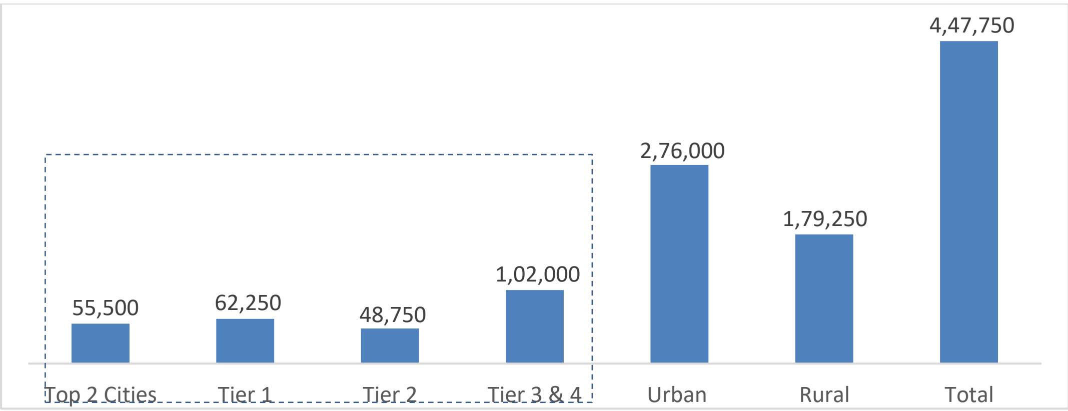
1. ***Horizontal Marketplace:*** Having a wide spectrum of offering and multi-brand offering
2. ***Vertical Marketplace:*** They have a relatively narrower category focus, e.g., apparel and lifestyle and offer multiple brands within their segments
3. ***Online-only Fashion Retailers:*** They offer lesser categories, but along with multi-brand offering they also have a focus on private brands
4. ***Online-only Curators:*** They are Indian only focused players. While they have a sizeable category offering in the form of apparel and lifestyle, their products are principally based around Indian taste
5. ***Online Extensions of B&M Retailers:*** Many B&M centric players have forayed into E-tailing. This trend is observed with multi-format retailers like Future Retail, Future Lifestyle Fashions, Shoppers Stop as well as apparel and lifestyle brands like Kalamandir, Pothy's, Nalli, Fabindia etc.

Brands and retailers are bringing agility to their channels of sale in the wake of growing penetration of internet and thereby e-commerce. Not only are the retailers developing their own transactional websites and placing their products in the marketplace e-commerce platforms but also, they are making the experience seamless by letting the consumers use more than one channel for a transaction. For example, buying a garment in a physical store and asking for a return online.

Apparel Market Segmentation across City Types

The urban apparel market had a share of 60% of the total market compared with a share of 40% contributed by the rural India in FY 2020. Almost 21% of the urban apparel demand can be attributed to Delhi NCR and Mumbai making these cities the largest consumers of apparel in India. However, a distributive growth across the country is resulting in growth of demand from Tier II, III & IV cities which together account for 34% of the demand.

Apparel Market Segmentation across City Types – FY 2020 (in INR Cr)



Source: Technopak Analysis
Top 2 cities: Delhi NCR and Mumbai
Tier I Cities: All State Capitals & Metros
Tier II Cities: Cities with Census Population >10 lacs & not Tier I.
Tier III Cities: Towns with Census Population >2 lacs or Towns with Census Population between 1 & 2 lacs and District HQ
Tier IV Cities: Towns with Census Population between 1 & 2 lacs and Not District HQ or Towns with Census Population <1 lacs

Key Trends in Indian Apparel Retail

1. Digital enablement of all Retail Channels

Activating digitally enabled channels became even more important during and post COVID. Brands adopted digital channels faster than originally planned, and the whole eco-system is leading towards digital enablement. Offline channels are also using digital in some form for sales through social commerce with WhatsApp, Mailings etc. Digitally enabled commerce will become important that will subsume both brick retail and ecommerce and therefore activating these channels and harnessing their potential will become important for the growth of the brand and the sector. This also allows to address dispersed demand, meet consumer needs across different purchase drivers and purchase triggers.

2. Online Purchase of Apparel

Apparel has traditionally been a category which requires trial for size, and touch-feel of the fabric to assess and make a purchase decision. However, it saw an increase in ecommerce uptake during Covid, and led to a change in consumer behavior and there was an increased adoption of online channel for apparel purchase too. Companies and consumers alike adapted to this change and there was use of various mediums like Apps, Websites, and social commerce channels like WhatsApp, Video-shopping from home etc. Companies also accelerated their online adoption plans. Use of AI and softwares which would enable consumers to see how they look in a garment have witnessed traction enabling virtual try-ons etc.

3. Technology Intervention

In Indian apparel sector, technology deployment in manufacturing, sourcing, retailing, marketing and data management is becoming the biggest value creator.

In-store Experience – Apparel players are implementing in-store technologies in congruence with the growing number of tech savvy, knowledgeable and demanding customers. Some of the technological components being used are: Augmented Reality (AR); Virtual Reality (VR); Video screens and kiosks for in-store ordering; Beacon tech/Apps; Checkout Free Scan & Go Services

Customer Data Mining - Apart from generating valuable insights on consumer behaviour through analysis of data collected, these technological experiences are engaging shoppers from product discovery to product delivery. They assist customers at every stage of shopping.

4. Digital Marketing

Use of Digital media as a marketing tool is being adopted by all key players. Its wider reach and relatively lower cost of customer conversion makes it a medium of choice. Adoption of social media by youth has given an opportunity to brands to reach the consumers directly through targeted campaigns. All major women Indian wear players have their presence on social media channels to connect with consumers on a regular basis. For example, Sai Silk Kalamandir has an established social media presence across various platforms like Facebook (983,276 followers), Instagram (310,400 Followers) and YouTube (109,660 subscribers), consolidated for all its brands as on July 12, 2022).

WhatsApp is expected to emerge as a Super-App with messaging, Business, News, Payment services combined. Everyone who owns a smartphone uses WhatsApp. Widespread adoption of WhatsApp makes it a useful business tool. Brands & local businesses alike are using this medium to reach out to consumes belonging to every age group.

5. Category Extension & Customization by Premium Brands

Premium brands have extended portfolios by adding new categories like innerwear, accessories, footwear, luggage etc. Similarly, new sub brands allow premium brands to get into new segments like sports, luxury etc. Brands like Arrow and Louis Philippe have extended into sub-categories like accessories, footwear, luggage etc. Similarly, new segments have been added like LP Sports and Luxure by Louis Philippe and Arrow Sports and New York (young formals) by Arrow. Customization is another trend by premium brands. Currently premium Indian apparel brands are providing this exclusivity and uniqueness to high end customers in a limited manner, but the trend is catching up.

6. Growth of Private Brands

Acceptance of private brands among multi-brand retailers is on the rise across product categories. Some reasons that can be attributed for their growth are:

- **Higher Margins**: Due to low advertising and promotional costs, they offer higher margins.
- **Customer Loyalty**: Private brand buyers are more store loyal as these merchandise are generally sold only in their respective Large Format Stores.
- **Value Offerings**: Private brand players generally operate in the Value-segment offering catering to a larger customer base.

- **Differentiation**: Provide opportunity to retailers to differentiate themselves from other stores.
- **Higher Bargaining Power**: A successful retailer with high share of private brands gets higher bargaining power to negotiate with suppliers.

Westside, Max, Pantaloons, KLM Fashion, Kalaniketan and other retailers that have achieved scale and profitability will naturally progress towards building private brand portfolio that will give incremental gross margin additions. Similarly, both offline and online retailers in India have been aggressive with their private brands.

Value Fashion led growth being accelerated by the pandemic

Going forward, value fashion will continue to be the mainstay of growth of apparel retailers and brands in both Indian and western wear segments. This growth can be attributed to movement from unbranded to branded, Ready to Stitch (RTS) to Ready to Wear (RTW) and migration from rural to urban centres. Value fashion retailer such as fbb, Max Fashion, Unlimited, V-Mart, KLM Fashion Mall etc are bridging the price gap in the branded apparel market by offering quality product at affordable price. This value-sensitivity has been accelerated by Covid, leading to demand for core offerings and in value segment.

As a result of this growing demand, value fashion focussed brands, private brand led retailers, LFS and online aggregators will continue to benefit.

Key Restraints in the Indian Apparel Sector

1. Environmental Sustainability

The fashion industry is one of the most polluting industries. Brands and companies are working to incorporate more sustainable practices into their businesses. Governments of various countries are bringing out policies in trying to reduce the pollutants of the apparel industry. Consumers are showing an inclination towards sustainable fashion. But a lot needs to be done in the direction to improve sustainability in the apparel segment. There has been a rise in new and upcoming apparel brands that are sustainable by using second-hand and recycled fashion. The thrifting industry, although currently negligible, is also on the rise.

2. ***Adverse Consumer Sentiments***

Post COVID-19, macro-economic factors like inflation, fuel prices have dampened the consumer sentiments. This in turn has had an impact on the ability of consumers to spend on discretionary categories including products and services like apparel. Quite a few of these economic factors are a result of both global and India specific economic conditions and it is estimated that these factors will be under some stress in the near future impacting consumer sentiments.

3. ***Rising Raw Material Cost***

Inflation has been a global issue in the recent past in both developed economies like US & UK and developing economies like India. Wholesale Price Inflation ran into double digits in the period Apr 21 to Dec 21 and Consumer Price Inflation was ~5-6% during the same period. This has led to rising costs of raw materials for apparel manufacturers and suppliers. High inflation is expected to be challenge in the short to medium term there impacting cost of manufacturing and thereby margins

Indian Apparel Market Size vis-a-vis Other Global Economies

While China and USA are the largest markets, India stands as the third largest apparel market in the world sharing its position with Japan and Germany in terms of value. However, India's unit consumption is estimated to be more than 4 times when compared with Japan and Germany, indicating that the Indian market is dominated by value fashion. Globally the apparel market is dominated by womenswear accounting for 52% of the market followed by menswear and kidswear with a share of 34% and 14% respectively. However, for India, menswear segment leads with a share of 40% followed by womenswear with a share of 36% primarily because of the dominance of Indian wear (Sarees and SKDs), large volumes of which are unbranded.

Apparel Market Size (in US$ Bn)

Country/Region	CY 2014	CY 2019	Share (CY 2019)
China	198	270	21%
USA	240	268	21%
India*	37	59	5%
Japan	60	59	5%
Germany	58	59	5%
United Kingdom	51	55	4%
France	34	33	3%
Italy	34	31	2%
Russia	23	29	2%
Canada	22	24	2%
South Korea	21	23	2%
Spain	20	21	2%
Brazil	17	18	1%
Rest of World	253	337	26%
World	1,063	1,284	100%

Source: Secondary research, Technopak Analysis
**Figures for FY 2015 & FY 2020. 1US$ = INR 75*

The size of Apparel market in India is almost equivalent to that of Japan and is almost one-fifth of that of key economies such as US and China, Although the key differentiating factor is the per capita spend on apparel, where an average Indian spends ~43 US$ annually, whereas the per capita spend of an average American, Japanese and Chinese is ~816 US$, ~467 US$ and ~193 US$ respectively. Indian apparel market also has potential to reach the higher levels of Online penetration as seen in other key economies.

Comparison of Apparel Market and Online Retail across Key Economies

Category	India	US	Japan	China
Apparel Market Size (CY 2019) (US$ Bn)	59	268	59	270
Per Capita Spend (US$) (CY 2019)	43	816	467	193
Online Penetration in Apparel category	18%	39%	23%	35%

Source: Secondary Research, Technopak Analysis

Many South Asian countries like China, South Korea, Japan, etc that are still culturally rooted with their respective traditional wear. For e.g., in China, the four major traditional wears are Hanfu, Zhongshan suit (Mao suit), Tang suit, and Cheongsam (qipao). From being a wardrobe choice of the elite class, these clothing have now evolved to be a piece of heritage and culture and are often wore on major festivals such as the Chinese New Year and other special occasions. Similarly, in Japan, Kimono is considered as country's national wear equivalent that is strongly rooted in cultural history of the country and worn on special occasions. Middle eastern region has its own linage of traditional attires such as Abaya, Kaffiyeh, that have origins in the cultural history of their respective tribes and worn on special occasions.

However, most of such apparels are addressed through made to stich, unbranded or small and specialized tailoring shops. India stands-out among all these regions and not only has the largest share of its traditional apparel in overall Apparel (31% of overall) but a high share of branded market within it. The high share of Indian traditional wear is majorly driven firstly by Women Indian apparel that comprises 71% overall Women apparel as traditional wear and that in turn is driven by Women's continued preference to wear traditional wear both for special occasions and daily purposes. Secondly, Indian home-grown retail led brands have succeeded to position their offering as relevant both for daily wear and special occasion purposes. This has led to outsized growth of branded segment within the overall traditional wear market in India. Ethnic wear retail led brands in SKD segment like Biba, W and in Saree segment like Kalamandir and Nalli's have grown both by capturing overall growth of the market and by successfully addressing the shift of the demand from un-organized to organized segment. This is unique to India and has not been observed in other markets like in Middle East and Japan.

Women Apparel And Women Indian Wear Market

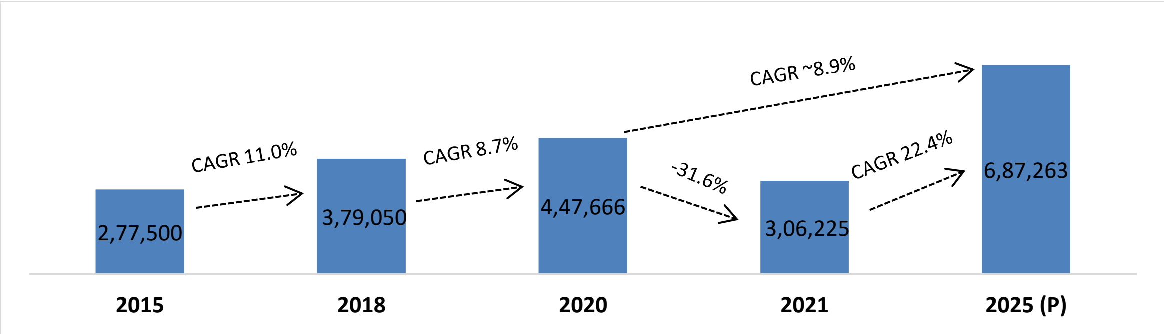
India Apparel Market Size & Level of Organization

Apparel market size in FY 2020 was INR 4,47,666 Cr (US$ 59.7 Bn) and expected to grow at a CAGR of ~8.9% between FY 2020 and FY 2025 to reach INR 6,87,263 Cr (US$ 91.6 Bn) by FY 2025 on the back of factors like higher brand consciousness, increasing digitization, greater purchasing power and increasing urbanization.

While the apparel market has degrown by ~32% to reach a value of INR 3,06,225 (US$ 40.8 Bn) in FY 2021 due to negative impact of COVID-19 pandemic, the market is expected to recover at a higher pace of 22.4% between FY 2022 and FY 2025.

While the CAGR of total apparel market between FY 2020 and FY 2025 is expected to be ~8.9%, the branded apparel and organized apparel retail are expected to grow at CAGR of ~10% and ~11% respectively in the same period. In other words, growth of both branded apparel share and organized apparel retail share in apparel category will outpace the overall category growth. COVID-19 gave impetus to the growth of e-commerce which is expected to become a significant growth driver for the organised market. The pace of adoption of online purchase has, hence, further accelerated and has emerged as an important channel for apparel and lifestyle retail

Apparel Market Size in India (in INR Cr) (Year In FY)

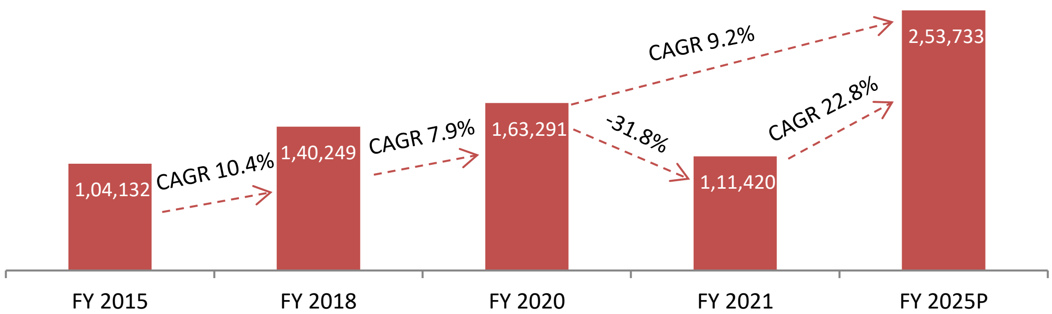


Source: Technopak Analysis
Note: Year indicates FY; Excludes accessories (Bags, Belts, Wallets etc.)

Women Apparel Market in India

The women apparel market contributes ~36% of the total apparel market of India in FY 2020 and is estimated at INR 1,63,291 cr. (~US$ 21.8 Billion) and the same is expected to grow at a CAGR of 9.2% for the next 5 years to reach INR 2,53,733 cr. (US$ 33.8 Billion) by FY 2025.

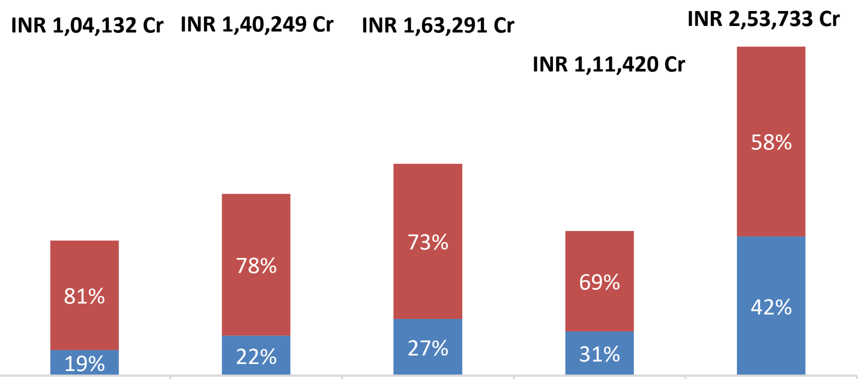
Growth Projections of Women Apparel Market (in INR Cr) – FY 2015, FY 2018, FY 2020, FY 2021, FY 2025P



Source: Technopak Analysis

Factors like sustained growth of Indian daily wear; continued demand for Indian festive wear; rising share of organized retail; design innovations and changing consumer demographics etc. are aiding the growth of Indian women wear market and the trends will be there for upcoming years to fuel the women wear market in India.

Share of Organised and Unorganised Retail as a percentage of Women Apparel Market (in INR Cr) – FY 2015, FY 2018, FY 2020, FY 2021, FY 2025P



	FY 2015	FY 2018	FY 2020	FY 2021	FY 2025P
Unorganised Retail	84,407	1,09,394	1,19,491	77,293	1,46,483
Organised Retail	19,725	30,855	43,800	34,127	1,07,250

Source: Technopak Analysis

Earlier, consumption of women's apparel was centred around the informal market through standalone boutiques or hawkers selling unbranded products and the sale of unstitched fabrics, allowing women to create their desired garments through made-to-measure services. The share of organised retail in women apparel which was 19% in FY 2015 increased to 27% in FY 2020 and is expected to reach 42% by FY 2025 amounting to INR 1,07,250 Cr in FY 2025. Emergence of organized retail channels (EBOs, LFS/MBO, Value Retail, E-Commerce) and scale of organized players such as Biba, Fabindia, Reliance Trends, Trent, Westside, Shopper Stop, ABRFL etc. have managed to address the consumer demands better than unorganized segment enabling transition of consumer demands towards organized retail in women apparel sector.

Prevalent Retailing Channels for Women Apparel Market in India

- **EBOs: Retail led apparel brands** are signified by players that are present through their own 'exclusive brand outlets' (**EBO**) as the principal retail channel (30-%+ of the sales from the channel) supported by small but growing E-commerce and shop in shop in large format stores (LFS). Such retail led brands are however focussed on a few categories and that define their brand positioning in the market. For instance, Kalamandir and Pothys for Indian Wear for Women Indian Wear, with Sarees as the primary focus. The retail led brands have been the mainstay of lifestyle retailing's growth in India in the last decade. Indian wear fashion retail brands like Fabindia & Neerus, Saree specific brands like Kancheepuram Vara Mahalakshmi Silk, Kalamandir, Pothys, Nallis, Athleisure Retail brands like Decathalon, Fast Fashion brands like H&M are all examples of Retail Led brands that have witnessed growth in the last decade and today represent leadership positions in their respective categories. Such retail led brands take an integrated view to product development and retailing that allow them to exploit synergies across the value chain. For instance, Retail led brands design their products, get them manufactured through an ecosystem of their own suppliers and retail them through their own retail channels (supplemented by other channels). This enables them to constantly monitor all levers of the value chain. For instance, EBOs of such retail led brands are effectively used to create a physical connect with the customer and to create brand stickiness. This brand equity provides a favourable disposition for retail led brands to leverage online commerce – an advantage that does not exist for pure online labels.

- **Large Format Stores** or **LFS** are signified by 30,000 - 50,000 sq. ft. stores that offer their products across multiple apparel and lifestyle categories (Kids, Men, Women/ Western wear, Indian Wear etc.). These LFS can broadly be classified into two groups of (a) only private label products on offer implying 100% of the products sold within their stores are their own in-house brands and labels viz. Trent Westside and (b) product mix that comprise both private label and outside brands viz. Reliance Trends, Pantaloons, Shopper Stop. These LFS stores have also taken a price and a location-based positioning. LFS like Reliance Trends with mid-price positioning have most of its store's presence in Metros, Tier I and Tier II cities. However, LFS like KLM Fashion, V-Mart and Vishal have a value price- based position and are concentrated more in Tier II, Tier III cities apart from Tier I. Post-COVID -19, LFS stores have activated their digital e-commerce journey. However, bulk of their sales comes from their own brick stores. LFS is the second largest channel for Women wear segment in organized brick retail.

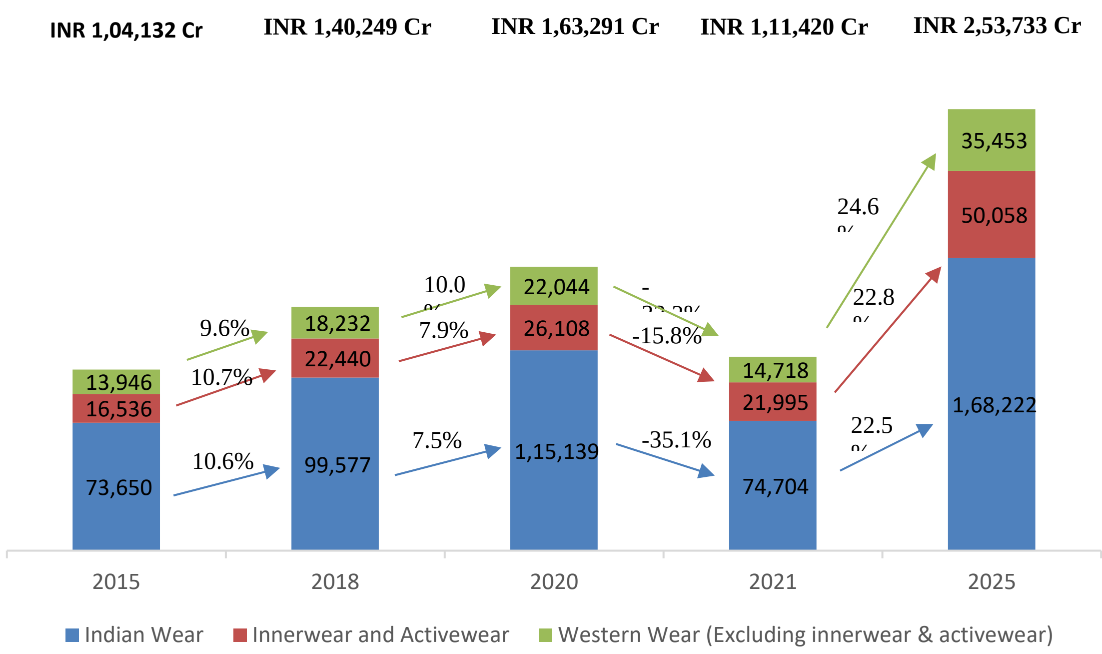
Multi Brand Outlets (MBOs) are 10,000 - 20,000 sq. ft. destination stores that offer range of products across multiple categories of apparel, accessories, footwear, beauty & wellness etc. They are signified by players like Vama, Lulu's and Kapsons. Their positioning is mid to premium, and their differentiation is based on their ability to aggregate different brands under one roof. For brands that aspire for such a positioning and consumer outreach, MBOs become an important channel for brand visibility.

- **Online Commerce or E-commerce** is now the largest channel of retail for Women wear in India within organised segment. This channel comprises three groups and each group has a distinct position and play
    - **E-commerce Marketplaces** (Amazon, Flipkart), that primarily offer range and value without any specific positioning. Women apparel products are available across price points and SKUs. While this positioning appeals to value and mid-price segment, it poses a challenge for brands that seek differentiation and therefore seek right adjacency in such listings. For this reason, such marketplaces become the mainstay for trade-labels but are selective for branded labels.
    - **Vertical Specialists** (Myntra, Tata Cliq) are marketplaces in their generalist pitch, but they are focussed on lifestyle and fashion. This enables them to offer higher degree of adjacency and curation for the brand labels. Their offer mix comprises distribution brands, retail led brands, own labels and brands with exclusive arrangements.
    - **Brand's own website enabled e-commerce** (Kalamandir, Nalli, TCNS, M&S) comprises websites of retail led brands that have managed to successfully scale up their online presence. Own website allows these brands to curate the offer and create the right appeal that they seek but face restriction in generic e-commerce marketplaces. Post-COVID, the virtues of own e-commerce website were further recognized both for its ability to create brand connect and for sales. Therefore, the focus on the growth of E-commerce sales increased significantly for many leading brands because they view own brand website as sales platform that capitalizes on their brand equity. For such retail led brands, own brand website is an important channel as part of their multi-channel retailing focus.
- **Distribution led brands (Killer, Duke, Monte Carlo)** are standalone brands that are sold through a retailing structure comprising wholesalers / distributors and largely targeted at traditional retailers that continue to be the largest retailing channel for the women wear segment. These brands are positioned on price and for the ability to replicate emerging fashion trends. Their proposition also lies in catering to dispersed and fragmented demand with core products where brand differentiation is contested (e.g., denim) and demand is cyclical (winter wear). Post COVID, distribution led brands also saw opportunities in selling through E-commerce platforms, particularly on E-commerce marketplaces. There is an opportunity in D2C brands with their growing presence in the Indian market with brands like Okhai, Suta, Karigari, etc.

Segmentation of Women Apparel Market

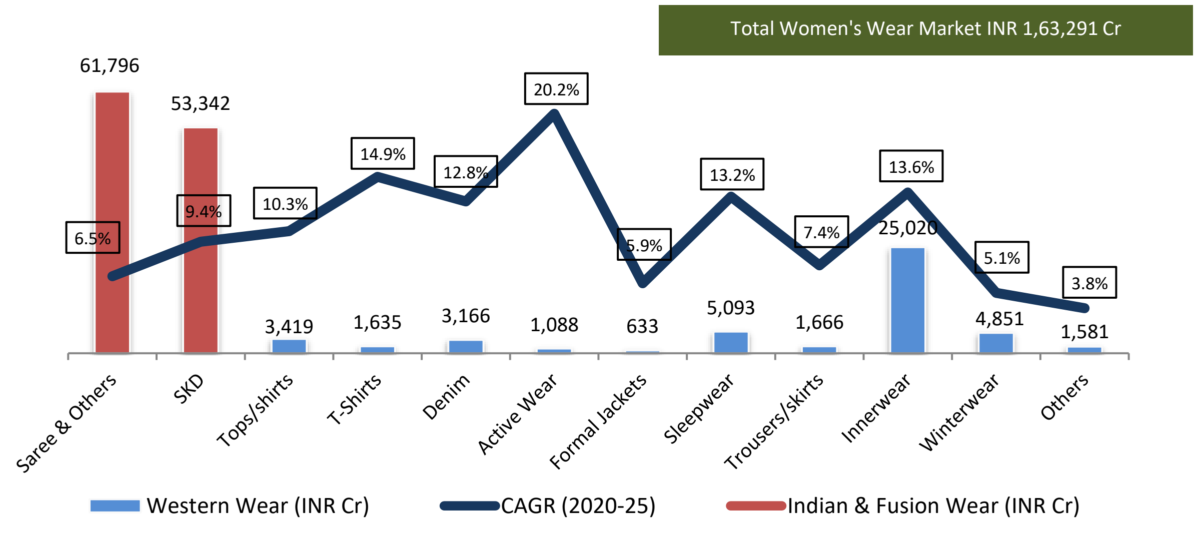
Women Indian wear is the largest segment within the women apparel market in India and contributes around 71% of the market in FY 2020. Despite having a high current share, the share of Indian wear in the overall Women apparel segment will continue to be resilient in future. In any other major apparel markets (China, Japan, Southeast Asia etc.) nearly the entire apparel category is made up of western wear. Indian fashion is influenced by Indian ethos and values with impact the apparel's cut, shape, silhouette and nature of raw material used (not restricted to power loom but also extends to handlooms fabrics). In this context, the Indian women apparel industry's categorization into Indian wear and western wear is significant given the Indian wear's size and its unique existence compared to other major markets.

Segment Contribution: Women Apparel market – FY 2015, 2018, 2020, 2021 & 2025P (in INR Cr)



Source: Technopak Analysis. Western Wear (excluding Innerwear & Activewear) includes Tops/shirts, T-shirts, Denim, Formal Jackets, Sleepwear, Trousers/skirts, Winterwear & clothing accessories

: Segmentation based on Product type of Women wear market FY 2020 (in INR Cr) and CAGR 2020-2025



Source: Technopak Analysis. Note: Year indicates FY. Others: Women Clothing Accessories. 'Others' in Saree & Others includes Lehenga set, Indian dresses/gowns etc. SKD includes Sets, Mix & Match and Dupattas/ Stoles etc.

Product Categories like T-Shirts, Denim, Activewear, Sleepwear, and Tops/Shirts are considered among the western wear in Women apparel segment. While denim brands initially focussed on the men's segment, but due to influence of western lifestyle among India diaspora, denim brands started catering to women consumers as well due to acceptance of western products among India women.

Women Indian Wear Market

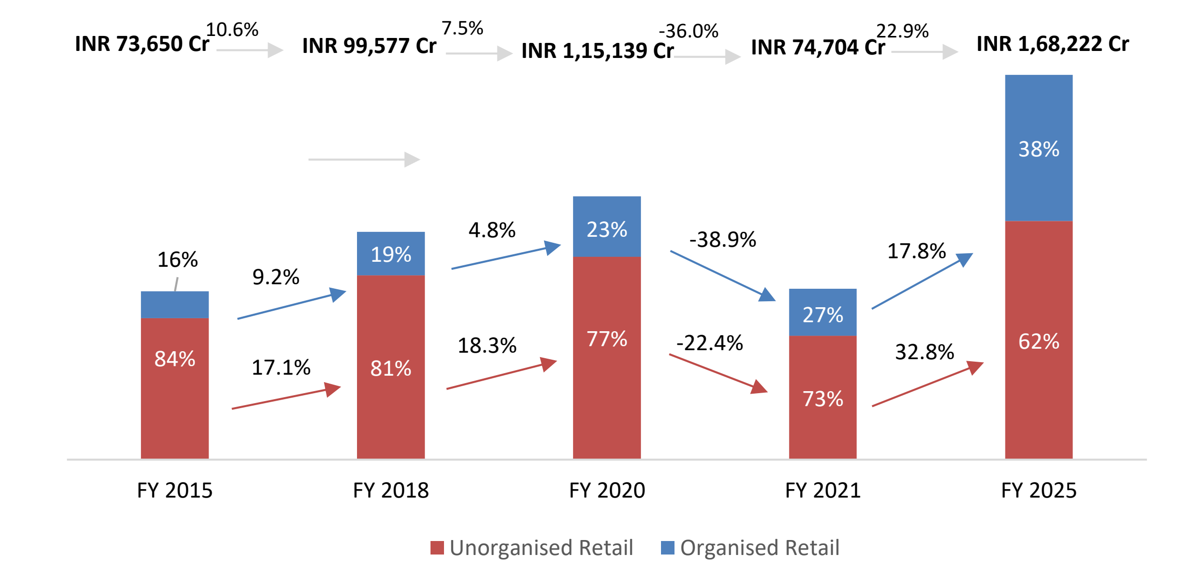
In FY 2020, Women Indian wear accounted for around 71% of the total women apparel market & stood at INR 1,15,139 cr. (US$ 15.3 billion), implying women Indian wear is the mainstay for women apparel market in India. The women Indian wear category can broadly be classified into Saree & others (others includes Indian dresses, Lehenga etc.) and SKD (including Sets, Mix & Match, Dupattas. Stoles etc.). It also comprises of fusion wear, which is an amalgamation of other cultural influences on Indian wear.

The Women Indian wear market is expected to grow at a CAGR of 8% for next 5 years to reach INR 1,68,222 (US$ 22.4 billion) by FY 2025. Sarees & Others category forms almost 54% of the Indian wear market for women, the rest of the market of 46% is contributed by SKDs (salwar, kameez, dupatta) etc.

Organized Retail in Women Indian Wear

In FY 2020, 77% of women Indian wear was sold through the unorganized/traditional channel. However, the share is expected to reduce to 62% by FY 2025 enabled by growth of organized retail players (Retail led brands) taking a multi-channel retail route, expansion of value retailers and LFS formats and growth of E-commerce.

Organised vs Unorganised Women Indian Wear Retail Split (in INR Cr)- FY 2015, FY 2018, FY 2020, FY 2021, FY 2025P



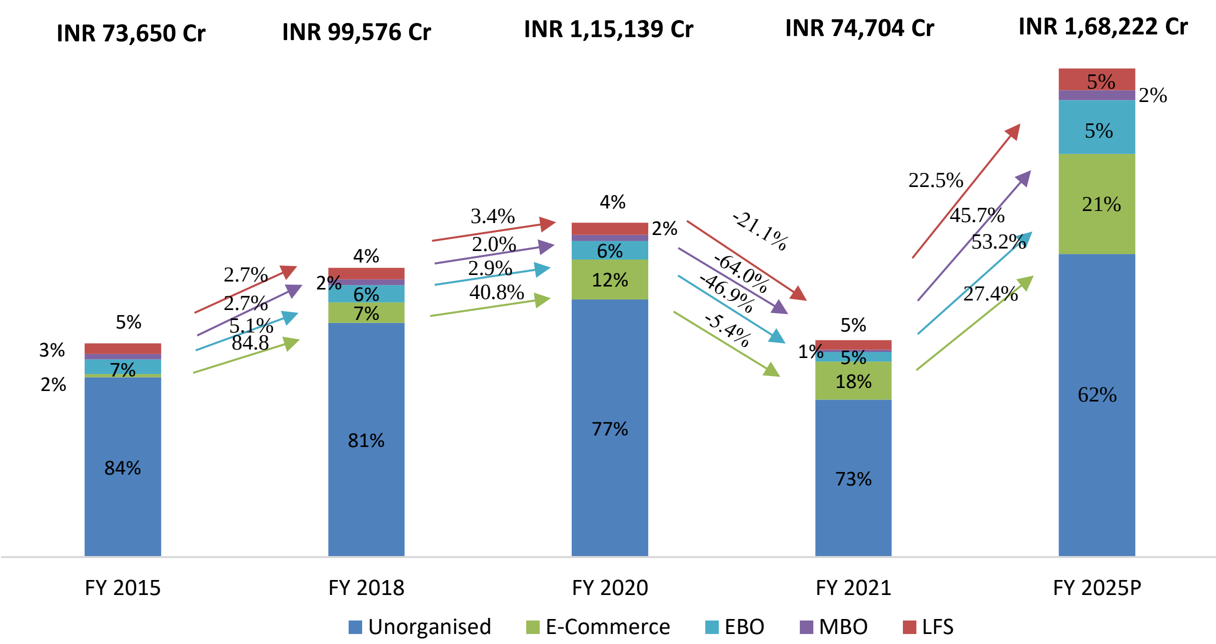
Source: Technopak Analysis

The organized women Indian wear was estimated at INR 26,482 cr. in FY 2020 and is expected to grow at a CAGR of 23.2% for the next 5 years to reach INR 63,924 cr. by FY 2025.

Channel wise segmentation of Women Indian Wear Market

In FY 2020, 23% of the retailing of Women Indian fashion is done through organized retail channels and that comprises Exclusive Brand Outlets (EBOs), Large format stores (LFS), Multi brand Outlets (MBOs) and E-commerce.

Split of Women Indian wear Market across all Formats- FY 2015, FY 2018, FY 2020, FY 2021 & FY 2025P (in INR Cr)



Source: Technopak Analysis

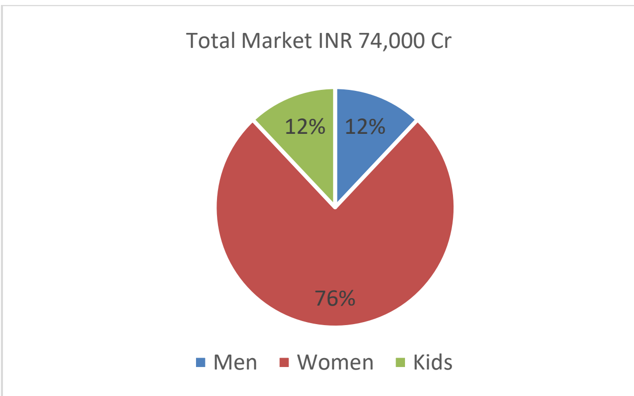
In FY 2015, within the total Indian Women apparel retail, the share of EBO was the highest at 7% followed by LFS at 5%, MBO at 3% and online sales only accounted for 2% of Women Indian apparel retail. However, the share of online retailing increased from 2% to reach 12% in FY 2020, owing to digitalisation by brands, COVID 19 pandemic and acceptance of online channel by consumers alike. Online channel's activation currently comprises marketplaces, vertical specialists' online stores, EBO led retail brands selling through digital route, and Online-only brands. EBOs a key channel for organized Indian Wear sector contributed 6% of the total retail in FY 2020 and this is expected to grow to 11% in FY 2025. Their sales through digital route in FY 2020 averaged ~12% of the total sales (INR 13,817 Cr) and this is provisioned as part of the E-commerce sales and the same is expected to reach 21% of the total sales by FY 2025 i.e INR 35,327 Cr.

Indian Wedding & Festive wear Market

The Indian Wedding & Festive wear market comprises of Indian apparel worn on occasions like weddings and related celebrations, festivals; other occasions with friends & family; other events of significance etc.

This market was valued at INR 74,000 Cr in FY 2020. Within is market, the share of Indian Women Occasion wear is most significant capturing 76% of the market and valued at INR 56,100 Cr for FY 2020.

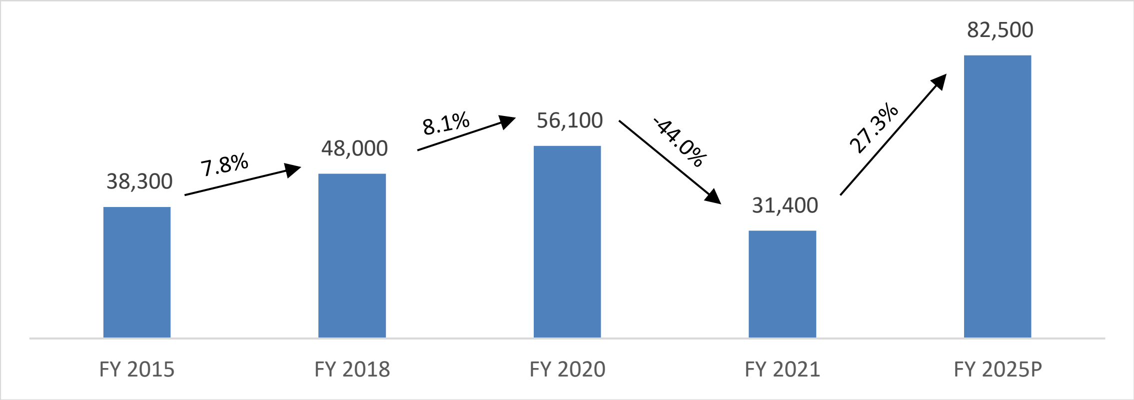
Split of Women, Men and Kids category in Indian Wedding and Festive wear market- FY 2020



Source: Technopak Analysis

The Women Indian Wedding and Festive wear market, which forms the largest share of this category is expected to grow at a CAGR of 8% to reach INR 82,500 Cr in FY 2025 from the existing INR 56,100 Cr in FY 2020.

Growth & size of Women Indian Wedding & Festive wear market (in INR Cr)



Source: Technopak Analysis

The growth in this segment is being driven by the saree category with a 41% share of this segment valued at INR 23,200 Cr for FY 2020. SKD Sets accounted for 29% valued at INR 20,500 Cr for FY 2020, and Lehenga, Indian dresses/ gowns accounted for 22% valued at INR 12,400 Cr for the same time period.

The Indian wear Wedding and Festive Saree market is being driven by the South Indian Wedding and Festive Saree market with a 50-55% contribution to the same. The wedding industry in an important contributor to the saree market in south India, with high cultural significance of saree for wearing and gifting purposes, with an average south Indian wedding contributing to the purchase of 50-100 sarees in various price ranges from mass to premium.

Key festivals in India

Festival	Key region of India where festival celebrated	Month of celebration
Lohri	North	Jan
Makar Sankranti	North	Jan
Pongal	South	Jan
Vasant Panchmi	North	Feb
Mahashivratri	North	Feb
Holi	North	Mar
Gudi Padwa	West	Apr
Akshay Tritiya	West, East	Apr
Janmastami	North	Aug
Onam	South	Aug
Raksha Bandhan	North	Aug/Sep
Ganesh Chaturthi	West	Aug/Sep
Navaratri	North	Oct/Nov
Durga Pooja	East	Oct/Nov
Dussehra	North, West	Oct/Nov
Diwali	North	Oct/Nov
Thrissur Pooram	South	Apr/May
Ugadi	South	Mar/Apr

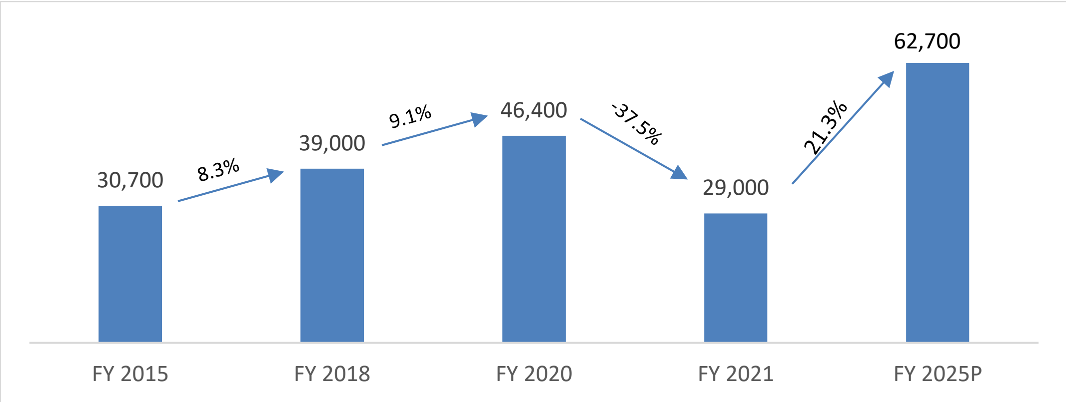
Source: Technopak Analysis, Secondary research

India has a rich heritage and culture and the number of festivals celebrated in the country are many, with women from both rural and urban India preferring sarees during festivals. The sale of sarees during festivities, which go round the year in different regions of India, increases manifolds.

Saree Category

Women Indian wear market is further segmented into key categories- Saree & Others (Others including Lehenga, Indian dresses/gowns etc) and SKD (Sets, Mix & Match & Others (Dupattas/Stoles etc). Saree & Others category is expected to grow at a CAGR of 6.5% from FY 2020 to FY 2025, reaching INR 61,796 Cr in FY 2025. Within this, the Saree market was valued at INR 46,400 Cr in FY 2020 and is expected to reach INR 61,700 Cr by FY 2025 growing at a CAGR of 5.9%. This category, though the earliest form of apparel for women in India, with a strong and large base, continues to grow despite the advent of different apparel for women in form of SKD, Lehenga, Dresses etc., showing that Saree continues to be the choice of apparel for majority women in India.

Saree Category (including Saree, Blouse, Petticoat) – FY 2015, FY 2018, FY 2020, FY 2021 & FY 2025P – Market size in INR Cr



Source: Technopak Analysis

In this market, EBO led players like Kancheepuram Vara Mahalakshmi Silks, Kalamandir, Nallis, Pothys etc. are considered fashion forward brands which lead the market with their design innovations and stay ahead of the competition, carving a niche for themselves. Their current size now signifies brand stickiness and entry barriers for others. Value segment brands also refer to them for trends and look up to them as fashion leaders.

Indian wear category offers a unique blend of comfort and fashion to the consumer making it the preferred apparel for most occasions. The category association revolves around comfort, 'contemporisation' as well as relevance of the occasion. Whilst the consumers in Tier I cities, compared to the metro-centric consumers, tended to be strongly governed by traditional usage of the saree, the Indian wear category is increasingly becoming the category sought for as it offers both conformity and style. Indian women wear in the form of Sarees, Kurtas, Mix & Match, Indian dresses etc has found a universal appeal across states as these categories are being worn by women across the country.

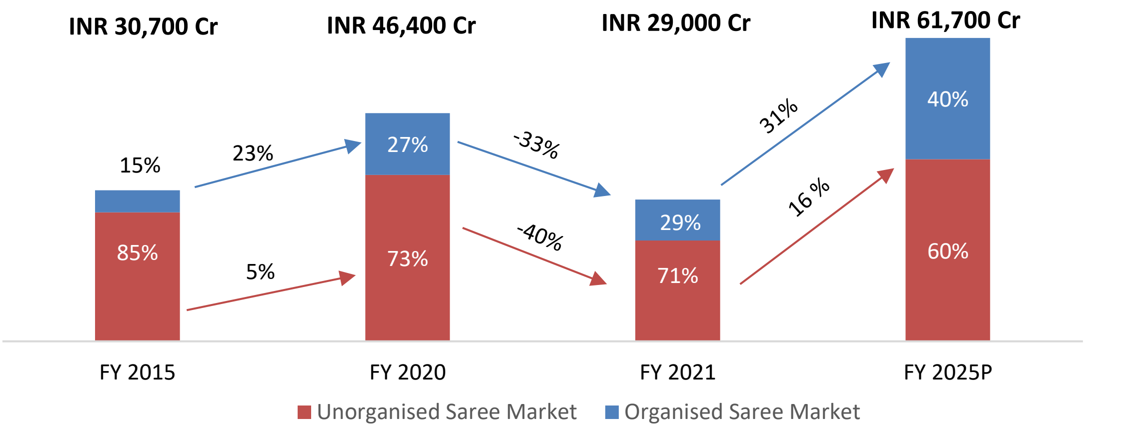
Indian apparel fashion is uniquely an India focused opportunity and that provides a natural and sustainable advantage to homegrown players to seize it. This advantage is reflected in structure of the Indian wear category that comprises of home-grown entities.

Organised Saree Market

Historically, the ethnic retail trade of sarees was dominated by unorganized players in small format stores with a very few organized players. However, over the years, the organised market for sarees has flourished with entry and growth of multiple players, especially in South India. In order to narrow this gap between organised and unoranised markets, Sai Silks Kalamandir was among the first few organized players in the market with a large retail presence which provided customers a wide variety of options in ethnic wear at an affordable price point.

The overall organized Saree Market was valued at INR 12,500 Cr for FY 2020 and is expected to reach INR 24,700 Cr by FY 2025 growing at a CAGR of 14.5%. The growth of the organized channel out paces the growth of the unorganized market which is expected to grow at a CAGR of 1.8% in the same period.
This growth of the organized market is led by players like Sai Silks Kalamandir, Pothys, Nalli etc which are expanding their footprint and depth in market and leading the growth. Unorganised market was also greater impacted due to COVID with smaller businesses facing closure, and reduced revenue.

Organised & Unorganised Saree Market – FY 2015, FY 2020 & FY 2025P



Source: Technopak Analysis

Within the organised saree market, the share of MT was 90% in FY 2020, with Ecommerce being at 10%. The share of online channel is saree market is much lower compared to other apparel categories, as consumer prefer to buy sarees through tough and feel, and for wedding and festive market, saree shopping with family is a part of wedding preparations. However, brands are now trying to reach consumers through all channels and the share of Ecommerce in Organised saree market is expected to go up to 25% by FY 2025, with MT still holding majority share at 75%.

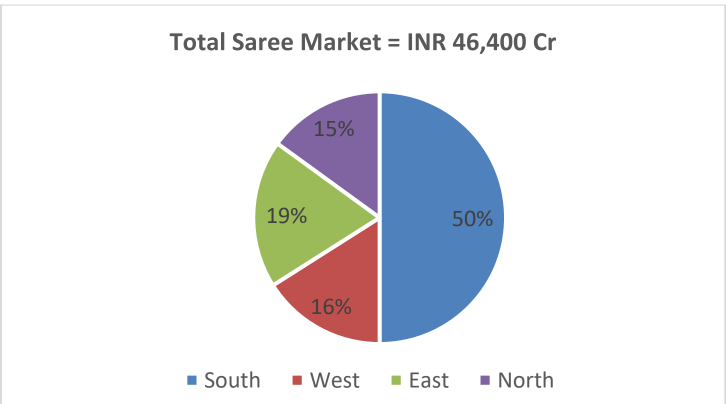
And while the overall organised saree market was 27% of total saree market, the share of organised in South India was valued at a much higher 38% amounting to INR 8800 Cr for FY 2020. This was also ~70% of the national organised saree market. This is due to presence of large format chains and standalone saree stores in South India like Kalamandir, Pothy's, RS Brothers etc. Other regions of the country don't have such a prominent organised play in sarees.

Saree Market- Regionwise

The South Indian region was the top contributor to the saree market in India in FY 2020 with 50% of saree sales being accrued to this region It was followed by East which contributed to 19% of saree sales, closely followed by West and North regions contributing 16% and 15% to the sale of sarees respectively.

The South India saree market, which was valued at INR 23,200 Cr in FY 2020 and contributes 50% to the overall India saree market, is expected to reach INR 30,800 Cr by FY 2025 growing at a CAGR of 6%.

Region wise share of Saree Market (FY 2020) (in INR Cr)



Source: Technopak Analysis

South India Saree Market: State wise

The South India saree market, which was valued at INR 23,200 Cr in FY 2020 and contributes 50% to the overall India saree market, is expected to reach INR 30,800 Cr by FY 2025 growing at a CAGR of 6%. The organised south saree market valued at INR 8800 Cr for FY 2020, however, is expected to grow at a higher CAGR of 14%, and is expected to reach INR 17,000 Cr by FY 2025.

The South saree market is split into the states of Tamil Nadu, Karnataka, Andhra Pradesh, Telangana & Kerala. Tamil Nadu leads the South India saree market with an approximate 32% share and valuation of ~INR 7400 Cr for FY 2020. This is followed by Karnataka valued ~INR 5600 Cr for the same time period.

State wise share & size of South India Saree Market (FY 2020) (in INR Cr)

State	Share of South India Saree Market	Approximate Size of Saree Industry (in INR Cr)
Tamil Nadu	32%	7400
Karnataka	24%	5600
Andhra Pradesh	20%	4600
Telangana	13%	3000
Kerala	11%	2600

Source: Technopak Analysis

Key Players in South India

South India region is the leading region for sarees in India and home to majority of the leading players in this industry. Players like Sai Silks Kalamandir, Pothys, Nalli etc all have their origin in South India.

The key organised players and their share in the South India saree market are given as below:

Key Players and market share in South India Saree Market (FY 2020)

Players	Revenue FY 2020 (INR Cr)	Approx. Share of saree in revenue of the company	% Market Share in South India Saree market
Pothys	1599	75%	5%
RS Brothers	1360	60%	4%
Kalyan Silks	1152	70%	3%
Sai Silks Kalamandir	1178	65%	3%
Nalli	573	90%	2%
VRK Silks (Kalanikethan)	420	85%	2%
The Chennai Silk	384	75%	1%
Cooptex	300	75%	1%
Kankatala	174	80%	1%

Source: Technopak Analysis

Key Developments in Saree Market and Reasons for Growth

Sarees have been a part of Indian attire for a long time and are one of the oldest clothing items in Indian apparel. However, sarees have undergone transformation in various aspects of design, material, print and style to cater to contemporary needs. With over 80 ways of draping a saree varying across regions and cultures, sarees are hugely popular among Indian women.
Indian clothing market is dominated by the sarees as the choice of consumption and is one of the most common apparels for women. Cotton used to be the most popular material for sarees, but blended materials have now taken over the market. Various reasons for growth have been-

Indian female population

There are estimated to be 37.6 Cr women in India who are above 25 years of age. The women in this age group are the target consumers of sarees who continue to buy sarees for both daily wear and celebration wear. The number of women above age 25 years are expected to reach 45.5 Cr by 2031 and ~49 Cr by 2036.

Number of females in different age groups in India (2021)

Age Group	No. of Females in 2021 in Cr	No. of Females in 2031P (in Cr)	No. of Females in 2036P (in Cr)
25-29	5.7	5.83	5.6
30-34	5.3	5.97	5.84
35-39	4.88	5.62	5.93
40-44	4.43	5.21	5.57
45-49	3.99	4.77	5.15
50-54	3.43	4.29	4.69
55-59	2.81	3.8	4.17
60-64	2.21	3.18	3.64
65-69	1.76	2.47	2.96
70-74	1.39	1.8	2.21
75-79	0.93	1.27	1.51
80+	0.8	1.31	1.59

Source: Census Estimates

Wedding & Festive Market

The wedding and festive wear market is a continuous source of demand for sarees and adjacent categories. This market is driven by cultural significances which make saree an important piece of wearing and gifting, thus driving its growth. India is a diverse nation with respect to cultures and traditions, and there are year-round festivities in various regions of India. Women prefer to wear traditional attire like sarees on such festive occasions. Indian wedding in all regions is incomplete without sarees, with this being most prevalent in South India.

Universal Appeal of Saree

Saree is an evergreen piece of attire with other forms of apparel going in and out of fashion, however, sarees have remained as a constant. Sarees are not restricted by the occasion or event and are available for every kind of event- be it casual, festive or formal. The wide range of fabrics that a saree is available in is useful to be worn in all kinds of weathers. There are over 80 ways of draping a saree varying across regions and cultures providing a multitude of variations in this classic attire. Saree is widely popular attire in South India with all states in South India having more than 90% households that purchased at least one saree in a year.

Shift from unorganised to organised market

Organized retailing share of Apparel has increased from 14% in FY 2007 to 32% in FY 2020. Organized retail has led to shift of demand away from unorganized apparel retail in its favour. Given the fact that organized retail sells branded apparel, the growth of organized retail is poised to be a key growth enabler for the growth of branded apparel. Organised saree players like Kalamandir, Pothys etc have expanded their footprint to various cities, and continue to do so thereby growing the organised market.

Smart Blends

Brands incorporate smart blends in the materials used to make a saree or the design of the saree in order to increase cost efficiency. For example, zari used to weave intricate patterns or designs is traditionally in its pure form made from silver wound on a base yarn of silk and then electroplated with pure gold. However, use of a mix of materials to achieve the desired results at affordable costs by using a blend of materials and altering the proportion of gold and silver used to make zari is being used for cost efficiency.

The proportion can be checked by XRF Analyser machines to avoid any false claims or fraud. This has helped preserve the authenticity of saree brands. For example, the Kancheepuram saree was recognised as a Geographical Indication (GI) by Govt. of India under the GI Act in FY 2006, which meant that all Kancheepuram sarees would have to follow a prescribed weight, quality and zari norms and should be woven in the particular district only, and failing to follow any of these conditions, the seller can be booked under the GI Act.

Fancy/ Fusion Sarees

For less formal occasions, consumers are opting for fancier sarees in addition to traditional sarees. These sarees are 6 yards long instead of 9 yards and have innovative designs or silhouettes like ruffled sarees, pre-draped saree, etc. The pre-draped saree comes in various forms as nivi-style drape, dhoti style saree, pant style saree, sarees paired with pallazos or crop tops. Such sarees may also come with pockets, belts and other accessories.

Evergreen Trends

Traditional sarees which are 9 yards long are evergreen in terms of trend with modifications in fabric and design like modal silk innovation and weaver-innovation like Banarasi design appearing on Kancheepuram sarees or linen sarees with Kancheepuram silk border and pallu.

Sustainability

The saree is one of the most sustainable pieces of garments where one-size fits all and is used across all age groups and body types. Sarees are also being manufactured using yarns of natural fibres like jute, banana, hemp, bamboo, etc. These fibres are eco-friendly that do not harm the environment and are usually 100% bio-degradable. Using natural dyes to make sarees also helps reduce the environmental damage to an extent.

Key Cities for Saree workmanship:

i. ***Kancheepuram***

Kancheepuram in Tamil Nadu is the hub for the Kancheepuram/kanjivaram saree with fine weaves of mulberry silk with coarse threads dipped in silver or gold (zari). The Kancheepuram saree comes under the Geographical Indication Act, whereby the sellers have to maintain certain quality and weight in all aspects in order to label their saree as Kancheepuram while selling.

ii. ***Mysore***

Mysore in Karnataka is the largest producer of mulberry silk in the country, ~70%. There is a Government Silk Factory in Mysore named KSIC (Karnataka Silk Industries Corporation Limited) that was established in 1912, which produces 100% pure silk and zari sarees.

iii. ***Benaras/ Varanasi***

The sarees made in Banaras called Banarasi sarees have highly intricate brocade work using silk and zari and is a mixture of Persian and Indian designs.

iv. ***Kota***

Kota doria sarees are lightweight and easy to drape, made in Kota city of Rajasthan. These have square patterns called khats and fall in the affordable price range.

v. ***Bishnupur***

The Baluchari saree that was first made in Murshidabad in West Bengal is now made in Bishnupur. The sarees are made from silk with scenes from Mahabharata or Ramayana being depicted on the pallus in two different threads and the saree takes nearly a week to manufacture.

vi. ***Chanderi***

Chanderi in Madhya Pradhesh is the hub for chanderi sarees which began in the 13th century. The sarees can be produced from three kinds of fabrics- pure silk, chanderi cotton and silk cotton. The sarees are light weight and marked by luminescent gold on them. Traditional coins, floral art, peacocks, and modern geometric patterns are woven into different Chanderi patterns.

vii. ***Maheshwar***

Maheshwar in Madhya Pradesh has been a handloom production centre since the 5th century. The saree is made from cotton and has vibrant and contrasting colours, and feature narrow coloured borders, checks and stripes with a solid coloured body. The speciality of Maheshwari sarees is the reversible border on them which can be worm on both sides.

viii. ***Bangalore and Mysore***

Bangalore is famous for its soft silk weaves. Bangalore silk sarees are liked by women- both young and elder for their sophisticated look with intricate weaves made using pure silks. The Mysore silk crepe from the Mysore city of Karnataka can be traced back to 1785 AD and is woven from hardspun silk yarn and is one of the most widely used form of silk across India.

ix. ***Surat and Rajkot***

Surat has a large number of textile mills where different kinds of textiles with different printing and weaving styles are produced. The sarees that are famous from Surat are brocade, gharchola, panetar, and tanchoi. The Patola saree from Rajkot known as Rajkot Patola is widespread and famour. In this saree, yarn is resist dyed before being woven into fine fabrics and since motifs are created out of dyed yarn, both sides have the same and equally prominent designs.

x. ***Venkatagiri***

Venkatagiri saree is a style of saree woven in the Nellore district of Andhra Pradesh, known for the fine weaving dating back to early 1700s. These sarees have various kinds of varieties like Venkatagiri 100, Venkatagiri-putta and Venkatagiri- silk. Venkatgiri-100 made from fine cotton with significant use of zari is most popular amongst these being extremely light weight. Venkatagiri silk is made up from fine silk using the Jamdani technique where the edge is woven with golden border and pallu contains heavy work of brocade and motifs in gold.

xi. ***Mangalagiri***

Mangalagiri which is a town in Andhra Pradesh is a hub of saree and dyed handloom fabric production since 1500s. Mangalagiri sarees have been given the Geographical Indication (GI) status and are woven with minimal designs on the body of the saree and has zari stripes and checks on borders and pallus. The Mangalagiri handloom sarees are often produced on cotton fabric.

COMPETITIVE LANDSCAPE OF WOMEN INDIAN WEAR IN THE ORGANIZED SPACE

The organised Indian wear segment is made of the four types of player segments:

1. **Retail Led Brands**: Retail led brands comprise saree dominant players like Nalli, Kalamandir etc. and SKD dominant players like Fabindia, Biba, Neerus etc. These players can be region specific or have a pan-India footprint in terms of the presence of their EBOs and / or through partnerships with LFS and MBOs and through online channels. Saree dominant retail led regional brands like Kancheepuram Vara Mahalakshmi Silks (VKS), Mandir, Pothys, Kalanjali, Kankatala, The Chennai Silk, Rangoli etc. are dominant in South India region and sell through their Exclusive Brand Outlets (EBOs) and also sell through Large Format Stores (LFS) and Online channels comprising of own websites and Apps & marketplace listings.

2. **Multi Brand Outlets & Large Format Stores (MBO & LFS):** Large Format store include players like Pantaloons, Shoppers Stop, Reliance Trends etc. MBOs include players like Vama, Iconic etc that

are primarily fashion & lifestyle focussed. These formats keep extensive range of Women Indian wear (along with other categories) with multiple brands (both Pan-India & Regional retail led brands) and their own private labels viz. Melange is a private label of Lifestyle; Rangmanch, Akkriti, Trishaa & Indus Route (Pantaloons) & Avaasa (Reliance Trends). However, LFS players like Max and Westside retail only their private labels and don't offer external labels or brands.

3. **Value Focused Retailers:** Retailers like KLM Fashion, Vishal Mega Mart, V Mart etc. sell multiple product categories ranging from ethnic to western wear for every individual. In this context, value fashion retailers are primarily focussed on their own private labels or on other smaller trade-labels for Women Indian Wear (and for other fashion categories).

4. **Online Focused Brands/Retailers:** Online focussed retailers include E-commerce marketplaces like Amazon, Flipkart etc, and vertical specialist websites like Myntra, Ajio etc. While marketplaces deal in multiple product categories; vertical specialists, as the term suggests are fashion & lifestyle focussed. However, both retail types offer various Brands, for eg. retail led brands, smaller brands/labels, private labels (like Myx for Amazon, and Anouk for Myntra). There is also an emerging third group of '**online focussed/online-first**' Women Indian wear brands that are only or primarily available online. Brands such as Jaypore, Pinklay, Okhai, Karagiri are examples of such online focussed/online-first brands.

5. Retail led by Cooperative/ State Govt.: The Indian market also has saree brands which are totally driven by cooperative or State Govt. such as Tantuja from West Bengal, Co-optex from Tamilnadu, APCO from Andhra Pradesh etc. These players are selling their products through their exclusive brand outlets (EBOs) as well as their own websites.

Leading Players across Four Segments of Women Indian Wear

Key Players	Year of Inception	Operating Company	No. of Stores	# Cities where stores present
1. **Retail Led Brands**				
Kancheepuram Vara Mahalakshmi Silk	2012	Sai Silks Kalamandir Ltd.	17	8
Kalamandir	2005	Sai Silks Kalamandir Ltd.	8	7
Mandir	2011	Sai Silks Kalamandir Ltd.	3	1
Nalli	1928	Nalli Silk Sarees Pvt. Ltd.	32	14
Pothys	1923	Pothys Pvt. Ltd.	16	12
The Chennai Silk	1991	SCM Silks Pvt. Ltd.	24	21
Kankatala	1943	Kankatala Textiles Private Limited	12	7
Rangoli	1990	Rangoli Sarees Ltd.	7	5
Neerus	2005	Neerus Ensembles Private Limited	43	16
Meena Bazaar	1971	Meena Bazar Department Stores Private Limited	68	31
FabIndia	1960	FabIndia Overseas Pvt. Ltd.	317	117
Soch	2005	Soch Apparels Private Limited	191*	54
2. **Large Format Stores & Multi Brand Outlets**				
Lifestyle	1999	Landmark Group	80	41
Pantaloons	1997	Aditya Birla Fashion and Retail Ltd.	347#	78
Shoppers Stop	1991	K Raheja Group	104	33
Central	2004	Future Lifestyle Fashion	48	27
Reliance Trends	2007	Reliance Retail Ltd.	378#	100+
Max	2006	Landmark Group	360	143
Westside	1998	Trent Ltd.	169	88

Key Players	Year of Inception	Operating Company	No. of Stores	# Cities where stores present
3. **Value Focused Retailers**				
KLM Fashion	2017	Sai Silks Kalamandir Ltd.	18	6
Vishal Mega Mart	2001	Vishal Mega Mart Pvt. Ltd.	400+	150+
V Mart	2003	V Mart Retail Ltd.	371	228
V2 Retail	2002	V2 Retail Ltd.	85	65
4. **Online Focused Retailers & Brands**				
Online Marketplaces/ Vertical Specialists				
Myntra	2007	Walmart India Pvt. Ltd.	NA	NA
Ajio	2016	Reliance Retail Ventures Limited	NA	NA
Online First Brands				
Jaypore	2012	Jaypore E-commerce Pvt. Ltd.	3	2
Okhai	2015	Okhai Enterprises Pvt. Ltd.	NA	NA
Pinklay	2015	Pinklay Retail Pvt. Ltd.	NA	NA
5. **Retail led Cooperative/ State Govt.**				
Tantuja	1984	Department of Handlooms and Textiles of Government of West Bengal	30	8
Co-optex	1935	Department of Handlooms and Textiles of Government of Tamil Nadu	156	69
APCO	1976	Department of Handlooms and Textiles of Government of Andhra Pradesh	8	7

*Source: Company Websites, Secondary Research. Store counts as of Mar 2022. *Indicates stores counts on June 2021. #Indicates stores count on Sept 2021.*

Women Indian Wear Offerings across Player Groups

Retail led brands like FabIndia, Biba, Soch, Neerus etc. are more focussed on Indian wear which comprises of SKD (which consists of SKD (Salwar Kurta & Dupatta), SK (Salwar & Kurta) Sets, Mix & Match (Tops, Bottoms, Dupattas)) as their core product offering, and within these, Fabindia & Soch are more saree centric compared to other SKD dominant peers. However, brands like Nalli, The Chennai Silk, Kalamandir, Kancheepuram Vara Mahalakshmi Silks, Pothys etc. are focussed pre-dominantly on Sarees as their core product offering. The design play within this can range from daily wear to occasion wear capturing various fabric types and price points, or from traditional to fusion wear, dependent on an individual brand's overall pitch and positioning in the market. Large format stores (LFS), Multi Brand Outlets (MBO) and the Value Focussed Retailers keeps extensive range of Women Indian wear (along with other product categories) with multiple brands (both Pan-India & Regional retail led brands) and their own private labels. The idea to keep extensive range of product categories to cater the taste of every individual.

Product offers by leading brands within sub-categories (SKD, sarees etc.) differ depending upon their respective business strategy focus. Saree dominant brands like Nalli, Taneira, Pothys & Kalamandir offer one of the widest portfolios of saree SKUs among women's apparel brands in India. LFS players life Lifestyle, Pantaloons etc keep SKUs across categories with dominance of SKD. Value Retailers like KLM, VMart etc also keep SKUs across categories and mainly in the mass-mid price range.

Key Product Categories offered by Key Players

Key Players	Salwar Kurta and Dupatta (SKD) and Salwar Kurta (SK) Sets	Sarees	Top wear (Separates)	Bottom wear (Separates)	Lehenga Set	Indian Dresses/ Gowns
Retail led Brands						

Key Players	Salwar Kurta and Dupatta (SKD) and Salwar Kurta (SK) Sets	Sarees	Top wear (Separates)	Bottom wear (Separates)	Lehenga Set	Indian Dresses/ Gowns
Kancheepuram Vara Mahalakshmi Silk	-	992	-	-	-	-
Kalamandir	242	1206	1886	652	175	125
Mandir	-	866	-	-	34	-
Nalli	-	12,658	-	-	-	-
Pothys	190	3,933	420	77	92	8
The Chennai Silk	134	1,016	191	-	29	-
Kankatala	-	2,096	-	-	-	-
Taneira	2	4,619	25	-	29	-
Soch	654	516	735	139	88	79
Fabindia	61	480	717	509	6	175
Rangoli	54	319	25	-	27	12
Neerus	404	165	343	-	1	5
Meena Bazaar	55	382	20	-	12	5
Biba	955	8	764	343	23	112
Ritu Kumar	250	30	422	75	124	360
Global Desi	153	11	543	206	-	119
MBO & LFS						
Lifestyle (Melange)	195	-	349	180	-	3
Pantaloons (Rangmanch)	92	192	745	219	23	161
Shoppers Stop (Stop, Haute Curry)	-	-	677	250	-	103
Value Focused Retailers						
KLM Fashion	356	773	2764	1448	78	218
Vishal Mega Mart (Mavie & Pink Almirah)	-	-	223	114	-	-
V Mart (Desi Mix)	128	-	750	351	-	-
Online First Brands						
Okhai	10	688	345	75	-	145
Jaypore	-	122	182	583	25	20
Karagiri	-	4,819	-	-	255	-
Kalaniketan	1,251	2,079	-	98	1,078	125
Retail led Cooperative/ State Govt.						
Tantuja	-	81	-	-	-	-
Co-optex	-	512	-	-	-	-
APCO	-	337	-	-	-	-

Source: Brand Website, Technopak Analysis. Note- SKU count for MBO, LFS, Value Retailers is total of Private Labels only. Private Labels of MBO, LFS & Value Retailers are mentioned in brackets along with the Retailer. Sai Silk Kalamandir brands SKU counts from company sources. Separate sizes not counted as separate SKUs.

Price points across segments for LFS, MBO and Value Retailers

	Men		Women		Kids	
	Western Wear	Ethnic Wear	Western Wear	Ethnic Wear	Boys	Girls
MBO & LFS						
Lifestyle	399-8,999	799-7,999	499-8,999	499-7,999	179-3,299	159-4,299

Pantaloons	299-7,199	324-2,299	159-4,499	239-7,999	169-1,999	141-2,999
Shoppers Stop	1199-18,394	1001-4,594	1001-8,400	1001-16,999	501-3,399	501-5,299
Value Focused Retailers						
KLM Fashion	299-5000	1499-15000	199-4999	999-55000	199-3999	199-7999
Vishal Mega Mart	200-850	230-750	79-899	100-1,200	69-699	49-749
V Mart	219-4,000	499-3,099	299-999	274-2,900	200-2,000	200-1,800

Source: Retailer Websites, Technopak Analysis. Price Ranges (in INR) giving MRP as per respective retailer websites. KLM Fashion prices from company sources.

Saree Offerings across Key Players

Within Women Indian Wear, Saree offerings are divided further basis distinct prices points which categorise the range into Mass, Mid, Premium and Luxury. Mass range is primary for consumers in the value seeking segment, Mid-premium range is positioned for both value seekers and aspirational consumers, and the Luxury segment for luxury seeking consumers.

Product offers by leading retail led national brands such as FabIndia, Soch etc. offers saree as an additional product category in addition to Indian wear product categories such as SKD & SK sets (Salwar, Kurtas and Dupatta Set & Salwar Kurta Sets), separates (tops and bottoms) etc. The total no. of sarees SKUs ranges from 160 to 500+ across price ranges. Due to vast range of product categories and depending upon their respective business strategy, these brands offer sarees in commonly preferred & widely accepted fabrics like cotton, silk, linen, cotton silk etc. with a price bracket of INR 0-10k i.e falling in the mass & mid range.

Retail led regional brands such as Nalli, Pothys, Kalamandir, Mandir, Kancheepuram Vara Mahalakhsmi Silk, The Chennai Silk etc. offers sarees as a core product and have extensive range of sarees by fabric and price range. These brands act as a shopping destination for sarees. Hence, the total no. of sarees SKUs ranges from 500-10,000 depends on their store size and the customer base. Premium retail brands like Kancheepuram Vara Mahalakhsmi Silk, Mandir, Kankatala etc. have limited SKUs on price range of < INR 5k (11-17) and highest number of SKUs in price range > INR 10k (300-1,200) whereas affordable retail brands like The Chennai Silk, Rangoli, Pothys etc. have vast range of sarees SKUs below <INR 5k (300-3,617) in comparison to price range above INR 10k. Kalamandir and Pothys have majority SKUs in mass range, while Mandir has majority SKUs in premium and luxury range.

Online artisan and Indian wear specific e-commerce platforms like Jaypore, Okhai, Kalaniketan, Karagiri etc. also offers sarees as an additional category in addition to Indian wear product category.

Sarees SKUs on offer across Price segments by Key Players

Key Players	**Price Ranges**			
	Mass INR < 5k	**Mid INR 5-10k**	**Premium INR 10-40k**	**Luxury INR >40k**
Retail Led Brands				
Kancheepuram Vara Mahalakshmi Silk	17	191	294	24
Kalamandir	3,520	85	76	-
Mandir	11	65	653	137
Nalli	3,371	3,835	5,085	367
Pothys	3,617	274	42	-
Taneira	1,867	1,467	1,209	76
Kalaniketan	998	856	225	-
The Chennai Silk	987	27	2	-
Kankatala	214	660	806	416
Rangoli	246	67	5	1
Neerus	153	11	1	-
Meena Bazaar	224	130	28	-
FabIndia	205	260	15	-
Soch	324	190	2	-

Tantuja	32	49	-	-
Co-optex	313	86	113	
APCO	254	36	47	-
Karagiri	1,666	2,676	468	9

Source: Brand Websites, Technopak Analysis.

Key Strength & Value Proposition of Retail Formats:

	Format	Key Players	Key Strengths & Propositions of these formats
1	**Retail Led Brands**	Kancheepuram Vara Mahalakshmi Silk, Pothys, Kankatala, Rangoli, Kalamandir, Mandir, FabIndia, Soch, Neerus, Nalli, The Chennai Silk, etc.	• In-house product design ability that allows them to be category creators and provide differentiated product offerings in the market. This also allows them to broaden the addressable market opportunity • Wide assortment of products category (specific and sub-category) catering to both daily wear and occasion wear purposes • Multi-channel presence with a skew towards exclusive brand outlets and own website e-commerce that allows them an integrated route to market while offering multiple touch points to their consumers. This also enables them to activate and build an omni channel play • Dedicated manufacturers / suppliers base for integrated supply chain that work with the brand & using standardized processes • Strong EBO presence creates brand loyalty amongst consumers through engagement & loyalty programs • Focus on EBO channel leads to higher brand visibility and efficient operations • Acts as shopping destination for specific categories like sarees
2	**Multiple Brand Outlets & Large Format Stores (MBO & LFS)**	*LFS*- Pantaloons, Lifestyle, Max, Westside, Reliance Trends, Shoppers Stop *MBO*- Vama, Kapsons	• All under one roof that enables the consumer to navigate across categories (Western / Indian, Gender – Men, Women and Kids) and receive a diversified product range to cater to their individual customer type • Wide range of brands (retail led and private labels) and price options to choose from • The wider options allow LFS to leverage cross selling categories • High footfall in stores due to larger variety of brands and product offerings across price range • Focused on top 50 cities
3	**Value Retailers**	KLM Fashion, Vishal Mega Mart, V Mart, V2 Retail	• All under one roof that offers diversified product range across categories • Value pricing targeting price conscious consumers by catering to a large and value seeking consumer base that is style conscious but not necessarily brand loyal • Flexible sourcing & supply chain comprising of both aggregators/distributors and manufacturers who provide access to multiple choices and flexible order quantities • High footfall due to diversified product category range which helps in cross selling • Operating across city types including Tier, I, Tier II, Tier III and Tier IV cities
4	**Online Retailers / Online Brands**	*Marketplaces:* Amazon, Flipkart *Vertical Specialists*- Myntra, Ajio, Nykaa Fashion	• Wider reach through presence in multiple city types (Amazon and Myntra deliver to more than 20,000 pin codes across India) • Extensive range in terms of brand availability, product range and pricing • Multiple brands and product choices across segments • Convenience in purchase, returns, exchanges

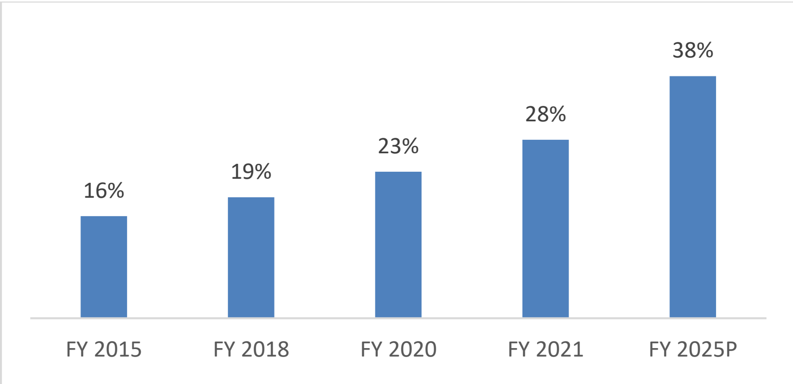
		Online Focused brands- Okhai, Pinklay, Jaypore, Karagiri, Kalaniketan	

Source: Technopak Analysis

Key Trends and Success Factors Enabling the Growth of Organized Women Indian Wear Industry

The share of organised Women Indian wear market in the overall women Indian wear market has grown from 16% in FY 2015 to around 23% in FY 2020. This increase in the share of organized women apparel has also happened on an expanding base (overall growth of Women Indian wear stood at 9.4% CAGR during FY 2015 to FY 2020 period). Seven key trends outlined below have played a pivotal role in this outcome and these trends will continue to provide the growth momentum going forward (projected till FY 25).

Share of Organised Women Indian wear in Overall Women Indian wear – FY 2015, FY 2018, FY 2020, FY 2021, FY 2025P



Source: Technopak Analysis

KEY TRENDS AND SUCCESS FACTORS ENABLING THE GROWTH OF ORGANIZED WOMEN INDIAN WEAR INDUSTRY

1. Consumer Demographics

The median age of India estimated to be 28.1 years for CY 2021, has had a profoundly positive implication on many merchandise and service consumption categories including Indian wear. This advantage of age makes the Indian consuming class more open to experimentation without preconditions. These factors enable them to absorb and interpret trends faster than before. India's demographic composition that is young is also more literate and digitally connected & exposed than their counterparts were in the past. This is manifested in the growth of internet habitual consumers and rise of online shopping. The growth of Indian attire can also be seen with an increasing number of young women opting for saree as their choice of attire, both for daily (including office wear) and occasion wear.

2. Heterogeneous Wardrobe of Indian Women

Heterogeneous wardrobe has been a unique feature of the Indian woman consumers that stands out in the business of fashion globally. Consumer research on Indian women wear has always shown ownership of both western wear and Indian wear apparel by Indian women. While the extent of ownership of each type may vary, the ownership of both Indian wear and western wear has been a unique feature of the Indian Women wear market. For instance, in other markets (viz. Japan, China), consumers replaced their traditional attires with western wear for daily wear purposes or restricted their use to specific occasions. However, Indian women have continued to own and use Indian wear for daily and occasion wear, while not holding them back from owning western wear (viz. Denims). This unique behaviour (partly a positive outcome of demographic profile like age as stated in point 1) has enabled the growth and rise of Indian wear industry, particularly the organised segment.

3. Growth of Fusion Wear

Fusion wear implies an amalgamated apparel or any other lifestyle product that imbibes sensibilities of both International and Indian wear design sensibilities. It may mean a print or a combination of colours that is in vogue globally and to use such a print on a saree or a kurta. It may also mean alterations in a saree with a silhouette that gives it global appeal. For instance, sarees made from fabrics such as denim, or with innovative designs like 'dhoti saree', and 'readymade or pre-draped sarees'. Palazzos and leggings from the Indian wear segment have also emerged as a piece of clothing that women pair with both Indian and western tops.
Such innovations in designs, primarily undertaken by organised Indian Wear players have played a key role in contemporizing the Indian wear segment and made it desirable for the Indian consumer. While traditional Indian prints are being used on modern outfits, the style of Indian clothing is being altered to make it more comfortable and modern viz. dhoti sarees & pre-draped sarees which are being worn by Indian women. Retail led brands in India have managed to lead this trend by being at the forefront of product development, trend setting and brand stickiness with customers. This is an important factor to consider because it implies that the consumers' aspirations (young Indian women) were understood, and Indian wear was re-imagined by organised Indian wear players to cater it. Sarees are being paired with shirts and tops, and are being worn with leggings and pants in the form of 'Pant Sarees'. These forms of Ready to Wear (RTW) pleated sarees increase the ease of wearing and carrying the outfit for longer durations of time.

4. Broad-based Appeal to include both Daily and Occasion Indian Wear

One of the key reasons for cultural fashion trends to not hold their ground in other countries like Japan and China while up against western wear trend was their inability to broad base their appeal both for daily wear (office wear, at home, etc.) and occasion wear (celebrations like festivals and weddings) in the post-industrial world. The appeal of an apparel for daily wear is crucial for its growth because it then caters to a significantly larger opportunity pool enabled both by higher frequency purchases and acceptance by a larger section of the society. Occasion wear as the names suggests becomes restrictive for its limited appeal (weddings and festivals). Indian wear has faced no such limitations, partly for cultural and social values and partly for the design interventions by organised Indian wear and growth of multi-channel retail that ensured continued acceptance of the Indian wear both for daily wear and occasion wear purposes. Sarees are being worn by Indian women at home, as office wear, for all kinds of formal and informal occasions etc., which has ensured its growth across segments. Brands have adapted to consumers needs, and now sarees come in all kinds of fabrics, and designs (including fusion).

5. Strengthening of the design capabilities by category leaders

The growth of fusion wear and broad basing of the appeal of Indian wear (points 3 and 4 above) were greatly enabled by the significant enhancement of the product design ability of category leaders. This capacity building was a function of growth and scale. It took time for Indian wear brands to pace it accordingly, but it enabled the transition of the product design of Indian wear from individual centric / artisanal approach to an institutionalised response, involving design teams (process orientation towards prototype development & fashion forecasting, design partnerships & collaborations etc. The strengthening of design capabilities by category leaders had three positive outcomes for the growth of organised Indian wear:

a. The design response created products with pan India appeal and the Indian wear products that were earlier perceived to be a category with regional and local preferences transitioned to homogenised pan India appeal. This is validated by the overall growth of share of organized Indian wear in the overall Women Indian wear segment and the growth of Indian wear category leaders' retail presence to Pan India status in 2020
b. Broad-based appeal to include both daily wear and occasion wear (point 4)
c. Growth of fusion wear (point 3)

Indian apparel fashion in India is uniquely an India focused opportunity (catering to Indian diaspora as well) and that provides a natural and sustainable advantage to homegrown players to seize it. This advantage is reflected in structure of the Indian wear category that comprises of home-grown entities, and in it being a harder to enter category for global brands, with global brands having little to no share in this category.

Saree also has a unique universal appeal in terms of its usage and acceptance across the national with various cultures and religions. It is also not restricted to one type, viz. banarasi, chanderi etc sarees being sold and worn across the country, and exported outside India too.

Leading players like Kalamandir, Fabindia invest in Product design and development which helps them innovate.

6. *Multi-channel Retail Outreach*

Multi-channel retail includes various options of route to market to reach the consumer. Since early 2000, Indian retail landscape has been in a constant state of transition that has enabled activation of new points of sales and outreach. Today, multi-channel retail options include Exclusive Brand Outlets, Large Format Stores, Multi-Brand Outlets, E-commerce marketplaces, Own website commerce among others. Multi-channel retail outreach involves making the products and services available to the consumer through all these retail channels. It involves using different channels like B&M stores (EBOs, MBOs, LFSs), as well as online channels like website and marketplaces.

Multi channel outreach by key brands

Brand	EBOs	LFS & MBOs	Online	*Online further split into-* Own Website	Marketplaces
Retail led Brands					
Kancheepuram Vara Mahalakshmi Silk	✓✓✓	-	✓✓	✓✓	✓
Kalamandir	✓✓✓	-	✓✓	✓✓	✓
Mandir	✓✓✓	-	✓✓	✓✓	✓
Nalli	✓✓✓	-	✓✓	✓✓	✓
Pothys	✓✓✓	-	✓✓	✓✓	✓
The Chennai Silk	✓✓✓	-	✓✓	✓✓	✓
Kankatala	✓✓✓	-	✓✓	✓✓	✓
Rangoli	✓✓✓	-	✓✓	✓✓	✓
Meena Bazaar	✓✓✓	✓✓	✓	✓	✓✓
Neerus	✓✓✓	✓✓	✓	✓	✓✓
FabIndia	✓✓✓	✓✓	✓	✓✓	✓
Soch	✓✓✓	✓✓	✓	✓	✓✓
Biba	✓✓✓	✓✓	✓✓	✓	✓✓
Value Focused Retailers					
KLM Fashion	-	✓✓✓	-	✓✓	-
V Mart	-	✓✓✓	✓✓	✓✓	-
V2 Retail	-	✓✓✓	✓✓	✓✓	-

Source: Technopak Analysis

7. *Role of Digital enablement and Technology*

It is important to bifurcate the understanding of this trend separately into role of digital enablement and of technology on the growth of Indian wear in India. Digital enablement implies digitisation efforts across the value chain of the Indian wear segment involving supply chain, procurement, route to market, customer relationship management etc. Digital adoption of Indian wear brands has been rapid more so during and post COVID transition. Both for cost and business imperative considerations, Indian wear brands have embarked on digital adoption at rapid pace. This transition is demonstrated through the rising share of E-commerce in the total sales for the organised Women Indian wear. Prior to the pandemic, the industry’s share of E-commerce in its total business stood at ~12%, post covid it has grown to 18%. Kalamandir has made significant investments in its IT infrastructure and digital capabilities since 2020, so as to capture the share of the digital pie, and to reach consumers through all possible channels to give them a multichannel experience.

Rise of share of E-commerce in Total Women Indian Wear Segment

	E-commerce as a % share of total Sales		
	Pre COVID (FY 2020)	**Post COVID (FY 2021)**	**Post COVID (FY 2025)**
Share of Ecommerce in Total Sales of Women Indian wear	**~12%**	**18%**	**21%**

Source: Technopak Analysis

Role of technology implies adoption of new tools and technology advancements that enables normalisation of new ways of conducting business and of consumer engagement. Visualisation, Chat bots, Artificial Intelligence and Machine Learning are such tools that have seen wide application in the business of fashion globally. For instance, use of virtual reality within the stores through interactive digital screens is now being deployed by quite a few global fashion brands (viz. Nike) for better customer engagement and sales outcome. Indian Wear brands have initiated the adoption of such technologies in line with the emerging global trends.

Indian Wear and Indian Brands' Adoption of Technologies

Organization	Illustrations of Technology Adoption
Kalamandir	Chat Bot
Moda Rapido (Myntra's Private Label)	Artificial Intelligence, Machine Learning
Fabindia	Chat Bot, Artificial Intelligence, Machine Learning, Progressive Web Apps, Oracle Commerce Cloud
Soch	Chat Bot
Nalli	Chat Bot, Artificial Intelligence, Machine Learning
Vedant Fashion	Algorithm based inventory management

Source: Secondary Research, Technopak Analysis

OPERATIONAL & FINANCIAL BENCHMARKING

India has a diverse consumer base across different geographies, and to serve them, the Indian market has a variety of retailer led brands (National & Regional brands) to cater to the demands of consumers in terms of specific product, brands etc.

Majority of the Indian apparel demand comes from urban market which contributes 60% of the total apparel market and rest of the demand (40%) comes from the rural market. Nearly 21% of the urban apparel demand can be attributed to the top 2 Indian cities (Delhi NCR & Mumbai) making these cities the largest clusters for apparel. National retail led brands like Fabindia, Nalli etc. have their exclusive brand outlets (EBOs) pan India. Majority of these pan India brands have 50-80% of their exclusive brand outlets (EBOs) spread across the top 8 Indian cities which are Delhi NCR, Mumbai, Bangalore, Chennai, Hyderabad, Kolkata, Ahmedabad, Pune. However, brands are increasing their penetration in other Tier 1 and Tier 2 cities due to their high growth potential. The regional retail led brands like Kancheepuram Vara Mahalakshmi Silk, The Chennai Silk, Kalamandir, Mandir, Rangoli etc. have 50-85% of their exclusive brand outlets (EBOs) spread across Indian top 6 mini metro cities. These regional brands are limited to southern part of India which gives them advantage on being closer to the regional tastes of their consumer.

Region wise & Tier wise split of key players

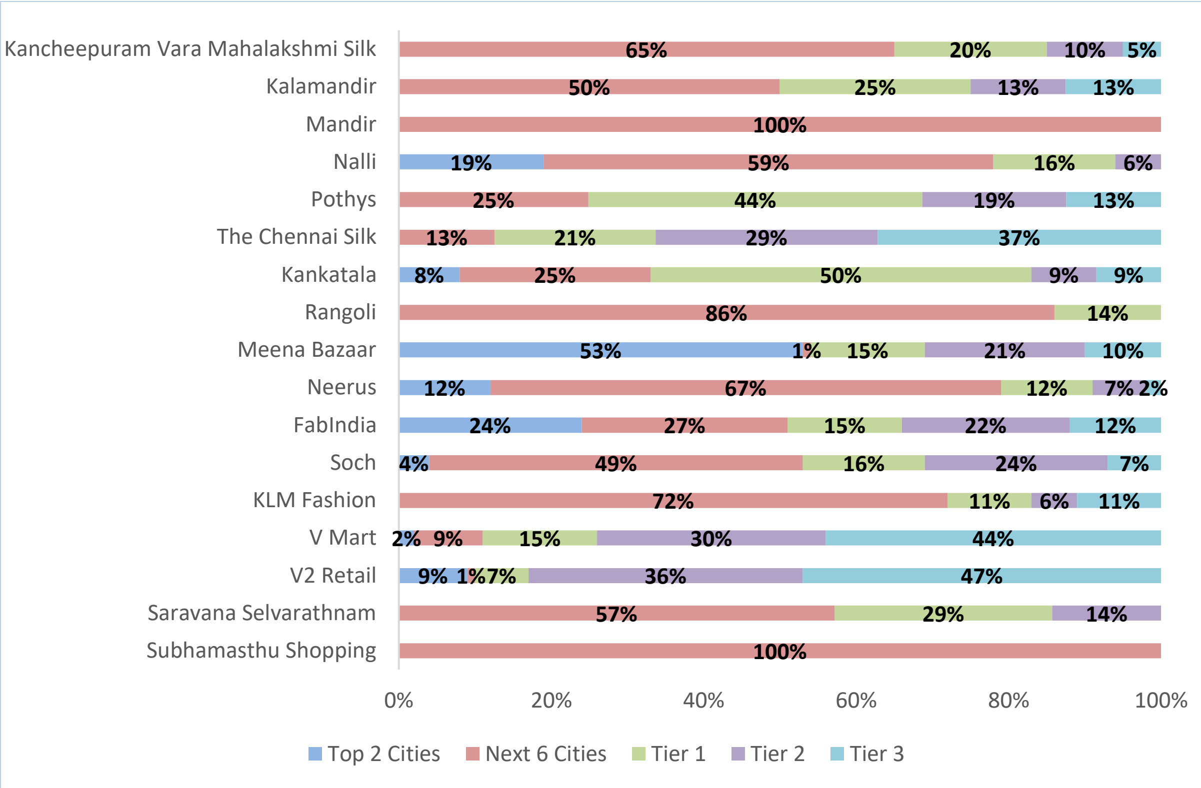
City Type wise split of key players

Brand	Total EBOs	Split of EBOs across city type				
		Top 2 Cities	Next 6 Cities	Tier 1	Tier 2	Tier 3
Retail led Brands						
Kancheepuram Vara Mahalakshmi Silk	**17**	-	13	4	2	1
Kalamandir	**8**	-	4	2	1	1
Mandir	**3**	-	2	-	-	1
Nalli	**32**	6	19	5	2	-
Pothys	**16**	-	4	7	3	2
The Chennai Silk	**24**	-	3	5	7	9
Kankatala	**12**	1	3	6	1	1
Rangoli	**7**	-	6	1	-	-

Meena Bazaar	**68**	36	1	10	14	7
Neerus	**43**	5	29	5	3	1
Value Focused Retailers						
KLM Fashion	**18**	-	13	2	1	2
V Mart	**371**	7	32	56	111	165
V2 Retail	**85**	8	1	6	30	40
Saravana Selvarathnam	**7**	-	4	2	1	-
Subhamasthu Shopping	**1**	-	-	1	-	-

Top 2 Cities: Delhi NCR & Mumbai; Next 6 Cities: Bangalore, Kolkata, Chennai, Hyderabad, Ahmedabad, and Pune
Tier 1 Cities: Cities with a population in the range of 1 to 5 million; Tier 2 Cities: Cities with a population in the range of 0.3 to 1 million; Tier 3 Cities: Cities with a population less than 0.3 million.
Data as of Mar'2022.
Source: Secondary sources, Brand Website, Technopak Analysis.

Share of EBOs across city types for key players



Source: Secondary sources, Brand Website, Technopak Analysis.

In terms of regions, north and south dominate the Indian apparel segment in terms of store presence. Majority of the brands like Neerus, Nalli, Pothys, Kancheepuram Vara Mahalakshmi Silk, Kankatala, Kalamandir, Mandir, Rangoli etc. have 70-100% of their EBOs footprint across southern region of India.

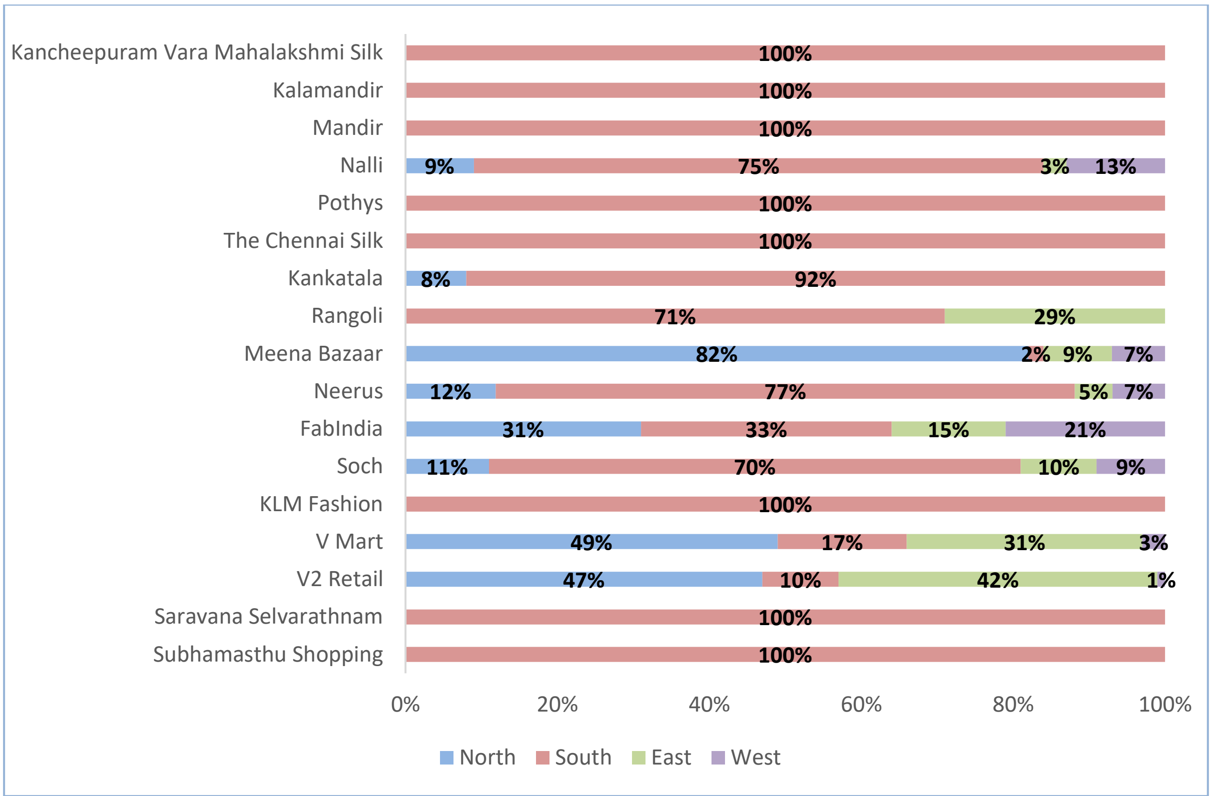
Region wise split of key players

Brand	Total EBOs	Split of EBOs across region type			
		North	South	East	West
Retail led Brands					
Kancheepuram Vara Mahalakshmi Silk	**17**	-	17	-	-
Kalamandir	**8**	-	8	-	-

Mandir	**3**	-	3	-	-
Nalli	**32**	3	24	1	4
Pothys	**16**	-	16	-	-
The Chennai Silk	**24**	-	24	-	-
Kankatala	**12**	1	11	-	-
Rangoli	**7**	-	5	2	-
Meena Bazaar	**68**	56	1	6	5
Neerus	**43**	5	33	2	3
Value Focused Retailers					
KLM Fashion	**18**	-	18	-	-
V Mart	**371**	180	63	115	13
V2 Retail	**85**	40	8	36	1
Saravana Selvarathnam	**7**	-	7	-	-
Subhamasthu Shopping	**1**	-	1	-	-

Data as of Mar'2022.
Source: Secondary sources, Brand Website, Technopak Analysis.

Share of EBOs across regions for key players



Source: Secondary sources, Brand Website, Technopak Analysis.

Price Wise Segmentation

Brands such as Meena Bazaar, Neeru's etc. are mainly focussed on mass to mid-price ranges products. In addition to sarees, these brands offer other ethnic wear product categories such as tops, bottoms, kurti, lehenga, dupattas, suit sets etc. and SKD dominates the portfolio for such brands. Saree specific players such as The Chennai Silk, Rangoli etc. are positioned as a value offering brands and have fair range of products from value to mid-price range category. On the other hand, shopping destination for saree brands like Kalamandir, Mandir, Kancheepuram Varamahalakshmi Silk, Nalli, Pothys etc. have wide range of products in every price range (Value to Luxury), with Mandir housing more premium & luxury women Indian apparel, and Kalamandir focussing more on Value and Mid to Premium segment.

Price positioning (Sarees) of key players

Brand	Mass/ Value	Mid	Premium	Luxury
Retail led Brands				
Kancheepuram Vara Mahalakshmi Silk	✓	✓✓	✓✓	✓
Kalamandir	✓✓✓	✓✓	✓✓	-
Mandir	✓	✓✓	✓✓✓	✓✓✓
Nalli	✓✓✓	✓✓✓	✓✓✓	✓✓✓
Pothys	✓✓✓	✓✓	✓	-
The Chennai Silk	✓✓✓	✓	✓	-
Kankatala	✓✓	✓✓✓	✓✓✓	✓✓✓
Rangoli	✓✓✓	✓	✓	-
Meena Bazaar	✓✓	✓✓	✓	-
Neerus	✓✓	✓	-	-
Value Focused Retailers				
KLM Fashion	✓✓✓	✓✓✓	-	-
V Mart	-	-	-	-
V2 Retail	-	-	-	-

Source: Company Websites, Secondary Research. No. of ticks in Product category signify intensity of presence basis SKU range Price Range defined for Sarees: Mass/Value indicates price range from INR 0 to 4,999; Mid indicates price range from INR 4,999 to 9,999; Premium indicates price range from INR 10,000 to 39,999; Luxury indicates price range above INR 40,000

Channel Wise Segmentation

Major retail led national brands have presence across all formats in comparison to the regional brands for which exclusive brand outlets (EBOs) along with their online channel remain the mainstay for selling of their products. COVID 19 further accelerated the shift towards online for all brands such that both online and offline channels have become an essential part a brands sales and marketing story.

Brand presence across formats

Brand	EBOs	LFS & MBOs	Online	*Online further split into-*	
				Own Website	***Marketplaces***
Retail led Brands					
Kancheepuram Vara Mahalakshmi Silk	✓✓✓	-	✓✓	✓✓	✓
Kalamandir	✓✓✓	-	✓✓	✓✓	✓
Mandir	✓✓✓	-	✓✓	✓✓	✓
Nalli	✓✓✓	-	✓✓	✓✓	✓
Pothys	✓✓✓	-	✓✓	✓✓	✓
The Chennai Silk	✓✓✓	-	✓✓	✓✓	✓
Kankatala	✓✓✓	-	✓✓	✓✓	✓
Rangoli	✓✓✓	-	✓✓	✓✓	✓
Meena Bazaar	✓✓✓	✓✓	✓	✓	✓✓
Neerus	✓✓✓	✓✓	✓	✓	✓✓
Value Focused Retailers					
KLM Fashion	-	✓✓✓	-	✓✓	-
V Mart	-	✓✓✓	✓✓✓	✓✓	-
V2 Retail	-	✓✓✓	✓✓✓	✓✓	-

Source: Secondary sources, Technopak Analysis

Business Model, Sourcing & Segments

Key Players	Business Model & Sourcing	Segments Present within Apparel
Sai Silks	• Sai Silks Kalamandir was established in 2005 with the first store opened in Ameerpet, Hyderabad in Telangana • The company offers women Indian apparel range from value fashion to premium ethnic wear products through their own 4 retail brands (KLM Fashion, Kalamandir, Mandir and Kancheepuram Vara Mahalakshmi Silk) • Operates 46 retail outlets across southern region of India • Dedicated in-house designing team which works parallelly with on-boarded manufacturers and weavers • Positioned with sarees as a core product. The brands act as a shopping destination for sarees in all price segments, fabrics and designs • Exclusivity on products to meet the demand of regional customer • Delivering their products to 19+ international countries • The company focuses on expansion through own EBO network and aims to provide an omnichannel experience to their customers • Well-designed IT infrastructure in terms of inventory management, product forecasting, pricing management etc. • Dedicated warehouses for supplying of products to their retail outlets	Sarees, Lehengas, Ethnic wear, Fusion wear, Western wear
Nalli	• The company deals in Indian ethnic wear category from daily wear to celebration and occasional wear • Operates 39 retail outlets including 7 international stores present on London, USA, Singapore, Dubai, Canada etc. • Well-designed IT infrastructure to manage inventory, pricing and trend forecasting • Dedicated manufacturers and weavers for supply of products • Managing inventory at store level through dedicated warehouses	Ethnic wear including kurti, sarees, lehengas, dhoti etc., home furnishing and accessories (bags, handbags etc.)
Pothys	• The company offers a vast range of ethnic wear, accessories and casual wear for every occasion • The company operates 16 retail outlets across southern region of India • Dedicated manufacturers and weavers for supplying of products • Managing inventory at store level through dedicated warehouses	Ethnic wear including kurti, sarees, tops, gowns, bottom, suits etc., casual wear, accessories (earring, necklace, bangles, rings, anklets etc.)
The Chennai Silk	• The company operates 24 exclusive brand outlets across Southern India • The company offers range of products including Sarees, tops, suit sets, bottom wear, home furnishing etc. • Vertically integrated infrastructure to maintain consistency and quality of products among consumers. The facilities include spinning, knitting, dyeing, compacting, printing, embroidery, brushing, sewing, and a design studio • Dedicated IT infrastructure • Export to US, European countries	Western wear (Skirts, Jumpsuits, Shirts, Jackets), Ethnic wear (Sarees, Salwar Kameez, lehenga choli), Home furnishing (bedsheets, towels), Jewllery

Kankatala	• Kankatala was established in 1943 and has expanded to 12 EBOs with 11 stores in South India and 1 store in North India • The company offers a wide range of Kanchipuram sarees and fabrics for various other kinds of sarees like Banarasi, Chanderi, Georgette, Chikakari, lehengas, dupattas, dhotis, etc. • The company has a team of in-house designers • The company launched its online store in 2017	Saree, Lehenga, Dupatta, Dhoti, Fabrics, Festive Wear, Casual Wear, Indian Wear, Wedding Wear, Formal Wear, Party Wear

Competition Analysis on Financial & Other Metrics

Most retail brands were severely impacted due to COVID 19 which can be observed by the revenue trajectory of 2019-2021. While for FY 2019-20, players like Sai Silks, Nalli posted a strong double-digit growth. These saree specific brands such as Pothys, Sai Silks, Nalli and The Chennai Silk lead the industry in terms of revenue. Sai Silks was one of the largest retailers in South India in terms of revenue for the fiscals 2019, 2020 and 2021.

Revenue of Key Players

Brands	Revenue From Operations (INR Cr)			CAGR FY 2019-20	CAGR FY 2019-21
	FY 2019	FY 2020	FY 2021		
Sai Silks	1,045	1,178	678	13%	(19.50%)
Nalli	509	573	348	13%	(17.30%)
Pothys	1,654	1,599	NA	(3%)	NA
The Chennai Silk	412	384	292	(7%)	(15.80%)
Kankatala	170	174	152	2%	(5.40%)
Rangoli	68	67	26	(1%)	(38.20%)
Neerus	217	181	92	(17%)	(34.90%)
VRK Retail	-	4.9	32.4	-	-

Source: Annual Reports, Secondary Research, Technopak Analysis, Revenue for standalone businesses from MCA reports

Gross Profit of Key Players

Brands	Gross Profit (INR Cr)			CAGR FY 2019-20	CAGR FY 2019-21
	FY 2019	FY 2020	FY 2021		
Sai Silks	311	332	231	7%	(13.80%)
Nalli	140	169	108	21%	(12.20%)
Pothys	512	584	NA	14%	NA
The Chennai Silk	103	111	86	8%	(8.60%)
Rangoli	24	19	9	(21%)	(38.80%)
Kankatala	44	45	37	2%	(8.30%)
Neerus	125	91	37	(27%)	(45.60%)
VRK Retail	-	23	197	-	-

Source: Annual Reports, Secondary Research, Technopak Analysis, Revenue for standalone businesses from MCA reports

In FY 2021, only regional retail led brands like The Chennai Silk , Sai Silks, Nalli, Kankatala, etc. were able to manage positive EBITDA margin as compared to the national brands like Neerus. In FY 2020, regional brands Pothys, Nalli, Sai Silk, The Chennai Silk etc. led the industry in terms of EBITDA margin.

Exhibit 6.9: Profitability - EBITDA (INR Cr.) and Growth

Brands	EBITDA (INR Cr.) and EBITDA Margin					
	FY 2019		FY 2020		FY 2021	
Sai Silks	96	9.2%	107	9.1%	54	8.0%
Nalli	44	8.6%	59	10.2%	25	7.1%

Pothys	201	12.1%	302	18.8%	NA	NA
The Chennai Silk	25	6.2%	34	8.9%	30	10.3%
Rangoli	12	17.9%	4	5.7%	(1)	(5.0%)
Kankatala	14	8.2%	9	5.3%	8	5.3%
Neerus	27	12.6%	11	6.1%	(8)	(8.5%)
VRK Retail	-	-	29	6.0%	(21)	(0.7%)

Source: Annual Reports, Secondary Research, Technopak Analysis, Revenue for standalone businesses from MCA reports

In FY 2021, regional retail led brands like The Chennai Silk, Nalli, Sai Silk etc. were able to maintain a positive PAT and PAT margin. Sai Silks was one of the largest retailers in South India in terms of PAT for the fiscals 2019, 2020 and 2021.

Profit After Tax (INR Cr.) & PAT Margin %

Brands	**PAT (INR Cr.) and PAT Margin**					
	FY 2019		**FY 2020**		**FY 2021**	
Sai Silks	30.3	2.9%	45.6	3.9%	8.6	1.3%
Nalli	19.5	3.8%	26.6	4.6%	5.1	1.5%
Pothys	75.2	4.5%	149	9.2%	NA	NA
The Chennai Silk	6.8	1.7%	9.6	2.5%	16.7	5.7%
Rangoli	5.2	7.6%	0.3	0.4%	(4.2)	(15.6%)
Kankatala	3.7	2.2%	0.7	0.4%	(0.03)	(0.02%)
Neerus	4.7	2.1%	(9.4)	(5.2%)	(27.1)	(29.4%)
VRK Retail	-	-	16	3.2%	(21)	(0.66%)

Source: Annual Reports, Secondary Research, Technopak Analysis, Revenue for standalone businesses from MCA reports

In FY 2020, all the retail led brands except Neerus were able to maintain a positive Return on Equity (ROE). However, in FY 2021 due to COVID 19, only regional brands like The Chennai Silk, Nalli, Sai Silk were the few brands to maintain a positive Return on Equity (ROE).

As of FY 2021, retail brand Kankatala has high Return on Capital Employed (ROCE) followed by Sai Silks, Nalli and The Chennai Silk. ROCE (Return on capital employed) indicates the company's efficiency because it measures the company's profitability after factoring in the capital that has been used to achieve that profitability.

Return on Equity (ROE) and Return on Capital Employed (ROCE)

Brands	**Return on Equity and Return on Capital Employed**					
	FY 2019		**FY 2020**		**FY 2021**	
	ROE (%)	**ROCE (%)**	**ROE (%)**	**ROCE (%)**	**ROE (%)**	**ROCE (%)**
Sai Silks	16.0%	24.6%	19.4%	24.2%	3.5%	8.2%
Nalli	29.6%	31.9%	28.6%	8.8%	5.2%	8.1%
Pothys	63.1%	38.0%	43.4%	39.5%	NA	NA
The Chennai Silk	5.6%	4.5%	7.2%	7.3%	11.1%	6.0%
Rangoli	6.4%	11.3%	0.4%	1.4%	(5.2%)	(5.0%)
Kankatala	34.0%	19.0%	6.0%	11.2%	(0.3%)	10.5%
Neerus	9.7%	9.9%	(23.8%)	1.7%	(219.8%)	(8.1%)
VRK Retail	-	-	35.2%	65.3%	(90.1%)	(4.1%)

Source: Annual Reports, Secondary Research, Technopak Analysis, Revenue for standalone businesses from MCA reports

In FY 2020, Soch had highest marketing spent (% to revenue) followed by Neerus, and regional brands like Kankatala, The Chennai Silk, Pothys. In absolute terms of spend, Pothys had highest marketing spent followed by Soch and The Chennai Silk.

Marketing Spend of Key Players

Brands	Marketing Spend of Key Players					
	FY 2019		FY 2020		FY 2021	
	INR Cr.	% to Revenue	INR Cr.	% to Revenue	INR Cr.	% to Revenue
Sai Silks	44.3	4.2%	27.7	2.4%	8.7	1.3%
Nalli	7.7	1.5%	8.7	1.5%	4.8	1.4%
Pothys	52.6	3.2%	51.2	3.2%	NA	NA
The Chennai Silk	16.0	3.9%	16.1	4.2%	9.6	3.3%
Rangoli	NA	NA	NA	NA	NA	NA
Kankatala	6.1	3.6%	7.5	4.3%	3.7	2.5%
Neerus	16.7	7.7%	8.0	4.4%	4.3	4.7%
VRK Retail	-	-	-	-	0.38	1.2%

Source: Annual Reports, Secondary Research, Technopak Analysis, Revenue for standalone businesses from MCA reports

Working Capital Days of Key Players

Brands	Working Capital Days								
	Inventory Days			Receivable Days			Payable Days		
	FY 2019	FY 2020	FY 2021	FY 2019	FY 2020	FY 2021	FY 2019	FY 2020	FY 2021
Sai Silks	141	154	302	2	1	2	71	73	88
Nalli	32	61	112	3	3	8	79	61	126
Pothys	76	98	NA	2	1	NA	90	57	NA
The Chennai Silk	60	78	119	3	3	4	39	30	36
Rangoli	178	166	447	6	6	46	1	3	27
Kankatala	165	195	207	3	3	7	83	105	83
Neerus	433	495	807	46	47	116	128	155	228
VRK Retail	-	140	63	-	332	163	-	521	272

Source: Annual Reports, Secondary Research, Technopak Analysis, Revenue for standalone businesses from MCA reports

VALUE FASHION MARKET

Value Apparel Retailing Overview

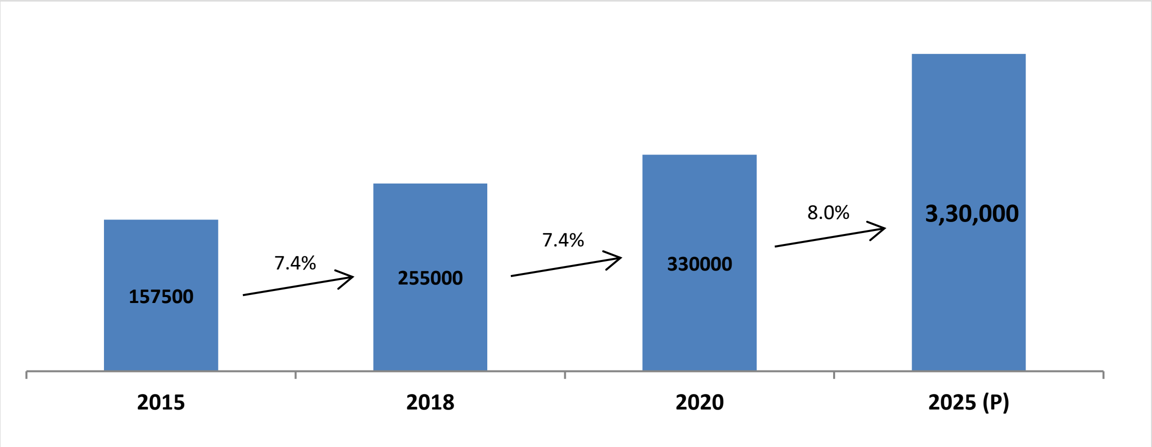
Value fashion in India was estimated to be ~INR 2,55,000 Cr (US$ 34 Bn) in FY 2020, accounting for 57% of the overall apparel retail market (INR 4,47,666 Cr). The balance is constituted by the non-value segment. Within non-value segment, premium and super-premium segments account for almost 16% and the rest is contributed by the lower value segment. While the overall category is projected to grow at a rate of 6% in the coming 5 years, the branded value apparel and organized value apparel retail are expected to grow at CAGR of ~12.6% and ~13% respectively during the same period. In other words, growth of both branded value apparel share and organized value apparel retail share in apparel category will outpace the overall category growth.

The organized players in this segment are bringing together economy and mid-segment of fashion aiming to provide quality fashion at affordable prices in a good retail environment. These large format stores catering to the entire basket of family needs are aiming at consumers who are the first time users of branded products or at fashion conscious middle class consumers seeking quality at affordable prices. Value retail is focussed on meeting the aspirations of the consuming class in the country. There is a large addressable market for value apparel retail made up of millennials and Gen Y & Z customers (14-40 age group) and residing in tier II, III and IV cities in urban and semi-urban areas. This market comprises of households with an average annual income of US$ 5,000 – US$ 10,000, of fashion conscious, value and quality seeking youth and young families (newborns to 40-year-old consumers) which forms the bulk of purchasing power of the Indian population.

Indicative Price Ranges for Value Segment

Product	Price Range (INR)
Men's Shirt	300-1300
Men's Trousers	400-1700
Women's Ethnic Wear	200-3000
Kids' Wear	150-1200

Value Apparel Market Size in India (in INR Cr)- FY 2015, FY 2018, FY 2020, FY 2025P



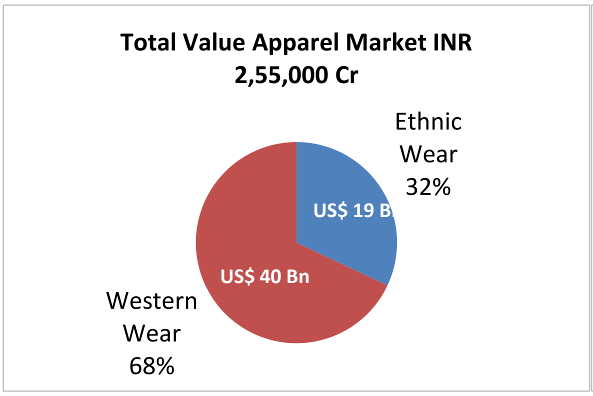
Source: Technopak Analysis

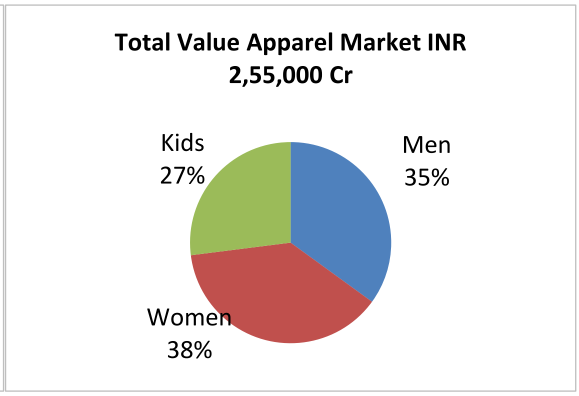
Exhibit 7.3: Share of Branded Value Apparel and Organized Value Apparel Retail

Source: Technopak Analysis
Branded apparel signifies registered trademarks that are regularly patronized by customers and that are sold through both organized retail and trade channels. Organized retail signifies formal retail channels of Exclusive Brand Outlets (EBOs), Large Format Stores (LFS), E-commerce etc. Apparel retailed through these organized retail points of sales is necessarily branded. Therefore, organized share is less than the share of Branded apparel in total share

As compared to the overall apparel market, the share of menswear in value segment goes down by 6% and is compensated by the incremental share of womenswear and kidswear, with 2% and 4% respectively. This is primarily because of menswear being adequately represented in premium segment but more than 60% of the womenswear and kidswear falling only within the value segment.

Value Apparel Market: Segmentation – FY2020





Source: Technopak Analysis

Competitive Landscape

In early 2000s, retailers like Pantaloons, V-Mart and V2 Retail pioneered the value retail segment which was largely unorganized until then. This trend was followed by the large corporates like Reliance, Future Group, Landmark group who established value apparel retail chains to leverage this opportunity. At present, some of the organized retailers such as fbb, Max Fashion, Reliance Trends, Pantaloons, V-Mart, Brand Factory are national players with an equitable focus on all regions. However, the others are region focused such as KLM in South, Zudio in South and West, Style Baazar and Baazar Kolkata in East, Easy Buy in South and V2 Retail and City Kart in East and North. A large share of apparel sales of e-commerce players such as Flipkart, Amazon and others also comes from the value segment. However, they are in the process of deepening their penetration in Tier II, III cities and beyond.

The key success factors for the brick-and-mortar players have been targeted private labels, good quality shopping experience, deep understanding of customer's preferences, regular fashion freshness as well as continuous supply chain improvement.

Key Organised Value Apparel Retailers

Brand	Year of Launch	Number of Stores	Focus
KLM Fashion	2017	18	Regional – South
City Kart	2016	61	Regional - East & North
EasyBuy	2014	100	National
Baazar Kolkata	2002	104	Regional – East
Brand Factory	2006	107	National
Style Baazar	2013	108	Regional – East
V2 Retail	2001	111	Regional - East & North
Zudio	2016	241	Regional - South & West
Pantaloons	1997	344	National
Max fashion	2004	384	National
V-Mart**	2003	392	National

Note- Store counts as per the brand websites, as on June 27th, 2022
Source: Secondary research, Technopak Analysis

Growth Drivers, Trends & Success factors: Value Fashion

Rapid urbanization and increasing disposable income

At present, 34.5% of India's population is classified as urban. The trend of urbanization is expected to continue with approximately 50% of India's population expected to be living in urban centers by 2050. High population growth is expected in tier III and tier IV cities as rural population migrates to these cities in search of work opportunities. As a result, the working population is expected to rapidly increase across Tier III and IV cities supporting these cities to emerge as new growth engines for value fashion retailers as when a consumer explores branded play for the first time, value fashion acts as the entry medium for the same.

Furthermore, the rural population is also stepping up in income levels due to availability of manufacturing-based jobs, expansion of agriculture into value added farm activities and government's rural employment schemes. As a result, urban lifestyle with a price balance/value is increasingly being adopted in rural areas.

Growth in organised retail offering a better shopping experience

Entry of foreign brands, growth of organized retailers and proliferation of mall culture have conditioned the consumers to the idea of a robust shopping experience with air conditioned environment, facility of trial rooms, wider product range, price transparency, quality assurance, on-floor service assistance. This experience has been perceived to be constrained by price as most of such retailers happened to be in the premium segment. However, the value retailers have been able to bridge this gap and have been able to provide a higher shopping experience to the first time consumers of brands/organized channels.

Consistent quality at affordable prices

Focussed approach towards offering consistent quality at affordable prices has been driving growth in the value fashion segment. The consistent delivery of this promise in tier II, III & IV cities has been aiding the transition of consumers from the unorganised traditional shops to the organised value retailers.

Continuous Operations and Supply Chain Improvement

Value retailers have been exercising strong control over the retail value chain including sourcing, supply chain, merchandising, store operations and customer management. Focus on sustainable relationship with suppliers and investment in warehousing, logistics and inventory management have been key ingredients for success for these retail formats.

Expansion through Clustered approach and regional nuances

Most of the value retailers like V-Mart, KLM, Zudio and V2 Retail have strengthened their foothold regionally within clusters before foraying into other regions. Expansion through clustered approach has lent them the advantage of optimizing the supplier base, warehousing infrastructure and product offering based on the customer preferences specific to such regions given that the culture varies every 100 – 150 kilometers. Unlike the premium and super-premium segment, wherein offering is designed in agreement with the global and macro fashion trends, the value segment needs consideration for heterogeneity to accommodate the nuances of the regional requirements and sensibility. Through clustered approach, these retailers have been able to add more value to their offering. The cluster based approach also helps the retailers in exhausting the opportunity in that cluster by operating a large number of stores in that area thereby creating an entry barrier for the other competitor brands.

Also, national brands try to customize their offerings basis the region the stores are located in by offering apparel particular to the region, in addition to the regular national range. The regional value fashion players in south, however, keep a higher share of sarees in women apparel category, compared to what a national player would while operating the south India.

Growth in Tier III and IV cities

Focusing on Tier III and IV cities has aided these retailers in unlocking the consumption potential of these cities. Approximately 23% of the total demand of apparel is estimated to come from these cities, 60% of which is currently estimated to be within the value segment. The organized value retailers have led the transition of the value apparel segment in these cities from being largely unorganized to being somewhat organized. Ability to provide quality products at affordable prices in a dignified retail environment has been an important reason for the wide acceptance of these formats across Tier III & IV cities.

Focus on Private Labels

Largely all the value retailers are private label led with some national brands included to complete the retail offering. Investments in robust product design and development capabilities and focus on private labels development across categories has been the key factor that enabled the value retailers to offer fashionable products at affordable prices, along with improved margins for the retailers.

OUR BUSINESS

*Some of the information in this section, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read "Forward-Looking Statements" on page 20 for a discussion of the risks and uncertainties related to those statements and also "Risk Factors", "Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 30, 241 and 315, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Unless otherwise indicated or the context otherwise requires, in this section, references to "the Company", "we", "us" or "our Company", are to Sai Silks (Kalamandir) Limited on a standalone basis. Unless otherwise indicated, industry and market data used in this section has been derived from industry publications, in particular, the report titled "Industry Report on Women Ethnic Wear Apparel in India" dated July 12, 2022 (the "**Technopak Report**"), prepared and issued by Technopak Advisors Private Limited ("**Technopak**") appointed on February 22, 2022 and exclusively commissioned by and paid for by us in connection with the Offer. A copy of the Technopak Report is available on the website of at https://sskl.co.in/investor-relations/. There are no parts, data or information (which may be relevant for the proposed Offer), that has been left out or changed in any manner. Unless otherwise indicated, financial, operational, industry and other related information derived from the Technopak Report and included herein with respect to any particular year refers to such information for the relevant calendar year. For more information, see "Risk Factors – Industry information included in this Draft Red Herring Prospectus has been derived from an industry report prepared by Technopak exclusively commissioned and paid for by us for such purpose." on page 41. Also see, "Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation – Industry and Market Data" on page 18.*

Overview

Who We Are

We are one of the largest retailers of ethnic apparel, particularly sarees, in south India in terms of revenues and profit after tax in Fiscal 2019, 2020 and 2021. *(Source: Technopak Report)* Through our four store formats, i.e., Kalamandir, VaraMahalakshmi Silks, Mandir, and KLM Fashion Mall, we offer our products to various segments of the market that include premium ethnic fashion, ethnic fashion for middle income and value-fashion, with a variety of products across different price points, thereby catering to customers across all market segments. We leverage our store network of 46 stores as of May 31, 2022, to focus on spreading India's vibrant culture, traditions and heritage by offering a diverse range of products which includes various types of ultra-premium and premium sarees suitable for weddings, party wear, as well as occasional and daily wear; lehengas, men's ethnic wear, children's ethnic wear and value fashion products comprising fusion wear and western wear for women, men and children.

The share of organized retailing in apparel has increased from 14% in Fiscal 2007 to 32% in Fiscal 2020. The evolution of the market, in its current phase, represents distinct segmentation of channels of organized retail for apparel. This phase also represents emergence of category leaders in respective groups of western (formal and casual), Indian, and athleisure. Historically, the ethnic retail trade of sarees was dominated by unorganized players in small format stores with a very few organized players. *(Source: Technopak Report)* Our founders recognised the opportunity and in order to address the gap in the market, we commenced operations in 2005. Today, we offer one of the widest portfolios of saree SKUs among women's apparel brands in India. *(Source: Technopak Report)* with large retail outlets that provide customers a wide variety of options in ethnic wear across various price points. *(Source: Technopak Report)*

A timeline illustrating the significant milestones achieved by us since the launch of our business is set out below:

Our business was founded by our Managing Director, Nagakanaka Durga Prasad Chalavadi a first generation entrepreneur. We commenced operations through our first '*Kalamandir*' store in 2005 at Hyderabad, Telangana with a store size of 3,213 square feet and have over the years expanded to 46 stores in four south Indian states, *i.e.*, Andhra Pradesh, Telangana, Karnataka and Tamil Nadu, with an aggregate area of approximately 550,815 square feet, as of May 31, 2022. As of May 31, 2022, our average store size, calculated on the basis of our operating stores, is 12,811 square feet for our Kalamandir format stores, 3,400 square feet for our Mandir format stores, 5,972 square feet for our VaraMahalakshmi format stores and 18,700 square feet for our KLM Fashion Mall format stores.

We believe our stores provide a unique experience and customer service, which combined with our inventory and variety of SKUs that we offer, enables us to attract and retain a growing customer base that, as of May 31, 2022, exceeded over 5.00 million customers in India.

The table below sets forth certain performance indicators of all of our Kalamandir, VaraMahalakshmi Silks, Mandir, and KLM Fashion Mall stores for the periods indicated:

Particulars	**Fiscal 2020**	**Fiscal 2021**	**Fiscal 2022**
New stores opened during the Fiscal	5	-	4
Stores closed during the Fiscal	-	1[5]	-
Stores[1]	43	42	46
Stores converted / Format changed during the Fiscal[2]	-	1	2
Cities	10	10	11
Average Store Area (square feet)	12,121	12,171	11,974
Metrics per Square Feet (₹)			
- Average revenue from operations per square feet (for all stores)	22,553	13,247	20,502
- Average revenue from operations per square feet (for Mature Stores[3])	24,227	13,058	20,210
Revenue Metrics per Store (₹ million)			
- Average revenue from operations (for all stores)	273.36	161.23	245.50
- Average revenue from operations (for Mature Stores[3])	282.30	161.85	252.64
Average Capital Expenditure per Store (₹ million)[4]	48.58	50.43	51.69

(1) Stores refer to the number of stores at the end of the relevant fiscal period.

(2) In Fiscal 2021, we closed one of our Kalamandir store located in KMR-Guntur, Andhra Pradesh. Subsequently we opened a new store in Guntur, Andhra Pradesh under the VaraMahalakshmi format. In addition, one Kalamandir store in Hyderabad was converted into Varamahalakshmi store. Further, in Fiscal 2022, one of our Kalamandir store located in Hyderabad, Telangana was converted into a Mandir store and one of our KLM Fashion Mall store was converted into VaraMahalakshmi format.

(3) Mature Stores refer to Stores that have been operating for a period of more than 12 months. In Fiscal 2020, 2021 and 2022, we had 38, 41 and 40 Mature Stores, respectively.

(4) Average Capital Expenditure per Store refers to cost of interiors, furniture and equipment for stores commencing operations in the relevant fiscal period.

(5) One Kalamandir store, at KMR-Guntur, Andhra Pradesh closed in Fiscal 2021.

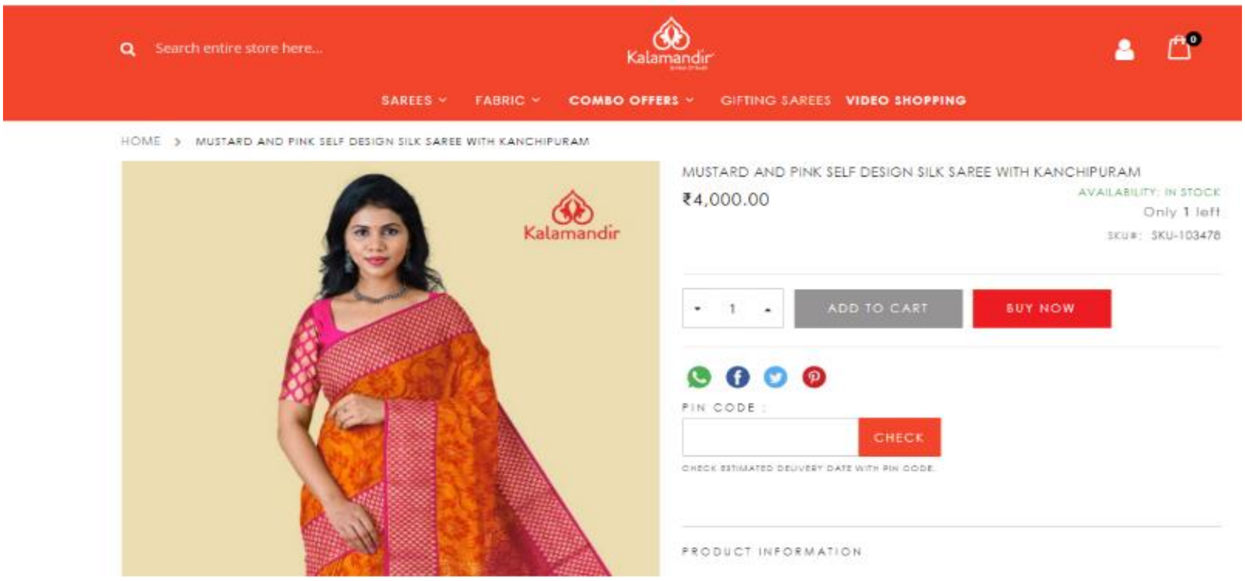
Our Store Format and Presence

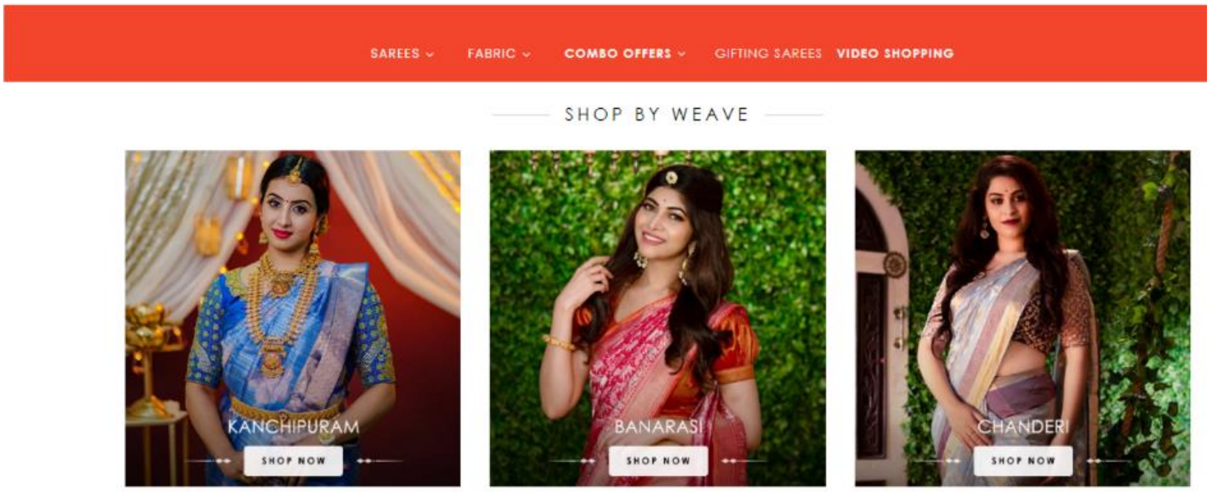
Our ethnic wear and value-fashion products are available through our stores under four different format stores, *i.e.*, Kalamandir, VaraMahalakshmi Silks, Mandir, and KLM Fashion Mall, as well as through e-commerce channels comprising our own website and other online e-commerce marketplaces. The table below provides certain information on our product portfolio and break-down by price range as of May 31, 2022:

Format	Target Segment	Product Portfolio	Average Price Range
Kalamandir	Contemporary ethnic fashion for middle income	Different variety of sarees, such as *Tusser*, *Silk*, *Kota*, *Kora*, *Khadi*, *Georgette*, *Cotton and Matka*	Approximately ₹ 1,000 to ₹ 100,000
Kancheepuram Vara Mahalakshmi Silks	Premium ethnic silk sarees and handlooms targeting wedding and occasional wear.	The major product offerings includes premium variety of sarees such as *Banarasi*, *Patola*, *Kota*, *Kanchipuram*, *Paithani*, *and Organza*, *Kuppadam*, , with major focus on handlooms such as *Kacheepuram* silk sarees	Approximately ₹ 4,000 to ₹ 250,000
Mandir	Ultra-premium designer sarees targeting high net-worth individuals	The major product offerings includes ultra-premium variety of designer sarees such as *Banarasi*, *Patola*, *Ikat*, *Kanchipuram*, *Paithani*, *Organza and Kuppadam*	Approximately ₹ 6,000 to ₹ 350,000.
KLM Fashion Mall	Value-fashion at affordable price points	Value fashion products comprising fusion wear, sarees for daily wear and western wear for women, men and children	Approximately ₹ 200 to ₹ 75,000

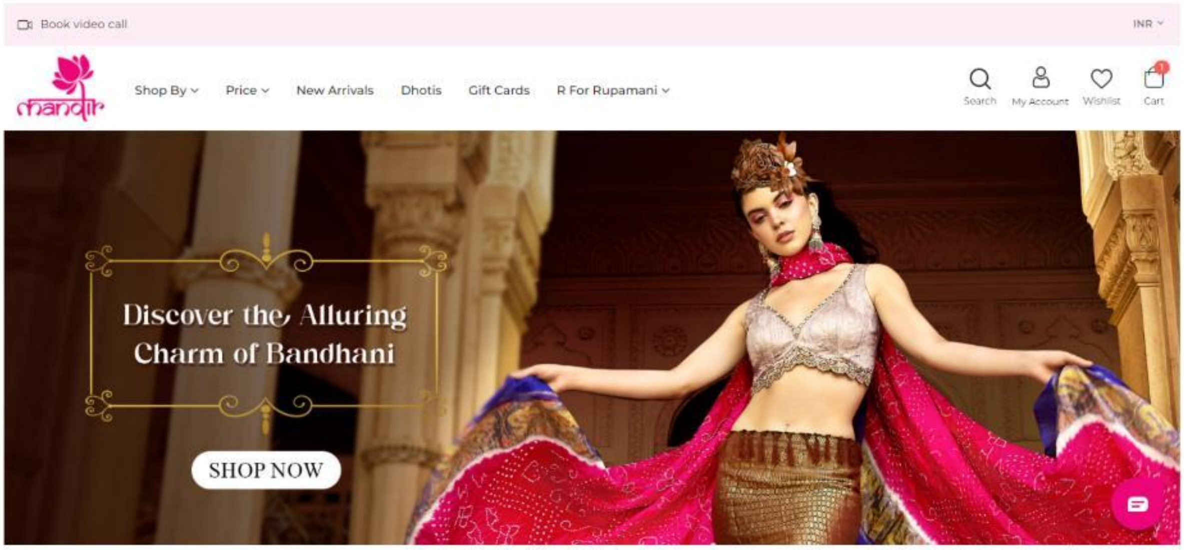
Our stores are strategically located in prime areas of the cities in which we operate, to tap into the purchasing power of customers with a cluster-based model where we generally open new stores in the same city rather than extending our store network in other cities, in order to efficiently operate our stores. Further, due to the impact of COVID-19, we recognized the importance of expanding our sales through online e-commerce marketplaces and started selling our products through our own online website, www.kalamandir.com, www.brandmandir.com and www.kanchivml.com and www.klmfashionmall.com as well as through other third-party online e-commerce websites which provides an omni-channel network to our customers, through our online and offline channels. The seamless integration between our offline and online channels also ensures that our products are easily available to our customers. The following images from our websites www.kalamandir.com, www.brandmandir.com and www.kanchivml.com and www.klmfashionmall.com highlight our focus on increasing online sales.

Kalamandir




SAREES
FABRIC
COMBO OFFERS
GIFTING SAREES
VIDEO SHOPPING
SHOP BY WEAVE
KANCHIPURAM
SHOP NOW
BANARASI
SHOP NOW
CHANDERI
SHOP NOW

Mandir


Book video call
INR
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Shop By
Price
New Arrivals
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Gift Cards
R For Rupamani
Search
My Account
Wishlist
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Discover the Alluring Charm of Bandhani
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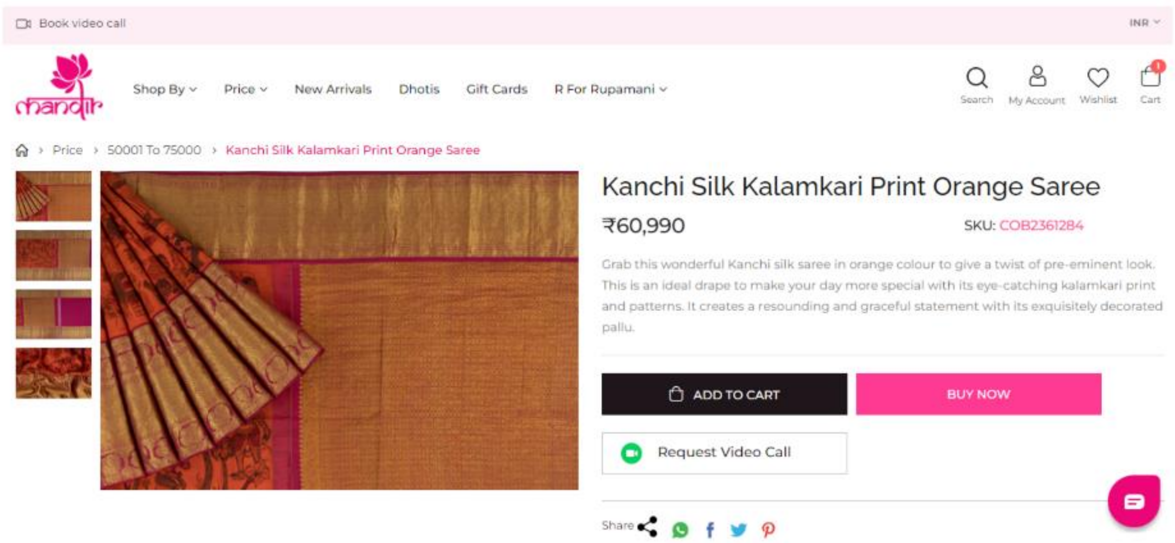
Book video call
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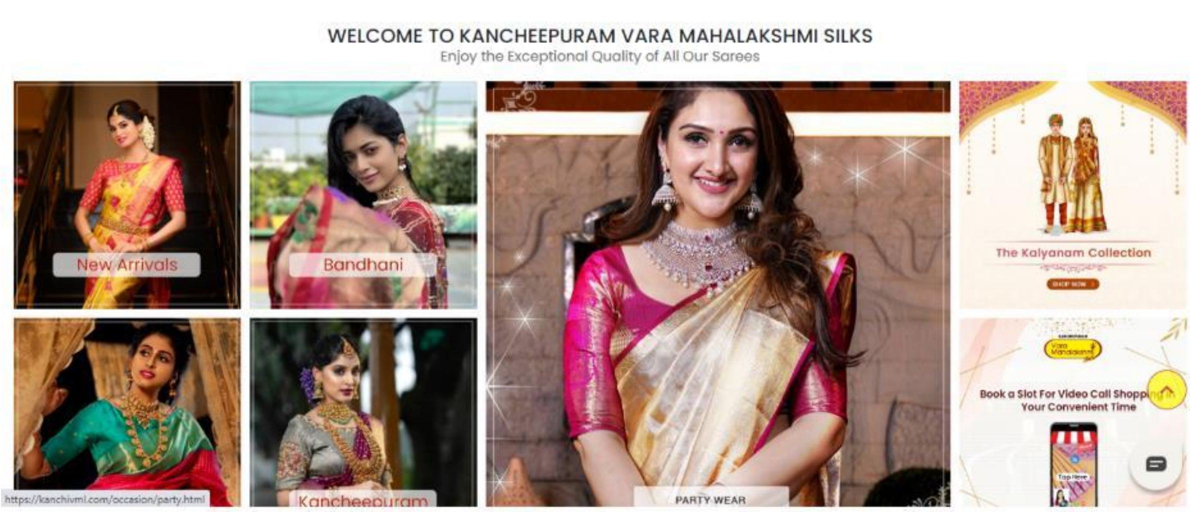
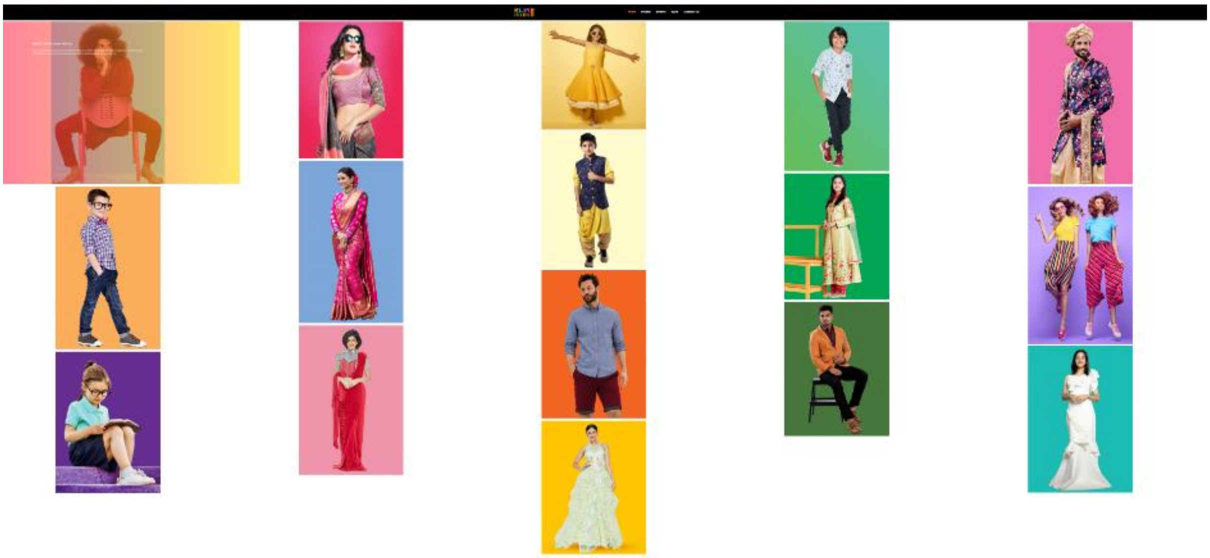
Cart
Price › 50001 To 75000 › Kanchi Silk Kalamkari Print Orange Saree
Kanchi Silk Kalamkari Print Orange Saree
₹60,990
SKU: COB2361284
Grab this wonderful Kanchi silk saree in orange colour to give a twist of pre-eminent look. This is an ideal drape to make your day more special with its eye-catching kalamkari print and patterns. It creates a resounding and graceful statement with its exquisitely decorated pallu.
ADD TO CART
BUY NOW
Request Video Call
Share

VaraMahalakshmi



KLM Fashion Mall



Our Value Proposition

Variety of Products and Stock Keeping Units

We focus on creating a unique in-store experience for our customers and offer multiple options, sometimes within the same product. For instance, we have sarees that have the same print, but might have 3-inch, 4-inch and 6-inch borders with variations in design. Similarly, for some of our stock keeping units ("**SKUs**"), we keep variety of stock in multiple sizes. Our strategy of cluster-based stores helps us in effective stock rotations. Over the years we have expanded our portfolio across the four formats, each offering different set of products catering to their respective target customer segments and we continue to expand our product range.

Design

We focus on creating innovative designs with an emphasis on quality to offer new and varied products to our customers throughout the year. We outsource our design features and leverage the design infrastructure that is available with third party manufacturers to maintain the latest design trends and creativity. We also from time to time interact with independent designers to design our products which are then subsequently sent to the master weavers and third party manufacturers.

Store Aesthetics and Interiors

Our focus on creating a differentiated shopping experience for our customers, in our opinion, is a key factor in word-of-mouth references as well as helping us increase our average business per customer. We have introduced certain unique experiences involving religious and traditional rituals to bless product purchases, particularly if for purchases for weddings and other key social occasions. We have also made appropriate investments on interior works at our stores to ensure that the overall ambience matches the shopping experience.

Customer Centric Product Pricing

We arrive at a pricing point for each of our products through a detailed mechanism that takes into consideration a range of factors, including costs incurred in sourcing, marketing and operations, amongst other ancillary expenses. We strive to ensure that our products remain aspirational yet of value for money for our customers, and exclusively manage and regulate the prices at which our products are sold. Our products are uniformly priced across our channels.

Marketing and Sales

We produce distinctive and unique marketing campaigns to generate high customer engagement. We believe our focus on quality, customer service, product range and customer-oriented policies together with our celebrity endorsements, targeted marketing and arrangements with local artisans to address regional preferences, have enabled us to develop strong brand recognition and customer loyalty.

Our Inventory

We manage our inventory and logistics as well as our entire supply chain for all our channels from our three warehouses in Karnataka, Andhra Pradesh and Telangana, with an aggregate area of approximately 162,000 square feet, as of May 31, 2022 and a designated storage space located at one our stores in Chennai, Tamil Nadu. Our products have been sourced from an aggregate of 4,062 master weavers, weavers and vendors from across India in the last three Fiscal years.

Until Fiscal 2022, we procured our products through Sai Retail India Limited, a member of our Promoter Group and Group Company. Our Company had entered into a supplier's agreement with Sai Retail India Limited dated April 1, 2017 ("**Suppliers Agreement**") for the purchase of apparel products from Sai Retail India Limited for a period of five years with effect from April 1, 2017. In view of the changing business dynamics, our Company and Sai Retail India Limited did not continue with arrangements under such Suppliers Agreement with effect from April 1, 2022. Our Company entered into a business assets transfer Agreement dated April 1, 2022 pursuant to which we acquired the business assets of Sai Retail India Limited. In addition, the employees of Sai Retail India Limited engaged in the apparel business, who were responsible for procurement of products and inventory management were also employed by our Company, on terms and conditions similar to that applicable to such employees at Sai Retail India Limited. Since April 1, 2022, our Company has commenced directly purchasing the products from the master weavers, weavers and vendors.

For further information, see "*Risk Factors - The Proforma Financial Statements included in this Draft Red Herring Prospectus is not indicative of our future financial condition or results of operations.*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Factors Affecting our Financial Condition and Results of Operations – Acquisition of business of Sai Retail*" on pages 35 and 319, respectively.

Our Management team

Our Company commenced operations in 2005 and is led by our Managing Director, Nagakanaka Durga Prasad Chalavadi who has more than 16 years of experience in the retail business. He has been instrumental in building our various formats and its operational efficiencies. In addition, we have a committed and large senior management team that has extensive experience in the retail and fashion industry, which positions us well to capitalize on future growth opportunities.

Financial and Operational Metrics

Our revenue from operations were ₹ 11,755.60 million in Fiscal 2020. In Fiscal 2022, our revenues from operations was ₹ 11,293.23 million, reflecting full recovery from the effects of COVID-19. Our EBITDA has increased from ₹ 1,037.12 million in Fiscal 2020 to ₹ 1,330.48 million in Fiscal 2022, while our EBITDA Margin has increased from 8.82% in Fiscal 2020 to 11.78% in Fiscal 2022.

The following table sets forth certain key financial information relating to our business in the periods indicates:

Particulars	Fiscal		
	2020	2021	2022
	(₹ million, except percentages)		
Revenue from Operations	11,755.60	6,772.48	11,293.23
EBITDA(1)	1,037.12	623.61	1,330.48
EBITDA Margin(2)	8.82%	9.21%	11.78%
Gross Margin(3)	3,294.99	2,304.04	3,914.53
Profit for the year	420.96	51.31	576.87
RoE(4)	20.00%	2.16%	21.22%
RoCE(5)	24.39%	8.51%	21.71%
Debt to Equity Ratio(6)	0.71	0.89	0.87
Net Debt/EBITDA(7)	0.45	1.25	0.52

Notes:

(1) *EBITDA is calculated as the sum of Profit Before Tax, Depreciation and Finance Costs.*

(2) *EBITDA Margin is calculated as EBITDA divided by Revenue from Operations.*

(3) *Gross Margin is calculated as sales less the sum of Purchases of Stock in Trade and Change in Inventories.*

(4) *Return on Equity is calculated as Restated Profit for the Year divided by Net Worth as at the end of the year, where "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, capital reserve, write-back of depreciation and amalgamation as per the SEBI ICDR Regulations.*

(5) *Return on Capital Employed is calculated as Earnings Before Interest and Tax divided by Capital Employed where Capital Employed is sum of Tangible Net Worth, Total Debt and Deferred Tax Liability.*

(6) *Debt to Equity Ratio is calculated as Total Term Liabilities divided by the sum of Equity Share Capital and Other Equity.*

(7) *Net Debt/EBITDA is calculated as Total Term Liabilities divided by EBITDA.*

Our Competitive Strengths

Our key competitive strengths include:

- Among the leading ethnic wear and value-fashion retail company in south India having a portfolio of established formats with focused sales and marketing strategy.
- Leading apparel retail brand in India with a scalable model which is well positioned to leverage growth in the ethnic and value-fashion apparel industry in India.
- Strong presence in offline and online marketplace with an omni-channel network.
- Track record of growth, profitability and unit economics with an efficient operating model.
- Experienced Promoter, management and in-house teams with proven execution capabilities.

Among the leading ethnic and value-fashion retail company in south India having a portfolio of established formats with focused sales and marketing strategy

We are one of the largest retailers of ethnic apparel, particularly sarees, in south India in terms of revenues and profit after tax in Fiscal 2019, 2020 and 2021. *(Source: Technopak Report)* Organized retailing in apparel has increased from 14% in Fiscal 2007 to 32% in Fiscal 2020. *(Source: Technopak Report)* The share of organised retail in women's apparel, which was 19% in Fiscal 2015, increased to 27% in Fiscal 2020 and is expected to reach 42% by Fiscal 2025, amounting to ₹ 1,072.50 billion. (*Source: Technopak Report*) Focussed approach towards offering consistent quality at affordable prices has been driving growth in the value fashion segment. The consistent delivery of this promise in tier II, III and IV cities has been aiding the transition of consumers from the unorganised traditional shops to the organised value retailers. (*Source: Technopak Report*). We consider that the variety of products offered by us at different price points have allowed us to serve over 5.00 million customers since our inception.

Our Formats

By leveraging our experience in selling ethnic wear, we have over the years expanded our store portfolio to four formats, each offering different set of products catering to the respective target segments and we continue to expand our product range to meet the demand of our different target segments. We offer a diverse range of products which includes (a) various types of ultra-premium and premium sarees suitable for weddings, party wear as well as occasional and daily wear; (ii) lehengas, (iii) men's ethnic wear, (iv) children's ethnic wear and (v) value fashion products comprising fusion wear and western wear for women, men and children.

- **Kalamandir** was established in 2005 with the first store opening in Ameerpet, Hyderabad in Telangana and we market the format as '*Symbol of the South*' for its product offerings, affordability and brand equity. The Kalamandir format stores provides contemporary sarees and other ethnic wear in certain of the stores targeting middle-class and upper-middle class customers.

- **Mandir** was established in 2011 with the first store opening in Banjara Hills, Hyderabad. The Mandir brand is the one stop destination of ultra-premium designer high-end sarees, including party wear, festive wear, occasional wear sarees, and lehengas which can be customized as per the requirements of customers.

- **VaraMahalakshmi** was established in 2011 with the first store opening in Chickpet, Bengaluru, providing customers the famous *Kanchipuram* silk sarees and other handloom and occasion wear sarees under one roof. The VaraMahalakshmi format stores offers authentic premium silk sarees and each of the *Kanchipuram* sarees inculcate contemporariness, making it one of its kind.

- **KLM Fashion Mall** is our latest store format offering, established in 2017, with the first one opening in Ameerpet, Hyderabad providing value-fashion catering to the youth and the masses with new-age fashion choices at an affordable, value for money price point. It offers variety of products for each segment, including men's wear, women's wear and kid's wear. We have registered two trademarks, i.e., "*Common Man Fashion Mall*" and "*Pocket Friendly Mall*" for our KLM Fashion Mall format stores to target the customer segment we intend to capture through its value fashion product offerings and increase brand visibility.

Catering to Local Market

Our Company designs and positions its stores in locations to target its customer segments and demographics. Our stores are strategically located in prime / central areas of the cities in which we operate, to tap the purchasing power of customers, with a cluster-based model. We generally open new stores in the same city rather than extending our store network in other cities, in order to efficiently manage our stores and inventory. We generally open retail outlets for each of our formats which serves as a one-stop destination for our customers which results into larger transactions per visit to our stores.

Between Fiscal 2020 and Fiscal 2022, we opened 12 stores including three format conversions providing requisite experience in expanding our store network.

Format	**Fiscal**			**Total number of Stores**
	2020	**2021**	**2022**	
Kalamandir	-	-	1	**1**
VaraMahalakshmi	-	1	2	**3**
Mandir	-	-	1	**1**
KLM Fashion Mall	5	-	2	**7**

The table below sets forth certain information relating to revenue from operations for the periods indicated:

Particulars	Fiscal 2020		Fiscal 2021		Fiscal 2022	
	Amount (₹ million)	% of Total Revenue from Operations	Amount (₹ million)	% of Total Revenue from Operations	Amount (₹ million)	% of Total Revenue from Operations
Telangana	5,190.93	44.16%	2,845.31	42.02%	5,115.90	45.30%
Andhra Pradesh	3,894.51	33.13%	2,611.15	38.56%	4,153.44	36.78%
Tamil Nadu	907.83	7.72%	444.84	6.57%	765.80	6.78%
Karnataka	1,761.33	14.98%	870.16	12.85%	1,258.09	11.14%
Total	**11,754.60**	**100.00%**	**6,771.47**	**100.00%**	**11,293.23**	**100.00%**

We have an experienced procurement team of more than 80 sourcing experts which acts as a key element towards effective stock selection and procurement. The procurement team identifies new trends and designs and interacts with the master weavers and third party manufacturers in order to ensure that our stores have latest and new designs. They further review store level inventory data from each of our stores and map which store is selling more products, for effective inventory management.

Marketing Activities

We have a focused marketing strategy and currently have engaged popular south Indian actors as our brand ambassadors. We believe that our focus on quality products, variety of products, customer oriented policies together with our celebrity endorsements have enabled us to develop strong brand recognition and customer loyalty. Our sales and marketing strategies aim to increase brand awareness and brand recall, acquire new customers, and strengthen and reinforce our brand image. In Fiscal 2020, 2021 and 2022, our advertisement expenses were ₹ 276.10 million, ₹ 87.18 million, and ₹ 269.86 million, and accounted for 2.35%, 1.29%, and 2.39%, respectively, of our revenue from operations.

Further, we constantly target our customers through differentiated sales and marketing efforts, which include selling our products through live shows, and video-based commerce on social media platforms.

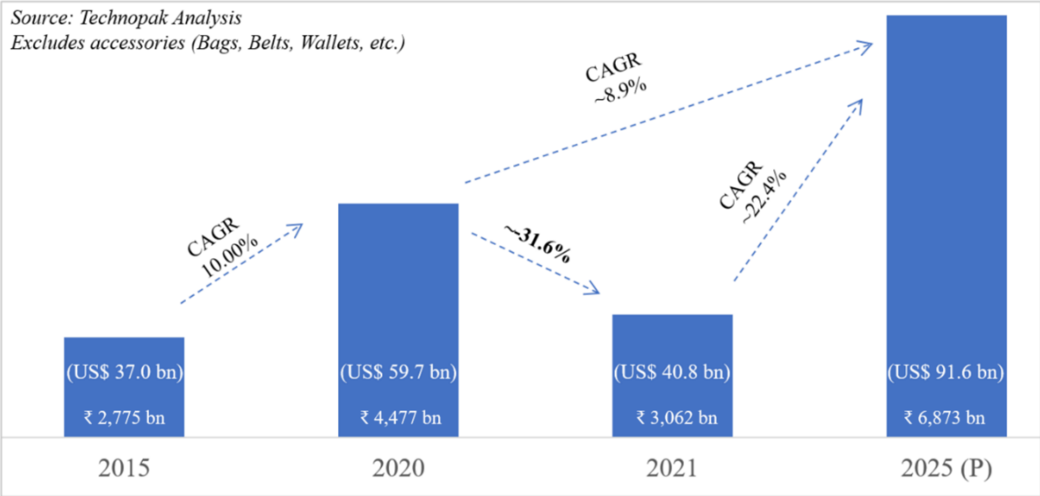
We also have an established social media presence on various platforms and as of July 12, 2022, we had 983,276 followers on Facebook, 310,400 followers on Instagram and 109,060 subscribers on YouTube. *(Source: Technopak Report)*

Leading ethnic wear retail brand in India with a scalable model, well positioned to leverage growth in the ethnic and value-fashion apparel industry in India

We are one of the largest retailers of ethnic apparel, particularly sarees, in south India in terms of revenue and profit after tax in Fiscal 2019, 2020 and 2021. *(Source: Technopak Report)* Launched in 2005, we focus on spreading India's vibrant culture, traditions and heritage through our ethnic wear brands. We consider our business model to be scalable and efficient and we generally achieve immediate positive cash flow for our new format stores and achieve break even for capital expenditure incurred for setting up the exclusive format store within a reasonable period from store opening, depending on the store format.

The Indian apparel industry is expected to make a comeback post COVID-19 with the market expected to recover at higher pace of 22.4% between Fiscal 2022 to Fiscal 2025. While the CAGR of the total apparel market between Fiscal 2020 and Fiscal 2025 is expected to be approximately 8.9%, branded apparel and organized apparel retail are expected to grow at a CAGR of approximately 10% and approximately 11%, respectively in the same period. Growth of both branded apparel share and organized apparel retail share in apparel category will outpace the overall category growth. *(Source: Technopak Report)*

Apparel Market Size in India (in ₹ Billion, year in Fiscal)



(Source: Technopak Report)

Between Fiscal 2015 and Fiscal 2020, e-commerce sales in the apparel and accessories segment have grown at a CAGR of 53% and it is estimated that the share of e-commerce retail in this segment will reach approximately 21.8% of the market in Fiscal 2025, from 17.5% in Fiscal 2020. *(Source: Technopak Report)* The consumer trend has been shifting towards increased preference for private labels which provide quality products and an affordable price-point. The value-fashion space is expected to increase from ₹ 2,550 billion in Fiscal 2020 at a CAGR of 6% over the next five years. *(Source: Technopak Report)* Approximately 23% of the total demand of apparel is estimated to come from Tier III and Tier IV cities, 60% of which is currently estimated to be within the value segment. The organized value retailers have led the transition of the value apparel segment in these cities from being largely unorganized to being somewhat organized. (*Source: Technopak Report*) We consider our brand to be strong, our business model to be scalable, and this, coupled with effective operational processes and proven track record of profitable expansion, position us well to capitalise on this market opportunity.

Strong presence in offline and online marketplace with an omni-channel network

Our store formats have a strong offline and online presence. While we commenced our operations through our first '*Kalamandir*' store in 2005 at Hyderabad, Telangana with a store size of 3,213 square feet, we have over the years expanded our stores to 46 stores in four major south Indian states, *i.e.*, Andhra Pradesh, Telangana, Karnataka and Tamil Nadu, with an aggregate area of approximately 550,815 square feet as of May 31, 2022. Our average store size, calculated on the basis of our operating stores as of May 31, 2022, is 12,811 square feet for our Kalamandir format stores, 3,400 square feet for our Mandir format stores, 5,972 square feet for our VaraMahalakshmi format stores and 18,700 square feet for our KLM Fashion Mall format stores, with wide variety of products across multiple price points, thereby catering to customers across all market segments. Our focus on creating a differentiated shopping experience for our customers, in our opinion, is a key factor in word-of-mouth references as well as helping us increase our average business per customer. We have introduced certain unique experiences involving religious and traditional rituals to bless product purchases, particularly if for purchases for weddings and other key social occasions. We have also made appropriate investments on interior works at our stores to ensure that the overall ambience matches the shopping experience.

We have expanded our presence in online e-commerce marketplace and started selling our products through our own online websites, www.kalamandir.com, www.brandmandir.com, www.kanchivml.com and www.klmfashionmall.com as well as through other third-party online e-commerce websites which provides an omni-channel network to our customers through our online and offline channels. The seamless integration between our offline and online channels also ensures that our products are easily available to our customers. As the pricing of our products is uniform across our own online and offline channels, our customers have the flexibility to purchase our products online or offline through our stores. We generally provide discounts biannualy at our Kalamandir format store while products at our KLM Fashion Mall is generally discounted to target the segment and market it caters towards.

Our websites offer various features to assist customers, including virtual assist chat box, video call appointment to try our products virtually, and a search option to browse through the entire catalogue of our sarees. In Fiscal 2022, our websites (across all our four format stores) recorded an average of 9,715 visits per day compared to an average of 3,158 visits per day in Fiscal 2021. In Fiscal 2021 and 2022, our revenue from operations attributable to online sales was ₹ 54.92 million, and ₹ 171.55 million, and accounted for 0.81%, and 1.52%, respectively, of our revenue from operations. Our increased focus towards e-commerce has expanded the reach of our products and in Fiscal 2022, our sarees were shipped to 25 states and six union territories in India.

Track record of growth, profitability and unit economics with an efficient operating model

We have organically grown our operations and have demonstrated an increase in our revenues and profitability. Our revenue from operations decreased from ₹ 11,755.60 million in Fiscal 2020 to ₹ 6,772.48 million in Fiscal 2021 while they were ₹ 11,293.23 million in Fiscal 2022. Our Gross Margins were ₹ 3,294.99 million, ₹ 2,304.04 million and ₹ 3,914.53 million or 28.03%, 34.02% and 34.66% in Fiscal 2020, 2021 and 2022, respectively. Our EBITDA for Fiscal 2020, 2021 and 2022 was ₹ 1,067.69 million, ₹ 642.08 million and ₹ 1,367.41 million while our EBITDA Margins were 9.08%, 9.48% and 12.11%, respectively. Our restated profit after tax was ₹ 420.96 million, ₹ 51.31 million and ₹ 576.87 million in Fiscal 2020, 2021 and 2022, respectively. Our restated profit after tax margin was 3.58%, 0.76% and 5.11% in Fiscal 2020, 2021 and 2022, respectively.

Our business model has resulted in positive cash flows over the years, other than the year which witnessed the impact of COVID-19 pandemic with prolonged shut downs, as well as in the initial months during Fiscal 2022 when India experienced the second wave of the COVID-19 pandemic, which caused sporadic shut downs in the states in which we operate. Our cash flows from our operating activities were ₹ 852.63 million, ₹ (152.00) million and ₹ 455.98 million in Fiscal 2020, 2021 and 2022, respectively. Our ROCE was 24.39%, 8.51% and 21.71%, while our ROE was 20.00%, 2.16% and 21.22% , as of March 31, 2020, 2021 and 2022, respectively.

Experienced Promoter, management and in-house teams with proven execution capabilities

Our Company commenced operations in 2005 and is led by our Managing Director, Nagakanaka Durga Prasad Chalavadi who has more than 16 years of experience in the retail business. He has been instrumental in building our store formats and its operational efficiencies. In addition, we have a committed and large senior management team that has extensive experience in the retail and fashion industry, which positions us well to capitalize on future growth opportunities. Our key managerial personnel, assisted by their teams, have been able to create a curated list of SKUs that has enhanced our brand appeal and continual improvements to our stores, that has enhanced the shopping experience of our customers. The in-house teams are also responsible for creating IT solutions that are deployed across our stores for productivity improvements and increasing operational efficiency. Our Board of Directors includes a combination of management executives and independent members who bring in significant business expertise including in the areas of sales and marketing, finance and corporate governance. Our heads of functional groups, such as marketing and e-commerce, sourcing and supply chain, finance and accounts, operations and sales, enhance the quality of our management with their specific and extensive industry experience.

Our Strategies

Expand our footprint within India through owned stores and franchise network by leveraging our brand appeal

The saree and others category (which includes lehengas, Indian dresses and gowns) is expected to grow at a CAGR of 6.5% from Fiscal 2020 to Fiscal 2025, to reach ₹ 617.96 billion in Fiscal 2025. (*Source: Technopak Report*) In order to maintain our position as a leading apparel and saree retailer in south India, we will continue to focus on expanding our network of stores in south India and other regions of the country. We are currently present only in south India and intend to deepen our penetration in those regions, where there could be potential for further expansion. We intend to continue to follow our cluster-based expansion model and expand our presence in across south India in order to ensure better operational control over our stores.

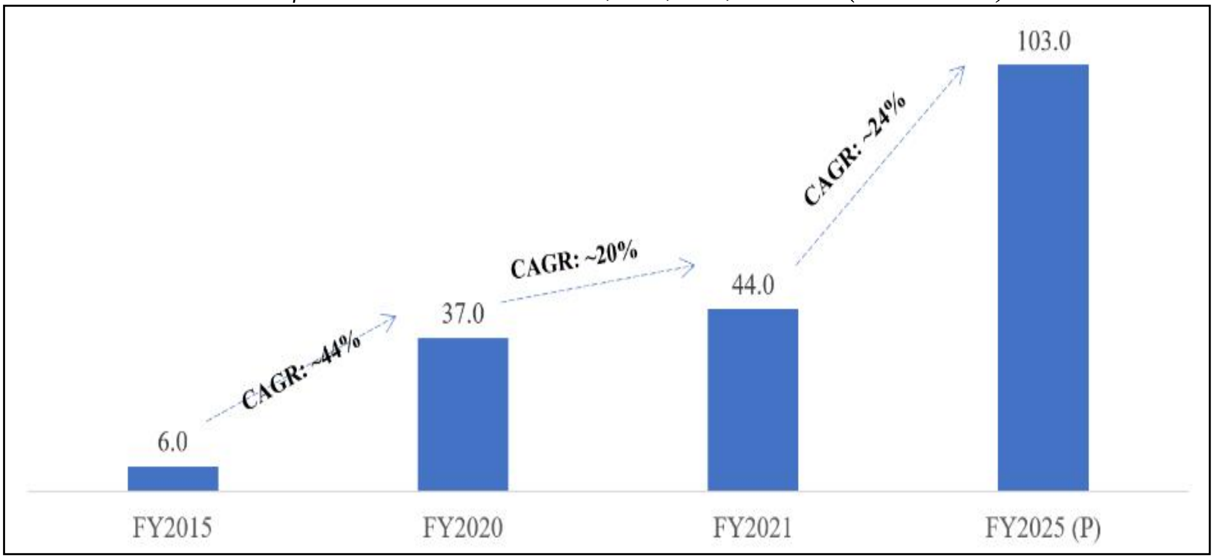
We further intend to leverage our experience to expand our operations by opening new stores in key cities across India. Using our brand leverage, our product quality and customer engagement, we hope to increase our footprint and scale of operations. Our expansion into newer markets offers us potential for market share gains, increased brand recognition and economies of scale. We intend to open approximately 30 additional stores across South India, of which five stores will be through a franchisee model, and these are planned over the course of the next two Fiscals. We also wish to explore further franchisee and B2B models with the objective of tapping the unorganized market as well as improve return ratios through additional margins. As part of our efforts to open additional stores we undertake detailed market research and analysis to identify potential locations for such stores.

We will continue to adopt a methodical approach in evaluating and selecting suitable locations for the establishment of new stores, such as target customer segment concentration, market potential and accessibility. We also intend to focus on expanding of the KLM Fashion Mall in order to tap the growing potential of value-fashion brand and propose to open a few additional stores. We anticipate that such expansion will further increase our market share in the value-fashion brand segment and increase our profitability and revenue from operations.

Increase focus on sale of products through e-commerce

The Indian retain apparel sector saw an increased contribution in sales from the e-commerce sector as a result of the lockdowns imposed due to COVID-19. The e-commerce market in India has witnessed an accelerated growth and is expected to reach 9.6% (USD 103.4 billion) of the total retail market by Fiscal 2025 from its share of 4.6% in Fiscal 2020 (USD 36.6 billion) at a growth rate of approximately 23% CAGR. *(Source: Technopak Report)*

Growth of E-retail in India in Fiscal 2015, 2020, 2021, and 2025P (in USD billion)



(Source: Technopak Report)

Due to the impact of COVID-19, we recognized the importance of expanding our sales through online e-commerce marketplaces and started selling our products through our own online website in Fiscal 2021, www.brandmandir.com, www.kanchivml.com, www.kalamandir.com, and www.klmfashionmall.com as well as through other third-party online e-commerce websites. We intend to continue to focus on further strengthening our online sales channels to benefit from evolving customer trends. We further intend to make investments in digital channels to build an omni-channel engagement experience for our customers and have a dedicated team for our e-commerce operations. We also intend to leverage our existing capabilities to increase our online presence by improving and upgrading our website. We anticipate that such investments will further increase our profitability and revenue from operations and diversify our revenue generating channels.

Leverage technology to bring cost efficiency and enhance customer experience

We intend to further improve our operating efficiency through global best practices. We currently use an in-house ERP system that was developed by Soul of Pluto Tech LLP, a member of our Promoter Group. The measures that we intend to undertake include investing further in our IT infrastructure by migrating into better software resources at the back-end of our operations in order to improve productivity and time savings. We intend to expand and upgrade our existing warehouses to optimize our inventory and supply management. We intend to strategically expand our warehouse operations as well as implement new technologies to further expand and improve customer deliveries and enhance customer buying experience with faster dispatches. We intend to also undertake data analytics that will allow us to better understand customer preferences, improve sales and help scale our operations. Further, we are in the process of launching our loyalty program "*Smile Rewards*" for customers of KLM Mall stores through a new CRM software system which will allow them to earn points and shopping vouchers on purchases, which can be redeemed. We have launched pilot testing of the "*Smile Rewards*" membership in certain of our KLM Mall stores in Hyderabad. "*Smile Rewards*" will provide its members exclusive offers, special invitations to in-store activities and sale previews, among other benefits.

Business Response to COVID-19

The novel coronavirus, COVID-19, was recognised as a pandemic by the WHO on March 11, 2020. In response to the COVID-19 outbreak, the governments of many countries, including India, took preventive or protective actions. This included imposing country and regional lockdowns and restricting travels and business operations in offices. In light of a government mandated lockdown in India, we had to close all our stores from March 2020 to May 2020. Further, there were store closures in Fiscal 2021 and Fiscal 2022 in keeping with the directions of local, state and central governments. For instance, in the first quarter of Fiscal 2022, during the second wave of COVID-19, we had to keep certain of our stores closed and witnessed lower footfalls in stores that were allowed to be kept open.

We had also taken proactive steps to reassure our customers regarding general hygiene and health in our stores. This included deep cleaning of our stores, temperature checks for our own employees and all customers stepping through our doors, and adequate social distancing between customers, as well as with our employees. We continue to prioritise the health and safety of our customers and employees. We have implemented strict procedures at all our stores, including staggered work shifts, safe distancing protocols, daily temperature screening and regular health checks. While lockdowns imposed initially impacted our revenues, the demand for our products from online channels continued to remain strong and following the easing of lockdowns and resumption of economic activities, our operations steadily recovered in Fiscal 2022.

Due to the impact of COVID-19, we recognized the importance of expanding our sales through online e-commerce marketplaces and started selling our products through our own online website in Fiscal 2021, www.brandmandir.com, www.kanchivml.com, www.kalamandir.com and www.klmfashionmall.com, as well as through other third-party online e-commerce websites. In Fiscal 2021 and 2022, our revenue from operations attributable to online sales was ₹ 54.92 million, and ₹ 171.55 million, and accounted for 0.81%, and 1.52%, respectively, of our revenue from operations.

For further information see "*Risk Factors - The current and continuing impact of the ongoing COVID-19 pandemic on our business and operations has been significant. The impact of the pandemic on our operations in the future, including its effect on the ability or desire of customers to visit our stores, is uncertain and may be significant and continue to have an adverse effect on our business prospects, strategies, business, operations, our future financial performance, and the price of our Equity Shares.*" on page 33.

Business Operations

We are one of the largest retailers of ethnic apparel, particularly sarees, in south India in terms of revenue and profit after tax in Fiscal 2019, 2020 and 2021. *(Source: Technopak Report)* Our four format stores are spread across the spectrum of apparel retail. We have an omnichannel sales channel, with a physical presence across four states, *i.e.*, Telangana, Karnataka, Andhra Pradesh and Tamil Nadu, and an online e-commerce channel. The table below depicts certain information on our revenues, split by the different sales channels:

Category	**Fiscal**					
	2020		**2021**		**2022**	
	Amount (₹ million)	**% of Total Revenue from Operations**	**Amount (₹ million)**	**% of Total Revenue from Operations**	**Amount (₹ million)**	**% of Total Revenue from Operations**
Physical	11,754.60	100.00%	6,716.55	99.19%	11,121.68	98.48%
E-commerce	-	-	54.92	0.81%	171.55	1.52%
Total	**11,754.60**	**100.00%**	**6,771.47**	**100.00%**	**11,293.23**	**100.00%**

The map below illustrates the geographic spread of each of our format stores across south India, as of May 31, 2022:

Kalamandir Stores

VaraMahalakshmi Stores

KLM Fashion Mall

Mandir Stores

(As of May 31, 2022)
Map not to scale.

Our Store Formats and Products

By leveraging our experience in selling ethnic wear, we have over the years expanded our portfolio to four store formats, each offering different set of products catering to the respective target segments and we continue to expand our product range to meet the demand of our different target segments. We offer a diverse range of products which includes (a) various types of ultra-premium and premium sarees suitable for weddings, party wear occasional wear as well as daily wear; (b lehengas, (iii) men's ethnic wear, (iv) children's ethnic wear and (v) value fashion products comprising fusion wear and western wear for women, men and children. The table below sets forth a breakdown of our revenue from operations from the sale of our sarees and other non-saree products:

Category	Fiscal 2020		Fiscal 2021		Fiscal 2022	
	Amount (₹ million)	% of Total Revenue from Operations	Amount (₹ million)	% of Total Revenue from Operations	Amount (₹ million)	% of Total Revenue from Operations
Sarees	7,524.29	64.01%	4,448.96	65.70%	7,607.06	67.36%
Others	4,230.30	35.99%	2,322.52	34.30%	3,686.17	32.64%
Total Revenue	11,754.60	100.00%	6,771.47	100.00%	11,293.23	100.00%

Kalamandir

Kalamandir was established in 2005 with the first store opening in Ameerpet, Hyderabad in Telangana and is marketed by us the '*Symbol of the South*' for its product offerings, affordability and brand equity.

The Kalamandir format stores provides contemporary sarees targeting the middle-class and upper-middle class customers. The major product offerings include different variety of sarees, such as *Tusser, Silk, Kota, Kora, Khadi, Georgette, Cotton and Matka.* As of May 31, 2022, our Company is operating eight Kalamandir stores with a mix of small, medium and large stores across three states of Andhra Pradesh, Telangana and Karnataka with an aggregate area of approximately 102,487 square feet.

Our Kalamandir sarees are intricately woven by a team of weavers, artisans and designers to ensure that each piece is of top quality, and that the brand's vision is carried out seamlessly. Our Kalamandir stores, in line with the theme of the brand, are more contemporary in design. Our storefronts have bright product displays and interior layouts are designed specifically to attract and manage traffic. As our Kalamandir format stores are meant for middle income retail customers, each piece is tempered between understanding the needs of the customer and providing them the best options within their budget. Our retail price for our products under the Kalamandir format store ranges from ₹ 1,000 to ₹ 100,000. The average invoice value for sales for Kalamandir (excluding e-commerce sales) in Fiscal 2020, 2021 and 2022 was ₹ 3,953, ₹ 4,450 and ₹ 4,843, respectively.

VaraMahalakshmi

VaraMahalakshmi was established in 2011 with the first store opening in Chickpet, Bengaluru providing customers the famous *Kanchipuram* silk sarees under one roof. The VaraMahalakshmi store format offers authentic premium silk sarees and each of the *Kanchipuram* sarees inculcate contemporariness making it one of its kind. We have scaled the VaraMahalakshmi to other markets in south India such as Bengaluru, Hyderabad, Chennai, Vijaywada and Nellore among others and as of May 31, 2022, we operate 17 small, medium and large stores across four south Indian states with an aggregate area of 101,519 square feet. The major product offerings includes sarees such as *Banarasi, Patola, Kota, Kanchipuram, Paithani,* and *Organza, Kuppadam*.

Our VaraMahalakshmi format stores offer a wide range of products in different price points. Our retail price for our products under the VaraMahalakshmi format store ranges approximately from ₹ 4,000 to ₹ 250,000. The average invoice value for sales for VaraMahalakshmi (excluding e-commerce sales) in Fiscal 2020, 2021 and 2022 was ₹ 10,325, ₹ 12,380 and ₹ 12,581, respectively.

Our VaraMahalakshmi stores are meant to be more traditional, as we intend the stores to reflect the brand's roots in the Kancheepuram culture. The wall to ceiling intricate decorations and selected window displays are meant to reflect the south Indian roots from which our products stem. Each of our VaraMahalakshmi stores has a priest who blesses every saree that is purchased by our customers.

Mandir

Mandir was established in 2011 with the first store opening in Banjara Hills, Hyderabad in 2011. Our Mandir format store is the one stop destination of ultra-premium designer high-end sarees, including party wear, festive wear, occasional wear sarees, and lehengas which can be customized as per the requirements of customers. The major product offerings includes sarees such as *Banarasi, Patola, Ikat, Kanchipuram, Paithani, Organza* and *Kuppadam*. As of May 31, 2022, we are operating three high-end small format Mandir stores in Hyderabad, Telangana with an aggregate area of approximately 10,200 square feet. Our stores in Hyderabad are strategically located in areas of the city that are best suited to the purchasing power of our targeted demographic. For example, our Mandir store in Banjara Hills is an independent outlet which, due to its location, leads to larger transactions per visit to our stores.

Our Mandir products are intricately designed and crafted by the hands of our master weavers. Our retail price for our products under the Mandir format stores range approximately from ₹ 6,000 to ₹ 350,000. The average invoice value for sales for Mandir (excluding e-commerce sales) in Fiscals 2020, 2021 and 2022 was ₹ 17,819, ₹ 23,229 and ₹ 24,853, respectively.

KLM Fashion Mall

KLM Fashion Mall is our latest store format offering established in 2017, with the first one opening in Ameerpet, Hyderabad providing value-fashion catering to the youth and the masses with new-age fashion choices at an affordable, value for money price point. It offers variety of products for each of the segments including men's wear, women's wear and kid's wear. The popularity of the KLM Fashion Mall is established by the fact that we have opened 18 large format stores since 2017 with presence across three states with an aggregate area of 336,608 square feet. The average size of our KLM Fashion Mall is approximately 18,700 square feet.

Our products under KLM Fashion Mall are affordable and meant to cater to value retail customers as their daily drivers. The average invoice value for sales for KLM Fashion Mall (excluding e-commerce sales) in Fiscal 2020, 2021 and 2022 was ₹ 2,148, ₹ 2,474 and ₹ 2,440, respectively.

The following table sets out our product portfolio under KLM Fashion Mall:

Product Type	Product Portfolio	Average Price Range (₹)
Women's Ethnic Wear	Sarees, SKD, Dress Material	200 to 75,000
Women's Western Wear	Kurta, Kurti, Tops, Leggins	300 to 3,000
Men's Ethnic Wear	Dhotis, Sherwani, Kurtas	500 to 15,000
Men's Western Wear	T-Shirts, Shirts, Pants, Jeans, Jackets	200 to 12,000
Kids' Wear	Wide variety of kids' clothing	200 to 10,000

Our KLM Fashion Malls are strategically located to be accessible to families. For example, our KLM Fashion Mall in Marathahalli, Bengaluru is located in the center of Bengaluru's IT hub to attract value fashion shoppers. We provide various offers and discounts throughout the year to encourage customers to purchase more and maximise their invoice value, and these offers are visible as posters and banners across the store.

Our Retail Operations

Store Network

Our store network is integral to our business operations. Sales from our physical stores in Fiscal 2020, 2021 and 2022 amounted to ₹ 11,754.60 million, ₹ 6,716.55 million and ₹ 11,121.67 million, respectively representing 100.00%, 99.19% and 98.48% our total revenue from operations. As of May 31, 2022, we operated 46 stores in four major south Indian states, *i.e.*, Andhra Pradesh, Telangana, Karnataka and Tamil Nadu with an aggregate area of approximately 550,815 square feet as of May 31, 2022. Our average store size, calculated on the basis of our operating stores as of May 31, 2022, is 12,811 square feet for our Kalamandir format stores, 3,400 square feet for our Mandir format stores, 5,972 square feet for our VaraMahalakshmi format stores and 18,700 square feet for our KLM Fashion Mall format stores.

The table below sets forth certain information relating to our presence across various states:

States	Number of Stores (As of May 31, 2022)	Aggregate Store Area (square feet) (As of May 31, 2022)	Revenue from Operations (₹ million)		
			Fiscal		
			2020	2021	2022
Telangana	21	261,873	5,190.93	2,845.31	5,115.90
Andhra Pradesh	15	180,557	3,894.51	2,611.15	4,153.44
Tamil Nadu	2	12,400	907.83	444.84	765.80
Karnataka	8	95,984	1,761.33	870.16	1,258.09
Total	**46**	**550,814**	**11,754.60**	**6,771.47**	**11,293.23**

Our stores are promoted and themed pursuant to the particular store format vision, the target demographic and income group, as well as the cities we are present in. All of our stores are elegantly designed with vibrant entrances and attractive window displays, and have a well-designed layout to manage traffic flow and efficient floor space allocation. Store aesthetics, depending upon the theme of the store format, is maintained with appealing posters or wall to ceiling decorations.

We employ skilled store associates who work with the customer through their retail experience. Our sales associates are provided with the right assistance to enhance the shopping journey for the customer, and are appropriately incentivized for their efforts. Our sales associates are trained to effectively assist the customer choose the right product and also suggest up-selling products. Our sales associates are also trained to understand and appreciate customer insights, feedback and opportunities through customer conversations. In this manner, we ensure that our customers purchase the retail experience as a whole, and not just our products.

Online Sales

We have expanded our presence in online e-commerce marketplaces and commenced selling our products through our own online websites for our four format stores in Fiscal 2021, www.kalamandir.com, www.brandmandir.com and www.kanchivml.com as well as through other third-party online e-commerce websites which provides an omni-channel network to our customers through our online and offline channels. The seamless integration between our offline and online channels also ensures that our products are available to our customers.

We partner with various marketing agencies for each of our format stores which is monitored by our in-house team. Our average order value, including owned and third party channels, was ₹ 11,686 and ₹ 12,331 in Fiscal 2021 and 2022, respectively.

Our website offers a variety of features to attract and assist customers, including an attractive landing page, a wide range of products, descriptive product pages and easy checkout and payment options, all designed for the intuitive and convenient use of our websites. In Fiscal 2022, our websites (across all our four store formats) recorded an average of 9,714 visits per day compared to an average of 3,158 per day in Fiscal 2021. In Fiscal 2021 and 2022, our revenue from operations attributable to online sales was ₹ 54.92 million, and ₹ 171.55 million, and accounted for 0.81%, and 1.52%, respectively, of our revenue from operations. Our increased focus towards e-commerce has expanded the reach of our products and in Fiscal 2022, our sarees were shipped to 25 states and six union territories in India.

Inventory Management

We plan our inventory and estimate our sales based on the forecast, demand and requirements for the forthcoming seasons. We have inventory stored at our warehouses ahead of an upcoming season.

Until Fiscal 2022, we procured our products through Sai Retail India Limited, a member of our Promoter Group and Group Company. Our Company had entered into a supplier's agreement with Sai Retail India Limited dated April 1, 2017 ("**Suppliers Agreement**") for the purchase of apparel products from Sai Retail India Limited for a period of five years with effect from April 1, 2017. In view of the changing business dynamics, our Company and Sai Retail India Limited did not continue with arrangements under such Suppliers Agreement with effect from April 1, 2022. Our Company entered into a business assets transfer agreement dated April 1, 2022 pursuant to which we acquired the business assets of Sai Retail. In addition, the employees of Sai Retail India Limited engaged in the apparel business, who were responsible for procurement of products and inventory management were also employed by our Company, on terms and conditions similar to that applicable to such employees at Sai Retail India Limited. Since April 1, 2022, our Company has commenced directly purchasing the products from the master weavers, weavers and vendors.

As of March 31, 2020, 2021 and 2022, our inventory as a percentage of our current assets was 89.48%, 89.65% and 84.96%, while our inventory as a percentage of our revenue from operations was 31.61%, 54.19% and 42.19%, respectively. In Fiscal 2020, 2021 and 2022, our total payables was ₹ 1,700.62 million, ₹ 1,075.99 million and ₹ 1,291.18 million, respectively and represented 14.47%, 15.89% and 11.43%, respectively, of our revenue from operations in such periods.

Based on the Proforma Financial Statements, as of March 31, 2020, 2021 and 2022, our inventory (on a proforma basis) as a percentage of our current assets (on a proforma basis) was 91.39%, 91.21% and 87.59%, respectively, while our inventory (on a proforma basis) as a percentage of revenue from operations (on a proforma basis) was 44.35%, 75.74% and 57.49%, respectively in such periods. Based on the Proforma Financial Statements, our total trade payables (on a proforma basis) in Fiscal 2020, 2021 and 2022 was ₹ 2,458.53 million, ₹ 1,729.17 million and ₹ 2,820.66 million respectively, and represented 20.91%, 25.47% and 24.83%, respectively, of our revenue from operations (on a proforma basis) in such periods.

For further information, see "*History and Certain Corporate Matters – Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamation or revaluation of assets in the last 10 years – Business Assets Transfer Agreement dated April 1, 2022 entered into between the Company and Sai Retail India Limited ("BTA")*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Presentation of Financial Statements – Proforma Financial Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Factors Affecting Our Financial Condition and Results of Operations – Acquisition of business of Sai Retail*" on pages 210, 332 and 319, respectively.

Sourcing, Logistics and Warehousing

As we are primarily a retail-focused company, we directly procure all of our products from master weavers for our sarees and third party manufacturers for our other products. We have in the past, through Sai Retail India Limited, a member of our Promoter Group and Group Company, sourced our products from an aggregate of 4,062 master weavers, weavers and vendors from across India in the last three Fiscal years. Our arrangements with our master weavers and other third party manufacturers are on a purchase order, non-exclusive basis, to comply with the quality standards and other requirements such as time and place of delivery, specified by us.

Once we have analysed and allocated our sourcing requirements we emphasize interaction among our purchase team, in order to review our master weavers and third party manufacturers performance and production status. As of May 31, 2022, we had 80 employees in our purchase team. We also regularly visit our master weavers and third party manufacturers in order to ensure that the trade happens efficiently.

We manage our inventory and logistics as well as our entire supply chain for all our channels from our three warehouses in Karnataka, Andhra Pradesh, and Telangana with an aggregate area of approximately 162,000 square feet as of May 31, 2022. Further, we have a designated store spaced located at one of our *VaraMahalakshmi* store in Kancheepuram, Tamil Nadu. We endeavour to ensure that product requirements and order fulfilment at each store, across store formats, is done in a timely and efficient manner. All our products are barcoded that ensures systematic movement of our inventory.

Product Design

We focus on creating innovative designs with an emphasis on quality to offer new and varied products to our customers throughout the year. We outsource our design features and leverage the design infrastructure that is available with third party manufacturers to maintain the latest design trends and creativity. We also from time to time interact with independent designers to design our products which are then subsequently sent to the master weavers and third party manufacturers. The design process involves detailed analysis and research on prevailing fashion trends and consumer tastes and preferences which we collect through various system-driven processes which include data analysis, market surveys and feedback received from our artisans and vendors, as well as through conversations had between our sales associates and customers.

Product Pricing

We arrive at a pricing point for each of our products through a detailed mechanism that takes into consideration a range of factors, including costs incurred in sourcing, marketing and operations, amongst other ancillary expenses. We strive to ensure that our products remain aspirational yet of value for money for our customers, and exclusively manage and regulate the prices at which our products are sold. Our products are uniformly priced across our channels. We from time to time provide discounts on our products in certain of our physical stores as well as on our websites.

Quality Control and Quality Assurance

We are committed to maintaining high quality standards throughout our sourcing, and distribution cycles, and have established quality control measures in various facets of our supply chain, including regular inspections, quality audits and product quality tracking. Our purchase team is responsible for quality control and for ensuring compliance with our established quality standards, including the training and awareness of certain quality, regulatory and statutory standards.

Marketing and Promotion

We have a focused marketing strategy and currently have engaged popular south Indian actors as our brand ambassadors. Our sales and marketing strategies aim to increase brand awareness, acquire new customers, and strengthen and reinforce our brand image. In Fiscal 2020, 2021 and 2022, our advertisement expenses was ₹ 276.10 million, ₹ 87.18 million, and ₹ 269.86 million, and accounted for 2.35%, 1.29%, and 2.39%, respectively, of our revenue from operations.

In our experience, our investment towards our brand, advertising and marketing has been among of the key factors which has enabled us to distinguish ourselves from our competitors while resulting in greater awareness. Our marketing initiatives include advertising through various media, such as, television, radio, newspapers and magazines, online advertisements, hoardings and display and similar displays.

We consider our products to be high quality, having being created from select materials and conceptualised by experienced artisans. As a result, we do not typically run any end-of-season discount sales in certain of our format stores which, in our opinion, reduces the value of the brand in the long run. It also allows us to manage our inventory better by reducing lumpiness of sales, other than organic seasonality that we witness during festivals as well as wedding seasons.

Further, we constantly target our customers through differentiated sales and marketing efforts includes selling our products through live shows, and video-based commerce on social media platforms. Our social media presence is aimed at engaging with our customers and driving traffic to our websites and store outlets.

We also have an established social media presence on various platforms and as of July 12, 2022, we had 983,276 followers on Facebook, 310,400 followers on Instagram and 109,060 subscribers on YouTube. *(Source: Technopak Report)*

Technology

Investment in IT infrastructure is essential to improve our operational efficiencies, improve scale and enhance productivity. We continue to focus on building and improving our IT capabilities. We consider a robust IT infrastructure to be essential for ensuring strong operational efficiencies and enhancing productivity and we continue to focus on building and improving our IT capabilities. In order to better connect with our customers, we regularly update our websites and social media channels to include unique features through which our customers can better engage with our brands and products and can view digital catalogues with our diverse product offering.

Over the years, we have implemented innovative technology initiatives at the front-end and back-end of our operations, including our procurement, distribution and supply chain operations. We have implemented an ERP solution, which helps us to standardize our processes and supplies the tools necessary for our management team in the planning and management of our sourcing operations and to assist in the smooth functioning of finance, sales, stores, purchase, inventory and payroll functions. Our existing ERP system is currently being integrated with artificial intelligence features to provide detailed store level insights.

We believe that in order to ensure customer loyalty, it is necessary to have strong IT policies. All of our core software have an in-built user IP based access mapping which is accessible only from designated static address of our stores, warehouses and office. Our critical passwords are regularly rotated and we have implemented auto-session timeouts and access logs.

Health and Safety

In compliance with applicable health and safety regulations, we have adopted an environment, energy, occupational health and safety policy aimed at ensuring the safety and wellbeing of our employees in addition to complying with our legislative requirements. We have implemented several work safety measures to ensure a safe working environment.

Competition

We operate in a competitive market and face competition from both the organised and unorganised elements of our industry. We consider our main competitors to be Nalli, Pothys, The Chennai Silk, Kankatala, Rangoli, Neerus and VRK Retail (*Source: Technopak Report*). Our investment towards our brand, advertising and marketing has been among of the key factors which has enabled us to distinguish ourselves from our competitors while resulting in greater awareness.

Insurance

Our insurance policies currently cover our inventory, our stores, our warehouses and transit of goods from our warehouses to our stores. We maintain insurance coverage such as fire policy, burglary policy for the stocks, and insurance for our employees and to ensure adequate insurance coverage for contractors/ workers and sub-contracts' workers.

Also see, "*Risk Factors – Our insurance cover may not be adequate or we may incur uninsured losses or losses in excess of our insurance coverage*" on page 40.

Employees

As of May 31, 2022, we had 4,298 permanent employees. The following table sets forth information on the number of our staff by department, as of May 31, 2022:

Department	Number of Employees
Operations	3,459
Sales, Procurement and Distribution	235
Admin	421
Accounting and Finance	150
Human Resources	7
Legal	2

Department	Number of Employees
Information Technology	9
Marketing and Business Promotion	9
Market Research	6
TOTAL	**4,298**

In addition, we also had 85 contract labourers as of May 31, 2022.

Intellectual Property

As of the date of this Draft Red Herring Prospectus, our Company has registered 50 trademarks in India under various classes, including our logo

Further, our Company has 8 trademarks which are accepted and advertised. We also have 2 trademarks that have been opposed, 4 that have been abandoned, 20 that have been objected, 6 that have not been put up for examination due to incomplete digitization, 15 that have been formalities check pass and 6 that have been refused. For further details, see "*Government and Other Approvals*" on page 352. In addition, pursuant to a user license agreement dated August 9, 2011, our Company was provided with the rights to use the logo by one of our Promoter, Jhansi Rani Chalavadi at a royalty of ₹ 0.10 million per store for a period of five years. For further information, see "*Material Contracts and Documents for Inspection*" on page 419. The trademark was assigned by Jhansi Rani Chalavadi to I-One Investment Private Limited ("**I-One**") at a consideration of ₹ 25.33 million pursuant to an assignment agreement dated May 20, 2014. However, the said agreement was not registered with the trademark registry at the time of assignment. Subsequent to an order dated August 18, 2016 by High Court of Hyderabad , I-One was merged with our Company and we have initiated the process of transmission of trademark in our name. While we have made an application for the transmission of the trademark in the name of our Company, as on the date of this Draft Red Herring Prospectus, the application is still pending. For further information, see "*Risk Factors –We may be unable to adequately protect our intellectual property and may be subject to risks of infringement claims.*" on page 48.

Corporate Social Responsibility

Our CSR policy is in compliance with the requirements of the Companies Act, 2013 and the Companies (Corporate Social Responsibility) Rules, 2014. Our Company undertakes Corporate Social Responsibility ("**CSR**") activities through its CSR arm Kalamandir Foundation by undertaking various activities predominantly in the areas of child education, vocational skills development, women empowerment and health care and sanitation. In Fiscal 2022, our Company spent an amount of ₹ 13.35 million for the purpose of CSR activities which predominantly includes donation to Kalamandir Foundation which amounted to ₹ 8.18 million and donation to a school for promotion of education which amounted to ₹ 5.00 million.

Properties

We operate all of our stores, our Registered Office, and all of our warehouses on a leasehold basis. The term of our lease agreements for our stores typically range from nine years to 15 years, lease agreements for warehouses typically range from six years to 14 years and the current lease agreement for our Registered Office is valid until January 31, 2026. Further, we have also leased one property located at Ameerpet, Hyderabad for our customer service operations which is valid until January 31, 2026. In addition we own five flats in Bengaluru, Karnataka and six flats in Hyderabad, Telangana which we intend to use as guest houses or such other purpose as may be decided by our Board.

In Fiscal 2020, 2021 and 2022, our short-term lease expenses amounted to ₹ 183.35 million, ₹ 133.27 million and ₹ 214.10 million representing 1.63%, 1.98% and 2.03%, respectively of our total expenses in such period. Our total lease expenses for the Fiscal 2020, 2021 and 2022 amounted to ₹ 300.15 million, ₹ 257.44 million, ₹ 367.75 million, respectively, representing 2.67%, 3.83% and 3.48% of our total expenses.

While we have renewal options for all of our leases for our stores, we typically need to renegotiate the terms of renewal with the lessor, who may insist on a significant modification to the terms and conditions of the lease agreement. We are subject to a lock-in provision under majority of our leases which may restrict our ability to terminate such leases, including in the event the location of the leased premises is no longer profitable.

Also see, "*Risk Factors – Current locations of our stores may become unattractive, and suitable new locations may not be available for a reasonable price, if at all. In addition, we are exposed to all of the risks associated with leasing real estate and any adverse developments could materially affect our business, results of operations and financial condition. Further, we generated substantially all of our sales from stores located in Southern India and any adverse developments affecting our operations in these regions could have an adverse impact on our revenue and results of operations.*" and "*Risk Factors - We operate all of our shops, our Registered Office, and warehouses on a leasehold basis. If we are unable to comply with the terms of the leases, renew our agreements or enter into new agreements on favourable terms, or at all, our business, results of operations and financial condition may be adversely affected.*" on pages 32 and 36, respectively.

KEY REGULATIONS AND POLICIES

Given below is an indicative summary of certain sector specific and relevant laws and regulations in India, which are applicable to our Company's business operations in India. The information in this section has been obtained from publications available in the public domain. Taxation statutes such as the Income-tax Act, 1961, and the Central Goods and Service Tax Act, 2017, and other miscellaneous regulations and statutes apply to us as they do to any Indian company.

The description of the applicable regulations as given below has been provided in a manner so as to provide general information to the investors and may not be exhaustive and is neither designed nor intended to be a substitute for professional legal advice. The indicative summaries are based on the current provisions of applicable law, which are subject to change, modification, or amendment by subsequent legislative, regulatory, administrative, or judicial decisions.

Under the provisions of various Central Government and State Government statutes and legislations, our Company is required to obtain and regularly renew certain licenses or registrations and to seek statutory permissions to conduct our business and operations. For details, see "Government and Other Approvals" on page 352.

Industry related laws

National Textile Policy, 2000 ("NTP 2000")

The NTP 2000 aims at facilitating the growth of the textile industry to attain and sustain a pre-eminent global standing in the manufacture and export of clothing and to equip the textile industry to withstand pressure of import penetration and maintain dominant presence in the domestic market. The industry aims at developing a strong and vibrant textile industry that can produce quality products at acceptable process. This objective is sought to be achieved by liberalising controls and regulations so that the different segments of the textile industry are enabled to perform in a greater competitive environment. Major thrust areas of NTP 2000 includes increase in exports and innovating marketing strategies, product diversification along with quality consciousness, among others. Additionally, certain sector specific initiatives envisaged under the NTP 2000 include raw materials, clothing, export and knitting.

Consumer Protection Act, 2019 (the "Consumer Protection Act")

The Consumer Protection Act provides for the protection of the interests of consumers and the establishment of authorities for the timely and effective administration and the settlement of consumer disputes. This Act empowers the Central Government to constitute the Central Consumer Protection Authority to regulate matters relating to the violation of rights of consumers, unfair trade practices and false or misleading advertisements which are prejudicial to the interests of the public and consumers, and to promote, protect and enforce the rights of consumers as a class, and conduct inquiries or investigations under the Consumer Protection Act. Further, the Consumer Protection Act enables complainants to file complaints in respect of, inter alia, goods suffering defects, services suffering deficiencies, and goods or services hazardous to life and safety. Consumers are also empowered to file product liability actions, for claiming compensation for the harm caused to them by defective products or deficient services, in respect of which such product manufacturers or sellers may be held responsible.

Consumer Protection (E-Commerce) Rules, 2020 (the "E-commerce Rules")

The E-Commerce Rules regulate the marketing, sale and purchase of goods and services over a digital or electronic network. It restricts the use of any unfair trade practice by e-commerce entities and mandates the establishment of an adequate grievance redressal mechanism and the appointment of a grievance officer. Further, the E-Commerce Rules required all e-commerce entities to appoint a nodal person of contact or an alternate senior designated functionary to ensure compliance with its provisions. Contravention of the E-Commerce Rules will attract penal action in accordance with the Consumer Protection Act, 2019.

Legal Metrology Act, 2009 ("Legal Metrology Act") and the Legal Metrology (Packaged Commodities) Rules, 2011 ("Packaged Commodities Rules")

The Legal Metrology Act establishes and enforces standards of weights and measures, and regulates trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure or number. The

Legal Metrology Act prohibits quoting prices or charges, issuing or exhibiting any price list, invoice, cash memo or other document, publishing any advertisement, or indicating the net quantity of a pre-packaged commodity, otherwise than in accordance with the standard units of weight, measure or numeration. Manufacturers are required to maintain records and registers, and make declarations on pre-packaged commodities, in the manner prescribed under the Legal Metrology Act. Penalties and punishments are prescribed for numerous offences under the Legal Metrology Act, including selling or delivering commodities, articles or things by means other than the standard weight, measure or number, or using non-standard weights, measures or numeration.

The Packaged Commodities Rules were framed under Sections 52(2)(j) and (q) of the Legal Metrology Act and lay down specific provisions applicable to packages intended for retail sale, wholesale and for export and import. Pursuant to the advisory dated December 16, 2016, issued by the Director of Legal Metrology (the "**Advisory**"), the mandatory labelling requirements applicable to pre-packaged commodities under the Packaged Committees Rules are not applicable to garments sold in loose form. The Advisory clarifies that the labelling requirements for garments sold in loose form include the name/description of the product, the size of the product in internationally recognisable size indicators (such as S, M, L, XL, etc.) along with details in metric notation in centimetres or metres, the maximum retail price, and the name, full address and customer care number of the manufacturer.

Bureau of Indian Standards Act, 2016 ("BIS Act")

The BIS Act provides for the establishment of the Bureau of Indian Standards ("BIS") to take all necessary steps for the harmonious development of the activities of standardisation, conformity assessment and quality assurance of goods, articles, processes, systems and services as may be necessary, to protect the interests of consumers and various stakeholders. The BIS Act has enabling provisions for the Government to bring under compulsory certification regime any goods or article of any scheduled industry, process, system or service which it considers necessary in the public interest or for the protection of human, plant health, safety of the environment, or prevention of unfair trade practices, or national security. Further, the BIS Act also provides for, among other things, repairing or replacement or reprocessing. The BIS Act empowers the Central Government in consultation with the BIS to order compulsory use of standard mark for any goods or process if it finds it expedient to do so in public interest. The BIS Act also provides the penalties in case there is a contravention of the provisions of the BIS Act.

The Information Technology Act, 2000 (the "Information Technology Act") and certain rules made thereunder

The Information Technology Act seeks to: (i) provide legal recognition to transactions carried out by various means of electronic data interchange involving alternatives to paper-based methods of communication and storage of information; (ii) facilitate electronic filing of documents; and (iii) create a mechanism for the authentication of electronic documentation through digital signatures. The Information Technology Act provides for jurisdiction over any offence or contravention under the Information Technology Act committed outside India by any person, irrespective of their nationality, if the act or conduct constituting the offence or contravention involves a computer, computer system or computer network located in India. Additionally, the Information Technology Act empowers the Government to direct any of its agencies to intercept, monitor or decrypt any information in the interest of sovereignty, integrity, defence and security of India, among other things. The Information Technology (Procedure and Safeguards for Blocking for Access of Information by Public) Rules, 2009, specifically permit the Government of India to block access of any information generated, transmitted, received, stored or hosted in any computer resource by the public, the reasons for which are required to be recorded by it in writing.

The Information Technology Act facilitates electronic commerce by recognizing contracts concluded through electronic means, protects intermediaries in respect of third-party information liability and creates liability for failure to protect sensitive personal data. The Information Technology Act also prescribes civil and criminal liability including fines and imprisonment for computer related offences including those relating to unauthorized access to computer systems, tampering with or unauthorised manipulation of any computer, computer system or computer network and damaging computer systems, and creates liability for negligence in dealing with or handling any sensitive personal data or information in a computer resource and in maintaining reasonable security practices and procedures in relation thereto, among others. Further, the Information Technology Act empowers the Government of India to formulate rules with respect to reasonable security practices and procedures and sensitive personal data.

The Information Technology (Reasonable Security Practices and Procedures and Sensitive Personal Data or Information) Rules, 2011 ("**IT Security Rules**") prescribe directions for the collection, disclosure, transfer and protection of sensitive personal data by a body corporate or any person acting on behalf of a body corporate. The

IT Security Rules require every such body corporate to provide a privacy policy for handling and dealing with personal information, including sensitive personal data, ensuring security of all personal data collected by it and publishing such policy on its website. The IT Security Rules further require that all such personal data be used solely for the purposes for which it was collected, and any third-party disclosure of such data is made with the prior consent of the information provider, unless contractually agreed upon between them or where such disclosure is mandated by law.

The Information Technology (Intermediaries Guidelines and Digital Media Ethics Code) Rules, 2021 ("**IT Intermediary Rules**") require intermediaries receiving, storing, transmitting, or providing any service with respect to electronic messages to not knowingly host, publish, transmit, select or modify any information prohibited under the IT Intermediary Rules, and to disable hosting, publishing, transmission, selection or modification of such information once they become aware of it. The IT Intermediary Rules specify the due diligence to be observed by intermediaries, and further require the intermediaries to provide for a grievance redressal mechanism and also appoint a nodal officer and a resident grievance officer.

Personal Data Protection Bill, 2019 ("PDP Bill")

The PDP Bill was introduced to propose a legal framework governing the processing of personal data, where such data has been collected, disclosed, shared or otherwise processed within India, as well as any processing of personal data by the Indian Government, Indian companies, Indian citizens or any person or body of persons incorporated or created under Indian law. The PDP Bill defines personal data and sensitive personal data, prescribes rules for collecting, storing and processing of such data and imposes obligations on data fiduciaries in relation to the handling of such personal data. The joint parliamentary committee on the PDP Bill adopted the final draft of the PDP Bill and tabled its report on the PDP Bill before parliament in 2021. The PDP Bill is scheduled to be tabled before parliament. Further, the joint parliamentary committee has proposed that the name of the bill be changed to the "Data Protection Bill."

Indecent Representation of Women Act, 1986 ("IRWA")

The IRWA prohibits the indecent representation of women through advertisements, publications, writings, paintings, figures or in any other manner, including through the circulation of pamphlets or photographs. Any person in contravention of these requirements of the IRWA is liable to be punished with imprisonment or fines, in the manner set out in the IRWA. These penalties are also applicable to companies, and to any director, manager, secretary or other officer of the company if an offence has been committed with the consent or connivance, or due to the neglect, of such director, manager, secretary or other officer of the company.

Shops and Establishments Acts in various states (collectively "S&E Acts")

The S&E Acts in India are promulgated by the state and may slightly differ from state to state. All shops and commercial establishments operating within each state are covered by the respective S&E Acts. Shops are defined as premises where goods are sold either by retail or wholesale or where services are rendered to customers, and includes an office, a store-room, go down, warehouse or workhouse or work place. Establishments are defined as shop, a commercial establishment, residential hotel, restaurant, eating- house, theatre or other places of public amusement or entertainment. Further, establishments as defined by the act may also include such other establishments as defined by the Government by notification in the Official Gazette.

The S&E Acts regulates a number of aspects relating to the operation of a shop or commercial establishment. Some of the key areas regulated by the shop and establishment act include: hours of work, interval for rest and meals, prohibition of employment of children, employment of young person or women, opening and closing hours, close days, weekly holidays, wages for holidays, time and conditions of payment of wages, deductions from wages, leave policy, dismissal, cleanliness, lighting and ventilation, precautions against fire, accidents and record keeping.

Laws relating to various municipal corporations

The Constitution (Seventy Fourth Amendment) Act, 1992, and the Twelfth Schedule of the Constitution of India empower state legislatures to endow municipal corporations with various functions and powers in relation to matters including town planning or the supply of water for industrial or commercial purposes. Various municipal corporations are also empowered to issue trade licenses for the operations of a stores established under their jurisdiction.

Plastic Waste Management Rules, 2016

The Plastic Waste Management Rules, 2016, were implemented to provide a regulatory framework for the management of plastic waste generated in the country. They require any person or group of persons or institution generating plastic waste or discarding plastic after its intended use is over, to take steps to minimise the generation of plastic waste, segregate plastic waste at source, not litter plastic waste, and ensure that plastic waste is handed over to the specified persons or authorities.

Labour related legislations

The employment of workers, depending on the nature of the activity, is currently regulated by a wide variety of generally applicable labour legislations including the Industrial Disputes Act, 1947, the Contract Labour (Regulation and Abolition) Act, 1970, the Payment of Wages Act, 1936, the Minimum Wages Act, 1948, the Employees' State Insurance Act, 1948, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Trade Unions Act, 1926, the Payment of Bonus Act, 1965, the Equal Remuneration Act, 1976, the Maternity Benefit Act, 1961, the Payment of Gratuity Act, 1972, the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Child Labour (Prohibition and Regulation) Act, 1986, the Workmen's Compensation Act, 1923, and the shops and establishments legislations in various states, among others.

In order to rationalise and reform labour laws in India, the Government has enacted the following codes:

(i) ***Code on Wages, 2019 –*** It regulates, inter alia, the minimum wages payable to employees, the manner of payment and calculation of wages and the payment of bonus to employees. It subsumes four existing laws, namely the Payment of Wages Act, 1936, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, and the Equal Remuneration Act, 1976.

(ii) ***Industrial Relations Code, 2020 –*** It consolidates and amends laws relating to trade unions, the conditions of employment in industrial establishments and undertakings, and the investigation and settlement of industrial disputes. It subsumes the Trade Unions Act, 1926, the Industrial Employment (Standing Orders) Act, 1946 and the Industrial Disputes Act, 1947.

(iii) ***Code on Social Security, 2020 –*** It amends and consolidates laws relating to social security. It governs the constitution and functioning of social security organisations such as the employees' provident fund and the employees 'state insurance corporation, regulates the payment of gratuity, the provision of maternity benefits, and compensation in the event of accidents to employees, among others. It subsumes various legislations including the Employee's Compensation Act, 1923, the Employees' State Insurance Act, 1948, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Maternity Benefit Act, 1961, and the Payment of Gratuity Act, 1972.

(iv) ***Occupational Safety, Health and Working Conditions Code, 2020 –*** It amends and consolidates laws regarding the occupational safety, health and working conditions of persons employed in an establishment. It subsumes various legislations including the Factories Act, 1948, and the Contract Labour (Regulation and Abolition) Act, 1970.

Certain portions of the Code on Wages, 2019, have come into force upon notification by the Ministry of Labour and Employment. The remainder of these codes shall come into force on the day that the Government shall notify for this purpose.

Intellectual Property Laws

Trade Marks Act, 1999 ("Trade Marks Act")

The Trade Marks Act provides for the registration and better protection of trade marks for goods and services and for the prevention of the use of fraudulent marks. The registration of a trade mark under the Trade Marks Act confers on the proprietor the exclusive right to the use of the trade mark, and the right to obtain relief in respect of infringement of the trade mark. The registration of a trade mark shall be for a period of ten years, but may be renewed from time to time as prescribed under the Trade Marks Act. The Trade Marks Act also prescribes penalties for the falsification or false application of trade marks. Further, pursuant to the notification of the

Trademark (Amendment) Act, 2010, the simultaneous protection of trademarks in India and other countries has been made available to owners of Indian and foreign trademarks. The Trademark (Amendment) Act, 2010, also seeks to simplify the law relating to transfer of ownership of trademarks by assignment or transmission and to conform Indian trademark law with international practice.

Other laws

In addition to the above, our Company is also required to comply with the provisions of the Companies Act and rules framed thereunder, relevant central and state tax laws, including the Income Tax Act, 1961, and the relevant goods and services tax legislations, the Competition Act, 2002, foreign exchange and investment laws, foreign trade laws, and other applicable statutes promulgated by the relevant Central and State Governments.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief history of our Company

Our business started as a partnership firm under the name and style of "*Sai Silks*" on August 10, 2005 with Nagakanaka Durga Prasad Chalavadi and Jhansi Rani Chalavadi as its partners. Subsequently, Kalyan Srinivas Annam and Subash Chandra Mohan Annam joined the partnership firm on April 1, 2006 and Suchitra Annam, Sowjanya Annam and Venkata Rajesh Annam joined on March 4, 2008. Further, the name of the partnership firm was also changed to "*Sai Silks (Kalamandir)*" on March 4, 2008 to incorporate the brand in its name. The partnership firm was subsequently converted into a private limited company and a certificate of incorporation was obtained dated July 3, 2008 under the name and style of '*Sai Silks (Kalamandir) Private Limited*' from the Registrar of Companies, Andhra Pradesh at Hyderabad. Our Company was further converted into a public limited company pursuant to a special resolution passed by our Shareholders on May 14, 2009 and a fresh certificate of incorporation consequent upon conversion to public limited company was obtained on May 21, 2009 from the Registrar of Companies, Andhra Pradesh. The name of our Company was changed to its present name, '*Sai Silks (Kalamandir) Limited*'.

Changes in our registered office

There has been no change in the registered office of our Company since its incorporation.

Main Objects of our Company

The main objects contained in the Memorandum of Association of our Company are as follows:

1. *To convert M/s. Sai Silks (Kalamandir), a partnership firm into M/s. Sai Silks (Kalamandir) Private Limited, which will continue the existing business and takeover as going concern with all assets and liabilities of M/s. Sai Silks (Kalamandir).*

2. *To carry on the business of importers and exporters, traders, wholesale and retail dealers of and in men's, women's and children's clothing and wearing apparel and readymade, hosiery goods, garments of every kind, nature and description.*

3. *To carry on all or any of the business of dealers, traders, and manufacturers of all kinds of carpets, durries, mats, rugs, namdas, blankets, shawls, tweeds, linens, flannels and all other articles of woolen and worsted materials and of all articles similar to the foregoing or any of them or connected therewith.*

4. *To set up and carry on the business of manufacturing, refining, preparing, cleaving, sawing, acquiring, trading, importing, exporting, supplying, distributing and dealing in cut and uncut gems, precious, semi-precious stones, of gold, silver, platinum and all types of precious metals, boart, diamonds including industrial diamonds and pearls including cultured pearls, and articles of all kinds of precious and semi precious stones and metals.*

5. *To commence, establish, set up, carry on, conduct, manage and administer the business of exporting, importing, act as commission agents and/or distributors and / or job work contractors and / or indenters, buying, selling, retailing, through the shops, malls or company's own showrooms or by any methods of sale or display, exporting, acquiring, disposing off, supplying, distribution, ordering, classifying, trading and dealing in all types of textiles, garments, readymade, jewellery whether branded or not.*

6. *To carry on the business of investment agents, brokers, liaison officers and to invest and acquire, hold, sell and otherwise deal in shares, debentures, stock, bond, obligations and securities issued or guaranteed by any company falling within the same management or group as that of the Company and to deal with and invest the moneys of the company in such manner and upon such securities as shall, from time to time, be thought necessary or fit for the benefit of the company, and to lend, advance or deposit money, securities and property, with or without charge, interest or security, subject however to the condition that that at no point of time the company shall carry on the business of banking as defined in the Banking Regulation Act, 1949.*"

The main objects as contained in the Memorandum of Association enable our Company to carry on the business presently being carried out.

Amendments to the Memorandum of Association

Set out below are the amendments to our Memorandum of Association in the 10 years preceding the date of this Draft Red Herring Prospectus.

Date of Shareholders' Resolution	Particulars
April 08, 2016	Sub-clause 6 appended after Clause III A (5) of the MOA to include the following: "*To carry on the business of investment agents, brokers, liaison officers and to invest and acquire, hold, sell and otherwise deal in shares, debentures, stock, bond, obligations and securities issued or guaranteed by any company falling within the same management or group as that of the Company and to deal with and invest the moneys of the company in such manner and upon such securities as shall, from time to time, be thought necessary or fit for the benefit of the company, and to lend, advance or deposit money, securities and property, with or without charge, interest or security, subject however to the condition that that at no point of time the company shall carry on the business of banking as defined in the Banking Regulation Act, 1949.*"
October 10, 2016*	Clause V of the MOA was amended pursuant to the scheme of amalgamation to reflect the increase in the authorized share capital of our Company from ₹400,000,000 divided into 40,000,000 equity shares of ₹10 each to ₹420,000,000 divided into 42,000,000 equity shares of ₹10 each.
May 18, 2022	Clause V of the MOA was amended to reflect the sub-division in authorized share capital from ₹420,000,000 divided into 42,000,000 equity shares of ₹10 each to ₹210,000,000 equity shares of ₹2 each.

** Appointed date for the Scheme of Amalgamation is October 1, 2015.*

Major events and milestones of our Company

The table below sets forth some of the major events and milestones in the history of our Company:

Year	Particulars
2005	Started the business as a partnership firm on August 10, 2005 under the name and style of "*Sai Silks*".
	Launched the first retail outlet in Ameerpet, Hyderabad.
2008	Converted the partnership firm into a private limited company on July 3, 2008 under the name and style of '*Sai Silks (Kalamandir) Private Limited*'.
2009	Our private limited company was converted into a public limited company and received fresh Certificate of Incorporation on May 21, 2009.
2011	Launched '*Varamahalakshmi*' through the first store in July 31, 2011.
	Launched the brand '*Mandir*' through the first store launched in February 13, 2011
	Entered into registered user license agreement for the brand name "*Kalamandir*" with Jhansi Rani Chalavadi which was subsequently assigned to I-ONE Investment Private Limited at a consideration of ₹ 25.33 million
2016	SSKL Scheme was approved pursuant to which I-ONE Investments Private Limited was amalgamated into our Company in order to acquire the brand "Kalamandir", amongst other things.
2017	Expansion of brand KLM Fashion Mall to 18 stores with the first store launched in 2017.
2020	Launching of e-commerce platform
2022	Company entered into a business assets transfer agreement dated April 1, 2022 with Sai Retail India Limited in order to acquire the business assets related to its apparel business.

Key Awards, Accreditations and Recognition

Our Company has received the following key awards, accreditation, and recognition:

Calendar Year	Particulars
Awards and Recognition	
2022	• Most Admired Company of the Year (Apparel) by CMO Global
2021	• Fit and Fab Award by Global Spa • Times Retail Icon Award for Best Silk Showroom, Best Affordable Fashion Brand and Best Designer Saree Showroom by Times of India • Awarded as Trusted Group of the Year – Textiles & Garments by Make in India Emerging Leaders Excellence in Business and Service Sector
2020	• Award for the Best Silk Showroom, the Best Affordable Fashion Brand and the Best Designer Saree Showroom in the Retail category by Times of India at the Times Business Awards
2019	• Award for the Most Admired Affordable Fashion Retailer of the Year – Regional by Indian Fashion Forum at the IMAGES Fashion Awards • Award for Best Silk Showroom & Best Affordable Fashion Brand by Times of India at the Times Business Awards
2018	• Award for Most Admired Retailer of the Year Store Design and VM by Indian Fashion Forum at the IMAGES Fashion Awards • Times Retail Icon Award for Best Silk Showroom & Best Affordable Fashion Brand by Times of India at the Times Business Awards
2017	• Award for Best Silk Showroom & Best Family Store by Times of India at the Times Business Awards • Fast 50 India’s Most Promising Brand Award in Retail category by World Consulting & Research Corporation, Asia
2016	• Fast 50 India’s Fastest Growing Brand Award for Brand Kalamandir by World Consulting & Research Corporation, Asia • Times Retail Icon Award for Best Silk Showroom & Best Family Store by Times of India at the Times Business Awards
2015	• TV5 Business Leaders Award – Retailer of the Year (Retailing Apparels) by TV5 News • Awarded as Retail Designer of the Year by Franchise India • Awarded as Most Admired Regional Fashion Retailer of the Year – South by Indian Fashion Forum at the IMAGES Fashion Awards • Recognized as Pioneer in Ethnic Retail Business by Asia Retail Congress • Awarded as Retailer of the Year in Fashion & Lifestyle to Kalamandir Foundation by Asia Retail Congress • Awarded as Best Overall CSR Practice to Kalamandir Foundation at the Global CSR Excellence and Leadership Awards presented by ABP News • Indian Fashion Apparel Speciality Store Award by VM & RD Retails Awards 2015 • Award for Retail Icon Award for Best Silk Showroom by Times of India at the Times Business Awards
2013	• Recognized as Indian Power Brands by Planman at the Power Brands Glam by IIPM Think Tank • Awarded as the Most Admired Regional Fashion Retailer of the Year – South India at the IMAGES Fashion Awards • Awarded as Arch of Excellence by All India Achievers Conference
2012	• Awarded as Master Brand by CMO Council & CMO Asia • Awarded as Best CSR Practice to Kalamandir Foundation by Responsible Business Award & World CSR Day • Recognized as Retailer of the Year in Traditional Fashion & Lifestyle Retailing by Asia Retail Congress

Launch of key products or services, entry into new geographies or exit from existing markets

For details of key products or services launched by our Company, entry into new geographies or exit from existing markets and location of stores, see "*Our Business*" and "*– Major events and milestones of our Company*" on pages 178 and 208, respectively.

Significant financial and strategic partners

As of the date of this Draft Red Herring Prospectus, our Company does not have any significant financial or strategic partners.

Time and cost over-runs

There have been no time and cost over-runs in respect of our business operations.

Defaults or re-scheduling, restructuring of borrowings with financial institutions/banks

Our Company has not defaulted on repayment of any loan availed from any banks or financial institutions. Further, the tenure of repayment of any loan availed by our Company from banks or financial institutions has not been rescheduled or restructured. For further details about our financing arrangements, see "*Financial Indebtedness*" on page 344.

Our Holding Company

As on the date of this Draft Red Herring Prospectus, our Company does not have a holding company.

Our Subsidiaries

As of the date of this Draft Red Herring Prospectus, our Company does not have any subsidiary.

Our Associate Companies and Joint Ventures

As of the date of this Draft Red Herring Prospectus, our Company does not have any associate companies or joint ventures.

Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamation or revaluation of assets in the last 10 years

Except as disclosed below, our Company has not acquired any business or undertaking and has not undertaken any merger, amalgamation or revaluation of assets in last 10 years.

Business Assets Transfer Agreement dated April 1, 2022 entered into between the Company and Sai Retail India Limited ("BTA")

Our Company and Sai Retail India Limited ("**SRIL**"), a member of our Promoter Group and Group Company, had entered into a Suppliers Agreement dated April 1, 2017 (for a period of five years and which has been pursued, until it expired on the closing hours of March 31, 2022) pursuant to which SRIL, being a stockiest, supplier and logistics partner for apparel retail business was supplying goods to our Company which was being sold in our stores. In view of the various business dynamics, the board of directors of both companies decided to not renew the aforesaid Suppliers Agreement and instead enter into a business assets transfer agreement dated April 1, 2022 ("**BTA**"), pursuant to which the earlier arrangement ceased to exist, SRIL decided to discontinue its apparel business and sold its business assets relating to its apparel business, including the inventory to our Company, on an arms-length basis. In terms of the BTA, SRIL has agreed to certain non-compete provisions restricting it from undertaking a business substantially similar to, or competing with, the business of our Company, and has transferred to our Company all the current and fixed assets for its apparel business including, lease improvements, furnitures, rent deposits, inventory and employees' salary advances for a consideration that was based on the prevailing market price, and aggregated to ₹ 2,129.06 million. Further, our Company has also absorbed employees of SRIL to the extent they were responsible for purchase and other operations of SRIL's apparel business, and on terms of service no less favourable than those which such employees enjoyed immediately prior to the March 31, 2022, the cut-off date as envisaged under the BTA. For further details, see "*Restated Financial Statements*" and "*Material Contracts and Documents for Inspection*" on pages 241 and 419.

Scheme of Amalgamation ("SSKL Scheme")

Pursuant to an order dated August 18, 2016, the High Court of Hyderabad sanctioned a scheme of amalgamation under Sections 391 to 394 of the Companies Act, 1956 and the provisions of the Companies Act, 2013 (to the extent applicable), pursuant to which I-ONE Investments Private Limited ("**Transferor Company**") was amalgamated into our Company ("**Transferee Company**"), having appointed date as October 1, 2015 ("**Appointed Date**"). The SSKL Scheme was taken up and implemented with an aim and intent (i) to acquire the brand "Kalamandir" which further would pave way for leveraging the brand "Kalamandir", (ii) simplification of the shareholding structure of the promoters and persons belonging to the promoters group of Transferee Company, (iii) elimination of duplication in administrative cost and multiple record keeping, and (iv) achieving greater access to source of funds, bank credits and working capital. Further, the entire undertaking of I-ONE Investments Private Limited, including all its assets and properties (both movable and immovable), liabilities, debts, rights and obligations of all kinds, nature and description, were transferred to and vested in our Company as a going concern. Permanent employees of I-ONE Investments Private Limited were also deemed to have become employees of our Company. Additionally, in terms of the SSKL Scheme, our Company allotted equity shares to the members of I-ONE Investments Private Limited in the ratio of 120 equity shares for every 100 equity shares of face value ₹10 each at a premium of ₹ 90 per share of I-ONE Investments Private Limited held by such members. For further details, see "*Material Contracts and Documents for Inspection*" on page 419.

Details of guarantees given to third parties by the promoter participating in the Offer for Sale

As on the date of this Draft Red Herring Prospectus, Nagakanaka Durga Prasad Chalavadi, one of our Promoters, has issued the following guarantees to third parties. These guarantees are in the nature of personal guarantees and have been issued towards contractual obligations in respect of loans availed by our Company and Group Companies:

Sr. No.	Lender	Borrower(s)	Type of facility (Sanction Limits)	Amount (₹ in million)
1	State Bank of India	Sai Silks (Kalamandir) Limited	Cash Credit/ Standby line of credit/ GECL 2.0/ CECL/ Term Loan	1,744.80(1)
2	Canara Bank	Sai Silks (Kalamandir) Limited	Cash Credit/ WCDL/ Term Loans/ GECL/ GECL 2.0/ Housing Loan	835.80(1)
3	HDFC Bank	Sai Silks (Kalamandir) Limited	Cash Credit/ Term Loan	257.50(2)
4	IDBI Bank	Sai Silks (Kalamandir) Limited	Cash Credit/ WCDL	300.00(1)
5	@Union Bank (formerly Andhra Bank)	Sai Retail India Limited	Cash Credit/ GECL 2	320.00(3)
6	Canara Bank (Formerly Syndicate Bank)	Sai Retail India Limited	GECL	21.00(3)

(1) This guarantee was issued by Nagakanaka Durga Prasad Chalavadi along with Kalyan Srinivas Annam, Doodeswara Kanaka Durgarao Chalavadi, Subash Chandra Mohan Annam and Venkata Rajesh Annam, members of our Promoter Group;
(2) This guarantee was issued by Nagakanaka Durga Prasad Chalavadi along with Kalyan Srinivas Annam and Doodeswara Kanaka Durgarao Chalavadi, members of our Promoter Group;
(3) This guarantee was issued by Nagakanaka Durga Prasad Chalavadi along with Kalyan Srinivas Annam and Subash Chandra Mohan Annam, members of our Promoter Group;
@CC limit is partly paid.

The abovementioned guarantees are typically effective for a period till the underlying loan is repaid by the respective borrower. The financial implications in case of default by the relevant borrower would entitle the lenders to invoke the personal guarantee given by Mr. Nagakanaka Durga Prasad Chalavadi to the extent of outstanding loan amount.

Shareholders' agreements and other agreements

As on the date of this Draft Red Herring Prospectus, there are no subsisting shareholders' agreements in relation to our Company.

There are no agreements entered into by a Key Managerial Personnel or Director or Promoter or any other employee of our Company, either by themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of our Company.

Other agreements

Except as disclosed "– *Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamation or revaluation of assets in the last 10 years*" on page 210, our Company has not entered into any other subsisting material agreement, other than in the ordinary course of business.

OUR MANAGEMENT

Board of Directors

In terms of the Companies Act and our Articles of Association, our Company is required to have not less than three Directors and not more than 15 Directors. As on the date of this Draft Red Herring Prospectus, our Board comprises of seven Directors including three Executive Directors and four Independent Directors, one of whom is a woman director.

The following table sets forth details regarding our Board of Directors as on the date of this Draft Red Herring Prospectus:

S. No.	Name, designation, address, date of birth occupation, current term, period of directorship, and DIN	Age (years)	Other directorships
1.	**Ravindra Vikram Mamidipudi** **Designation**: Chairman & Independent Director **Address**: H. No. 16, Cardmaster Road, Arihant Enclave, 205 Akbar Road Tadbund, Tirumalagri, Manovikas Nagar, Hyderabad – 500 009, Telangana, India **Date of Birth:** May 18, 1956 **Occupation**: Chartered Accountant **Current Term**: Period of five years from February 18, 2022 until February 17, 2027 **Period of Directorship**: Director since February 18, 2022 **DIN**: 00008241	66	• GTN Industries Limited; • Ahlada Engineers Limited; • ASM Technologies Limited; • Glochem Industries Private Limited; • Evertogen Life Sciences Limited; • Shirdi Sai Electricals Limited; • Wish Renewables Private Limited; • GVPR Engineers Limited; • Normak Fashions Private Limited; • GTN Engineering (India) Limited; • ANA ARC Private Limited; • ASM Digital Engineering Private Limited; • Facebook India Online Services Private Limited; • H1 Life Sciences Private Limited; • M. Anandam Consultancy Services Private Limited; • Institute of Insurance and Risk Management • Life Skills and Livelihood Skill-International • Triumphant Institute of Management Education Private Limited; and • Chettinad Cement Corporation Private Limited.
2.	**Nagakanaka Durga Prasad Chalavadi** **Designation**: Managing Director **Address**: H. No. 36, Senor Valley, Road No-13, Film Nagar, Hyderabad - 500 036, Telangana India **Date of Birth:** July 7, 1968 **Occupation**: Business	54	• Sai Retail India Limited

S. No.	Name, designation, address, date of birth occupation, current term, period of directorship, and DIN	Age (years)	Other directorships
	Current Term: Period of three years from April 1, 2021 until March 31, 2024 **Period of Directorship**: Director since July 3, 2008 **DIN**: 01929166		
3.	**Kalyan Srinivas Annam** **Designation**: Whole-time Director **Address**: 8-1-299/103/104/NS, Flat No-907, Aparna Aura Apartment, Film Nagar, Road No- 79, Jubliee Hills, Shaikpet, Hyderabad – 500 096, Telangana India **Date of Birth:** July 16, 1974 **Occupati**on: Business **Current Term**: Period of three years from April 1, 2021 until March 31, 2024 and liable to retire by rotation **Period of Directorship**: Director since April 1, 2009 **DIN**: 02428313	48	• Sai Retail India Limited
4.	**Doodeswara Kanaka Durgarao Chalavadi** **Designation**: Whole-time Director **Address:** Villa 653, Phase 3, Doddakanelli Road, Adarsh Palm Retreat, behind Intel, Devara Bessana Halli, Bengaluru – 560 103, Karnataka, India **Date of Birth:** August 3, 1970 **Occupation**: Business **Current Term**: Period of three years from April 1, 2021 until March 31, 2024 and liable to retire by rotation **Period of Directorship**: Director since June 1, 2009 **DIN**: 02689280	51	Nil
5.	**Pramod Kasat** **Designation**: Independent Director **Address**: 24/11, Aardra, Tarangan	52	• Advanced Enzyme Technologies Limited; • Natural Capsules Limited; • Natural Biogenex Private Limited; • Fermenta Biotech Limited; and

S. No.	Name, designation, address, date of birth occupation, current term, period of directorship, and DIN	Age (years)	Other directorships
	Complex, Samata Nagar, BHND Korum mall, Thane – 400 606, Maharashtra, India **Date of Birth:** August 6, 1969 **Occupation**: Business **Current Term**: Period of five years from February 18, 2022 until February 17, 2027 **Period of Directorship**: Director since February 18, 2022 **DIN**: 00819790		• JC Biotech Private Limited.
6.	**Sirisha Chintapalli** **Designation**: Independent Director **Address**: 74-29-3/4, Alluri Sita Rama Raju Road, Ayyappanagar, Vijayawada (Urban), Autonagar, Krishna Dist 520 007, Andhra Pradesh, India **Date of Birth:** June 4, 1980 **Occupation**: Professional **Current Term**: Period of five years from April 12, 2019 until April 11, 2024 **Period of Directorship**: Director since April 12, 2019 **DIN**: 08407008	42	• Zen Technologies Limited; • Shilpa Medicare Limited; • Brahmani Infratech Private Limited; • Shilpa Biologicals Private Limited; and • Bloom & Blossom Projects Private Limited.
7.	**Kunisetty Venkata Ramakrishna** **Designation**: Independent Director **Address**: Flat 301, Orchid, Hiranandani Meadows, G.A.Marg, off Pokhran Road no.2, Thane – 400 610, Maharashtra, India **Date of Birth:** October 29, 1969 **Occupation**: Business **Current Term**: Period of five years from June 4, 2022 until June 3, 2027	52	• Aparajitha Corporate Services Private Limited

S. No.	Name, designation, address, date of birth occupation, current term, period of directorship, and DIN	Age (years)	Other directorships
	Period of Directorship: Director since June 4, 2022 **DIN**: 00133248		

Relationship between our Directors and Key Managerial Personnel

Except as disclosed below, none of the Directors are related to each other or any of our Key Managerial Personnel:

- Nagakanaka Durga Prasad Chalavadi, Doodeswara Kanaka Durgarao Chalavadi and Mohana Durga Rao Chalavadi are brothers;
- Kalyan Srinivas Annam and Venkata Rajesh Annam are brothers and also brothers-in-law to Nagakanaka Durga Prasad Chalavadi; and
- Rachamadugu Balaji Bharadwaj is the son-in-law of Nagakanaka Durga Prasad Chalavadi.

Brief Biographies of Directors

Ravindra Vikram Mamidipudi is the Chairman & Independent Director of our Company. He has been a Director of our Company since February 18, 2022. He is a fellow member of the Institute of Chartered Accountants of India. He has approximately four decades of experience in finance sector. He is a partner at M. Anandam & Co., Chartered Accountants since 1981.

Nagakanaka Durga Prasad Chalavadi is the Managing Director of our Company. He is also one of the Promoters of our Company and has been associated with our Company since its incorporation. He holds a bachelor's degree in commerce from Nagarjuna University and master's degree in Business Administration from Institute of Management Education, Pune. He also holds post graduate diploma in computer applications from Institute of Computer Software Sciences. He has more than 16 years of experience in the retail sector, including as one of the partners of the erstwhile partnership firm under the name 'Sai Silks' (now converted into our Company) and is responsible for the overall management, finance, internal controls and security systems of our Company.

Kalyan Srinivas Annam is the Whole-time Director of our Company and has been associated with our Company since 2009. He holds a bachelor's degree in law from Nagarjuna University and a post graduate diploma in business management from Institute of Marketing and Management, New Delhi. He has approximately 15 years of experience in the retail business, including as one of the partners of the erstwhile partnership firm under the name 'Sai Silks' (now converted into our Company). He is responsible for projects, strategic planning, brand building and business development of our Company and leads all related media and advertising activities for the Company. He is also responsible for the legal administration activities of our Company.

Doodeswara Kanaka Durgarao Chalavadi is the Whole-time Director of our Company and has been associated with our Company since 2009. He holds a bachelor's degree in commerce from Nagarjuna University and master's degree in computing from Griffith University, Australia. He has approximately 12 years of experience in the field of retail business. He is responsible for the procurement and marketing activities of our Company. He was previously associated with FIS Management Services, LLC.

Pramod Kasat is an Independent Director of our Company. He has been a Director of our Company since February 18, 2022. He holds a bachelor's degree of engineering from the Birla Institute of Technology & Science, Pilani and master's degree in management studies from University of Bombay. He has extensive experience in investment banking and has been associated with companies in infrastructure, real estate, pharma, industrials and logistics amongst others. He is a Managing Director, Investment Banking at Intellecap, an investment banking arm of Aavishkaar Group, handling a wide array of corporate finance advisory functions. He is on the board of Advanced Enzymes Ltd, Natural Capsules Ltd, Fermenta Biotech Ltd as an Independent Director. He was previously associated with IndusInd Bank, Credit Suisse, Citibank in senior roles and with Shilpa Medicare Limited, Supreme Infrastructure India Limited, Capri Global Capital Limited among others as an Independent Director.

Sirisha Chintapalli is an Independent Director of our Company. She has been a Director of our Company since April 12, 2019. She holds a bachelor's degree in commerce from Nagarjuna University. She is also an associate member of the Institute of Cost Accountants of India and the Institute of Company Secretaries of India. She has extensive experience in finance and secretarial work. She has also been registered as an Insolvency Professional with the Insolvency and Bankruptcy Board of India. She has also passed the Professional Education Examination-II conducted by the Institute of Chartered Accountants of India. She was awarded the Smt. G.P. Poddar Memorial Award and the SIRC Silver Medal by the Institute of Company Secretaries of India in July 2001. She was previously associated with CCL Products (India) Limited, International Seaport Dredging Limited, L&T Shipbuilding Limited and Sibar Autoparts Limited.

Kunisetty Venkata Ramakrishna is an Independent Director of our Company. He has been a Director of our Company since June 4, 2022. He holds a bachelor of technology degree in computer sciences and engineering from National Institute of Technology, Warangal (formerly known as Regional Engineering College, Warangal) and post graduate diploma in management from Indian Institute of Management, Bangalore. He has over 25 years of experience in private equity/venture fund management, having worked in organisations like ICICI Venture Funds Management Company Limited, the Carlyle India Advisors Private Limited, Technology Development and Information Company of India Limited, Tata Engineering and Locomotive Company Limited and Kotak Mahindra Bank Limited. He was most recently the CEO-Private Equity at Kotak Investment Advisors Limited.

Details regarding directorships of our Directors in listed companies

None of our Directors is or was a director of any company listed on any stock exchange, whose shares have been or were suspended from being traded on any of the stock exchanges during the five years preceding the date of this Draft Red Herring Prospectus, during the term of his/her directorship in such company.

None of our Directors is, or was a director of any listed company, which has been or was delisted from any stock exchange, during the term of his/her directorship in such company.

Confirmations

Except Doodeswara Kanaka Durgarao Chalavadi, our Whole time Director, who is a member in Varamahalakshmi Holdings Private Limited, one of our Group Companies, which has entered into a lease agreement in respect of an immoveable property with our Company, none of the Directors is interested as a member in any firm or company which has any interest in our Company.

No consideration in cash or shares or otherwise has been paid or agreed to be paid to any of our Directors or to the firms, trusts or companies in which they are interested as a member by any person either to induce them to become, or to help them qualify as a Director, or otherwise for services rendered by them or by the firm, trust or company in which they are interested, in connection with the promotion or formation of our Company.

Further, none of our Directors has been identified as Wilful Defaulters or Fraudulent Borrower as defined under the SEBI ICDR Regulations.

None of our Directors has been declared a fugitive economic offender in accordance with the Fugitive Economic Offenders Act, 2018.

None of our Directors is prohibited from accessing the capital market or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any other jurisdiction or any other authority/court.

Terms of appointment of Executive Directors

Remuneration to Executive Directors

Nagakanaka Durga Prasad Chalavadi

Nagakanaka Durga Prasad Chalavadi was re-appointed as the Managing Director with effect from April 1, 2021 pursuant to the resolutions passed by our Board dated April 12, 2021 and Shareholders in their meeting held on April 30, 2021. The details of remuneration as set out below are effective from December 1, 2021 to March 31, 2024:

Particulars	Remuneration
Basic Salary	₹ 20.00 million per annum
House rent allowance	₹ 12.00 million per annum (i.e. @60% of basic salary)
Other allowance	• Children education allowance ₹ 2,400/- per annum • Children hostel allowance ₹ 7,200/- per annum • LTA ₹ 1.00 million per annum • Car running and maintenance allowance ₹ 0.24 million per annum • Uniform allowance ₹ 72,000/- per annum • Other allowance ₹ 16.68 million per annum
Other terms	Annual premium not exceeding ₹ 1.60 million

Kalyan Srinivas Annam

Kalyan Srinivas Annam was re-appointed as the Whole-time Director with effect from April 1, 2021 pursuant to the resolutions passed by our Board dated April 12, 2021 and Shareholders in their meetings held on April 30, 2021. The details of remuneration as set out below are effective from December 1, 2021 to March 31, 2024:

Particulars	Remuneration
Basic Salary	₹ 7.96 million per annum
House rent allowance	₹ 4.77 million per annum (i.e. @60% of basic salary)
Other allowance	• Children education allowance ₹ 2,400/- per annum • Children hostel allowance ₹ 7,200/- per annum • LTA ₹ 0.39 million per annum • Car running and maintenance allowance ₹ 0.24 million per annum • Uniform allowance ₹ 72,000/- per annum • Other allowance ₹ 6.44 million per annum
Other terms	Annual premium not exceeding ₹ 0.60 million

Doodeswara Kanaka Durgarao Chalavadi

Doodeswara Kanaka Durgarao Chalavadi was re-appointed as the Whole-time Director with effect from April 1, 2021 pursuant to the resolutions passed by our Board dated April 12, 2021 and Shareholders in their meetings held on April 30, 2021. The details of remuneration as set out below are effective from April 1, 2022 to March 31, 2024:

Particulars	Remuneration
Basic Salary	₹ 3.56 million per annum
House rent allowance	₹ 2.13 million per annum (i.e. @60% of basic salary)
Other allowance	• Children education allowance ₹ 2,400/- per annum • Children hostel allowance ₹ 7,200/- per annum • LTA ₹ 0.17 million per annum • Car running and maintenance allowance ₹ 0.24 million per annum • Uniform allowance ₹ 72,000/- per annum • Other allowance ₹ 2.70 million per annum
Other terms	Annual premium not exceeding ₹ 0.50 million

Payments or benefits to Directors

There is no contingent or deferred compensation accrued for Fiscal 2022 and payable to our Directors and Key Managerial Personnel, which does not form a part of their remuneration.

(1). Remuneration to Executive Directors

The managerial remuneration paid to our Executive Directors, for the Fiscal 2022 is as follows:

Name of Director	Remuneration for Fiscal 2022 (₹ in million)
Nagakanaka Durga Prasad Chalavadi	24.37
Kalyan Srinivas Annam	10.49
Doodeswara Kanaka Durgarao Chalavadi	3.60

(2). Remuneration to Independent Directors

Pursuant to our Board resolution dated February 18, 2022, our Independent Directors are entitled to receive sitting fees of ₹ 0.05 million per meeting for attending each meeting of our Board and ₹ 0.025 million per meeting for attending each meeting of Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee, respectively, within the limits prescribed under the Companies Act, 2013. Details of the remuneration paid to our Non-Executive and Independent Director in the Fiscal 2022 are set forth below:

Name of Director	Remuneration for Fiscal 2022 (₹ in million)
Sirisha Chintapalli	0.06

Our Company's Independent Directors, Ravindra Vikram Mamidipudi and Pramod Kasat were appointed on February 18, 2022, and Kunisetty Venkata Ramakrishna was appointed on June 4, 2022. Accordingly, they were not paid any sitting fees in Financial Year 2022.

Arrangement or understanding with major Shareholders, customers, suppliers or others

None of our Directors have any arrangement or understanding with the major Shareholders, customers, suppliers or others, pursuant to which any of our Directors were appointed on our Board or as a member of the senior management.

Shareholding of Directors in our Company

As per our Articles of Association, our Directors are not required to hold any qualification shares.

Other than as disclosed under "*Capital Structure – Shareholding of our Directors and Key Managerial Personnel in our Company*" on page 88, none of our Directors holds any Equity Shares as on the date of this Draft Red Herring Prospectus.

Interest of Directors

(a). All our Directors may be deemed to be interested to the extent of remuneration and reimbursement of expenses, if any, payable to them by our Company as well as sitting fees, if any, payable to them for attending meetings of our Board or committees thereof. For further details, see "*– Terms of appointment of Executive Directors*" and "*– Payment or benefit to Directors*" above.

(b). Except for Nagakanaka Durga Prasad Chalavadi, who is our Promoter & Managing Director, none of our Directors has any interests in the promotion or formation of our Company other than in the ordinary course of business.

(c). Certain Directors may also be interested to the extent of Equity Shares and employees stock options, if any (together with dividends and other distributions in respect of such Equity Shares), held by them or their relatives or entities in which they are associated, directly or indirectly, as promoters, directors, partners, proprietors or trustees or held by their relatives.

(d). No loans have been availed by our Directors from our Company.

(e). Our Directors may be interested in the contracts, transactions, agreements or arrangements entered into or to be entered into by our Company with any company in which they hold directorships or any partnership firm in which they are partners as declared in their respective capacity. For details, see "*Other Financial Information - Related Party Transactions*" on page 314.

(f). No amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of our Directors except the normal remuneration for services rendered as Directors and as disclosed under "*Other Financial Information - Related Party Transactions*" on page 314 . Further, Nagakanaka Durga Prasad Chalavadi, Managing Director, receives payments towards rent for property leased by him to the Company. For details, see "*Risk Factors – Our Promoters, certain of our Directors and Key Managerial Personnel are interested in our Company's performance in addition to their remuneration and reimbursement of expenses*", "*Our Promoters and Promoters Group – Interest of our Promoters*" and "*Other Financial Information - Related Party Transactions*" on pages 50, 232 and 314.

(g). Except as disclosed in "*Our Promoters and Promoters Group – Interest of our Promoters*" on page 232, none of our Directors have any interest in any property acquired or proposed to be acquired by our Company or transaction for acquisition of land, construction of building and supply of machinery, etc.

(h). Except to the extent of the sale of Equity Shares by Nagakanaka Durga Prasad Chalavadi, Doodeswara Kanaka Durgarao Chalavadi and Kalyan Srinivas Annam in the Offer for Sale, there is no material existing or anticipated transaction whereby our Directors will receive any portion of the proceeds from the Offer.

(i). Except as stated in "*Other Financial Information - Related Party Transactions*" on page 314, and to the extent set out above, our Directors do not have any other interest in our business.

Bonus or profit-sharing plan for the Directors

None of the Directors is party to any bonus or profit-sharing plan of our Company other than the performance linked incentives given to each of the Directors.

Service contracts with Directors

Our Company has not entered into any service contracts with any Director, which provide for benefits upon termination of employment.

Changes in the Board in the last three years

Set forth below are the changes in our Board during the three years immediately preceding the date of this Draft Red Herring Prospectus:

Name	Date of Appointment/ Change/ Cessation*	Reason
Laxmi Nivas Jaju	August 01, 2019	Appointed as the Independent Director
Naveen Nandigam	September 29, 2019	Cessation upon retirement
Naveen Nandigam	December 27, 2019	Appointed as the Independent Director
Pramod Kasat	February 18, 2022	Appointed as the Independent Director
Ravindra Vikram Mamidipudi	February 18, 2022	Appointed as the Independent Director
Laxmi Nivas Jaju	May 3, 2022	Resigned as the Independent Director
Naveen Nandigam	May 3, 2022	Resigned as the Independent Director
Kunisetty Venkata Ramakrishna	June 4, 2022	Appointed as the Independent Director

**Does not include regularisation by our Shareholders, re-appointment or change in designation.*

Borrowing Powers of Board

Pursuant to our Articles of Association, the applicable provisions of the Companies Act, 2013, and resolution dated May 3, 2022 passed by our Board and resolution dated May 18, 2022 passed by our Shareholders, our Board has been authorized to borrow money as and when required for the business of the Company, upon such terms and conditions as it may consider fit, notwithstanding the moneys so borrowed together with money already borrowed (apart from temporary loans obtained or to be obtained from our Company's bankers in the ordinary course of business), may at any time exceed aggregate of the paid-up share capital, free reserves and securities premium, provided that the total amount that may be borrowed and outstanding any point of time, shall not exceed the sum of ₹ 5,000 million.

Corporate Governance

The provisions relating to corporate governance prescribed under the SEBI Listing Regulations will be applicable to us immediately upon listing of the Equity Shares on the Stock Exchanges. Our Company is in compliance with the requirements of the applicable regulations in respect of corporate governance in accordance with the SEBI Listing Regulations, and the Companies Act, 2013, pertaining to the constitution of our Board and committees thereof.

Our Board has been constituted in compliance with the Companies Act and the SEBI Listing Regulations. In compliance with Section 152 of the Companies Act, not less than two thirds of the Directors (excluding the Independent Directors) are liable to retire by rotation.

As on the date of this Draft Red Herring Prospectus, our Board comprises of seven Directors including three Executive Directors and four Independent Directors, one of whom is a woman.

Committees of the Board

Our Board may constitute committees to delegate certain powers as permitted under the Companies Act, 2013.

In terms of the SEBI Listing Regulations and the provisions of the Companies Act, 2013, our Company has constituted the following Board level committees:

(a). Audit Committee;
(b). Nomination and Remuneration Committee;
(c). Stakeholders’ Relationship Committee;
(d). Corporate Social Responsibility Committee; and
(e). Risk Management Committee.

Audit Committee

The members of the Audit Committee are:
1. Ravindra Vikram Mamidipudi, Chairman & Independent Director (Chairperson)
2. Kunisetty Venkata Ramakrishna, Independent Director (Member);
3. Pramod Kasat, Independent Director (Member); and
4. Nagakanaka Durga Prasad Chalavadi, Managing Director (Member).

The Audit Committee was re-constituted pursuant to a resolution passed by our Board in its meeting held June 4, 2022. The scope and functions of the Audit Committee are in accordance with Section 177 of the Companies Act, 2013, Regulation 18 of the Listing Regulations and its terms of reference include the following:

Powers of Audit Committee

The Audit Committee shall have powers, including the following:

(a). to investigate any activity within its terms of reference;

(b). to seek information from any employee;

(c). to obtain outside legal or other professional advice;

(d). The audit committee may invite such of the executives, as it considers appropriate (and particularly the head of the finance function) to be present at the meetings of the committee, but on occasions it may also meet without the presence of any executives of the Issuer.

(e). to secure attendance of outsiders with relevant expertise, if it considers necessary; and

(f). such other powers as may be prescribed under the Companies Act and the Listing Regulations.

Role of Audit Committee

The role of the Audit Committee shall include the following:

(a). oversight of financial reporting process and the disclosure of financial information relating to our Company to ensure that the financial statements are correct, sufficient and credible;

(b). recommendation for appointment, re-appointment, replacement, remuneration and terms of appointment of auditors of our Company and the fixation of the audit fee;

(c). approval of payment to statutory auditors for any other services rendered by the statutory auditors;

(d). formulation of a policy on related party transactions, which shall include materiality of related party transactions;

(e). reviewing, at least on a quarterly basis, the details of related party transactions entered into by our Company pursuant to each of the omnibus approvals given;

(f). examining and reviewing, with the management, the annual financial statements and auditor's report thereon before submission to our Board for approval, with particular reference to:

   (i). Matters required to be included in the director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;

   (ii). Changes, if any, in accounting policies and practices and reasons for the same;

   (iii). Major accounting entries involving estimates based on the exercise of judgment by management;

   (iv). Significant adjustments made in the financial statements arising out of audit findings;

   (v). Compliance with listing and other legal requirements relating to financial statements;

   (vi). Disclosure of any related party transactions; and

   (vii). Modified opinion(s) in the draft audit report.

(g). reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to our Board for approval;

(h). 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 offer document / 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 our Board to take up steps in this matter;

(i). reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

(j). approval of any subsequent modification of transactions of our Company with related parties and omnibus approval for related party transactions proposed to be entered into by our Company, subject to the conditions as may be prescribed;

   Explanation: *The term "related party transactions" shall have the same meaning as provided in Clause 2(zc) of the Listing Regulations and/or the applicable Accounting Standards and/or the Companies Act, 2013.*

(k). scrutiny of inter-corporate loans and investments;

(l). valuation of undertakings or assets of our Company, wherever it is necessary;

(m). evaluation of internal financial controls and risk management systems;

(n). reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

(o). 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;

(p). discussion with internal auditors of any significant findings and follow up thereon;

(q). 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 our Board;

(r). 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;

(s). recommending to our Board the appointment and removal of the external auditor, fixation of audit fees and approval for payment for any other services;

(t). looking into the reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

(u). reviewing the functioning of the whistle blower mechanism;

(v). monitoring the end use of funds raised through public offers and related matters;

(w). overseeing the vigil mechanism established by our Company, with the chairman of the Audit Committee directly hearing grievances of victimization of employees and directors, who used vigil mechanism to report genuine concerns in appropriate and exceptional cases;

(x). approval of appointment of chief financial officer (i.e., the whole-time finance director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

(y). reviewing the utilization of loans and/or advances from / investment by the holding company in the subsidiary exceeding ₹ 1,000,000,000 or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing;

(z). carrying out any other function as is mentioned in the terms of reference of the Audit Committee;

(aa). consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders; and

(bb). carrying out any other functions required to be carried out by the Audit Committee as contained in the Listing Regulations or any other applicable law, as and when amended from time to time.

(cc). To formulate, review and make recommendations to the Board to amend the terms of reference of Audit Committee from time to time;

The Audit Committee shall mandatorily review the following information:

a) Management discussion and analysis of financial condition and results of operations;

b) Management letters / letters of internal control weaknesses issued by the statutory auditors;

c) Internal audit reports relating to internal control weaknesses;

d) The appointment, removal and terms of remuneration of the chief internal auditor;

e) Statement of deviations in terms of the SEBI Listing Regulations:

a. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) where the Equity Shares are proposed to be listed in terms of the SEBI Listing Regulations; and

b. annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice in terms of the SEBI Listing Regulations.

f) review the financial statements, in particular, the investments made by any unlisted subsidiary.

Nomination and Remuneration Committee

The members of the Nomination and Remuneration Committee are:

1. Kunisetty Venkata Ramakrishna, Independent Director (Chairperson)
2. Pramod Kasat, Independent Director (Member);
3. Ravindra Vikram Mamidipudi, Chairman & Independent Director (Member); and
4. Sirisha Chintapalli, Independent Director (Member).

The Nomination and Remuneration Committee was re-constituted pursuant to a resolution passed by our Board in its meeting held on June 4, 2022. The scope and functions of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations. The terms of reference of the Nomination and Remuneration Committee include the following:

(1). Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors of the Company (the "**Board**" or "**Board of Directors**") a policy relating to the remuneration of the directors, key managerial personnel and other employees ("**Remuneration Policy**").

For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

a. use the services of an external agencies, if required;
b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
c. consider the time commitments of the candidates

The Nomination and Remuneration Committee, while formulating the above policy, should ensure that:

(i). the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run our Company successfully;

(ii). relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

(iii). remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short- and long-term performance objectives appropriate to the working of the Company and its goals.

(2). Formulation of criteria for evaluation of the performance of the independent directors and the Board;

(3). Devising a policy on Board diversity;

(4). 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 their appointment and removal and shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.

(5). Determining 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;

(6). To recommend, implement, design, execute, approve schemes of ESPS, ESOP, SAR, Sweat Equity and do all other activities as detailed under Sai Silks (Kalamandir) Limited Employee Share based benefits Scheme 2022

(7). Recommend to the board, all remuneration, in whatever form, payable to senior management;

(8). Carrying out any other functions required to be carried out by the Nomination and Remuneration Committee as contained in the SEBI Listing Regulations or any other applicable law, as and when amended from time to time."

(9). Analysing, monitoring and reviewing various human resource and compensation matters;

(10). Deciding 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;

(11). Determining the Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;

(12). Recommending to the board, all remuneration, in whatever form, payable to senior management and other staff, as deemed necessary;

(13). Administering, monitoring and formulating detailed terms and conditions of the employee stock option scheme, if any, of the Company;

(14). Reviewing and approving the Company's compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;

(15). Performing such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, if applicable;

(16). Framing suitable policies, procedures and systems to ensure that there is no violation of securities laws, as amended from time to time, including:

(a) the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and

(b) the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, by the trust, the Company and its employees, as applicable; and

(17). Performing such other activities as may be delegated by the Board or specified/ provided under the Companies Act, 2013 to the extent notified and effective, as amended or by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended or by any other applicable law or regulatory authority.

(18). For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

(a). use the services of an external agencies, if required;

(b). consider candidates from a wide range of backgrounds, having due regard to diversity; and

(c). consider the time commitments of the candidates.

Stakeholders' Relationship Committee

The members of the Stakeholders' Relationship Committee are:

1. Sirisha Chintapalli, Independent Director (Chairperson);
2. Nagakanaka Durga Prasad Chalavadi, Managing Director (Member); and
3. Kalyan Srinivas Annam, Whole-time Director (Member).

The Stakeholders' Relationship Committee was re-constituted pursuant to a resolution passed by our Board in its meeting held on May 3, 2022. The scope and functions of the Stakeholders' Relationship Committee are in accordance with Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations. The terms of reference of the Stakeholders' Relationship Committee include the following:

(1). 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*;
(2). Review of measures taken for effective exercise of voting rights by shareholders;
(3). Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar and Share Transfer Agent; and
(4). Considering and specifically looking into various aspects of interest of shareholders, debenture holders and other security holders;
(5). Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;
(6). Giving effect to all transfer/transmission of shares and debentures, dematerialisation of shares and re-materialisation of shares, split and issue of duplicate/consolidated share certificates, compliance with all the requirements related to shares, debentures and other securities from time to time;
(7). 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.
(8). Carrying out such other functions as may be specified by the Board from time to time or specified/provided under the Companies Act or SEBI Listing Regulations, or by any other regulatory authority.
(9). To approve, register, refuse to register transfer or transmission of shares and other securities;
(10). To sub-divide, consolidate and or replace any share or other securities certificate(s) of the Company;
(11). Allotment and listing of shares;
(12). To authorise affixation of common seal of the Company;
(13). To issue duplicate share or other security(ies) certificate(s) in lieu of the original share/security(ies) certificate(s) of the Company;
(14). To approve the transmission of shares or other securities arising as a result of death of the sole/any joint shareholder;
(15). Carrying out any other functions contained in the Companies Act, 2013 and/or equity listing agreements (if applicable), as and when amended from time to time; and
(16). To further delegate all or any of the power to any other employee(s), officer(s), representative(s), consultant(s), professional(s), or agent(s).

Corporate Social Responsibility Committee

The members of the Corporate Social Responsibility Committee are:

1. Ravindra Vikram Mamidipudi, Chairman & Independent Director (Chairperson);
2. Kalyan Srinivas Annam, Whole-time Director (Member); and
3. Nagakanaka Durga Prasad Chalavadi, Managing Director (Member).

The Corporate Social Responsibility Committee was re-constituted pursuant to a resolution passed by our Board on May 3, 2022. The terms of reference of the Corporate Social Responsibility Committee of our Company are as per Section 135 of the Companies Act, 2013 and the applicable rules thereunder, including:

(a). formulate and recommend to the Board, a "Corporate Social Responsibility Policy" which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;

    i. Support the economically backward and children in the need of health and education;

ii. Support the humanity during the natural calamities, donation of clothes to flood relief camps;
iii. Collaborate in the initiatives of other NGOs for the cause of fostering the needy children health care;
iv. Support the initiatives that would help the public at large in understanding the health hazards;
v. Conduct the workshops and create awareness about conservation of natural resources;
vi. Promote the activities, which would support the welfare and well-being of the Weavers Community;
vii. Eradicating extreme hunger and poverty;
viii. Infrastructure Development (village roads, culverts, bus shelters, solar lighting etc);
ix. Ensuring environmental sustainability;
x. Drinking water / Sanitation;
xi. Healthcare ;
xii. Community Development;
xiii. Education and vocational training;
xiv. Skill Development;
xv. Child care and nutrition.

(b). review and recommend the amount of expenditure to be incurred on the activities referred to in clause (a);

(c). review and recommend the amount of expenditure to be incurred on the activities referred to in clause (a), amount to be at least 2% of the average net profit of the Company in the three immediately preceding financial years or where the Company has not completed the period of three financial years since its incorporation, during such immediately preceding financial years, and the distribution of the same to various corporate social responsibility programs undertaken by the Company;

(d). delegate responsibilities to the corporate social responsibility team and supervise proper execution of all delegated responsibilities;

(e). review and monitor the implementation of corporate social responsibility programmes and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes;

(f). The Corporate Social Responsibility Committee shall formulate and recommend to the Board, an annual action plan in pursuance of its corporate social responsibility policy, which shall include the following:

(i) the list of corporate social responsibility projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Companies Act;
(ii) the manner of execution of such projects or programmes as specified in the rules notified under the Companies Act;
(iii) the modalities of utilisation of funds and implementation schedules for the projects or programmes;
(iv) monitoring and reporting mechanism for the projects or programmes; and
(v) details of need and impact assessment, if any, for the projects undertaken by the Company; and

(g). monitor the corporate social responsibility policy of the Company and its implementation from time to time; and

(h). any other matter as the Corporate Social Responsibility Committee may deem appropriate after approval of the Board or as may be directed by the Board from time to time and/or as may be required under applicable law, as and when amended from time to time.

Risk Management Committee

The members of the Risk Management Committee are:

1. Nagakanaka Durga Prasad Chalavadi, Managing Director (Chairperson);
2. Doodeswara Kanaka Durgarao Chalavadi , Whole-time Director (Member);
3. Kalyan Srinivas Annam, Whole-time Director (Member);
4. Ravindra Vikram Mamidipudi, Chairman & Independent Director (Member); and
5. Konduri Venkata Lakshmi Narasimha Sarma, Chief Financial Officer (Member).

The Risk Management Committee was constituted pursuant to a resolution passed by our Board in its meeting held on May 3, 2022. The scope and function of the Risk Management Committee are in accordance with

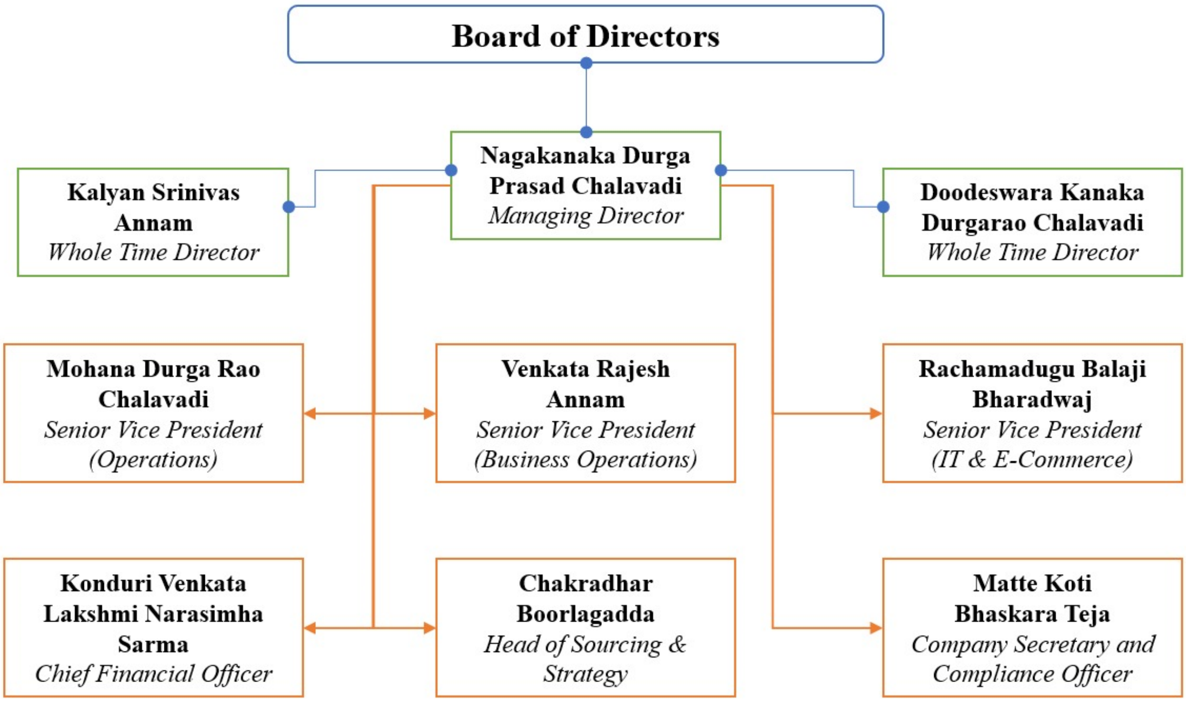
Regulation 21 of the Listing Regulations. The terms of reference of the Risk Management Committee are as follows:

(a). To formulate a detailed risk management policy which shall include:

   (i). A framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, environmental social and governance related risks), information, cyber security risks or any other risk as may be determined by the Committee.
   (ii). Measures for risk mitigation including systems and processes for internal control of identified risks.
   (iii). Business continuity plan.

(b). To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
(c). To co-ordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per framework laid down by the board of directors;
(d). To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
(e). To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
(f). To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
(g). To approve major decisions affecting the risk profile or exposure and give appropriate directions;
(h). To consider the effectiveness of decision-making process in crisis and emergency situations;
(i). To balance risks and opportunities;
(j). To generally, assist the Board in the execution of its responsibility for the governance of risk;
(k). To seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary;
(l). The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee and
(m). Any other similar or other functions as may be laid down by Board from time to time and/or as may be required under applicable law, as and when amended from time to time, including the SEBI Listing regulations.

Management Organisation Chart



Key Managerial Personnel

In addition to Nagakanaka Durga Prasad Chalavadi, our Managing Director, Kalyan Srinivas Annam and Doodeswara Kanaka Durgarao Chalavadi, our Whole - time Directors, the following persons are our Key Managerial Persons. For details of brief profiles of our Executive Directors, see "- *Brief Biographies of Directors*" on page 216. All the Key Managerial Personnel are permanent employees of our Company. The brief profiles of our other Key Managerial Personnel are as set out below:

Mohana Durga Rao Chalavadi is the Senior Vice President (Operations) of the Company. He has been associated with our Company since June 1, 2012 and is currently responsible for all the business operations at Hyderabad. He holds a bachelor's degree in electronics and communication engineering from Manipal Institute of Technology and a master's degree in electrical engineering from Fairleigh Dickinson University. He has over 12 years of experience in retail. He was previously associated with JPMorgan Chase Bank, Sophos, Inc. and Endforce. In Fiscal 2022, he received a gross compensation of ₹ 3.80 million from our Company.

Venkata Rajesh Annam, is the Senior VP (Business Operations) of the Company. He has been associated with the Company since December 12, 2007 and is currently responsible for expansion of retail business in Andhra Pradesh and Telangana. He holds a bachelor's degree in commerce from Nagarjuna University. He has over 14 years of experience in retail business. In Fiscal 2022, he received a gross compensation of ₹ 5.43 million from our Company.

Rachamadugu Balaji Bharadwaj, is the Senior VP (IT & E-Commerce) of the Company. He has been associated with the Company since January 1, 2018 and is currently responsible for e-commerce development activity and R&D for new project development. He holds a bachelor's degree in computer science and engineering from SRM University and a master's degree in business administration from the University of Massachusetts, Lowell, USA. In Fiscal 2022, he received a gross compensation of ₹ 3.63 million from our Company.

Konduri Venkata Lakshmi Narasimha Sarma is the Chief Financial Officer of our Company. He has been associated with our Company since March 1, 2022. He holds a bachelor's degree in commerce from Osmania University. He is also a fellow member of the Institute of Cost Accountant of India. He has over 34 years of experience in Corporate Finance. He was previously associated with CCL Products (India) Limited, Aditya Spinners Limited, Penna Cement Industries Limited, A.P.Beverages Corporation Limited and the Veterinary & Animal Husbandry Department, Government of Telangana. In Fiscal 2022, he received a gross compensation of ₹ 0.45 million from our Company.

Chakradhar Boorlagadda is the Head of Sourcing & Strategy of the Company. He has been associated with our Company since November 1, 2005 and is currently responsible for business operations and sourcing of apparels across different regions of the country. He holds a bachelor's degree in commerce from Nagarjuna University and a master's degree in business administration from Vishwakarma Institute of Management, Pune. He has over 15 years of experience in retail business. In Fiscal 2022, he received a gross compensation of ₹ 0.95 million from our Company.

Matte Koti Bhaskara Teja is the Company Secretary and Compliance Officer of our Company. He has been associated with our Company since November 5, 2018. He has completed bachelor's degree in commerce from Andhra University. He is also an associate member of the Institute of Company Secretaries of India. He has approximately 7 years of experience in secretarial work. He was previously associated with Ambica Agarbathies Aroma & Industries Limited, Athena Global Technologies Limited and Vama Industries Limited. In Fiscal 2022, he received a gross compensation of ₹ 0.82 million from our Company.

Relationship between Key Managerial Personnel

Except as disclosed above under "- *Relationship between our Directors and Key Managerial Personnel*" on page 216, none of the Key Managerial Personnel are related to each other.

Shareholding of Key Managerial Personnel

For details of Equity Shares held by our Key Management Personnel as of the date of this Draft Red Herring Prospectus, see "*Capital Structure* – *Shareholding of our Directors and Key Managerial Personnel in our Company*" on page 88.

Service Contracts with Key Managerial Personnel

Other than statutory entitlements for benefits upon termination of their employment in our Company or retirement no officer of our Company, including our Directors and the Key Managerial Personnel, has entered into a service contract with our Company pursuant to which they are entitled to any benefits upon termination of employment or superannuation.

Payment or Benefit to our Key Managerial Personnel (non-salary related)

No non – salary amount or benefit has been paid or given to any of our Key Managerial Personnel within the two years preceding the date of this Draft Red Herring Prospectus nor is intended to be paid or given.

Bonus or profit-sharing plan of the Key Managerial Personnel

None of our Key Managerial Personnel are party to any bonus or profit-sharing plan of our Company, or the performance linked incentives.

Interests of Key Managerial Personnel

Other than as disclosed in "*Our Management - Interest of Directors*" on page 219, none of the Key Managerial Personnel have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment, reimbursement of expenses incurred by them during the ordinary course of business and statutory benefits such as gratuity, provident fund and pension entitled to the Key Managerial Personnel.

The Key Managerial Personnel may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of Equity Shares held in our Company, if any. None of the Key Management Personnel have been paid any consideration of any nature from our Company other than their remuneration.

Loans to Key Managerial Personnel

No loans have been availed by our Key Managerial Personnel from our Company.

Arrangement or understanding with major shareholders, customers, suppliers or others

There is no arrangement or understanding with the major shareholders, customers, suppliers or others, pursuant to which any Key Management Personnel was selected as a Key Managerial Personnel or member of senior management.

Contingent and deferred compensation payable to Key Managerial Personnel

There is no contingent or deferred compensation accrued for the year payable to the Key Managerial Personnel, even if the compensation is payable at a later date.

Attrition rate of Key Managerial Personnel

The attrition of the Key Managerial Personnel of our Company is not high compared to the industry. For further details, please see "*Risk Factors - Quality and consistency in customer service at our stores are critical for our success, which depend on our ability to attract and retain skilled personnel. Any failure in this respect could materially and adversely impact our reputation, business, financial condition, cash flows and results of operations*" on page 37.

Changes in the Key Managerial Personnel

Except as disclosed in "*– Changes in the Board in the last three years*" and as disclosed below, there have been no changes in the Key Managerial Personnel in the last three years:

Name	Designation	Date of change*	Reason for change
Konduri Venkata Lakshmi Narasimha Sarma	Chief Financial Officer	March 1, 2022	Appointment
Oruganti Ramakrishna	Chief Financial Officer	March 1, 2022	Resignation due to personal reasons

**Does not include re-appointment or change in designation.*

Employee Stock Option Plans

For details of our Company's employee stock option plan, please see "*Capital Structure – Employee Stock Option Scheme*" on page 90.

OUR PROMOTERS AND PROMOTER GROUP

The Promoters of our Company are Nagakanaka Durga Prasad Chalavadi and Jhansi Rani Chalavadi. As on the date of this Draft Red Herring Prospectus, our Promoters collectively hold 68,427,000 Equity Shares, representing 54.16% of the pre-Offer issued, subscribed and paid-up Equity Share capital of our Company.

For details of the build-up of our Promoter's shareholding in our Company, see "*Capital Structure – Share Capital History of our Company - Build-up of the shareholding of our Promoters in our Company*" on page 81.

Details of our Promoters

	**Nagakanaka Durga Prasad Chalavadi** Nagakanaka Durga Prasad Chalavadi, aged 54 years, is one of our Promoters and the Managing Director of our Company. He resides at H. No. 36, Senor Valley, Road No-13, Film Nagar, Hyderabad - 500 036, Telangana, India. His permanent account number is AERPC9565R. For the complete profile of Nagakanaka Durga Prasad Chalavadi along with details of his date of birth, educational qualifications, experience in the business or employment, positions/posts held in past, directorships special achievements, his business and financial activities, please see the section entitled "*Our Management*" on page 213.
	**Jhansi Rani Chalavadi** Jhansi Rani Chalavadi, aged 53 years, is one of the Promoters of our Company. She holds a bachelor's degree in commerce from Nagarjuna University, Andhra Pradesh. She has 16 years of experience and is responsible for business operations of our Company including retail, marketing and sales, administration and human resources. *Residential address*: H. No. 36, Senor Valley, Road No-13, Film Nagar, Hyderabad - 500 036, Telangana, India. *Date of Birth:* January 30, 1969 *Permanent account number*: AERPC9559B. *Directorship*: Nil

Our Company confirms that the permanent account number(s), bank account number(s), passport number(s), aadhar card number(s) and driving license number(s) of our Promoters will be submitted to the Stock Exchanges at the time of filing of this Draft Red Herring Prospectus.

Other ventures of our Promoters

Other than as disclosed in this section and in the section titled "*Our Management*" on page 213, our Promoters are not involved in any other venture.

Experience of our Promoters

Our Promoters have adequate experience in the business activities undertaken by our Company.

Interests of our Promoters

Our Promoters are interested in our Company to the extent (i) they have promoted our Company; (ii) of their respective shareholding and the shareholding of their relatives in our Company, if any, and the dividend and other distributions payable, if any, in respect of the same; (iii) of being a Director, Key Managerial Personnel or any other employee of our Company and the remuneration, benefits and reimbursement of expenses and salary payable by our Company to them, as applicable; and (iv) that our Company has undertaken transactions with them, their relatives or entities in which our Promoters are partners, directors or holds equity shares. For details regarding the shareholding of our Promoters and other interests in our Company, please see the sections entitled "*Capital Structure*" and "*Our Management*" on pages 77 and 213, respectively.

Except certain premises which have been leased by our Promoters to our Company and disclosed below, our Promoters have no interest in any property acquired, whether direct or indirect, by our Company, during the three years preceding the date of the Draft Red Herring Prospectus or proposed to be acquired by our Company, or in the transactions for acquisition of land, construction of building or supply of machinery.

Date of Lease Agreement	Lessor	Lessee	Address of Leasehold Property	Tenure of Lease Agreement	Lease Rent (in ₹ million)*
February 14, 2022	Nagakanaka Durga Prasad Chalavadi	our Company	6-3-790/8, Flat No. 1, Bathina Apartments, Ameerpet, Hyderabad, Telangana - 500016, India	4 years, from February 1, 2022 to January 31, 2026	0.60
			6-3-841/E/1, Ameerpet, Hyderabad, Telangana – 500016, India		0.20
			6-3-790/8, Flat No. 3, 2nd floor, Bathina Apartments, Ameerpet, Hyderabad, Telangana - 500016, India		0.30
			6-3-790/8, Flat No. 4, 1st floor, Bathina Apartments, Ameerpet, Hyderabad, Telangana - 500016, India		0.10
			6-3-790/8, Flat No. 8, 2nd floor, Bathina Apartments, Ameerpet, Hyderabad, Telangana - 500016, India		0.50
			6-3-790/8, Flat No. 11, 3rd floor, Bathina Apartments, Ameerpet, Hyderabad, Telangana - 500016, India	4 years, from March 1, 2022 to February 28, 2026	0.05

			6-3-790/8, Flat No. 16, 3rd floor, Bathina Apartments, Ameerpet, Hyderabad, Telangana - 500016, India	4 years, from February 1, 2022 to January 31, 2026	0.10
	Jhansi Rani Chalavadi		6-3-790/8, Flat No. 14, 3rd floor, Bathina Apartments, Ameerpet, Hyderabad, Telangana - 500016, India	4 years, from February 1, 2022 to January 31, 2026	0.50

** Subject to other terms and conditions agreed.*

For further details, please see "*Restated Financial Statements – Note No. 45 – Related Party Disclosures*" on page 287.

Except for disclosed in "*Restated Financial Statements – Note No. 45 – Related Party Disclosures*" on page 287, our Promoters are not interested as a member in any firm or company which has any interest in our Company. Further, no sum has been paid or agreed to be paid to any of our Promoters or to any firm or company in which our Promoters are interested as a member, in cash or shares or otherwise by any person either to induce our Promoters to become, or qualify them as a director, as applicable, or otherwise for services rendered by our Promoters or by such firm or company in connection with the promotion or formation of our Company.

Payment of amounts or benefits to our Promoters or Promoter Group during the last two years

Except as stated in " *- Interests of our Promoters*", "*Restated Financial Statements – Note No. 45 – Related Party Disclosure* ", "*Our Group Companies – Business interest of our Group Companies in our Company*", "*Our Management – Interest of Directors*" and "*Our Management – Key Managerial Personnel*" on pages 238, 219 and 229, respectively, no amount or benefit has been paid by our Company to our Promoters or the members of the Promoter Group during the two years preceding the date of this Draft Red Herring Prospectus, nor is intended to be paid or given to our Promoters or the members of the Promoter Group as on the date of this Draft Red Herring Prospectus.

Material guarantees given by our Promoters with respect to the Equity Shares

Except as disclosed below, our Promoters have not given any material guarantee to any third party with respect to the Equity Shares, as on the date of this Draft Red Herring Prospectus.

As on the date of this Draft Red Herring Prospectus, 21,437,500 Equity Shares held by Nagakanaka Durga Prasad Chalavadi, our Promoter, are pledged in favor of State Bank of India, pursuant to sanction letters dated December 5, 2017, March 8, 2019, March 10, 2020 and March 20, 2021 to secure the borrowing obligations of our Company with the respective lender. For details of guarantees given by the Promoters, in relation to certain borrowings of our Company, as on the date of this Draft Red Herring Prospectus, see "*History and Certain Corporate Matters - Details of Guarantees given to third parties by a promoter participating in the Offer for Sale*" and "*Financial Indebtedness"* on pages 211 and 344, respectively.

Companies or Firms with which our Promoters have disassociated in the last three years

Except as disclosed below, our Promoters have not disassociated themselves from any company or firm in the three years immediately preceding the date of this Draft Red Herring Prospectus.

S.No.	Name of the company/firm disassociated from	Name of the Promoter(s)	Date of disassociation	Reasons for and circumstances leading to disassociation and terms of disassociation
1.	Varamahalakshmi Holdings Private Limited	Nagakanaka Durga Prasad Chalavadi	January 29, 2022	Transfer of entire holding to Jhansi Rani Chalavadi by way of gift deed
2.	Kalasoudha Infra Developers LLP	Nagakanaka Durga Prasad Chalavadi	January 20, 2022	Transfer of entire holding to Jhansi Rani Chalavadi and Subash Chandra Mohan Annam
3.	Kalamandir International Private Limited*	Nagakanaka Durga Prasad Chalavadi	January 29, 2022	Transfer of entire holding to Jhansi Rani Chalavadi by way of gift deed

**Under the process of striking off.*

Change in the control of our Company

Our Promoters are the original promoters of our Company. Further, there has not been any change in the control of our Company in the five years immediately preceding the date of this Draft Red Herring Prospectus.

Promoter Group

A. Natural persons who are part of the Promoter Group

In addition to our Promoters, who are married to each other, the natural persons forming part of our Promoter Group are as follow:

- Krishna Murthy Chalavadi;
- Swarajya Lakhsmi Chalavadi;
- Dhanalakshmi Perumalla;
- Devamani Venkata Kanaka Durga Hanisha Rachamadugu;
- Rupamani Nagakanaka Durgasri Harshada Konijeti;
- Mohana Durga Rao Chalavadi;
- Doodeswara Kanaka Durgarao Chalavadi;
- Kalyan Srinivas Annam;
- Subhash Chandra Mohan Annam; and
- Venkata Rajesh Annam.

B. Entities forming part of the Promoter Group

The companies and entities that form part of the Promoter Group are as follows:

- Atrium Textiles Private Limited;
- Kalamandir International Private Limited*;
- Sai Retail India Limited;
- Sai Swarnamandir Jewellers Private Limited;
- Varamahalakshmi Holdings Private Limited;
- Sai Readymade;
- T-Shirt Factory LLP;
- Kalasoudha Infra Developers LLP;
- Sai Futuristic Ventures LLP;
- Soul of Pluto Tech LLP;
- K Factory;
- Kalamandir Foundation; and
- SSKL Family Trust.

* *Under the process of striking off*

Other Confirmations

Our Promoters and members of our Promoter Group have not been declared as Wilful Defaulter or Fraudulent Borrower.

Our Promoters and members of the Promoter Group are not prohibited from accessing the capital market or debarred from buying, selling or dealing in securities under any order or direction passed by the Board or any securities market regulator in any other jurisdiction or any other authority/court.

Our Promoters are not and have never been a promoter of any other company which is debarred from accessing the capital markets.

OUR GROUP COMPANIES

In terms of the SEBI ICDR Regulations, the term "group companies" of our Company, for the purpose of disclosure in this Draft Red Herring Prospectus, shall include:

(1) companies (other than the promoter and subsidiaries, if any) with which there were related party transactions, during the period for which financial information is disclosed in the Restated Financial Statements, as covered under the applicable accounting standards (*i.e.*, Ind AS 24), and

(2) such other companies as considered material by the Board pursuant to the Materiality Policy.

With respect to (2) above, our Board in its meeting held on June 4, 2022 has adopted the Materiality Policy and has considered group companies of our Company to be such companies (other than the companies categorised under (1) above) that are a part of the Promoter Group (companies) (as defined in Regulation 2(1)(pp) of the SEBI ICDR Regulations) with which there were transactions with our Company during the last Fiscal included in the Restated Financial Statements, which individually or cumulatively in value, exceed 10% of the total restated revenue of our Company as derived from the Restated Financial Statements of the last completed Fiscal.

Based on the parameters outlined above, our Company has identified the following companies as Group Companies:

(a) Sai Retail India Limited; and

(b) Varamahalakshmi Holdings Private Limited

In accordance with the SEBI ICDR Regulations, certain financial information in relation to our Group Companies for the preceding three financial years, extracted from their respective audited financial statements (as applicable) are available at the website indicated below.

Our Company is providing links to such website solely to comply with the requirements specified under the SEBI ICDR Regulations. None of our Company, the BRLMs or any of the Company's or the BRLMs' respective directors, employees, affiliates, associates, advisors, agents or representatives have verified the information available on the websites indicated below.

Details of our Group Companies:

The details of our Group Companies are as provided below:

1. **Sai Retail India Limited**

Sai Retail India Limited was incorporated on December 6, 2013 and its registered office is situated at Municipal No: 8-268, Survey No: 126, Kismatpur Village, Rajendra Nagar Mandal, Rangareddi, Hyderabad - 500030, Telangana, India.

Sai Retail India Limited does not have a website. Information with respect to (i) reserves (excluding revaluation reserve); (ii) sales; (iii) profit after tax; (iv) earnings per share; (v) diluted earnings per share; and (vi) net asset value, based on the audited financial statements for the preceding three years (for which audit has been done as on date of this Draft Red Herring Prospectus) shall be hosted on the website of our Company at https://sskl.co.in/investor-relations/.

2. **Varamahalakshmi Holdings Private Limited**

Varamahalakshmi Holdings Private Limited was incorporated on November 20, 2012 and its registered office is situated at 6-3-790/8, Flat No. 1, Bathina Apartments, Ameerpet, Hyderabad - 500016, Telangana, India.

Varamahalakshmi Holdings Private does not have a website. Information with respect to (i) reserves (excluding revaluation reserve); (ii) sales; (iii) profit after tax; (iv) earnings per share; (v) diluted earnings per share; and (vi) net asset value, based on the audited financial statements for the preceding three years (for which audit has been done as on date of this Draft Red Herring Prospectus) shall be hosted on the website of our Company at https://sskl.co.in/investor-relations/.

Common pursuits among Group Companies

There are no common pursuits amongst our Group Companies and our Company except as disclosed below.

Sai Retail India Limited may be empowered under its constitutional documents, to undertake a similar line of business as that of our Company. However, currently, there is no conflicting interest arising out of such common pursuits. We shall adopt necessary procedures and practices as permitted by law to address any instances of conflict of interest, if and when, they may arise. Moreover, the BTA dated April 1, 2022 entered between our Company and Sai Retail India Limited contain certain non-compete provisions restricting Sai Retail India Limited from undertaking a business substantially similar to, or competing with, the business of our Company. For further details, see "“*History and Certain Corporate Matters – Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamation or revaluation of assets in the last 10 years*” on page 210.

Nature and extent of interest of our Group Companies

a. Interest in the promotion of our Company

None of our Group Companies have any interest in the promotion of our Company.

b. Interest in the property acquired in the preceding three years or proposed to be acquired by the Company

Except as disclosed below and “*Restated Financial Statements – Note No. 45 – Related Party Disclosures*” on page 287, our Group Companies are not interested, directly or indirectly, in the properties facquired by our Company in the preceding three years or proposed to be acquired by our Company.

Pursuant to the BTA, SRIL has negotiated with the lessors of the premises held on lease basis and earlier occupied by SRIL for the purposes of its business, to renew the lease agreement in favour of our Company on the same terms and conditions of the earlier lease agreements executed between SRIL and the respective lessors. For details see, “*History and Certain Corporate Matters – Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamation or revaluation of assets in the last 10 years*” on page 210

c. Interest in transactions in acquisition of land, construction of building, or supply of machinery

Except as disclosed in this section, none of our Group Companies are interested, directly or indirectly, in any transactions for acquisition of land, construction of building, supply of machinery, with our Company.

Related business transactions and their significance on the financial performance of our Company

Other than the transactions disclosed in the section “*Restated Financial Statements – Note No. 45 – Related Party Disclosures*” on page 287, there are no busidness transactions between the Group Companies and our Company.

Business interest of our Group Companies in our Company

Until Fiscal 2022, our Company was purchasing the products that we sell at our stores from Sai Retail India Limited, a member of our Promoter Group and Group Company. However, our Company has acquired the business assets relating to the apparel business of Sai Retail India Limited, one of our Group Companies, by way of a business assets transfer agreement dated April 1, 2022 (“**BTA**”), on an arms’ length basis. Through the BTA, we have acquired the assets of Sai Retail India Limited, and absorbed all its employees engaged in the apparel business, on terms and conditions which are not less favourable than what such employees enjoyed at Sai Retail India Limited. Except as disclosed above, in “*Restated Financial Statements – Note No. 45 – Related Party Disclosures*” and “*History and Certain Corporate Matters – Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamation or revaluation of assets in the last 10 years*” on pages 287 and 210 respectively, our Group Companies have no business interests in our Company.

Litigation

As on the date of this Draft Red Herring Prospectus, our Group Companies are not party to any pending litigation which will have a material impact on our Company.

Other Confirmations

None of our Group Companies have their securities listed on a stock exchange. Further, our Group Companies have not made any public or rights issue of securities in the three years preceding the date of this Draft Red Herring Prospectus.

DIVIDEND POLICY

The declaration and payment of dividends, if any, will be recommended by our Board and approved by our shareholders at their discretion, subject to the provisions of our Articles of Association and the applicable laws including the Companies Act together with the applicable rules issued thereunder. The dividends, if any, will depend on a number of factors, including but not limited to the earnings, capital requirements and overall financial condition of our Company. Our Company has adopted a dividend distribution policy ("**Dividend Policy**") pursuant to a resolution of the Board dated June 4, 2022. In terms of the Dividend Policy, the dividend pay-out, if any, shall be determined by the Board after taking into account a number of financial parameters, internal factors and external factors, including the operating cash flow of the Company, profit earned during the year, working capital requirements, capital expenditure requirements, dividend pay outs ratios across industries, inflation rate and taxation, amongst others.

We have not declared any dividends in the three Fiscals immediately preceding the filing of this Draft Red Herring Prospectus. Further, our Company has not declared any dividend from April 1, 2022 and until the date of filing of this Draft Red Herring Prospectus.

There is no guarantee that any dividends will be declared or paid by our Company in the future. For details, see "*Risk Factors – Our Company may not be able to pay dividends in the future. Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, working capital requirements and capital expenditures and the terms of our financing arrangements*" on page 37.

SECTION V – FINANCIAL INFORMATION

RESTATED FINANCIAL STATEMENTS

Independent Auditor's Examination Report on the Restated Statement of Assets and Liabilities as at March 31, 2022, March 31, 2021 and March 31, 2020, the Restated Statement of Profit and Loss (including Other Comprehensive Income), Restated Statement of Changes in Equity, Restated Cash- flow Statement, Summary Statement of Significant Accounting Policies and Other Explanatory Information for each of the years ended March 31, 2022, March 31, 2021 and March 31, 2020.

To
The Board of Directors
Sai Silks (Kalamandir) Limited
6-3-790/8, Flat No: 1, Bathina Apartments,
Ameerpet, Hyderabad
Telangana- 500016 India

Dear Sirs,

1. We have examined the attached Restated Financial Information of Sai Silks (Kalamandir) Limited (the "**Company**" or "**Issuer**"), comprising the Restated Statement of Assets and Liabilities as at March 31, 2022, March 31, 2021 and March 31, 2020, the Restated Statements of Profit and Loss (including other comprehensive income), the Restated Statement of Changes in Equity, the Restated Cash Flow Statement for the years ended March 31, 2022, March 31, 2021 and March 31, 2020 a Summary of Significant Accounting Policies and other explanatory information (collectively, the "**Restated Financial Information**"), as approved by the Board of Directors of the Company at their meeting held on June 15, 2022 for the purpose of inclusion in the Draft Red Herring Prospectus ("**DRHP**") prepared by the Company in connection with its proposed Initial Public Offer of equity shares ("**IPO**") prepared in terms of the requirements of:

    a. Section 26 of Part I of Chapter III of the Companies Act, 2013, as amended (the "**Act**");

    b. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "**ICDR Regulations**") ; and

    c. The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "**Guidance Note**").

2. The Company's Board of Directors is responsible for the preparation of the Restated Financial Information for the purpose of inclusion in the DRHP to be filed with Securities and Exchange Board of India, BSE Limited and National Stock Exchange of India Limited in connection with the proposed IPO. The Restated Financial Information have been prepared by the management of the Company on the basis of preparation stated in note 2(a) to the Restated Financial Information. The Company's Board of Directors responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the restated financial information. The Board of Directors are also responsible for identifying and ensuring that the Company complies with the Act, ICDR Regulations and the Guidance Note read with SEBI Regulations, as applicable in connection with the IPO.

3. We have examined such Restated Financial Information taking into consideration:

    a. The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated 03 May, 2022 in connection with the proposed IPO of equity shares of the Company;

    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 Information; and

    d. The requirements of Section 26 of the Act and 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 read with SEBI Regulations, as applicable, in connection with the IPO.

4. These Restated Financial Information have been compiled by the management from:

   a. Audited Ind AS financial statements of the Company for the year ended March 31, 2022, prepared in accordance with the Indian Accounting Standards (referred to as "**Ind AS**") as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on May 28, 2022. The comparative information for the year ended March 31, 2021 included in such financial statements have been prepared by making Ind AS adjustments to the audited financial statements of the Company as at and for the year ended March 31, 2021, prepared in accordance with the accounting standards, notified under the Section 133 of the Act ("Indian GAAP") which was approved by the Board of Directors at their meeting held on July 05, 2021

   b. The audited special purpose Ind AS financial statements as at and for the years ended March 31, 2021 and March 31, 2020 prepared on the basis as described in Note 2(a) to the restated financial information, which have been approved by the Board of Directors at their meeting held on June 15, 2022.

5. For the purpose of our examination, we have relied on:

   a. Auditors' report issued by us dated May 28, 2022 on the financial statements of the Company as at and for the year ended March 31, 2022 as referred in Paragraph 4 above; and

   b. Auditors' report issued by us dated June 15, 2022 on the special purpose Ind AS Financial statements as at and for the years ended March 31, 2021 and March 31, 2020 as referred in Paragraph 4 above, which included an Emphasis of Matter paragraph as mentioned below:

      Emphasis of Matter – Basis of Accounting and Restriction on Distribution and Use

      We draw your attention to Note 2(a) to the special purpose Ind AS financial information, which describes the purpose and basis of preparation. The Special purpose Ind AS financial statements have been prepared by the company solely for the purpose of preparation of the Restated financial information as required under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended ("the ICDR Regulations") in relation to the proposed initial public offering of the company and to comply with other relevant SEBI Regulations in connection with the IPO. As a result, the Special purpose Ind AS financial statements may not be suitable for any other purpose and are not financial statements prepared pursuant to any requirements under Section 129 of the Companies Act, 2013. The Special purpose Ind AS financial statements cannot be referred to or distributed or included in any offering document or used for any other purpose except with our prior consent in writing. Our report is intended solely for the purpose of preparation of the restated financial information and to comply with relevant SEBI regulations and is not to be used, referred to or distributed for any other purpose without our prior written consent.

      Our opinion is not modified in respect of this matter.

   c. For the purpose of Special purpose audit report referred in para 5(b) above, we have relied on Auditors' report issued by the previous auditors dated July 05, 2021 and September 04, 2020 on the financial statements of the Company as at and for the years ended March 31, 2021 and 2020.

      The audits for the financial years ended March 31, 2021 and March 31, 2020 were conducted by the Company's previous auditors, M/s. Kannegolla Krishna Rao and Company, Chartered Accountants ("**the Previous Auditors").**

6. Based on our examination and according to the information and explanations given to us and based on the para 4 above, we report that the Restated Financial Information:

   a. have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial years ended March 31, 2022, 2021 and 2020.

   b. have been prepared in accordance with the Act, ICDR Regulations and the guidance note, as applicable.

   c. There were no qualifications in auditor's report on the audited financial statements of the Company for the financial year ended March 31, 2022, 2021 and 2020 which require any adjustments to the restated financial information.

However, auditors report dated July 05, 2021 and September 4, 2020 referred to in paragraph 5(c) above includes emphasis of matter on impact of COVID-19 on operation of the Company which do not require any adjustment to the restated financial information.

Following is the emphasis of matter para which was included in the Audit Report for the financial years ended March 31, 2021 and March 31, 2020 by the previous auditors referred to in paragraph 5(c) above.

"We draw your attention to Note No. 44 of the Financial Statements which describes Management's assessment of the impact of the COVID–19 pandemic on the operations and financial results of the company. Our opinion is not modified in respect of the above matter"

Note No. 44 of the Financial Statements for the year ended March 31, 2021 and March 31, 2020 :

"The retail industry as a whole has been adversely impacted by the spread of COVID-19. The operations of the company were impacted to certain extent owing to the complete Lock down imposed from 22-03-2020. In this crisis, our priorities are to protect the employees and their families from COVID-19, besides our customers visiting our stores and the society associated with it. The company has begun restoration of store operations from last week of May-20 and has been opening the stores, as permitted by the Government and Local/Regulatory authorities, with controlled movement, maintaining social distancing, taking appropriate hygiene measures and following the directions of regulatory authorities. The Company believes that the pandemic is not likely to impact the recoverability of the carrying value of its assets. The Company is closely monitoring the developments and possible effects that may result from the current pandemic on its financial condition, liquidity and operations and is actively working to minimize the impact of this unprecedented situation. As the situation is continuously evolving, the eventual impact may be different from the estimates made as of the date of approval of these Results.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

8. The Restated Financial Information does not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited Ind AS financial statements / audited special purpose Ind AS financial statements mentioned in paragraph 4 above.

9. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us or the Previous Auditors, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

10. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

11. Our report is intended solely for use of the Board of Directors for the purpose for inclusion in the DRHP to be filed with Securities and Exchange Board of India, BSE Limited and National Stock exchange of India Limited in connection with the proposed IPO. 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 **Sagar & Associates**
Chartered Accountants
Firm's Registration Number:003510S

CA. B. Aruna
Partner
Membership Number: 216454
UDIN: 22216454AMWWWX1584

Place: Hyderabad
Date : June 15, 2022

All figures in ₹ million, unless otherwise stated

Statement of restated assets and liabilities

Particulars		Note No.	As at Mar 31, 2022	As at Mar 31, 2021	As at Mar 31, 2020
ASSETS					
1	Non-current assets				
(a)	Property, plant and equipment	3	1,631.71	1,587.25	1,717.92
(b)	Capital work-in-progress	3	-	21.19	-
(c)	Other Intangible assets	4	76.10	97.59	119.38
(d)	Right-of-use assets	5(a)	784.05	566.79	674.74
(e)	Financial assets				
(i)	Other financial assets	6	238.02	233.91	224.24
(f)	Other non-current assets	7	87.45	54.15	39.24
			2,817.33	**2,560.89**	**2,775.52**
2	**Current assets**				
(a)	Inventories	8	4,764.32	3,669.68	3,715.14
(b)	Financial assets				
(i)	Trade receivables	9	18.92	22.56	16.77
(ii)	Cash and cash equivalents	10	86.24	43.34	180.90
(iii)	Bank balances other than (iii) above	11	383.99	185.60	47.41
(iv)	Loans	12	162.02	55.03	44.96
(v)	Other financial assets	13	3.26	1.12	0.16
(c)	Other current assets	14	188.79	116.02	146.74
			5,607.54	**4,093.35**	**4,152.09**
	Total Assets		**8,424.87**	**6,654.24**	**6,927.61**
EQUITY AND LIABILITIES					
1	**Equity**				
(a)	Equity share capital	15	240.65	240.65	234.55
(b)	Other equity	16	2,765.96	2,189.26	2,080.51
			3,006.61	2,429.90	2,315.05
2	**Liabilities**				
(1)	**Non-current liabilities**				
(a)	Financial liabilities				
(i)	Borrowings	17	486.60	573.56	345.84
(ii)	Lease liabilities	5(b)	690.48	466.97	556.28
(iii)	Other financial liabilities	18	11.15	5.51	5.05
(b)	Provisions	19	25.22	29.99	29.88
(c)	Deferred tax liabilities (Net)	20	127.71	145.37	142.42
			1,341.16	**1,221.41**	**1,079.47**
(2)	**Current liabilities**				
(a)	Financial liabilities				
(i)	Borrowings	21	2,118.29	1,598.69	1,301.12
(ii)	Lease liabilities	5(c)	175.91	153.65	124.17
(iii)	Trade payables	22			
	-Due to micro, small and medium enterprises		-	-	-
	-Others		1,291.18	1,075.99	1,700.62
(iv)	Other financial liabilities	23	253.07	125.59	332.31

All figures in ₹ million, unless otherwise stated

	Particulars	Note No.	As at Mar 31, 2022	As at Mar 31, 2021	As at Mar 31, 2020
(b)	Other current liabilities	24	24.26	29.57	25.75
(c)	Provisions	25	2.49	1.89	1.77
(d)	Current tax liabilities (Net)	26	211.90	17.56	47.34
			4,077.10	3,002.93	3,533.09
	Total equity and liabilities		**8,424.87**	**6,654.24**	**6,927.61**

Corporate information and significant accounting policies 1 & 2
The accompanying notes are an integral part of the restated financial statements

As per our audit report of even date
For SAGAR & ASSOCIATES
Chartered Accountants

CA. B. Aruna
Partner
Membership No. 216454
F. No. 003510S
Place: Hyderabad
Date: 15th June, 2022

For and on behalf of the board

Ch.N.K.D.Prasad
Managing Director
DIN : 01929166

Annam Kalyan Srinivas
Whole Time Director
DIN : 02428313

K V L N Sarma
Chief Financial Officer

M K Bhaskara Teja
Company Secretary

All figures in ₹ million, unless otherwise stated

Statement of restated profit and loss

	Particulars		Note No.	Year ended Mar 31, 2022	Year ended Mar 31, 2021	Year ended Mar 31, 2020
	INCOME					
I	Revenue from operations		27	11,293.23	6,772.48	11,755.60
II	Other income		28	36.93	18.47	30.57
III		**Total Income (I+II)**		**11,330.16**	**6,790.95**	**11,786.17**
IV	**EXPENSES**					
	(a)	Purchases of stock-in-trade	29	8,472.12	4,451.60	8,734.62
	(b)	Changes in inventories	30	(1,093.42)	16.83	(274.01)
	(c)	Employee benefit expense	31	1,027.51	865.82	1,068.58
	(d)	Finance costs	32	286.39	274.43	273.63
	(e)	Depreciation and amortization expense	33	308.16	294.57	260.29
	(f)	Impairment losses (refer note 3(iv))	3	50.94	-	-
	(g)	Other expenses	34	1,505.60	814.61	1,189.29
		Total expenses (IV)		**10,557.30**	**6,717.87**	**11,252.40**
V	**Profit before exceptional items and tax (III-IV)**			772.86	73.07	533.77
VI	Exceptional Items			-	-	-
VII	**Profit before tax (V-VI)**			772.86	73.07	533.77
VIII	Tax expense:			195.99	21.76	112.81
	(a)	Current Tax		213.26	19.65	122.39
	(b)	Deferred Tax	20	(17.61)	2.10	(9.58)
	(c)	Short/ (Excess) provision of earlier years		0.34	0.01	-
IX	**Profit for the year (VII-VIII)**			**576.87**	**51.31**	**420.96**
X	**Other Comprehensive Income**					
	A)	Items that will not be reclassified to profit or loss				
		a) Remeasurements of the defined benefit plans		(0.22)	3.39	0.23
		b) Income tax relating to Items that will not be reclassified to profit or loss	20	0.06	(0.85)	(0.06)
	Other comprehensive income for the year, net of tax			(0.16)	2.53	0.17
XI	**Total comprehensive income for the year (IX+X)**			**576.71**	**53.85**	**421.14**
XII	Earnings per equity share		35			
	(a)	Basic earnings per share of Rs.2/- each		4.79	0.43	3.59
	(b)	Diluted earnings per share of Rs.2/- each		4.79	0.43	3.59

The accompanying notes are an integral part of the restated financial statements

As per our audit report of even date
For SAGAR & ASSOCIATES
Chartered Accountants

CA. B. Aruna
Partner
Membership No. 216454
F. No. 003510S
Place: Hyderabad
Date: 15th June, 2022

For and on behalf of the board

Ch.N.K.D.Prasad
Managing Director
DIN : 01929166

Annam Kalyan Srinivas
Whole Time Director
DIN : 02428313

K V L N Sarma
Chief Financial Officer

M K Bhaskara Teja
Company Secretary

All figures in ₹ million, unless otherwise stated

Statement of restated cash flows

Particulars	Year ended Mar 31, 2022	Year ended Mar 31, 2021	Year ended Mar 31, 2020
A) Cash Flows from Operating Activities			
Net profit before tax and exceptional items	772.86	73.07	533.77
Adjustments for :			
Amortisation of Right to use asset	117.60	107.95	102.39
Unwinding of discount on security deposits (net)	71.12	59.60	60.81
Actuarial gain / loss	(0.22)	3.39	0.23
Preliminary Expenditure Written Off	-	-	0.30
Depreciation on property, plant and equipment	169.07	164.81	135.67
Impairment loss on windmill (refer note 3(iv))	61.07	-	-
Amortisation on intangible assets	21.49	21.81	22.24
Unrealized foreign exchange (gain)/ loss	0.33	(0.53)	1.49
(Profit)/ Loss on sale of Property, Plant and Equipment	(0.17)	0.09	0.16
Other Income	(21.61)	(9.98)	(20.97)
Interest expense	274.44	268.39	269.28
Interest income	(9.93)	(3.84)	(5.61)
Operating profit before working capital changes	**1,456.05**	**684.75**	**1,099.74**
Adjustments for working capital changes in :			
Inventories	(1,094.64)	45.47	(304.09)
Trade Receivables	3.64	(5.79)	6.89
Other current financial and non financial asset	(181.90)	19.70	16.74
Trade payables	215.19	(624.63)	280.67
Other current liabilities	(5.30)	3.81	5.47
Other financial liabilities	124.72	(206.72)	51.14
Other financial and non-financial non-current assets	(43.98)	(19.85)	(76.97)
Long-term provisions	(4.78)	0.11	3.26
Other non-current financial liabilities	5.63	0.46	3.74
Current tax liabilities	-	-	-
Short term provisions	0.61	0.12	0.31
Cash generated from operations	475.23	(102.55)	1,086.90
Income tax paid	(19.26)	(49.44)	(234.27)
Net Cash generated from/(used in) operating activities	**455.98**	**(152.00)**	**852.63**
B) Cash flows from Investing Activities			
Sale/ (Purchase) of Property, Plant and Equipment/CWIP (incl. capital advances)	(253.21)	(55.44)	(474.09)
(Increase)/ Decrease in Deposits	(198.39)	(138.20)	(26.62)
Interest income	9.93	3.84	5.61
Other income	21.61	9.98	20.97
Net Cash generated from/(used in) Investing Activities	**(420.06)**	**(179.82)**	**(474.12)**
C) Cash flows from Financing Activities			
Proceeds from issue of Share Capital/ Share Application Money	-	61.00	-

All figures in ₹ million, unless otherwise stated

Particulars	Year ended Mar 31, 2022	Year ended Mar 31, 2021	Year ended Mar 31, 2020
Proceeds/ (repayment) from or of Long-term borrowings	(86.96)	227.72	(57.78)
Increase/ (Decrease) in Short-term borrowings	519.60	297.57	(11.22)
Prinicpal payment of lease liability	(153.65)	(124.17)	(116.80)
Interest paid and effect of foreign exchange	(272.01)	(267.86)	(261.84)
Net Cash generated from/(used in) Financing Activities	**6.98**	**194.26**	**(447.64)**
Net change in cash and cash equivalents (A + B + C)	42.89	(137.55)	(69.13)
Cash and Cash equivalents at the beginning of the year	43.34	180.90	250.03
Cash and Cash equivalents at the end of the year (refer note 10)	**86.24**	**43.34**	**180.90**

The accompanying notes are an integral part of the restated financial statements

As per our audit report of even date
For SAGAR & ASSOCIATES
Chartered Accountants

For and on behalf of the board

Ch.N.K.D.Prasad
Managing Director
DIN : 01929166

Annam Kalyan Srinivas
Whole Time Director
DIN : 02428313

CA. B. Aruna
Partner
Membership No. 216454
F. No. 003510S
Place: Hyderabad
Date: 15th June, 2022

K V L N Sarma
Chief Financial Officer

M K Bhaskara Teja
Company Secretary

All figures in ₹ million, unless otherwise stated

Statement of restated changes in equity

a. Equity share capital

Particulars	Notes	Amount
Balance as at March 31, 2019	15	**234.55**
Changes in equity share capital due to prior period errors		
Restated balance as at April 01, 2019		
Changes in equity share capital during the year		-
Balance as at March 31, 2020	15	**234.55**
Changes in equity share capital due to prior period errors		**-**
Restated balance as at April 01, 2020		**-**
Changes in equity share capital during the year		6.10
Balance as at March 31, 2021	15	**240.65**
Changes in equity share capital due to prior period errors		**-**
Restated balance as at April 01, 2021		**-**
Changes in equity share capital during the year		-
Balance as at March 31, 2022	15	**240.65**

b. Other Statement of Restated Assets and Liabilities

Particulars	Notes	Reserves and surplus		Total Equity
		Securities premium	Retained Earnings	
Balance as at April 01, 2019	16	**288.66**	**1,370.71**	**1,659.37**
Profit for the year (Net)		-	420.96	420.96
Issue of equity shares		-	-	-
Other comprehensive income for the year		-	0.17	0.17
Balance as at March 31, 2020	16	**288.66**	**1,791.85**	**2,080.51**
Profit for the year (Net)		-	51.31	51.31
Issue of equity shares		54.90	-	54.90
Other comprehensive income for the year		-	2.53	2.53
Balance as at March 31, 2021	16	**343.56**	**1,845.69**	**2,189.26**
Profit for the year (Net)		-	576.87	576.87
Issue of equity shares		-	-	-
Other comprehensive income for the year		-	(0.16)	(0.16)
Balance as at March 31, 2022	16	**343.56**	**2,422.41**	**2,765.97**

Corporate information and significant accounting policies 1 & 2
The accompanying notes are an integral part of the restated financial statements

As per our audit report of even date
For SAGAR & ASSOCIATES
Chartered Accountants

CA. B. Aruna
Partner
Membership No. 216454
F. No. 003510S
Place: Hyderabad
Date: 15th June, 2022

For and on behalf of the board

Ch.N.K.D.Prasad
Managing Director
DIN : 01929166

Annam Kalyan Srinivas
Whole Time Director
DIN : 02428313

K V L N Sarma
Chief Financial Officer

M K Bhaskara Teja
Company Secretary

Significant Accounting policies

Note 1: Corporate Information

M/s Sai Silks (Kalamandir) Limited ("The Company") is incorporated under the Companies Act, 1956 in Hyderabad on 03-Jul-2008 having the CIN U52190TG2008PLC059968. The Company is engaged in the business of buying and selling of textile and textile articles as a Retailer in the name and style of "Kalamandir", "Varamahalakshmi", "Mandir" and "KLM Fashions" in the state of Telangana, Andhra Pradesh, Karnataka and Tamil Nadu.

Note 2: Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the company.

a) *Basis for preparation*

The restated financial statement of the Company comprises the Restated Statement of Assets and Liabilities as at March 31, 2022, March 31, 2021 and March 31, 2020, the Restated Statement of Profit and Loss (including other comprehensive income), the Restated Statement of Cash Flows and the Restated Statement of Changes in Equity for the years ended March 31, 2022, March 31, 2021 and March 31, 2020 and the Summary Statement of Significant Accounting Policies, and other explanatory notes (collectively, the “restated financial statement”). These restated financial statement have been prepared by the management of the Company for the purpose of inclusion in the draft red herring prospectus and prospectus (collectively the “Offer Documents”) prepared by the Company in connection with its proposed Initial Public Offer (“IPO”) in terms of the requirements of:

i. Section 26 of Part I of Chapter III of the Companies Act, 2013 ("the Act");

ii. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and

iii. The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India (ICAI), as amended (the “Guidance Note”).

These restated financial statement have been compiled by the Management from:

i. i) Audited Ind AS financial statements of the Company for the year ended March 31, 2022, prepared in accordance with the Indian Accounting Standards (referred to as “Ind AS”) as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on May 28, 2022. The comparative information for the year ended March 31, 2021 included in such financial statements have been prepared by making Ind AS adjustments to the audited financial statements of the Company as at and for the year ended March 31, 2021, prepared in accordance with the accounting standards, notified under the Section 133 of the Act (“Indian GAAP”) which was approved by the Board of Directors at their meeting held on July 05, 2021; and

Audited special purpose Ind AS financial statements of the Company as at and for the years ended March 31, 2021 and March 31, 2020 prepared in accordance with Ind AS prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors of the Company at their meeting held on June 15, 2022. The restated financial statement have been prepared so as to contain information / disclosures and incorporating adjustments as per Note 49 to the information compiled by the management from Audited Ind AS Financial statements of the company for the year ended March 31, 2022 and Special purpose Ind AS financial statements of the Company as at and for the years ended March 31, 2021 and 2020.

The Company follows historical cost convention and accrual method of accounting in the preparation of the financial statements, except otherwise stated.

The accounting policies have been consistently applied by the Company in preparation of the Restated Financial Statements and are consistent with those adopted in the preparation of financial statements for the year ended March 31, 2022.

The restated financial statement:

i) have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial years ended March 31 2021 and 2020 to reflect the same accounting treatment as per the accounting policy and regrouping/classifications followed as at end of the year ended March 31, 2022.

ii) do not require any adjustment for modification as there is no modification in the underlying audit reports.

b) Statement of Compliance

These restated financial statement of the Company have been prepared in accordance with Indian Accounting Standard (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('the Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

c) Use of estimates and judgement

The preparation of restated financial statement in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of restated financial statement. The actual outcome may diverge from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Useful lives of property, plant and equipment: The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This re-assessment may result in change in depreciation expense in future periods.

(ii) Fair value of financial assets and liabilities and investments: The Company measures certain financial assets and liabilities on fair value basis at each balance sheet date or at the time they are assessed for impairment. Fair value measurement that are based on significant unobservable inputs (Level 3) requires estimates of operating margin, discount rate, future growth rate, terminal values, etc. based on management's best estimate about future developments.

(iii) Provisions and contingent liabilities: A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of time value of money is material).

Contingent liabilities: Contingent liabilities are not recognised but are disclosed in notes to accounts.

d) Functional and presentation currency

Items included in the restated financial statement of the Company are measured using the currency of the primary economic environment in which the Company operates (i.e. the "functional currency"). The restated financial statement are presented in Indian Rupee, the national currency of India, which is the functional currency of the Company.

e) Revenue Recognition

a) Sale of goods: Revenue from the sale of goods is recognized at the point in time when control over the goods sold is transferred to the customer. Revenue is measured based on the transaction price, which is the consideration, net of discounts, variable considerations, other similar charges, as specified in the contract with the customer. Additionally, revenue excludes taxes collected from customers, which are subsequently remitted to governmental authorities.
b) Interest income: Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset of that asset's net carrying amount on initial recognition.
c) Service Income - Service income is recognized on rendering of services based on the agreements / arrangements with the concerned parties.

f) Leases

The Company's lease asset classes consist of leases for buildings. The Company, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after April 1, 2018 (as required under restatement). The Company recognises a right-of-use asset and a lease liability at the later of lease commencement date or April 01, 2019. The right-of-use asset is initially measured 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 and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. 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. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense over the lease term.

g) Foreign currencies

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in the statement of profit and loss in the period in which they arise except for exchange differences on transactions designated as fair value hedge, if any.

h) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets, until such time the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

i) Employee benefits -Retirement Benefits

Leave Encashment : Compensatory absence which accrue to the employees which are expected to be availed or encashed within twelve months after the end of the period in which the employees render the related service are short-term in nature. These compensatory absences require measurement on an actual basis and not on actuarial basis.

Defined contribution plan : The company makes defined contribution to Provident Fund and Employee State Insurance which are recognized in the statement of Profit and Loss on accrual basis.

Defined benefit plan : The company's liability towards gratuity is determined on the basis of year end actuarial valuations applying the Projected Unit Credit Method done by an independent actuary as on the Balance sheet date.

The actuarial valuation method used by the independent actuary for measuring the liability is the projected unit credit method. Actuarial losses and gains are recognized in Other Comprehensive Income (OCI) and are not reclassified to the statement of profit and loss in any subsequent periods. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the statement of profit and loss as past service costs.

j) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

a) ***Current tax:*** Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961.
b) ***Minimum Alternate Tax (MAT) :*** paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.
c) ***Deferred tax:*** Deferred tax is recognized using the balance sheet approach. Deferred tax assets and liabilities are recognised on temporary differences between the carrying amounts of assets and liabilities in the restated financial statement and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. 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 all or part of the asset to be utilised. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

k) Property, Plant and Equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated at cost less accumulated depreciation and accumulated impairment losses. Freehold land is carried at historical cost.

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. The cost of property, plant and equipment comprises its purchase price/ acquisition cost, net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying property, plant and equipment up to the date the asset is ready for its intended use. Subsequent expenditure on property, plant and equipment after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Depreciation on Property, plant and equipment (other than freehold land) has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013, except in the case of fixutes at stores, has been provided based on the lease period of the respective premises.. The estimated useful life of the tangible assets and the useful life are reviewed at the end of the each financial year and the depreciation period is revised to reflect the changed pattern, if any. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss. Any leasehold improvements is depreciated over the lease term.

l) Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16's requirements for cost model. An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised. The depreciation on Property, plant and equipment (other than freehold land) has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

m) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment. Intangible assets are amortised over their respective estimated useful lives on a straight line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Estimated useful lives of the intangible assets is 6 years which contains Software. The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of the each financial year and the amortisation period is revised to reflect the changed pattern, if any.

n) Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). 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 the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset 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 the asset in prior years. A reversal of an impairment loss is recognised immediately in statement of profit and loss.

o) Inventories

Inventories (including stock-in-transit) are stated at lower of cost or net realizable value. Cost is determined on 'Weighted Average' basis. Due to a large number and diverse nature of inventory items, cost is estimated as near as possible for each stock keeping unit including freight and applicable taxes, etc.

Net realizable value represents the estimated selling price less all estimated costs necessary to make the sale. No valuation is done for damaged stock since its realizable value, if any, is negligible.

p) Provisions and contingencies

Provisions: A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of time value of money is material).

Contingent liabilities: Contingent liabilities are not recognised but are disclosed in notes to accounts.

q) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets and liabilities are initially recognised at fair value. Transaction costs that are directly attributable to financial assets and liabilities [other than financial assets and liabilities measured at fair value through profit and loss (FVTPL)] are added to or deducted from the fair value of the financial assets or liabilities, as appropriate on initial recognition. Transaction costs directly attributable to acquisition of financial assets or liabilities measured at FVTPL are recognised immediately in the statement of profit and loss.

a) Non-derivative Financial assets: All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

Financial assets at amortised cost

A financial asset is measured at amortised cost if both of the following conditions are met:

1) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

2) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Effective interest method: The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is that which exactly discounts estimated future cash receipts through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognised on an effective interest basis for debt instruments other than those financial assets. Interest income is recognised in profit or loss and is included in the "Other income" line item.

b) Derecognition of financial assets: A financial asset is derecognised only when the Company:

- has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients. When the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. When the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

c) Foreign exchange gains and losses: The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in statement of profit and loss.

d) Financial liabilities: All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL - Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in statement of profit and loss. The net gain or loss recognised in statement of profit and loss incorporates any interest paid on the financial liability and is included in the 'Other income/Other expenses' line item.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in the statement of profit and loss. The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in the statement of profit and loss.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

r) Segment reporting

Operating segments are reported in the manner consistent with the internal reporting to the Chief Executive Officer. The Company is reported at an overall level, and hence there are no separate reportable segments as per Ind AS 108.

s) Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition) and highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

t) Earnings per share (EPS)

Basic earnings per share are computed using the weighted average number of equity shares outstanding during the period. Diluted EPS is computed by dividing the profit or loss attributable to ordinary equity holders by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares, as appropriate.

u) Operating Cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

v) Capital work-in-progress

Capital work in progress includes, cost of assets not yet commissioned, and incidental expenses during the construction period. Certain directly attributable pre-operative expenses during construction period are included under Capital Work in Progress. These expenses are allocated to the cost of Fixed Assets when the same are ready for intended use.

All figures in ₹ million, unless otherwise stated

Note No. 3: Property, plant and equipment

Description of Asset	Civil structures	Plant and Machinery	Windmill	Furniture and Fixtures	Vehicles	Computers	Total	Capital Work-In-Progress
Gross Carrying Amount								
As at 1 Apr, 2019	217.82	237.24	80.90	879.37	51.68	32.24	1,499.25	-
Additions	38.12	76.12	-	311.56	39.96	8.59	474.36	-
Disposals/adjustments	-	-	-	-	(2.66)	-	(2.66)	-
Closing Gross Carrying Amount (A)	255.95	313.36	80.90	1,190.93	88.97	40.84	1,970.95	-
Accumulated Depreciation and Impairment								
Opening accumulated depreciation	11.35	19.53	4.95	68.18	7.77	7.81	119.59	-
Depreciation charge for the year	3.66	18.28	4.97	88.59	9.35	10.82	135.67	-
Disposals/adjustments/Impairment	-	-	-	-	(2.23)	-	(2.23)	-
Closing accumulated depreciation and impairment as at Mar 31, 2020 (B)	15.02	37.81	9.92	156.76	14.89	18.63	253.03	-
Net Carrying Amount as at Mar 31, 2020 (A-B)	**240.93**	**275.55**	**70.98**	**1,034.17**	**74.09**	**22.21**	**1,717.92**	**-**
Gross Carrying Amount								
As at 1 Apr, 2020	255.95	313.36	80.90	1,190.93	88.97	40.84	1,970.95	-
Additions	3.10	2.37	-	17.91	9.81	5.79	38.98	21.19
Disposals/adjustments	-	-	-	-	(12.49)	-	(12.49)	-
Closing Gross Carrying Amount (C)	259.04	315.73	80.90	1,208.84	86.29	46.63	1,997.43	21.19
Accumulated Depreciation and Impairment								
Opening accumulated depreciation	15.02	37.81	9.92	156.76	14.89	18.63	253.03	-
Depreciation charge for the year	5.81	22.33	4.95	108.06	12.40	11.27	164.81	-
Disposals/adjustments/Impairment	-	-	-	-	(7.66)	-	(7.66)	-
Closing accumulated depreciation and Impairment as at Mar 31, 2021 (D)	20.83	60.13	14.87	264.82	19.62	29.89	410.18	-
Net Carrying Amount as at Mar 31, 2021 (C-D)	**238.22**	**255.60**	**66.03**	**944.01**	**66.66**	**16.74**	**1,587.25**	**21.19**
Gross Carrying Amount								
As at 1 Apr, 2021	259.04	315.73	80.90	1,208.84	86.29	46.63	1,997.43	21.19
Additions	50.15	44.52	-	148.98	14.92	16.10	274.68	-
Disposals/adjustments	-	-	(80.90)	-	(1.48)	-	(82.38)	(21.19)
Closing Gross Carrying Amount (E)	309.20	360.25	-	1,357.82	99.73	62.73	2,189.73	-
Accumulated Depreciation and Impairment								
Opening accumulated depreciation	20.83	60.13	14.87	264.82	19.62	29.89	410.18	-
Depreciation charge for the year	4.36	22.81	4.95	114.11	12.36	10.49	169.07	-

All figures in ₹ million, unless otherwise stated

Description of Asset	Civil structures	Plant and Machinery	Windmill	Furniture and Fixtures	Vehicles	Computers	Total	Capital Work-In-Progress
Disposals/adjustments/Impairment	-	-	(19.83)	-	(1.40)	-	(21.23)	-
Closing Accumulated Depreciation and Impairment as at Mar 31, 2022 (F)	25.18	82.94	-	378.93	30.58	40.38	558.02	-
Net Carrying Amount as at Mar 31, 2022 (E-F)	**284.01**	**277.31**	**-**	**978.89**	**69.15**	**22.35**	**1,631.71**	**-**

(i) **Property, plant and mortagaged as security:** Refer to note 41 for information on property, plant and equipment mortgaged as security by the company.
(ii) **Contractual obligations:** Refer to note 37(b) for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(iii) **Capital work-in-progress:** The ageing of Capital work-in progress is provided in Note 40.

(iv) ***Impairment loss on windmill:** The impairment loss of windmill is due deterioration of the future prospects of the market conditions and due to decline in the profitability associated with the same. The impairment loss recognised is net off the long -term provision of INR 10.13 million (refer note 19).

Particulars	Amount
A. Gross Carrying amount of Windmill as on 01-04-2021	80.90
B. Less : Accumulated Depreciation as on 31-03-2022	19.83
C. Less : Windmill Revenue Compensation (Refer Note 19)	10.13
Impairment Loss on Windmill (A)-(B)-(C)	**50.94**

Note No. 4: Intangible assets

Description of Asset	Software	Brands	Total
Gross Carrying Amount			
As at 1 Apr, 2019	6.78	157.07	163.85
Additions	-	-	-
Disposals/adjustments	-	-	-
Closing Gross Carrying Amount (A)	6.78	157.07	163.85
Accumulated Depreciation and Impairment			
Opening accumulated depreciation	1.36	20.88	22.23
Depreciation charge for the year	1.30	20.94	22.24
Disposals/adjustments/Impairment	-	-	-
Closing accumulated depreciation and impairment as at Mar 31, 2020 (B)	2.66	41.81	44.47
Net Carrying Amount as at Mar 31, 2020 (A-B)	**4.13**	**115.25**	**119.38**
Gross Carrying Amount			
As at 1 Apr, 2020	6.78	157.07	163.85
Additions	0.02	-	0.02
Disposals/adjustments	-	-	-
Closing Gross Carrying Amount (E)	6.80	157.07	163.87
Accumulated Depreciation and Impairment			
Opening accumulated depreciation	2.66	41.81	44.47
Depreciation charge for the year	0.93	20.88	21.81
Disposals/adjustments/Impairment	-	-	-
Closing accumulated depreciation and Impairment as at Mar 31, 2021 (F)	3.59	62.69	66.28
Net Carrying Amount as at Mar 31, 2021 (E-F)	**3.21**	**94.38**	**97.59**
Gross Carrying Amount			

All figures in ₹ million, unless otherwise stated

Description of Asset	Software	Brands	Total
As at 1 Apr, 2021	6.80	157.07	163.87
Additions	-	-	-
Disposals/adjustments	-	-	-
Closing Gross Carrying Amount (G)	6.80	157.07	163.87
Accumulated Depreciation and Impairment			
Opening accumulated depreciation	3.59	62.69	66.28
Depreciation charge for the year	0.61	20.88	21.49
Disposals/adjustments/Impairment	-	-	-
Closing Accumulated Depreciation and Impairment as at Mar 31, 2022 (H)	4.20	83.57	87.77
Net Carrying Amount as at Mar 31, 2022 (G-H)	**2.60**	**73.50**	**76.10**

Note No. 5(a): Leases

The Company has adopted Ind AS 116 'Leases' with the date of initial application being 01-Apr-2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The Company has used simplified transition approach under Ind AS 116.

(a) Right-of-use assets

Particulars	As at Mar 31, 2022	As at Mar 31, 2021	As at Mar 31, 2020
Opening Balance	566.79	674.74	-
Add: Transition to Ind AS 116	-	-	613.74
Add: Addition during the year	334.86	-	163.39
Less: Impact on lease termination	-	-	-
Less: Impact on lease modification	-	-	-
Less: Amortised during the year	(117.60)	(107.95)	(102.39)
Total	784.05	566.79	674.74

(b) Lease liabilities: The following is the movement in lease liabilities

Particulars	As at Mar 31, 2022	As at Mar 31, 2021	As at Mar 31, 2020
Opening Balance	620.62	680.46	-
Additions	323.08	-	732.31
Deletions	-	-	-
Interest	76.34	64.34	64.95
Lease payments	(153.65)	(124.17)	(116.80)
Closing balance	866.39	620.62	680.46
Non-current lease liabilities	690.48	466.97	556.28

(c) Current lease liabilities

Particulars	As at Mar 31, 2022	As at Mar 31, 2021	As at Mar 31, 2020
Current lease liabilities	175.91	153.65	124.17
Total	**175.91**	**153.65**	**124.17**

Note No. 6: Other financial assets

All figures in ₹ million, unless otherwise stated

Particulars	As at Mar 31, 2022	As at Mar 31, 2021	As at Mar 31, 2020
Rental deposits - at amortised cost - refer note(a) below	238.02	233.91	224.24
Total	**238.02**	**233.91**	**224.24**

(1) The company has paid an amount of INR 30.00 million as interest free refundable security deposit for opening a new store at Chennai on lease. However, the parties failed to hand over the physical possession. Complaint was filed with Central Crime Station (CCS), Hyderabad PS vide FIR No. 219/2019. Upon investigation, charge sheet was filed and requested the bank to freeze the account of the defaulting party, where significant amount was parked. Management is confident of recovering the total deposit amount. Hence no provision has been made in this regard.

Note No. 7: Other non-current assets

Particulars	As at Mar 31, 2022	As at Mar 31, 2021	As at Mar 31, 2020
(a) Advances for purchase of property, plant and equipment	66.35	34.18	19.28
(b) Deposits with govt. authorities	20.84	19.71	19.71
(c) Other deposits	0.26	0.26	0.25
Total	**87.45**	**54.15**	**39.24**

Note No. 8: Inventories

Particulars	As at Mar 31, 2022	As at Mar 31, 2021	As at Mar 31, 2020
Stock in trade	4,761.65	3,668.23	3,685.06
Packing material and others	2.67	1.45	30.08
Total	**4,764.32**	**3,669.68**	**3,715.14**

Cost of inventories hypothecated as security against current borrowings, details of which have been disclosed in Note 41. For mode of valuation of inventories refer Note 2(o) of Accounting Policies.

Note No. 9: Trade receivables

Particulars	As at Mar 31, 2022	As at Mar 31, 2021	As at Mar 31, 2020
Considered good - Unsecured	18.92	22.56	16.77
Total	**18.92**	**22.56**	**16.77**

Trade receivables are hypothecated as Security for part of Cash Credit facilities (refer note 41) and ageing of trade receivables is provided in Note 38. The Company generally operates on a cash and carry model, and hence the expected credit loss allowance for trade receivables is insignificant. The concentration of credit risk is also limited due to the fact that the customer base is large and unrelated.

Note No. 10: Cash and Cash Equivalents

Particulars	As at Mar 31, 2022	As at Mar 31, 2021	As at Mar 31, 2020
(a) Balance with banks			
-In Current Accounts	3.38	17.30	101.87
(b) Cash on hand	63.20	14.28	78.87
(c) Others - Credit card receivables	19.65	11.76	0.15
Total	**86.24**	**43.34**	**180.90**

All figures in ₹ million, unless otherwise stated

Note No. 11: Bank balances other than cash and cash equivalents

Particulars	As at Mar 31, 2022	As at Mar 31, 2021	As at Mar 31, 2020
(a) Fixed deposits held as margin money against borrowings and guarantees (maturity of less than 12 months from the balance sheet date)^	383.99	185.60	47.41
Total	**383.99**	**185.60**	**47.41**

^ Other bank deposits represent, fixed deposit with banks with original maturity of more than 3 months.

Note No. 12: Loans

Particulars	As at Mar 31, 2022	As at Mar 31, 2021	As at Mar 31, 2020
(a) Employee loans - at amortised cost	162.02	55.03	44.96
Total	**162.02**	**55.03**	**44.96**
Break-up of security details			
Loans considered good – unsecured	162.02	55.03	44.96

Note No. 13: Other financial assets

Particulars	As at Mar 31, 2022	As at Mar 31, 2021	As at Mar 31, 2020
Interest accrued	3.26	1.12	0.16
Total	**3.26**	**1.12**	**0.16**

Note No. 14: Other Current Assets

Other current assets	As at Mar 31, 2022	As at Mar 31, 2021	As at Mar 31, 2020
(a) Balances with statutory authorities			
- Other taxes	64.98	74.45	106.78
(b) Others			
- Advance for Suppliers	110.62	28.09	29.74
- Prepaid Expenses	13.19	13.49	10.22
Total	**188.79**	**116.02**	**146.74**

Note No. 15: Equity share capital

(i) Authorised equity share capital	Number of Shares	Amount
As at 31st Mar, 2020	4,20,00,000	420.00
Movement during the year	-	-
As at 31st Mar, 2021	4,20,00,000	420.00
Movement during the year	-	-
As at 31st Mar, 2022	4,20,00,000	420.00

All figures in ₹ million, unless otherwise stated

(ii) Movement in paid-up equity share capital	**Number of Shares**	**Amount**
As at 31st Mar, 2020	2,34,54,588	234.55
Movement during the year	6,10,000	6.10
As at 31st Mar, 2021	2,40,64,588	240.65
Movement during the year	-	-
As at 31st Mar, 2022	2,40,64,588	240.65

Terms and Rights attached to Equity Shares

The Company has one class of equity shares having a par value of INR.10/- each (Previous Years: INR.10/- each). Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

(iii) Details of shareholders holding more than 5% shares in the company

For the year(s) ended March 31, 2022, 2021 and 2020.

Name of the Shareholder	March 31, 2021 and 2022		March 31, 2020	
	Number of shares	% holding	Number of shares	% holding
Chalavadi Naga Kanaka Durga Prasad	71,07,600	29.54	64,97,600	27.70
Chalavadi Jhansi Rani	53,60,088	22.27	53,60,088	22.85
Perumalla Dhanalakshmi	29,31,900	12.18	29,31,900	12.50
Chalavadi Devamani	22,24,200	9.24	22,24,200	9.48
Chalavadi D K Durga Rao	16,16,500	6.72	16,16,500	6.89
Annam Kalyan Srinivas	15,15,400	6.30	15,15,400	6.46
Chalavadi Rupamani N K D S Harshada	25,00,000	10.39	25,00,000	10.66

(iv) Shares held by promoters
March 31, 2022 - Shareholding of promoters has not changed since March 31, 2021

Name of Promoter	Number of shares	% holding	% Change during the year
	March 31, 2021		
Chalavadi Naga Kanaka Durga Prasad	71,07,600	29.54	1.83
Chalavadi Jhansi Rani	53,60,088	22.27	(0.58)
	March 31, 2020		
Chalavadi Naga Kanaka Durga Prasad	64,97,600	27.70	0.58
Chalavadi Jhansi Rani	53,60,088	22.85	(0.58)

(v) Aggregate number and class of shares allotted as fully paid up for consideration other than cash, bonus back for the period of 5 years immediately preceding the Balance Sheet date.

Share capital as at March 31, 2022 includes, 20,64,588 equity shares of INR 10/- each allotted during the financial year 2015-16 at Premium of Rs. 90/-each for consideration other than cash, to the Share Holders of I-One Investments Pvt. Ltd., in the scheme of Amalgamation as per the order of the Hon'ble High Court of Hyderabad, Telangana Dated 18-Aug-2016. (Appointed Date 01.10.2015).

Name of the Allottee	No. of equity shares
Chalavadi Jhansi Rani	20,63,388
Annam Subash Chandra Mohan	1,200
	20,64,588

All figures in ₹ million, unless otherwise stated

Note No. 16: Other Equity

Particulars	As at Mar 31, 2022	As at Mar 31, 2021	As at Mar 31, 2020
(a) Securities premium (refer movement below)	343.56	343.56	288.66
(b) Retained Earnings including OCI (refer movement below)	2,422.40	1,845.69	1,791.85
	2,765.96	**2,189.26**	**2,080.51**

(a) Securities premium

Particulars	As at Mar 31, 2022	As at Mar 31, 2021	As at Mar 31, 2020
Opening Balance	343.56	288.66	288.66
Additions	-	54.90	-
Closing Balance	**343.56**	**343.56**	**288.66**

(b) Retained Earnings

Particulars	As at Mar 31, 2022	As at Mar 31, 2021	As at Mar 31, 2020
Opening Balance	1,845.69	1,791.85	1,370.71
Net profit for the year	576.87	51.31	420.96
	2,422.56	**1,843.16**	**1,791.67**
OCI on Gratuity and Leave Encashment	(0.22)	3.39	0.23
Deferred Tax on OCI portion	0.06	(0.85)	(0.06)
Closing balance	**2,422.40**	**1,845.69**	**1,791.85**

Note No. 17: Financial liabilities non-current borrowings

Particulars	As at Mar 31, 2022	As at Mar 31, 2021	As at Mar 31, 2020
Secured - Long Term Loans from banks			
Term loans from banks *	454.90	542.88	311.77
Vehicle loans from banks #	31.70	30.68	34.06
Total	**486.60**	**573.56**	**345.84**

* Term Loans from Banks are secured by first charge on fixed assets of the company both present and future (For details Refer Note No 41)

Vehicles loans are secured by hypothecation of vehicles financed by respective banks. (For details Refer Note No 41)

Note No. 18: Non-current other financial liabilities

Particulars	As at Mar 31, 2022	As at Mar 31, 2021	As at Mar 31, 2020
Security deposits - at amortised cost	11.15	5.51	5.05
Total	**11.15**	**5.51**	**5.05**

All figures in ₹ million, unless otherwise stated

Note No. 19: Provisions

Particulars	As at Mar 31, 2022	As at Mar 31, 2021	As at Mar 31, 2020
(a) Provision for employee benefits (refer note 43)	25.22	19.86	18.74
(b) Windmill revenue compensation	-	10.13	11.14
Total	**25.22**	**29.99**	**29.88**

Note No. 20: Deferred tax liabilities (Net)

Particulars	As at Mar 31, 2022	As at Mar 31, 2021	As at Mar 31, 2020
The balance comprises temporary differences attributable to:			
Deferred tax liabilities - Opening	145.37	142.42	151.94
Impact in the current year	(17.66)	2.95	(9.52)
Total	**127.71**	**145.37**	**142.42**

As at Mar 31, 2022	Opening balance	Recognised in profit or loss	Recognised in OCI	Closing balance
Property, plant and equipment	147.93	(16.15)	-	131.78
Other Adjustments	(2.56)	(1.44)	(0.06)	(4.07)
Total	**145.37**	**(17.60)**	**(0.06)**	**127.71**

As at Mar 31, 2021	Opening balance April 01, 2020	Recognised in profit or loss	Recognised in OCI	Closing balance
Property, plant and equipment	144.66	3.27	-	147.93
Other temporary differences	(2.25)	(1.16)	0.85	(2.56)
Total	**142.42**	**2.10**	**0.85**	**145.37**
As at Mar 31, 2020	**Opening balance April 01, 2019**	**Recognised in profit or loss**	**Recognised in OCI**	**Closing balance**
Property, plant and equipment	154.55	(9.89)	-	144.66
Other temporary differences	(2.61)	0.31	0.06	(2.25)
Total	**151.94**	**(9.58)**	**0.06**	**142.42**

Note No. 21: Financial liabilities current borrowings

Particulars	As at Mar 31, 2022	As at Mar 31, 2021	As at Mar 31, 2020
Secured			
Loans repayable on demand from banks (refer note 41)	1,907.91	1,393.76	1,158.46
Current maturities for long term debt	198.79	192.27	106.94
Current maturities of vehicle loans	11.59	10.77	13.83
Unsecured			
From related parties	-	1.89	21.89
Total	**2,118.29**	**1,598.69**	**1,301.12**

All figures in ₹ million, unless otherwise stated

Note No. 22: Trade Payables

Particulars	As at Mar 31, 2022	As at Mar 31, 2021	As at Mar 31, 2020
Trade Payables to third parties			
- Due to micro, small and medium enterprises	-	-	-
- Others	1,291.18	1,075.99	1,700.62
Total	**1,291.18**	**1,075.99**	**1,700.62**

***Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006**

Particulars	As at Mar 31, 2022	As at Mar 31, 2021	As at Mar 31, 2020
(a) Principal amount remaining unpaid to any supplier as at year end	-	-	-
(b) Interest due on above and remaining unpaid as at year end	-	-	-
(c) Principal/interest amount paid beyond the appointed day during the year	-	-	-
(d) Interest paid on payments made beyond the appointed day during the year u/s 16 of MSMED Act, 2006	-	-	-
(e) Interest due and Payable on payments made beyond the appointed day during the year other than MSMED Act, 2006	-	-	-
(f) Interest remaining due and payable for the period of delay in earlier years	-	-	-

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the company. This has been relied upon by the auditors

Note No. 23: Other Financial Liabilities

Particulars	As at Mar 31, 2022	As at Mar 31, 2021	As at Mar 31, 2020
Interest accrued and not due on loans	2.76	-	8.93
Employee benefits payable	88.01	61.87	58.10
Capital Creditors	34.39	11.36	20.67
Outstanding expenses	127.92	52.36	244.61
Total	**253.07**	**125.59**	**332.31**

Note No. 24: Other current liabilities

Particulars	As at Mar 31, 2022	As at Mar 31, 2021	As at Mar 31, 2020
(a) Statutory dues payable	12.73	13.42	11.37
(b) Advances received from customers	11.53	16.15	14.39
Total	**24.26**	**29.57**	**25.75**

Note No. 25: Provisions

Particulars	As at Mar 31, 2022	As at Mar 31, 2021	As at Mar 31, 2020
(a) Provision for employee benefits (refer note 43)	2.49	1.89	1.77
Total	**2.49**	**1.89**	**1.77**

All figures in ₹ million, unless otherwise stated

Note No. 26: Current tax liabilities (Net)

Particulars	As at Mar 31, 2022	As at Mar 31, 2021	As at Mar 31, 2020
Current tax liabilities	211.90	17.56	47.34
Total	**211.90**	**17.56**	**47.34**

Note No. 27: Revenue from operations

Particulars	Year Ended Mar 31, 2022	Year Ended Mar 31, 2021	Year Ended Mar 31, 2020
(a) Sale of products			
- through showrooms	11,121.67	6,716.55	11,754.60
- through online channel	171.55	54.92	-
(b) Other operating revenues			
- windmill revenue compensation	-	1.01	1.01
Total	**11,293.23**	**6,772.48**	**11,755.60**

Company adopted Ind AS 115 "Revenue from Contracts with Customers". Refer note 2(e) for the accounting policies followed pursuant to adoption of Ind AS 115. The adoption of Ind AS 115 did not have any material impact.

Note No. 28: Other Income

Particulars	Year Ended Mar 31, 2022	Year Ended Mar 31, 2021	Year Ended Mar 31, 2020
(a) Interest Income			
- on fixed deposits	9.93	3.84	5.61
(b) Profit / Loss on Sale of Fixed Assets	0.17	(0.09)	(0.16)
(c) Interest unwinding on rental deposits	5.21	4.74	4.14
(d) Other non-operating income	21.61	9.98	20.97
Total	**36.93**	**18.47**	**30.57**

Note No. 29: Purchases of Stock in Trade

Particulars	Year Ended Mar 31, 2022	Year Ended Mar 31, 2021	Year Ended Mar 31, 2020
Purchases of stock-in-trade	8,472.12	4,451.60	8,734.62
Total	**8,472.12**	**4,451.60**	**8,734.62**

Note No. 30: Changes in inventories

Particulars	Year ended Mar 31, 2022	Year ended Mar 31, 2021	Year ended Mar 31, 2020
Stock at the end of the year			
Stock in trade	4,761.65	3,668.23	3,685.06
Stock at the beginning of the year			

All figures in ₹ million, unless otherwise stated

Particulars	Year ended Mar 31, 2022	Year ended Mar 31, 2021	Year ended Mar 31, 2020
Stock in trade	3,668.23	3,685.06	3,411.05
Total changes in inventories	**(1,093.42)**	**16.83**	**(274.01)**

Note No. 31: Employee benefit expense

Particulars	Year ended Mar 31, 2022	Year ended Mar 31, 2021	Year ended Mar 31, 2020
Salaries and Wages (refer note 43)	915.58	796.11	958.21
Director's remuneration	38.46	16.18	21.78
Staff Bonus	37.54	27.27	39.91
Staff Welfare Expenses	24.16	17.37	36.53
Contribution to Provident Fund & ESI (refer note 43)	6.03	4.28	7.33
Gratuity (refer note 43)	5.74	4.62	4.81
Total	**1,027.51**	**865.82**	**1,068.58**

Note No. 32: Finance Costs

Particulars	Year ended Mar 31, 2022	Year ended Mar 31, 2021	Year ended Mar 31, 2020
(a) Interest on borrowings	190.33	181.09	177.01
(b) Interest on others	8.09	22.42	28.81
(c) Interest on lease rental discounting (refer note 36)	76.34	64.34	64.95
Other Borrowing Costs			
(d) Foreign Exchange gain/(loss), net *	(0.33)	0.53	(1.49)
(e) Processing Charges	11.95	6.05	4.35
Total	**286.39**	**274.43**	**273.63**

*Forex Gain / (Loss) is arrived by year-ending valuation of advances made in foreign currency as per Ind AS 21

Note No. 33: Depreciation and amortization expense

Particulars	Year ended Mar 31, 2022	Year ended Mar 31, 2021	Year ended Mar 31, 2020
(a) Depreciation of Property, Plant and Equipment (refer note 3)	169.07	164.81	135.67
(b) Amortisation of Intangible Assets (refer note 4)	21.49	21.81	22.24
(c) Amortisation of right-of-use assets (refer note 5)	117.60	107.95	102.39
Total	**308.16**	**294.57**	**260.29**

Note No. 34: Other Expenses

Particulars	Year ended Mar 31, 2022	Year ended Mar 31, 2021	Year ended Mar 31, 2020
(a) Rent (refer note 36)	216.09	138.38	190.65
(b) Insurance	12.73	14.10	13.74
(c) Professional Charges	87.80	37.50	51.50
(d) Facility maintenance expenses	447.61	364.14	399.50
(e) Business promotion expenses	567.31	172.76	389.36

All figures in ₹ million, unless otherwise stated

Particulars	Year ended Mar 31, 2022	Year ended Mar 31, 2021	Year ended Mar 31, 2020
(f) Amalgamation expenses written off	-	-	0.30
(g) Other Expenses	158.20	86.13	133.36
(h) Audit Fee			
-for audit	1.88	0.23	0.08
-for tax audit	0.63	0.08	0.03
(i) CSR Expenditure (refer note below)	13.35	1.30	10.78
Total	**1,505.60**	**814.61**	**1,189.29**

*Disclosures in relation to corporate social responsibility expenditure

Particulars	Year ended Mar 31, 2022	Year ended Mar 31, 2021	Year ended Mar 31, 2020
Amount required to be spent as per Section 135 of the Act	7.93	8.91	6.56
Amount spent during the year on			
(i) Construction/acquisition of an asset	-	-	-
(ii) On purposes other than (i) above	13.35	1.30	10.78
Amount unspent	-	-7.62	-

Note No. 35: Earnings per equity share

Particulars	Year ended Mar 31, 2022	Year ended Mar 31, 2021	Year ended Mar 31, 2020
Profit after tax	576.87	51.31	420.96
Add / Less: Dividend tax	-	-	-
Profit after tax attributable for equity share holders	576.87	51.31	420.96
Number of equity shares (nos.)	2,40,64,588	2,40,64,588	2,34,54,588
Weighted average number of equity shares (nos.) - Share split done on May 18, 2022	12,03,22,940	11,80,31,160	11,72,72,940
Face value of equity share (in INR rupees)	INR 2.00	INR 2.00	INR 2.00
Earnings per share (in INR rupees)			
Basic	4.79	0.43	3.59
Diluted	4.79	0.43	3.59

Note No. 36

Right-of-use assets and Lease liabilities: The Company has adopted Ind AS 116 'Leases' with the date of initial application being 01-Apr-2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The Company has used simplified transition approach under Ind AS 116.

(a) Right-of-use assets

Particulars	As at Mar 31, 2022	As at Mar 31, 2021	As at Mar 31, 2020
Opening Balance	566.79	674.74	-
Add: Transition to Ind AS 116	-	-	613.74
Add: Addition during the year	334.86	-	163.39
Less: Impact on lease termination	-	-	-
Less: Impact on lease modification	-	-	-
Less: Amortised during the year	(117.60)	(107.95)	(102.39)
Total	**784.05**	**566.79**	**674.74**

(b) Lease liabilities

Particulars	As at Mar 31, 2022	As at Mar 31, 2021	As at Mar 31, 2020
Opening Balance	620.62	680.46	-
Additions	323.08	-	732.31
Deletions	-	-	-
Interest	76.34	64.34	64.95
Lease payments	(153.65)	(124.17)	(116.80)
Closing balance	**866.39**	**620.62**	**680.46**

(i) **Amounts recognised in the statement of profit and loss:** The statement of profit or loss shows the following amounts relating to leases:

Particulars	Year ended Mar 31, 2022	Year ended Mar 31, 2021	Year ended Mar 31, 2020
Depreciation charge of right-of-use assets (refer note 33)	117.60	107.95	102.39
Interest expense (included in finance costs) (refer note 32)	76.34	64.34	64.95
Expense relating to short-term leases (refer note 34)	216.09	138.38	190.65

(ii) Contractual maturities of lease liabilities excluding interest thereon on an undiscounted basis

Balance as at	Less than 1 year	1-5 years	More than 5 years	Total
March 31, 2019	-	624.02	958.09	**1,582.11**
March 31, 2020	124.17	661.75	796.18	**1,582.11**
March 31, 2021	153.65	666.20	638.09	**1,457.94**
March 31, 2022	175.91	611.82	516.56	**1,304.28**

(iii) Extension and termination options:

Extension and termination options are included in a number of property and equipment leases across the company. These are used to maximise operational flexibility in terms of managing the assets used in the company's operations. The majority of termination options held are exercisable only by the company and not by the respective lessor. In case the company wishes to extend the lease, the same can be done on mutually agreeable basis with the lessor.

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Also the company has used the discounting rate as 10% (the borrowing rate from the banks) for the purpose of arriving at present value.

For leases of retail stores, the following factors are normally the most relevant

(a) If any leasehold improvements are expected to have a significant remaining value, the company is typically reasonably certain to extend (or not terminate).
(b) Most extension options in retail leases have been included in the lease liability, because the company only has the right to extend the lease (only with the approval of the lessor) and has incurred lease hold improvements in them.
(c) The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.
(d) If there are significant penalty payments to terminate (or not extend), the company is typically reasonably certain to extend (or not terminate).

(iv) The company is operating through 46 showrooms spread across the southern part of India and on evaluation of rental agreements of these 46 showrooms, 30 showrooms have come under the purview of Ind AS 116 and impact of the same has been provided in the special purpose financials (refer note 5). As per the terms and conditions stipulated in the lease deeds/agreements of the remaining 16 showrooms, the termination option is available with both lessor and lessee leading to the same being treated as short term and the impact appears in the rental expenses (refer note 34).

Note No. 37: Contingent liabilities and commitments

(a) Contingent liabilities

Particulars	As at Mar 31, 2022	As at Mar 31, 2021	As at Mar 31, 2020
1) Income Tax			
AY 2009-10	0.58	-	-
AY 2010-11	0.15	-	-
AY 2011-12	0.79	-	-
AY 2012-13	-	1.46	1.46
AY 2016-17	8.86	8.46	8.46
	10.38	**9.92**	**9.92**

The company has filed Rectification u/s 154 in relation to the above.

2) The Municipal authorities have levied a penalty amounting to ₹ 4.40 million for violation of the Municipal Act (GHMC Act) by erecting advertisements display for the entire building without the written permission of the competent authority. Against the demand, the company paid an amount of ₹ 0.6 millions. Writ petition was preferred before the Hon'ble High court of Telangana at Hyderabad seeking stay over recovery of balance penalty amount of ₹ 3.80 millions. The Hon'ble High Court vide its order dated January 31, 2022 stayed the proceedings subject to payment of 40% of the balance amount demanded in the challans within a period of 4 weeks. Pursuant to it, the company has paid an amount of ₹1.52 million within the stipulated time. The matter is pending before Hon'ble High court and the balance amount is ₹2.28 millions.

(b) Commitments

Particulars	As at Mar 31, 2022	As at Mar 31, 2021	As at Mar 31, 2020
Estimated amount of contracts remaining to be executed on capital account (net of capital advances)	-	80.00	-
Estimated amount of contracts remaining to be executed on account of other purchase commitments	-	-	-
Net Capital Commitments	-	80.00	-
Total (a) + (b)	-	80.00	-

Note No. 38: Trade Receivables Ageing Schedule

Particulars	As at Mar 31, 2022	As at Mar 31, 2021	As at Mar 31, 2020
(i) Undisputed Trade receivables – considered good			
Less than 6 Months	15.94	22.56	16.77
6 Months - 1 Year	2.98	-	-
1-2 Years	-	-	-
2-3 Years	-	-	-
More than 3 Years	-	-	-
Total	**18.92**	**22.56**	**16.77**

Note No. 39: Trade payables Ageing Schedule

Particulars	As at Mar 31, 2022	As at Mar 31, 2021	As at Mar 31, 2020
(i) MSME	-	-	-
(ii) Others			
Less than 1 year	1,291.18	1,075.99	1,700.62
1-2 years	-	-	-
2-3 years	-	-	-
More than 3 years	-	-	-
Total	**1,291.18**	**1,075.99**	**1,700.62**

All figures in ₹ million, unless otherwise stated

Note No. 40: CWIP ageing schedule

Particulars	As at Mar 31, 2022	As at Mar 31, 2021	As at Mar 31, 2020
Projects in progress			
Less than 1 year	-	21.19	-
1-2 years	-	-	-
2-3 years	-	-	-
More than 3 years	-	-	-
Projects temporarily suspended	-	-	-
Total	-	**21.19**	**-**

All figures in ₹ million, unless otherwise stated

Note No. 41

(a) Nature of Security and terms of repayment for term loans from banks:

For the year ended March 31, 2022

Sl No.	Lender	Primary Security	Collateral Security	Terms of Payment	Int. Rate
1	STATE BANK OF INDIA Corporate Loan	1st charge on fixed assets of the company excluding showrooms financed by CANARA Bank	1. Equitable Mortgage of 6 propreties belonging to Promoters & their friends and family members as specified in the below schedule. 2. Pari-Passu 2nd Charge on entire current assets of the company (Both Present & Future) along with other Term Lendors	Repayable in 20 Quarterly installments of Rs. 1.50 Cr per Quarter.	6 Months MCLR + 3.15% With Half Yearly Reset
2	STATE BANK OF INDIA GECL 2.0 (Guaranteed Emergency Credit Line)	Extension of Charge (2nd Charge) on Existing Primary & Collateral Securities		Repayable in 60 Months, Comprising of 12 months moratorium and repayable in 48 monthly installments of Rs. 50.67 Lacs per Month from the month of Jan-2022.	6 Months MCLR + 1%
3	Canara Bank Term Loan -1	Showcases, Furniture and Fixtures and other fixed assets of 8 showrooms - Exclusive First charge by way of hypothecation	1. Paripassu II Charge on Stock & Book Debts. 2. For Term Loan and WC Limits together, the company offered Colleteral security as detailed below	Repayable in 20 Quarterly installments 1.10 Cr each. (From 30-Jun-19 to 31-Mar-24) And it was reset due to COVID-19 Moratorium as 1,22,42,813 per Quarter from Sep-2021.	1 year MCLR + 2.75%
4	Canara Bank Term Loan -2	Showcases, Furniture and Fixtures and other fixed assets of 2 showrooms - Exclusive First charge by way of hypothecation	1. Paripassu II Charge on Stock & Book Debts. 2. For Term Loan and WC Limits together, the company offered Colleteral security as detailed below	Repayable in 20 Quarterly installments 0.40 Cr each. Repayment starts from FY 2022-23_Q2	1 year MCLR + 2.75%
5	Canara Bank GECL 2.0 (Guaranteed Emergency Credit Line)	Extension of Charge (2nd Charge) on Existing Primary & Collateral Securities		Repayable in 60 Months, Comprising of 12 months moratorium and repayable in 48 monthly installments of Rs. 10.63 Lacs per Month from the month of Jan-2022.	1 Year MCLR + 0.6%
6	Canara Bank GECL 2.0 (Extension Scheme)	Extension of Charge (2nd Charge) on Existing Primary & Collateral Securities		Repayable in 72 Months, Comprising of 24 months moratorium and repayable in 48 monthly installments of Rs. 5.17 Lacs per Month from the month of Jul-2024.	1 Year MCLR + 0.6%
7	Canara Bank Housing Loan - 1	Mortgage of Flat / Houses to be purchased out of loan proceeds Margin Upto 10%	Nil	Repayable in 180 EMIs	RLLR + 0.1%

All figures in ₹ million, unless otherwise stated

Sl No.	Lender	Primary Security	Collateral Security	Terms of Payment	Int. Rate
8	HDFC Bank Term Loan (Business Loan)	Nil	Nil	Repayable in 24 Monthly installments of Rs. 3,52,526 PM from May-2021.	ROI is 11.85% PA

1.1Nature of Security and terms of repayment for working capital limits from banks:

Sl.No	Lender	Primary Security	Collateral Security	Terms of Payment	Int. Rate
1	State Bank of India (CC and SLC)	Pari-passu 1st Charge by way of Hypothecation of entire current assets of the company (Both Present & Future) along with CANARA Bank.	1st Charge by way of Equitable Mortgage of 6 properties belonging to Promoters & their friends and family members as detailed in the below schedule along with Cash Collateral of Rs. 8.50 Cr & Pledge of 30% Paid up shares of the Company held by the promoters	On demand DP Margins : Paid Stock-25% Debtors - 100%	6 Months MCLR + 0.95% With Monthly Reset In Case of SLC, ROI is (Effective ROI on CC + 1%)
2	Canara Bank (CC and WCDL)	Hypothecation of stocks, other current assets of the company on Paripassu 1st Charge Basis with SBI & HDFC	1. Fixed assets of all showrooms and Intangible assets on Paripassu II Charge basis. 2. For Term Loan and WC Limits together, the company offered Colleteral security as detailed below	On demand DP Margins : Paid Stock & Book Debts - 25% Book Debts upto 30 Days	1 Year MCLR+0.55%
3	HDFC Bank (CC)	Pari-passu 1st Charge on stocks, Book Debts	Fixed Deposit of Rs. 7.50 Cr	On demand DP Margins : Paid Stock-25% (Less than 180 Days) Debtors - 100%	1 Year MCLR + 1.25%
4	IDBI (CC and WCDL)	Pari-passu 1st Charge on the entire current assets of the company (Both Present & Future) along with other working Capital Banks	Fixed Deposit of Rs. 7.50 Cr	On demand DP Margins : Paid Stock-25% Debtors - 25% (Less than 90 Days)	1 Year MCLR + 1.20%

1.2Schedule of Collateral property

Sl no	Type	Belonging To	Address	Offered to
1	Residential Plot (Admeasuring 332.00 Sq.Yds)	Subhash Chandra Mohan. Annam	Plot No.6p, in Sy. No. 87 & 90 T.S. No. 13 & 14, Shaikpet village & mandal, Hyderabad.	State Bank of India

Sai Silks (Kalamandir) Limited
Notes to Restated Financial Information

All figures in ₹ million, unless otherwise stated

Sl no	Type	Belonging To	Address	Offered to
2	Two Plots of Open Lands (Admeasuring 400.00 Sq.Yds (200.00 Sq.Yds Each))	Ch.N.K.D.Prasad (MD)	D. No. 40-1/1-14E, NTS Nos. 42 & 43, Rev. Ward No.11, Block No.2, Adj. to SVR Neuro Hospital, Mogalrajapuram, Vijayawada	State Bank of India
3	Open Plot (Admeasuring Ac 4.10 Gts)	Mrs. T.R. Saroja	Sy. No. 168, New No. 168/1, Kannurahalli village, Kasaba Hobli, Hoskote Taluk, Banglore. Out of which Land Converted vide ALN(H)SR80/88-89 of 4.1.1988 By DC Banglore to an extent of 2 Acres only for Brick Factory	State Bank of India
4	Land and Building (Admeasuring 311.11 Sq.Yds) Being a Cellar + G + 4 Floors commercial Buliding totally admeasuring 9610 sft. And other civil works there on.	S.Mohan Rao S/o S.Vemkateswwarlu and Smt. S.Swarnalatha w/o S.Mohan Rao	H no. 222/MIG/1, (M.C.K no. 15-24-222) KPHB Colony, Phase I & II, Ward No.15, Block No.24, Kuakatpally viallage & Municiaplity, Balanagar Mandal, RR District (TG).	State Bank of India
5	Open Land (Admeasuring Ac 4.30 Gts)	Smt. M.R.Soumya	In Sy. No. 105/2A1, Bannikoppa Village, Bidadi Hobli, Ramanagar, Bangalore.	State Bank of India
6	Commercial Plot Admeasuring 2893 Sq Yards	Varamahalakshmi Holdings Pvt. Ltd.	Sy no. 8-5-255/1 (7, 7/1, 8 to 12), Diamond Colony, Saroor Nagar, Ranga Reddy, Telangana	State Bank of India
7	Cash Colleteral of 8.50 Crores	Existing 2.40 Cr and Addl 6.10 Cr		State Bank of India
8	Pledge of 30% of paid up Shares of the company held by the Promoters			State Bank of India
9	Open Plot (Admeasuring 540 Sq Yards)	M/s. Sai Readymade	Plot no. OS-2, Ramky Pearls in Sy no.143,144,145,146,147,149,150,151,152,153,154,155 & 156, Kukatpalli, Medchal-Malkajgiri Dist., Hyd.,TG	CANARA Bank
10	Open Plot (Admeasuring 540 Sq Yards)	M/s. Sai Readymade	Plot no. OS-13, Ramky Pearls in Sy no.143,144,145,146,147,149,150,151,152,153,154,155 & 156, Kukatpalli, Medchal-Malkajgiri Dist., Hyd.,TG	CANARA Bank
11	Flat.1 (Admeasuring 2,500 Sft)	Ch.N.K.D.Prasad (MD)	H no. 6-3-790/8, Flat no.1, Bathina Appts, Ameerpet, Hyderabad - 500016	CANARA Bank
12	Flat.8 (Admeasuring 1,450 Sft)	Ch.N.K.D.Prasad (MD)	H no. 6-3-790/8, Flat no.8, Bathina Appts, Ameerpet, Hyderabad - 500016	CANARA Bank
13	Land and Building (Admeasuring 268.53 Sq.Yds) G + 1 Floors builtup area of 1,840 Sft	Ch.N.K.D.Prasad (MD)	H no. 6-3-841/E/1, Ameerpet, Hyderabad	CANARA Bank
14	Land and Building (Admeasuring 288.88 Sq.Yds) G + 1 Floors builtup area of 1,840 Sft	Ch.N.K.D.Prasad (MD)	H no. 33-10-17, Mogalrajpuram, Seetharampuram, Srinivasarao Street, Vijayawada	CANARA Bank
15	Term Deposit of Rs. 14.70 Cr (2.26+12.44)			CANARA Bank

All figures in ₹ million, unless otherwise stated

Sl no	Type	Belonging To	Address	Offered to
16	Pledged 17.50 Lacs equity shares held by the promoters			CANARA Bank

1.3Personal Guarantees of the following persons:

#	Particulars	Offered to
1	Sri Chalavadi Naga Kanaka Durga Prasad S/o C. Krishna Murthy	State Bank of India , Canara Bank, HDFC Bank, IDBI Bank
2	Sri Annam Kalyan Srinivas S/o A Chandra Sekhar	State Bank of India , Canara Bank, HDFC Bank, IDBI Bank
3	Sri Chalavadi DK Durga Rao S/o C Krishna Murthy	State Bank of India , Canara Bank, HDFC Bank, IDBI Bank
4	Sri Annam Venkata Rajesh S/o A Chandra Sekhar	State Bank of India, Canara Bank, IDBI Bank
5	Sri Annam Subhash Chandra Mohan S/o A, Chandra Sekhar	State Bank of India, Canara Bank, IDBI Bank
6	Sri S Mohan Rao, S/o Venkateswarlu	State Bank of India
7	Smt S Swarnalatha W/O S Mohan Rao	State Bank of India
8	Smt T R Saroja D/o Late T S Ramaiah	State Bank of India
9	Smt M R Sowmya W/O Girija Shanker	State Bank of India

Corporate Guarantor

#	Particulars	Offered to
1	Varamahalakshmi Holdings Pvt. Ltd.	State Bank of India
2	M/s. Sai Readymade (Partnership Firm)	CANARA Bank

1.4 Nature of Security and terms of repayment for vehicle loans from banks:

Sl.No	Lender	Primary Security	Terms of Payment	Int. Rate
1	HDFC Vehicle Loan - 96977239	BMW	Repayable in 60 monthly installments of Rs.2,38,130/- each commencing from Jan'2020.	8.50%
2	HDFC Vehilce Loan - 112686183	Vellfire	Repayable in 60 monthly installments of Rs.1,93,309/- each commencing from Oct'2020.	7.75%
3	Yes Bank Vehicle Loan - 396709	Jaguar F Pace	Repayable in 36 monthly installments of Rs.1,45,457/- each commencing from 15 Sep'18	8.79%
4	Toyota FSIL Vehilce Loan - NHYD1184355	Toyota Vellfire	Repayable in 60 monthly installments of Rs.1,89,910/- each commencing from Apr'2020.	8.31%
5	Canara Bank Vehicle Loan - 4929603000020	Hyundai Creta	Repayable in 84 monthly installments of Rs. 24,646/- each commencing from Sep'2020.	7.85%
6	Canara Bank Vehicle Loan - 4929603000022	Skoda	Repayable in 78 monthly installments of Rs. 52,506/- each commencing from Sep'2020.	7.85%
7	Canara Bank Vehicle Loan - 4929603000024	Innova	Repayable in 81 monthly installments of Rs. 33,205/- each commencing from Sep'2020.	7.50%
8	Daimler Financial Services India Private Ltd Vehicle Loan - 10139378	Benz	Repayable in 60 monthly installments of Rs.1,54,888/- each commencing from Dec'2019.	7.66%
9	HDFC Vehicle Loan - 123507760	Toyota Vellfire	Repayable in 60 monthly installments of Rs.1,83,062/- each commencing from Nov'2021.	7.10%
10	HDFC BANK Vehicle Loan - 126956703	Innova	Repayable in 60 monthly installments of Rs.47,220/- each commencing from Apr'2022.	7.10%

11	ICICI Vehicle Loan - LAHYD00045304127	THAR	Repayable in 60 monthly installments of Rs.33,307/- each commencing from Apr'2022.	7.40%

For the year ended March 31, 2021

(a)Nature of Security and terms of repayment for term loans from banks:

Sl No.	Lender	Primary Security	Collateral Security	Terms of Payment	Int. Rate
1	STATE BANK OF INDIA Corporate Loan	1st charge on fixed assets of the company excluding showrooms financed by CANARA Bank	1. Equitable Mortgage of 6 propreties belonging to Promoters & their friends and family members as specified in the below schedule. 2. Pari-Passu 2nd Charge on entire current assets of the company (Both Present & Future) along with CANARA Bank for TL sanctioned by it of Rs.22 Cr.	Repayable in 20 Quarterly installments of Rs. 1.50 Cr per Quarter.	6 Months MCLR + 3.15% With Monthly Reset (On the date of Sanctiont 6 Month MCLR is 6.95%) Currently ROI is 10.10% PA
2	STATE BANK OF INDIA CCECL (Common Covid Emergency Credit Line)	Extension of Charge on Existing Primary Security & Collateral Security		Repayable in 24 Months, Comprising of 6 months moratorium and repayable in 18 monthly installments of Rs. 55.60 Lacs per Month from 31.10.2020.	1 year MCLR = 7.40% PA at the time of Sanction (i.e on Apr-2020)
3	STATE BANK OF INDIA GECL 2.0 (Guaranteed Emergency Credit Line)	Extension of Charge (2nd Charge) on Existing Primary & Collateral Securities		Repayable in 60 Months, Comprising of 12 months moratorium and repayable in 48 monthly installments of Rs. 50.67 Lacs per Month from the month of Jan-2022.	6 Months MCLR + 1% (i.e. 100 Bps) With 6 month Reset (On the date of Sanctiont 6 Month MCLR is 6.95%) Currently ROI is 7.95% PA
4	Canara Bank Term Loan	Showcases, Furniture and Fixtures and other fixed assets of 8 showrooms - Exclusive First charge by way of hypothecation	1. Fixed assets of all showrooms and Intangible assets on Paripassu II Charge basis. 2. For Term Loan and WC Limits together, the company offered Colleteral security as detailed below	Repayable in 20 Quarterly installments 1.10 Cr each. (From 30-Jun-19 to 31-Mar-24) ROI @ 13.95% p.a	1 year MCLR + 4.50% + 0.85% (TP) (On the date of Sanctiont 1 Year MCLR is 8.60%)
5	Canara Bank GECL 2.0 (Guaranteed Emergency Credit Line)	Extension of Charge (2nd Charge) on Existing Primary & Collateral Securities		Repayable in 60 Months, Comprising of 12 months moratorium and repayable in 48 monthly installments of Rs. 10.63 Lacs per Month from the month of Jan-2022.	1 Year MCLR + 0.6% (On the date of Sanction (Jan-2021) 1 Year MCLR is 7.35%) Currently ROI is 7.95% PA
6	HDFC Bank Term Loan (Business Loan)	Nil	Nil	Repayable in 24 Monthly installments of Rs. 3,52,526 PM from May-2021.	ROI is 11.85% PA

All figures in ₹ million, unless otherwise stated

(b) Nature of Security and terms of repayment for working capital limits from banks:

#	Lender	Primary Security	Collateral Security	Terms of Payment	Int. Rate
1	State Bank of India (CC and SLC)	Pari Passu 1st Charge by way of Hypothecation of entire current assets of the company (Both Present & Future) along with CANARA Bank for CC Limit sanctioned by it of Rs. 8.00 Cr.	1st Charge by way of Equitable Mortgage of 6 properties belonging to Promoters & their friends and family members as detailed in the below schedule along with Cash Collateral of Rs. 8.50 Cr & Pledge of 30% Paid up shares of the Company held by the promoters	On demand DP Margins : Paid Stock-25% Debtors - 100%	6 Months MCLR + 0.95% With Monthly Reset (On the date of Sanctiont 6 Month MCLR is 6.95%) Currently ROI is 7.90% PA In Case of SLC, ROI is (Effective ROI on CC + 1%)
2	Canara Bank (CC)	Hypothecation of stocks, other current assets of the company on Paripassu 1st Charge Basis	1. Fixed assets of all showrooms and Intangible assets on Paripassu II Charge basis. 2. For Term Loan and WC Limits together, the company offered Colleteral security as detailed below	On demand DP Margins : Paid Stock-25% Debtors - 100%	1 Year MCLR+4.5% [On the date of Sanctiont 1 year MCLR is 8.60%]
3	HDFC Bank (CC)	Pari Passu 1st Charge on stocks, Book Debts	Fixed Deposit of Rs. 7.50 Cr	On demand DP Margins : Paid Stock-25% (Less than 180 Days) Debtors - 100%	1 Year MCLR + 1.25% [On the date of Sanctiont 1 year MCLR is 7.25%] Currently ROI is 8.50% PA

(c) Personal Guarantees of the following persons:

#	Particulars	Offered to
1	Sri Chalavadi Naga Kanaka Durga Prasad S/o C. Krishna Murthy	State Bank of India , Canara Bank, HDFC Bank
2	Sri Annam Kalyan Srinivas S/o A Chandra Sekhar	State Bank of India , Canara Bank, HDFC Bank
3	Sri Chalavadi DK Durga Rao S/o C Krishna Murthy	State Bank of India , Canara Bank, HDFC Bank
4	Sri Annam Venkata Rajesh S/o A Chandra Sekhar	State Bank of India
5	Sri Annam Subhash Chandra Mohan S/o A, Chandra Sekhar	State Bank of India
6	Sri S Mohan Rao, S/o Venkateswarlu	State Bank of India
7	Smt S Swarnalatha W/O S Mohan Rao	State Bank of India
8	Smt T R Saroja D/o Late T S Ramaiah	State Bank of India
9	Smt M R Sowmya W/O Girija Shanker	State Bank of India
	Corporate Gaurantor	
1	Varamahalakshmi Holdings Pvt. Ltd.	State Bank of India

All figures in ₹ million, unless otherwise stated

(d)Schedule of Collateral property

Sl no	Type	Belonging To	Address	Offered to	Others
1	Residential Plot (Admeasuring 332.00 Sq.Yds)	Subhash Chandra Mohan. Annam	Plot No.6p, in Sy. No. 87 & 90 T.S. No. 13 & 14, Shaikpet village & mandal, Hyderabad.	State Bank of India	Title deed No. 2280/2007 Dated 26.06.2007
2	Two Plots of Open Lands (Admeasuring 400.00 Sq.Yds (200.00 Sq.Yds Each))	Ch.N.K.D.Prasad (MD)	D. No. 40-1/1-14e, NTS Nos. 42 & 43, Rev. Ward No.11, Block No.2, Adj. to SVR Neuro Hospital, Mogalrajapuram, Vijayawada	State Bank of India	Title deed No. 3191, 3192 Dated 09 and 10.08.2000
3	Open Plot (Admeasuring Ac 4.10 Gts)	Mrs. T.R. Saroja	Sy. No. 168, New No. 168/1, Kannurahalli village, Kasaba Hobli, Hoskote Taluk, Banglore.	State Bank of India	Out of which Land Converted vide ALN(H)SR80/88-89 of 4.1.1988 By DC Banglore to an extent of 2 Acres only for Brick Factory
4	Land and Building (Admeasuring 311.11 Sq.Yds)	S.Mohan Rao S/o S.Vemkateswwarlu and Smt. S.Swarnalatha w/o S.Mohan Rao	H no. 222/MIG/1, (M.C.K no. 15-24-222) KPHB Colony, Phase I & II, Ward No.15, Block No.24, Kuakatpally viallage & Municiaplity, Balanagar Mandal, RR District (AP).	State Bank of India	Being a Cellar + G + 4 Floors commercial Buliding totally admeasuring 9610 sft. And other civil works there on.
5	Open Land (Admeasuring Ac 4.30 Gts)	Smt. M.R.Soumya	In Sy. No. 105/2A1, Bannikoppa Village, Bidadi Hobli, Ramanagar, Bangalore.	State Bank of India	Sale Deed No. 3540/2006
6	Commercial Plot Admeasuring 2893 Sq Yards	Varamahalakshmi Holdings Pvt. Ltd.	Sy no. 8-5-255/1 (7, 7/1, 8 to 12), Diamond Colony, Saroor Nagar, Ranga Reddy, Telangana	State Bank of India	
7	Cash Colleteral of 8.50 Crores	Existing 2.40 Cr and Addl 6.10 Cr		State Bank of India	
8	30% Pledge of paid up Shares of the company held by the Promoters			State Bank of India	
9	Open Plot (Admeasuring 540 Sq Yards)	Sai Readymades	Plot no. OS-2, Ramky Pearls in Sy no.143,144,145,146,147,149,150,151,152,153,154,155 & 156, Kukatpalli, Medchal-Malkajgiri Dist., Hyd.,TG	CANARA Bank	Market Value of Rs. 4.70 Cr CANARA Bank accepted as collateral for Rs. 4.00 Cr (85% of M.V) By MODT
10	Open Plot (Admeasuring 540 Sq Yards)	Sai Readymades	Plot no. OS-13, Ramky Pearls in Sy no.143,144,145,146,147,149,150,151,152,153,154,155 & 156, Kukatpalli, Medchal-Malkajgiri Dist., Hyd.,TG	CANARA Bank	Market Value of Rs. 4.70 Cr CANARA Bank accepted as collateral for Rs. 4.00 Cr (85% of M.V) By MODT
11	Term Deposit of Rs. 2.12 Cr.			CANARA Bank	By Pledge
12	Pledged 17.50 Lacs equity shares worth Rs. 1.75 crores held by the promoters			CANARA Bank	By Pledge

All figures in ₹ million, unless otherwise stated

* As per the terms of Sanction relating to replacement of cash collateral with the EM of immovable property, the company has identified two properties having Market Value of Rs. 9.40 Cr during the FY 19-20. The CANARA Bank accepted them at 85% of its market value as a collateral security (i.e., for an amount of Rs. 8 Cr.). The term deposit of Rs. 2.12 Cr is continuing as cash collateral out of Rs. 10 Cr which was given as cash collateral at the time of last sanction.

(e) Nature of Security and terms of repayment for vehicle loans from banks:

#	Lender	Primary Security	Terms of Payment	Int. Rate
1	HDFC Vehicle Loan - 59724332	Tata Tiago	Repayable in 36 monthly instalments of Rs.16,337/- each commencing from 07 Sep'18	9.50%
2	HDFC Vehicle Loan - 96977239	BMW	Repayable in 60 monthly instalments of Rs.2,38,130/- each commencing from Jan'2020.	8.50%
3	HDFC Vehicle Loan - 112686183	Vellfire	Repayable in 60 monthly instalments of Rs.1,93,309/- each commencing from Oct'2020.	7.75%
4	Yes Bank Vehicle Loan - 396709	Jaguar F Pace	Repayable in 36 monthly instalments of Rs.1,45,457/- each commencing from 15 Sep'18	8.79%
5	Toyota FSIL Vehicle Loan-Innova - NHYD1076175	Innova	Repayable in 60 monthly instalments of Rs.41,406/- each commencing from 20Jul'16	9.25%
6	Toyota FSIL Vehicle Loan - NHYD1077164	Innova	Repayable in 60 monthly instalments of Rs.41,406/- each commencing from 02Aug'16	9.25%
7	Toyota FSIL Vehicle Loan - NHYD1082159	Innova	Repayable in 60 monthly instalments of Rs.41,406/- each commencing from 20Sep16	9.25%
8	Toyota FSIL Vehicle Loan - NHYD1184355	Vellfire	Repayable in 60 monthly instalments of Rs.1,89,910/- each commencing from Apr'2020.	8.31%
6	Kotak Mahindra Bank Vehicle Loan - 12806897	Benz	Repayable in 60 monthly instalments of Rs.1,28,380/- each commencing from 05May'16	9.38%
7	Kotak Mahindra Bank Vehicle Loan - 12806991	Volvo	Repayable in 60 monthly instalments of Rs.90,515/- each commencing from 05May'16.	9.39%
8	Kotak Mahindra Bank Vehicle Loan - 13265958	Land Rover	Repayable in 60 monthly instalments of Rs.1,10,607/- each commencing from 05Sep'16.	9.13%
9	Canara Bank Vehicle Loan - 4929603000020	Hyundai Creta	Repayable in 74 monthly instalments of Rs. 24,967/- each commencing from Sep'2020.	8.35%
10	Canara Bank Vehicle Loan - 4929603000022	Skoda	Repayable in 78 monthly instalments of Rs. 51,934/- each commencing from Sep'2020.	7.90%
11	Canara Bank Vehicle Loan - 4929603000024	Innova	Repayable in 81 monthly instalments of Rs. 33,205/- each commencing from Sep'2020.	7.50%
12	Daimler Financial Services India Private Ltd Vehicle Loan - 10139378	Benz	Repayable in 60 monthly instalments of Rs.1,54,888/- each commencing from Dec'2019.	7.66%

All figures in ₹ million, unless otherwise stated

For the year ended March 31, 2020

1.0Nature of Security and terms of repayment for term loans from banks:

#	Lender	Primary Security	Collateral Security	Terms of Payment	Int. Rate
1	SBI Term Loan-31466177740 (Windmill)	1st charge on fixed assets of the company both present and future.	1. Equitable Mortgage of 6 properties belonging to Promoters & their friends and family members as specified in the below schedule.	It is repayable in 36 Instalments starting from Jul-2011 till Apr-20 as follows ROI @ 13.5%(At the time of Sanction) But currently it is @ 10.80%: 2011-12_13L PQ, 2012-13_13L PQ, 2013-14_15L PQ, 2014-15_17L PQ, 2015-16_20L PQ, 2016-17_23L PQ, 2017-18_26L PQ, 2018-19_30L PQ, 2019-20_35L PQ, 2020-21_29L PQ.	1 year MCLR + 2.25% (On the date of Sanction 1 Year MCLR is 7.85%)
2	SBI Corporate Loan - 37599016822	1st charge on fixed assets of the company both present and future.	1. Equitable Mortgage of 6 properties belonging to Promoters & their friends and family members as specified in the below schedule.	Repayable in 20 Quarterly instalments 1.50 Cr each. (From 31-Dec-18 to 30-Sep-23) ROI @ 13.1%(at the time of Sanction) but currently it is 10.80%.	1 year MCLR + 2.25% (On the date of Sanction 1 Year MCLR is 7.85%)
3	Canara Bank Term Loan - 4929773000015	1. Showcases, Furniture and Fixtures and other fixed assets of 8 showrooms - Exclusive First charge by way of hypothecation 2. Intangibles (Brand Value) - Paripassu I charge by way of assignment	1. Fixed assets of all showrooms and Intangible assets on Paripassu II Charge basis. 2. For Term Loan and WC Limits together, the company offered Collateral security as detailed below	Repayable in 20 Quarterly instalments 1.10 Cr each. (From 30-Jun-19 to 31-Mar-24) ROI @ 13.95% p.a	1 year MCLR + 4.50% + 0.85% (TP) (On the date of Sanction 1 Year MCLR is 8.60%)

1.1Nature of Security and terms of repayment for working capital limits from banks:

#	Lender	Primary Security	Collateral Security	Terms of Payment	Int. Rate
1	State Bank of India (CC and SLC)	Hypothecation of stocks, receivables and other current assets of the company on 1st Charge Basis	1. Equitable Mortgage of 6 properties belonging to Promoters & their friends and family members and Pledge of Shares as specified in the below schedule apart from the cash collateral in the name of the promoter / company as detailed below	On demand DP Margins : Paid Stock-25% Debtors - 100%	1 Year MCLR+0.95% In Case of SLC/Adhoc: 1% over the ROI on CC

All figures in ₹ million, unless otherwise stated

#	Lender	Primary Security	Collateral Security	Terms of Payment	Int. Rate
					[On the date of Sanction 1 year MCLR is 7.85%]
2	Canara Bank (CC)	Hypothecation of stocks, other current assets of the company on Paripassu 1st Charge Basis	1. Fixed assets of all showrooms and Intangible assets on Paripassu II Charge basis. 2. For Term Loan and WC Limits together, the company offered Collateral security as detailed below	On demand DP Margins : Paid Stock-25% Debtors - 100%	1 Year MCLR+4.5% [On the date of Sanction 1 year MCLR is 8.60%]

1.2Schedule of Collateral property

#	Type	Belonging To	Address	Offered to	Others
1	Open Land (Site) (Admeasuring 332.00 Sq.Yds)	A.Subhash Chandra Mohan	Plot No.6, in Sy. No. 87 & 90 T.S. No.13 & 14, Shaikpet village & mandal, Hyderabad.	State Bank of India	Title deed No. 2280/2007 Dated 26.06.2007
2	Two Open Lands (Admeasuring 400.00 Sq.Yds (200.00 Sq.Yds Each))	Ch.N.K.D.Prasad (MD)	D. No. 40-1/1-14e, NTS Nos. 42 & 43, Rev. Ward No.11, Block No.2, Adj. to SVR Neuro Hospital, Mogalrajapuram, Vijayawada	State Bank of India	Title deed No. 3191, 3192 Dated 09 and 10.08.2000
3	Open Plot (Admeasuring Ac 4.10 Gts)	Mrs. T.R. Saroja	Sy. No. 168, New No. 168/1, Kannurahalli village, Kasaba Hobli, Hoskote, Taluk Banglore.	State Bank of India	Out of which Land Converted vide ALN(H)SR80/88-89 of 4.1.1988 By DC Banglore to an extent of 2 Acres only for Brick Factory
4	Land and Building (Admeasuring 311.11 Sq.Yds)	S.Mohan Rao S/o S.Vemkateswwarlu and Smt. S.Swarnalatha w/o S.Mohan Rao	Kukatpally Housing board Colony, Phase I & II, Ward No.15, Block No.24, Kuakatpally viallage & Municipality, Balanagar Mandal, RR District (AP).	State Bank of India	Being a Cellar + G + 4 Floors commercial Building totally admeasuring 9610 sft. And other civil works there on.
5	Open Land (Admeasuring Ac 4.30 Gts)	Smt.M.R.Soumya	In Sy. No. 105/2A1, Bannikuppa Village, Bidadi Hobli, Ramanagar, Bangalore.	State Bank of India	Sale Deed No. 3540/2006
6	Commercial Plot Admeasuring 2893 Sq Yards	Varamahalakshmi Holdings Pvt. Ltd.	Sy no. 8-5-255/1 (7,7/1,8 to 12), Diamond Colony, Saroor Nagar, Ranga Reddy, Telangana	State Bank of India	
7	Cash Collateral of 8.50 Crores	Existing 2.40 Cr and Addl 6.10 Cr		State Bank of India	
8	30% Pledge of paid up Shares of the company held by Promoters (Now Stipulated)			State Bank of India	

All figures in ₹ million, unless otherwise stated

#	Type	Belonging To	Address	Offered to	Others
9	Open Plot (Admeasuring 540 Sq Yards)	Sai Readymades	Plot no. OS-2, Ramky Pearls in Sy no.143,144,145,146,147,149,150,151,152,153,154,155 & 156, Kukatpalli, Medchal-Malkajgiri Dist., Hyd.,TG	CANARA Bank	Market Value of Rs. 4.70 Cr CANARA Bank accepted as collateral for Rs. 4.00 Cr (85% of M.V) By MODT
10	Open Plot (Admeasuring 540 Sq Yards)	Sai Readymades	Plot no. OS-13, Ramky Pearls in Sy no.143,144,145,146,147,149,150,151,152,153,154,155 & 156, Kukatpalli, Medchal-Malkajgiri Dist., Hyd.,TG	CANARA Bank	Market Value of Rs. 4.70 Cr CANARA Bank accepted as collateral for Rs. 4.00 Cr (85% of M.V) By MODT
11	Term Deposit of Rs. 2.12 Cr.			CANARA Bank	By Pledge
12	Pledged 1.75 crore equity shares worth Rs. 17.50 crores held by the promoters			CANARA Bank	By Pledge

* As per the terms of Sanction relating to replacement of cash collateral with the EM of immovable property, the company has identified two properties having Market Value of Rs. 9.40 Cr during the FY 19-20. The CANARA Bank accepted them at 85% of its market value as a collateral security (i.e., for an amount of Rs. 8 Cr.). The term deposit of Rs. 2.12 Cr is continuing as cash collateral out of Rs. 10 Cr which was given as cash collateral at the time of last sanction.

1.3Personal Guarantees of the following persons:

#	Particulars	Offered to
1	Sri Chalavadi Naga Kanaka Durga Prasad S/o C. Krishna Murthy	State Bank of India , Canara Bank
2	Sri Annam Kalyan Srinivas S/o A Chandra Sekhar	State Bank of India , Canara Bank
3	Sri Annam Subhash Chandra Mohan S/o A, Chandra Sekhar	State Bank of India
4	Sri Chalavadi DK Durga Rao S/o C Krishna Murthy	State Bank of India , Canara Bank
5	Sri Annam Venkata Rajesh S/o A Chandra Sekhar	State Bank of India
6	Sri S Mohan Rao, S/o Venkateswarlu	State Bank of India
7	Smt S Swarnalatha W/O S Mohan Rao	State Bank of India
8	Smt T R Saroja D/o Late T S Ramaiah	State Bank of India
9	Smt M R Sowmya W/O Girija Shanker	State Bank of India
	Corporate Guarantor	
1	Varamahalakshmi Holdings Pvt. Ltd.	State Bank of India

All figures in ₹ million, unless otherwise stated

1.4Nature of Security and terms of repayment for vehicle loans from banks:

#	Lender	Primary Security	Terms of Payment	Int. Rate
1	HDFC Commercial vehicle Loan - 47771368	Ultra-Light Commercial vehicle - Mahindra Bolero	Repayable in 36 monthly instalments of Rs.20,913/- each commencing from 15 Jun'17	8.75%
2	HDFC Commercial vehicle Loan - 47769475	Ultra-Light Commercial vehicle - Mahindra Bolero	Repayable in 36 monthly instalments of Rs.20,913/- each commencing from 15 Jun'17	8.75%
3	HDFC Auto Loan - 597243332	Tata Tiago	Repayable in 36 monthly instalments of Rs.16,337/- each commencing from 07 Sep'18	9.50%
4	Yes Bank Loan - 396709	Jaguar F Pace	Repayable in 36 monthly instalments of Rs.1,45,457/- each commencing from 15 Sep'18	8.79%
5	Toyota FSIL Vehicle Loan-Innova-NHYD1076175	Innova	Repayable in 60 monthly instalments of Rs.41,406/- each commencing from 20Jul'16	9.25%
6	Toyota FSIL Vehicle Loan-Innova-NHYD1077164	Innova	Repayable in 60 monthly instalments of Rs.41,406/- each commencing from 02Aug'16	9.25%
7	Toyota FSIL Vehicle Loan-Innova-NHYD1082159	Innova	Repayable in 60 monthly instalments of Rs.41,406/- each commencing from 20Sep16	9.25%
8	Kotak Mahindra Vehicle Loan - Benz - Cf 12806897	Benz	Repayable in 60 monthly instalments of Rs.1,28,380/- each commencing from 05May'16	9.38%
9	Kotak Mahindra Vehicle Loan - Jaguar Cf-13123058	Jaguar	Repayable in 60 monthly instalments of Rs.98,270/- each commencing from 01Aug'16.	8.98%
10	Kotak Mahindra Vehicle Loan - Volvo -Cf 12806991	Volvo	Repayable in 60 monthly instalments of Rs.90,515/- each commencing from 05May'16.	9.39%
11	Kotak M Vehicle Loan - Land Rover - CF-13265958	Land Rover	Repayable in 60 monthly instalments of Rs.1,10,607/- each commencing from 05Sep'16.	9.13%
12	Kotak M Vehicle Loan- Benz2017-CF-14170601	Benz2017	Repayable in 36 monthly instalments of Rs.2,18,717/- each commencing from May'2017.	7.89%
13	Canara Bank-Creta Car Vehicle Loan - 4929603000020	Hyundai Creta	Repayable in 84 monthly instalments of Rs. 24,895/- each commencing from May'2019.	9.15%
14	Canara Bank-MG Car Vehicle Loan - 4929603000023	MG	Repayable in 84 monthly instalments of Rs. 26,939/- each commencing from Nov'2019.	8.65%
15	Canara Bank-Skoda Car Vehicle Loan - 4929603000022	Skoda	Repayable in 84 monthly instalments of Rs. 52,927/- each commencing from Oct'2019.	8.90%
16	Canara Bank-Innova Crysta Vehicle Loan - 4929603000024	Innova	Repayable in 84 monthly instalments of Rs. 34,370/- each commencing from Jan'2020.	8.65%
17	HDFC Bank-BMW Vehicle Loan - 96977239	BMW	Repayable in 60 monthly instalments of Rs.2,38,130/- each commencing from Jan'2020.	8.50%
18	Daimler Financial Services India Private Ltd - Benz Car Vehicle Loan_ 10139378	Benz	Repayable in 60 monthly instalments of Rs.1,54,888/- each commencing from Dec'2019.	7.66%
19	Toyota FSIL-Toyota Vellfire Vehicle Loan--NHYD1184355	Vellfire	Repayable in 60 monthly instalments of Rs.1,89,910/- each commencing from Apr'2020.	8.31%

All figures in ₹ million, unless otherwise stated

Note No. 42: Reconciliation between the income tax expense and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:

Particulars	Year ended Mar 31, 2022	Year ended Mar 31, 2021	Year ended Mar 31, 2020
Profit before tax-A	772.86	73.07	533.77
Tax rate - B	25.17%	25.17%	25.17%
Income tax expense - A*B	194.51	18.39	134.34
Tax effect of depreciation in determining taxable profit	(7.99)	(14.21)	(32.09)
Tax effect of expenses other than depreciation that are not deductible in determining taxable profit	26.79	14.61	20.08
Adjustments recognised in the current year in relation to prior years	0.34	0.01	-
Effect of Deferred Tax (refer note 22)	(17.66)	2.95	(9.52)
Income tax expense recognised in profit or loss	**195.99**	**21.76**	**112.81**

Note No. 43: Employee benefits

(a) Salaries and Wages: Compensatory absence which accrue to the employees which are expected to be availed or encashed within twelve months after the end of the period in which the employees render the related service are short-term in nature. These compensatory absences require measurement on an actual basis and not on actuarial basis.

As per the leave policy of the company, the compensatory absences are paid within the next month from the date they are due and there is no accrual benefit that needs to be accounted as per Ind AS 19. They are processed along with monthly payroll.

(b) Defined contribution plan: The Company makes provident and pension fund contributions, which is a defined contribution plan, for qualifying employees. Additionally, the Company also provides, for covered employees, health insurance through the Employee State Insurance scheme. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable to these plans by the Company are at rates specified in the rules of the Schemes. Expenses recognized against defined contribution plans:

Particulars	Year ended Mar 31, 2022	Year ended Mar 31, 2021	Year ended Mar 31, 2020
Contribution to Provident Fund & ESI	6.03	4.28	7.33

(c) Defined benefit plans: The Company operates a gratuity plan covering qualifying employees. The benefit payable is calculated as per the Payment of Gratuity Act, 1972 and the benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The present value of the defined benefit obligation, and the related current service cost and paid service cost, were measured using the projected unit cost credit method. The company has obtained actuarial report from Mr. I. Sambasiva Rao (Membership No. 158 of Fellow of Institute of Actuaries of India) under Ind AS 19 for March 31, 2022 vide report dated April 13, 2022 and for March 31, 2021 and 2020 as a single report vide report dated November 18, 2021.

(d) Other disclosures of defined benefit plans as required under Ind AS–19 is as under:

Particulars	Year ended Mar 31, 2022	Year ended Mar 31, 2021	Year ended Mar 31, 2020
Service Cost	4.24	3.24	3.59
Interest Cost	1.50	1.39	1.22
Components of defined benefit costs recognised in statement of profit or loss - **(A)**	5.74	4.62	4.81
Actuarial (gain) / loss on plan obligations	0.22	(3.39)	(0.23)
Difference between actual return and interest income on plan assets - (gain) /loss	-	-	-
Components of defined benefit costs recognised in other comprehensive income - **(B)**	0.22	(3.39)	(0.23)
Total (A+B)	**5.96**	**1.24**	**4.58**

(e) The amount included in the balance sheet arising from the entity's obligation in respect of defined benefit plan is as follows:

Particulars	As at Mar 31, 2022	As at Mar 31, 2021	As at Mar 31, 2020
Present value of defined benefit obligation	27.71	21.75	20.51
Less: Fair value of plan assets	-	-	-
Net liability recognised in the balance sheet	27.71	21.75	20.51
Current portion of the above (refer note 25)	2.49	1.89	1.77
Non-current portion of the above (refer note 26)	25.22	19.86	18.74

(f) Movement in the present value of the defined benefit obligation are as follows

Particulars	As at Mar 31, 2022	As at Mar 31, 2021	As at Mar 31, 2020
Present value of defined benefit obligation at the beginning of the year	21.75	20.51	15.94
Expenses Recognised in statement of Profit & Loss			
Service cost	4.24	3.24	3.59
Interest cost	1.50	1.39	1.22
Expenses Recognised in statement of OCI			
Actuarial (gain)/loss	0.22	(3.39)	(0.23)
Benefits paid by the company			
Present value of the defined benefit obligation at the end of year	27.71	21.75	20.51

(g) Sensitivity analysis

Particulars	Year ended Mar 31, 2022	Year ended Mar 31, 2021	Year ended Mar 31, 2020
Present value of the defined benefit obligation at the end of year	27.71	21.75	20.51
Impact of the change in the discount rate			
Impact due to increase of 1.00%	25.58	20.03	18.83
Impact due to decrease of 1.00%	30.17	23.73	22.46
Impact of the change in the withdrawal rate			
Impact due to increase of 1.00%	28.35	22.17	20.89
Impact due to decrease of 1.00%	26.98	21.27	20.08
Impact of the change in the salary			
Impact due to increase of 1.00%	29.88	23.54	22.27
Impact due to decrease of 1.00%	25.82	20.16	18.95

(h) Maturity profile - Expected Future Cash flows (Undiscounted)

Particulars	As at Mar 31, 2022	As at Mar 31, 2021	As at Mar 31, 2020
0 to 1 year	2.49	1.89	1.77
1 to 2 years	2.19	1.48	1.34
2 to 3 years	2.09	1.73	1.41
3 to 4 years	2.13	1.65	1.62
4 to 5 years	2.11	1.59	1.58
5 years onwards	14.62	12.04	10.29

All figures in ₹ million, unless otherwise stated

(i) Actuarial assumptions

Particulars	Year ended Mar 31, 2022	Year ended Mar 31, 2021	Year ended Mar 31, 2020
Discount rate	7.34%	6.92%	6.76%
Salary escalation	4.00%	4.00%	4.00%
Withdrawal rate	5.00%	5.00%	5.00%

(j) The Indian Parliament has approved the Code on Social Security 2020, which would impact Employees Provident Fund and Miscellaneous Provisions Act, 1952 and the Payment of Gratuity Act, 1972, etc. The effective date from which the changes are applicable is yet to be notified and the final rules are yet to be framed. The impact of the changes, will be assessed and recognized post notification of the relevant provision and related rules are published.

Note No. 44: Segment reporting

The Company is primarily engaged in the business of retail trade through retail and departmental stores facilities, which in the terms of Ind AS 108 on 'Operating Segments', constitutes a single reporting business segment.

There are no material individual markets outside India and hence the same is not disclosed for geographical segments for the segment revenues or results or assets. During the year ended 31 March 2022, 2021 and 2020 the revenue from transactions with a single external customer did not amount to 10 percept or more of the Company's revenues from the external customers.

Note No. 45: Related Party Disclosures

a) List of related parties

Index No	Nature of relationship	Name of the related party
1	Key Managerial Personnel (KMP)	(a) Naga Kanaka Durga Prasad Chalavadi
		(b) Kalyana Srinivas Annam
		(c) Doondeswara Kanaka Durga Rao Chalavadi
		(d) Rama Krishna Oruganti - CFO Till March 01, 2022
		(e) Jonnada Vaghira Kumari
		(f) Alla Lakshmi Sowjanya
		(g) Koti Bhaskara Teja Matte
		(h) Naveen Nandigam
		(i) Sirisha Chintapalli
		(j) Laxminivas Jaju
		(k) Konduri V L N Sarma - CFO From March 01, 2022
2	Relative of KMP	(a) Jhansi Rani Chalavadi
		(b) Venkata Rajesh Annam
		(c) Sowjanya Annam
		(d) Suchitra Annam
		(e) Mohana Durga Rao Chalavadi
		(f) Supriya Padarthy
		(g) Bhavani Annam
		(h) Lavanya Mankal
		(i) Krishna Murty Chalavadi
		(j) Devamani Venkata Kanaka Hanisha Chalavadi
		(k) Balaji Bharadwaj Rachamadugu
3	Enterprises over which director is having significant influence	(a) Sai Readymades
		(b) Sai Retail India Limited

All figures in ₹ million, unless otherwise stated

Index No	Nature of relationship	Name of the related party
		(c) SSS Marketing
		(d) Sai Swarnamandir Jewellers Pvt Ltd
		(e) Sumaja Creations
		(f) K Factory
		(g) Kalamandir Foundation
		(h) Kalamandir International Pvt Ltd
		(i) Varamahalakshmi Holdings Pvt Ltd.
		(j) Soul of Pluto Tech LLP

(b) Transactions with related parties are set out in the table below

Particulars	For the period ended March 31,		
	2022	2021	2020
(i) Purchases			
(a) Sai Retail India Limited	8,416.90	4,421.87	8,689.48
(ii) Rent (Expense)			
(a) Sai Retail India Limited	3.16	2.45	1.10
(b) Varamahalakshmi Holdings Pvt Ltd.	1.02	1.02	1.02
(c) Naga Kanaka Durga Prasad Chalavadi	1.85	0.59	0.72
(d) Jhansi Rani Chalavadi	0.50	0.34	0.48
(iii) Other Income - Rent			
(a) Sai Retail India Limited	0.12	0.12	0.12
(b) Soul of Pluto Tech LLP	1.31	1.20	1.40
(iv) Salary / Remuneration			
(a) Naga Kanaka Durga Prasad Chalavadi	24.37	8.81	11.94
(b) Jhansi Rani Chalavadi	5.64	2.64	3.58
(c) Kalyana Srinivas Annam	10.49	4.40	5.97
(d) Doondeswara Kanaka Durga Rao Chalavadi	3.60	2.97	3.88
(e) Venkata Rajesh Annam	5.43	2.87	3.88
(f) Sowjanya Annam	1.49	0.79	1.07
(g) Suchitra Annam	1.39	0.79	1.07
(h) Mohana Durga Rao Chalavadi	3.80	2.87	3.88
(i) Supriya Padarthy	1.00	0.82	1.07
(j) Bhavani Annam	1.38	0.79	1.07
(k) Lavanya Mankal	1.05	0.79	1.07
(l) Devamani Venkata Kanaka Durga Hanisha Chalavadi	1.17	1.09	1.19
(m) Balaji Bharadwaj Rachamadugu	3.63	2.17	2.39
(n) Rama Krishna Oruganti	0.69	0.36	0.88
(o) Konduri V L N Sarma	0.45	-	-
(p) Koti Bhaskara Teja Matte	0.82	0.48	0.71
(q) Annam Subhash	1.48	-	-
(v) Rent expenses - Commission			

All figures in ₹ million, unless otherwise stated

Particulars	For the period ended March 31,		
	2022	2021	2020
(a) SSS Marketing	2.00	1.80	1.80

(vi) Business Promotion Expenses - Advertisement			
(a) Sumaja Creations	103.48	21.46	207.02
(vii) Professional charges - Software Consultation / Maintenance (Exp)			
(a) Soul of Pluto Tech LLP	33.00	22.20	22.20
(viii) Other Expenses - Sitting fees			
(a) Naveen Nandigam	0.06	0.06	0.06
(b) Sirisha Chintapalli	0.06	0.06	0.06
(c) Laxminivas Jaju	0.06	0.06	0.06
(ix) CSR Expenditure			
(a) Kalamandir Foundation	8.18	0.68	10.08
(x) Other Income			
(a) Sumaja Creations	-	-	1.80
(b) Soul of Pluto Tech LLP	-	-	6.00
(xi) Repayment of loan and deposit			
(a) Naga Kanaka Durga Prasad Chalavadi	2.41	-	-
(b) Krishna Murthy Chalavadi	0.01	-	-

c. Related party balances: payable/(receivable)

Particulars	As at March 31,		
	2022	2021	2020
(a) Sai Retail India Limited			
- Trade Payables	(1,276.43)	(1,061.53)	-
- Other Non Current Financial Assets	0.90	0.90	-
	(1,275.53)	(1,060.63)	-
(b) SSS Marketing			
- Other Current Financial Liabilities	(0.82)	(0.45)	(0.08)
- Other Non Current Financial Assets	1.20	1.20	1.20
	0.38	0.75	1.12
(c) Sumaja Creations - Other Current Financial Liabilities	(40.23)	(6.30)	(123.38)
(d) K Factory - Trade Payables	-	(0.48)	(0.48)
(e) Soul of Pluto Tech LLP			
- Other Current Financial Liabilities	(5.08)	8.27	3.99
- Other Non Current Financial Liabilities	(0.60)	(0.60)	(0.60)
	(5.68)	7.67	3.39

All figures in ₹ million, unless otherwise stated

Particulars	As at March 31,		
	2022	2021	2020
(f) Varamahalakshmi Holdings Pvt Ltd. - Other Current Financial Liabilities	0.01	0.64	(0.72)
(g) Naga Kanaka Durga Prasad Chalavadi			
- Other Current Financial Liabilities	(3.53)	(1.47)	(1.76)
- Other Non Current Financial Assets	1.10	0.60	0.36
- Financial Liabilities Current Borrowings	-	(1.87)	(21.87)
	(2.43)	(2.74)	(23.27)
(h) Jhansi Rani Chalavadi			
- Other Current Financial Liabilities	(0.58)	(0.23)	(0.14)
- Other Non Current Financial Assets	0.24	0.24	0.24
	(0.34)	0.01	0.10
Other Current Financial Liabilities			
(i) Kalyana Srinivas Annam	(1.17)	(0.30)	(0.32)
(j) Doondeswara Kanaka Durga Rao Chalavadi	(0.26)	(0.24)	(0.20)
(k) Annam Subhash	(0.61)		
(l) Venkata Rajesh Annam	(0.40)	(0.20)	(0.22)
(m) Sowjanya Annam	(0.27)	(0.06)	(0.07)
(n) Suchitra Annam	(0.14)	(0.07)	(0.07)
(o) Mohana Durga Rao Chalavadi	(0.23)	(0.20)	(0.25)
(p) Supriya Padarthy	(0.09)	(0.09)	(0.08)
(q) Bhavani Annam	(0.13)	(0.08)	(0.07)
(r) Lavanya Mankal	(0.12)	(0.13)	(0.12)
(s) Krishna Murty Chalavadi	-	(0.01)	(0.01)
(t) Devamani Venkata Kanaka Durga Hanisha Chalavadi	(0.09)	(0.10)	(0.09)
(u) Balaji Bharadwaj Rachamadugu	(0.37)	(0.11)	(0.19)
(v) Ramakrishna Oruganti	(0.03)	(0.06)	(0.04)
(w) Konduri V L N Sarma	(0.31)	-	-
(x) Koti Bhaskara Teja Matte	(0.07)	(0.06)	(0.05)
(y) Naveen Nandigam	-	(0.06)	(0.05)
(z) Sirisha Chintapalli	-	(0.06)	(0.05)
(aa) Laxminivas Jaju	-	(0.06)	(0.16)

Note No. 46: Capital and Financial risk management objectives and policies

(a)Risk management framework

Company is being driven by the market forces, its businesses are subject to several risks and uncertainties including financial risks. The Company's documented risk management policies act as an effective tool in mitigating the various financial risks to which the business is exposed to, in the course of their daily operations. The risk management policies cover areas around all identified business risks including commodity price risk, foreign exchange risk etc., Risks are identified through a formal risk management programme with active involvement of senior management personnel and business managers. The Company has in place risk management processes in line with the Company's policy. Each significant risk has an owner, who coordinates the risk management process.

The risk management framework aims to:

- Better understand our risk profile;
- Understand and better manage the uncertainties which impact our performance;
- Contribute to safeguarding Company value and interest of various stakeholders;
- Ensure that sound business opportunities are identified and pursued without exposing the business to an unacceptable level of risk;
- Improve compliance with good corporate governance guidelines and practices as well as laws & regulations; and
- Improve financial returns

Treasury management

The Company's treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

Treasury management focuses on capital protection, liquidity maintenance and yield maximization. The treasury operates as per the delegation of authority from the Board. Day-to-day treasury operations are managed by Company's finance team. Long-term fund raising including strategic treasury initiatives are handled by a Treasury team. The Company has a strong system of internal control which enables effective monitoring of adherence to Company's policies.

Financial risk

The Company's Board approved financial risk policies comprise liquidity, currency, interest rate and counterparty risk. The Company does not engage in speculative treasury activity but seeks to manage risk and optimize interest through proven financial instruments.

1. **Liquidity**

The Company requires funds both for short-term operational needs as well as for long-term investment programmes mainly in growth projects. The Company generates sufficient cash flows from the current operations which together with the available cash and cash equivalents and short-term investments provide liquidity both in the short-term as well as in the long-term.

The Company has been rated by Care Ratings Ltd (CARE) for its banking facilities in line norms.

The Company remains committed to maintaining a healthy liquidity, gearing ratio, deleveraging and strengthening balance sheet. The maturity profile of the Company's financial liabilities based on the remaining period from the date of balance sheet to the contractual maturity date is given in the table below. The figures reflect the contractual undiscounted cash obligation of the Company.

The Company has hypothecated its trade receivables, inventory, advances and other current assets in order to fulfil the collateral requirements for the financial facilities in place. There are no other significant terms and conditions associated with the use of collateral.

Maturity profile of financial liabilities

The table below provides the details regarding the remaining contractual maturities of financial liabilities at the reporting date

Particulars	Carrying value	less than 1 year	more than 1 year
Mar 31, 2022			
Lease liabilities	866.39	175.91	690.48
Borrowings	486.60	-	486.60
Other financial non-current liabilities	11.15	-	11.15
Borrowings	2,118.29	2,118.29	-
Trade payables	1,291.18	1,291.18	-
Other financial liabilities	253.07	253.07	-
Total	**5,026.67**	**3,838.44**	**1,188.23**
Mar 31, 2021			

All figures in ₹ million, unless otherwise stated

Particulars	Carrying value	less than 1 year	more than 1 year
Lease liabilities	620.62	153.65	466.97
Borrowings	573.56	-	573.56
Other financial non-current liabilities	5.51	-	5.51
Borrowings	1,598.69	1,598.69	-
Trade payables	1,075.99	1,075.99	-
Other financial liabilities	125.59	125.59	-
Total	**3,999.96**	**2,953.92**	**1,046.04**
Mar 31, 2020			
Lease liabilities	680.46	124.17	556.28
Borrowings	345.84		345.84
Other financial non-current liabilities	5.05		5.05
Borrowings	1,301.12	1,301.12	-
Trade payables	1,700.62	1,700.62	-
Other financial liabilities	332.31	332.31	-

2. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the other payables. The risks primarily relate to fluctuations in US Dollar, GBP against the functional currencies of the Company. The Company's exposure to foreign currency changes for all other currencies is not material. The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks.

3. Credit risk

Credit risk is the risk that the counter party will not meet its obligation under a financial instrument, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments. The carrying amount of trade receivables, advances, deposits, cash and bank balances, bank deposits and interest receivable on deposits represents company's maximum exposure to the credit risk.

Credit risk from balances with banks is managed by the Company's treasury department in accordance with Company's policy. No other financial asset carry a significant exposure with respect to the credit risk. Bank deposits and cash balances are placed with reputable banks and deposits are with reputable government, public bodies and others. Since company operates on business model of primarily cash and carry, credit risk from receivable perspective is insignificant.

(b) Capital management and Gearing Ratio

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the company's capital management is to maximise the shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is debt divided by total capital. The Company includes within debt, interest bearing loans and borrowings.

Particulars	As at Mar 31, 2022	As at Mar 31, 2021	As at Mar 31, 2020
Borrowings			
Non current	486.60	573.56	345.84
Current	2,118.29	1,598.69	1,301.12
Debt	2,604.89	2,172.24	1,646.96
Equity share capital	240.65	240.65	234.55
Other equity	2,765.96	2,189.26	2,080.51

All figures in ₹ million, unless otherwise stated

Particulars	**As at Mar 31, 2022**	**As at Mar 31, 2021**	**As at Mar 31, 2020**
Total capital	3,006.61	2,429.90	2,315.05
Gearing ratio in (Capital/Debt)	1.15	1.12	1.41

Note No. 47: **Financial instrument and risk management**

(a)Categories of financial instruments
The carrying value of the financial instruments by categories

Particulars	**Carrying Value**		
	As at Mar 31, 2022	**As at Mar 31, 2021**	**As at Mar 31, 2020**
Financial assets			
Measured at amortised cost			
Other financial non-current assets	238.02	233.91	224.24
Trade receivables	18.92	22.56	16.77
Cash and cash equivalents	86.24	43.34	180.90
Bank balances other than cash and cash equivalents	383.99	185.60	47.41
Loans	162.02	55.03	44.96
Other financial assets	3.26	1.12	0.16
Total	**892.46**	**541.56**	**514.44**
Financial liabilities			
Measured at amortised cost			
Lease liabilities	866.39	620.62	680.46
Borrowings	486.60	573.56	345.84
Other financial non-current liabilities	11.15	5.51	5.05
Borrowings	2,118.29	1,598.69	1,301.12
Trade payables	1,291.18	1,075.99	1,700.62
Other financial liabilities	253.07	125.59	332.31
Total	**5,026.67**	**3,999.96**	**4,365.39**

Particulars	**Fair Value**		
	As at Mar 31, 2022	**As at Mar 31, 2021**	**As at Mar 31, 2020**
Financial assets			
Measured at amortised cost			
Other financial non-current assets	238.02	233.91	224.24
Trade receivables	18.92	22.56	16.77
Cash and cash equivalents	86.24	43.34	180.90
Bank balances other than cash and cash equivalents	383.99	185.60	47.41
Loans	162.02	55.03	44.96
Other financial assets	3.26	1.12	0.16
Total	**892.46**	**541.56**	**514.44**
Financial liabilities			
Measured at amortised cost			
Lease liabilities	866.39	620.62	680.46
Borrowings	486.60	573.56	345.84

All figures in ₹ million, unless otherwise stated

Particulars	Fair Value		
	As at Mar 31, 2022	As at Mar 31, 2021	As at Mar 31, 2020
Other financial non-current liabilities	11.15	5.51	5.05
Borrowings	2,118.29	1,598.69	1,301.12
Trade payables	1,291.18	1,075.99	1,700.62
Other financial liabilities	253.07	125.59	332.31
Total	**5,026.67**	**3,999.96**	**4,365.39**

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

1. The Company has disclosed financial instruments such as borrowings, trade payable, and other current liabilities, loans, trade receivable, cash and cash equivalents and bank balances other than cash and cash equivalents at carrying value because their carrying values are a reasonable approximation of the fair values due to their short term nature.

2. Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counter party.

3. **Fair value hierarchy**

   The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

   Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

   Level 2: Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

   Level 3: Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

   Disclosures of fair value measurement hierarchy for financial instruments are given below

Particulars	As at Mar 31, 2022	As at Mar 31, 2021	As at Mar 31, 2020
Level 3			
Financial Assets, measured at Amortised Cost			
Other financial non-current assets	238.02	233.91	224.24
Trade receivables	18.92	22.56	16.77
Cash and cash equivalents	86.24	43.34	180.90
Bank balances other than cash and cash equivalents	383.99	185.60	47.41
Loans	162.02	55.03	44.96
Other financial assets	3.26	1.12	0.16
Total	**892.46**	**541.56**	**514.44**
Financial liabilities			
Measured at amortised cost			
Lease liabilities	866.39	620.62	680.46
Borrowings	486.60	573.56	345.84
Other financial non-current liabilities	11.15	5.51	5.05
Borrowings	2,118.29	1,598.69	1,301.12
Trade payables	1,291.18	1,075.99	1,700.62
Other financial liabilities	253.07	125.59	332.31
Total	**5,026.67**	**3,999.96**	**4,365.39**

Note No. 48: Key Ratios

All figures in ₹ million, unless otherwise stated

Particulars	As at Mar 31, 2022	As at Mar 31, 2021	As at Mar 31, 2020
a) Current Ratio:	**1.38**	**1.36**	**1.18**
Current Assets	5,607.54	4,093.35	4,152.09
Current Liabilities	4,077.10	3,002.93	3,533.09
b) Debt Equity:	**0.87**	**0.89**	**0.71**
Total Debt (long-term and short-term interest bearing)	2,604.89	2,172.24	1,646.96
Shareholder's Equity	3,006.61	2,429.90	2,315.05
c) Debt Service Coverage Ratio:	**3.29**	**2.17**	**3.76**
Earnings available for Debt Service	1,413.14	637.34	1,063.55
Debt Service	429.40	293.08	282.95
d) Return on Equity:	**21.22%**	**2.16%**	**20.00%**
Net Profits after taxes	576.87	51.31	420.96
Average Shareholder's Equity	2,718.25	2,372.48	2,104.49
e) Inventory Turnover Ratio:	**2.68**	**1.83**	**3.30**
Total Sales	11,293.23	6,772.48	11,755.60
Average Inventory	4,217.00	3,692.41	3,563.10
f) Trade Receivables Turnover:	**544.48**	**344.36**	**581.42**
Total Sales	11,293.23	6,772.48	11,755.60
Average Accounts Receivable	20.74	19.67	20.22
g) Trade Payables Turnover:	**7.16**	**3.21**	**5.60**
Total Purchases	8,472.12	4,451.60	8,734.62
Average Trades Payable	1,183.58	1,388.30	1,560.28
h) Net Capital Turnover:	**8.62**	**7.92**	**17.45**
Total Sales	11,293.23	6,772.48	11,755.60
Average Working Capital	1,310.43	854.71	673.82
i) Net Profit Ratio:	**5.11%**	**0.76%**	**3.58%**
Net Profit	576.87	51.31	420.96
Total Sales	11,293.23	6,772.48	11,755.60
j) Return on Capital Employed:	**21.71%**	**8.51%**	**24.39%**
Earning before interest and taxes	1,059.25	347.51	807.40
Capital Employed	4,879.05	4,083.14	3,310.31
k) Return on Investment*	NA	NA	NA
Net Profit	NA	NA	NA
Shareholder's Equity	NA	NA	NA

* There are no investments made by the company, as such the ratio is not applicable.

Note No. 49

Appropriate regroupings have been made in the restated statements of assets and liabilities, profit and loss and cash flows, wherever required by reclassification of the corresponding items of incomes, expenses, assets, liabilities, and cash flows, in order to bring them in line with the accounting policies and classification as per financial statement of the company prepared in accordance with schedule III of Companies Act, 2013, requirements of Ind AS 1 and other applicable Ind AS principles and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2018, as amended.

Note No. 50: Estimation uncertainty relating to the global health pandemic on COVID-I9:

The retail industry as a whole has been adversely impacted by the spread of COVID-19. The operations of the company were impacted to certain extent owing to the complete Lock down imposed from March 22, 2020. In this crisis, our priorities are to protect the employees and their families from COVID-19, besides our customers visiting our stores and the society associated with it. The company has begun restoration of store operations from last week of May-20 and has been opening the stores, as permitted by the

Government and Local/Regulatory authorities, with controlled movement, maintaining social distancing, taking appropriate hygiene measures and following the directions of regulatory authorities. The Company believes that the pandemic is not likely to impact the recoverability of the carrying value of its assets. The Company is closely monitoring the developments operations and is actively working to minimize the impact of this unprecedented situation. As the situation is continuously evolving, the eventual impact may be different from the estimates made as of the date of the balance sheet.

Note No. 51: Fraud by the employee of the company

During the year ended 31 March 2021, the management of the Company has noticed that one of the ex-employees in the Security team had embezzled funds amounting to ₹0.895 millions in FY 2020-21. Full provision was made in the books. The suspected employee was primarily responsible for overseeing and safeguarding the premises. Subsequently, the management has initiated various actions to improve controls over security guards appointment and rotation of duties etc.

Note No. 52

(a) **Title deeds of immovable properties**: Title deeds of immovable properties are held in the name of the Company.

(b) **Valuation of Property Plant & Equipment, intangible asset:** The Company has not revalued its fixed assets.

(c) **Loans or advances to specified persons**: No loans or advances in the nature of loans are granted to promoters, directors, KMPS and the related parties (as defined under Companies Act, 2013,) either severally or jointly with any other person, that are repayable on demand or without specifying any terms or period of repayment.

(d) **Details of benami property held**: The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company any Benami property.

(e) **Borrowing secured against current assets**: The Company has borrowings from banks on the basis of security of current assets. The quarterly returns or statements of current assets filed by the Company with banks are in agreement with the books of accounts.

(f) **Wilful defaulter**: The Company has not been declared wilful defaulter by any bank or financial institution or other lender.

(g) **Relationship with struck off companies**: The Company do not have any transactions with companies struck off.

(h) **Registration of charges or satisfaction with Registrar of Companies (ROC):** The Company do not have pending registration or satisfaction of charge to be registered with ROC beyond the statutory time period.

(i) **Compliance with number of layers of companies**: The Section 2(87) of the Companies Act, 2013 read with Companies (Restriction on number of layers) Rules, 2017 is not applicable to the company.

(j) **Compliance with approved scheme(s) of arrangements:** The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

(k) **Utilisation of borrowed funds and share premium**: The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding that the intermediary shall:

   a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries);
   b. provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

   The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

   a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or;
   b. provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

All figures in ₹ million, unless otherwise stated

(l) **Undisclosed income**: The Company have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

(m) **Details of crypto currency or virtual currency**: The Company have not traded or invested in Crypto currency or Virtual Currency.

(n) **Utilisation of borrowings availed from banks and financial institutions:** The borrowings obtained by the Company from the Banks and Financial Institutions have been applied for the purposes for which such loans were taken.

Note No. 53

a. The reconciliation of net profit reported in accordance with Indian GAAP to total comprehensive Income in accordance with Ind AS is given below:-

Particulars	**As at Mar 31, 2022**	**As at Mar 31, 2021**	**As at Mar 31, 2020**
Net Profit for the period under previous Indian GAAP	**602.95**	**86.32**	**455.86**
(a) Net impact of Ind AS 116	(26.25)	(32.46)	(34.72)
Net Profit for the period as per restated financials	**576.71**	**53.86**	**421.14**

b. Reconciliation of other equity between previous GAAP and Ind AS

Particulars	**As at Mar 31, 2022**	**As at Mar 31, 2021**	**As at Mar 31, 2020**
Other Equity as per previous Indian GAAP	**2,859.39**	**2,256.44**	**2,115.23**
(a) Net impact of Ind AS 116	(93.42)	(67.18)	(34.72)
	2,765.97	**2,189.27**	**2,080.51**

As per our audit report of even date
For SAGAR & ASSOCIATES
Chartered Accountants

CA. B. Aruna
Partner
Membership No. 216454
F. No. 003510S
Place: Hyderabad
Date: 15th June, 2022

For and on behalf of the board

Ch.N.K.D.Prasad
Managing Director
DIN : 01929166

Annam Kalyan Srinivas
Whole Time Director
DIN : 02428313

K V L N Sarma
Chief Financial Officer

M K Bhaskara Teja
Company Secretary

Independent Practitioner's report on the compilation of Pro-forma Consolidated Financial Information to be included in the Draft Red Herring Prospectus ('DRHP') in connection with proposed Initial Public Offer of equity shares ('proposed IPO') by Sai Silks (Kalamandir) Limited

To,
The Board of Directors,
Sai Silks (Kalamandir) Limited
6-3-790/8, Flat No. 1, Bathina Apartments,
Ameerpet, Hyderabad
Telangana 500016

Dear Sirs, Madam,

1. We have completed our assurance engagement to report on the compilation of Pro-forma Consolidated Financial Information of Sai Silks (Kalamandir) Limited ('the Company') and Sai Retail India Limited, which was an aggregator for supplies to the Company, which will now be done by the Company going forward. The Pro-forma Consolidated Financial Information consists of the Pro-forma Consolidated Balance Sheet as at 31 March 2022, 2021 and 2020, the Pro-forma Consolidated Statement of Profit and Loss for the years ended 31 March 2022, 2021 and 2020 and related notes (hereinafter referred as 'Pro-forma Consolidated Financial Information'). The Pro-forma Consolidated Financial Information consists of consolidation of Sai Silks (Kalamandir) Limited and Sai Retail India Limited. The applicable criteria on the basis of which the management has compiled the Pro-forma Consolidated Financial information are specified in the "Basis of preparation paragraph" as described in note 2 to the Pro-forma Consolidated Financial Information.

2. The Pro-forma Consolidated Financial Information has been compiled by Management to illustrate the impact of a significant acquisition of business assets made on April 1, 2022, i.e. after the period for which the Restated Financial Information has been included in the DRHP, as set out in Note 1, on the Company's financial position as at 31 March 2022, 2021 and 2020 and its financial performance and cash flows for the years ended 31 March 2022, 2021 and 2020 as if the acquisition had taken place at 1 April 2019.

   As a part of this process, information about the Group's financial position and financial performance has been extracted by Management from the following financial statements / financial information:

   a) The restated financial statement of Sai Silks (Kalamandir) Limited which comprises the Restated Statement of Assets and Liabilities as at March 31, 2022, March 31, 2021 and March 31, 2020, the Restated Statement of Profit and Loss (including other comprehensive income), the Restated Statement of Cash Flows and the Restated Statement of Changes in Equity for the years ended March 31, 2022, March 31, 2021 and March 31, 2020 and the Summary Statement of Significant Accounting Policies, and other explanatory notes (collectively, the "restated financial statement") which has been approved by the Board of Directors of Sai Silks (Kalamandir) Limited at their meeting held on June 15, 2022. These restated financial statements have been prepared by the management of the Company for the purpose of inclusion in the draft red herring prospectus and prospectus (collectively the "Offer Documents") prepared by the Company in connection with its proposed Initial Public Offer ("IPO") in terms of the requirements of:
      (i) Section 26 of Part I of Chapter III of the Companies Act, 2013 ("the Act");
      (ii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and
      (iii) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India (ICAI), as amended (the "Guidance Note")

   b) The restated financial statements of Sai Retail India Limited which are prepared for the sole purpose of using the financials in preparation of "Pro-forma Consolidated Financial Information" of Sai Silks (Kalamandir) Limited. The financials have been drawn under Ind AS as required for the purpose of presenting the Pro-forma Consolidated Financial Information in Draft Red Herring Prospectus (DRHP) of Sai Silks (Kalamandir) Limited. These restated financial statements of Sai Retail India Limited has been approved by the Board of Directors of Sai Retail India Limited at their meeting held on June 15, 2022.

Management's Responsibility for the Pro-forma Consolidated Financial Information

3. The Management is responsible for compiling the Pro-forma Consolidated Financial Information on the basis stated in note 2 to the Pro-forma Consolidated Financial Information and the same has been approved by the Board of Directors of the Company. Management's responsibility includes the responsibility for designing, implementing and maintaining internal control relevant

for compiling the Pro-forma Consolidated Financial Information on the basis stated in note 2 to the Pro-forma Consolidated Financial Information that is free from material misstatement, whether due to fraud or error. The Management is also responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities, including compliance with the provisions of the laws and regulations for the compilation of Pro-forma Consolidated Financial Information.

Practitioner's Responsibilities

4. Our responsibility is to express an opinion, about whether the Pro-forma Consolidated Financial Information presents a true and fair analysis in all material respects on the basis stated in note 2 to the Proforma Consolidated Financial Information.

5. We conducted our engagement in accordance with Standard on Assurance Engagements (SAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, issued by the Institute of Chartered Accountants of India. This Standard requires that the practitioner comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Management has compiled, in all material respects, the Pro-forma Consolidated Financial Information on the basis stated in note 2 to the Pro-forma Consolidated Financial Information.

6. For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro-forma Consolidated Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Proforma Consolidated Financial Information. For this engagement, we have placed reliance on standalone/consolidated audited financial statements / financial information as referred to in paragraph 2 above.

7. A reasonable assurance engagement to report on whether the Pro-forma Consolidated Financial Information has been compiled, in all material respects, on the basis stated in note 2 to the Pro-forma Consolidated Financial Information, involves performing procedures to assess whether the applicable criteria used by the Management in the compilation of the Pro-forma Consolidated Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

    a. The related pro-forma adjustments give appropriate effect to those criteria; and
    b. The Pro-forma Consolidated Financial Information reflects the proper application of those adjustments to the unadjusted financial information

Opinion

8. In our opinion, the Pro-forma Consolidated Financial Information has been compiled, in all material respects, on the basis stated in note 2 to the Pro-forma Consolidated Financial Information.

Restriction on Use

9. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit report issued by us.

10. Our report is intended solely for use of the Board of Directors for inclusion in the DRHP to be filed with Securities Exchange Board of India, BSE Limited, National Stock Exchange of India Limited and the Registrar of Companies, Telangana at Hyderabad in connection with the proposed IPO of the Company. 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 **SAGAR & ASSOCIATES**
Chartered Accountants
(F.No.003510S)

CA. B. Aruna
Partner
Membership No. 216454
UDIN: 22216454AMWXNJ7588

All figures in ₹ million, unless otherwise stated

Proforma Consolidated statement of assets and liabilities

Particulars		As at March 31, 2022				As at March 31, 2021				As at March 31, 2020			
		SSKL	SRIPL	Elimination	Consolidated	SSKL	SRIPL	Elimination	Consolidated	SSKL	SRIPL	Elimination	Consolidated
ASSETS													
1	**Non-current assets**												
(a)	Property, plant and equipment	1,631.71	66.70	-	1,698.41	1,587.25	65.72		1,652.97	1,717.92	72.62		1,790.55
(b)	Capital work-in-progress	-	-		-	21.19	-		21.19	-	-		-
(c)	Other intangible assets	76.10	-		76.10	97.60	-		97.59	119.38	-		119.38
(d)	Right-of-use assets	784.05	209.33	-	993.38	566.79	144.89	-	711.68	674.74	169.43	-	844.17
(e)	Financial assets												
(i)	Other financial assets	238.02	17.80	(0.90)	254.93	233.91	26.61	(0.90)	259.62	224.24	25.90	-	250.14
(f)	Other non-current assets	87.45	-	-	87.45	54.15	-	-	54.15	39.24	-	-	39.24
		2,817.33	**293.83**	**(0.90)**	**3,110.26**	**2,560.90**	**237.23**	**(0.90)**	**2,797.21**	**2,775.52**	**267.96**		**3,043.48**
2	**Current assets**												
(a)	Inventories	4,764.32	1,987.32	(220.53)	6,531.11	3,669.68	1,644.08	(172.29)	5,141.47	3,715.14	1,673.59	(175.11)	5,213.63
(b)	Financial assets												
(i)	Trade receivables	18.92	1,279.13	(1,276.43)	21.63	22.56	1,062.92	(1,061.53)	23.95	16.77	0.45	-	17.22
(ii)	Cash and cash equivalents	86.24	5.37	-	91.61	43.34	18.77	-	62.11	180.90	4.32	-	185.22
(iii)	Bank balances other than (iii) above	383.99	10.77	-	394.76	185.60	10.27	-	195.88	47.41	9.74	-	57.14
(iv)	Loans	162.02	27.54	-	189.56	55.03	14.86	-	69.88	44.96	14.51	-	59.47
(v)	Other financial assets	3.26	0.01	-	3.28	1.12	-	-	1.12	0.16	0.55	-	0.71
(c)	Other current assets	188.79	35.56	-	224.35	116.02	26.73	-	142.75	146.74	24.45	-	171.19
		5,607.54	**3,345.70**	**(1,496.96)**	**7,456.29**	**4,093.35**	**2,777.62**	**(1,233.82)**	**5,637.16**	**4,152.09**	**1,727.61**	**(175.11)**	**5,704.59**
	Total Assets	**8,424.87**	**3,639.53**	**(1,497.86)**	**10,566.55**	**6,654.25**	**3,014.84**	**(1,234.72)**	**8,434.37**	**6,927.61**	**1,995.58**	**(175.11)**	**8,748.08**
EQUITY AND LIABILITIES													
1	Equity												
(a)	Equity share capital	240.65	185.56		426.20	240.65	185.56		426.20	234.55	185.56		420.10
(b)	Other equity	2,765.96	188.77	(220.53)	2,734.21	2,189.26	173.21	(172.29)	2,190.18	2,080.51	167.70	(175.11)	2,073.10
		3,006.61	**374.33**	**(220.53)**	**3,160.41**	**2,429.90**	**358.77**	**(172.29)**	**2,616.38**	**2,315.06**	**353.26**	**(175.11)**	**2,493.20**
2	**Liabilities**												
(1)	**Non-current liabilities**												
(a)	Financial liabilities												
(i)	Borrowings	486.60	53.11	-	539.71	573.56	72.14	-	645.70	345.84	2.98	-	348.82
(ii)	Lease liabilities	690.48	196.65	-	887.13	466.97	126.00	-	592.97	556.28	144.86	-	701.15
(iii)	Other financial liabilities	11.15	0.90	(0.90)	11.15	5.51	0.90	(0.90)	5.51	5.05	-	-	5.05
(b)	Provisions	25.22	3.46	-	28.68	29.99	2.87	-	32.87	29.88	2.43	-	32.31
(c)	Deferred tax liabilities (Net)	127.71	(6.86)	-	120.85	145.37	(5.00)	-	140.37	142.42	(2.35)	-	140.06
		1,341.15	**247.26**	**(0.90)**	**1,587.51**	**1,221.41**	**196.91**	**(0.90)**	**1,417.42**	**1,079.47**	**147.91**	**-**	**1,227.38**

Sai Silk (Kalamandir) Limited
Pro-forma Consolidated Financial Information

All figures in ₹ million, unless otherwise stated

Particulars		As at March 31, 2022				As at March 31, 2021				As at March 31, 2020			
		SSKL	SRIPL	Elimination	Consolidated	SSKL	SRIPL	Elimination	Consolidated	SSKL	SRIPL	Elimination	Consolidated
(2)	**Current liabilities**												
(a)	Financial liabilities												
(i)	Borrowings	2,118.29	169.60	-	2,287.89	1,598.69	665.91	-	2,264.60	1,301.12	669.48	-	1,970.60
(ii)	Lease liabilities	175.91	34.96	-	210.87	153.65	35.48	-	189.14	124.17	29.47	-	153.64
(iii)	Trade payables												
	-Due to micro, small and medium enterprises	-	-	-	-	-	-	-	-	-	-	-	-
	-Others	1,291.18	2,805.91	(1,276.43)	2,820.66	1,075.99	1,714.31	(1,061.13)	1,729.17	1,700.62	757.91	-	2,458.53
(iv)	Other financial liabilities	253.07	2.76	-	255.83	125.59	32.66	(0.40)	157.85	332.31	26.50	-	358.81
(b)	Other current liabilities	24.27	3.82	-	28.09	29.57	6.66	-	36.23	25.75	2.31	-	28.06
(c)	Provisions	2.49	0.47	-	2.96	1.89	0.32	-	2.21	1.77	0.31	-	2.08
(d)	Current tax liabilities (Net)	211.90	0.43	-	212.33	17.56	3.82	-	21.38	47.34	8.43	-	55.78
		4,077.11	**3,017.94**	**(1,276.43)**	**5,818.62**	**3,002.93**	**2,459.16**	**(1,061.53)**	**4,400.57**	**3,533.09**	**1,494.41**	**-**	**5,027.49**
	Total equity and liabilities	**8,424.87**	**3,639.53**	**(1,497.86)**	**10,566.55**	**6,654.25**	**3,014.84**	**(1,234.72)**	**8,434.37**	**6,927.61**	**1,995.58**	**(175.11)**	**8,748.08**

As per our audit report of even date

For SAGAR & ASSOCIATES
Chartered Accountants

For and on behalf of the board

Ch.N.K.D.Prasad
Managing Director
DIN : 01929166

Annam Kalyan Srinivas
Whole Time Director
DIN : 02428313

CA. B. Aruna
Partner
Membership No. 216454
F. No. 003510S
Place: Hyderabad
Date: 15th June, 2022

K V L N Sarma
Chief Financial Officer

M K Bhaskara Teja
Company Secretary

Sai Silk (Kalamandir) Limited
Pro-forma Consolidated Financial Information

All figures in ₹ million, unless otherwise stated

Proforma Consolidated statement of profit and loss

Particulars		As at March 31, 2022				As at March 31, 2021				As at March 31, 2020			
		SSKL	SRIPL	Elimination	Consolidated	SSKL	SRIPL	Elimination	Consolidated	SSKL	SRIPL	Elimination	Consolidated
	INCOME												
I	Revenue from operations	11,293.23	8,484.87	(8,416.90)	11,361.20	6,772.48	4,437.68	(4,421.87)	6,788.28	11,755.60	8,689.57	(8,689.48)	11,755.69
II	Other income	36.93	6.96	(3.28)	40.60	18.47	10.41	(2.57)	26.31	30.57	2.68	(1.22)	32.03
III	**Total Income (I+II)**	**11,330.16**	**8,491.82**	**(8,420.18)**	**11,401.80**	**6,790.95**	**4,448.09**	**(4,424.45)**	**6,814.59**	**11,786.17**	**8,692.25**	**(8,690.70)**	**11,787.72**
IV	**EXPENSES**												
	(a) Purchases of stock-in-trade	8,472.12	8,455.47	(8,416.90)	8,510.70	4,451.60	4,134.57	(4,421.87)	4,164.30	8,734.62	8,511.45	(8,689.48)	8,556.59
	(b) Changes in inventories	(1,093.42)	(344.54)	48.24	(1,389.72)	16.83	27.77	(2.82)	41.78	(274.01)	(249.90)	14.98	(508.93)
	(c) Employee benefit expense	1,027.51	146.31	-	1,173.82	865.82	102.05	-	967.87	1,068.58	175.24	-	1,243.82
	(d) Finance costs	286.39	85.59	-	371.99	274.43	91.68	-	366.12	273.63	94.73	-	368.36
	(e) Depreciation and amortization expense	308.16	33.78	-	341.94	294.57	31.78	-	326.35	260.29	28.43	-	288.72
	(f) Impairment losses	50.94	-	-	50.94	-		-	-	-			-
	(f) Other expenses	1,505.60	93.17	(3.28)	1,595.48	814.61	52.85	(2.57)	864.88	1,189.29	87.75	(1.22)	1,275.81
	Total expenses (IV)	**10,557.30**	**8,469.78**	**(8,371.94)**	**10,655.14**	**6,717.87**	**4,440.69**	**(4,427.27)**	**6,731.30**	**11,252.40**	**8,647.70**	**(8,675.72)**	**11,224.38**
V	**Profit before exceptional items and tax (III-IV)**	772.86	22.04	(48.24)	746.66	73.07	7.40	2.82	83.29	533.77	44.55	(14.98)	563.34
VI	Exceptional Items	-				-				-			
VII	**Profit before tax (V-VI)**	772.86	22.04	(48.24)	746.66	73.07	7.40	2.82	83.29	533.77	44.55	(14.98)	563.34
VIII	Tax expense:	195.99	6.56	-	202.55	21.76	2.16	-	23.92	112.81	11.72	-	124.52
	(a) Current Tax	213.26	8.45		221.71	19.65	5.03		24.68	122.39	14.51		136.90
	(b) Deferred Tax	(17.61)	(1.88)		(19.49)	2.10	(2.74)		(0.64)	(9.58)	(2.79)		(12.37)
	(c) Short/ (Excess) provision of earlier years	0.34	(0.01)		0.33	0.01	(0.13)		(0.12)	-	-		-
IX	**Profit for the year (VII-VIII)**	**576.87**	**15.47**	**(48.24)**	**544.10**	**51.31**	**5.24**	**2.82**	**59.37**	**420.96**	**32.83**	**(14.98)**	**438.82**
X	**Other Comprehensive Income**												
	A) Items that will not be reclassified to profit or loss												
	a) Remeasurements of the defined benefit plans	(0.22)	0.11		(0.11)	3.39	0.37		3.75	0.23	(0.05)		0.18
	b) Income tax relating to Items that will not be reclassified to profit or loss	0.06	(0.03)		0.03	(0.85)	(0.09)		(0.94)	(0.06)	0.01		(0.05)
	Other comprehensive income for the year, net of tax	(0.17)	0.09	-	(0.08)	2.53	0.27	-	2.81	0.17	(0.04)	-	0.14
XI	**Total comprehensive income for the year (IX+X)**	**576.71**	**15.56**	**(48.24)**	**544.02**	**53.85**	**5.51**	**2.82**	**62.18**	**421.14**	**32.80**	**(14.98)**	**438.95**

As per our audit report of even date
For SAGAR & ASSOCIATES
Chartered Accountants

CA. B. Aruna
Partner
Membership No. 216454
F. No. 003510S
Place: Hyderabad
Date: 15th June, 2022

For and on behalf of the board

Ch.N.K.D.Prasad
Managing Director
DIN : 01929166

Annam Kalyan Srinivas
Whole Time Director
DIN : 02428313

K V L N Sarma
Chief Financial Officer

M K Bhaskara Teja
Company Secretary

All figures in ₹ million, unless otherwise stated

Proforma Consolidated Statement of cash flows

Particulars	For the year ended March 31,		
	2022	2021	2020
A) Cash Flows from Operating Activities			
Net profit before tax and exceptional items	746.66	83.29	563.34
Adjustments for :			
Amortisation of Right to use asset	144.29	132.49	126.93
Unwinding of discount on security deposits (net)	90.30	75.51	77.97
Actuarial gain / loss	(0.11)	3.75	0.18
Non cash Ind AS 116 adjustment	(4.70)	0.71	(7.88)
Preliminary Expenditure Written Off	-	-	0.30
Depreciation on property, plant and equipment	176.16	172.04	139.56
Impairment loss on windmill (refer note 3(iv))	50.94	-	-
Amortisation on intangible assets	21.49	21.81	22.24
Unrealized foreign exchange (gain)/ loss	0.33	(0.53)	1.49
(Profit)/ Loss on sale of Property, Plant and Equipment	(0.17)	0.06	(0.51)
Other Income	(24.77)	(12.56)	(22.08)
Interest expense	360.04	360.07	364.02
Interest income	(10.50)	(4.46)	(6.27)
Operating profit before working capital changes	**1,549.95**	**832.19**	**1,259.27**
Adjustments for working capital changes in :-			
Inventories	(1,389.64)	72.16	(545.85)
Trade Receivables	2.32	(6.72)	6.84
Other current financial and non financial asset	(203.43)	17.62	2.97
Trade payables	1,091.89	(729.76)	543.04
Other current liabilities	(8.15)	8.17	(16.15)
Other financial liabilities	94.82	(199.66)	60.44
Other financial and non-financial non-current assets	(35.17)	(20.56)	(73.45)
Long-term provisions	5.94	0.56	4.10
Other non-current financial liabilities	5.63	0.46	3.74
Short term provisions	0.75	0.13	0.33
Cash generated from operations	**1,114.93**	**(25.40)**	**1,245.29**
Income tax paid	(31.10)	(58.95)	(262.18)
Net Cash generated from/(used in) operating activities	**1,083.83**	**(84.35)**	**983.11**
B) Cash flows from Investing Activities			
Sale/ (Purchase) of Property, Plant and Equipment/CWIP (incl. capital advances)	(261.28)	(55.74)	(515.10)

All figures in ₹ million, unless otherwise stated

Particulars	For the year ended March 31,		
	2022	**2021**	**2020**
(Increase)/ Decrease in Deposits	(198.89)	(138.73)	(27.19)
Interest income	10.50	4.46	6.27
Other income	24.77	12.56	22.08
Net Cash generated from/(used in) Investing Activities	**(424.90)**	**(177.45)**	**(513.93)**
C) Cash flows from Financing Activities			
Proceeds from issue of Share Capital/ Share Application Money	-	61.00	10.00
Proceeds/ (repayment) from or of Long-term borrowings	(105.99)	296.88	(58.54)
Increase/ (Decrease) in Short-term borrowings	23.29	294.00	0.88
Prinicpal payment of lease liability	(189.14)		(145.72)
Interest paid and effect of foreign exchange	(357.61)	(359.54)	(350.77)
Net Cash generated from/(used in) Financing Activities	**(629.43)**	**292.34**	**(544.16)**
Net change in cash and cash equivalents (A + B + C)	29.50	(123.10)	(74.98)
Cash and Cash equivalents at the beginning of the year	62.11	185.22	260.20
Cash and Cash equivalents at the ending of the year (refer note 10)	**91.61**	**62.11**	**185.22**

As per our audit report of even date
For SAGAR & ASSOCIATES
Chartered Accountants

CA. B. Aruna
Partner
Membership No. 216454
F. No. 003510S
Place: Hyderabad
Date: 15th June, 2022

For and on behalf of the board

Ch.N.K.D.Prasad
Managing Director
DIN : 01929166

Annam Kalyan Srinivas
Whole Time Director
DIN : 02428313

K V L N Sarma
Chief Financial Officer

M K Bhaskara Teja
Company Secretary

Significant Accounting policies

Note 1:

Corporate information

M/s Sai Silks (Kalamandir) Limited ("SSKL") is incorporated under the Companies Act, 1956 in Hyderabad on 03-Jul-2008 having the CIN U52190TG2008PLC059968. SSKL and Sai Retail India Limited ("SRIL") (together referred to as Group) is engaged in the business of buying and selling of textile and textile articles as a Retailer in the name and style of "Kalamandir", "Varamahalakshmi", "Mandir" and "KLM Fashions" in the state of Telangana, Andhra Pradesh, Karnataka and Tamil Nadu.

Note 2: Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the company.

(a) Reason for preparation of Pro-Forma Consolidated Financial Information

i) SRIL and SSKL had entered into a suppliers Agreement, dated 01 April, 2017 between themselves for sale / purchase of goods pertaining to apparel business for a period of 5 years w.e.f 01 April, 2017 and which has been pursued upon, until it expired on the closing hours of 31 March, 2022.

ii) In view of the changing business dynamics, the Board of Directors of the said Companies, in their respective meetings held on 10 March, 2022, had resolved "not to renew" the said Suppliers Agreement and discontinue their regular inter se business transactions, effective 01 April, 2022.

iii) Vide the aforementioned resolutions, SRIL has agreed to sell and SSKL has agreed to purchase the Business Assets on arms-length basis and in its ordinary course of business, whether in one or more tranches, on such terms and conditions as laid in the Business Assets Transfer Agreement dated 01 April, 2022.

iv) The non-current assets being taken over by SSKL from SRIL are as follows:

Particulars of non current assets as on March 31, 2022	₹ million
Plant & Machinery	9.40
Furniture	35.14
Vehicles	8.95
Computers	0.72
Lease improvements	12.49
Rent Deposits	26.23
Total	**92.93**

v) The current assets being taken over by SSKL from SRIL are as follows:

Particulars of current assets as on March 31, 2022	₹ million
Employees Salary Advances	27.54
Inventory	1,987.32
Total	**2,014.86**

vi) The Assets and liabilities appearing in the books of SRIL as a result of the business arrangement between SSKL and SRIL, which will continue to remain on the books of SRIL, and for which SSKL bears no liability are as follows:

Particulars of assets and liabilities as on March 31, 2022	₹ million
Liabilities	
Non-Current Liabilities	
Long Term borrowings	58.06
Deferred tax liabilities (net)	0.93
Other long-term liabilities	0.90
Long-term provisions	3.46
Current Liabilities	
Short Term Borrowings	164.65
Trade Payables	2,805.91
Other Current Liabilities	6.58

Particulars of assets and liabilities as on March 31, 2022	**₹ million**
Short-term provisions	0.90
Total	**3,041.39**
Assets	
Other Noncurrent Assets	10.98
Trade Receivables **	3,386.91
Cash and Bank Balances	5.37
Short-term loans and advances	35.56
Other Current assets	0.01
Total	**3,438.83**

*It may be noted that the liabilities mentioned above – Trade Payables, Long Term and Short Term Borrowings amounting to ₹ 3,028.62 million (99.58% of the residual liabilities) and assets mentioned above – Trade Receivables of ₹ 3,386.91 million (98.49% of residual assets) are pertaining to the business activities done by SRIL for SSKL. Accordingly, in the preparation of the Pro-Forma Consolidated Financial Information, we have performed a line by line consolidation for the purpose of presentation.

** Includes Business Assets mentioned in points (iv) and (v) above amounting to ₹ 2,107.79 million, to be purchased by SSKL in the ordinary course of business on or before the Closing Date.

(b) Basis for preparation

The pro-forma consolidated financial information of the Group comprising the pro-forma consolidated balance sheet as at 31 March 2022, 31 March 2021 and 31 March 2020 and the pro-forma consolidated statement of profit and loss and the pro-forma consolidated cash flow statement for the years ended 31 March 2022, 31 March 2021 and 31 March 2020, read with the notes to the pro-forma consolidated financial information (hereinafter referred as ‘pro-forma consolidated financial information’), has been prepared to include Sai Retail India Limited (the purchasing arm of Sai Silks (Kalamandir) Limited). Because of their nature, the pro-forma financial information addresses a theoretical situation and therefore, does not represent Group’s factual financial position or results. They purport to indicate the results and the financial position that would have resulted had the purchases been directly made by Sai Silks (Kalamandir) Limited but are not intended to be indicative of expected results or operations in the future periods or the future financial position of the Group.

The pro-forma adjustments are based upon available information and assumptions that the management of the SSKL believes to be reasonable. Such pro-forma consolidated financial information has been prepared on the bases as stated in the following section “Pro-forma adjustments” and accordingly should not be relied upon as if it had been prepared in accordance with the generally accepted accounting principles.

The pro-forma financial information for the period and years presented has been prepared by combining the following financial information after making the adjustments as detailed in the following section “Pro-forma adjustments”

a) The restated financial statement of Sai Silks (Kalamandir) Limited which comprises the Restated Statement of Assets and Liabilities as at March 31, 2022, March 31, 2021 and March 31, 2020, the Restated Statement of Profit and Loss (including other comprehensive income), the Restated Statement of Cash Flows and the Restated Statement of Changes in Equity for the years ended March 31, 2022, March 31, 2021 and March 31, 2020 and the Summary Statement of Significant Accounting Policies, and other explanatory notes (collectively, the “restated financial statement”) which has been approved by the Board of Directors of Sai Silks (Kalamandir) Limited at their meeting held on June 15, 2022. These restated financial statements have been prepared by the management of the Company for the purpose of inclusion in the draft red herring prospectus and prospectus (collectively the “Offer Documents”) prepared by the Company in connection with its proposed Initial Public Offer (“IPO”) in terms of the requirements of:

(i) Section 26 of Part I of Chapter III of the Companies Act, 2013 ("the Act");
(ii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and
(iii) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India (ICAI), as amended (the “Guidance Note”)

b) The restated financial statements of Sai Retail India Limited which are prepared for the sole purpose of using the financials in preparation of "Pro-forma Consolidated Financial Information" of Sai Silks (Kalamandir) Limited. The financials have been drawn under Ind AS as required for the purpose of presenting the Pro-forma Consolidated Financial Information in Draft Red Herring Prospectus (DRHP) of Sai Silks (Kalamandir) Limited. These restated financial statements of Sai Retail India Limited has been approved by the Board of Directors of Sai Retail India Limited at their meeting held on June 15, 2022.

Further, the pro-forma consolidated financial information for all the periods consist of three columns wherein:

i) Column 1 represents standalone balances of the Sai Silks (Kalamandir) Limited.

ii) Column 2 represents standalone balances of Sai Retail India Limited.

iii) Column 3 represents the inter-group eliminations like the below:

• Sales, purchases and corresponding trade payables and trade receivables between the entities; and
• Unrealized profits on unsold inventories

iv) Column 4 represents the total of column 1, column 2 and removing the adjustments of column 3

The consolidated financial information of the Group has been prepared as per Ind AS and adjusted to comply with the Group's accounting policies in all material aspects (collectively referred to as "Group accounting policies" as appearing in consolidated financial information). The following adjustments have been made to the historical financial information (as mentioned above) to present the Group financials.

(c) Statement of Compliance

These Proforma Financial Statements of the Group have been prepared in accordance with Indian Accounting Standard (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('the Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

(d) Use of estimates and judgement

The preparation of financial statement in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statement. The actual outcome may diverge from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

i) Useful lives of property, plant and equipment: The Group reviews the useful life of property, plant and equipment at the end of each reporting period. This re-assessment may result in change in depreciation expense in future periods.

ii) Fair value of financial assets and liabilities and investments: The Group measures certain financial assets and liabilities on fair value basis at each balance sheet date or at the time they are assessed for impairment. Fair value measurement that are based on significant unobservable inputs (Level 3) requires estimates of operating margin, discount rate, future growth rate, terminal values, etc. based on management's best estimate about future developments.

iii) Provisions and contingencies
Provisions: A provision is recognised when The Group has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of time value of money is material).

Contingent liabilities: Contingent liabilities are not recognised but are disclosed in notes to accounts.

(e) Functional and presentation currency

Items included in the financial statement of The Group are measured using the currency of the primary economic environment in which The Group operates (i.e. the "functional currency"). The financial statements are presented in Indian Rupee, the national currency of India, which is the functional currency of The Group.

(f) Revenue Recognition

i) Sale of goods: Revenue from the sale of goods is recognized at the point in time when control of the goods sold is transferred to the customer. Revenue is measured based on the transaction price, which is the consideration, net of discounts, variable considerations, other similar charges, as specified in the contract with the customer. Additionally, revenue excludes taxes collected from customers, which are subsequently remitted to governmental authorities.

ii) Interest income: Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to The Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset of that asset's net carrying amount on initial recognition.

iii) Service Income - Service income is recognized on rendering of services based on the agreements / arrangements with the concerned parties.

(g) Leases

The Group's lease asset classes consist of leases for buildings. The Group, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after April 1, 2019 (as required under restatement). The Group recognises a right-of-use asset and a lease liability at the later of lease commencement date or April 01, 2019. The right-of-use asset is initially measured 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 and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. 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 Group's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in The Group's estimate of the amount expected to be payable under a residual value guarantee, or if The Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense over the lease term.

(h) Foreign currencies

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in the statement of profit and loss in the period in which they arise except for exchange differences on transactions designated as fair value hedge, if any.

(i) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets, until such time the assets are substantially ready for their intended use or sale.
All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(j) Employee benefits - Retirement Benefits

Defined contribution plan : The Group makes defined contribution to Provident Fund and Employee State Insurance which are recognized in the statement of Profit and Loss on accrual basis.

Defined benefit plan : The Group's liability towards gratuity is determined on the basis of year end actuarial valuations applying the Projected Unit Credit Method done by an independent actuary as on the Balance sheet date.

The actuarial valuation method used by the independent actuary for measuring the liability is the projected unit credit method. Actuarial losses and gains are recognized in Other Comprehensive Income (OCI) and are not reclassified to the statement of profit and loss in any subsequent periods. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the statement of profit and loss as past service costs."

(k) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

i) Current tax: Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961.

ii) Minimum Alternate Tax (MAT) : paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that The Group will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to The Group.

iii) Deferred tax: Deferred tax is recognized using the balance sheet approach. Deferred tax assets and liabilities are recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statement and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. 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 all or part of the asset to be utilised. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which The Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

(l) Property, Plant and Equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated at cost less accumulated depreciation and accumulated impairment losses. Freehold land is carried at historical cost.

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. The cost of property, plant and equipment comprises its purchase price/ acquisition cost, net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying property, plant and equipment up to the date the asset is ready for its intended use. Subsequent expenditure on property, plant and equipment after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Depreciation on Property, plant and equipment (other than freehold land) has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013. The estimated useful life of the tangible assets and the useful life are reviewed at the end of the each financial year and the depreciation period is revised to reflect the changed pattern, if any. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss. Any leasehold improvements is depreciated over the lease term."

(m) Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16's requirements for cost model. An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised. The depreciation on Property, plant and equipment (other than freehold land) has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

(n) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment. Intangible assets are amortised over their respective estimated useful lives on a straight line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Estimated useful lives of the intangible assets is 6 years which contains Software. The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of the each financial year and the amortisation period is revised to reflect the changed pattern, if any.

(o) Impairment of tangible and intangible assets

At the end of each reporting period, The Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). 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 the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset 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 the asset in prior years. A reversal of an impairment loss is recognised immediately in statement of profit and loss.

(p) Inventories

Inventories (including stock-in-transit) are stated at lower of cost or net realizable value. Cost is determined on 'Weighted Average' basis. Due to a large number and diverse nature of inventory items, cost is estimated as near as possible for each stock keeping unit including freight and applicable taxes, etc. Net realizable value represents the estimated selling price less all estimated costs necessary to make the sale. No valuation is done for damaged stock since its realizable value, if any, is negligible.

(q) Provisions and contingencies

Provisions: A provision is recognised when The Group has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of time value of money is material). Contingent liabilities: Contingent liabilities are not recognised but are disclosed in notes to accounts.

(r) Financial instruments

Financial assets and financial liabilities are recognised when The Group becomes a party to the contractual provisions of the instruments. Financial assets and liabilities are initially recognised at fair value. Transaction costs that are directly attributable to financial assets and liabilities [other than financial assets and liabilities measured at fair value through profit and loss (FVTPL) are added to or deducted from the fair value of the financial assets or liabilities, as appropriate on initial recognition. Transaction costs directly attributable to acquisition of financial assets or liabilities measured at FVTPL are recognised immediately in the statement of profit and loss.

i) Non-derivative Financial assets: All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

Financial assets at amortised cost
A financial asset is measured at amortised cost if both of the following conditions are met:
a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Effective interest method:
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is that which exactly discounts estimated future cash receipts through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognised on an effective interest basis for debt instruments other than those financial assets. Interest income is recognised in profit or loss and is included in the "Other income" line item.

ii) Derecognition of financial assets: A financial asset is derecognised only when The Group:
- has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients. When the entity has transferred an asset, The Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.
Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if The Group has not retained control of the financial asset. When The Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

iii) Foreign exchange gains and losses: The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in statement of profit and loss.

iv) Financial liabilities: All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL - Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in statement of profit and loss. The net gain or loss recognised in statement of profit and loss incorporates any interest paid on the financial liability and is included in the 'Other income/Other expenses' line item.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method.
The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

All figures in ₹ million, unless otherwise stated

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in the statement of profit and loss. The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in the statement of profit and loss.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, The Group's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

(s) Segment reporting

Operating segments are reported in the manner consistent with the internal reporting to the Chief Executive Officer. The Group is reported at an overall level, and hence there are no separate reportable segments as per Ind AS 108.

(t) Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition) and highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

(u) Earnings per share (EPS)

Basic earnings per share are computed using the weighted average number of equity shares outstanding during the period. Diluted EPS is computed by dividing the profit or loss attributable to ordinary equity holders by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares, as appropriate.

(v) Operating Cycle

Based on the nature of products / activities of The Group and the normal time between acquisition of assets and their realisation in cash or cash equivalents, The Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

(w) Capital work-in-progress

Capital work in progress includes, cost of assets not yet commissioned, and incidental expenses during the construction period. Certain directly attributable pre-operative expenses during construction period are included under Capital Work in Progress. These expenses are allocated to the cost of Fixed Assets when the same are ready for intended use.

As per our audit report of even date
For SAGAR & ASSOCIATES
Chartered Accountants

CA. B. Aruna
Partner
Membership No. 216454
F. No. 003510S
Place: Hyderabad
Date: 15th June, 2022

For and on behalf of the board

Ch.N.K.D.Prasad
Managing Director
DIN : 01929166

Annam Kalyan Srinivas
Whole Time Director
DIN : 02428313

K V L N Sarma
Chief Financial Officer

M K Bhaskara Teja
Company Secretary

OTHER FINANCIAL INFORMATION

The accounting ratios of our Company as required under Item 11 of Part A of Schedule VI of the SEBI ICDR Regulations are given below:

(₹ in million, unless otherwise mentioned)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2020
Restated profit for the year (A)	576.87	51.31	420.96
Weighted average number of equity shares at the end of the year for the calculation of basic and diluted earnings per share (B)	120,322,940	118,031,160	117,272,940
Restated basic earnings per share (C=A/B) (in ₹)	4.79	0.43	3.59
Restated diluted earnings per share (D=A/B) (in ₹)	4.79	0.43	3.59
Reconciliation of return on net worth			
Restated profit for the year (A)	576.87	51.31	420.96
Net worth (B)	3,006.61	2,429.90	2,315.05
Return on net worth (in %) (C=A/B)	19.19	2.11	18.18
Reconciliation of net asset value per share			
Net worth (A)	3,006.61	2,429.90	2,315.05
Outstanding number of equity shares at the end of the year, as adjusted for split (B)	120,322,940	120,322,940	117,272,940
Net asset value per equity share (₹) (C=A/B)	24.99	20.19	19.74
EBITDA	1,330.48	623.61	1,037.12

Notes:

a) *Pursuant to a resolution of our Board dated May 3, 2022 and Shareholders dated May 18, 2022, each equity share of our Company of face value of ₹10 each was sub-divided into five Equity Shares of face value of ₹2 each and accordingly, the issued, subscribed and paid-up equity share capital of our Company was sub-divided from 24,064,588 Equity Shares of ₹ 10 each to 120,322,940 Equity Shares of ₹2 each.*

b) *In terms of Paragraph 64 of Indian Accounting Standard 33 Earnings per Share, if the number of ordinary shares outstanding increases as a result of share split, calculation of basic and diluted earnings per share for all periods presented shall be adjusted retrospectively. If these changes occur after the reporting period but before the financial information is approved for issue, the per share calculations for those and any prior period financial information presented shall be based on the new number of shares. The calculation of basic and diluted EPS has been considered considering the impact of the split stated above.*

c) *Weighted average number of Equity Shares is the number of Equity Shares outstanding at the beginning of the year adjusted by the number of Equity Shares issued during the year/period multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year. This has been adjusted proportionately for all periods presented by giving effect to the subdivision subsequent to the balance sheet date.*

d) *Basic and Diluted earnings per equity share: Restated profit for the year divided by the weighted average number of shares at the end of the year. Basic and diluted EPS are computed in accordance with Ind AS 33 - Earnings per share.*

e) *Return on net worth %: Return on Net Worth (%) is calculated by dividing the restated profit for the year to the Net worth.*

f) *Net assets value per share (in ₹): Net Asset Value per Share represents Net worth divided by the numbers of shares outstanding at the end of respective year. The number of shares outstanding at the end of reporting period has been adjusted proportionately for all periods presented by giving effect to the subdivision subsequent to the balance sheet date.*

g) *"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 restated balance sheet, but does not include reserves created out of revaluation of assets, capital reserve, write-back of depreciation and amalgamation as per the SEBI ICDR Regulations as at March 31, 2022, March 31, 2021 and March 31, 2020.*

h) *"EBITDA" is calculated as restated profit for the year plus tax expense, finance cost, depreciation and amortization expenses less other income.*

In accordance with the with Schedule VI, Part A (11)(I)(A)(ii)(b) of the SEBI ICDR Regulations, the audited financial information of our Company for the year ended March 31, 2022, March 31, 2021 and March 31, 2020 (collectively, the "**Audited Financial Information**") is available on our website at *https://sskl.co.in/investor-relations/*. Our Company is providing a link to this website solely to comply with the requirements specified in the SEBI ICDR Regulations. The Audited Financial Information do not and will not constitute, (i) a part of this Draft Red Herring Prospectus; (ii) the Red Herring Prospectus or (iii) the Prospectus, a statement in lieu of a prospectus, an offering circular, an offering memorandum, an advertisement, an offer or a solicitation of any offer or an offer document or recommendation or solicitation to purchase or sell any securities under the Companies Act, the SEBI ICDR Regulations, or any other applicable law in India or elsewhere. The Audited Financial Information should not be considered as part of information that any investor should consider subscribing for or purchase any securities of our Company and should not be relied upon or used as a basis for any investment decision. Due caution is advised when accessing and placing reliance on any historic or other information available in the public domain.

None of our Company or any of its advisors, nor the Selling Shareholders, nor BRLMs nor any of their respective employees, directors, affiliates, agents or representatives accept any liability whatsoever for any loss, direct or indirect, arising from any information presented or contained in the Audited Financial Information, or the opinions expressed therein.

Related Party Transactions

For details of the related party transactions, as per the requirements under applicable Accounting Standards, *i.e.*, Ind AS 24 – Related Party Disclosures read with the SEBI ICDR Regulations, as at and for the Financial Years ended March 31, 2022, March 31, 2021 and March 31, 2020, see "*Restated Financial Statements – Note No. 45 – Related Party Disclosures*" on page 287.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with our "Restated Financial Statements" on page 241.

This Draft Red Herring Prospectus may include forward-looking statements that involve risks and uncertainties, and our actual financial performance may materially vary from the conditions contemplated in such forward-looking statements as a result of various factors, including those described below and elsewhere in this Draft Red Herring Prospectus. For further information, see "Forward-Looking Statements" on page 20. Also read "Risk Factors" and "-Factors Affecting our Results of Operations and financial condition" on pages 30 and 318, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations.

Unless otherwise indicated or the context otherwise requires, the financial information for Fiscal 2020, 2021 and 2022 included herein is derived from our Restated Financial Statements, included in this Draft Red Herring Prospectus. Further, unless otherwise indicated or the context otherwise requires, all operational information included herein for Fiscal 2020, 2021 and 2022 is as on standalone basis. For further information, see "Restated Financial Statements" on page 241. Our Company's Fiscal commences on April 1 and ends on March 31 of the immediately subsequent year, and references to a particular Fiscal are to the 12 months ended March 31 of that particular year. Unless the context otherwise requires, in this section, references to "we", "us", "our", "the Company" or "our Company" refers to Sai Silks (Kalamandir) Limited.

*Unless otherwise indicated, industry and market data used in this section has been derived from industry publications, in particular, the report titled "Industry Report on Women Ethnic Wear Apparel in India" dated July 12, 2022 (the "**Technopak Report**"), prepared and issued by Technopak Advisors Private Limited ("**Technopak**") appointed on February 22, 2022 and exclusively commissioned by and paid for by us in connection with the Offer. A copy of the Technopak Report is available on the website of our Company at https://sskl.co.in/investor-relations/. There are no parts, data or information (which may be relevant for the proposed Offer), that has been left out or changed in any manner. Unless otherwise indicated, financial, operational, industry and other related information derived from the Technopak Report and included herein with respect to any particular year refers to such information for the relevant calendar year. For more information, see "Risk Factors – Industry information included in this Draft Red Herring Prospectus has been derived from an industry report prepared by Technopak exclusively commissioned and paid for by us for such purpose." on page 41. Also see, "Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation – Industry and Market Data" on page 18.*

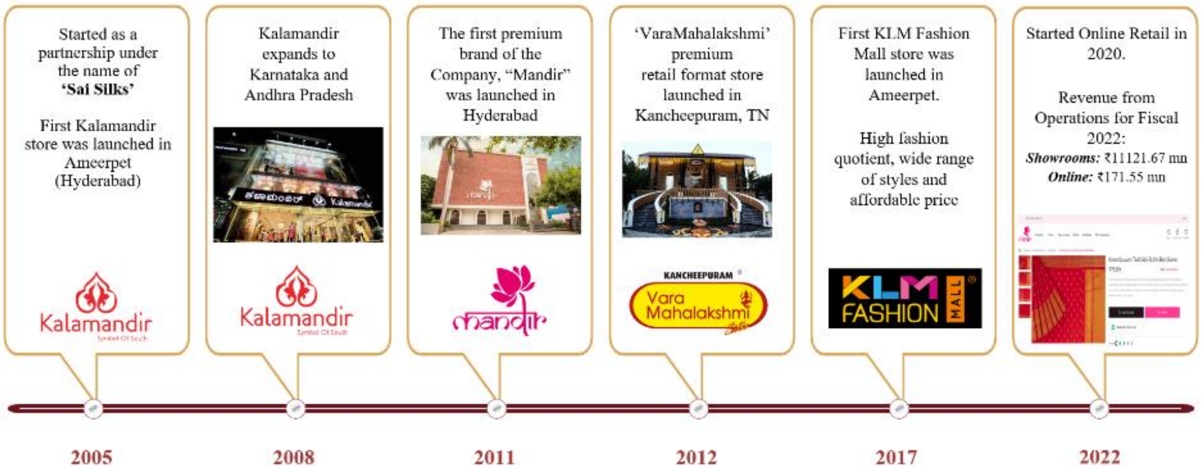
OVERVIEW

Who We Are

We are one of the largest retailers of ethnic apparel, particularly sarees, in south India in terms of revenues and profit after tax in Fiscal 2019, 2020 and 2021. *(Source: Technopak Report)* Through our four store formats, i.e., Kalamandir, VaraMahalakshmi Silks, Mandir, and KLM Fashion Mall, we offer our products to various segments of the market that include premium ethnic fashion, ethnic fashion for middle income and value-fashion, with a variety of products across different price points, thereby catering to customers across all market segments. We leverage our store network of 46 stores as of May 31, 2022, to focus on spreading India's vibrant culture, traditions and heritage by offering a diverse range of products which includes various types of ultra-premium and premium sarees suitable for weddings, party wear, as well as occasional and daily wear; lehengas, men's ethnic wear, children's ethnic wear and value fashion products comprising fusion wear and western wear for women, men and children.

The share of organized retailing in apparel has increased from 14% in Fiscal 2007 to 32% in Fiscal 2020. The evolution of the market, in its current phase, represents distinct segmentation of channels of organized retail for apparel. This phase also represents emergence of category leaders in respective groups of western (formal and casual), Indian, and athleisure. Historically, the ethnic retail trade of sarees was dominated by unorganized players in small format stores with a very few organized players. *(Source: Technopak Report)* Our founders recognised the opportunity and in order to address the gap in the market, we commenced operations in 2005. Today, we offer one of the widest portfolios of saree SKUs among women's apparel brands in India. *(Source: Technopak Report)* with large retail outlets that provide customers a wide variety of options in ethnic wear across various price points. *(Source: Technopak Report)*

A timeline illustrating the significant milestones achieved by us since the launch of our business is set out below:



Our business was founded by our Managing Director, Nagakanaka Durga Prasad Chalavadi a first generation entrepreneur. We commenced operations through our first '*Kalamandir*' store in 2005 at Hyderabad, Telangana with a store size of 3,213 square feet and have over the years expanded to 46 stores in four south Indian states, *i.e.*, Andhra Pradesh, Telangana, Karnataka and Tamil Nadu, with an aggregate area of approximately 550,815 square feet, as of May 31, 2022. As of May 31, 2022, our average store size, calculated on the basis of our operating stores, is 12,811 square feet for our Kalamandir format stores, 3,400 square feet for our Mandir format stores, 5,972 square feet for our VaraMahalakshmi format stores and 18,700 square feet for our KLM Fashion Mall format stores.
We believe our stores provide a unique experience and customer service, which combined with our inventory and variety of SKUs that we offer, enables us to attract and retain a growing customer base that, as of May 31, 2022, exceeded over 5.00 million customers in India.

The table below sets forth certain performance indicators of all of our Kalamandir, VaraMahalakshmi Silks, Mandir, and KLM Fashion Mall stores for the periods indicated:

Particulars	**Fiscal 2020**	**Fiscal 2021**	**Fiscal 2022**
New stores opened during the Fiscal	5	-	4
Stores closed during the Fiscal	-	1(5)	-
Stores(1)	43	42	46
Stores converted / Format changed during the Fiscal(2)	-	1	2
Cities	10	10	11
Average Store Area (square feet)	12,121	12,171	11,974
Metrics per Square Feet (₹)			
- Average revenue from operations per square feet (for all stores)	22,553	13,247	20,502
- Average revenue from operations per square feet (for Mature Stores(3))	24,227	13,058	20,210
Revenue Metrics per Store (₹ million)			
- Average revenue from operations (for all stores)	273.36	161.23	245.50
- Average revenue from operations (for Mature Stores(3))	282.30	161.85	252.64
Average Capital Expenditure per Store (₹ million)(4)	48.58	50.43	51.69

(1) *Stores refer to the number of stores at the end of the relevant fiscal period.*
(2) *In Fiscal 2021, we closed one of our Kalamandir store located in KMR-Guntur, Andhra Pradesh. Subsequently we opened a new store in Guntur, Andhra Pradesh under the VaraMahalakshmi format. In addition, one Kalamandir store in Hyderabad was converted into Varamahalakshmi store. Further, in Fiscal 2022, one of our Kalamandir store located in*

Hyderabad, Telangana was converted into a Mandir store and one of our KLM Fashion Mall store was converted into VaraMahalakshmi format.

(3) *Mature Stores refer to Stores that have been operating for a period of more than 12 months. In Fiscal 2020, 2021 and 2022, we had 38, 41 and 40 Mature Stores, respectively.*

(4) *Average Capital Expenditure per Store refers to cost of interiors, furniture and equipment for stores commencing operations in the relevant fiscal period.*

(5) *One Kalamandir store, at KMR-Guntur, Andhra Pradesh closed in Fiscal 2021.*

Our Store Format and Presence

Our ethnic wear and value-fashion products are available through our stores under four different format stores, *i.e.*, Kalamandir, VaraMahalakshmi Silks, Mandir, and KLM Fashion Mall, as well as through e-commerce channels comprising our own website and other online e-commerce marketplaces. The table below provides certain information on our product portfolio and break-down by price range as of May 31, 2022:

Format	Target Segment	Product Portfolio	Average Price Range
Kalamandir	Contemporary ethnic fashion for middle income	Different variety of sarees, such as *Tusser, Silk, Kota, Kora, Khadi, Georgette, Cotton and Matka*	Approximately ₹ 1,000 to ₹ 100,000
Kancheepuram Vara Mahalakshmi Silks	Premium ethnic silk sarees and handlooms targeting wedding and occasional wear.	The major product offerings includes premium variety of sarees such as *Banarasi, Patola, Kota, Kanchipuram, Paithani, and Organza, Kuppadam*, , with major focus on handlooms such as *Kacheepuram* silk sarees	Approximately ₹ 4,000 to ₹ 250,000
Mandir	Ultra-premium designer sarees targeting high net-worth individuals	The major product offerings includes ultra-premium variety of designer sarees such as *Banarasi, Patola, Ikat, Kanchipuram, Paithani, Organza and Kuppadam*	Approximately ₹ 6,000 to ₹ 350,000.
KLM Fashion Mall	Value-fashion at affordable price points	Value fashion products comprising fusion wear, sarees for daily wear and western wear for women, men and children	Approximately ₹ 200 to ₹ 75,000

Our stores are strategically located in prime areas of the cities in which we operate, to tap into the purchasing power of customers with a cluster-based model where we generally open new stores in the same city rather than extending our store network in other cities, in order to efficiently operate our stores. Further, due to the impact of COVID-19, we recognized the importance of expanding our sales through online e-commerce marketplaces and started selling our products through our own online website, www.kalamandir.com, www.brandmandir.com and www.kanchivml.com and www.klmfashionmall.com as well as through other third-party online e-commerce websites which provides an omni-channel network to our customers, through our online and offline channels. The seamless integration between our offline and online channels also ensures that our products are easily available to our customers. The following images from our websites www.kalamandir.com, www.brandmandir.com and www.kanchivml.com and www.klmfashionmall.com highlight our focus on increasing online sales.

Our Management team

Our Company commenced operations in 2005 and is led by our Managing Director, Nagakanaka Durga Prasad Chalavadi who has more than 16 years of experience in the retail business. He has been instrumental in building our various formats and its operational efficiencies. In addition, we have a committed and large senior management team that has extensive experience in the retail and fashion industry, which positions us well to capitalize on future growth opportunities.

Financial and Operational Metrics

The following table sets forth certain key financial information relating to our business in the periods indicates:

Particulars	Fiscal		
	2020	2021	2022
	(₹ million, except percentages)		
Revenue from Operations	11,755.60	6,772.48	11,293.23
EBITDA(1)	1,037.12	623.61	1,330.48
EBITDA Margin(2)	8.82%	9.21%	11.78%
Gross Margin(3)	3,294.99	2,304.04	3,914.53
Profit for the year	420.96	51.31	576.87
RoE(4)	20.00%	2.16%	21.22%
RoCE(5)	24.39%	8.51%	21.71%
Debt to Equity Ratio(6)	0.71	0.89	0.87
Net Debt/EBITDA(7)	0.45	1.25	0.52

Notes:

(1) *EBITDA is calculated as the sum of Profit Before Tax, Depreciation and Finance Costs.*

(2) *EBITDA Margin is calculated as EBITDA divided by Revenue from Operations.*

(3) *Gross Margin is calculated as sales less the sum of Purchases of Stock in Trade and Change in Inventories.*

(4) *Return on Equity is calculated as Restated Profit for the Year divided by Net Worth as at the end of the year, where "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, capital reserve, write-back of depreciation and amalgamation as per the SEBI ICDR Regulations.*

(5) *Return on Capital Employed is calculated as Earnings Before Interest and Tax divided by Capital Employed where Capital Employed is sum of Tangible Net Worth, Total Debt and Deferred Tax Liability.*

(6) *Debt to Equity Ratio is calculated as Total Term Liabilities divided by the sum of Equity Share Capital and Other Equity.*

(7) *Net Debt/EBITDA is calculated as Total Term Liabilities divided by EBITDA.*

FACTORS AFFECTING OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Impact of COVID-19

The outbreak of the COVID-19 pandemic and its continuing impact, as well as government measures to reduce the spread of COVID-19, have had a substantial impact on our operations during the first quarter of Fiscal 2021. We experienced a substantial reduction in customer footfalls and store operations due to the nationwide lockdown, quarantines, and stay-at-home orders, the promotion of social distancing, and other restrictions. The impact of the COVID-19 pandemic on our business, operations and financial performance have included and may continue to include significant decline in revenue from operations. Our revenue from sale of products declined by 42.39% from ₹ 11,754.60 million in Fiscal 2020 to ₹ 6,771.47 million in Fiscal 2021 while our profit after tax decreased by 87.81% from ₹ 420.96 million in Fiscal 2020 to ₹ 51.31 million in Fiscal 2021. Further, our Working capital borrowings increased by 36.89% from ₹ 1,393.76 million in Fiscal 2021 to 1,907.91 million in Fiscal 2022.

In addition, we capitalized on this opportunity to renegotiate our rental arrangements under various agreements during the onset of the COVID-19 pandemic in India. Based on these rent relief negotiations, we arrived at negotiated agreements with respect to reductions in rent and our rental obligations during the COVID-19 crisis with a majority of our landlords. While we have re-negotiated certain of our rental arrangements including by receiving certain waivers which amounted to ₹ 101.39 million in Fiscal 2021 and ₹ 28.06 million in Fiscal 2022, there can be no assurance that they would agree to any complete or partial waiver or reduction of rent expenses for the remaining term of the relevant lease.

Further, due to the impact of COVID-19, we recognized the importance of expanding our sales through online e-commerce marketplace and started selling our products through our own online website, www.kalamandir.com, www.brandmandir.com and www.kanchivml.com as well as through other third-party online e-commerce websites which provides an omni-channel network to our customers by our online and offline channels. In Fiscal 2021 and 2022, our revenue from operations attributable to online sales was ₹ 54.92 million, and ₹ 171.55 million, and accounted for 0.81%, and 1.52%, respectively, of our revenue from operations. According to the Technopak Report, the market share of the e-commerce sector is expected to grow from 18% in Fiscal 2020 to 22% in Fiscal 2025. In the short- to medium-term, we expect that revenues through online channels as a proportion of our overall revenue from operations may gradually increase. We consider our brand to be strong, our business model to be scalable, and this, coupled with effective operational processes and proven track record of profitable expansion, position us well to capitalise on this market opportunity. However, the impact of subsequent waves of the virus on our business cannot be ascertained at this time and we cannot currently estimate the duration or future negative impact of the COVID-19 pandemic on our ability to continue expanding our network of stores, or improve same-store sales growth. As a retail company, we are significantly exposed to the public health and economic effects of the COVID-19 pandemic and there can be no assurance that our business will not be adversely affected if the COVID-19 pandemic were to worsen or last for an extended period, or if subsequent waves and more restrictive measures were to be implemented. For further information, see "*Risk Factors - The current and continuing impact of the ongoing COVID-19 pandemic on our business and operations has been significant. The impact of the pandemic on our operations in the future, including its effect on the ability or desire of customers to visit our stores, is uncertain and may be significant and continue to have an adverse effect on our business prospects, strategies, business, operations, our future financial performance, and the price of our Equity Shares.*" on page 33.

Acquisition of business of Sai Retail

Inventory management and procurement

We plan our inventory and estimate our sales based on the forecast, demand and requirements for the forthcoming seasons. We have inventory stored at our warehouses ahead of an upcoming season. We have in the past, through Sai Retail India Limited, sourced our products from an aggregate of 4,062 master weavers, weavers and vendors from across India in the last three Fiscal years. Our arrangements with our master weavers and other third party manufacturers are on a purchase order, non-exclusive basis, to comply with the quality standards and other requirements such as time and place of delivery, specified by us.

We manage our inventory and logistics as well as our entire supply chain for all our channels from our three warehouses in Karnataka, Andhra Pradesh, and Telangana with an aggregate area of approximately 162,000 square feet as of May 31, 2022. Further, we have a designated store spaced located at one of our *VaraMahalakshmi* store in Kancheepuram, Tamil Nadu. We endeavour to ensure that product requirements and order fulfilment at each store, across store formats, is done in a timely and efficient manner. All our products are barcoded that ensures systematic movement of our inventory.

Until Fiscal 2022, we procured our products through Sai Retail India Limited, a member of our Promoter Group and Group Company. Our Company had entered into a supplier's agreement with Sai Retail India Limited dated April 1, 2017 ("**Suppliers Agreement**") for the purchase of apparel products from Sai Retail India Limited for a period of five years with effect from April 1, 2017. Under the terms of the Suppliers Agreement, the maximum sale by Sai Retail India Limited to our Company was ₹ 11,000.00 million and Sai Retail India Limited agreed to maintain a minimum inventory as required for the products. In view of the changing business dynamics, our Company and Sai Retail India Limited did not continue with arrangements under such Suppliers Agreement with effect from April 1, 2022. Our Company entered into a business assets transfer agreement dated April 1, 2022 ("**BTA**") pursuant to which we acquired the business assets of Sai Retail India Limited. In addition, the employees of Sai Retail India Limited engaged in the apparel business, who were responsible for procurement of products and inventory management were also employed by our Company, on terms and conditions similar to that applicable to such employees at Sai Retail India Limited. Since April 1, 2022, our Company has commenced directly purchasing the products from the master weavers, weavers and vendors. As of May 31, 2022, we had 80 employees in our purchase team. We also regularly visit our master weavers and third party manufacturers in order to ensure that the trade happens efficiently.

As of March 31, 2020, 2021 and 2022, our inventory as a percentage of our current assets was 89.48%, 89.65% and 84.96%, while our inventory as a percentage of our revenue from operations was 31.61%, 54.19% and 42.19%, respectively. In Fiscal 2020, 2021 and 2022, our total payables was ₹ 1,700.62 million, ₹ 1,075.99 million and ₹ 1,291.18 million, respectively and represented 14.47%, 15.89% and 11.43%, respectively, of our revenue from operations in such periods.

Based on the Proforma Financial Statements, as of March 31, 2020, 2021 and 2022, our inventory (on a proforma basis) as a percentage of our current assets (on a proforma basis) was 91.39%, 91.21% and 87.59%, respectively, while our inventory (on a proforma basis) as a percentage of revenue from operations (on a proforma basis) was 44.35%, 75.74% and 57.49%, respectively in such periods. Based on the Proforma Financial Statements, our total trade payables (on a proforma basis) in Fiscal 2020, 2021 and 2022 was ₹ 2,458.53 million, ₹ 1,729.17 million and ₹ 2,820.66 million respectively, and represented 20.91%, 25.47% and 24.83%, respectively, of our revenue from operations (on a proforma basis) in such periods.

In periods following the acquisition of assets of Sai Retail India Limited pursuant to the BTA, we expect our trade payables and inventory cost to substantially increase. For further information, see " – *Presentation of Financial Statements – Proforma Financial Statements*" on page 322.

Employee Benefit Expense

Our primary operating expenses include also employee benefits expenses. Wages and other compensation paid to our employees comprise a significant portion of our operating costs, and an increase in the wages or employee benefit costs will significantly increase our operating costs. In Fiscal 2020, 2021 and 2022, our employee benefit expenses were ₹ 1,068.58 million, ₹ 865.82 million and ₹ 1,027.51 million which represented 9.50%, 12.89% and 9.73% of our total expenses, respectively.

As of May 31, 2022, we had 4,298 permanent employees. Further, in periods following the acquisition of Sai Retail India Limited pursuant to the BTA, our employee benefit expenses are expected to increase significantly since we acquired 641 employees of Sai Retail India Limited on our payroll.

Effective management of our stores

Our store formats have a strong offline and online presence. While we commenced our operations through our first '*Kalamandir*' store in 2005 at Hyderabad, Telangana with a store size of 3,213 square feet, we have over the years expanded our stores to 46 stores in four major south Indian states, *i.e.*, Andhra Pradesh, Telangana, Karnataka and Tamil Nadu, with an aggregate area of approximately 550,815 square feet as of May 31, 2022. Our average store size, calculated on the basis of our operating stores as of May 31, 2022, is 12,811 square feet for our Kalamandir format stores, 3,400 square feet for our Mandir format stores, 5,972 square feet for our VaraMahalakshmi format stores and 18,700 square feet for our KLM Fashion Mall format stores, with wide variety of products across multiple price points, thereby catering to customers across all market segments. Our focus on creating a differentiated shopping experience for our customers, in our opinion, is a key factor in word-of-mouth references as well as helping us increase our average business per customer. We have introduced certain unique experiences involving religious and traditional rituals to bless product purchases, particularly if for purchases for weddings and other key social occasions. We have also made appropriate investments on interior works at our stores to ensure that the overall ambience matches the shopping experience.

The map below illustrates the geographic spread of each of our format stores across south India, as of May 31, 2022:

<table>
<tr><th>Kalamandir Stores</th><th>VaraMahalakshmi Stores</th></tr>
<tr><td>
</td><td>
</td></tr>
</table>

	
KLM Fashion Mall	**Mandir Stores**

(As of May 31, 2022)
Map not to scale.

Our overall financial performance and results of operations are largely dependent on the number of stores we operate, their locations and performance of the stores in terms of the sales they carry out. Our ability to efficiently manage our stores depends on many factors, including, among other things, our ability to: identify suitable store locations; negotiate acceptable lease terms; optimize inventory management; identify and satisfy evolving customer preferences; consistency of customer experience; and adequately train store personnel.

Our primary operating expenses include stock-in-trade, employee benefits expenses, finance costs and depreciation and amortization expenses. Wages and other compensation paid to our employees comprise a significant portion of our operating costs, and an increase in the wages or employee benefit costs will significantly increase our operating costs. Store-level profitability is partially dependent on our ability to renew our lease agreements at existing favourable terms granted by the lessor. We consistently seek to optimize our rental costs and most recently renegotiated our rental arrangements with mall developers, landlords and lessors during the onset of the COVID-19 pandemic in India.

Store-level profitability is also predominantly dependent on customer footfalls, and the ability of our store employees to drive sales at our stores. Customer footfalls in turn depend on our store locations, and our ability to sell products that meet our customer preferences. Our store locations together with our sales employees influence our customer satisfaction levels and their overall shopping experience.

While we actively manage our costs to drive cost efficiencies and achieve economies of scale through operational leverage throughout our business, we expect that other expenses will increase as we grow, but may decline as a percentage of revenue.

Expanding our operations by opening new stores

In order to maintain our position as a leading apparel retailer in south India and a market-leader in ethnic wear brands, in particular the sarees, we will continue to focus on expanding our network of stores in south India. We further intend to leverage our experience to expand our operations by opening new stores pan India. Using our brand leverage, our product quality and customer engagement, we hope to increase our footprint and scale of operations. We intend to continue to follow our cluster-based expansion model and expand our presence in across South India in order to ensure better operational control over our stores.

Our expansion into newer markets offers us potential for market share gains, increased brand recognition and economies of scale. We intend to open approximately 30 additional stores, of which five stores will be through a franchisee model and these are planned over the course of the next two Fiscals. As part of our efforts to open additional stores we undertake detailed market research and analysis to identify potential locations for such stores. We will continue to adopt a methodical approach in evaluating and selecting suitable locations for the establishment of new stores, such as target customer segment concentration, market potential and accessibility.

Any new store that we establish requires significant resources in terms of lease costs, fit-outs and refurbishments, to align the store with our preferred format, and may not be profitable immediately upon its opening or may take time to break even, and failure to do so within a reasonable period may adversely affect our profitability. Our ability to reduce our payback periods depends on our ability to negotiate commercially reasonable terms with lessors/ landlords, based on the store format and the location for such format, that is subject to various assumptions on demand for our products from the particular demographic at the location. In addition, new stores could impact the sales of our existing stores nearby, and there can be no assurance that sales cannibalization will not occur or become more significant in the future as we increase our presence in existing markets. An inability to appropriately identify suitable locations, or set-up the most appropriate store-format at a particular location, or to negotiate commercially reasonable lease terms, may increase our payback periods, result in store-closures, and adversely affect our results of operations and financial condition. However, with the experience of setting up stores in profitable stores in South India and pan India demand of our products, we believe that we are well positioned to leverage on opportunities for expansion, both in terms of opening new stores in South India and in other parts of India.

Competition

We are one of the largest retailers of ethnic apparel, particularly sarees, in south India in terms of revenues and profit after tax in Fiscal 2019, 2020 and 2021. *(Source: Technopak Report)* We operate in a competitive market and face competition from both the organised and unorganised sectors of our industry. We consider our main competitors to be Nalli, Pothys, The Chennai Silk, Kankatala Rangoli, Neerus and VRK Retail (*Source: Technopak Report*). For further information, see "*Industry Overview*" on page 126. An increase in the number of competitors or level of marketing or investments undertaken by such competitors may result in a reduction in our sales, consequently reducing our market share. It may also require us to incur increased sales, marketing and distribution related expenses in order to remain competitive. We believe that our investment towards our brand, advertising and marketing has been among of the key factors which has enabled us to distinguish ourselves from our competitors while resulting in greater awareness.

PRESENTATION OF FINANCIAL STATEMENTS

The restated financial statement of the Company comprise the restated statement of assets and liabilities as of March 31, 2020, 2021 and 2022, the restated statement of profit and loss (including other comprehensive income), the restated statement of cash flows and the restated statement of changes in equity for the years ended March 31, 2020, 2021 and 2022, and the summary statement of significant accounting policies, and other explanatory notes (collectively, the "**Restated Financial Statements**").

Our Restated Financial Statements have been compiled from our audited financial statements as of and for the years ended March 31, 2020, 2021 and 2022, prepared in accordance with the Indian Accounting Standards ("**Ind AS**") prescribed under Section 133 of the Companies Act, 2013, read with Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other relevant provisions of the Companies Act, 2013.

The Restated Financial Statements have been prepared to contain information / disclosures and incorporating adjustments to the information compiled by the management from the audited special purpose Ind AS financial statements of the Company as of and for the years ended March 31, 2020, 2021 and 2022.

Proforma Financial Statements

Until Fiscal 2022, we procured our products through Sai Retail India Limited, a member of our Promoter Group and Group Company. Our Company had entered into a supplier's agreement with Sai Retail India Limited dated April 1, 2017 ("**Suppliers Agreement**") for the purchase of apparel products from Sai Retail India Limited for a period of five years with effect from April 1, 2017. Under the terms of the Suppliers Agreement, the maximum sale by Sai Retail India Limited to our Company was ₹ 11,000.00 million and Sai Retail India Limited agreed to maintain a minimum inventory as required for the products. In view of the changing business dynamics, our Company and Sai Retail India Limited did not continue with arrangements under such Suppliers Agreement with effect from April 1, 2022. Our Company entered into a business assets transfer agreement dated April 1, 2022 pursuant to which we acquired the business assets of Sai Retail India Limited. In addition, the employees of Sai Retail India Limited engaged in the apparel business, who were responsible for procurement of products and inventory management were also employed by our Company, on terms and conditions similar to that applicable to such employees at Sai Retail India Limited. Since April 1, 2022, our Company has commenced directly purchasing the products from the master weavers, weavers and vendors.

As of March 31, 2020, 2021 and 2022, our inventory as a percentage of our current assets was 89.48%, 89.65% and 84.96%, while our inventory as a percentage of our revenue from operations was 31.61%, 54.19% and 42.19%, respectively. In Fiscal 2020, 2021 and 2022, our total payables was ₹ 1,700.62 million, ₹ 1,075.99 million and ₹ 1,291.18 million, respectively and represented 14.47%, 15.89% and 11.43%, respectively, of our revenue from operations in such periods.

Based on the Proforma Financial Statements, as of March 31, 2020, 2021 and 2022, our inventory (on a proforma basis) as a percentage of our current assets (on a proforma basis) was 91.39%, 91.21% and 87.59%, respectively, while our inventory (on a proforma basis) as a percentage of revenue from operations (on a proforma basis) was 44.35%, 75.74% and 57.49%, respectively in such periods. Based on the Proforma Financial Statements, our total payables (on a proforma basis) in Fiscal 2020, 2021 and 2022 was ₹ 2,458.53 million, ₹ 1,729.17 million and ₹ 2,820.66 million respectively, and represented 20.91%, 25.47% and 24.83%, respectively, of our revenue from operations (on a proforma basis) in such periods.

For further information, see "*History and Certain Corporate Matters – Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamation or revaluation of assets in the last 10 years – Business Assets Transfer Agreement dated April 1, 2022 entered into between the Company and Sai Retail India Limited ("BTA")*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Presentation of Financial Information – Proforma Financial Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Factors Affecting Our Financial Condition and Results of Operations – Inventory Management*" on pages 210, 322 and 197, respectively.

Accordingly, we have included in this Draft Red Herring Prospectus, the Proforma Financial Statements as at and for the years ended March 31, 2022, March 31, 2021 and March 31, 2020 as if the acquisition of the business assets of Sai Retail India Limited had taken place with effect from April 1, 2019. The Proforma Financial Statements illustrate the impact of the arrangement between our Company and Sai Retail India Limited under the Suppliers Agreement which was in operation until March 31, 2022, and to illustrate the impact of the acquisition on our financial condition and results of operations. The Proforma Financial Statements included in this Draft Red Herring Prospectus is not intended to be indicative of our future financial performance or a substitute for our past financial performance, and the degree of reliance placed by investors on our Proforma Financial Statements should be limited. Also see "*Risk Factors – The Proforma Financial Statements included in this Draft Red Herring Prospectus are not indicative of our future financial condition or results of operations.*" on page 35.

Pursuant to the terms of the BTA, our Company has acquired the following from Sai Retail India Limited:

Particulars of non-current assets as on March 31, 2022	**₹ million**
Plant & Machinery	9.40
Furniture	35.14
Vehicles	8.95
Computers	0.72
Lease improvements	12.49
Rent Deposits	26.23
Total	**92.93**

Particulars of current assets as on March 31, 2022	**₹ million**
Employees Salary Advances	27.54
Inventory	1,987.32
Total	**2,014.86**

Pursuant to the terms of the BTA, the assets and liabilities appearing in the financial statements of Sai Retail India Limited that will not be required by our Company and will continue to remain on the financial statements of Sai Retail India Limited, and for which our Company will bear no liability includes the following:

Particulars of assets and liabilities as on March 31, 2022	**₹ million**
Liabilities	
Non-Current Liabilities	
Long Term borrowings	58.06

Particulars of assets and liabilities as on March 31, 2022	₹ million
Deferred tax liabilities (net)	0.93
Other long-term liabilities	0.90
Long-term provisions	3.46
Current Liabilities	
Short Term Borrowings	164.65
Trade Payables	2,805.91
Other Current Liabilities	6.58
Short-term provisions	0.90
Total	**3,041.39**
Assets	
Other Noncurrent Assets	10.98
Trade Receivables **	3,386.91
Cash and Bank Balances	5.37
Short-term loans and advances	35.56
Other Current assets	0.01
Total	**3,438.83**

**It may be noted that the liabilities mentioned above – Trade Payables, Long Term and Short Term Borrowings amounting to ₹ 3,028.62 million (99.58% of the residual liabilities) and assets mentioned above – Trade Receivables of ₹ 3,386.91 million (98.49% of residual assets) pertain to the business activities done by Sai Retail India Limited for our Company.*

*** Includes business assets amounting to ₹ 2,107.79 million, to be purchased by our Company in the ordinary course of business on or before the Closing Date specified in the BTA.*

As of June 30, 2022, our Company has purchased the business assets mentioned above amounting to ₹ 2,107.79 million.

SIGNIFICANT ACCOUNTING POLICIES

Use of estimates and judgement

The preparation of restated financial statement in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of restated financial statement. The actual outcome may diverge from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Useful lives of property, plant and equipment:

Our Company reviews the useful life of property, plant and equipment at the end of each reporting period. This re- assessment may result in change in depreciation expense in future periods.

Fair value of financial assets and liabilities and investments:

Our Company measures certain financial assets and liabilities on fair value basis at each balance sheet date or at the time they are assessed for impairment. Fair value measurement that are based on significant unobservable inputs (Level 3) requires estimates of operating margin, discount rate, future growth rate, terminal values, etc. based on management's best estimate about future developments.

Provisions and contingent liabilities

A provision is recognised when our Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of time value of money is material).

Contingent liabilities

Contingent liabilities are not recognised but are disclosed in notes to accounts.

Revenue Recognition

Sale of goods: Revenue from the sale of goods is recognized at the point in time when control over the goods sold is transferred to the customer. Revenue is measured based on the transaction price, which is the consideration, net of discounts, variable considerations, other similar charges, as specified in the contract with the customer. Additionally, revenue excludes taxes collected from customers, which are subsequently remitted to governmental authorities.

Interest income: Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset of that asset's net carrying amount on initial recognition.

Service Income: Service income is recognized on rendering of services based on the agreements / arrangements with the concerned parties.

Leases

Our Company's lease asset classes consist of leases for buildings. Our Company, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after April 1, 2018 (as required under restatement). Our Company recognises a right-of-use asset and a lease liability at the later of lease commencement date or April 1, 2019. The right-of-use asset is initially measured 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 and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using our Company's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in our Company's estimate of the amount expected to be payable under a residual value guarantee, or if our Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Our Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. Our Company recognises the lease payments associated with these leases as an expense over the lease term.

Foreign currencies

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in the statement of profit and loss in the period in which they arise except for exchange differences on transactions designated as fair value hedge, if any.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets, until such time the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Employee benefits – Retirement Benefits

Leave Encashment: Compensatory absence which accrue to the employees which are expected to be availed or encashed within twelve months after the end of the period in which the employees render the related service are short-term in nature. These compensatory absences require measurement on an actual basis and not on actuarial basis.

Defined contribution plan: Our Company makes defined contribution to Provident Fund and Employee State Insurance which are recognized in the statement of Profit and Loss on accrual basis.

Defined benefit plan: Our Company's liability towards gratuity is determined on the basis of year end actuarial valuations applying the Projected Unit Credit Method done by an independent actuary as on the Balance sheet date.

The actuarial valuation method used by the independent actuary for measuring the liability is the projected unit credit method. Actuarial losses and gains are recognized in Other Comprehensive Income (OCI) and are not reclassified to the statement of profit and loss in any subsequent periods. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the statement of profit and loss as past service costs.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax: Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) : paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that our Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to our Company.

Deferred tax: Deferred tax is recognized using the balance sheet approach. Deferred tax assets and liabilities are recognised on temporary differences between the carrying amounts of assets and liabilities in the restated financial statement and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. 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 all or part of the asset to be utilised. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which our Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Property, Plant and Equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated at cost less accumulated depreciation and accumulated impairment losses. Freehold land is carried at historical cost.

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. The cost of property, plant and equipment comprises its purchase price/ acquisition cost, net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying property, plant and equipment up to the date the asset is ready for its intended use. Subsequent expenditure on property, plant and equipment after its purchase / completion is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Depreciation on Property, plant and equipment (other than freehold land) has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013, except in the case of fixtures at stores, has been provided based on the lease period of the respective premises. The estimated useful life of the tangible assets and the useful life are reviewed at the end of the each financial year and the depreciation period is revised to reflect the changed pattern, if any. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss. Any leasehold improvements is depreciated over the lease term.

Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16's requirements for cost model. An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised. The depreciation on Property, plant and equipment (other than freehold land) has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment. Intangible assets are amortised over their respective estimated useful lives on a straight line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Estimated useful lives of the intangible assets is six years which contains software. The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of the each financial year and the amortisation period is revised to reflect the changed pattern, if any.

Impairment of tangible and intangible assets

At the end of each reporting period, our Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). 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 the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset 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 the asset in prior years. A reversal of an impairment loss is recognised immediately in statement of profit and loss.

Inventories

Inventories (including stock-in-transit) are stated at lower of cost or net realizable value. Cost is determined on 'Weighted Average' basis. Due to a large number and diverse nature of inventory items, cost is estimated as near as possible for each stock keeping unit including freight and applicable taxes, etc.

Net realizable value represents the estimated selling price less all estimated costs necessary to make the sale. No valuation is done for damaged stock since its realizable value, if any, is negligible.

Provisions and contingencies

A provision is recognised when our Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of time value of money is material).

Contingent liabilities: Contingent liabilities are not recognised but are disclosed in notes to accounts.

Financial instruments

Financial assets and financial liabilities are recognised when our Company becomes a party to the contractual provisions of the instruments. Financial assets and liabilities are initially recognised at fair value. Transaction costs that are directly attributable to financial assets and liabilities (other than financial assets and liabilities measured at fair value through profit and loss (FVTPL)) are added to or deducted from the fair value of the financial assets or liabilities, as appropriate on initial recognition. Transaction costs directly attributable to acquisition of financial assets or liabilities measured at FVTPL are recognised immediately in the statement of profit and loss.

<u>Non-derivative Financial assets</u>: All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

Financial assets at amortised cost:

A financial asset is measured at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial 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 (SPPI) on the principal amount outstanding.

Effective interest method:

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is that which exactly discounts estimated future cash receipts through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognised on an effective interest basis for debt instruments other than those financial assets. Interest income is recognised in profit or loss and is included in the "Other income" line item.

Derecognition of financial assets: A financial asset is derecognised only when the Company, has transferred the rights to receive cash flows from the financial asset, or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients. When the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised.

Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised. Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. When the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

Foreign exchange gains and losses: The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in statement of profit and loss.

Financial liabilities: All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in statement of profit and loss. The net gain or loss recognised in statement of profit and loss incorporates any interest paid on the financial liability and is included in the 'Other income/Other expenses' line item.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in the statement of profit and loss. The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in the statement of profit and loss.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Segment reporting

Operating segments are reported in the manner consistent with the internal reporting to the Chief Executive Officer. Our Company is reported at an overall level, and hence there are no separate reportable segments as per Ind AS 108.

Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition) and highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

Earnings per share (EPS)

Basic earnings per share are computed using the weighted average number of equity shares outstanding during the period.

Diluted EPS is computed by dividing the profit or loss attributable to ordinary equity holders by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares, as appropriate.

Operating Cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

Capital work-in-progress

Capital work in progress includes, cost of assets not yet commissioned, and incidental expenses during the construction period. Certain directly attributable pre-operative expenses during construction period are included under Capital Work in Progress. These expenses are allocated to the cost of fixed assets when the same are ready for intended use.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in our accounting policies during Fiscal 2020, 2021 and 2022.

NON-GAAP MEASURES

EBITDA and EBITDA Margin, (together, **"Non-GAAP Measures"**), presented in this Draft Red Herring Prospectus is a supplemental measure of our performance and liquidity that is not required by, or presented in accordance with, Ind AS, IFRS or US GAAP. Further, these Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS, IFRS or US GAAP and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, IFRS or US GAAP. In addition, these Non-GAAP Measures are not standardised terms, hence a direct comparison of these Non-GAAP Measures between companies may not be possible. Other companies may calculate these Non-GAAP Measures differently from us, limiting its usefulness as a comparative measure. Although such Non-GAAP Measures are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that they are useful to an investor in evaluating us as they are widely used measures to evaluate a company's operating performance.

Reconciliation of EBITDA and EBITDA Margin to Restated Profit after Tax

The table below reconciles restated (loss) / profit for the year to EBITDA. EBITDA is calculated as profit/loss for the year, plus total tax expenses, exceptional items, finance costs and depreciation and amortization expenses, less other income, while EBITDA Margin is the percentage of EBITDA divided by revenue from operations.

Particulars	Fiscal 2022	Fiscal 2021	Fiscal 2020
	(₹ million)		
Restated profit after tax (I)	**576.87**	**51.31**	**420.96**
Add: Total Tax Expense (II)	195.99	21.76	112.81
Add: Finance Costs (III)	286.39	274.43	273.63
Add: Depreciation and Amortisation expense (IV)	308.16	294.56	260.29
Less: Other Income (V)	(36.93)	(18.47)	(30.57)
Earnings before interest, taxes, depreciation and amortization expenses (EBITDA) VI = I + II +III + IV - V	**1,330.48**	**623.61**	**1,037.12**
Revenue from operations (VII)	11,293.23	6,772.48	11,755.60
EBITDA Margin (VI/VII)	**11.78%**	**9.21%**	**8.82%**

PRINCIPAL COMPONENTS OF OUR STATEMENT OF PROFIT AND LOSS

Total Income

Our total income comprises of revenue from operations and other income.

Revenue from operations

Our revenue from operations primarily comprises sale of products including various types of sarees suitable for weddings, party-wear, occasional wear and daily wear, lehengas, dress materials, men ethnic wear, children ethic wear and value fashion products comprising fusion wear and western wear for women, men and children through our retail showrooms as well as through online channels.

Other income

Our other income mainly comprises of interest income on fixed deposits, profit / loss on sale of fixed assets, interest unwinding on rental deposits and other non-operating income that primarily comprises rental income.

Expenses

Our total expenses comprise purchases of stock-in-trade, changes in inventories of stock-in-trade, employee benefits expenses, finance costs, depreciation and amortisation expenses and other expenses. In addition, we incurred expenses towards impairment of windmill in Fiscal 2022.

Purchases of stock-in-trade

Our purchases of stock-in-trade primarily comprises sarees of various price ranges, along with men’s, children’s apparel and other apparel for women.

Changes in inventories of stock-in-trade

Our changes in inventories of stock-in-trade denotes increase/decrease in inventories of stock-in-trade between opening and closing dates of a reporting period.

Employee benefit expenses

Employee benefit expenses comprises salaries and wages, director’s remuneration, staff bonus, contribution to provident and other funds, gratuity expenses and staff welfare expenses.

Finance costs

Finance cost comprises interest on borrowings taken from banks and others that include interest on lease rental discounting, foreign exchange gain / loss, net and processing charges.

Depreciation and amortization expense

Depreciation and amortisation expenses comprises depreciation of property, plant and equipment, amortisation of right to use assets and amortization of intangible assets.

Impairment of windmill

The impairment loss of windmill is on account of deterioration of the future prospects of market conditions and due to decline in the profitability associated with the same. To optimise on the power cost, the Company acquired eight windmills with a total capacity of 2 MWs in Fiscal 2011. However on account of non-availability of operations, our Company decided to discontinue the operations and write off the asset at book value.

Other expenses

Other expenses mainly comprises rent expenses, electrical charges, professional charges, conveyance expenses, office and stores maintenance, repairs and maintenance, rates and taxes, advertisement, sales commission and business promotion, packing material and bank charges (including cash pickup and credit card charges), amongst others.

Tax expenses

Tax expense comprises current tax, deferred tax and short/ (excess) provision of earlier years. Current tax is the tax payable on the taxable profit for the year. Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases.

RESULTS OF OUR OPERATIONS

The following table sets forth certain information with respect to our results of operations on a consolidated basis for Fiscal 2020, 2021 and 2022.

Particulars	Fiscal 2020		Fiscal 2021		Fiscal 2022	
	Amount (₹ million)	Percentage of Total Income (%)	Amount (₹ million)	Percentage of Total Income (%)	Amount (₹ million)	Percentage of Total Income (%)
Revenue from operations	11,755.60	99.74%	6,772.48	99.73%	11,293.23	99.67%
Other income	30.57	0.26%	18.47	0.27%	36.93	0.33%
Total income	**11,786.17**	**100.00%**	**6,790.95**	**100.00%**	**11,330.16**	**100.00%**
Purchases of stock-in-trade	8,734.62	74.11%	4,451.60	65.55%	8,472.12	74.77%
Changes in inventories	(274.01)	(2.32)%	16.83	0.25%	(1,093.42)	(9.65)%
Employee benefits expenses	1,068.58	9.07%	865.82	12.75%	1,027.51	9.07%
Finance costs	273.63	2.32%	274.43	4.04%	286.39	2.53%
Depreciation and amortization expenses	260.29	2.21%	294.57	4.34%	308.16	2.72%
Impairment of windmill	-	-	-	-	50.94	0.45%

Particulars	Fiscal 2020		Fiscal 2021		Fiscal 2022	
	Amount (₹ million)	**Percentage of Total Income (%)**	**Amount (₹ million)**	**Percentage of Total Income (%)**	**Amount (₹ million)**	**Percentage of Total Income (%)**
Other expenses	1,189.29	10.09%	814.61	12.00%	1,505.60	13.29%
Total expenses	**11,252.40**	**95.47%**	**6,717.87**	**98.92%**	**10,557.30**	**93.18%**
Restated Profit before tax and exceptional items	**533.77**	**4.53%**	**73.07**	**1.08%**	**772.86**	**6.82%**
Exceptional items	-	-	-	-	-	-
Restated Profit before tax	**533.77**	**4.53%**	**73.07**	**1.08%**	**772.86**	**6.82%**
Current tax	122.39	1.04%	19.65	0.29%	213.26	1.88%
Deferred tax	(9.58)	(0.08)%	2.10	0.03%	(17.61)	(0.16)%
Short/ (excess) provision of earlier years	-	0.00%	0.01	0.00%	0.34	0.00%
Total tax expense	**112.81**	**0.96%**	**21.76**	**0.32%**	**195.99**	**1.73%**
Restated profit/ (loss) for the year	**420.96**	**3.57%**	**51.31**	**0.76%**	**576.87**	**5.09%**

FISCAL 2022 COMPARED TO FISCAL 2021

Total Income

Total income increased by 66.84% from ₹ 6,790.95 million for Fiscal 2021 to ₹ 11,330.16 million for Fiscal 2022, primarily due to an increase in our revenue from operations and other income as discussed below:

Revenue from operations

Revenue from operations increased by 66.75% from ₹ 6,772.48 million in Fiscal 2021 to ₹ 11,293.23 million in Fiscal 2022. The increase in our revenue from operations can be primarily attributed to an increase in operations on account of lifting of lockdown post May 2021 and resumption of activities gradually.

Sale of products

Sale of products through our showrooms increased by 65.59% from ₹ 6,716.55 million in Fiscal 2021 to ₹ 11,121.67 million in Fiscal 2022 whereas sale of products through our online channels increased by 212.36% from ₹ 54.92 million in Fiscal 2021 to ₹ 171.55 million in Fiscal 2022, primarily driven by the reducing impact of COVID-19 and the resumption of operations at our stores post lifting of lockdown related restrictions in Fiscal 2022.

Other operating revenues

Other operating revenue was nil in Fiscal 2022 as compared to ₹ 1.01 million in Fiscal 2021 due to closure of our windmill operations.

Other income

Other income increased by 99.93% from ₹ 18.47 million in Fiscal 2021 to ₹ 36.93 million in Fiscal 2022. This was primarily due to an increase in non-operating income i.e., rental income from ₹ 9.98 million in Fiscal 2021 to ₹ 21.61 million in Fiscal 2022; and interest income on fixed deposits from ₹ 3.84 million in Fiscal 2021 to ₹ 9.93 million in Fiscal 2022.

Expenses

Total expenses increased by 57.15% from ₹ 6,717.87 million in Fiscal 2021 to ₹ 10,557.30 million in Fiscal 2022 due to the reasons discussed below:

Purchases of stock-in-trade

Purchases of stock-in-trade increased by 90.32% from ₹ 4,451.60 million in Fiscal 2021 to ₹ 8,472.12 million in Fiscal 2022 primarily on account of increased purchases due to an increase in sales in Fiscal 2022.

Changes in inventories

Changes in inventories of stock-in-trade changed from ₹ 16.83 million in Fiscal 2021 to ₹ (1,093.42) million in Fiscal 2022, primarily due to a higher inventory of stock-in-trade at end of Fiscal 2022 as compared to Fiscal 2021.

Employee benefit expenses

Employee benefit expenses increased by 18.67% from ₹ 865.82 million in Fiscal 2021 to ₹ 1,027.51 million in Fiscal 2022 primarily due to an decrease in salaries, wages and bonus by 15.76% from ₹ 823.38 million in Fiscal 2021 to ₹ 953.12 million in Fiscal 2022, which was on account of resumption of operations during the year at ordinary levels, after the impact of COVID-19 reduced, and staff was required at full capacity to cater to the return in customer demand. Further director's remuneration increased from ₹ 16.18 million in Fiscal 2021 to ₹ 38.46 million in Fiscal 2022. Further staff welfare expenses increased from ₹ 17.37 million in Fiscal 2021 to ₹ 24.16 million in Fiscal 2022.

Finance costs

Finance costs increased by 4.36% from ₹ 274.43 million in Fiscal 2021 to ₹ 286.39 million in Fiscal 2022 primarily due to increase in interest expenses on borrowings from ₹ 181.09 million in Fiscal 2021 to ₹ 190.33 million in Fiscal 2022 which was primarily due to increased, increase in interest on lease rental discounting from ₹ 64.34 million in Fiscal 2021 to ₹ 76.34 million in Fiscal 2022 on account of new leases and renewal of agreements of our showrooms, and increase in processing charges from ₹ 6.05 million in Fiscal 2021 to ₹ 11.95 million in Fiscal 2022. This was partially offset by a decrease in interest on others from ₹ 22.42 million in Fiscal 2021 to ₹ 8.09 million in Fiscal 2022.

Depreciation and amortisation expenses

Depreciation and amortisation expenses increased by 4.61% from ₹ 294.57 million in Fiscal 2021 to ₹ 308.16 million in Fiscal 2022 primarily on account of increase in depreciation on property, plant and equipment from ₹ 164.81 million in Fiscal 2021 to ₹ 169.07 million in Fiscal 2022 due to net addition to our gross block of assets of ₹ 253.24 million and increase in amortisation of right-of-use assets from ₹ 107.95 million in Fiscal 2021 to ₹ 117.60 million in Fiscal 2022 on account of new leases and renewal of agreements of our showrooms.

Impairment of windmill

We accounted for an impairment loss of windmill of ₹ 50.94 million in Fiscal 2022 as compared to nil in Fiscal 2021. The impairment loss of windmill is due deterioration of the future prospects of the market conditions and due to decline in the profitability associated with the same.

Other expenses

Other expenses increased by 84.82% from ₹ 814.61 million in Fiscal 2021 to ₹ 1,505.60 million in Fiscal 2022 primarily due to increase in (i) rent from ₹ 138.38 million in Fiscal 2021 to ₹ 216.09 million in Fiscal 2022 on account of a return to the original amounts payable under the lease agreements, instead of the negotiated rates being paid during the COVID-19 pandemic. However, the actual outlay towards our rent expense was ₹ 257.44 million in Fiscal 2021 compared to ₹ 367.75 million in Fiscal 2022; (ii) electrical charges from ₹ 109.52 million in Fiscal 2021 to ₹ 144.46 million in Fiscal 2022 due to resumption of our store activities at pre-COVID-19 levels and opening of four new showrooms; (iii) professional charges of ₹ 37.50 million in Fiscal 2021 to ₹ 87.80 million in Fiscal 2022 on account of increase in payment of fee to celebrity brand ambassadors for endorsements and showroom openings, marketing consultant services for stores and software consultation charges; (iv) increase in advertisement expenses from ₹ 87.18 million in Fiscal 2021 to ₹ 269.86 million in Fiscal 2022 due to resumption in operations and return in customer demand after COVID-19, making it important to create brand recall; and (v) increase in sales commission and business promotion expenses from ₹ 22.81 million in Fiscal 2021 to ₹ 215.86 million in Fiscal 2022 on account of return in customer demand after COVID-19, making it important to gain customer loyalty and brand recall and increase visits to stores after the lockdowns owing to COVID-19. This was marginally offset by decrease in rent cum commission, amongst others.

Profit before tax

For the reasons discussed above, our profit before tax increased by 957.64% from ₹ 73.07 million in Fiscal 2021 to ₹ 772.86 million in Fiscal 2022.

Tax expenses

Total tax expenses increased by 800.63% from ₹ 21.76 million in Fiscal 2021 to ₹ 195.99 million in Fiscal 2022. Our current tax expense increased from 19.65 million for Fiscal 2021 to ₹ 213.26 million for Fiscal 2022. We recorded a deferred tax benefit of ₹ 17.61 million in Fiscal 2022 as compared to a deferred tax charge of ₹ 2.10 million in Fiscal 2021. Taxation provision in respect of earlier years was ₹ 0.34 million in Fiscal 2022 as compared to ₹ 0.01 million in Fiscal 2021.

Profit for the year

For the reasons discussed above, our profit for the year increased by 1,024.21% from a profit of ₹ 51.31 million in Fiscal 2021 to ₹ 576.87 million in Fiscal 2022.

FISCAL 2021 COMPARED TO FISCAL 2020

Total Income

Total income was lower at ₹ 6,790.95 million in Fiscal 2021 compared to ₹ 11,786.17 million in Fiscal 2020, primarily due to the impact of the COVID-19 crisis and the temporary closure of a number of our stores across India due to lockdown related restrictions on our business operations commencing from end of financial year 2020, as well as reduced store-level operations, including reduced operating hours in line with government guidelines and reduced consumer spending, which resulted in a significant decrease in customer footfalls at our stores.

Revenue from operations

Revenue from operations were lower at ₹ 6,772.48 million in Fiscal 2021 compared to ₹ 11,755.60 million in Fiscal 2020. The decrease in our revenue from operations can be attributed primarily to severe impact of lockdowns and restrictions imposed on account of the COVID-19 pandemic.

Sale of products

Sale of products through showrooms was lower at ₹ 6,716.55 million in Fiscal 2021 compared to ₹ 11,754.60 million in Fiscal 2020 due to the impact of lockdowns and restrictions imposed on account of COVID-19 pandemic resulting in temporary closure of our stores for certain periods and reduced operating hours across our various store formats. This was offset by an increase in sale of products through online channels from nil in Fiscal 202 to ₹ 54.92 million in Fiscal 2021, primarily driven by our tie-ups with various e-commerce channels and increased consumer traffic on our own website.

Other operating revenues

Other operating revenue was the same in Fiscal 2021 and Fiscal 2020 at ₹ 1.01 million.

Other income

Other income was lower at ₹ 18.47 million in Fiscal 2021 compared to ₹ 30.57 million in Fiscal 2020. This was primarily due to decrease in other non-operating income or rental income from ₹ 20.97 million in Fiscal 2020 to

₹ 9.98 million in Fiscal 2021 due to reduction in income earned from shop in shop arrangements, since stores remained closed owing to COVID-19 lockdowns. Further our interest income on fixed deposits was lower at ₹ 3.84 million in Fiscal 2021 compared to ₹ 5.61 million in Fiscal 2020.

Expenses

Total expenses were lower at ₹ 6,717.87 million in Fiscal 2021 compared to ₹ 11,252.40 million in Fiscal 2020 due to the reasons discussed below:

Purchases of stock-in-trade

Purchases of stock-in-trade were lower at ₹ 4,451.60 million in Fiscal 2021 compared to ₹ 8,734.62 million in Fiscal 2020 primarily on account of the adverse impact of the COVID-19 pandemic resulting in lower purchases of new stock.

Changes in inventories

Changes in inventories of stock-in-trade changed from ₹ (274.01) million in Fiscal 2020 to ₹ 16.83 million in Fiscal 2021, primarily due to higher inventories at the beginning of Fiscal 2021 as compared to opening inventories in Fiscal 2020.

Employee benefit expenses

Our employee benefit expenses were lower at ₹ 865.82 million in Fiscal 2021 compared to ₹ 1,068.58 million in Fiscal 2020 primarily due to a decrease in salaries, wages and bonus by 17.51% from ₹ 998.12 million in Fiscal 2020 to ₹ 823.38 million in Fiscal 2021, which was due to optimisation of labour force as a result of the lockdowns imposed on account of COVID-19, including partial reduction of salaries for the months from April to November, 2020. And non-payment of incentives due to showroom closure and lockdowns in certain regions. Further our directors' remuneration was lower at ₹ 16.18 million in Fiscal 2021 compared to ₹ 21.78 million in Fiscal 2020. Staff welfare expenses declined from ₹ 36.53 million in Fiscal 2020 to ₹ 17.37 million in Fiscal 2021 and there was a decrease in contribution to provident fund and employee state insurance from ₹ 7.33 million in Fiscal 2020 to ₹ 4.28 million in Fiscal 2021.

Finance costs

Our finance costs slightly increased marginally by 0.29% from ₹ 273.63 million in Fiscal 2020 to ₹ 274.43 million in Fiscal 2021 primarily due to increase in interest expenses on borrowings from ₹ 177.01 million in Fiscal 2020 to ₹ 181.09 million in Fiscal 2021 which was due to borrowings availed in order to meet fixed costs during the COVID-19 pandemic, when stores were closed owing to lockdowns and business from stores was reduced, increase in foreign exchange (gain)/loss, net from ₹ (1.49) million in Fiscal 2020 to ₹ 0.53 million in Fiscal 2021 and increase in processing charges from ₹ 4.35 million in Fiscal 2020 to ₹ 6.05 million in Fiscal 2021. This was partially offset primarily by a decrease in interest on others from ₹ 28.81 million in Fiscal 2020 to ₹ 22.42 million in Fiscal 2021.

Depreciation and amortisation expenses

Depreciation and amortisation expenses increased by 13.17% from ₹ 260.29 million in Fiscal 2020 to ₹ 294.57 million in Fiscal 2021 primarily on account of increase in depreciation on property, plant and equipment from ₹ 135.67 million in Fiscal 2020 to ₹ 164.81 million in Fiscal 2021 and increase in amortisation of right-to-use assets from ₹ 102.39 million in Fiscal 2020 to ₹ 107.95 million in Fiscal 2021.

Other expenses

Our other expenses were lower at ₹ 814.61 million in Fiscal 2021 compared to ₹ 1,189.29 million in Fiscal 2020 primarily due to decrease in (i) rent expense which declined from ₹ 190.65 million in Fiscal 2020 to ₹ 138.38 million in Fiscal 2021 due to rent relief negotiations pursuant to which we arrived at negotiated agreements with respect to reductions in rent and our rental obligations during the COVID-19 pandemic with certain of our landlords. However, the actual outlay towards our rent expense was ₹ 300.15 million in Fiscal 2020 compared with ₹ 257.44 million in Fiscal 2021 (ii) electrical charges from ₹ 155.16 million in Fiscal 2020 to ₹ 109.52 million in Fiscal 2021 due to nationwide lockdown and temporary closures of our showrooms on account of the COVID-19 pandemic resulting in reduced operating hours and reduced usage of electricity; (iii) office and stores maintenance expenses from ₹ 81.12 million in Fiscal 2020 to ₹ 50.97 million in Fiscal 2021 on account of COVID-19 pandemic resulting in temporary closure of our stores for certain periods and reduced operating hours across our various store formats; (iv) advertisement expenses from ₹ 276.10 million in Fiscal 2020 to ₹ 87.18 million in Fiscal 2021 on account of reduce television and print advertisement on account of the adverse impact on revenue due to the COVID-19 pandemic; (v) packing material expenses from ₹ 91.71 million in Fiscal 2020 to ₹ 62.76 million in Fiscal 2021 due to the decrease in quantum of sales during the COVID-19 pandemic; and (vi) bank charges from ₹ 59.20 million in Fiscal 2020 to ₹ 31.13 million in Fiscal 2021 on account of reduced level of operations. This was partially offset by an increase in (i) repairs and maintenance expenses from ₹ 126.62 million in Fiscal 2020 to ₹ 184.00 million in Fiscal 2021 on account of reorganizing of internal store layout so as to enable us to adhere to COVID-19 protocols including social distancing. We also undertook maintenance work at various store locations.

Profit before tax

For the reasons discussed above, our profit before tax was lower at ₹ 73.07 million in Fiscal 2021 compared to ₹ 533.77 million in Fiscal 2020.

Tax expenses

Our total tax expenses was lower at ₹ 21.76 million in Fiscal 2021 compared to from ₹ 112.81 million in Fiscal 2020. Our current tax expense was lower at ₹ 19.65 million for Fiscal 2021 due to a decline in our profit before tax in Fiscal 2021 compared to 122.39 million for Fiscal 2020. We recorded a deferred tax charge of ₹ 2.10 million in Fiscal 2021 compared to a deferred tax credit of ₹ 9.58 million in Fiscal 2020. Taxation provision in respect of earlier years was ₹ 0.01 million in Fiscal 2021 as compared to nil in Fiscal 2020.

Profit for the year

For the reasons discussed above, our profit for the year decreased by 87.81% from a profit of ₹ 420.96 million in Fiscal 2020 to ₹ 51.31 million in Fiscal 2021.

LIQUIDITY AND CAPITAL RESOURCES

Historically, our primary liquidity requirements have been to finance our working capital needs for our operations. We have met these requirements through cash flows from operations, equity infusions from shareholders and borrowings. We believe that, after taking into account the expected cash to be generated from operations, our borrowings and the proceeds from the Offer, we will have sufficient liquidity for our present requirements and anticipated requirements for capital expenditure and working capital for 12 months following the date of this Draft Red Herring Prospectus.

CASH FLOWS

The following table sets forth certain information in relation to our cash flows with respect to operating activities, investing activities and financing activities for Fiscal 2020, 2021 and 2022:

Particulars	Fiscal		
	2020	2021	2022
	(₹ million)		
Net cash generated from/ (used in) operating activities	852.63	(152.00)	455.98
Net cash generated from/ (used in) investing activities	(474.12)	(179.82)	(420.06)
Net cash generated from/ (used in) financing activities	(447.64)	194.26	6.98

Operating Activities

Fiscal 2022

In Fiscal 2022, net cash from operating activities was ₹ 455.98 million. Net profit before tax and exceptional items for the year was ₹ 772.86 million in Fiscal 2022 and adjustments to reconcile profit before tax to operating profit before working capital changes primarily consisted of depreciation and amortisation expense of ₹ 169.07 million;

interest expenses of ₹ 274.44 million; and amortisation of right to use asset of ₹ 117.60 million. The main working capital adjustments in Fiscal 2022 included an increase in inventories of ₹ 1,094.64 million and an increase in other current financial and non-financial asset of ₹ 181.90 million, which was partially offset by an increase in trade payables of ₹ 215.19 million and an increase in other financial liabilities of ₹ 124.72 million. Cash generated from operations in Fiscal 2022 amounted to ₹ 475.23 million. Income tax paid amounted to ₹ 19.26 million.

Fiscal 2021

In Fiscal 2021, net cash used in operating activities was ₹ 152.00 million. Net profit before tax and exceptional items for the year was ₹ 73.07 million in Fiscal 2021 and adjustments to reconcile profit before tax to operating profit before working capital changes primarily consisted of depreciation and amortisation expense of ₹ 164.81 million; interest expenses of ₹ 268.39 million; and amortisation of right to use asset of ₹ 107.95 million. The main working capital adjustments in Fiscal 2021 included a decrease in trade payables of ₹ 624.63 million and a decrease in other financial liabilities of ₹ 206.72 million, which was partially offset by a decrease in inventories of ₹ 45.47 million. Cash used in operations in Fiscal 2021 amounted to ₹ 102.55 million. Income tax paid amounted to ₹ 49.44 million.

Fiscal 2020

In Fiscal 2020, net cash from operating activities was ₹ 852.63 million. Net profit before tax and exceptional items for the year was ₹ 533.77 million in Fiscal 2020 and adjustments to reconcile profit before tax to operating profit before working capital changes primarily consisted of depreciation and amortisation expense of ₹ 135.67 million; interest expenses of ₹ 269.28 million; and amortisation of right to use asset of ₹ 102.39 million. The main working capital adjustments in Fiscal 2020 included an increase in inventories of ₹ 304.09 million and an increase in other financial and non-financial non-current assets of ₹ 76.97 million, which was partially offset by an increase in trade payables of ₹ 280.67 million and an increase in other financial liabilities of ₹ 51.14 million. Cash generated from operations in Fiscal 2020 amounted to ₹ 1,086.90 million. Income tax paid amounted to ₹ 234.27 million.

Investing Activities

Fiscal 2022

Net cash used in investing activities was ₹ 420.06 million in Fiscal 2022, primarily on account of purchase of property, plant and equipment, capital work in progress (including capital advances) of ₹ 253.21 million and increase in deposits of ₹ 198.39 million. This was partially offset by other income of ₹ 21.61 million and interest income of ₹ 9.93 million.

Fiscal 2021

Net cash used in investing activities was ₹ 179.82 million in Fiscal 2021, primarily on account of purchase of property, plant and equipment, capital work in progress (including capital advances) of ₹ 55.44 million and increase in deposits of ₹ 138.20 million. This was partially offset by other income of ₹ 9.98 million and interest income of ₹ 3.84 million.

Fiscal 2020

Net cash used in investing activities was ₹ 474.12 million in Fiscal 2020, primarily on account of purchase of property, plant and equipment, capital work in progress (including capital advances) of ₹ 474.09 million and increase in deposits of ₹ 26.62 million. This was partially offset by other income of ₹ 20.97 million and interest income of ₹ 5.61 million.

Financing Activities

Fiscal 2022

Net cash flow from financing activities was ₹ 6.98 million in Fiscal 2022, primarily on account of increase in short term borrowings of ₹ 519.60 million, which was partially offset by interest paid and effect of foreign exchange of ₹ 272.01 million, principal payment of lease liability of ₹ 153.65 million and repayment of long-term borrowings of ₹ 86.96 million.

Fiscal 2021

Net cash flow from financing activities was ₹ 194.26 million in Fiscal 2021, primarily on account of increase in short term borrowings of ₹ 297.57 million, proceeds from long-term borrowings of ₹ 227.72 million and proceeds from issue of share capital of ₹ 61.00 million. This was partially offset by interest paid and effect of foreign exchange of ₹ 267.86 million and principal payment of lease liability of ₹ 124.17 million.

Fiscal 2020

Net cash flow used in financing activities was ₹ 447.64 million in Fiscal 2020, primarily on account of decrease in short term borrowings of ₹ 11.22 million, interest paid and effect of foreign exchange of ₹ 261.84 million, principal payment of lease liability of ₹ 116.80 million and repayment of long-term borrowings of ₹ 57.78 million.

FINANCIAL INDEBTEDNESS

As of March 31, 2022, we had total borrowings in the ordinary course of business of ₹ 2,604.89 million. For further information on our indebtedness, see "*Financial Indebtedness*" on page 344.

The following table sets forth certain information relating to our outstanding indebtedness as of March 31, 2022, and our repayment obligations in the periods indicated:

Particulars	**Payment due by Period**				
	Total	**Less than 1 Year**	**1 – 3 Years**	**3 – 5 Years**	**More than 5 Years**
	(₹ million)				
Long Term Borrowings					
Term loans (secured)	696.98	210.37	358.90	111.07	16.64
Total long-term borrowings (including current maturities)	**696.98**	**210.37**	**358.90**	**111.07**	**16.64**
Short Term Borrowings					
Secured	1,907.91	1,907.91	-	-	-
Total short term borrowings	**1,907.91**	**1,907.91**	-	-	-
Total borrowings	**2,604.89**	**2,118.28**	**358.90**	**111.07**	**16.64**

CONTINGENT LIABILITIES

Contingent Liabilities

As of March 31, 2022, our contingent liabilities as per Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets, that have not been provided for were as follows:

Particulars	**Amount (₹ million)**
Income Tax	
- Assessment Year 2009 – 2010	0.58
- Assessment Year 2010 – 2011	0.15
- Assessment Year 2011 – 2012	0.79
- Assessment Year 2016 – 2017	8.86
Total	**10.38**

Our Company has filed rectification under section 154 of the Income Tax Act, 1961 in relation to the aforementioned.

Further, the Municipal authorities have levied a penalty amounting to ₹ 4.40 million for violation of the Municipal Act (GHMC Act) by erecting advertisements display for the entire building without the written permission of the competent authority. Against the demand, our Company paid an amount of ₹ 0.6 million. Writ petitions was preferred before the Hon'ble High Court of Telangana at Hyderabad seeking stay over the recovery of balance amount of ₹ 3.80 million. The Hon'ble High Court of Telangana vide its order dated January 31, 2022 stayed the proceedings subject to payment of 40% of the balance amount demanded in the challans within a period of four weeks. Pursuant to it, our Company has paid an amount of ₹1.52 million within the stipulated time. The matter is pending before the Hon'ble High Curt and the balance amount is ₹ 2.28 million.

For further information on our contingent liabilities, see "*Restated Financial Statements – Note No. 45 – Related Party Disclosures*" on page 287.

Contractual Obligations And Commitments

We did not have any contractual obligations and commitments as of March 31, 2022.

CAPITAL EXPENDITURES

In Fiscal 2022, 2021 and 2020, our capital expenditure towards additions to fixed assets (property, plant and equipment's and intangible assets) and capital work-in-progress were ₹ 253.49 million, ₹ 60.19 million and ₹ 474.36 million, respectively. The following table sets forth our gross block of fixed assets for the periods indicated:

Particulars	**Fiscal 2020**	**Fiscal 2021**	**Fiscal 2022**
	(₹ million)		
Property, plant and Equipment	474.36	38.98	274.68
Intangible Assets	-	0.02	-
Capital Work in Progress	-	21.19	(21.19)
Total	**474.36**	**60.19**	**253.49**

Off-Balance Sheet Arrangements

We did not have any off-balance sheet arrangements as at March 31, 2022.

RELATED PARTY TRANSACTIONS

We have engaged in the past, and may engage in the future, in transactions with related parties, including with our Promoters, Group Companies and key management personnel on an arm's length basis. Such transactions could be for purchase of goods, rent and salary. For further details of our related party transactions, see 'see "*Restated Financial Statements – Note No. 45 – Related Party Disclosures*" on page 287.

In Fiscal 2020, 2021 and 2022, the aggregate amount of such related party transactions was ₹ 8,968.43 million, ₹ 4,503.94 million, and ₹ 8,636.76 million respectively primarily on account of our transaction with Sai Retail India Limited. The percentage of the aggregate value of such related party transactions to our total revenue from operations in Fiscal 2020, 2021 and 2022 was 76.30%, 66.51% and 76.48%, respectively. In Fiscal 2020, 2021 and 2022, the aggregate amount of our related party transactions with Sai Retail India Limited was ₹ 8,689,48 million, ₹ 4,421.87 million and ₹ 8,416.90 million, respectively aggregating to 73.92%, 65.29% and 74.53%, respectively of our total revenue from operations.

AUDITORS OBSERVATIONS

Except at set out below, there have been no matters of emphasis highlighted by our Statutory Auditors in their auditor's reports on the audited financial statements as of and for the years ended March 31, 2021, and 2020.

Fiscal 2020 and Fiscal 2021

"We draw your attention to Note No. 44 of the Financial Statements which describes Management's assessment of the impact of the COVID–19 pandemic on the operations and financial results of the company. Our opinion is not modified in respect of the above matter.

Note No. 44 of the Financial Statements for the year ended March 31, 2021 and March 31, 2020 :

The retail industry as a whole has been adversely impacted by the spread of COVID-19. The operations of the company were impacted to certain extent owing to the complete Lock down imposed from 22-03-2020. In this crisis, our priorities are to protect the employees and their families from COVID-19, besides our customers visiting our stores and the society associated with it. The company has begun restoration of store operations from last week of May-20 and has been opening the stores, as permitted by the Government and Local/Regulatory authorities, with controlled movement, maintaining social distancing, taking appropriate hygiene measures and following the directions of regulatory authorities. The Company believes that the pandemic is not likely to impact *the recoverability of the carrying value of its assets. The Company is closely monitoring the developments and possible effects that may result from the current pandemic on its financial condition, liquidity and operations and is actively working to minimize the impact of this unprecedented situation. As the situation is continuously evolving, the eventual impact may be different from the estimates made as of the date of approval of these Results."*

Other than as mentioned above, there are no adverse reservations/ qualifications/ adverse remarks/ made by our Statutory Auditors in their auditor's reports on the audited financial statements as of and for the years ended March 31, 2020, 2021 and 2022.

QUANTITATIVE AND QUALITATIVE DISCLOSURES

Credit risk

Credit risk is the risk that the counter party will not meet its obligation under a financial instrument, leading to a financial loss. Our Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments. The carrying amount of trade receivables, advances, deposits, cash and bank balances, bank deposits and interest receivable on deposits represents company's maximum exposure to the credit risk.

Credit risk from balances with banks is managed by our treasury department in accordance with Company's policy. No other financial asset carry a significant exposure with respect to the credit risk. Bank deposits and cash balances are placed with reputable banks and deposits are with reputable government, public bodies and others. Since company operates on business model of primarily cash and carry, credit risk from receivable perspective is insignificant.

Liquidity risk

Our Company requires funds both for short-term operational needs as well as for long-term investment programmes mainly in growth projects. We generate sufficient cash flows from the current operations which together with the available cash and cash equivalents and short-term investments provide liquidity both in the short-term as well as in the long-term. We have been rated by Care Ratings Ltd (CARE) for our banking facilities in line norms.

We remain committed to maintaining a healthy liquidity, gearing ratio, deleveraging and strengthening balance sheet. Our Company has hypothecated its trade receivables, inventory, advances and other current assets in order to fulfil the collateral requirements for the financial facilities in place. There are no other significant terms and conditions associated with the use of collateral.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. Our Company's exposure to the risk of changes in foreign exchange rates relates primarily to the other payables. The risks primarily relate to fluctuations in US Dollar, GBP against the functional currencies of the Company. Our Company's exposure to foreign currency changes for all other currencies is not material. We evaluate the impact of foreign exchange rate fluctuations by assessing our exposure to exchange rate risks.

COMPETITIVE CONDITIONS

We operate in a competitive market and face competition from both the organised and unorganised sectors of our industry. We consider our main competitors to be Nalli, Pothys, The Chennai Silk, Kankatala Rangoli, Neerus and VRK Retail (*Source: Technopak Report*). For further information, see "*Risk Factors*", *"Industry Overview"*, *"Our Business – Competition"* on pages 30, 126 and 199, respectively.

SEASONALITY / CYCLICALITY OF BUSINESS

We are impacted by seasonal variations in sales volumes, which may cause our revenues to vary significantly between different quarters in a Fiscal. Typically, we see an increase in our business before Diwali and during end of season sales. Our sales also typically experience a surge ahead of festivals that are significant in South India. Therefore, our results of operations and cash flows across quarters in a Fiscal may not be comparable and any such comparisons may not be meaningful or may not be indicative of our annual financial results or our results in any future quarters or periods. For further information, see "*Risk Factors – Our business is subject to seasonality.*

Lower revenues in the festive period of any Fiscal may adversely affect our business, financial condition, results of operations and prospects." on page 50.

UNUSUAL OR INFREQUENT EVENTS OR TRANSACTION

Except as set out in this Draft Red Herring Prospectus, there have been, to our knowledge, no unusual or infrequent events or transactions that have in the past, or may in the future, affect our business operations or future financial performance.

EXTENT TO WHICH MATERIAL INCREASES IN NET SALES OR REVENUE ARE DUE TO INCREASED SALES VOLUME, INTRODUCTION OF NEW PRODUCTS OR SERVICES OR INCREASED SALES PRICES

Changes in revenue in the last three Fiscals are as described in "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Fiscal 2022 compared to Fiscal 2021" and "Management's Discussion and Analysis of Financial Condition and Results of Operations – Fiscal 2021 compared to Fiscal 2020"* above on pages 333 and 335, respectively.

TOTAL TURNOVER OF EACH MAJOR INDUSTRY SEGMENT IN WHICH THE COMPANY OPERATED

Our business activity primarily falls within a single business, i.e. retail of textile and textile articles and hence there are no separate reportable segments as per Ind AS 108. For further information, see "*Restated Financial Statements – Note No. 45 – Related Party Disclosures*" on page 287.

SIGNIFICANT DEPENDENCE ON A SINGLE OR FEW SUPPLIERS OR CUSTOMERS

Given the nature of our business operations, we do not believe our business is dependent on any single or a few customers or suppliers.

SIGNIFICANT ECONOMIC CHANGES THAT MATERIALLY AFFECT OR ARE LIKELY TO AFFECT INCOME FROM CONTINUING OPERATIONS

Our business has been subject, and we expect it to continue to be subject, to significant economic changes that materially affect or are likely to affect income from continuing operations identified above in this chapter. For further information, see *'Risk Factors'* and *'Industry Overview'*, on pages 30 and 126, respectively.

KNOWN TRENDS OR UNCERTAINTIES

Our business has been, and we expect will continue to be, subject to significant economic changes arising by the trends identified above under *'Principal factors affecting our financial condition and results of operations'* and the uncertainties described in the section *'Risk Factors'* on page 30. To our knowledge, and except as we have described in this Draft Red Herring Prospectus, there are no known trends or uncertainties that have had or are expected to have a material adverse impact on our revenues from continuing operations.

FUTURE RELATIONSHIPS BETWEEN COSTS AND INCOME

Other than as described in *"Risk Factors"*, and *"Our Business"* on pages 30, and 178, respectively, to our knowledge, there are no known factors that may have a material adverse impact on our business, results of operations and financial condition.

NEW PRODUCTS OR BUSINESS SEGMENTS

Except as disclosed in this Draft Red Herring Prospectus, we have not announced and do not expect to announce in the near future any new products or business segments.

SIGNIFICANT DEVELOPMENTS AFTER MARCH 31, 2022 THAT MAY AFFECT OUR RESULTS OF OPERATIONS

Except as disclosed above and elsewhere in this Draft Red Herring Prospectus, there are, to our knowledge, no significant developments after the date of the last financial statements contained in this Draft Red Herring Prospectus which materially and adversely affects, or is likely to affect, our operations or profitability, or the value of our assets, or our ability to pay our material liabilities within the next 12 months.

CAPITALISATION STATEMENT

The following table sets forth our Company's capitalization as at March 31, 2022, as derived from our Restated Financial Information. This table should be read in conjunction with the sections titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Financial Information – Restated Financial Statements*" and "*Risk Factors*" on pages 315, 241 and 30, respectively.

(in ₹ million, except for ratios)

Particulars	Pre-Offer as at 31 March 2022	Post-Offer*
Borrowings[(1)]		
Current Borrowings (A)	1,907.91	**[●]**
Non-current Borrowings (including current maturities for long-term debt) (B)	696.98	**[●]**
Total borrowings (C = A+B)	**2,604.89**	**[●]**
Equity[(3)]		
Equity Share Capital[(2)(3)] (D)	240.65	**[●]**
Other Equity (E)	2,765.96	**[●]**
Total Equity (F = D+E)	**3,006.61**	**[●]**
Non-current Borrowings (including current maturities for long term debt)/ Total Equity(G = B/F)	**0.23**	**[●]**
Total borrowings / Total Equity (H = C/F)	**0.87**	**[●]**

**The corresponding post-Offer capitalization data is not determinable at this stage pending the completion of the Book Building process and hence, the same have not been provided in the above statement.*

Note:

(1) Borrowings with original contractual maturity of more than one year are classified as long term as per guidance of Schedule III of the Companies Act, 2013. All other borrowings have been classified as short term.

(2) Pursuant to a resolution of our Shareholders dated May 18, 2022, each equity share of the Company of ₹ 10 each was sub-divided into five Equity Shares of ₹ 2 each.

(3) Subsequent to March 31, 2022, our Company issued (i) 60,16,145 Equity Shares at a face value of ₹ 2 each to SSKL Employees Trust at a premium of ₹ 20 per Equity Share on June 9, 2022. Consequently, the issued, subscribed and paid-up Equity share capital has increased to ₹ 252.68 million comprising of 12,63,39,085 Equity Shares of face value of ₹ 2 each.

FINANCIAL INDEBTEDNESS

Our Company avails loans in the ordinary course of business for purposes such as, *inter alia*, term loans, vehicle loan and other fund-based working capital loans. Our Company has obtained the necessary consents required under the relevant loan documentation for undertaking activities in relation to the Offer, such as, *inter alia,* effecting a change in our shareholding pattern, change in the management of our board and change in our capital structure in connection with or post the Offer. For details regarding the resolution passed by our Shareholders on May 18, 2022 authorizing the borrowing powers of our Board, see "*Our Management – Borrowing Powers of our Board*" and "*Risk Factors – We have incurred indebtedness and an inability to comply with repayment and other covenants in our financing agreements could adversely affect our business and financial condition. Further, certain of our financing agreements involve variable interest rates and an increase in interest rates may adversely affect our results of operations and financial condition.*" on pages 220 and 42.

As on June 15, 2022, the aggregated outstanding borrowings of our Company amounted to ₹ 2,590.94 million. Set forth below is a brief summary:

(*in ₹ million*)

Category of borrowing	Sanctioned amount	Outstanding amount as on June 15, 2022^
Company		
Secured		
Fund based	**3,196.41**	**2,590.94**
- Working capital facilities	2,030.00	1,889.11
- Vehicle Loan	58.31	40.12
- Term Loan	1,108.10	661.71
Non fund based	-	-
Total	**3,196.41**	**2,590.94**

^*As certified by our Statutory Auditors, by way of certificate dated July 21, 2022*

Principal terms of the facilities sanctioned to our Company:

The details provided below are indicative and there may be additional terms, conditions and requirements under the various borrowing arrangements entered into by our Company.

1. ***Interest:*** In terms of the facilities availed by us, the interest rate is typically the base rate of a specified lender and spread per annum, subject to a minimum interest rate. The spread varies between different facilities. The interest rate for the working capital facilities availed by us typically ranges from 7% to 11% per annum. The interest for the vehicle loans availed by us ranges from 7% to 8.5% per annum.

2. ***Tenor:*** The tenor of the term loan facility availed by us is typically for five years, with one year moratorium period, as applicable. The working capital facilities availed by our Company are typically available for a period of 12 months, while the tenor for some of their sub-limits could be lesser. Further, the tenor for the vehicle loans is 60 months.

3. ***Security:*** In terms of our borrowings where security needs to be created, we are typically required to, *inter alia*:

    a) Create pari passu first charge on our entire current assets, both present and future;
    b) Create pari passu first charge on the stocks of all kinds in all showrooms of the Company;
    c) Create first or exclusive charge on the new or used vehicles in respect on which the vehicle loans are granted;
    d) Create fixed deposit for a specified amount in the form approved by the relevant lender;
    e) Create exclusive and first charge by way of the pledge of equity shares by our Promoter and Managing Director and certain members of the Promoter Group; and
    f) Execute personal guarantee and corporate guarantee in relation to our certain borrowings by our Promoter and Managing Director and certain members of the Promoter Group.

    This is an indicative list and there may be additional requirements for creation of security under the various borrowing arrangements entered into by us.

4. ***Pre-payment:*** The terms of certain facilities availed by our Company typically have prepayment provisions which allow for pre-payment of the outstanding loan amount, subject to such prepayment penalties and such other conditions as laid down in the facility agreements, on giving notice and/or obtaining prior approval from the concerned lender, as the case may be. Pre-payment may be subject to pre-payment penalties as may be prescribed. These pre-payment penalties typically range from nil to 2.00% of the principal amount or of the amount being prepaid, subject to applicable conditions.

5. ***Re-payment:*** The working capital facilities are typically repayable on demand. We have to repay the car loans as per the repayment schedule detailed in the loan agreements entered into with the Banks. The term loans are typically repayable in structured instalments.

6. ***Events of Default:*** Borrowing arrangements entered by us contain certain standard events of default, including, *inter alia:*

    a) Failure to promptly pay any amount now or hereafter to the banks as and when the same shall become due or payable;
    b) Failure to duly perform any obligation or commit any breach of any of the terms, representations, warranties, covenants, and conditions contained or set out in the facility documentation;
    c) Occurrence of any circumstance or event which adversely affects our Company's ability to pay/repayment the outstanding loan amount or perform any of the obligations;
    d) Change in constitution, management or existing ownership or control of our Company;
    e) Initiation of legal proceedings for winding up, dissolution or re-organization or for the appointment of a receiver, trustee, or similar officer; and
    f) Filing of any application by any person against our Company before any forum under the Insolvency and Bankruptcy Code, 2016.

    The details above are indicative and there may be additional terms that may amount to an event of default under the various borrowing arrangements entered by us.

7. ***Consequences of Events of Default:*** In terms of our borrowing arrangement for the facilities availed by us, upon the occurrence of events of default, our lenders may:

    a) Declare the facilities, together with accrued interest and other monies, to be immediately due and payable and upon such declaration, the same shall become immediately payable;
    b) Initiate legal proceedings for the recovery of dues;
    c) exercise any or all rights and recourses available to the lender including enforcement of security under the respective facility agreement; and
    d) Exercise all other remedies as available under applicable law.

    Please note that the abovementioned list is indicative and there may be additional consequences on the occurrence of an event of default under the various borrowing arrangements entered into by us.

8. ***Restrictive Covenants*:** Certain borrowing arrangements entered by us contain restrictive covenants, including, inter alia, that the borrower cannot without prior written consent or intimation*:*

    a) Create, assume, or incur any further indebtedness;
    b) Effect any change in its capital structure or constitutional documents;
    c) Formulate any scheme of amalgamation or reconstruction;
    d) Permit any transfer of the controlling interest or make any drastic change in the management set-up;
    e) Vary the shareholding of its principal shareholders and promoters;
    f) Change the practice with regard to remuneration of director; and
    g) Undertake any new project or implement any new scheme of expansion

This is an indicative list and there may be additional restrictive covenants under the various borrowing arrangements entered into by us. For details, see "*Risk Factors – We have incurred indebtedness and an inability to comply with repayment and other covenants in our financing agreements could adversely affect our business and financial condition. Further, certain of our financing agreements involve variable interest rates and an increase in interest rates may adversely affect our results of operations and financial condition* " on page 42.

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*Except as stated in this section, there are no outstanding (i) criminal proceedings involving our Company, Promoters and Directors; (ii) actions taken by regulatory or statutory authorities involving our Company, Promoters and Directors; (iii) disciplinary action including penalty imposed by the SEBI or stock exchanges against our Promoters in the last five Fiscals, including outstanding action; (iv) claims related to direct and indirect taxes involving our Company, Promoters and Directors (disclosed in a consolidated manner); (v) litigation involving our Group Companies, which has a material impact on our Company or (vi) other pending litigation as determined to be material as per the materiality policy adopted by our Board in its meeting held on June 4, 2022 ("**Materiality Policy**").*

Following pending litigation proceedings (other than litigations mentioned in points (i) to (v) above) involving the Company, Promoters and Directors shall be considered "material" for the purposes of disclosure in this Draft Red Herring Prospectus, where:

*a.) the claim / dispute amount, to the extent quantifiable exceeds 1% of the profit after tax of the Company, as per the Restated Financial Statements of the Company included in this Draft Red Herring Prospectus for the last Fiscal, being ₹ 5.77 million ("**Materiality Threshold**");*

b.) where the monetary impact is not quantifiable or the amount involved may not exceed the Materiality Threshold set out under (a) above, but an outcome in any such litigation would materially and adversely affect our Company's business, operations, cash flows, financial position or reputation.

*It is clarified that for the purposes of the above, pre-litigation notices received from third parties (excluding those notices issued by statutory or regulatory authorities including tax authorities, or first information reports ("**FIRs**") and police complaints – which shall be disclosed in the offer documents) shall, in any event, not be considered as litigation until such time that Company, Promoters or Directors, as applicable, are impleaded as parties in litigation proceedings before any judicial forum.*

*Further in terms of the Materiality Policy, creditors of our Company to whom amount due by our Company is equal to or in excess of 5% of the total trade payables of our Company as at the end of the most recent period included in the Restated Financial Statements, would be considered as material creditors. Accordingly, a creditor has been considered 'material' by our Company if the amount due to such creditor exceeds ₹ 64.56 million as on March 31, 2022 ("**Material Creditors**").*

All terms defined herein in a particular litigation disclosure pertain to that litigation only.

Litigation involving our Company

Litigation against our Company

A. Outstanding criminal proceedings

Nil

B. Actions initiated by regulatory or statutory authorities

(i) The Directorate, Enforcement, Vigilance & Disaster Management, Greater Hyderabad Municipal Corporation ("**GHMC**") has issued numerous challans against M/s KLM Shopping Mall, Ameerpet, Hyderabad, an outlet operated by our Company, for violation of the GHMC Act by erecting advertisements with elements of illumination/ Flashlights/LED display for the entire building without the written permission of the competent authority. Penalty has also been levied for placing the advertisement boards above 15 Feet height in contradiction to G.O.M.S ("**Government Order Manu Script**") 68 dated April 20, 2020. That partial payments of challans were made by M/s KLM Shopping Mall amounting to ₹ 0.60 million and the remaining penalty to be paid by the mall as on January 6, 2022, amounting to ₹ 3.80 million.

These challans were also issued to the Company to pay penalties for violation of G.O.MS No. 68 dated April 20, 2020 against which a writ petition was preferred before the Hon'ble High Court of Telangana at Hyderabad ("Hon'ble High Court") seeking stay over recovery of penalty imposed. The Hon'ble High Court vide its order dated January 31, 2022 stayed the proceedings pursuant to challans subject to payment of 40% of the amount demanded in the challans within a period of 4 weeks. In compliance of the order passed by the High Court, our Company has deposited 40% of the balance challan amounting to ₹ 1.52 million vide cheques dated February 11, 2022 and February 24, 2022. Post these payments, our Company has not received any further correspondence from the GHMC yet and the matter is currently pending.

(ii) A notice was issued to the Company on June 8, 2022 ("Notice") by the Greater Hyderabad Municipal Corporation ("GHMC"), for construction that was made in deviation of the sanctioned plan, for using a residential property situated at Reddy Brothers Lane, Kodanadaram Nagar, Saroornagar, Hyderabad for non-residential use. The Company filed a reply to Notice on June 10, 2022 and has requested time to submit documents regarding the sanctioned plan and sale deed of the relevant property. No further action has been taken and the matter is currently pending.

(iii) A notice was issued to the Company on June 9, 2022 ("Notice") by the Greater Hyderabad Municipal Corporation ("GHMC"), for construction that was made in deviation of the sanctioned plan, for using a residential property situated at Reddy Brothers Lane, Kodanadaram Nagar, Saroornagar, Hyderabad for non-residential use. The Company filed a reply to Notice on June 13, 2022 and has requested time to submit documents regarding the sanctioned plan and sale deed of the relevant property. No further action has been taken and the matter is currently pending.

C. Outstanding material civil litigation

(i) Residents of Road no. 56, Jubilee Hills, Hyderabad filed a written complaint dated April 16, 2018, to the GHMC officials against the alleged noise and traffic nuisance resulting from the presence of our shops in the said locality. Consequently, GHMC issued a show-cause notice dated April 24, 2018 against the owner, S. Kumarvelu, from whom such premises had been leased by our Company and a reply was filed for same dated May 1, 2018, clarifying that no changes to the main structure was undertaken and requested relief in this matter. Thereafter, a writ petition W.P. 25627 dated July 17, 2018, was filed by Sangeeta Varma & Ors. against our Company, alleging inaction by the GHMC in the aforesaid matter along with an Interlocutory Application dated July 23, 2018, filed against our Company and praying the Hon'ble High Court of Telangana to direct GHMC to stop the alleged unauthorised activity. W.P. 25627 was subsequently disposed off by an order of the Hon'ble High Court of Telangana dated September 4, 2018, directing GHMC officials to take actions. Consequently, a suit for Perpetual Injunction - O.S. 1929 dated September 11, 2018, was filed by S. Kumarvelu against GHMC along with an Interlocutory Application 702 of 2018, in which suit a Docket Order dated September 25, 2018, was passed, restraining the GHMC and its officials from interfering with the construction work of S. Kumarvelu at the aforesaid premises. Therefore, when GHMC issued another notice dated September 28, 2018 against construction at the said premises, it was clarified by S. Kumarvelu that he had obtained an Ad-Interim Injunction against any interference from the GHMC officials. As a result of this, a Contempt Petition no. 3383 of 2018, in W.P. 25627 of 2018, dated December 7, 2018, was filed before the High Court of Telangana by Sangeeta Varma & Ors. against our Managing Director and Promoter, Nagakanaka Durga Prasad Chalavadi and Ors., alleging that there has been wilful contempt of the order of the Hon'ble High Court dated September 4, 2018, for alleged disobedience of the orders of the Court dated September 4, 2018, in W.P. no. 25627 of 2018. The said Contempt Petition is still pending before the Hon'ble High Court of Telangana.

Litigation by our Company

A. Outstanding criminal proceedings

An FIR and chargesheet was filed by the Central Crime Station, Detective Department, Saifabad, Hyderabad, pursuant to the complaint filed by Mr Annam Kalyan Srinivas in the capacity of the Director of our Company, dated October 3, 2019, under sections 406, 420 r/w 34 of the Indian Penal Code, 1860 ("**IPC**") against A. Raguram, N. T Prabhu, R Arumugasamy, A Eswariswami ("**Accused Persons**") for cheating, misappropriation of money and criminal breach of trust amounting to ₹ 30.00 million ("**Complaint**").

Two criminal petitions no. 28144 of 2019 and 28973 of 2019 for anticipatory bail were filed before the Hon'ble High Court, Madras ("**Hon'ble High Court**") by N.T Prabhu and A. Raguram & Ors. in 2019, based on the Accused Persons apprehension for arrest by the police officials for offences punishable under sections 294, 406 and 420 of IPC. Orders dated October 21, 2019, and November 08, 2019, were passed in both the criminal petitions, respectively, whereby the Hon'ble High Court taking into consideration the submissions of the Accused Persons that a false complaint has been given against them and they have nothing to do with the allegations, granted an inter-state interim anticipatory bail to the Accused Persons to enable them to approach the appropriate court within 4 weeks from the respective orders and further directed to surrender themself before the Magistrate Court within 15 days from these orders.

Thereafter, criminal writ petition no. 982 of 2020 was filed by Mr. A Raguram & Ors. under section 482 of the Code of Criminal Procedure, 1973 for quashing of the Complaint in Crime No. 210/2019 on the file of the Central Crime Station, Hyderabad, dated October 03, 2019. Pursuant thereto, order dated February 12, 2020, was passed by the Hon'ble High Court of Telangana to issue show cause notice to the Company to appear and prove as to why this criminal petition should not be admitted and pursued.

Further, a writ petition number 4482 of 2020 was filed by N.T Prabhu on February 26, 2020, for directions to defreeze the account in United Bank of India to enable him to transfer the money to the Company, suspend the Complaint and to direct Assistant Commissioner of Police F division to allow N.T Prabhu to transfer the amount of Rs. 1.99 Crore into the account of the Company, which was transferred by Mr Raguram to Mr Prabhu pursuant to a one-time settlement with the United Bank of India arranged by the latter, once the account in United Bank of India is defreezed or to keep the same in their custody till the pendency and outcome of the matter. The Hon'ble High Court of Telangana passed an order dated June 17, 2020, allowing N.T. Prabhu to operate account number 1575010028468 provided that lien must be marked on the amount in dispute.

The Company has also initiated an Arbitration O.P. ("AOP") 107 of 2019 dated September 26, 2019, under Section 9 of the Arbitration and Conciliation Act, 1996 against R. Arumugaswamy and another ("Respondents") before the Additional Chief Judge, City Civil Court, Hyderabad. A counter was filed against the Company by the Respondents for the AOP 107 of 2019 on November 12, 2020, denying all the allegations made and claiming that there has been no breach of terms since the lease agreement dated August 7, 2019, entered into between the Company and the Respondents, at Chennai for 20 years for Rs. 8 crores as the refundable security deposit, was itself not valid. Pursuant to the lease agreement, the Respondents failed to deliver possession of the property but continued to encash the cheques given by the Company.

Further, an order has been passed by the Hon'ble High Court of Madras in Crl. M.P. 77 & 79 of 2020, Crl. O.P. number 28973 & 29089 of 2019, dated January 7, 2020, by A. Raguram, N. T Prabhu, R Arumugasamy, A Eswariswami, against the State of Telangana and Inspector of Police, granting an extension of time in approaching the competent court under bail application in Crl. O.P. numbers 28973 & 29089. The matter is still pending.

B. Outstanding material civil litigation

Nil

Outstanding litigation involving our Promoters

Except as disclosed below, there are no outstanding civil, criminal or tax litigations involving our Promoters, as on the date of this Draft Red Herring Prospectus. Further, no actions have been initiated against our Promoters by any regulatory/ statutory authorities and there are no disciplinary actions including penalties imposed by the SEBI or the stock exchanges against our Promoters in the last five financial years including any outstanding action.

(i) For details in relation to a contempt petition no. 3383 of 2018 dated December 18, 2018, to one of our Promoters, Nagakanaka Durga Prasad Chalavadi, see "*– Litigations involving our Company – Litigations filed against our Company – Outstanding material civil litigation*" on page 347.

(ii) For details in relation to penalty levied by Deputy Director (Directorate of Enforcement) FEMA, 1999, on one of our Promoters, Nagakanaka Durga Prasad Chalavadi, see *"– Litigations involving our Directors*" on page 350.

Outstanding litigation involving our Group Company which has a material impact on our Company

As on the date of this Draft Red Herring Prospectus, our Group Companies are not party to any pending litigation which will have a material impact on our Company.

Outstanding litigation involving our Directors

Except as disclosed below, there are no outstanding civil, criminal or tax litigations involving our Directors, as on the date of this Draft Red Herring Prospectus. Further, no actions have been initiated against our Directors by any regulatory/ statutory authorities.

(i) A petition for winding up under Section 271(g) of the Companies Act, 2013 was filed by PK Faizal Musaliar ("**Petitioner**"), against M/s. Kutty Flush Doors and Furniture Company Private Limited ("**Kutty Flush Doors**"). . In CP No. 89 of 2021 before the Hon'ble National Company Law Tribunal at Chennai ("**NCLT**"), the Petitioner alleged that the Mr. Ravindra Vikram Mamidipudi & Ors. ('**Respondent**") have fraudulently dealt with the 54 Grounds of immovable Property of Kutty Flush Doors and also misrepresented about the sale of 54 Grounds of property of the Kutty Flush Doors, when in reality the property was mortgaged for the benefit of one of the respondents. Further, it has been alleged that assets of Kutty Flush Doors are being hastily liquidated and Kutty Flush Doors is being closed down. Vide the said petition it is been prayed that the Kutty Flush Doors be wound up and a Liquidator be appointed in order to investigate into the affairs of the Kutty Flush Doors. Ravindra Vikram Mamidipudi, along with other respondents in the said CP have filed Counter Statement challenging various interim reliefs sought in the said Petition. The matter is pending with NCLT.

(ii) A criminal complaint is pending against Ravindra Vikram Mamidipudi & Others vide CMP 2419 of 2020 filed by P.K. Failzal before Judicial First-Class Magistrate – II, Kannur ("**the Magistrate**") for allegedly and fraudulently dealt with the 54 Grounds of immovable property of the company and also misrepresented about the sale of 54 Grounds of property of M/s. Kutty Flush Doors and Furniture Company Private Limited ("**Kutty Flush Doors**"). Subsequently, CMP 2655/2021 filed in CMP 2419/2020 by PK Faizal to take custody of the files of M/s. Kutty Flush Doors. Judicial First Class Magistrate – II, Kannur, vide order dated November 17, 2021 in CMP 2655/2021 ("Order"), wherein an application was filed under 202 of Cr.PC to conduct investigation by police, have allowed the application and sent the complaint to SHO Kannur City for conducting investigation u/s the said provisions of Cr. PC. Pursuant to the said Order, Ravindra Vikram Mamidipudi have received notice from the Kannur Police Station, Kerala, dated, March 6, 2022 directing him to produce all the alleged documents within 14 days on receipt of the Notice.

(iii) A criminal appeal filed by Ravindra Vikram Mamidipudi is pending before the Supreme Court. The case arises out of a complaint case filed before the Metropolitan Magistrate under Section 409, 420 and 120B read with Section 34 of the Indian Penal Code. Ravindra Vikram Mamidipudi is Accused No.6 in the said Complaint. The allegation is that accused No.1 to 5 entered into an MoU with the Complainant. One of the covenants of the MoU was that the Accused No.1 to 5 agreed to pay certain amounts to the Complainant for transfer of certain shares of M/s Feno Plast Limited. The shares were allegedly kept with Accused No.6 and 7 for safe-keeping. It is alleged that Ravindra Vikram Mamidipudi (Accused No.6) colluded with Accused No.1 to 5 and stated that the original shares were missing from their office and thereafter took no steps to retrieve them. A complaint was made stating that Ravindra Vikram Mamidipudi handed over the shares of M/s Feno Plast Limited as well as M/s Feno Fiber Limited to Accused No.1 without compliance with the MOU

The complaint came to be closed by way of a closure report under Section 173(8) of the Code of Criminal Procedure, 1973. Thereafter, a protest petition was filed by the complainant. In the protest petition, the complainant took the stand that only M/s Feno Plast Limited shares were kept in the safe custody of Accused No.6. The Metropolitan Magistrate took cognizance of the case. At this stage, Ravindra Vikram Mamidipudi and others filed an application for discharge before the metropolitan Magistrate, Secunderabad. The metropolitan Magistrate found that the Complainant took contrary stands regarding the deposit of shares of M/S Feno Plast Limited and other companies in the safe custody of Ravindra Vikram Mamidipudi. The Magistrate further found that there was substantial compliance of the MOU leading to the transfer of shares by Ravindra Vikram Mamidipudi.

The High Court of Andhra Pradesh vide judgment dated September 09, 2011 in Cr. PC No.1656/2003 and 1718/2003 reversed the judgment of the Magistrate while finding that there is a question to examine and decide as to whether shares of M/s Feno Fiber Limited were kept with Ravindra Vikram Mamidipudi and if he had handed over the shares to A1 to A5 without compliance of the MoU. The High Court categorically found that Ravindra Vikram Mamidipudi acted as a mediator between the Complainant and A1 to A5.

The Accused have instituted a Special Leave Petition (now converted into a Criminal Appeal) before the Supreme Court of India. The Supreme Court by order dated May 10, 2012 stayed the order of the High Court. Pursuant to order dated July 13, 2015, leave was granted by the Supreme Court. The case remains pending for hearing.

(iv) M/s RAD Data Communication Private Limited (RAD) has filed criminal proceedings before the Metropolitan Magistrate, 58th Court, Bandra, Mumbai against ICOMM Tele Limited (ICOMM) under Section 138 of the Negotiable Instruments Act, 1881 for the dishonour of cheques. Kunisetty Venkata Ramakrishna, holding the office of a non-Executive, Nominee director in ICOMM, was named as party to the aforementioned criminal proceedings. i.e., 877/SS/2012, 878/SS/2012, 879/SS/2012, 880/SS/2012, 881/SS/2012, 882/SS/2012, 883/SS/2012; ICOMM had filed Quash Petitions in Hon‘ble Bombay High Court on August 17, 2012 for quashing all the aforesaid criminal cases. Thereafter, ICOMM and RAD entered into a Memorandum of Understanding (“**MoU**”) in June 2013 for clearance of dues and the Quash Petitions were withdrawn. The Hon‘ble Bombay High Court vide order dated July 11, 2013 inter alia directed that in the light of the MoU, the aforesaid criminal cases be withdrawn, upon receipt of payment as per the terms stated in the MOU, and ICOMM pay Rs.0.05 million to the High Court Legal Services Committee. Due to non-receipt of receivables, ICOMM could not honor the MoU and consequently the aforesaid criminal cases were not withdrawn. Subsequently, RAD has also filed 7 (seven) separate Contempt Petitions in respect of the aforesaid proceedings before the Hon‘ble Bombay High Court. The criminal cases as well as the contempt petitions are currently pending.

(v) PTC India Financial Services Limited (PTC) has filed criminal proceedings before the Metropolitan Magistrate Court in Patiala House Courts, New Delhi against ICOMM Tele Limited (ICOMM) under Section 138 of the Negotiable Instruments Act, 1881 for the dishonour of cheques vide Criminal Case No. 299/01/2015. Kunisetty Venkata Ramakrishna, being a non-Executive, Nominee Director of ICOMM Tele Limited was named as party to the aforementioned criminal proceedings. ICOMM filed Applications in Appellate Courts for discharge of all non-Executive, Nominee and Independent Directors including himself from the aforementioned criminal proceedings. Later, the Debt of ICOMM had been settled as part of the Resolution Plan approved by the Hon’ble National Company Law Tribunal, Hyderabad Bench in I.A. No. 577 of 2019 in CP(IB) No. 462/7/HDB/2018 pursuant to the Insolvency & Bankruptcy Code 2016. Though the debt is settled the Criminal Case is still pending owing to the legal process.

(vi) The Assistant Director at Directorate of Enforcement, Hyderabad Zonal Office levied a penalty of Rs 0.05 million on Kalyan Srinivas Annam, u/s 13 of the FEMA, 1999 vide Order, No.AD-DS / HYZO /06/2022, dated March 3, 2022 under the File No.T-4/HYZO /22/ 2021 / 886, being a Director of M/s. Atrium Textiles Private Limited, for contravention of Regulation 15(ii) and Regulation 15(iii) of FEMA (Transfer or Issue of any Foreign Security) Regulations, 2004 of FEMA, 1999. The same was paid on May 17, 2022 through Demand Draft No.352631, dated March 08, 2022, drawn on SBI and received the acknowledgement for the same.

(vii) Deputy Director (Directorate of Enforcement) FEMA, 1999 levied a penalty of Rs. 0.1 million on Nagakanaka Durga Prasad Chalavadi along with others u/s 13 of the FEMA, 1999 vide adjudication order, No.DD (LK) /03/ HZO 2013, dated August 5, 2013 under the File No.T-4/15/ HZO /2011 in the matter of adjudication proceedings conducted against him along with others u/s. 16(1) of FEMA Act, 1999, in connection with certain payments made by him during the period March 2002 to January 2003 to Mr. Pennam Sudhakar of USA through some persons resident in India, alleging contravention of section 3(b) of FEMA, 1999. Nagakanaka Durga Prasad Chalavadi filed an appeal before the Special Director (Appeals), Chennai, against the above said order. Subsequently, Nagakanaka Durga Prasad Chalavadi has paid the said levied penalty of Rs.0.1 million on February 18, 2022, vide Demand Draft No.35281, dated February 17, 2022, drawn on SBI, Hyderabad and received the acknowledgement for the same and subsequently withdrew the Appeal.

(viii) For details in relation to a contempt petition no. 3383 of 2018 dated December 18, 2018, to one of our Directors, Nagakanaka Durga Prasad Chalavadi, see “*– Litigations involving our Company – Litigations filed against our Company – Outstanding material civil litigation*” on page 347.

Tax Proceedings

in ₹ million)

Nature of cases	Number of cases	Amount involved
Company		
Direct Tax	4	10.38
Indirect Tax	1	Nil
Directors		
Direct Tax	Nil	Nil
Indirect Tax	Nil	Nil
Promoters		
Direct Tax	Nil	Nil
Indirect Tax	Nil	Nil
Total	5	10.38

Outstanding dues to Creditors

As per the Materiality Policy, creditors to whom an amount exceeding ₹ 64.56 million, which is 5% of the total trade payables of our Company as of the end of the most recent period covered in the Restated Financial Statements, *i.e.*, as of March 31, 2022, were considered ‘material’ creditors. Based on the above, there is one material creditor of our Company as on March 31, 2022, to whom an aggregate amount of ₹ 1,276.43 million was outstanding. Based on this criterion, 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), material creditors and other creditors, as at March 31, 2022 by our Company, are set out below:

Type of creditors	Number of creditors	Amount involved (in ₹ million)
Micro, small and medium enterprises	Nil	-
Material creditors	1	1,276.43
Other creditors	4	14.75
Total	**5**	**1,291.18**

The details pertaining to net outstanding dues towards our material creditors are available on the website of our Company at https://sskl.co.in/investor-relations/.

Material Developments

Other than as stated in “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on page 315, there have not arisen, since the date of the last financial information disclosed in this Draft Red Herring Prospectus, any circumstances which materially and adversely affect, or are likely to affect, our operations, our profitability taken as a whole or the value of our assets or our ability to pay our liabilities within the next 12 months.

GOVERNMENT AND OTHER APPROVALS

We have set out below an indicative list of material approvals, registrations, permits and licenses from various governmental and regulatory authorities obtained by our Company which are considered material and necessary for the purpose of undertaking our business activities and operations. In view of these material approvals, registrations, permits and licenses, our Company can undertake the Offer and its business activities and operations. In addition, certain of our material approvals, registrations, permits and licenses may expire in the ordinary course of business and our Company has either already made applications to the appropriate authorities for renewal or is in the process of making such renewal applications of such key approvals, as necessary. For details in connection with the regulatory and legal framework within which we operate, see "Key Regulations and Policies" on page 202.

I. Incorporation details

1. Certificate of incorporation dated July 3, 2008, issued to our Company by the Registrar of Companies, Andhra Pradesh in the name of '*Sai Silks (Kalamandir) Private Limited*' with Corporate Identity Number - U52190AP2008PTC059968.
2. Fresh certificate of incorporation dated May 21, 2009 issued to our Company by the Registrar of Companies, Andhra Pradesh pursuant to conversion of our Company from a private limited company to a public limited company and change in name of our Company from '*Sai Silks (Kalamandir) Private Limited*' to '*Sai Silks (Kalamandir) Limited*'.
3. The CIN of our Company upon conversion is U52190TG2008PLC059968.

For further information, see "*History and Certain Corporate Matters*" on page 207.

II. Approvals in relation to the Offer

For details regarding the approvals and authorizations obtained by our Company in relation to the Offer, see "*Other Regulatory and Statutory Disclosures – Authority for the Offer*" on page 354.

III. Material approvals obtained in relation to our Company

A. *Foreign trade related approvals*

Our Company has obtained a certificate of Importer Exporter Code ("**IEC**") dated December 4, 2017, granting the IEC number AAMCS1175P, issued by the Ministry of Commerce and Industry, Government of India. This code is valid until cancelled.

B. *Tax related approvals*

1. The permanent account number of our Company is AAMCS1175P.
2. The tax deduction account number of our Company is HYDS22512A.
3. Our Company has obtained goods and services tax identification numbers under the applicable provisions of the goods and services tax legislations applicable in the states where our business operations are located.
4. Our Company has obtained professional tax certificates, to the extent applicable, for the states where our business operations are situated.

C. Labour and employee related approvals

Our Company has obtained registrations, including for our showrooms, under various employee and labour related laws including the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Employees State Insurance Act, 1948.

D. *Legal Entity Identifier Code*

Our Company has obtained a certificate of Legal Entity Identifier Code ("**LEIC**"), which is valid till December 18, 2022, granting the LEIC number 335800OGWG1QY25KFU80.

IV. Material approvals obtained in relation to our business and operations

As of May 31, 2022, our Company operated 46 showrooms, our Registered Office and three warehouses along with a designated storage space located at one our stores in Chennai, Tamil Nadu, all taken on a leasehold basis. In order to operate our business in India, our Company requires approvals and/or licenses under various state and central laws, rules, and regulations. These approvals and/or licenses differ on the basis of the location as well as the nature of operations carried out at such locations, and amongst others, include registrations under the respective shops and commercial establishment acts of those states, wherever enacted or in force. We also require trade licenses from the respective municipal authorities of areas, where our leased stores and offices are located and where local laws require such trade licenses to be obtained.

Our Company has obtained all the material approvals and/or licenses and registrations as required to operate our showrooms, offices and warehouses. Certain approvals may have lapsed in their normal course, and we have either made applications to the appropriate authorities for renewal of such licenses and approvals or are in the process of making such applications. For details of the risks relating to the material approvals required in relation to our business see "*Risk Factors – Failure to obtain or renew approvals, licenses, registrations and permits to operate our business in a timely manner, or at all, may adversely affect our business, financial condition, cash flows and results of operations*" on page 44.

V. *Intellectual property*

As on date of this Draft Red Herring Prospectus, our Company has applied for 111 trademark registrations under the Trademarks Act, 1999, of which 50 are registered, 20 are objected and 8 are accepted and advertised. For further information, see "*Risk Factors*" and "*Our Business*" on pages 30 and 178, respectively.

VI. Material approvals applied for but not received

As on the date of this Draft Red Herring Prospectus, there are no material approvals that have expired or have not been renewed by our Company.

VII. Material approvals expired and renewals to be applied for

As on the date of this Draft Red Herring Prospectus, there are no material approvals that have expired or have not been renewed by our Company.

VIII. Material approvals not applied for

As on the date of this Draft Red Herring Prospectus, there are no material approvals that have not been applied for by our Company.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for this Offer

Our Board has authorised the Offer, pursuant to a resolution dated June 4, 2022. Our Shareholders have authorised the Fresh Issue pursuant to a special resolution passed at their extra-ordinary general meeting dated June 22, 2022. Our Board of Directors have taken on record the Offer for Sale by the Selling Shareholders pursuant to their resolution dated July 15, 2022. This Draft Red Herring Prospectus has been approved by our Board pursuant to its resolution dated July 21, 2022.

Each of the Selling Shareholders has, severally and not jointly, authorised and confirmed inclusion of their portion of the Offered Shares as part of the Offer for Sale, as set out below:

S. No.	Selling Shareholder	Number of Equity Shares offered in the Offer for Sale (up to)	Date of consent letter
1.	Nagakanaka Durga Prasad Chalavadi	6,410,005	July 14, 2022
2.	Jhansi Rani Chalavadi	7,949,520	July 14, 2022
3.	Dhanalakshmi Perumalla	3,083,865	July 14, 2022
4.	Doodeswara Kanaka Durgarao Chalavadi	96,750	July 14, 2022
5.	Kalyan Srinivas Annam	261,300	July 14, 2022
6.	Subash Chandra Mohan Annam	138,000	July 14, 2022
7.	Venkata Rajesh Annam	109,000	July 14, 2022

Our Company has received in-principle approvals from the BSE and NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively.

Prohibition by SEBI or other authorities

Our Company, the Selling Shareholders, Promoters, members of the Promoter Group, Directors, and the persons in control of our Company are not prohibited from accessing the capital markets or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any other jurisdiction or any other authority/court.

None of the companies with which our Promoters and Directors are associated with as promoters, directors or persons in control have been debarred from accessing capital markets under any order or direction passed by SEBI or any other authorities.

Our Company, Promoters, Selling Shareholders or Directors have not been declared as Wilful Defaulters or Fraudulent Borrowers by any bank or financial institution or consortium thereof in accordance with the guidelines on wilful defaulters or fraudulent borrowers issued by the RBI.

Our Promoters or Directors have not been declared as fugitive economic offenders under section 12 of the Fugitive Economic Offenders Act, 2018.

Compliance with the Companies (Significant Beneficial Owners) Rules, 2018

Our Company, the Selling Shareholders, our Promoters and members of our Promoter Group are in compliance with the Companies (Significant Beneficial Owners) Rules, 2018, as amended, to the extent applicable to them, as on the date of this Draft Red Herring Prospectus.

Directors associated with securities market

None of our Directors are associated with the securities market related business. There are no outstanding actions initiated by SEBI in the last five years preceding the date of this Draft Red Herring Prospectus against our Directors.

Eligibility for the Offer

Our Company is eligible for the Offer in accordance with the eligibility criteria provided in Regulation 6(1) of the SEBI ICDR Regulations, and is in compliance with the conditions specified therein in the following manner:

- our Company has net tangible assets of at least ₹30.00 million, calculated on a restated basis, in each of the preceding three full years (of 12 months each), of which not more than 50% are held as monetary assets;
- our Company has an average operating profit of at least ₹150.00 million, calculated on a restated basis, during the preceding three years (of 12 months each), with operating profit in each of these preceding three years;
- our Company has a net worth of at least ₹10.00 million in each of the three preceding full years (of 12 months each), calculated on a restated basis; and
- there has been no change of name of our Company at any time during the last one year immediately preceding the date of filing of this Draft Red Herring Prospectus.

Our Company's operating profit, net worth and net tangible assets derived from the Restated Financial Statements included in this Draft Red Herring Prospectus as at, and for the last three Financial Years are set forth below:

Particulars	Financial Year ended March 31, 2022	Financial Year ended March 31, 2021	Financial Year ended March 31, 2020
Net tangible assets(1), as restated	2,146.47	1,765.52	1,520.93
Monetary assets(2), as restated	470.23	228.94	228.30
Monetary assets as % of net tangible assets(3), as restated	21.91%	12.97%	15.01%
Pre-tax operating profit (excluding other income and finance costs)(4), as restated	1,022.32	329.04	776.83
Net worth(5), as restated	3,006.61	2,429.91	2,315.06

Notes:

(1). 'Net tangible assets' means the sum of all net assets of the Company, excluding intangible assets as defined in Indian Accounting Standard (Ind AS) 38 and deferred tax assets as defined in Ind AS 12 issued by Institute of Chartered Accountants of India.

(2) 'Monetary assets' is the aggregate of cash and cash equivalents and bank balances other than cash and cash equivalents.

(3) 'Monetary Assets as restated as a percentage of the Net Tangible Assets' means Monetary Assets as restated divided by Net Tangible Assets, as restated, expressed as a percentage.

(4) 'Operating Profit' has been calculated as profit before tax add finance cost and less other income.

(5) 'Net worth' means Equity share capital and other equity.

Our Company confirms that it is in compliance with the conditions specified in Regulation 7(1) of the SEBI ICDR Regulations, to the extent applicable, and will ensure compliance with the conditions specified in Regulation 7(2) of the SEBI ICDR Regulations, to the extent applicable.

Further, in terms of Regulation 49(1) of the SEBI ICDR Regulations, our Company shall ensure that the number of Bidders to whom the Equity Shares will be Allotted will be not less than 1,000, failing which the entire application monies shall be refunded forthwith in accordance with SEBI ICDR Regulations and other applicable laws. In case of delay, if any, in refund within such timeline as prescribed under applicable laws, our Company shall be liable to pay interest on the application money in accordance with applicable laws.

Each of the Selling Shareholders has, severally and not jointly, confirmed that they have held their respective portion of offered shares for a period of at least one year prior to the date of filing of this Draft Red Herring Prospectus and that it is in compliance with Regulation 8 of the SEBI ICDR Regulations and are eligible for being offered in the Offer for sale.

Our Company is in compliance with the following conditions specified under Regulations 5 and Regulation 7(1) of the SEBI ICDR Regulations:

(i) Our Company, the Selling Shareholders, our Promoters, the members of our Promoter Group, and our Directors are not debarred from accessing the capital markets by SEBI;
(ii) None of the Promoters or the Directors are promoter or director of companies which are debarred from accessing the capital markets by SEBI;
(iii) None of our Company, our Promoters or our Directors have been categorized as a Wilful Defaulter or a Fraudulent Borrower;
(iv) Our Company has entered into tripartite agreements dated July 28, 2009 and May 20, 2022 with NSDL and CDSL, respectively, for dematerialization of the Equity Shares.
(v) The Equity Shares of our Company held by the Promoters are in the dematerialised form;
(vi) All the Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing of this Draft Red Herring Prospectus;
(vii) None of our Promoters or Directors are Fugitive Economic Offenders;
(viii) As on the date of this Draft Red Herring Prospectus, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into, or which would entitle any person any option to receive Equity Shares; and
(ix) There is no requirement for us to make firm arrangements of finance under Regulation 7(1)(e) of the SEBI ICDR Regulations through verifiable means towards 75% of the stated means of finance.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, BEING MOTILAL OSWAL INVESTMENT ADVISORS LIMITED, EDELWEISS FINANCIAL SERVICES LIMITED AND HDFC BANK LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT RED HERRING PROSPECTUS, THE SELLING SHAREHOLDERS WILL BE RESPONSIBLE ONLY FOR THE STATEMENTS SPECIFICALLY CONFIRMED OR UNDERTAKEN BY IT IN THIS DRAFT RED HERRING PROSPECTUS IN RELATION TO ITSELF FOR ITS RESPECTIVE PORTION OF OFFERED SHARES, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY AND THE SELLING SHARHEOLDERS DISCHARGE THEIR RESPONSIBILITIES ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED JULY 21, 2022 IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED.

THE FILING OF THIS DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013, AS AMENDED OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGERS ANY IRREGULARITIES OR LAPSES IN THIS DRAFT RED HERRING PROSPECTUS.

All applicable legal requirements pertaining to the Offer will be complied with at the time of filing the Red Herring Prospectus with the RoC in terms of Section 32 of the Companies Act. All applicable legal requirements pertaining to the Offer will be complied with at the time of registration of the Prospectus with the RoC in terms of Sections 26, 30, 32, 33(1) and 33(2) of the Companies Act.

Disclaimer from our Company, the Selling Shareholders, our Directors and the BRLMs

Our Company, the Selling Shareholders, our Directors, the BRLMs accept no responsibility for statements made otherwise than those confirmed in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our Company's instance. Anyone placing reliance on any other source of information, including our Company's website or any of the websites of any of the affiliates of our Company, would be doing so at his or her or their own risk.

Unless required by law, the Selling Shareholders, accept no responsibility for any statements and undertakings, except such statements and undertakings made or confirmed by them in this Draft Red Herring Prospectus specifically in relation to itself, and their respective Offered Shares, are true and correct.

The BRLMs accept no responsibility, save to the limited extent as provided in the Offer Agreement and as will be provided for in the Underwriting Agreement to be entered into between the Underwriters, the Selling Shareholders and our Company.

All information shall be made available by our Company, the Selling Shareholders and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at Bidding centres or elsewhere. Investors who Bid in the Offer will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, BRLMs and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Selling Shareholders, Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

The BRLMs and their respective associates and affiliates in their capacity as principals or agents may engage in transactions with, and perform services for, our Company, the Selling Shareholders, Group Companies and their respective directors and officers, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company, the Selling Shareholders, Group Companies and their respective directors and officers, affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

Disclaimer in respect of Jurisdiction

This Offer is being made in India to persons resident in India (including Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, as amended, HUFs, companies, other corporate bodies and societies registered under the applicable laws in India and authorised to invest in equity shares, domestic Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to permission from RBI), systemically important NBFCs or trusts under applicable trust law and who are authorised under their respective constitutions to hold and invest in shares, public financial institutions as specified in Section 2(72) of the Companies Act, 2013 state industrial development corporations, insurance companies registered with IRDAI, provident funds (subject to applicable law) and pension funds, National Investment Fund, insurance funds set up and managed by army, navy or air force of Union of India, insurance funds set up and managed by the Department of Posts, GoI, NBFC-Sis and permitted Non-

Residents being only FPIs and Eligible NRIs, if any, provided that they are eligible under all applicable laws and regulations to purchase the Equity Shares. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) at Mumbai, India only.

This Draft Red Herring Prospectus does not constitute an invitation to subscribe to or purchase the Equity Shares in the Offer in any jurisdiction, including India. Invitations to subscribe to or purchase the Equity Shares in the Offer will be made only pursuant to the Red Herring Prospectus if the recipient is in India or the preliminary offering memorandum for the Offer, which comprises the Red Herring Prospectus and the preliminary international wrap for the Offer, if the recipient is outside India except the United States of America. Any person into whose possession the Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with SEBI for its observations. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any offer or sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company and the Selling Shareholders from the date hereof or that the information contained herein is correct as of any time subsequent to this date. Bidders are advised to ensure that any Bid from them does not exceed investment limits or maximum number of Equity Shares that can be held by them under applicable law. The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, 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 in the United States. Accordingly, the Equity Shares are being offered and sold outside the United States in offshore transactions in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales are made. 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.

No person outside India is eligible to bid for Equity Shares in the Offer unless that person has received the preliminary offering memorandum for the Offer, which contains the selling restrictions for the Offer outside India.

Eligibility and Transfer Restrictions

The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, 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 in the United States. Accordingly, the Equity Shares are being offered and sold outside the United States in offshore transactions in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales are made.

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.

Until the expiry of 40 days after the commencement of the Offer, an offer or sale of the Equity Shares within the United States by a dealer (whether or not it is participating in the Offer) may violate the registration requirements of the U.S. Securities Act unless made pursuant to available exemptions from the registration requirements of the U.S. Securities Act and in accordance with applicable state securities laws in the United States.

Bidders are advised to ensure that any Bid from them does not exceed investment limits or the maximum number of Equity Shares that can be held by them under applicable law. Further, each Bidder where required must agree in the Allotment Advice that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than in accordance with applicable laws.

Disclaimer Clause of BSE

As required, a copy of this Draft Red Herring Prospectus shall be submitted to the BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus and the Prospectus prior to its filing with the RoC.

Disclaimer Clause of NSE

As required, a copy of this Draft Red Herring Prospectus shall be submitted to the NSE. The disclaimer clause as intimated by NSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus and the Prospectus prior to its filing with the RoC.

Listing

The Equity Shares issued through the Red Herring Prospectus are proposed to be listed on the BSE and NSE. Applications will be made to the Stock Exchanges for obtaining permission to deal in and for an official quotation of the Equity Shares to be issued and sold in the Offer. The [●] will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

If the permissions to deal in, and for an official quotation of, the Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company will forthwith repay, without interest, all monies received from the applicants in pursuance of the Red Herring Prospectus, in accordance with applicable law and the Selling Shareholders will be liable to reimburse our Company for any such repayment of monies, on its behalf, with respect to their Offered Shares. If such money is not repaid within the prescribed time, then our Company, the Selling Shareholders and every officer in default shall be liable to repay the money, with interest, as prescribed under applicable law. Any expense incurred by our Company on behalf of any of the Selling Shareholders with regard to interest on such refunds will be reimbursed by such Selling Shareholder in proportion to its respective portion of the Offered Shares. For the avoidance of doubt, subject to applicable law, a Selling Shareholder shall not be responsible to pay and/or reimburse any expenses towards refund or any interest thereon for any delay, unless such delay has been caused by any act or omission solely and directly attributable to such Selling Shareholder and in any other case the Company shall take on the responsibility to pay interest. It is clarified that such liability of a Selling Shareholder shall be limited to the extent of its respective portion of the Offered Shares.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges are taken within six Working Days from the Bid/ Offer Closing Date or within such other period as may be prescribed by SEBI. The Selling Shareholders confirm that it shall extend complete co-operation required by our Company and the BRLMs for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges within six Working Days from the Bid/Offer Closing Date, or within such other period as may be prescribed by SEBI. If our Company does not Allot the Equity Shares within six Working Days from the Bid/ Offer Closing Date or within such timeline as prescribed by SEBI, all amounts received in the Public Offer Accounts will be transferred to the Refund Account and it shall be utilised to repay, without interest, all monies received from Bidders, failing which interest shall be due to be paid to the Bidders at the rate of 15% per annum for the delayed period, subject to applicable law.

Consents

Consents in writing of (a) the Selling Shareholders, our Directors, Company Secretary and Compliance Officer, Statutory Auditors, the BRLMs, legal counsel to the Company, legal counsel to the BRLMs as to Indian law, legal counsel to the BRLMs as to International Law, bankers/ lenders to our Company, Shilpalaya Associates, Architects, Technopak and the Registrar to the Offer, in their respective capacities have been obtained; and consents in writing of (b) the Syndicate Members, Monitoring Agency and the Banker(s) to the Offer to act in their respective capacities, will be obtained and filed along with a copy of the Red Herring Prospectus with the RoC as required under Sections 26 and 32 of the Companies Act, 2013. Further, consents received prior to filing of this Draft Red Herring Prospectus have not been withdrawn up to the time of delivery of this Draft Red Herring Prospectus with SEBI.

Expert to the Offer

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent dated July 21, 2022 from our Statutory Auditors, to include their name as required under Section 26 of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Draft Red Herring Prospectus, and as an "expert" as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditors, and in respect of (i) their examination report dated June 15, 2022 on our Restated Financial Statements; and (ii) their report dated July 21, 2022 on the statement of special tax benefits included in this Draft Red Herring Prospectus and (iii) their report dated June 15, 2022, on the Proforma Financial Statements, included in this Draft Red Herring Prospectus, and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

Our Company has received written consent dated July 20, 2022 from Shilpalaya Associates, architects to include its name as required under section 26 of the Companies Act, 2013 read with the SEBI ICDR Regulations, in this DRHP, and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 to the extent and in their capacity as an independent architect with respect to the certificates issued by them and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Public or rights issues by our Company during the last five years and performance vis-à-vis objects – our Company

Our Company has not undertaken any public issue in the five years preceding the date of this Draft Red Herring Prospectus. Other than as disclosed in the *"Capital Structure – Notes to Capital Structure*" on page 77, our Company has not made any rights issue during the five years immediately preceding the date of this Draft Red Herring Prospectus.

Commission and brokerage paid on previous issues in the last five years

Since this is an initial public offer of Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares in the five years preceding the date of this Draft Red Herring Prospectus.

Capital issue by our Company, listed group companies, Subsidiaries and associates during the previous three years

Our Company does not have any listed group companies, listed associates and listed subsidiaries on any stock exchange, as on the date of this Draft Red Herring Prospectus. For details in relation to the capital issuances by our Company in the three years preceding the date of filing the Draft Red Herring Prospectus, see "*Capital Structure – Notes to Capital Structure*" on page 77.

Performance vis-à-vis objects – Last issue of Listed Subsidiaries or Listed Promoter

We do not have a corporate promoter or any subsidiaries.

Price information of past issues handled by the BRLMs (during the current financial year and the two financial years preceding the current financial year)

Motilal Oswal Investment Advisors Limited

1. Price information of past issues handled by Motilal Oswal Investment Advisors Limited:

Sr. No.	Issue name	Issue Size (₹ million)	Issue price (₹)	Listing Date	Opening price on Listing Date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark] - 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 180th calendar days from listing
1.	GR Infraprojects Limited[4]	9,623.34	837	July 19, 2021	1,700.00	+90.61%, [+6.16%]	+138.67%, [+16.65%]	+132.16%, [+16.50%]
2.	Devyani International Limited	18,380.00	90	August 16, 2021	140.90	+32.83%, [+4.93%]	+78.39%, [+9.30%]	+97.17%, [+4.90%]
3.	Aditya Birla Sun Life AMC Limited	27,682.56	712	October, 11, 2021	715.00	-11.36%, [+0.55%]	-23.85%, [-0.74%]	-25.65%, [-0.90%]
4.	Metro Brands Limited	13,675.05	500	December 22, 2021	436.00	+21.77%, [+4.45%]	+14.57%, [+0.64%]	+7.93% [-9.78%]

Source: Information has been taken from (nseindia.com, bseindia.com) as per respective Designated Stock Exchange of the above Issuer Companies, as applicable

Notes:
1. *The S&P CNX NIFTY or S&P BSE SENSEX is considered as the Benchmark Index, depending upon the Designated Stock Exchange*
2. *Price is taken from NSE or BSE, depending upon Designated Stock Exchange for the above calculations.*
3. *The 30th, 90th and 180th calendar day computation includes the listing day. If either of the 30th, 90th or 180th calendar days is a trading holiday, the previous trading day is considered for the computation. We have taken the issue price to calculate the % change in closing price as on 30th, 90th and 180th day. We have taken the closing price of the applicable benchmark index as on the listing day to calculate the % change in closing price of the benchmark as on 30th, 90th and 180th day.*
4. *Discount of ₹42.00 per Equity Share was offered to eligible employees bidding in the Employee Reservation Portion*

2. Summary statement of price information of past public issues handled by Motilal Oswal Investment Advisors Limited:

Financial Year	Total no. of IPOs	Total funds raised (₹ in million)	Nos. of IPOs trading at discount on as on 30th calendar days from listing date			Nos. of IPOs trading at premium on as on 30th calendar days from listing date			Nos. of IPOs trading at discount as on 180th calendar days from listing date			Nos. of IPOs trading at premium as on 180th calendar days from listing date		
			Over 50%	Between 25% - 50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2022-2023	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2021-2022*	4	69,360.95	-	-	1	1	1	1	-	1	-	2	-	1
2020-2021	-	-	-	-	-	-	-	-	-	-	-	-	-	-

** The information is as on the date of the Offer document.*
 # The information for each of the financial years is based on issues listed during such financial year.
Data for number of IPOs trading at premium/discount taken at closing price on NSE or BSE on the respective date, depending upon the Designated Stock Exchange

Edelweiss Financial Services Limited

1. Price information of past issues handled by Edelweiss Financial Services Limited:

Sr. No.	Issue name	Issue size (₹ millions)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1	Vedant Fashions Limited	31,491.95	866.00	February 16, 2022	935.00	3.99% [-0.20%]	14.53% [-8.54%]	Not Applicable
2	MedPlus Health Services Limited	13,982.95	796.00@	December 23, 2021	1,015.00	53.22% [3.00%]	23.06% [1.18%]	-6.55% [-9.98%]
3	Tarsons Products Limited	10,234.74	662.00$	November 26, 2021	700.00	-4.16% [0.03%]	-4.46% [0.22%]	0.20% [-5.35%]
4	S. J. S. Enterprises Limited	8,000.00	542.00	November 15, 2021	542.00	-24.99% [-4.33%]	-29.33% [-4.06%]	-30.67% [-12.85%]
5	Vijaya Diagnostic Centre Limited	18,942.56	531.00*	September 14, 2021	540.00	5.41% [4.50%]	8.08% [0.76%]	-20.59% [-4.31%]
6	Aptus Value Housing Finance India Limited	27,800.52	353.00	August 24, 2021	333.00	-2.82% [5.55%]	-0.82% [6.86%]	0.64% [3.92%]
7	Devyani International Limited	18,380.00	90.00	August 16, 2021	140.90	32.83% [4.93%]	78.39% [9.30%]	97.17% [4.90%]
8	Powergrid Infrastructure Investment Trust	77,349.91	100.00	May 14, 2021	104.00	14.00% [7.64%]	22.04% [10.93%]	21.83% [22.94%]
9	Macrotech Developers Limited	25,000.00	486.00	April 19, 2021	439.00	30.19% [-4.68%]	75.62% [10.85%]	146.92% [27.86%]
10	Stove Kraft Limited	4,126.25	385.00	February 5, 2021	467.00	30.70% [-0.64%]	28.96% [-4.05%]	114.38% [6.09%]

Source: www.nseindia.com and www.bseindia.com

**Vijaya Diagnostic Centre Limited - A discount of ₹ 52 per equity share was offered to eligible employees bidding in the employee reservation portion. All calculations are based on the offer price of ₹531 per equity share*
$Tarsons Products Limited - A discount of ₹ 61 per equity share was offered to eligible employees bidding in the employee reservation portion. All calculations are based on the offer price of ₹662 per equity share.
@MedPlus Health Services Limited - A discount of ₹ 78 per equity share was offered to eligible employees bidding in the employee reservation portion. All calculations are based on the offer price of ₹796 per equity share.
#As per Prospectus

Notes

1. *Based on date of listing.*
2. *% of change in closing price on 30th / 90th / 180th calendar day from listing day is calculated vs issue price. % change in closing benchmark index is calculated based on closing index on listing day vs closing index on 30th/ 90th / 180th calendar day from listing day.*
3. *Wherever 30th/ 90th / 180th calendar day from listing day is a holiday, the closing data of the previous trading day has been considered.*
4. *Designated Stock Exchange as disclosed by the respective Issuer at the time of the issue has been considered for disclosing the price information and benchmark index.*
5. *Not Applicable. – Period not completed*
   Disclosure in Table-1 restricted to 10 issues.

2. Summary statement of price information of past public issues handled by Edelweiss Financial Services Limited:

Fiscal Year	Total no. of IPOs	Total amount of funds raised (₹ Mn.)#	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2022-23	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2021-22*	9	2,31,182.63	-	-	3	1	2	3	-	**1**	**2**	2	-	3
2020-21	7	45,530.35	-	-	1	3	1	2	-	-	1	5	1	-

The information is as on the date of the document

1. *Based on date of listing.*
2. *Wherever 30th and 180th calendar day from listing day is a holiday, the closing data of the previous trading day has been considered.*
3. *Designated Stock Exchange as disclosed by the respective Issuer at the time of the issue has been considered for disclosing the price information and benchmark index.*

For the financial year 2021-22- 9 issues have been completed of which 8 issues have completed 180 calendar days.

#*As per Prospectus*

HDFC Bank Limited

1. Price information of past issues handled by HDFC Bank Limited:

Sr. No.	Issue name	Issue Size (₹ million)	Issue price (₹)	Listing Date	Opening price on Listing Date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark] - 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 180th calendar days from listing
1.	Aether Industries Limited	8,080.44	642	June 03, 2022	706.15	+21.00% [-5.13%]	-	-
2.	Adani Wilmar Limited	36,000.00	230	February 08, 2022	227.00	+48.00% [-5.34%]	+180.96% [-4.95%]	-
3.	AGS Transact Technologies Limited	6,800.00	175	January 31, 2022	176.00	-42.97% [-3.05%]	-28.63% [-1.64%]	-
4.	One 97 Communications Limited	183,000.00	2,150	November 18, 2021	1,955.00	-38.52% [-4.40%]	-60.39% [-2.51%]	-72.49% [-11.17%]
5.	PB Fintech Limited	57,097.15	980	November 15, 2021	1,150.00	+14.86% [-4.33%]	-20.52% [-4.06%]	-34.16% [-12.85%]
6.	Aditya Birla Sun Life AMC Limited	27,682.56	712	October 11, 2021	715.00	-11.36% [+0.55%]	-23.85% [-0.74%]	-25.65% [-0.90%]
7.	Chemplast Sanmar Limited	38,500.00	541	August 24, 2021	550.00	+2.06% [+5.55%]	+12.68% [+6.86%]	-3.30% [+3.92%]
8.	G R Infraprojects Limited	9,623.34	837	July 19, 2021	1,700.00	+90.61% [+6.16%]	+138.67% [+16.65%]	+132.16% [+16.50%]
9.	Computer Age Management Services Ltd	22,421.05	1,230	October 01, 2020	1,518.00	+5.52% [+2.37%]	+49.52% [+23.04%]	+43.67% [+26.65%]

Source: www.nseindia.com and www.bseindia.com for price information and prospectus for offer details

Notes:

1.Designated stock exchange of the respective issuer has been considered for the pricing information

2.30th calendar day has been taken as listing date plus 29 calendar days; 90th calendar day has been taken as listing date plus 89 calendar days; 180th calendar day has been taken as listing date plus 179 calendar days

3.In case of reporting dates falling on a trading holiday, values for immediately previous trading day have been considered

4.In G R Infraprojects Limited, the offer price to eligible employees was ₹795 after a discount of ₹42 per equity share

5.In Computer Age Management Services Limited, the offer price to eligible employees was ₹1,108 after a discount of ₹122 per equity share

6.In Adani Wilmar Limited, the offer price to eligible employees was ₹209 after a discount of ₹21 per equity share

2. Summary statement of price information of past public issues handled by HDFC Bank Limited:

Financial Year	Total no. of IPOs	Total funds raised (` Millions)	Nos. of IPOs trading at discount on as on 30th calendar days from listing date			Nos. of IPOs trading at premium on as on 30th calendar days from listing date			Nos. of IPOs trading at discount as on 180th calendar days from listing date			Nos. of IPOs trading at premium as on 180th calendar days from listing date		
			Over 50%	Between 25% - 50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2022 – 23	1	8,080.44	-	-	-	-	-	1	-	-	-	-	-	-
2021 – 22	7	3,58,703.05	-	2	1	1	1	2	1	2	1	1	-	-
2020 – 21	1	22,421.05	-	-	-	-	-	1	-	-	-	-	1	-

Notes:

1. *The information is as on the date of this Draft Red Herring Prospectus.*
2. *The information for each of the financial years is based on offers listed during such financial year.*

[***Remainder of this page intentionally kept blank***]

Track record of past issues handled by the BRLMs

For details regarding the track record of the BRLMs, as specified in circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by SEBI, please see the websites of the BRLMs, as set forth in the table below:

Sr. No	Name of the BRLM	Website
1.	Motilal Oswal Investment Advisors Limited	www.motilaloswalgroup.com
2.	Edelweiss Financial Services Limited	www.edelweissfin.com
3.	HDFC Bank Limited	www.hdfcbank.com

Stock Market Data of Equity Shares

This being an initial public offer of our Company, the Equity Shares are not listed on any stock exchange and accordingly, no stock market data is available for the Equity Shares.

Mechanism for Redressal of Investor Grievances

The agreement between the Registrar to the Offer, our Company and the Selling Shareholders provides for retention of records with the Registrar to the Offer for a period of at least eight years from the date of listing and commencement of trading of the Equity Shares on the Stock Exchanges or such other period as may be prescribed under applicable law, in order to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

All grievances other than of Anchor Investors in relation to the Bidding process may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary to whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or First Bidder, Bid cum Application Form number, Bidder DP ID, Client ID, UPI ID, PAN, date of the submission of Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder. Anchor Investors are required to address all grievances in relation to the Offer to the BRLMs. Further, the Bidder shall also enclose a copy of the Acknowledgment Slip duly received from the concerned Designated Intermediary in addition to the information mentioned hereinabove.

For offer related grievance investors may contact Book Running Lead Managers, details of which are given in "*General Information*" on page 68.

The Registrar to the Offer shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders.

Investors can contact the Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, non-credit of allotted Equity Shares in the respective beneficiary account, non-receipt of refund intimations and non-receipt of funds by electronic mode.

SEBI, by way of its circular dated March 16, 2021 as amended by its circular dated April 20, 2022 ("**March 2021 Circular**"), has identified the need to put in place measures, in order to manage and handle investor issues arising out of the UPI Mechanism *inter alia* in relation to delay in receipt of mandates by Bidders for blocking of funds due to systemic issues faced by Designated Intermediaries/SCSBs and failure to unblock funds in cases of partial allotment/non allotment within prescribed timelines and procedures. Per the March 2021 Circular, SEBI has prescribed certain mechanisms to ensure proper management of investor issues arising out of the UPI Mechanism, including: (i) identification of a nodal officer by SCSBs for the UPI Mechanism; (ii) delivery of SMS alerts by SCSBs for blocking and unblocking of UPI Mandate Requests; (iii) hosting of a web portal by the Sponsor Bank containing statistical details of mandate blocks/unblocks; (iv) limiting the facility of reinitiating UPI Bids to Syndicate Members to once per Bid; and (v) mandating SCSBs to ensure that the unblock process for nonallotted/partially allotted applications is completed by the closing hours of one Working Day subsequent to the finalisation of the Basis of Allotment. The processing fees for applications made by UPI Bidders using the UPI Mechanism may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 read with SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022. Separately, pursuant to the March 2021 Circular, the following compensation mechanism shall be applicable for investor grievances in relation to Bids made through the UPI Mechanism, for which the relevant SCSBs shall be liable to compensate the investor:

Scenario	Compensation amount	Compensation period
Delayed unblock for cancelled / withdrawn / deleted applications	₹100 per day or 15% per annum of the Bid Amount, whichever is higher	From the date on which the request for cancellation / withdrawal / deletion is placed on the bidding platform of the Stock Exchanges till the date of actual unblock
Blocking of multiple amounts for the same Bid made through the UPI Mechanism	1. Instantly revoke the blocked funds other than the original application amount and 2. ₹100 per day or 15% per annum of the total cumulative blocked amount except the original Bid Amount, whichever is higher	From the date on which multiple amounts were blocked till the date of actual unblock
Blocking more amount than the Bid Amount	1. Instantly revoke the difference amount, i.e., the blocked amount less the Bid Amount and 2. ₹100 per day or 15% per annum of the difference amount, whichever is higher	From the date on which the funds to the excess of the Bid Amount were blocked till the date of actual unblock
Delayed unblock for non – Allotted/ partially Allotted applications	₹100 per day or 15% per annum of the Bid Amount, whichever is higher	From the Working Day subsequent to the finalisation of the Basis of Allotment till the date of actual unblock

Further, in the event there are any delays in resolving the investor grievance beyond the date of receipt of the complaint from the investor, for each day delayed, the post-Offer BRLM shall be liable to compensate the investor ₹100 per day or 15% per annum of the Bid Amount, whichever is higher. The compensation shall be payable for the period ranging from the day on which the investor grievance is received till the date of actual unblock. The Registrar Agreement provides for retention of records with the Registrar to the Offer for a period of at least eight years from the date of listing and commencement of trading of the Equity Shares pursuant to the Offer, or such other period as may be prescribed under applicable law to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

In terms of SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2018/22 dated February 15, 2018 and subject to applicable law, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of the Equity Shares. SCSBs are required to resolve these complaints within 15 days, failing which the concerned SCSB would have to pay interest at the rate of 15% per annum for any delay beyond this period of 15 days. Further, under the SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and the SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022, investors shall be compensated by the SCSBs in the events of delayed unblock for cancelled/withdrawn/deleted applications, blocking of multiple amounts for the same ASBA application, blocking of more amount than the application amount, delayed unblocking of amounts for non-allotted/partially-allotted applications within the stipulated period. Further, the investors shall be compensated by the SCSBs at the rate higher of ₹100 or 15% per annum of the application amount in the events of delayed or withdrawal of applications, blocking of multiple amounts for the same UPI application, blocking of more amount than the application amount, delayed unblocking of amounts for the stipulated period. In an event there is a delay in redressal of the investor grievance in relation to unblocking of amounts beyond the date of receipt of the complaint, subject to and in accordance with the provisions of the SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, the BRLMs shall compensate the investors at the rate higher of ₹100 or 15% per annum of the application amount.

The Company shall obtain authentication on the SCORES and comply with the SEBI circular no. CIR/OIAE/1/2013 dated April 17, 2013 and shall comply with SEBI circular bearing number CIR/OIAE/1/2014 dated December 18, 2014, the SEBI circular no. SEBI/HO/OIAE/IGRD/CIR/P/2019/86 dated August 2, 2019, and the SEBI circular no. SEBI/HO/OIAE/IGRD/CIR/P/2021/642 dated October 14, 2021 in relation to redressal of investor grievances through SCORES.

Our Company has constituted a Stakeholders' Relationship Committee which is responsible for redressal of grievances of security holders of our Company. For details, see "*Our Management*" on page 213.

Our Company has appointed Matte Koti Bhaskara Teja as our Company Secretary and Compliance Officer for the Company who may be contacted in case of any pre-Offer or post-Offer related grievances. His contact details are as follows:

6-3-790/8, Flat No. 1
Bathina Apartments
Ameerpet, Hyderabad
Telangana, India – 500 016
Telephone: +91 40 6656 6555
E-mail: secretarial@sskl.co.in

Our Company has not received any investor complaint during the three years preceding the date of this Draft Red Herring Prospectus. Further, no investor complaint in relation to our Company is pending as on the date of this Draft Red Herring Prospectus.

Disposal of Investor Grievances by our Company

Our Company estimates that the average time required by our Company or the Registrar to the Offer or the relevant Designated Intermediary, for the redressal of routine investor grievances shall be 10 Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Exemption from complying with any provisions of securities laws granted by the SEBI

Our Company has not applied for or received any exemption from complying with any provisions of securities laws from SEBI.

Other confirmations

No person connected with the Offer, except for fees or commission for services rendered in relation to the Offer, shall offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any Bidder for making a Bid.

SECTION VII – OFFER INFORMATION

TERMS OF THE OFFER

The Equity Shares being issued, offered and Allotted and transferred pursuant to the Offer shall be subject to the provisions of the Companies Act, SEBI ICDR Regulations, SCRA, SCRR, the MoA, AoA, Listing Regulations, the terms of this Draft Red Herring Prospectus, the Red Herring Prospectus, the Prospectus, the abridged prospectus, Bid cum Application Form, the Revision Form, the CAN/Allotment Advice and other terms and conditions as may be incorporated in other documents/certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to laws as applicable, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Offer and to the extent applicable or such other conditions as may be prescribed by the SEBI, the Government of India, the Stock Exchanges, the RoC and/or any other authorities while granting its approval for the Offer.

The Offer

The Offer consists of a Fresh Issue by our Company and an Offer for Sale by the Selling Shareholders. Expenses for the Offer shall be shared amongst our Company and the Selling Shareholders in the manner specified in "*Objects of the Offer*" on page 92.

Ranking of the Equity Shares

The Equity Shares being offered/Allotted and transferred pursuant to the Offer shall be subject to the provisions of the Companies Act, SEBI ICDR Regulations, SEBI Listing Regulations, SCRA, SCRR, our Memorandum of Association and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares including in respect of the right to receive dividend, voting and other corporate benefits. For further details, see "*Main Provisions of the Articles of Association*" on page 397.

Mode of Payment of Dividend

Our Company shall pay dividends, if declared, to the Shareholders in accordance with the provisions of the Companies Act, the Memorandum and Articles of Association and provisions of the Listing Regulations and any other guidelines or directions which may be issued by the Government in this regard. Dividends, if any, declared by our Company after the date of Allotment (pursuant to the transfer of Equity Shares from the Offer for Sale), will be payable to the Bidders who have been Allotted Equity Shares in the Offer, in accordance with applicable laws. For further details, in relation to dividends, see "*Dividend Policy*" and "*Main Provisions of the Articles of Association*" on pages 240 and 397, respectively.

Face Value, Offer Price, Floor Price and Price Band

The face value of each Equity Share is ₹ 2 each and the Offer Price at the lower end of the Price Band is ₹[●] per Equity Share and at the higher end of the Price Band is ₹[●] per Equity Share. The Anchor Investor Offer Price is ₹[●] per Equity Share. The Price Band and the minimum Bid Lot size for the Offer will be decided by our Company in consultation with the BRLMs, and advertised in all editions of [●], an English national daily newspaper, and all editions of [●] a Hindi national daily newspaper, and all editions of Telugu daily newspaper [●] (Telugu being the regional language of Telangana wherein our Registered Office is located), each with wide circulation, at least two Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading the same on their websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be pre-filled in the Bid cum Application Forms available on the respective websites of the Stock Exchanges. At any given point of time, there shall be only one denomination for the Equity Shares.

Compliance with disclosure and accounting norms

Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, our equity Shareholders shall have the following rights:

- Right to receive dividends, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy, in accordance with the provisions of the Companies Act;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;
- Right of free transferability, subject to applicable laws including any RBI rules and regulations and other applicable laws; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the SEBI Listing Regulations and the Articles of Association of our Company.

For a detailed description of the main provisions of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien, transfer, transmission and/or consolidation/splitting, see "*Main Provisions of Articles of Association*" on page 397.

Allotment only in dematerialised form

Pursuant to Section 29 of the Companies Act, 2013 the Equity Shares shall be Allotted only in dematerialised form. As per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form on the Stock Exchanges. In this context, our Company has entered into the following agreements with the respective Depositories and Registrar to the Offer:

- Tripartite agreement dated July 28, 2009, amongst our Company, NSDL and Registrar to the Offer.
- Tripartite agreement dated May 20, 2022, amongst our Company, CDSL and Registrar to the Offer.

Market Lot and Trading Lot

Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Offer will be in multiples of one Equity Share subject to a minimum Allotment of [●] Equity Shares. For further details, see "*Offer Procedure*" on page 377.

Joint Holders

Subject to the provisions of the Articles of Association, where two or more persons are registered as the holders of the Equity Shares, they will be deemed to hold such Equity Shares as joint tenants with benefits of survivorship.

Nomination facility to investors

In accordance with Section 72 of the Companies Act, 2013, read with the Companies (Share Capital and Debentures) Rules, 2014, as amended, the sole Bidder, or the first Bidder along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or to the Registrar and Transfer Agents of our Company.

Any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013 shall upon the production of such evidence as may be required by the Board, elect either:

a) to register himself or herself as the holder of the Equity Shares; or

b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialized mode, there is no need to make a separate nomination with our Company. Nominations registered with respective Depository Participant of the Bidder would prevail. If the Bidder wants to change the nomination, they are requested to inform their respective Depository Participant. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

Bid/Offer Programme

BID/ OFFER OPENS ON*	**[●]**
BID/ OFFER CLOSES ON**	**[●]**(1)

**Our Company in consultation with the BRLMs, may consider participation by Anchor Investors. The Anchor Investor Bid/ Offer Period shall be one Working Day prior to the Bid/ Offer Opening Date in accordance with the SEBI ICDR Regulations.*
***Our Company, in consultation with the BRLMs may consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations.*
(1)*UPI mandate end time and date shall be at [●] on [●].*

An indicative timetable in respect of the Offer is set out below:

Event	Indicative Date
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about [●]
Initiation of refunds (if any, for Anchor Investors) / unblocking of funds from ASBA Account*	On or about [●]
Credit of the Equity Shares to depository accounts of Allottees	On or about [●]
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about [●]

* *In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/Offer Closing Date for cancelled / withdrawn / deleted ASBA Forms, the Bidder shall be compensated at a uniform rate of ₹100 per day or 15% per annum of the Bid Amount, whichever is higher from the date on which the request for cancellation/ withdrawal/ deletion is placed in the Stock Exchanges bidding platform until the date on which the amounts are unblocked (ii) any blocking of multiple amounts for the same ASBA Form (for amounts blocked through the UPI Mechanism), the Bidder shall be compensated at a uniform rate ₹100 per day or 15% per annum of the total cumulative blocked amount except the original application amount, whichever is higher from the date on which such multiple amounts were blocked till the date of actual unblock; (iii) any blocking of amounts more than the Bid Amount, the Bidder shall be compensated at a uniform rate of ₹100 per day or 15% per annum of the difference in amount, whichever is higher from the date on which such excess amounts were blocked till the date of actual unblock; (iv) any delay in unblocking of non-allotted/ partially allotted Bids, exceeding four Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹100 per day or 15% per annum of the Bid Amount, whichever is higher for the entire duration of delay exceeding four Working Days from the Bid/Offer Closing Date by the SCSB responsible for causing such delay in unblocking. The BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. The Bidder shall be compensated in the manner specified in the SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021 and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022, which for the avoidance of doubt, shall be deemed to be incorporated in the deemed agreement of the Company with the SCSBs, to the extent applicable.*

The processing fees for applications made by UPI Bidders may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 read with SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022.

The above timetable, other than the Bid/Offer Closing Date, is indicative and does not constitute any obligation or liability on our Company, the Selling Shareholders or the BRLMs.

In terms of the UPI Circulars, in relation to the Offer, the BRLMs will be required to submit reports of compliance with timelines and activities prescribed by SEBI in connection with the allotment and listing procedure within six Working Days from the Bid/ Offer Closing Date, identifying non-adherence to timelines and processes and an analysis of entities responsible for the delay and the reasons associated with it.

Whilst our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within six Working Days of the Bid/Offer Closing Date, the timetable may be extended due to various factors, such as extension of the Bid/Offer Period by our Company, in consultation with the BRLMs, revision of the Price Band or any delay in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws. Each of the Selling Shareholders confirms that it shall extend such reasonable support and co-operation required by our Company and the BRLMs for completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges within six Working Days from the Bid/Offer Closing Date or such other period as may be prescribed by SEBI.

SEBI is in the process of streamlining and reducing the post issue timeline for IPOs. Any circulars or notifications from SEBI after the date of this Draft Red Herring Prospectus may result in changes to the above-mentioned timelines. Further, the offer procedure is subject to change basis any revised SEBI circulars to this effect.

Submission of Bids (other than Bids from Anchor Investors):

Bid/ Offer Period (except the Bid/ Offer Closing Date)	
Submission and Revision in Bids	Only between 10:00 am and 5:00 pm (Indian Standard Time (“**IST**”))
Bid/ Offer Closing Date*	
Submission and Revision in Bids	Only between 10:00 am and 3:00 pm IST

**UPI mandate end time and date shall be at [●] on [●].*

On the Bid/ Offer Closing Date:

(i) In case of Bids by QIBs and Non-Institutional Bidders, the Bids and the revisions in Bids shall be accepted only between 10.00 a.m. and 3.00 p.m.(IST) and uploaded by 4.00 p.m. IST, and

(ii) In case of Bids by Retail Individual Bidders, the Bids and the revisions in Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (IST) and uploaded until 5.00 p.m. IST or such extended time as permitted by the Stock Exchanges, in case of Bids by RIBs.

On Bid/Offer Closing Date, extension of time may be granted by Stock Exchanges only for uploading Bids received by Retail Individual Bidders, after taking into account the total number of Bids received and as reported by the BRLMs to the Stock Exchanges.

It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs or not blocked under the UPI Mechanism in the relevant ASBA Account, as the case may be, would be rejected.

Due to limitation of time available for uploading the Bids on the Bid/Offer Closing Date, Bidders are advised to submit their Bids one day prior to the Bid/Offer Closing Date. Any time mentioned in this Draft Red Herring Prospectus is IST. Bidders are cautioned that, in the event a large number of Bids are received on the Bid/Offer Closing Date, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under this Offer. Bids will be accepted only during Working Days.

Investors may please note that as per letter no. List/SMD/SM/2006 dated July 3, 2006 and letter no. NSE/IPO/25101-6 dated July 6, 2006 issued by BSE and NSE respectively, Bids and any revision in Bids shall not be accepted on Saturdays and public holidays as declared by the Stock Exchanges. Bids by ASBA Bidders shall be uploaded by the relevant Designated Intermediary in the electronic system to be provided by the Stock

Exchanges. None among our Company and the Selling Shareholders or any member of the Syndicate is liable for any failure in (i) uploading the Bids due to faults in any software/ hardware system or otherwise; and (ii) the blocking of Bid Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism.

Our Company, in consultation with the BRLMs reserve the right to revise the Price Band during the Bid/Offer Period. The revision in the Price Band shall not exceed 20% on either side, i.e. the Floor Price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly but the Floor Price shall not be less than the face value of the Equity Shares. In all circumstances, the Cap Price shall be at least 105% of the Floor Price and less than or equal to 120% of the Floor Price.

In case of revision in the Price Band, the Bid/Offer Period shall be extended for at least three additional Working Days after such revision, subject to the Bid/Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company in consultation with the BRLMs, for reasons to be recorded in writing, extend the Bid/Offer Period for a minimum of three Working Days, subject to the Bid/ Offer Period not exceeding 10 Working Days. Any revision in Price Band, and the revised Bid/Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the change on the terminals of the Syndicate Members and by intimation to the Designated Intermediaries.

In case of discrepancy in data entered in the electronic book vis-vis data contained in the Bid cum Application Form for a particular Bidder, the details as per the Bid file received from the Stock Exchanges shall be taken as the final data for the purpose of Allotment.

Under-subscription, if any, in any category except the QIB Portion, would be met with spill-over from the other categories at the discretion of our Company, in consultation with the Book Running Lead Managers, and the Designated Stock Exchange.

Minimum Subscription

If our Company does not receive the minimum subscription in the Offer as specified under Rule 19(2)(b) of the SCRR), including through devolvement of Underwriters, as applicable, within 60 days from the date of Bid/ Offer Closing Date on the date of closure of the Offer or; the minimum subscription of 90% of the Fresh Issue on the date of closure of the Offer; or withdrawal of applications; or after technical rejections; or if the listing or trading permission is not obtained from the Stock Exchanges for the Equity Shares so offered under the Red Herring Prospectus, our Company shall forthwith refund the entire subscription amount received in accordance with applicable law including the SEBI circular bearing no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021. If there is a delay beyond four days after our Company becomes liable to pay the amount, our Company and our Directors, who are officers in default, shall pay interest at the rate of 15% per annum

In the event of under-subscription in the Offer, subject to receiving minimum subscription for 90% of the Fresh Issue and compliance with Rule 19(2)(b) of the SCRR, the Allotment for valid Bids will be made in the following order:

(i) In the first instance towards subscription for 90% of the Fresh Issue; and

(ii) If there remain any balance valid Bids in the Offer, the Allotment for the balance valid Bids will be made:

   a. pro rata towards Equity Shares offered by the Selling Shareholders;

   b. thereafter, towards the balance of the Fresh Issue.

The Selling Shareholders shall reimburse, in proportion to the respective portion of its Offered Shares, any expenses and interest incurred by our Company on behalf of it for any delays in making refunds as required under the Companies Act and any other applicable law, provided that any Selling Shareholder shall not be responsible or liable for payment and/ or reimbursement of such expenses towards refund or interest thereon for any delay, unless such delay has been caused by any act or omission solely and directly attributable to such Selling Shareholder and in any other case the Company shall take on the responsibility to pay interest. It is clarified that such liability of a Selling Shareholder shall be limited to the extent of its respective portion of the Offered Shares.

Further, in terms of Regulation 49(1) of the SEBI ICDR Regulations, our Company shall ensure that the number of Bidders to whom the Equity Shares will be Allotted will be not less than 1,000.

Arrangements for Disposal of Odd Lots

There are no arrangements for disposal of odd lots since our Equity Shares will be traded in dematerialised form only and market lot for our Equity Shares will be one Equity Share.

New Financial Instruments

Our Company is not issuing any new financial instruments through this Offer.

Restrictions, if any on Transfer and Transmission of Equity Shares

Except for lock-in of the pre-Offer capital of our Company, lock-in of the Promoter's minimum contribution under the SEBI ICDR Regulations and the Anchor Investor lock-in as provided in "*Capital Structure*" on page 77 and except as provided under the Articles of Association, there are no restrictions on transfer of the Equity Shares.

Further, there are no restrictions on transmission of any shares of our Company and on their consolidation or splitting, except as provided in the Articles of Association. For details, see "*Main Provisions of the Articles of Association"* on page 397.

Withdrawal of the Offer

The Offer shall be withdrawn in the event that 90% of the Fresh Issue portion of the Offer is not subscribed.

Our Company and the Selling Shareholders, in consultation with the BRLMs, reserve the right not to proceed with the Fresh Issue and the Selling Shareholders, reserve the right not to proceed with the Offer for Sale, in whole or in part thereof, to the extent of the Offered Shares, after the Bid/ Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Bid/ Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer and inform the Stock Exchanges promptly on which the Equity Shares are proposed to be listed. The BRLMs, through the Registrar to the Offer, shall notify the SCSBs and the Sponsor Bank, to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification and also inform the Bankers to the Offer to process refunds to the Anchor Investors, as the case may be. The notice of withdrawal will be issued in the same newspapers where the pre-Offer advertisements have appeared and the Stock Exchanges will also be informed promptly.

If our Company and the Selling Shareholders, in consultation with the BRLMs, withdraws the Offer at any stage and thereafter determines that it will proceed with an issue of the Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI. Notwithstanding the foregoing, this Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment; and (ii) the filing of the Prospectus with the RoC. If Allotment is not made within the prescribed time period under applicable law, the entire subscription amount received will be refunded/unblocked within the time prescribed under applicable law.

OFFER STRUCTURE

The Offer is of up to [●] Equity Shares for cash at a price of ₹ [●] per Equity Share (including a share premium of ₹ [●] per Equity Share) aggregating up to ₹ [●] million (the "**Offer**"). The Offer comprises of a Fresh Issue of up to [●] Equity Shares aggregating up to ₹ 6,000 million and an Offer for Sale of up to 18,048,440 Equity Shares aggregating up to ₹ [●] million.

The Offer shall constitute [●] % of the post-Offer paid-up Equity Share capital of our Company. Our Company may, in consultation with the BRLMs, consider a Pre-IPO Placement of such number of securities for cash consideration aggregating up to ₹ 1,200 million, at its discretion, prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the SCRR. Details of the Pre-IPO Placement, if undertaken, shall be included in the Red Herring Prospectus.

The Offer is being made through the Book Building Process.

The face value of the Equity Shares is ₹ 2 each.

Particulars	QIBs(1)	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares available for Allotment/ allocation*(2)	Not more than [●] Equity Shares	Not less than [●] Equity Shares available for allocation or Offer less allocation to QIB Bidders and RII	Not less than [●] Equity Shares available for allocation or Offer less allocation to QIB Bidders and Non-Institutional Bidders
Percentage of Offer Size available for Allotment/ allocation	Not more than 50% of the Offer Size shall be Allotted to QIBs. However, up to 5% of the Net QIB Portion will be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund Portion will be available for allocation to QIBs	Not less than 15% of the Offer, or the Offer less allocation to QIB Bidders and Retail Individual Bidders, subject to the following: (i) one-third of the portion available to Non-Institutional Bidders shall be reserved for Non-Institutional Bidders with an application size of more than ₹ 0.20 million and up to ₹ 1.00 million; and (ii) two-third of the portion available to Non-Institutional Bidders shall be reserved for Non-Institutional Bidders with application size of more than ₹ 1.00 million; provided that the unsubscribed portion in either of the subcategories specified above may be allocated to applicants in the other sub-category of Non-Institutional Bidders.	Not less than 35% of the Offer or Offer less allocation to QIBs and Non-Institutional Bidders will be available for allocation
Basis of Allotment/ allocation if respective category is oversubscribed*	Proportionate as follows (excluding the Anchor Investor Portion): (a) Up to [●] Equity Shares shall be available for allocation on a	The allotment to each Non-Institutional Bidder shall not be less than the minimum application size, subject to the	The allotment to each Retail Individual Bidder shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the

Particulars	QIBs[1]	Non-Institutional Bidders	Retail Individual Bidders
	proportionate basis to Mutual Funds only; and (b) [●] Equity Shares shall be Allotted on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above Up to [●] Equity Shares may be allocated on a discretionary basis to Anchor Investors	availability of Equity Shares in the Non-Institutional Portion, and the remaining Equity Shares, if any, shall be allotted on a proportionate basis in accordance with the conditions specified in this regard in Schedule XIII of the SEBI ICDR Regulations. For details, see "*Offer Procedure*" on page 377.	Retail Portion and the remaining available Equity Shares if any, shall be allotted on a proportionate basis. For details, see "*Offer Procedure*" on page 377.
Mode of Bid	Only through the ASBA process (except for Anchor Investors)		
Minimum Bid	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹200,000	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹200,000	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.
Maximum Bid	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceed the size of the Offer, subject to applicable limits, applicable to each Bidder	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceed the size of the Offer, (excluding the QIB Portion), subject to applicable limits, applicable to each Bidder	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount does not exceed ₹200,000
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter		
Mode of allotment	Compulsorily in dematerialised form		
Allotment lot	[●] Equity Shares and in multiples of one Equity Share thereafter		
Trading lot	One Equity Share		
Who can apply[3]	Public financial institutions as specified in section 2(72) of the Companies Act 2013, scheduled commercial banks, Mutual Funds, FPIs other than individuals, corporate bodies and family offices, VCFs, AIFs, state industrial development corporation, insurance companies registered with IRDAI, provident funds (subject to applicable law) with minimum corpus of ₹250 million, pension funds with minimum corpus of ₹250 million, National Investment Fund set up by the Government, the insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India and NBFC-SI	Resident Indian individuals, Eligible NRIs, HUFs (in the name of the karta), companies, corporate bodies, scientific institutions societies, trusts, family offices and FPIs who are individuals, corporate bodies and family offices	Resident Indian individuals, Eligible NRIs and HUFs (in the name of the karta)

Particulars	QIBs[(1)]	Non-Institutional Bidders	Retail Individual Bidders
Terms of payment	**In case of Anchor Investors**: Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids[(4)] **In case of all other Bidders**: Full Bid Amount shall be blocked in the bank account of the ASBA Bidder (other than Anchor Investors) that is specified in the ASBA Form at the time of submission of the ASBA Form		
Mode of Bidding	Only through the ASBA process (except for Anchor Investors)		

* *Assuming full subscription in the Offer.*

(1) *Our Company, in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis, in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being made to other Anchor Investors. For details, see "Offer Procedure" on page 377.*

(2) *Subject to valid Bids being received at or above the Offer Price. This Offer is being made in accordance with Rule 19(2)(b) of the SCRR and under Regulation 6(1) of the SEBI ICDR Regulations.*

(3) *If the Bid is submitted in joint names, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the depository account held in joint names. The signature of only the First Bidder would be required in the Bid cum Application Form and such First Bidder would be deemed to have signed on behalf of the joint holders. Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.*

(4) *Full Bid Amount shall be payable by the Anchor Investors at the time of submission of the Anchor Investor Application Form, provided that any difference between the price at which Equity Shares are allocated to the Anchor Investors and the Anchor Investor Offer Price, shall be payable by the Anchor Investor pay-in date as mentioned in the CAN.*

The Bids by FPIs with certain structures as described under "*Offer Procedure – Bids by FPIs*" on page 383 and having the same PAN may be collated and identified as a single Bid in the Bidding process. The Equity Shares Allocated and Allotted to such successful Bidders (with same PAN) may be proportionately distributed.

Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in the Non-Institutional Portion or the Retail Portion would be allowed to be met with spill over from any other category or a combination of categories at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. For further details, see "*Terms of the Offer*" on page 368.

OFFER PROCEDURE

*All Bidders should read the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020 and the UPI Circulars (the "**General Information Document**") which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. The General Information Document is available on the websites of the Stock Exchanges and the BRLMs. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer especially in relation to the process for Bids by UPI Bidders through the UPI Mechanism. The investors should note that the details and process provided in the General Information Document should be read along with this section.*

Additionally, all Bidders may refer to the General Information Document for information in relation to (i) Category of investors eligible to participate in the Offer; (ii) maximum and minimum Bid size; (iii) price discovery and allocation; (iv) Payment Instructions for ASBA Bidders/Applicants; (v) Issuance of CAN and allotment in the Offer; (vi) General instructions (limited to instructions for completing the Bid Form); (vii) Submission of Bid cum Application Form; (viii) Other Instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds); (ix) disposal of application (x) applicable provisions of the Companies Act, 2013 relating to punishment for fictitious applications; (xi) mode of making refunds; (xii) Designated Date and (xiii) interest in case of delay in allotment or refund.

*SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018 read with its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, has introduced an alternate payment mechanism using Unified Payments Interface ("**UPI**") and consequent reduction in timelines for listing in a phased manner. From January 1, 2019, the UPI Mechanism for RIIs applying through Designated Intermediaries was made effective along with the existing process and existing timeline of T+6 days. ("**UPI Phase I**"). The UPI Phase I was effective till June 30, 2019.*

*With effect from July 1, 2019, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, read with circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 with respect to Bids by RIBs through Designated Intermediaries (other than SCSBs), the existing process of physical movement of forms from such Designated Intermediaries to SCSBs for blocking of funds has been discontinued and only the UPI Mechanism for such Bids with existing timeline of T+6 days was mandated for a period of three months or launch of five main board public issues, whichever is later ("**UPI Phase II**"). Subsequently, however, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 extended the timeline for implementation of UPI Phase II till further notice. The final reduced timeline will be made effective using the UPI Mechanism for applications by RIBs ("**UPI Phase III**"), as may be prescribed by SEBI. The Offer will be undertaken pursuant to the processes and procedures under UPI Phase II, subject to any circulars, clarification or notification issued by the SEBI from time to time. Further, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, read with circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 has introduced certain additional measures for streamlining the process of initial public offers and redressing investor grievances. Furthermore, pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/P/2022/45 dated April 5, 2022, all individual bidders in initial public offerings whose application sizes are up to ₹500,000 shall use the UPI Mechanism and shall also provide their UPI ID in the bid-cum-application form submitted with the Designated Intermediaries.*

In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹100 per day for the entire duration of delay exceeding four Working Days from the Bid/Offer Closing Date by the intermediary responsible for causing such delay in unblocking. The BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. Further, SEBI vide its circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021, has reduced the timelines for refund of Application money to four days.

Our Company, the Selling Shareholders and the BRLMs do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable *laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in the Red Herring Prospectus and the Prospectus.*

Book Building Procedure

The Offer is being made through the Book Building Process, in terms of Rule 19(2)(b) of the SCRR read with Regulation 31 of the SEBI ICDR Regulations and in compliance with Regulation 6(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Offer shall be allocated on a proportionate basis to the QIBs, provided that our Company, in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer shall be available for allocation to Non-Institutional Bidders and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. The Equity Shares available for allocation to Non-Institutional Bidders under the Non-Institutional Portion, shall be subject to the following, and in accordance with the SEBI ICDR Regulations: (i) one-third of the portion available to Non-Institutional Bidders shall be reserved for Non-Institutional Bidders with an application size of more than ₹ 0.20 million and up to ₹ 1.00 million, and (ii) two-third of the portion available to Non- Institutional Bidders shall be reserved for Non-Institutional Bidders with application size of more than ₹ 1.00 million, provided that the unsubscribed portion in either of the aforementioned sub-categories may be allocated to applicants in the other sub-category of Non-Institutional Bidders.

All potential Bidders (except Anchor Investors) are required to mandatorily utilise the ASBA process providing details of their respective ASBA accounts, and UPI ID (in case of UPI Bidders) if applicable, in which the corresponding Bid Amounts will be blocked by the SCSBs or under the UPI Mechanism, as applicable.

Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories of Bidders at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange subject to receipt of valid Bids received at or above the Offer Price. Under-subscription, if any, in the QIB Portion, would not be allowed to be met with spill-over from any other category or a combination of categories.

The Equity Shares, on Allotment, shall be traded only in the dematerialized mode on the platform of the Stock Exchanges.

Bidders should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including DP ID, Client ID, PAN and UPI ID, for the UPI Bidders, shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form.

Phased implementation of Unified Payments Interface for Bids by RIBs as per the UPI Circulars

SEBI has issued the UPI Circulars in relation to streamlining the process of public issue of inter alia, equity shares. Pursuant to the UPI Circulars, the UPI Mechanism has been introduced in a phased manner as a payment mechanism (in addition to mechanism of blocking funds in the account maintained with SCSBs under ASBA) for applications by RIBs through Designated Intermediaries with the objective to reduce the time duration from public issue closure to listing from six Working Days to up to three Working Days. Considering the time required for making necessary changes to the systems and to ensure complete and smooth transition to the UPI payment mechanism, the UPI Circulars have introduced the UPI Mechanism in three phases in the following manner:

Phase I: This phase was applicable from January 1, 2019 until March 31, 2019 or floating of five main board public issues, whichever was later. Subsequently, the timeline for implementation of Phase I was extended till June 30, 2019. Under this phase, a RIB had the option to submit the ASBA Form with any of the Designated Intermediary and use his/ her UPI ID for the purpose of blocking of funds. The time duration from public issue closure to listing continued to be six Working Days.

Phase II: This phase has become applicable from July 1, 2019. SEBI vide its circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 had decided to extend the timeline for implementation of UPI Phase II until March 31, 2020. Subsequently, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 extended the timeline for implementation of UPI Phase II till further notice. Under this phase, submission of the ASBA Form by RIBs through Designated Intermediaries (other than SCSBs) to SCSBs for blocking of funds has been discontinued and replaced by the UPI Mechanism. However, the time duration from public issue closure to listing continues to be six Working Days during this phase.

Phase III: The commencement period of Phase III is yet to be notified. In this phase, the time duration from public issue closure to listing would be reduced to three Working Days. Accordingly, upon commencement of Phase III, the reduced time duration shall be applicable for the Offer.

Pursuant to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 issued by SEBI, as amended by the SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated April 20, 2022 (the "**UPI Streamlining Circular**"), SEBI has set out specific requirements for redressal of investor grievances for applications that have been made through the UPI Mechanism. The requirements of the UPI Streaming Circular include, appointment of a nodal officer by the SCSB and submission of their details to SEBI, the requirement for SCSBs to send SMS alerts for the blocking and unblocking of UPI mandates, the requirement for the Registrar to submit details of cancelled, withdrawn or deleted applications, and the requirement for the bank accounts of unsuccessful Bidders to be unblocked no later than one day from the date on which the Basis of Allotment is finalized. Failure to unblock the accounts within the timeline would result in the SCSBs being penalised under the relevant securities law. Additionally, if there is any delay in the redressal of investors' complaints, the relevant SCSB as well as the post–Offer BRLM will be required to compensate the concerned investor. The processing fees may be released to the remitter banks (SCSBs) only after an application is made by the SCSBs to the BRLMs with a copy to the Registrar, and such application shall be made only after (i) unblocking of application amounts for each application received by the SCSB has been fully completed, and (ii) applicable compensation relating to investor complaints has been paid by the SCSB in accordance with April 20, 2022 Circular.

The Offer will be made under UPI Phase II of the UPI Circular, unless UPI Phase III of the UPI Circular becomes effective and applicable on or prior to the Bid/Offer Opening Date. All SCSBs offering the facility of making application in public issues shall also provide facility to make application using UPI. Our Company will be required to appoint one of the SCSBs as a sponsor bank to act as a conduit between the Stock Exchanges and NPCI in order to facilitate collection of requests and/or payment instructions of the UPI Bidders.

Pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/P/2022/45 dated April 5, 2022, all individual bidders in initial public offerings whose application sizes are up to ₹500,000 shall use the UPI Mechanism.

For further details, refer to the General Information Document available on the websites of the Stock Exchanges and the BRLMs.

Bid cum Application Form

Copies of the Bid cum Application Form (other than for Anchor Investors) and the abridged prospectus will be available with the Designated Intermediaries at the Bidding Centres, and our Registered Office. An electronic copy of the Bid cum Application Form will also be available for download on the websites of NSE (www.nseindia.com) and BSE (www.bseindia.com) at least one day prior to the Bid/Offer Opening Date.

Copies of the Anchor Investor Application Form will be available at the offices of BRLMs.

All Bidders (other than Anchor Investors) shall mandatorily participate in the Offer only through the ASBA process. Anchor Investors are not permitted to participate in the Offer through the ASBA process.

UPI Bidders must provide the valid UPI ID in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that does not contain the UPI ID are liable to be rejected. UPI Bidders bidding using the UPI Mechanism may also apply through the SCSBs and mobile applications using the UPI handles as provided on the website of the SEBI. ASBA Bidders must provide either (i) the bank account details and authorisation to block funds in the ASBA Form, or (ii) the UPI ID (in case of UPI Bidders) as applicable, in the relevant space provided in the ASBA Form. The ASBA Forms that do not contain such details will be rejected.

Applications made by the UPI Bidders using third party bank account or using third party linked bank account UPI ID are liable for rejection. Anchor Investors are not permitted to participate in the Offer through the ASBA process. ASBA Bidders shall ensure that the Bids are made on ASBA Forms bearing the stamp of the relevant Designated Intermediary, submitted at the relevant Bidding Centres only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp are liable to be rejected. Since the Offer is made under Phase II of the UPI Circulars, ASBA Bidders may submit the ASBA Form in the manner below:

(i) RIIs and NIBs (other than the RIIs and NIBs using UPI Mechanism) may submit their ASBA Forms with SCSBs (physically or online, as applicable), or online using the facility of linked online trading, demat and bank account (3 in 1 type accounts), provided by certain brokers.

(ii) RIIs and NIBs using the UPI Mechanism, may submit their ASBA Forms with the Syndicate, sub-syndicate members, Registered Brokers, RTAs or CDPs, or online using the facility of linked online trading, demat and bank account (3 in 1 type accounts), provided by certain brokers.

(iii) QIBs may submit their ASBA Forms with SCSBs, Syndicate, sub-syndicate members, Registered Brokers, RTAs or CDPs.

ASBA Bidders must ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Bid Amount can be blocked by the SCSB or the Sponsor Bank, as applicable at the time of submitting the Bid.

The prescribed colour of the Bid cum Application Form for the various categories is as follows:

Category	**Colour of Bid cum Application Form***
Resident Indians, including resident QIBs, Non-Institutional Bidders, Retail Individual Bidders and Eligible NRIs applying on a non-repatriation basis	[●]
FPIs	[●]
Anchor Investors	[●]

* *Excluding electronic Bid cum Application Forms*
Notes:
(1) *Electronic Bid cum Application forms and the abridged prospectus will also be available for download on the website of NSE (www.nseindia.com) and BSE (www.bseindia.com)*
(2) *Bid cum Application Forms for Anchor Investors shall be available at the offices of the BRLMs*

In case of ASBA forms, the relevant Designated Intermediaries shall upload the relevant bid details in the electronic bidding system of the Stock Exchanges. For ASBA Forms (other than UPI Bidders) Designated Intermediaries (other than SCSBs) shall submit/ deliver the ASBA Forms to the respective SCSB where the Bidder has an ASBA bank account and shall not submit it to any non-SCSB bank or any Escrow Collection Bank. Stock Exchanges shall validate the electronic bids with the records of the CDP for DP ID/Client ID and PAN, on a real time basis and bring inconsistencies to the notice of the relevant Designated Intermediaries, for rectification and re-submission within the time specified by Stock Exchanges. Stock Exchanges shall allow modification of either DP ID/Client ID or PAN ID, bank code and location code in the Bid details already uploaded.

For UPI Bidders, the Stock Exchanges shall share the Bid details (including UPI ID) with the Sponsor Bank on a continuous basis through API integration to enable the Sponsor Bank to initiate a UPI Mandate Request to such UPI Bidders for blocking of funds. The Sponsor Bank shall initiate request for blocking of funds through NPCI to UPI Bidders, who shall accept the UPI Mandate Request for blocking of funds on their respective mobile applications associated with UPI ID linked bank account. The NPCI shall maintain an audit trail for every Bid entered in the Stock Exchanges bidding platform, and the liability to compensate UPI Bidders (Bidding through UPI Mechanism) in case of failed transactions shall be with the concerned entity (i.e. the Sponsor Bank, NPCI or the issuer bank) at whose end the lifecycle of the transaction has come to a halt. The NPCI shall share the audit trail of all disputed transactions/ investor complaints to the Sponsor Bank and the issuer bank. The Sponsor Bank and the Bankers to the Offer shall provide the audit trail to the BRLMs for analysing the same and fixing liability. For ensuring timely information to investors, SCSBs shall send SMS alerts as specified in SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated April 20, 2022. For all pending UPI Mandate Requests, the Sponsor Bank shall initiate requests for blocking of funds in the ASBA Accounts of relevant Bidders with a confirmation cut-off time of 12:00 pm on the first Working Day after the Bid/ Offer Closing Date ("**Cut-Off**

Time"). Accordingly, UPI Bidders should accept UPI Mandate Requests for blocking off funds prior to the Cut-Off Time and all pending UPI Mandate Requests at the Cut-Off Time shall lapse.

The Sponsor Bank will undertake a reconciliation of Bid responses received from Stock Exchanges and sent to NPCI and will also ensure that all the responses received from NPCI are sent to the Stock Exchanges platform with detailed error code and description, if any. Further, the Sponsor Bank will undertake reconciliation of all Bid requests and responses throughout their lifecycle on daily basis and share reports with the BRLMs in the format and within the timelines as specified under the UPI Circulars. Sponsor Bank and issuer banks shall download UPI settlement files and raw data files from the NPCI portal after every settlement cycle and do a three way reconciliation with Banks UPI switch data, CBS data and UPI raw data. NPCI is to coordinate with issuer banks and Sponsor Banks on a continuous basis.

The Sponsor Banks shall host a web portal for intermediaries (closed user group) from the date of Bid/Offer Opening Date till the date of listing of the Equity Shares with details of statistics of mandate blocks/unblocks, performance of apps and UPI handles, down-time/network latency (if any) across intermediaries and any such processes having an impact/bearing on the Offer Bidding process.

ELECTRONIC REGISTRATION OF BIDS

a) The Designated Intermediary may register the Bids using the on-line facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the issue.

b) On the Bid/Offer Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges and as disclosed in the Red Herring Prospectus.

c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/Allotment. The Designated Intermediaries are given till 1:00 pm on the next Working Day following the Bid/Offer Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/Offer Period after which the Stock Exchange(s) send the bid information to the Registrar to the Offer for further processing.

The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, 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 in the United States. Accordingly, the Equity Shares are being offered and sold outside the United States in offshore transactions in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales are made.

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.

Participation by Promoters and members of the Promoter Group of the Company, the BRLMs and the Syndicate Members and persons related to the Promoters/the members of the Promoter Group/the Book Running Lead Managers.

The BRLMs and the Syndicate Members shall not be allowed to purchase Equity Shares in this Offer in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLMs and the Syndicate Members may Bid for Equity Shares in the Offer, either in the QIB Portion or in the Non-Institutional Portion as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of the BRLMs and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Neither (i) the BRLMs or any associates of the BRLMs (except Mutual Funds sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associate of BRLMs or AIFs sponsored by the entities which are associate of the BRLMs or FPIs other than individuals, corporate bodies and family offices sponsored by the entities which are associates of the BRLMs) nor (ii) any "person related to the Promoter/ Promoter Group" shall apply in the Offer under the Anchor Investor Portion.

For the purposes of this section, a QIB who has any of the following rights shall be deemed to be a "person related to the Promoter/ Promoter Group": (a) rights under a shareholders' agreement or voting agreement entered into with the Promoter or Promoter Group; (b) veto rights; or (c) right to appoint any nominee director on our Board. Further, an Anchor Investor shall be deemed to be an associate of the BRLMs, if:
(a) either of them controls, directly or indirectly through its subsidiary or holding company, not less than 15% of the voting rights in the other; or
(b) either of them, directly or indirectly, by itself or in combination with other persons, exercises control over the other; or
(c) there is a common director, excluding a nominee director, amongst the Anchor Investor and the BRLMs.

The Promoter and members of the Promoter Group will not participate in the Offer except to the extent of the offer for sale by the Promoter of its respective Offered Shares.

Bids by Mutual Funds

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company in consultation with the BRLMs reserve the right to reject any Bid without assigning any reason thereof.

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

No Mutual Fund scheme shall invest more than 10% of its NAV 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.

Bids by Eligible NRIs

Eligible NRIs may obtain copies of Bid cum Application Form from the Designated Intermediaries. Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRI Bidders bidding on a non-repatriation basis by using Resident Forms should authorize their respective SCSB to block their Non-Resident Ordinary ("**NRO**") accounts for the full Bid Amount, at the time of the submission of the Bid cum Application Form.

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents ([●] in colour).

Participation by Eligible NRIs in the Offer shall be subject to the FEMA Rules. Only Bids accompanied by payment in Indian rupees or fully converted foreign exchange will be considered for Allotment.

For details of investment by NRIs, see "*Restrictions on Foreign Ownership of Indian Securities*" on page 396. Participation of Eligible NRIs shall be subject to the FEMA Non-debt Instruments Rules.

Bids by HUFs

Hindu Undivided Families or HUFs should be made in the individual name of the Karta. The Bidder/Applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: "Name of sole or first Bidder/Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids/Applications by HUFs will be considered at par with Bids/Applications from individuals.

Bids 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 same multiple entities having common ownership directly or indirectly of more than 50% or common control) must be below 10% of our post-Offer Equity Share capital. Further, in terms of the FEMA Non-debt Instruments Rules, the total holding by each FPI, of an investor group, shall be below 10% of the total paid-up Equity Share capital of our Company on a fully diluted basis and the aggregate limit for FPI investments shall be the sectoral caps applicable to our Company, which is 100% of the total paid-up Equity Share capital of our Company on a fully diluted basis.

In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up Equity Share capital of our Company, on a fully diluted basis, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will be required to comply with applicable reporting requirements. Further, the total holdings of all FPIs put together, with effect from April 1, 2020, can be up to the sectoral cap applicable to the sector in which our Company operates (i.e., up to 100%). In terms of the FEMA Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included. Bids by FPIs which utilise the multi investment manager structure, submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs may not be treated as multiple Bids.

FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 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 a FPI against securities held by it in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only by persons registered as Category I FPIs; (ii) such offshore derivative instruments are issued only to persons eligible for registration as Category II FPIs; (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iv) such other conditions as may be specified by SEBI from time to time.

An FPI issuing offshore derivate instruments is also required to ensure that any transfer of offshore derivative instruments issued by, or on behalf of it subject to, inter alia, the following conditions:

(a) such offshore derivative instruments are transferred to persons subject to fulfilment of 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 are pre-approved by the FPI.

The FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for non-residents. Bids received from FPIs bearing the same PAN shall be treated as multiple Bids and are liable to be rejected, except for Bids from FPIs that utilize the multiple investment manager structure in accordance with the operational guidelines for FPIs and designated Depository Participants issued to facilitate implementation of SEBI FPI Regulations (such structure referred to as "**MIM Structure**"), provided such Bids have been made with different beneficiary account numbers, Client IDs and DP IDs.

Accordingly, it should be noted that multiple Bids received from FPIs, who do not utilize the MIM Structure, and bear the same PAN, are liable to be rejected. In order to ensure valid Bids, FPIs making multiple Bids using the same PAN, and with different beneficiary account numbers, Client IDs and DP IDs, are required to provide a confirmation in the Bid cum Application Forms that the relevant FPIs making multiple Bids utilize the MIM Structure. In the absence of such confirmation from the relevant FPIs, such multiple Bids shall be rejected.

Further, in the following cases, Bids by FPIs shall not be treated as multiple Bids:

- FPIs which utilise the MIM structure, indicating the name of their respective investment managers in such confirmation;

- Offshore derivative instruments which have obtained separate FPI registration for ODI and proprietary derivative investments;

- Sub funds or separate class of investors with segregated portfolio who obtain separate FPI registration;

- FPI registrations granted at investment strategy level/sub fund level where a collective investment scheme or fund has multiple investment strategies/sub-funds with identifiable differences and managed by a single investment manager;

- Multiple branches in different jurisdictions of foreign bank registered as FPIs;

- Government and Government related investors registered as Category 1 FPIs; and

- Entities registered as collective investment scheme having multiple share classes.

The Bids belonging to any of the above mentioned seven structures and having same PAN may be collated and identified as a single Bid in the Bidding process. The Equity Shares allotted in the Bid may be proportionately distributed to the applicant FPIs (with same PAN). In order to ensure valid Bids, FPIs making multiple Bids using the same PAN, and with different beneficiary account numbers, Client IDs and DP IDs, are required to provide a confirmation along with each of their Bid cum Application Forms that the relevant FPIs making multiple Bids utilize any of the above-mentioned structures and indicate the name of their respective investment managers in such confirmation. In the absence of such confirmation from the relevant FPIs, such multiple Bids shall be rejected.

In case of Bids made by FPIs, a certified copy of the certificate of registration issued under the SEBI FPI Regulations is required to be attached to the Bid cum Application Form, failing which our Company and the Selling Shareholders reserves the right to reject any Bid without assigning any reason. FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for Non-Residents ([●] in colour).

Bids by SEBI registered VCFs, AIFs

The Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 ("**SEBI VCF Regulations**") as amended, inter alia prescribe the investment restrictions on VCFs, registered with SEBI. The Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 ("**SEBI AIF Regulations**") prescribe, amongst others, the investment restrictions on AIFs.

Accordingly, the holding in any company by any individual VCF registered with SEBI should not exceed 25% of the corpus of the VCF. Further, VCFs can invest only up to 33.33% of the investible funds in various prescribed instruments, including in public offering.

Category I and II AIFs cannot invest more than 25% of the investible funds in one investee company. A Category III AIF cannot invest more than 10% of the investible funds in one investee company. A VCF registered as a Category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than one-third of its investible funds by way of subscription to an initial public offering of a venture capital undertaking whose shares are proposed to be listed. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up and such funds shall not launch any new scheme after the notification of the SEBI AIF Regulations.

There is no reservation for Eligible NRI Bidders, AIFs and FPIs. All Bidders will be treated on the same basis with other categories for the purpose of allocation.

All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

Our Company, the Selling Shareholders or the BRLMs will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Bids by limited liability partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company in consultation with the BRLMs reserves the right to reject any Bid without assigning any reason thereof.

Bids by banking companies

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form, failing which our Company in consultation with the BRLMs reserve the right to reject any Bid without assigning any reason, subject to applicable law.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949 (the "**Banking Regulation Act**"), and Master Direction – Reserve Bank of India (Financial Services provided by Banks) Directions, 2016 is 10% of the paid-up share capital of the investee company or 10% of the bank's own paid-up share capital and reserves, whichever is less. Further, the aggregate investment in subsidiaries and other entities engaged in financial and non-financial services company cannot exceed 20% of the bank's paid-up share capital and reserves. A banking company may hold up to 30% of the paid-up share capital of the investee company with the prior approval of the RBI, provided that the investee company is engaged in non-financial activities in which banking companies are permitted to engage under the Banking Regulation Act or the additional acquisition is through restructuring of debt/corporate debt restructuring/strategic debt restructuring, or to protect the bank's interest on loans/investments made to a company. The bank is required to submit a time-bound action plan for disposal of such shares within a specified period to the RBI. A banking company would require a prior approval of the RBI to make investment in excess of 30% of the paid-up share capital of the investee company, investment in a subsidiary and a financial services company that is not a subsidiary (with certain exceptions prescribed), and investment in a non-financial services company in excess of 10% of such investee company's paid-up share capital as stated in the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, as amended. Bids by banking companies s should not exceed the investment limits prescribed for them under the applicable laws.

Bids by SCSBs

SCSBs participating in the Offer are required to comply with the terms of the SEBI circulars (Nos. CIR/CFD/DIL/12/2012 and CIR/CFD/DIL/1/2013) dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, our Company in consultation with the BRLMs reserve the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers are prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2016, as amended ("**IRDAI Investment Regulations**"), based on investments in the equity shares of a company, the entire group of the investee company and the industry sector in which the investee company operates. Bidders are advised to refer to the IRDAI Investment Regulations for specific investment limits applicable to them.

Bids by provident funds/pension funds

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Bid cum Application Form. Failing this, our Company in consultation with the BRLMs reserves the right to reject any Bid, without assigning any reason thereof.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, Eligible FPIs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of the India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹250 million (subject to applicable law) and pension funds with a minimum corpus of ₹250 million, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company in consultation with the BRLMs reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company in consultation with the BRLMs in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form subject to the terms and conditions that our Company in consultation with the BRLMs may deem fit.

Bids by Anchor Investors

(a) In accordance with the SEBI ICDR Regulations, in addition to details and conditions mentioned in this section the key terms for participation by Anchor Investors are provided below. Anchor Investor Application Forms will be made available for the Anchor Investor Portion at the offices of the BRLMs.

(b) The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount exceeds ₹ 100.00 million. A Bid cannot be submitted for over 60% of the QIB Portion. In case of a Mutual Fund, separate bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of ₹ 100.00 million.

(c) One-third of the Anchor Investor Portion will be reserved for allocation to domestic Mutual Funds.

(d) Bidding for Anchor Investors will open one Working Day before the Bid/Offer Opening Date, and will be completed on the same day.

(e) Our Company, in consultation with the BRLMs may finalise allocation to the Anchor Investors on a discretionary basis, provided that the minimum number of Allottees in the Anchor Investor Portion will not be less than: maximum of two Anchor Investors, where allocation under the Anchor Investor Portion is up to ₹ 100.00 million; minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹ 100.00 million but up to ₹ 2,500.00 million, subject to a minimum Allotment of ₹ 50.00 million per Anchor Investor; and in case of allocation above ₹ 2,500.00 million under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹ 2,500.00 million, and an additional 10 Anchor Investors for every additional ₹ 2,500.00 million, subject to minimum Allotment of ₹ 50.00 million per Anchor Investor.

(f) Allocation to Anchor Investors will be completed on the Anchor Investor Bid/Offer Period. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made, will be made available in the public domain by the BRLMs before the Bid/Offer Opening Date, through intimation to the Stock Exchanges.

(g) Anchor Investors cannot withdraw or lower the size of their Bids at any stage after submission of the Bid.

(h) If the Offer Price is greater than the Anchor Investor Allocation Price, the additional amount being the difference between the Offer Price and the Anchor Investor Offer Price will be payable by the Anchor Investors on the Anchor Investor Pay-In Date specified in the CAN. If the Offer Price is lower than the Anchor Investor Offer Price, Allotment to successful Anchor Investors will be at the higher price.

(i) There shall be a lock-in of 90 days on 50% of the Equity Shares Allotted to the Anchor Investors from the date of Allotment, and a lock-in of 30 days on the remaining 50% of the Equity Shares Allotted to the Anchor Investors from the date of Allotment

(j) Neither the BRLMs nor any associate of the BRLMs (except Mutual Funds sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associate of BRLMs or AIFs sponsored by the entities which are associate of the BRLMs or FPIs, other than individuals, corporate bodies and family offices sponsored by the entities which are associate of the and BRLMs) , nor any "person related to Promoter or Promoter Group" shall apply in the Offer under the Anchor Investor Portion.

(k) Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion will not be considered multiple Bids. The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Red Herring Prospectus.

Bids by Systemically Important Non-Banking Financial Companies

In case of Bids made by Systemically Important NBFCs registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, (ii) certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditors, and (iii) such other approval as may be required by the Systemically Important NBFCs, are required to be attached to the Bid cum Application Form. Failing this, our Company, in consultation with the BRLMs, reserves the right to reject any Bid without assigning any reason thereof. Systemically Important NBFCs participating in the Offer shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

The investment limit for Systemically Important NBFCs shall be as prescribed by RBI from time to time.

In accordance with existing regulations issued by the RBI, OCBs cannot participate in this Offer.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulation or as specified in the Red Herring Prospectus.

General Instructions

Please note that QIBs and Non-Institutional Bidders are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. RIIs can revise their Bid(s) during the Bid/Offer Period and withdraw or lower the size of their Bid(s) until Bid/Offer Closing Date. Anchor Investors are not allowed to withdraw their Bids after the Anchor Investor Bid/Offer Period.

Do's:

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;

2. Ensure that you have Bid within the Price Band;

3. Read all the instructions carefully and complete the Bid cum Application Form, as the case may be, in the prescribed form;

4. Ensure that you have mentioned the correct ASBA Account number if you are not an UPI Bidder in the Bid cum Application Form and if you are an UPI Bidders ensure that you have mentioned the correct UPI ID (with maximum length of 45 characters including the handle), in the Bid cum Application Form;

5. UPI Bidders through the SCSBs and mobile applications shall ensure that the name of the bank appears in the list of SCSBs which are live on UPI, as displayed on the SEBI website. UPI Bidders shall ensure

that the name of the app and the UPI handle which is used for making the application appears in Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/COR/P/2019/85 dated July 26, 2019;

6. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre within the prescribed time;

7. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB, before submitting the ASBA Form to any of the Designated Intermediaries;

8. If the first applicant is not the bank account holder, ensure that the Bid cum Application Form is signed by the account holder. Ensure that you have mentioned the correct bank account number in the Bid cum Application Form;

9. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;

10. Ensure that you request for and receive a stamped acknowledgement counterfoil of the Bid cum Application Form for all your Bid options from the concerned Designated Intermediary;

11. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. Ensure that the signature of the First Bidder is included in the Bid cum Application Forms;

12. RIBs Bidding in the Offer to ensure that they shall use only their own ASBA Account or only their own bank account linked UPI ID (only for RIIs using the UPI Mechanism) to make an application in the Offer and not ASBA Account or bank account linked UPI ID of any third party;

13. Ensure that you submit the revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;

14. Ensure that you have correctly signed the authorisation/ undertaking box in the Bid cum Application Form, or have otherwise provided an authorisation to the SCSB or Sponsor Bank, as applicable, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form, as the case may be, at the time of submission of the Bid. In case of UPI Bidders submitting their Bids and participating in the Offer through the UPI Mechanism, ensure that you authorise the UPI Mandate Request raised by the Sponsor Bank for blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment;

15. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of the SEBI circular no. MRD/DoP/Cir-20/2008 dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, (ii) submitted by investors who are exempt from the requirement of obtaining/specifying their PAN for transacting in the securities market, and (iii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;

16. Ensure that the Demographic Details are updated, true and correct in all respects;

17. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;

18. Ensure that the category and the investor status is indicated in the Bid cum Application Form;

19. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust, etc., relevant documents are submitted;

20. Ensure that Bids submitted by any person resident outside India is in compliance with applicable foreign and Indian laws;

21. Since the Allotment will be in demat form only, ensure that the Bidder's depository account is active, the correct DP ID, Client ID, the PAN, UPI ID, if applicable, are mentioned in their Bid cum Application Form and that the name of the Bidder, the DP ID, Client ID, the PAN and UPI ID, if applicable, entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as applicable, matches with the name, DP ID, Client ID, PAN and UPI ID, if applicable, available in the Depository database;

22. RIBs who wish to revise their Bids using the UPI Mechanism, should submit the revised Bid with the Designated Intermediaries, pursuant to which RIBs should ensure acceptance of the UPI Mandate Request received from the Sponsor Bank to authorise blocking of funds equivalent to the revised Bid Amount in the RIB's ASBA Account;

23. Anchor Investors should submit the Anchor Investor Application Forms to the BRLMs;

24. Ensure that you have accepted the UPI Mandate Request received from the Sponsor Bank prior to 12:00 p.m. of the Working Day immediately after the Bid/ Offer Closing Date;

25. Ensure that the PAN is linked with Aadhaar and are in compliance with notification dated February 13, 2020 and press release dated June 25, 2021 issued by Central Board of Direct Taxes;

26. FPIs making MIM Bids using the same PAN, and different beneficiary account numbers, Client IDs and DP IDs, are required to submit a confirmation that their Bids are under the MIM structure and indicate the name of their investment managers in such confirmation which shall be submitted along with each of their Bid cum Application Forms. In the absence of such confirmation from the relevant FPIs, such MIM Bids shall be rejected;

27. UPI Bidders shall ensure that details of the Bid are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorize the UPI Mandate Request using his/her UPI PIN. Upon the authorization of the mandate using his/her UPI PIN, an UPI Bidder may be deemed to have verified the attachment containing the application details of the UPI Bidder in the UPI Mandate Request and have agreed to block the entire Bid Amount and authorized the Sponsor Bank to block the Bid Amount mentioned in the Bid Cum Application Form; and

28. Ensure that while Bidding through a Designated Intermediary, the Bid cum Application Form (other than for Anchor Investors and UPI Bidders) is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at www.sebi.gov.in).

29. Bids by eligible NRIs for a Bid Amount of less than ₹ 200,000 would be considered under the Retail category for the purposes of allocation and Bids for a Bid Amount exceeding ₹ 200,000 would be considered under the Non-Institutional category for allocation in the Offer.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with. Application made using incorrect UPI handle or using a bank account of an SCSB or SCSBs which is not mentioned in the Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 is liable to be rejected.

Don'ts:

1. Do not Bid for lower than the minimum Bid size;

2. Do not Bid for a Bid Amount exceeding ₹200,000 for Bids by Retail Individual Bidders;

3. Do not pay the Bid Amount in cheques, demand drafts or by cash, money order, postal order or by stock invest;

4. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;

5. Do not Bid at Cut-off Price for Bids by QIBs and Non-Institutional Bidders;

6. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;

7. Do not submit the Bid for an amount more than funds available in your ASBA account.

8. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of a Bidder;

9. In case of ASBA Bidders, do not submit more than one ASBA Forms per ASBA Account;

10. If you are an UPI Bidder, do not submit more than one ASBA Form for each UPI ID;

11. Anchor Investors should not Bid through the ASBA process;

12. Do not submit the ASBA Forms to any Designated Intermediary that is not authorised to collect the relevant ASBA Forms or to our Company;

13. Do not Bid on a Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;

14. Do not submit the General Index Register (GIR) number instead of the PAN;

15. Do not submit incorrect details of the DP ID, Client ID, PAN and UPI ID, if applicable, or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer;

16. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;

17. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository);

18. Do not submit a Bid/revise a Bid Amount, with a price less than the Floor Price or higher than the Cap Price;

19. Do not submit a Bid using UPI ID, if you are not an UPI Bidder;

20. Do not submit your Bid after 3 pm on the Bid/ Offer Closing Date;

21. If you are a QIB, do not submit your Bid after 3 p.m. on the Bid/ Offer Closing Date for the QIBs;

22. Do not Bid on another ASBA Form or the Anchor Investor Application Form, as the case may be, after you have submitted a Bid to any of the Designated Intermediaries;

23. Do not Bid for Equity Shares in excess of what is specified for each category;

24. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for, exceeds the Offer size and/or investment limit or maximum number of the Equity Shares that can be held under applicable laws or regulations or maximum amount permissible under applicable laws or regulations, or under the terms of the Red Herring Prospectus;

25. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Bidder. Retail Individual Bidders can revise or withdraw their Bids on or before the Bid/Offer Closing Date;

26. Do not submit Bids to a Designated Intermediary at a location other than the Bidding Centres;

27. If you are an UPI Bidder which is submitting the ASBA Form with any of the Designated Intermediaries and using your UPI ID for the purpose of blocking of funds, do not use any third party bank account or third party linked bank account UPI ID; and

28. Do not Bid if you are an OCB.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Further, in case of any pre-Offer or post Offer related issues regarding share certificates/demat credit/refund orders/unblocking etc., investors shall reach out to the Company Secretary and Compliance Officer. For details of our Company Secretary and Compliance Officer, see "*General Information*" on page 68.

Further, helpline details of the BRLMs pursuant to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, see "*General Information – Book Running Lead Managers*" on page 69.

Grounds for Technical Rejections

In addition to the grounds for rejection of Bids on technical grounds as provided in the General Information Document, Bidders are requested to note that Bids may be rejected on the following additional technical grounds:

1. Bid submitted without instruction to the SCSB to block the entire Bid Amount;

2. Bids which do not contain details of the Bid Amount and the bank account or UPI ID (for UPI Bidders) details in the ASBA Form;

3. Bids submitted on a plain paper;

4. Bids submitted by RIIs and UPI Bidders, as the case may be, through an SCSB and/or using a Mobile App or UPI handle, not listed on the website of SEBI;

5. Bids under the UPI Mechanism submitted by UPI Bidders using third party bank accounts or using a third party linked bank account UPI ID, subject to availability of information from the Sponsor Bank;

6. ASBA Form submitted to a Designated Intermediary does not bear the stamp of the Designated Intermediary;

7. Bids submitted without the signature of the First Bidder or sole Bidder;

8. The ASBA Form not being signed by the account holders, if the account holder is different from the Bidder;

9. Bids by persons for whom PAN details have not been verified and whose beneficiary accounts are "suspended for credit" in terms of SEBI circular (reference number: CIR/MRD/DP/ 22 /2010) dated July 29, 2010;

10. Bids by Retail Individual Bidders with Bid Amount for a value of more than ₹ 200,000;

11. GIR number furnished instead of PAN;

12. Bids by persons who are not eligible to acquire Equity Shares in terms of all applicable laws, rules, regulations, guidelines and approvals; and

13. Bids accompanied by cheque(s), demand draft(s), stock invest, money order, postal order or cash.

Names of entities responsible for finalising the basis of allotment in a fair and proper manner

The authorised employees of the Designated Stock Exchange, along with the BRLMs and the Registrar, shall ensure that the Basis of Allotment is finalised in a fair and proper manner in accordance with the procedure specified in SEBI ICDR Regulations.

Method of allotment as may be prescribed by SEBI from time to time

Our Company will not make any allotment in excess of the Equity Shares through the Red Herring Prospectus and the Prospectus except in case of oversubscription for the purpose of rounding off to make allotment, in consultation with the Designated Stock Exchange. Further, upon oversubscription, an allotment of not more than one per cent of the Offer may be made for the purpose of making allotment in minimum lots.

Allocation to Bidders in all categories, except the Retail Individual Bidders Portion, Non-Institutional Bidders Portion and Anchor Investor Portion, if any, shall be made on a proportionate basis, subject to valid Bids received at or above the Offer Price. The Allocation to each Retail Individual Bidder shall not be less than the minimum Bid lot, subject to availability of Equity Shares in Retail Portion, and the remaining available Equity Shares, if any, shall be Allocated on a proportionate basis. Allocation to Anchor Investors shall be on a discretionary basis. The allotment to each Non-Institutional Bidder shall not be less than the minimum application size, subject to the availability of Equity Shares in the Non - Institutional Portion, and the remaining Equity Shares, if any, shall be allotted on a proportionate basis.

The Allotment of Equity Shares to Anchor Investors shall be on a discretionary basis. The Equity Shares available for allocation to Non-Institutional Bidders under the Non-Institutional Portion, shall be subject to the following, and in accordance with the SEBI ICDR Regulations: (i) one-third of the portion available to Non-Institutional Bidders shall be reserved for Non-Institutional Bidders with an application size of more than ₹ 0.20 million and up to ₹ 1.00 million, and (ii) two-third of the portion available to Non- Institutional Bidders shall be reserved for Non-Institutional Bidders with application size of more than ₹ 1.00 million, provided that the unsubscribed portion in either of the aforementioned sub-categories may be allocated to applicants in the other sub-category of Non-Institutional Bidders.

Payment into Escrow Account(s) for Anchor Investors

Our Company, in consultation with the BRLMs, in their absolute discretion, will decide the list of Anchor Investors to whom the CAN will be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. For Anchor Investors, the payment instruments for payment into the Escrow Account(s) should be drawn in favour of:

(a) In case of resident Anchor Investors: "[●]"

(b) In case of Non-Resident Anchor Investors: "[●]"

Anchor Investors should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Selling Shareholders and the members of Syndicate, the Escrow Collection Bank and the Registrar to the Offer to facilitate collections of Bid amounts from Anchor Investors.

Pre-Offer Advertisement

Subject to Section 30 of the Companies Act, 2013, our Company shall, after filing the Red Herring Prospectus with the RoC, publish a pre- Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in: (i) all editions of [●], an English national daily newspaper, and (ii) all editions of [●], a Hindi national daily newspaper, and all edition of Telugu daily newspaper [●] (Telugu being the regional language of Telangana wherein our Registered Office is located) each with wide circulation.

In the pre-Offer advertisement, we shall state the Bid/Offer Opening Date and the Bid/ Offer Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, 2013, shall be in the format prescribed in Part A of Schedule X of the SEBI ICDR Regulations.

Allotment Advertisement

Our Company, the Selling Shareholders, the BRLMs and the Registrar shall publish an allotment advertisement before commencement of trading, disclosing the date of commencement of trading in all editions of [●], a English national daily newspaper, and all editions of [●], a Hindi national daily newspaper, and all edition of [●], a Telugu daily newspaper (Telugu being the regional language of Telangana wherein our Registered Office is located) each with wide circulation.

The information set out above is given for the benefit of the Bidders/applicants. Our Company, the respective Selling Shareholders, and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders/applicants are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the prescribed limits under applicable laws or regulations.

Signing of the Underwriting Agreement and the Filing with the RoC

(a) Our Company, the Selling Shareholders and the Underwriters intend to enter into an Underwriting Agreement on or immediately after the finalisation of the Offer Price but prior to the filing of Prospectus.

(b) After signing the Underwriting Agreement, an updated Red Herring Prospectus will be filed with the RoC in accordance with applicable law, which then would be termed as the 'Prospectus'. The Prospectus will contain details of the Offer Price, the Anchor Investor Offer Price, Offer size, and underwriting arrangements and will be complete in all material respects.

Undertakings by our Company

Our Company undertakes the following:

- adequate arrangements shall be made to collect all Bid cum Application Forms submitted by Bidders and Anchor Investor Application Form from Anchor Investors;

- the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;

- all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed shall be taken within six Working Days of the Bid/Offer Closing Date or such other period as may be prescribed by the SEBI;

- if Allotment is not made within the prescribed time period under applicable law, the entire subscription amount received will be refunded/unblocked within the time prescribed under applicable law. If there is delay beyond the prescribed time, our Company shall pay interest prescribed under the Companies Act, 2013, the SEBI ICDR Regulations and applicable law for the delayed period;

- the funds required for making refunds to unsuccessful Bidders as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;

- where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within the time prescribed under applicable law, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

- that adequate arrangements shall be made to collect all Bid cum Application Forms submitted by Bidders and Anchor Investor Application Form from Anchor Investors;

- Our Company and the Selling Shareholders, in consultation with the BRLMs, reserve the right not to proceed with the Offer, in whole or in part thereof, to the extent of the Offered Shares, after the Bid/ Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Bid/ Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer and inform the Stock Exchanges promptly on which the Equity Shares are proposed to be listed;

- If our Company and the Selling Shareholders, in consultation with the BRLMs withdraws the Offer after the Bid/ Offer Closing Date and thereafter determines that it will proceed with an issue of the Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI; and

- except for the issuance of the Equity Shares pursuant to the Fresh Issue, Pre-IPO Placement and any exercise of options vested pursuant to the ESOP Schemes, no further issue of the Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded/unblocked in the relevant ASBA Accounts on account of non-listing, under-subscription, etc.

Undertakings by the Selling Shareholders

Each Selling Shareholder undertakes, severally and not jointly, in respect of itself as a selling shareholder and its respective portion of its Offered Shares that:

- the Offered Shares are eligible for being offered in the Offer for Sale in terms of the SEBI ICDR Regulations;

- it is the legal and beneficial owner of the Offered Shares and the Offered Shares are free and clear of any pre-emptive rights, liens, mortgages, charges, pledges or any other encumbrances and shall be in dematerialized form at the time of transfer;

- it shall deposit its respective portion of the Offered Shares in an escrow demat in accordance with the share escrow agreement to be executed between the parties to such share escrow agreement;

- it shall provide such reasonable assistance to our Company and the BRLMs in redressal of such investor grievances that pertain to its respective portion of the Offered Shares;

- it shall provide such reasonable cooperation to our Company in relation to its respective portion of the Offered Shares for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges; and

- it shall not have recourse to the proceeds of the Offer until final approval for trading of the Equity Shares from the Stock Exchanges has been received.

The decisions with respect to the Price Band, the minimum Bid lot, revision of Price Band, Offer Price, will be taken by our Company in consultation with the BRLMs.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, which is reproduced below:

"*Any person who—*

(a) ***makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or***

(b) ***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***

(c) ***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, for fraud involving an amount of at least ₹ 1 million 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 10 years and fine of an amount not less than the amount involved in the fraud, extending up to three times such amount (provided that where the fraud involves public interest, such term shall not be less than three years.) Further, where the fraud involves an amount less than ₹ 1 million or one per cent of the turnover of the company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to ₹ 5 million or with both.

Utilisation of Offer Proceeds

Our Board of Directors certifies and declares that:

- all monies received out of the Fresh Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013;

- details of all monies utilised out of the Offer shall be disclosed, and continue to be disclosed till the time any part of the Fresh Issue proceeds remains unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and

- details of all unutilised monies out of the Fresh Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested.

RESTRICTIONS ON FOREIGN OWNERSHIP OF 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 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. Foreign investment is permitted (except in the prohibited sectors) in Indian companies, either through the automatic route or the approval route, depending upon the sector in which foreign investment is sought to be made. The Government of India makes policy announcements on FDI through press notes and press releases. The regulatory framework, over a period of time, thus, consists of acts, regulations, press notes, press releases, and clarifications among other amendments. The Consolidated FDI Policy Circular of 2020 dated October 15, 2020 issued by the DPIIT (formerly Department of Industrial Policy & Promotion) ("**FDI Circular**") subsumes and supersedes all press notes, press releases, clarifications, circulars issued by the DPIIT, which were in force as on October 15, 2020. In terms of FDI Circular, FDI to an extent of 51% is allowed in multi brand retail trading with government approval. The FDI Policy will be valid until the DPIIT issues an updated circular.

Under the FDI Circular and the FEMA Non-debt Rules, foreign direct investment is not permitted in companies engaged in (a) multi-brand retail trading, undertaking retail trading by means of e-commerce, and (b) inventory based model of e-commerce. In accordance with the FEMA Non-debt Rules, participation by non-residents in the Offer is restricted to participation by (i) FPIs under Schedule II of the FEMA Non-debt Rules, subject to limit of the individual holding of an FPI below 10% of the post-Offer paid-up capital of our Company; and (ii) Eligible NRIs applying only on a non-repatriation basis under Schedule IV of the FEMA Non-debt Rules. . Further, other non-residents such as, Eligible NRIs applying on a repatriation basis, FVCIs and multilateral and bilateral development financial institutions are not permitted to participate in the Offer.

The foreign investment in our Company is governed by, inter-alia, the FEMA, the FEMA Non-debt Rules, the FDI Circular issued and amended by way of press notes. Further, in terms of the FEMA Non-debt Rules, the aggregate FPI investment limit is the sectoral cap applicable to Indian company as prescribed in the FEMA Non-Debt Rules with respect to its paid-up equity capital on a fully diluted basis. See "*Offer Procedure*" beginning on page 377.

Further, in accordance with the FDI Circular, the Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT and the FEMA Non-debt Rules, any investment, subscription, purchase or sale of equity instruments by entities of a country which shares land border with India or where the 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, as prescribed in the FDI Circular and the FEMA Non-debt Rules. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/ purview, such subsequent change in the beneficial ownership will also require approval of the Government. Furthermore, on April 22, 2020, the Ministry of Finance, Government of India has also made a similar amendment to the FEMA Non-Debt Rules. Each Bidder should seek independent legal advice about its ability to participate in the Offer. In the event such prior approval of the Government of India is required, and such approval has been obtained, the Bidder shall intimate our Company and the Registrar in writing about such approval along with a copy thereof within the Bid/Offer Period.

The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, 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 in the United States. Accordingly, the Equity Shares are being offered and sold outside the United States in offshore transactions in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales are made.

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.

The above information is given for the benefit of the Bidders. Our Company, Selling Shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION VIII - MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

COMPANY LIMITED BY SHARES
(Incorporated under Companies Act, 1956)

ARTICLES OF ASSOCIATION

OF

SAI SILKS (KALAMANDIR) LIMITED
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1. The regulations contained in Table F of the first schedule to the Companies Act, 2013 (hereinafter referred as Table F) shall apply to this Company in so far as are applicable to Public Company and are not amended, modified or substituted by the following Articles.

Interpretation

2. In the interpretation of these Articles, unless repugnant to the subject or context:-

a) "The company" or "this company" means **SAI SILKS (KALAMANDIR) LIMITED.**

b) "The Act" means the Companies Act 2013, or any statutory modification or re- enactment thereof for the time being in force.

c) "Auditor" means and includes those persons appointed as such for the time being by the Company.

d) "Board Meeting" means meeting of the Directors duly constituted or as the case may be, the Directors assembled at a Board.

e) "Debenture" includes the Debenture stock.

f) 'Directors' means the directors of the company and includes persons occupying the position of directors by whatever names called.

g) "Dividend" includes bonus.

h) Gender

Word importing the masculine gender also includes the feminine gender.

i) In Writing or Written

"In Writing" or "Written" includes printing, lithography and other modes of representing or reproducing words in a visible form.

j) Member

"Member" means the duly registered holder from time to time of the shares of the Company and includes the subscriber to the Memorandum of the Company.

k) Meeting or Annual General Meeting

"Annual General Meeting" means a General Meeting of the members duly called and constituted and any adjourned holding thereof in accordance of section 96 of the Act.

l) Meeting or Extraordinary general meeting

"Extraordinary General Meeting" means Extraordinary General meeting of the Members duly called and constituted and any adjourned holding thereof.

m) Month

"Month" means a calendar month

n) Office

"Office" means the registered office for the time being of the Company.

o) Paid up

Paid up" includes share capital credited as paid up.

p) Persons

"Persons" includes corporation and firms as well as individuals.

q) "Promoter" shall have the meaning as defined in the Act and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

r) Register of members

"Register of member" means the Register of members to be kept pursuant to the Act.

s) The Registrar

"The Registrar" means the Registrar of the Companies (as defined under Section 2(75) of the Act of the state in which the office of the Company is for the time being situated.

t) Officer

"Officer" includes any director, manager or secretary, or any person in accordance with whose direction or instruction the board of Director or any or more of the directors is accustomed to act.

u) Seal

"Seal" means the Common Seal for the time being of the Company.

v) Share

"Share" means share in the share capital of a company and includes stock except where a distinction between stock and share is expressed or implied.

w) Special Resolution

"Special Resolution" shall have the meaning assigned thereto by section 114 of Companies Act, 2013.

x) Year and Financial Year.

"Year" means the calendar year and "financial year" shall have the meaning assigned thereto by section 2(41) of the Act.

Public Company

3. The company is a Public Company within the meaning of section 2(71) of the Companies Act, 2013 with a minimum paid up capital as may be prescribed from time to time.

Share capital and variation of rights

4. (i) The Authorised Share Capital of the Company shall be as laid down in Memorandum of Association of the Company.

(ii) Subject to the provisions of the Companies Act 2013 and the applicable Rules made thereunder, the Company / Board shall have power to issue / allot shares, whether on preferential basis or otherwise, from time to time and the shares shall be under the control of the Directors who may allot or otherwise dispose off the same to such persons, on such terms and conditions and at such times as the Directors think fit.

5. (i) The Company shall, unless prohibited by any provision of law or any order of Court, Tribunal or other authority, deliver the certificates of all securities allotted or transferred :

(a) within a period of 30 days from the date of allotment, in the case of any allotment of any of its shares;

(b) within a period of 15 days from the date of receipt of request for transfer

Provided further that it shall be ensured that the transmission requests are processed for securities held in dematerialized mode and physical mode within seven days and twenty one days respectively, after receipt of the specified documents.

The Company shall issue certificate(s) in the manner laid hereunder:

(a) one certificate for all his shares without payment of any charges; or

(b) several certificates, each for one or more of his shares, upon payment of twenty rupees for each certificate after the first.

(ii) Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid-up thereon.

(iii) In respect of any share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.

6. (i) If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under the Articles shall be issued without payment of fees if the Board / Committee of the Board so decide or on payment of such fees (not exceeding Rupees fifty for each certificate) as the Board shall prescribe. Provided that no fee shall be charged for issue of a new certificate in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above, the Directors shall comply with the applicable provisions of the Act, such rules or regulation or requirements of any stock exchange or the rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956, as amended or any other act or rules applicable in this behalf.

(ii) The company may issue new share certificates pursuant to consolidation or sub-division of share certificate(s) upon written request received from shareholder together with production and surrender of respective original share certificate(s). Every certificate under this Article shall be issued on payment of twenty rupees for each certificate.

(iii) The provisions of Articles (5) and (6) shall mutatis mutandis apply to debentures of the company.

(iv) The Company will issue certificates or receipts or advices, as applicable, of subdivision, split, consolidation, renewal, exchanges, endorsements, issuance of duplicates thereof or issuance of new certificates or receipts or advices, as applicable, in cases of loss or old decrepit or worn out certificates or receipts or advices, as applicable within a period of thirty days from the date of such lodgement or such other time as may be prescribed under Regulation 39(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

(v) Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the directors so approve (upon paying such fee as the Directors may determine) to several certificates of each class for one or more of such shares and the Company shall complete and have ready for delivery such certificates within two months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the Company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe and approve, provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one or several joint holders shall be a sufficient delivery to all such holders.

7. Except as required by law, no person shall be recognized by the company as holding any share upon any trust, and the company shall not be bound by, or be compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

8. (i) The company may exercise the powers of paying commissions conferred by sub-section (6) of section 40, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rules made thereunder.

(ii) The rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under sub-section (6) of section 40.

(iii) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other.

9. (i) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of section 48 and whether or not the company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.

(ii) To every such separate meeting, the provisions of these regulations relating to general meetings shall mutatis mutandis apply. , but so that the necessary quorum shall be at least two persons holding at least one-third of the issued shares of the class in question.

10. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

11. Subject to the provisions of section 55, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are to be redeemed on such terms and in such manner as the company before the issue of the shares may, by special resolution, determine.

Lien

12. (i) The company shall have a first and paramount lien—

(i) on every share / debentures (not being a fully paid shares / debentures), for all money (whether presently payable or not) called, or payable at a fixed time, in respect of that share;

(ii) on all shares (not being fully paid shares) standing registered in the name of a single person for all money presently payable by him or his estate to the Company; and

(iii) on the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures.

(iv) Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures.

Provided that the Board may, at any time, declare any shares/debentures wholly or in part to be exempt from the provisions of this Article.

13. The company may sell, in such manner as the Board thinks fit, any shares on which the company has a lien:

Provided that no sale shall be made—

(a) unless a sum in respect of which the lien exists is presently payable; or

(b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.

14. (i) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.

(ii) The purchaser shall be registered as the holder of the shares comprised in any such transfer.

(iii) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

15. (i) The proceeds of the sale shall be received by the company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.

(ii) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.

Further Issue of Shares

16. Where at any time, it is proposed to increase the subscribed capital of the Company by allotment of further shares then :

(a) Such further shares shall be offered to the persons who, at the date of the offer, are holders of the Equity Shares of the Company, in proportion, as nearly as circumstances admit, to the paid-up share capital on those shares by sending a letter of offer, subject to the following conditions, namely;-

(i) The offer aforesaid shall be made by a notice specifying the number of shares offered and limiting a time not being less than fifteen days or such lesser number of days as may be prescribed and not exceeding thirty days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined;

(ii) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in sub-clause (i) shall contain a statement of this right;

(iii) After the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of them in such manner which is not disadvantageous to the shareholders and the Company.

17. Notwithstanding anything contained in article 16, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof) in any manner whatsoever:

(a) If a special resolution to that effect is passed by the Company in general meeting, or

(b) Where no such resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company.

18. Nothing contained in article 16 hereof shall be deemed :

(a) To extend the time within which the offer should be accepted; or

(b) To authorize any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

19. Nothing in this Article shall apply to the increase of the subscribed capital of the company caused by the exercise of an option attached to the debentures issued or loans raised by the company:

(a) To convert such debentures or loans into shares in the Company; or

(b) To subscribe for shares in the Company

Provide that the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

(c) Either has been approved by the Central Government before the issue of debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and

(d) In the case of debentures or loans or other than debentures issued to, or loans obtained from the Government or any institution specified by the Central Government in this behalf, has also been approved by the special resolution passed by the Company in General Meeting before the issue of the loans.

Calls on shares

20. (i) The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times:

Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call.

(ii) Each member shall, subject to receiving at least fourteen days’ notice specifying the time or times and place of payment, pay to the company, at the time or times and place so specified, the amount called on his shares.

(iii) A call may be revoked or postponed at the discretion of the Board.

(iv) The option or right to make call on shares shall not be given to any person except with the sanction of the Company in General Meetings. That is, it may delegate power to make calls on shares subject to approval of the shareholders in a general meeting of the company.

21. A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by installments.

22. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

23. (i) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten per cent. per annum or at such lower rate, if any, as the Board may determine.

(ii) The Board shall be at liberty to waive payment of any such interest wholly or in part.

24. (i) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.

(ii) In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

25. (i) The Board may, if it thinks fit (subject to the provisions of Section 50 of the Act) agree, to and receive from any Member willing to advance the same, the whole or any part of the moneys due upon the shares held by him beyond the sums actually called up, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the Member paying such sum in advance and the Board agree upon, provided that the money paid in advance of calls shall not confer a right to participate in profits or dividend. The Board may at any time repay the amount so advanced.

(ii) No Member shall be entitled to voting rights in respect of the money(ies) so paid by him until the same would but for such payment, become presently payable by such Member.

(iii) The provisions of these Articles shall mutatis mutandis apply to the calls on Debentures of the Company.

Transfer of shares

26. (i) The Company shall use a Common form of transfer. The instrument of transfer of any share in the company shall be executed by or on behalf of both the transferor and transferee.

(ii) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.

(iii) In accordance with Section 56 of the Act, the Rules and such other conditions as may be prescribed under Law, every instrument of transfer of shares held in physical form shall be in writing. In case of transfer of shares where the Company has not issued any certificates and where the shares are held in dematerialized form, the provisions of the Depositories Act, 1996 shall apply. All provisions of Section 56 of the Act and statutory modifications thereof for the time being shall be duly complied with in respect of all transfer of shares and registrations thereof.

27. The Board may, subject to the right of appeal conferred by section 58 decline to register—

(a) the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or

(b) any transfer of shares on which the company has a lien.

28. The Board may decline to recognise any instrument of transfer unless—

(a) the instrument of transfer is in the form as prescribed in rules made under sub-section (1) of section 56;

(b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and

(c) the instrument of transfer is in respect of only one class of shares.

29. On giving not less than seven days' previous notice in accordance with section 91 and rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:

Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.

30. Subject to the provisions of Section 59 of Companies Act, 2013, Securities Contracts (Regulation) Act, 1956 and these Articles, the Board may (at its own absolute and uncontrolled discretion) decline to register any transfer of Shares on such grounds as it think fit in the benefit of the company (notwithstanding that the proposed transferee be already a Member), but in such case it shall, (i) within 15 days from the date the instrument of transfer of shares, (ii) seven days in case of transmission of shares held in dematerialised form, or (iii) twenty one days in case of transmission of shares held in physical form, or such other time period as prescribed under Regulation 40(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for transfer or transmission of securities, from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to the Company , send to the transferee and the transferor notice of the refusal to register such transfer giving reasons for such refusal. Provided that registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever.

31. Provided further that, in accordance with Regulation 40 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, [except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository].

Transmission Of Shares

32. (i) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognised by the company as having any title to his interest in the shares.

(ii) Nothing in clause (i) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

33. (i) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either—

(a) to be registered himself as holder of the share; or

(b) to make such transfer of the share as the deceased or insolvent member could have made.

(ii) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.

34. (i) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the company a notice in writing signed by him stating that he so elects.

(ii) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.

(iii) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.

35. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company:

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.

(a) No fee shall be charged by the Company in respect of the registration of transfer or transmission of shares, or for registration of any power of attorney, probate, letters of administration and succession certificate, certificate of death or marriage or other similar documents, sub division and/or consolidation of shares and debentures and sub-divisions of letters of allotment, renounceable letters of right and split, consolidation, renewal and genuine transfer receipts into denomination corresponding to the market unit of trading.

Forfeiture Of Shares

36. If a member fails to pay any call, or installment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued.

37. The notice aforesaid shall—

a. name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and

b. state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.

38. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

39. (i) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.

(ii) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.

40. (i) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the company all monies which, at the date of forfeiture, were presently payable by him to the company in respect of the shares.

(ii) The liability of such person shall cease if and when the company shall have received payment in full of all such monies in respect of the shares.

41. (i) A duly verified declaration in writing that the declarant is a director, the manager or the secretary, of the company, and that a share in the company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.

(ii) The company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of.

(iii) The transferee shall thereupon be registered as the holder of the share.

(iv) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

42. The provisions of these regulations as to forfeiture shall apply in the case of nonpayment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

Alteration Of Capital

43. The company may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution. The Authorised Share Capital shall be as per clause V (a) of Memorandum of Association of the company.

44. Subject to the provisions of section 61, the company may, by ordinary resolution,—

a. increase its authorised share capital by such amount as it thinks expedient.

b. consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

c. convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;

d. sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;

e. cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

45. Where shares are converted into stock,—

(a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

(b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

(c) such of the regulations of the company as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholder" in those regulations shall include "stock" and "stock-holder" respectively.

46. The company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law—

(a) its share capital;
(b) any capital redemption reserve account; or
(c) any share premium account.

Shares at the disposal of the Directors:

47. Subject to the provisions of Section 62 and other applicable provisions of the Act, and these Articles, the shares in the Capital of the Company for the time being (including any shares forming part of any increased Capital of the Company) shall be under the control of the Board who may issue, allot or otherwise dispose of the same or any of them to such person, in such proportion and on such terms and conditions and either at a premium or at par or at discount (subject to compliance with Section 53 and 54 of the Act) and at such time as they may from time to time think fit and with sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the directors think fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be

fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the General Meeting. A further issue of shares may be made in any manner whatsoever as the Board may determine including by way of rights issue, preferential offer or private placement, subject to and in accordance with the Act, Rules and other applicable provisions of law.

Directors may refuse to register transfer:

48. Subject to the provisions of Sections 58 and 59 of the Act, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to any shares or interest of a Member in or debentures the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal.

Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on shares.

Capitalisation of profits

49. (i) The company in general meeting may, upon the recommendation of the Board resolve—

(a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and

(b) that such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

(ii) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (iii), either in or towards—

A. paying up any amounts for the time being unpaid on any shares held by such members respectively;

B. paying up in full, unissued shares of the company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;

C. partly in the way specified in sub-clause (A) and partly in that specified in sub-clause (B);

(iii) A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares;

(iv) The Board shall give effect to the resolution passed by the company in pursuance of this regulation.

50. (i) Whenever such a resolution as aforesaid shall have been passed, the Board shall—

(a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares if any; and

(b) generally do all acts and things required to give effect thereto.

(ii) The Board shall have power—

(a) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions; and

(b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares;

(iii) Any agreement made under such authority shall be effective and binding on such members.

Term of issue of Debenture:

51. Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the company in the General Meeting by a Special Resolution.

Dematerialisation Of Securities

52. (i) **For the purpose of this Article: -**

"**Beneficial Owner**": Beneficial Owner shall have the meaning assigned thereto in section 2(1)(a) of the Depositories Act, 1996.

"**Depositories Act**": Depositories Act shall mean the Depositories Act, 1996 and includes any statutory modification or re-enactment thereof for the time being in force.

"**Depository**": Depository shall mean a Depository as defined in section 2(1)(e) of the Depositories Act, 1996 and a company formed and registered under the Companies Act, 2013 and which has been granted a certificate of registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992.

"**Member**": Member shall mean a duly registered holder from time to time of the security of the company and includes every person whose name is entered as beneficial owner in the records of the Depository.

"**Security**": Security shall mean such security as may be specified by SEBI.

(ii) "**Dematerialisation of Securities**": Notwithstanding anything on the contrary contained in this Article, the company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form and further to rematerialise the securities held on depository pursuant to the Depositories Act, 1996 or any amendment thereof or any statutory modification(s) thereto or re-enactment thereof, the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 and other Applicable Law.

(iii) "**Option to hold securities in physical form or with depository**": Every person holding securities of the company through allotment or otherwise shall have the option to receive and hold the same in the dematerialised form with a depository.

(iv) "**Beneficial Owner may opt out of a Depository**": Every person holding securities of the company with a depository, being the beneficial owner thereof, may at any time opt out of the depository in the manner provided under the provisions of the Depositories Act and the Rules, if any, prescribed there under and on fulfillment of the conditions prescribed by the company from time to time, company shall issue the relevant security certificates to the beneficial owner thereof.

(v) "**Securities in Depositories to be in fungible form**": All securities held by a depository shall be dematerialised and shall be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Companies Act, shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

(vi) "**Rights of depository and beneficial owners**": A depository shall be deemed to be the registered owner for the purposes of affecting the transfer of ownership of securities on behalf of the beneficial owners and shall not have any voting rights or any other rights in respect of the securities held by it.

(vii) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all rights and benefits and be subject to all the liabilities in respect of his/her securities, which are held by a depository.

(viii) "Transfer of securities": Transfer of security held in a depository will be governed by the provisions of the Depository Act, 1996. Nothing contained in Section 56 of the Companies Act, 2013 or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

(ix) “Register and Index of beneficial owners": The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996 shall be deemed to be the Register and Index of Members and Security holders for the purpose of these Articles.

(x) "Other matters": Notwithstanding anything contained in these Articles, the provision of Depositories Act, 1996 relating to dematerialisation of securities including any modification(s) or re-enactment thereof and Rules/Regulations made there under shall prevail accordingly.

(xi) Notwithstanding anything contained in the Act or the Articles, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the company by means of electronic mode or by delivery of floppies or disks.

(xii) The Company shall cause to be kept a register and index of beneficial owners in accordance with all applicable provisions of the Act and the Depositories Act, 1996 with details of shares held in dematerialised forms in any medium as may be permitted by law including in any form of electronic medium. The Company shall be entitled to keep in any country outside India a branch Register of beneficial owners residing outside India.

Nomination

53. Notwithstanding anything contained in Articles, every holder of shares(s) or debenture(s) of the Company may, at any time, nominate, in the prescribed manner, a person to whom these share(s) shall

vest in the event of his death and the provisions of Section 109A and Section 109B of the Companies Act, 1956 shall apply in respect of such nomination.

The provisions of this Article shall apply mutatis mutandis to a depository of money with the Company as per the provisions of Section 58A of the Act.

Buy-Back Of Shares

54. Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the company may purchase its own shares or other specified securities.

General Meetings

55. All general meetings other than Annual General Meeting shall be called extraordinary general meeting.

(i) The Board may, whenever it thinks fit, call an extraordinary general meeting.

(ii) If at any time directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two members of the company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.

Proceedings At General Meetings

57. (i) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.

(ii) Save as otherwise provided herein, the quorum for the general meetings shall be as provided in section 103.

(iii) The chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the company.

(iv) If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act as chairperson of the meeting, the directors present shall elect one of their members to be Chairperson of the meeting.

(v) If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be Chairperson of the meeting.

Adjournment Of Meeting

58. (i) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.

(ii) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

(iii) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.

(v) Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

Voting Rights

59. Subject to any rights or restrictions for the time being attached to any class or classes of shares—

(a) on a show of hands, every member present in person shall have one vote; and

(b) on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the company.

60. A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.

61. (i) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

(ii) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.

62. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.

63. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.

64. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the company have been paid.

65. (i) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meetings at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.

(ii) Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.

Proxy

66. The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.

67. An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105.

68. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:

Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

Board Of Directors

69. The minimum number of Directors shall be 3 and maximum number of directors shall be 15.
The First Directors of the Company are:

1) Nagakanaka Durga Prasad Chalavadi

2) Subhash Chandra Mohan Annam

70. (i) Subject to the provisions of the Act, the Company may pay any remuneration, as determined by the Board of Directors / General Meeting to all or any of its Directors for the services rendered by them / him in day to day management of the affairs of the company or any other type of services, whether professional in nature or not, for any of the purposes of the company, either by a fixed sum on monthly or annual basis and / or perquisites and / or a percentage of the profits or otherwise as may be determined by the Board or the members in General Meeting.

The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.

(ii) In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them—

(a) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the company; or

(b) in connection with the business of the company.

71. The Board may pay all expenses incurred in getting up and registering the Company.

72. The company may exercise the powers conferred on it by section 88 with regard to the keeping of a foreign register; and the Board may (subject to the provisions of that section) make and vary such regulations as it may thinks fit respecting the keeping of any such register.

73. All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.

74. Every director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose.

75. (i) Subject to the provisions of section 149, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the articles.

(ii) Such person shall hold office only up to the date of the next annual general meeting of the company but shall be eligible for appointment by the company as a director at that meeting subject to the provisions of the Act.

Proceedings of the Board

76. (i) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.

(ii) Subject to the Articles herein, a director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.

(iii) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.

(iv) In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.

77. The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.

78. (i) The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.

(ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their number to be Chairperson of the meeting.

79. (i) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member or members of its body as it thinks fit.

80. (ii) Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.

81. A committee may elect a Chairperson of its meetings.

82. If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.

83. (i) A committee may meet and adjourn as it thinks fit.

(ii) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of equality of votes, the Chairperson shall have a second or casting vote.

84. All acts done in any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.

85. Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be valid and effective as if it had been passed at a meeting of the Board or committee, duly convened and held.

Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer

86. Subject to the provisions of the Act—

(i) A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may thinks fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;

(ii) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.

87. A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.

Managing Director

88. The business of the Company may be carried on by the Managing Director(s) who may be appointed by the Board of Directors / members in their General Meeting, from time to time who shall fix the terms, qualifications, remuneration, duties, authorities and powers. The Board may from time to time and subject to the provisions of the Act delegate to the Managing Director(s) such of their powers and duties and subject to such limitations and conditions as they may deem fit. The Board may from time to time, revoke, withdraw, alter or vary all or any of the powers conferred on him or dismiss him from office and appoint another in his place.

89. Subject to the provisions of section 179 and 180 of the Companies Act, 2013, the Managing Director of the Company, if any, shall be empowered to carry on the day to day business affairs of the Company. He shall have the general control, management and superintendence of the business of the Company with power to appoint and to dismiss employees and to enter into contracts on behalf of the Company in the ordinary course of business and to do and perform all other acts, deeds and things which in the ordinary course of business may be considered necessary/proper or in the interest of the Company.

The Seal

90. (i) The Board shall provide for the safe custody of the seal.

(ii) The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorised by it in that behalf, and except in the presence of at least one director or the Company Secretary of the Company or such other person as the Board may appoint for the purpose; and the said director or the secretary or other person aforesaid shall sign every instrument to which the seal of the company is so affixed in his / her presence.

Dividends And Reserve

91. The company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.

92. Subject to the provisions of section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the company.

93. (i) The Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company) as the Board may, from time to time, thinks fit.

(ii) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.

94. (i) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the company, dividends may be declared and paid according to the amounts of the shares.

(ii) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.

(iii) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

95. The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the company on account of calls or otherwise in relation to the shares of the company.

96. (i) Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.

(ii) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

97. Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.

98. Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.

99. No dividend shall bear interest against the company.

100. Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 days, to a special account to be opened by the Company in that behalf in any scheduled bank, to be called "Unpaid Dividend Account"

101. Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Fund known as Investor Education and Protection Fund established under section 125 of the Act and the Company shall send a statement in the prescribed form of the details of such transfer to the

authority which administers the said fund and that authority shall issue a receipt to the Company as evidence of such transfer.

102. All shares in respect of which dividend has not been paid or claimed for 7 (seven) consecutive years or more shall be transferred by the Company in the name of the Investors Education and Protection Fund subject to the provisions of the Act and Rules.

103. No unclaimed Dividend shall be forfeited before the claim becomes barred by law, and unclaimed Dividends shall be dealt with in accordance with the applicable provisions of the Act

Accounts

104. (i) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the company, or any of them, shall be open to the inspection of members not being directors.

(ii) No member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by law or authorised by the Board or by the company in general meeting.

(iii) that any amount paid up in advance of calls on any share may carry interest but shall not in respect thereof confer a right to dividend or to participate in profits;

Winding Up

105. If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.

106. For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

107. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

Indemnity

108. Every officer of the company shall be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the Tribunal.

SECTION IX – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following documents and contracts (not being contracts entered into in the ordinary course of business carried on by our Company which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which will be attached to the copy of the Red Herring Prospectus which will be delivered to the Registrar of Companies for filing. Copies of the above-mentioned documents and contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office from 10.00 am to 5.00 pm on Working Days and will also be available at the website of our Company at https://sskl.co.in/investor-relations/ from the date of the Red Herring Prospectus until the Bid/ Offer Closing Date, except for such contracts and documents that will be executed subsequent to the completion of the Bid/Offer Closing Date.

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Shareholders, subject to compliance of the provisions contained in the Companies Act and other applicable law.

Material Contracts to the Offer

1. Offer Agreement dated July 21, 2022 among our Company, the Selling Shareholders and the BRLMs.

2. Registrar Agreement dated July 13, 2022 among our Company, the Selling Shareholders and Registrar to the Offer.

3. Monitoring Agency Agreement dated [●] entered into between our Company and the Monitoring Agency.

4. Cash Escrow and Sponsor Bank Agreement dated [●] among our Company, the Selling Shareholders, the BRLMs, the Syndicate Members, the Banker(s) to the Offer and the Registrar to the Offer.

5. Share Escrow Agreement dated [●] between the Company, the Selling Shareholders and the Share Escrow Agent.

6. Syndicate Agreement dated [●] among our Company, the Selling Shareholders, the Registrar to the Offer, the BRLMs and the Syndicate Members.

7. Underwriting Agreement dated [●] among our Company, the Selling Shareholders, the Registrar to the Offer and the Underwriters.

Material Documents

1. Certified copies of the Memorandum of Association and Articles of Association of our Company as amended from time to time.

2. Form 39 dated June 30, 2008 along with the related documents filed with the RoC for conversion of the partnership firm namely '*Sai Silks (Kalamandir)*' into a private limited company i.e. '*Sai Silks (Kalamandir) Private Limited*'.

3. Certificate of incorporation dated July 3, 2008, in the name of '*Sai Silks (Kalamandir) Private Limited*' a fresh certificate of incorporation dated May 21, 2009 for conversion of our Company from a private limited company to a public limited company and change in name of our Company to '*Sai Silks (Kalamandir) Limited*'.

4. Resolutions of the Board of Directors dated June 4, 2022, authorising the Offer and other related matters.

5. Resolution of the Shareholders dated June 22, 2022, under section 62(1)(c) of the Companies Act, 2013 authorising the Offer and other related matters.

6. Resolutions of the Board dated July 21, 2022 approving this Draft Red Herring Prospectus.

7. Resolution of the Board dated July 15, 2022 taking on record the Offer for Sale.

8. Consent letters from the Selling Shareholders, each dated July 14, 2022, for participating in the Offer for Sale.

9. Agreement dated July 28, 2009 among NSDL, our Company and the Registrar to the Offer.

10. Agreement dated May 20, 2022 among CDSL, our Company and the Registrar to the Offer.

11. Business Assets Transfer Agreement dated April 1, 2022 between our Company and Sai Retail India Limited.

12. Copies of auditor's reports of our Company in respect of our audited Financial Statements for the Fiscals 2022, 2021 and 2020.

13. Copies of annual reports of our Company for Fiscals 2022, 2021 and 2020.

14. Scheme of Amalgamation of I-One Investments Private Limited with our Company under Sections 391 to 394 of the Companies Act, 1956.

15. Copy of user license agreement dated August 9, 2011.

16. Examination report of our Statutory Auditors dated June 15, 2022 on the Restated Financial Statements included in this Draft Red Herring Prospectus.

17. The report dated June 15, 2022 of our Statutory Auditors, on our Proforma Financial Statements.

18. Statement of Special Tax Benefits issued by our Statutory Auditors, dated July 21, 2022.

19. Report prepared by Technopak titled "*Industry Report on Indian Ethnic Wear Market for Women*" dated July 12, 2022, which is exclusively prepared for the purpose of understanding the industry in connection with the Offer and is commissioned and paid for by our Company and is available on the website of our Company at https://sskl.co.in/investor-relations/. Technopak was appointed by our Company pursuant to an engagement letter dated February 22, 2022 entered into with our Company.

20. Written consent dated July 21, 2022 from our Statutory Auditors, M/s Sagar & Associates, Chartered Accountants, to include their name as required under section 26 (5) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this DRHP, and as an "expert" as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditors, and in respect of their (i) examination report, dated June 15, 2022, on our Restated Financial Statements; and (ii) the Statement of Special Tax Benefits available to the Company and the Shareholders, included in this DRHP, dated July 21, 2022 and such consent has not been withdrawn as on the date of this DRHP; and (iii) their report dated June 15, 2022, on the Proforma Financial Statements, included in this Draft Red Herring Prospectus. However, the term "expert" and the consent thereof shall not be construed to mean an "expert" or consent within the meaning as defined under the U.S. Securities Act.

21. Written consent dated July 20, 2022 from Shilpalaya Associates, an independent firm of architects, to include their name as required under Section 26(5) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Draft Red Herring Prospectus and as an 'expert' under Section 2(38) of Companies Act, 2013 in respect of their certificate. Such consent has not been withdrawn up to the time of delivery of this Draft Red Herring Prospectus.

22. Consents of the Directors, Selling Shareholders, the BRLMs, Syndicate Members, Shilpalaya Associates, Architects, Technopak, Registrar to the Offer, Directors of our Company, Company Secretary and Compliance Officer for the Offer, Chief Financial Officer, Indian legal counsel to the Company, Indian legal counsel to the BRLMs, International legal counsel to the BRLMs, Banker(s) to the Offer, Monitoring Agency and Bankers to our Company as referred to, in their respective capacities.

23. In-principle listing approvals dated [●] and [●], received from NSE and the BSE, respectively.

24. Due diligence certificate dated July 21, 2022 to SEBI from the BRLMs.

25. SEBI observation letter bearing reference number [●] and dated [●] and the in-seriatim reply of the BRLMs to the same dated [●].

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, or guidelines, or regulations issued by the Government of India or the rules, or guidelines, or regulations issued by the Securities and Exchange Board of India, 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 statements, disclosures and undertakings made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, the Securities and Exchange Board of India Act, 1992, or the rules made or the guidelines or regulations issued thereunder, as the case may be. I further certify that all statements, disclosures and undertakings in this Draft Red Herring Prospectus are true and correct.

SIGNED BY DIRECTOR OF OUR COMPANY

____

Ravindra Vikram Mamidipudi

Chairman & Independent Director

Place: Hyderabad

Date: July 21, 2022

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, or guidelines, or regulations issued by the Government of India or the rules, or guidelines, or regulations issued by the Securities and Exchange Board of India, 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 statements, disclosures and undertakings made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, the Securities and Exchange Board of India Act, 1992, or the rules made or the guidelines or regulations issued thereunder, as the case may be. I further certify that all statements, disclosures and undertakings in this Draft Red Herring Prospectus are true and correct.

SIGNED BY DIRECTOR OF OUR COMPANY

Nagakanaka Durga Prasad Chalavadi

Managing Director

Place: Hyderabad

Date: July 21, 2022

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, or guidelines, or regulations issued by the Government of India or the rules, or guidelines, or regulations issued by the Securities and Exchange Board of India, 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 statements, disclosures and undertakings made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, the Securities and Exchange Board of India Act, 1992, or the rules made or the guidelines or regulations issued thereunder, as the case may be. I further certify that all statements, disclosures and undertakings in this Draft Red Herring Prospectus are true and correct.

SIGNED BY DIRECTOR OF OUR COMPANY

Kalyan Srinivas Annam

Whole-time Director

Place: Hyderabad

Date: July 21, 2022

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, or guidelines, or regulations issued by the Government of India or the rules, or guidelines, or regulations issued by the Securities and Exchange Board of India, 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 statements, disclosures and undertakings made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, the Securities and Exchange Board of India Act, 1992, or the rules made or the guidelines or regulations issued thereunder, as the case may be. I further certify that all statements, disclosures and undertakings in this Draft Red Herring Prospectus are true and correct.

SIGNED BY DIRECTOR OF OUR COMPANY

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Doodeswara Kanaka Durgarao Chalavadi

Whole-time Director

Place: Hyderabad

Date: July 21, 2022

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, or guidelines, or regulations issued by the Government of India or the rules, or guidelines, or regulations issued by the Securities and Exchange Board of India, 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 statements, disclosures and undertakings made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, the Securities and Exchange Board of India Act, 1992, or the rules made or the guidelines or regulations issued thereunder, as the case may be. I further certify that all statements, disclosures and undertakings in this Draft Red Herring Prospectus are true and correct.

SIGNED BY DIRECTOR OF OUR COMPANY

Pramod Kasat

Independent Director

Place: Mumbai

Date: July 21, 2022

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, or guidelines, or regulations issued by the Government of India or the rules, or guidelines, or regulations issued by the Securities and Exchange Board of India, 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 statements, disclosures and undertakings made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, the Securities and Exchange Board of India Act, 1992, or the rules made or the guidelines or regulations issued thereunder, as the case may be. I further certify that all statements, disclosures and undertakings in this Draft Red Herring Prospectus are true and correct.

SIGNED BY DIRECTOR OF OUR COMPANY

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Sirisha Chintapalli

Independent Director

Place: Hyderabad

Date: July 21, 2022

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, or guidelines, or regulations issued by the Government of India or the rules, or guidelines, or regulations issued by the Securities and Exchange Board of India, 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 statements, disclosures and undertakings made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, the Securities and Exchange Board of India Act, 1992, or the rules made or the guidelines or regulations issued thereunder, as the case may be. I further certify that all statements, disclosures and undertakings in this Draft Red Herring Prospectus are true and correct.

SIGNED BY DIRECTOR OF OUR COMPANY

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Kunisetty Venkata Ramakrishna

Independent Director

Place: Thane

Date: July 21, 2022

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, or guidelines, or regulations issued by the Government of India or the rules, or guidelines, or regulations issued by the Securities and Exchange Board of India, 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 statements, disclosures and undertakings made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, the Securities and Exchange Board of India Act, 1992, or the rules made or the guidelines or regulations issued thereunder, as the case may be. I further certify that all statements, disclosures and undertakings in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY

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Konduri Venkata Lakshmi Narasimha Sarma

Place: Hyderabad

Date: July 21, 2022

DECLARATION BY NAGAKANAKA DURGA PRASAD CHALAVADI, AS THE PROMOTER SELLING SHAREHOLDER

I, Nagakanaka Durga Prasad Chalavadi, the Promoter Selling Shareholder, hereby confirm and certify that all statements, disclosures and undertakings made or confirmed by me in this Draft Red Herring Prospectus about or in relation to myself, as the Promoter Selling Shareholder, and my respective portion of the Offered Shares, are true and correct. I assume no responsibility for any other statements, disclosures and undertakings, including statements made or confirmed by or relating to the Company, any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

SIGNED BY THE PROMOTER SELLING SHAREHOLDER

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Nagakanaka Durga Prasad Chalavadi

Place: Hyderabad

Date: July 21, 2022

DECLARATION BY JHANSI RANI CHALAVADI, AS THE PROMOTER SELLING SHAREHOLDER

I, Jhansi Rani Chalavadi, the Promoter Selling Shareholder, hereby confirm and certify that all statements, disclosures and undertakings made or confirmed by me in this Draft Red Herring Prospectus about or in relation to myself, as the Promoter Selling Shareholder, and my respective portion of the Offered Shares, are true and correct. I assume no responsibility for any other statements, disclosures and undertakings, including statements made or confirmed by or relating to the Company, any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

SIGNED BY THE PROMOTER SELLING SHAREHOLDER

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Jhansi Rani Chalavadi

Place: Hyderabad

Date: July 21, 2022

DECLARATION BY KALYAN SRINIVAS ANNAM, AS THE PROMOTER GROUP SELLING SHAREHOLDER

I, Kalyan Srinivas Annam, the Promoter Group Selling Shareholder, hereby confirm and certify that all statements, disclosures and undertakings made or confirmed by me in this Draft Red Herring Prospectus about or in relation to myself, as the Promoter Group Selling Shareholder, and my respective portion of the Offered Shares, are true and correct. I assume no responsibility for any other statements, disclosures and undertakings, including statements made or confirmed by or relating to the Company, any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

SIGNED BY THE PROMOTER GROUP SELLING SHAREHOLDER

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Kalyan Srinivas Annam

Place: Hyderabad

Date: July 21, 2022

DECLARATION BY DHANALAKSHMI PERUMALLA, AS THE PROMOTER GROUP SELLING SHAREHOLDER

I, Dhanalakshmi Perumalla, the Promoter Group Selling Shareholder, hereby confirm and certify that all statements, disclosures and undertakings made or confirmed by me in this Draft Red Herring Prospectus about or in relation to myself, as the Promoter Group Selling Shareholder, and my respective portion of the Offered Shares, are true and correct. I assume no responsibility for any other statements, disclosures and undertakings, including statements made or confirmed by or relating to the Company, any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

SIGNED BY THE PROMOTER GROUP SELLING SHAREHOLDER

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Dhanalakshmi Perumalla

Place: Hyderabad

Date: July 21, 2022

DECLARATION BY DOODESWARA KANAKA DURGARAO CHALAVADI, AS THE PROMOTER GROUP SELLING SHAREHOLDER

I, Doodeswara Kanaka Durgarao Chalavadi, the Promoter Group Selling Shareholder, hereby confirm and certify that all statements, disclosures and undertakings made or confirmed by me in this Draft Red Herring Prospectus about or in relation to myself, as the Promoter Group Selling Shareholder, and my respective portion of the Offered Shares, are true and correct. I assume no responsibility for any other statements, disclosures and undertakings, including statements made or confirmed by or relating to the Company, any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

SIGNED BY THE PROMOTER GROUP SELLING SHAREHOLDER

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Doodeswara Kanaka Durgarao Chalavadi

Place: Hyderabad

Date: July 21, 2022

DECLARATION BY SUBASH CHANDRA MOHAN ANNAM, AS THE PROMOTER GROUP SELLING SHAREHOLDER

I, Subash Chandra Mohan Annam, the Promoter Group Selling Shareholder, hereby confirm and certify that all statements, disclosures and undertakings made or confirmed by me in this Draft Red Herring Prospectus about or in relation to myself, as the Promoter Group Selling Shareholder, and my respective portion of the Offered Shares, are true and correct. I assume no responsibility for any other statements, disclosures and undertakings, including statements made or confirmed by or relating to the Company, any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

SIGNED BY THE PROMOTER GROUP SELLING SHAREHOLDER

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Subash Chandra Mohan Annam

Place: Hyderabad

Date: July 21, 2022

DECLARATION BY VENKATA RAJESH ANNAM, AS THE PROMOTER GROUP SELLING SHAREHOLDER

I, Venkata Rajesh Annam, the Promoter Group Selling Shareholder, hereby confirm and certify that all statements, disclosures and undertakings made or confirmed by me in this Draft Red Herring Prospectus about or in relation to myself, as the Promoter Group Selling Shareholder, and my respective portion of the Offered Shares, are true and correct. I assume no responsibility for any other statements, disclosures and undertakings, including statements made or confirmed by or relating to the Company, any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

SIGNED BY THE PROMOTER GROUP SELLING SHAREHOLDER

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Venkata Rajesh Annam

Place: Hyderabad

Date: July 21, 2022