



### KALYAN JEWELLERS INDIA LIMITED

Our Company was originally formed as a sole proprietorship under the name of Kalyan Jewellers at Thirissur in 1993. Thereafter, the sole proprietorship was converted into a partnership firm under the name of Kalyan Jewellers which was registered under the Indian Partnership Act, 1932 with the Registrar of Firms, Kerala on May 4, 2006. Subsequently, the name of the partnership firm was changed from Kalyan Jewellers to Kalyan Jewellers TSK in the year 2008. The partnership firm was thereafter converted into a private limited company under the Companies Act, 1956 with the name Kalyan Jewellers TSK Private Limited and a certificate of incorporation dated January 29, 2009 was issued by the Registrar of Companies, Tamil Nadu at Coimbatore. Subsequently, the name of our Company was changed to Kalyan Jewellers India Private Limited, pursuant to our Shareholders' resolution dated February 7, 2009 and a fresh certificate of incorporation was issued by the Registrar of Companies, Tamil Nadu at Coimbatore on February 10, 2009. The name of our Company was further changed to Kalyan Jewellers India Limited upon conversion to a public limited company pursuant to our Shareholders' resolution dated March 28, 2016 and a fresh certificate of incorporation was issued by the Registrar of Companies, Ernakulam ("RoC") on June 15, 2016. For details of change in the name and address of the registered office of our Company, see "History and Certain Corporate Matters" on page 156.

**Registered and Corporate Office:** TC-32/204/2, Sitaram Mill Road, Punnunnam, Thirissur, Kerala – 680 002; **Tel:** +91 487 24 37 333

**Contact Person:** Mr. Jishnu R.G., Company Secretary and Compliance Officer; **Tel:** +91 487 24 37 100

**E-mail:** compliance@kalyanjewellers.net; **Website:** www.kalyanjewellers.net

**Corporate Identity Number:** U36911KL2009PLC024641

#### OUR PROMOTERS: MR. T.S. KALYANARAMAN, MR. T.K. SEETHARAM AND MR. T.K. RAMESH

INITIAL PUBLIC OFFERING OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") OF KALYAN JEWELLERS INDIA LIMITED ("COMPANY" OR "ISSUER") FOR CASH AT A PRICE OF ₹ [●]\* PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) ("OFFER PRICE") AGGREGATING UP TO ₹ 17,500 MILLION, COMPRISING A FRESH ISSUE OF UP TO [●] EQUITY SHARES BY OUR COMPANY AGGREGATING UP TO ₹ 10,000 MILLION ("FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO [●] EQUITY SHARES ("OFFERED SHARES") AGGREGATING UP TO ₹ 7,500 MILLION, COMPRISING UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 2,500 MILLION BY MR. T.S. KALYANARAMAN ("PROMOTER SELLING SHAREHOLDER") AND UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 5,000 MILLION BY HIGHDELL INVESTMENT LTD ("INVESTOR SELLING SHAREHOLDER") AND TOGETHER WITH THE PROMOTER SELLING SHAREHOLDER, THE "SELLING SHAREHOLDERS" AND SUCH OFFER, THE "OFFER FOR SALE" AND TOGETHER WITH THE FRESH ISSUE, THE "OFFER".

THE OFFER INCLUDES A RESERVATION OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 20 MILLION, FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (AS DEFINED HEREINAFTER) (THE "EMPLOYEE RESERVATION PORTION"), THE OFFER LESS THE EMPLOYEE RESERVATION PORTION IS HEREINAFTER REFERRED TO AS THE "NET OFFER". THE OFFER AND THE NET OFFER WILL CONSTITUTE [●]% AND [●]% OF THE POST-OFFER PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY, RESPECTIVELY.

OUR COMPANY, IN CONSULTATION WITH THE LEAD MANAGERS, MAY CONSIDER A FURTHER ISSUE OF EQUITY SHARES, INCLUDING BY WAY OF A RIGHTS ISSUE TO EXISTING SHAREHOLDERS, A PREFERENTIAL OFFER OR ANY OTHER METHOD AS MAY BE PERMITTED UNDER THE APPLICABLE LAW TO ANY PERSON(S), AGGREGATING UP TO ₹ 5,000 MILLION, AT ITS DISCRETION, PRIOR TO FILING OF THE RED HERRING PROSPECTUS WITH THE ROC ("PRE-IPO PLACEMENT"). 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 NET OFFER CONSTITUTING AT LEAST [●]% OF THE POST-OFFER PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY.

THE PRICE BAND, THE RUPEE AMOUNT OF DISCOUNT, IF ANY, TO THE ELIGIBLE EMPLOYEES BIDDING IN THE EMPLOYEE RESERVATION PORTION ("EMPLOYEE DISCOUNT") AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY AND THE SELLING SHAREHOLDERS, IN CONSULTATION WITH THE LEAD MANAGERS AND WILL BE ADVERTISED IN [●] EDITIONS OF [●], AN ENGLISH NATIONAL DAILY NEWSPAPER, [●] EDITIONS OF [●], A HINDI NATIONAL DAILY NEWSPAPER, AND [●] EDITIONS OF [●], A MALAYALAM DAILY NEWSPAPER (MALAYALAM BEING THE REGIONAL LANGUAGE OF KERALA, WHERE OUR REGISTERED AND CORPORATE OFFICE IS LOCATED) 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"), TOGETHER WITH BSE, THE "THE STOCK EXCHANGES") FOR THE PURPOSE OF UPLOADING ON THEIR RESPECTIVE WEBSITES.

\*Our Company and the Selling Shareholders, in consultation with the Lead Managers, may offer a discount of up to [●]% of the Offer Price to Eligible Employees bidding in the Employee Reservation Portion.

In case of a revision in the Price Band, the Bid/Offer Period will be extended by at least three additional Working Days after such revision of the Price Band, subject to the Bid/Offer Period not exceeding a total of 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company and the Selling Shareholders, in consultation with the Lead Managers, may 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, will be widely disseminated by notification to the Stock Exchange by issuing a public notice and also by indicating the change on the respective websites of the Lead Managers and at the terminals of the Syndicate Members and by intimation to Designated Intermediaries and the Sponsor Bank.

The Offer is being made in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended ("SCRR"), read with Regulation 31 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("SEBI ICDR Regulations"). The Offer is being made through the Book Building Process, in compliance with Regulation 6(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Net Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs") ("QIB Portion"), provided that our Company and the Selling Shareholders in consultation with the Lead Managers, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis ("Anchor Investor Portion"). One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from the domestic Mutual Funds at or above the Anchor Investor Allocation Price. 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB 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 Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35% of the Net Offer shall be available for allocation to Retail Individual Investors in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. All Bidders, other than Anchor Investors, shall be mandatorily required to participate in the Offer through the Application Supported by Blocked Amount ("ASBA") process and shall provide details of their respective ASBA Account (as defined hereinafter) in which the Bid Amount will be blocked by the Self Certified Syndicate Banks ("SCSBs") or under the UPI Mechanism, 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 357.

#### RISKS IN RELATION TO THE 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 ₹ 10. The Floor Price, Cap Price and Offer Price should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares nor regarding the price at which the Equity Shares will be traded after listing.

#### GENERAL RISK

Investment in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the 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 the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the 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 investors is invited to the section "Risk Factors" on page 25.

#### ISSUERS 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 the Offer which is material in the context of the 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 that the statements specifically made or confirmed by such Selling Shareholder in this Draft Red Herring Prospectus to the extent of information specifically pertaining to itself and its portion of the Offered Shares in the Offer for Sale and assumes responsibility that such statements are true and correct in all material respects and not misleading in any material respect. However, each Selling Shareholder, severally and not jointly, does not assume any responsibility for any other statements, including without limitation, any and all of the statements made by, about or in relation to, our Company, its business, the other Selling Shareholder, or any other person(s) in this Draft Red Herring Prospectus.

#### LISTING

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on BSE and NSE. 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 the Offer, the Designated Stock Exchange shall be [●]. A copy of the Red Herring Prospectus and the Prospectus shall be filed with the RoC in accordance with Section 26(4) of the Companies Act, 2013. For details of the material contracts and documents that will be 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 428.

#### GLOBAL CO-ORDINATORS AND BOOK RUNNING LEAD MANAGERS

<b>Axis Capital Limited</b> 1 <sup>st</sup> floor, Axis House C-2 Wadia International Centre P.B. Marg, Worli Mumbai 400 025 Maharashtra, India Telephone: +91 22 4325 2183 Email: kalyan.ipo@axiscap.in Investor Grievance e-mail: complaints@axiscap.in Website: www.axiscapital.co.in Contact Person: Ms. Mayuri Arya SEBI Registration No.: INM000012029	<b>Citigroup Global Markets India Private Limited</b> 1202, 12 <sup>th</sup> Floor First International Financial Center G-Block, Bandra Kurla Complex, Bandra East Mumbai 400 098 Maharashtra, India Telephone: +91 22 6175 9999 Email: kalyan.jewellers.ipo@citi.com Investor Grievance e-mail: investors.cgmb@citi.com Website: www.online.citibank.co.in/rhtm/citigroupglobalscreen1.htm Contact Person: Ms. Asumi Shah SEBI Registration No.: INM000010718	<b>ICICI Securities Limited</b> ICICI Center, H.T. Parekh Marg Churchgate, Mumbai 400 020 Maharashtra, India Telephone: +91 22 2288 2460 Email: kalyan.ipo@icicisecurities.com Investor Grievance e-mail: customercare@icicisecurities.com Website: www.icicisecurities.com Contact Person: Mr. Arjun A Mehrotra / Mr. Rishi Tiwari SEBI Registration No.: INM000011179	<b>SBI Capital Markets Limited</b> 202, Maker Tower 'E' Cuffe Parade Mumbai 400 005 Maharashtra, India Telephone: +91 22 2217 8300 E-mail: kalyan.ipo@sbicaps.com Investor Grievance E-mail: investor.relations@sbicaps.com Website: www.sbicaps.com Contact Person: Mr. Karan Savardekar / Mr. Sambit Rath SEBI Registration No.: INM000003531

#### BOOK RUNNING LEAD MANAGER



**BOB Capital Markets Limited**  
 Parinee Crescenzo, 1704, B Wing, 17<sup>th</sup> Floor  
 Plot no. C-38/39, G Block BKC  
 Bandra East, Mumbai 400 051  
 Maharashtra, India  
 Telephone: +91 22 6138 9300  
 Email: kalyan.ipo@bobcaps.in  
 Investor grievance e-mail: investorgrievance@bobcaps.in  
 Website: www.bobcaps.in  
 Contact person: Ms. Nivedika Chavan / Mr. Ninad Jape  
 SEBI registration number: INM000009926

#### REGISTRAR TO THE OFFER



**Link Intime India Private Limited**  
 C-101, 1<sup>st</sup> Floor, 247 Park  
 Lal Bahadur Shastri Marg  
 Vikhroli (West), Mumbai 400083  
 Telephone: +91 22 4918 6200  
 Email: kalyan.ipo@linkintime.co.in  
 Investor Grievance e-mail: kalyan.ipo@linkintime.co.in  
 Website: www.linkintime.co.in  
 Contact Person: Ms. Shanti Gopalkrishnan  
 SEBI Registration No.: INR000004058

#### BID/OFFER OPENS ON: [●]\*

#### BID/OFFER PERIOD

#### BID/OFFER CLOSES ON: [●]\*\*

\* Our Company and the Selling Shareholders, in consultation with the Lead Managers, may consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/Offer Opening Date.

\*\* Our Company and the Selling Shareholders, in consultation with the Lead Managers, may decide to close the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations.

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## SECTION I: GENERAL

### DEFINITIONS AND ABBREVIATIONS

*Unless the context otherwise indicates or implies, or unless otherwise specified, the following terms and abbreviations have the meanings assigned hereunder in this Draft Red Herring Prospectus. References to any statutes, rules, regulations, guidelines, circulars, notifications and policies will, unless the context otherwise requires, be deemed to include all amendments, clarifications, modifications, re-enactments and replacements notified thereto, from time to time.*

*The words and expressions used in this Draft Red Herring Prospectus, but not defined herein, shall (to the extent applicable) have the meaning ascribed to such terms under the SEBI ICDR Regulations, the Companies Act, the SCRA, and the Depositories Act and the rules and regulations made thereunder. Notwithstanding the foregoing, terms used in “Industry Overview”, “Key Regulations and Policies”, “History and Certain Corporate Matters”, “Statement of Special Tax Benefits”, “Financial Statements”, “Outstanding Litigation and Material Developments” and “Description of Equity Shares and Terms of the Articles of Association” on pages 105, 147, 156, 100, 200, 319 and 372, respectively, shall have the meaning ascribed to such terms in such sections.*

#### General Terms

Term	Description
“the Company”, “our Company”, “KJIL” or “the Issuer”	Kalyan Jewellers India Limited, a company incorporated under the Companies Act, 1956 and having its Registered and Corporate Office at TC-32/204/2, Sitaram Mill Road, Punnamm, Thrissur, Kerala – 680 002.
“we” or “us” or “our”	Unless the context otherwise indicates or implies, refers to our Company together with its Subsidiaries, on a consolidated basis.

#### Company and Selling Shareholders related terms

Term	Description
“Articles” or “Articles of Association” or “AoA”	The articles of association of our Company, as amended.
“Audit Committee”	The audit committee of our Board constituted in accordance with the Companies Act and the SEBI Listing Regulations. For details, see “ <i>Our Management</i> ” on page 168.
“Auditors” or “Statutory Auditors”	The statutory auditors of our Company, being Deloitte Haskins & Sells LLP, Chartered Accountants.
“Board” or “Board of Directors”	The board of directors of our Company, as constituted from time to time, including any duly constituted committees thereof.
“Business Purchase Agreements”	Business purchase agreements executed by our Company with Kalyan Jewellers Madurai, Kalyan Jewellers Tuticorin, Kalyan Jewellers Kollam and Erode, and Kalyan Jewellers Salem each dated March 31, 2013, November 30, 2013, March 31, 2014 and March 31, 2014, respectively.
“Chairman and Managing Director”	The chairman and managing director of our Company, being Mr. T.S. Kalyanaraman. For details, see “ <i>Our Management</i> ” on page 168.
“Chief Financial Officer” or “CFO”	The chief financial officer of our Company, being Mr. V. Swaminathan. For details, see “ <i>Our Management</i> ” on page 168.
“Company Secretary and Compliance Officer”	The company secretary and compliance officer of our Company, being Mr. Jishnu R.G. For details, see “ <i>Our Management</i> ” on page 168.
“Corporate Social Responsibility Committee”	The corporate social responsibility committee of our Board constituted in accordance with the Companies Act. For details, see “ <i>Our Management</i> ” on page 168.
“Director(s)”	Director(s) on our Board, as appointed from time to time.
“Enovate Agreements”	Collectively, the Enovate SSHA, the Enovate SPA and the Enovate Voting Rights Agreement.
“Enovate SSHA”	The amended and restated share subscription cum shareholders’ agreement dated April 24, 2017 entered into amongst our Company, Enovate Lifestyles Private Limited, Mr. Rupesh Jain, Mr. Brijesh Chandwani and Mr. Subram Kapoor.
“Enovate SPA”	The share purchase agreement dated April 24, 2017 entered into amongst our Company, Enovate Lifestyles Private Limited, Mr. Rupesh Jain, Mr. Brijesh Chandwani and Mr. Subram Kapoor.
“Enovate Voting Rights Agreements”	The voting rights agreement dated June 9, 2017 entered into amongst our Company, Enovate Lifestyles Private Limited, Mr. Rupesh Jain, Mr. Brijesh Chandwani and Mr. Subram Kapoor.
“Equity Shares”	Equity shares of our Company of face value of ₹ 10 each.

<b>Term</b>	<b>Description</b>
“ESOP 2020”	Kalyan Jewellers India Limited – Employee Stock Option Plan 2020.
“ESPS 2020”	Kalyan Jewellers India Limited – Employee Stock Purchase Scheme 2020.
“Executive Director”	An executive Director of our Company.
“Highdell” or “Investor Selling Shareholder”	Highdell Investment Ltd
“Highdell 2014 SSPA”	The subscription and share purchase agreement dated August 28, 2014 and entered into amongst our Company, Highdell, our Promoters and certain members of our Promoter Group.
“Highdell 2017 SSA”	The share subscription agreement dated March 31, 2017 entered into amongst our Company, Highdell and our Promoters.
“Highdell Investment Agreements”	Collectively, the Highdell 2014 SSPA, the Highdell 2017 SSA and the Highdell SHA.
“Highdell SHA”	The shareholders’ agreement dated August 28, 2014 entered into amongst our Company, Highdell, our Promoters and certain members of our Promoter Group, as amended by amendment agreements dated December 5, 2016, October 23, 2018, November 8, 2019, and the amendment cum termination agreement dated August 23, 2020.
“Independent Director”	A non-executive, independent Director of our Board appointed as per the Companies Act and the SEBI Listing Regulations. For details, see “ <i>Our Management</i> ” on page 168.
“IPO Committee”	The IPO committee of our Board constituted pursuant to our Board resolution dated July 13, 2020.
“KJ ESPS Trust”	Kalyan Jewellers Employee Stock Purchase Scheme Trust.
“KJFZE”	Kalyan Jewellers FZE, UAE.
“KJLLC Oman”	Kalyan Jewellers LLC, Oman.
“KJLLC Qatar”	Kalyan Jewellers LLC, Qatar.
“KJLLC UAE”	Kalyan Jewellers LLC, UAE.
“KJWLL Bahrain”	Kalyan Jewellers Bahrain W.L.L., Bahrain.
“KJWLL Kuwait”	Kalyan Jewellers for Golden Jewelry Company, W.L.L., Kuwait.
“KMP” or “Key Managerial Personnel”	Key managerial personnel of our Company in terms of the SEBI ICDR Regulations, the Companies Act and as disclosed in “ <i>Our Management</i> ” on page 168.
“Material Subsidiaries”	KJFZE, KJLLC UAE and KJLLC Qatar, which have been identified by our Company in accordance with SEBI ICDR Regulations.
“Materiality Policy”	The policy adopted by our Board on August 20, 2020 for identification of group companies, material outstanding litigation proceedings, and outstanding dues to material creditors, in accordance with the disclosure requirements under the SEBI ICDR Regulations.
“Memorandum” or “Memorandum of Association” or “MoA”	The memorandum of association of our Company, as amended.
“Nomination and Remuneration Committee”	The nomination and remuneration committee of our Board constituted in accordance with the Companies Act and the SEBI Listing Regulations. For details, see “ <i>Our Management</i> ” on page 168.
“Non-Executive Director”	A Director not being an Executive Director of our Company.
“Promoter Group”	Such persons and entities which constitute the promoter group of our Company pursuant to Regulation 2(1)(pp) of the SEBI ICDR Regulations. For details, see “ <i>Our Promoters and Promoter Group</i> ” on page 187.
“Promoter Selling Shareholder”	Mr. T.S. Kalyanaraman.
“Promoters”	The promoters of our Company, being Mr. T.S. Kalyanaraman, Mr. T.K. Seetharam and Mr. T.K. Ramesh. For details, see “ <i>Our Promoters and Promoter Group</i> ” on page 187.
“Registered and Corporate Office”	The registered and corporate office of our Company located at TC-32/204/2, Sitaram Mill Road, Punkunnam, Thrissur, Kerala – 680 002.
“Registrar of Companies” or “RoC”	Registrar of Companies, Ernakulam.
“Restated Consolidated Financial Information”	The restated consolidated financial information of our Company and our subsidiaries, as at and for the Fiscals ended March 31, 2020, March 31, 2019 and March 31, 2018, together with the annexures, schedules and notes thereto, which have been prepared in accordance with the Companies Act, the Ind AS and Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by ICAI, and restated in accordance with the SEBI ICDR Regulations, included in “ <i>Financial Statements</i> ” on page 200.
“Restated Financial Information”	Collectively, the Restated Consolidated Financial Information and the Special Purpose Restated Standalone Financial Information.
“Risk Management Committee”	The risk management committee of our Board constituted in accordance with the SEBI Listing Regulations. For details, see “ <i>Our Management</i> ” on page 168.
“Selling Shareholders”	Collectively, the Investor Selling Shareholder and the Promoter Selling Shareholder.
“Shareholder(s)”	Equity shareholders of our Company, from time to time.

<b>Term</b>	<b>Description</b>
“Special Purpose Restated Standalone Financial Information”	The restated standalone financial information of our Company as at and for the Fiscals ended March 31, 2020, March 31, 2019 and March 31, 2018, together with the annexures, schedules and notes thereto, which have been prepared in accordance with the Companies Act, Ind AS, Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by ICAI and the SEBI ICDR Regulations, included in “ <i>Financial Statements</i> ” on page 200.
“Stakeholders’ Relationship Committee”	The stakeholders’ relationship committee of our Board constituted in accordance with the Companies Act and the SEBI Listing Regulations. For details, see “ <i>Our Management</i> ” on page 168.
“Subsidiary(ies)”	Subsidiaries of our Company as identified under the provisions of the Companies Act and more particularly as set out in the section “ <i>Our Subsidiaries</i> ” on page 192.

## Offer Related Terms

<b>Term</b>	<b>Description</b>
“Acknowledgment Slip”	The slip or document issued by a Designated Intermediary to a Bidder as proof of registration of the Bid cum Application Form.
“Allot”/ Allotment/ Allotted”	Unless the context otherwise requires, the allotment of Equity Shares pursuant to the Fresh Issue and transfer of Offered Shares pursuant to the Offer for Sale to successful Bidders.
“Allotment Advice”	The note or advice or intimation of Allotment, sent to each successful Bidder who has been or is to be Allotted the Equity Shares after approval of the Basis of Allotment by the Designated Stock Exchange.
“Allottee”	A successful Bidder to whom the Equity Shares are Allotted.
“Anchor Investor”	A QIB, who applies under the Anchor Investor Portion in accordance with the requirements specified in the SEBI ICDR Regulations and the Red Herring Prospectus.
“Anchor Investor Allocation Price”	The price at which Equity Shares will be allocated to the Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which will be decided by our Company and the Selling Shareholders, in consultation with the Lead Managers.
“Anchor Investor Application Form”	An application 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 Bidding Date”	The day, being one Working Day prior to the Bid/Offer Opening Date, on which Bids by Anchor Investors shall be submitted, prior to and after which the Lead Managers will not accept any Bids from Anchor Investors and allocation to the Anchor Investors shall be completed.
“Anchor Investor Offer Price”	The final price at which Equity Shares will be Allotted to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which will be a price 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 and the Selling Shareholders in consultation with the Lead Managers.
“Anchor Investor Portion”	Up to 60% of the QIB Portion which may be allocated by our Company and the Selling Shareholders in consultation with the Lead Managers, 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.
“Application Supported by Blocked Amount” or “ASBA”	An application (whether physical or electronic) by an ASBA Bidder to make a Bid and authorize the relevant SCSB to block the Bid Amount in the relevant ASBA Account and will include applications made by Retail Individual Investors using the UPI Mechanism, where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by Retail Individual Investors.
“ASBA Account”	A bank account maintained by ASBA Bidders with an SCSB and specified in the ASBA Form submitted by such ASBA Bidder which will be blocked by such SCSB to the extent of the specified in the ASBA Form submitted by such ASBA Bidder and includes a bank account maintained by a Retail Individual Investor linked to a UPI ID, which will be blocked in relation to a Bid by a Retail Individual Investor Bidding through the UPI Mechanism.
“ASBA Bidder(s)”	All Bidders except Anchor Investors.
“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.
“Axis”	Axis Capital Limited.
“Banker(s) to the Offer”	Collectively, the Escrow Collection Bank(s), Refund Bank(s), Public Offer Account Bank(s) and the Sponsor Bank.
“Basis of Allotment “	The basis on which the Equity Shares will be Allotted to successful Bidders under the Offer, as described in “ <i>Offer Procedure</i> ” on page 357.
“Bid”	An indication to make an offer during the Bid/Offer Period by an ASBA Bidder pursuant to

<b>Term</b>	<b>Description</b>
	submission of an ASBA Form, or on the Anchor Investor Bidding Date by an Anchor Investor pursuant to submission of an Anchor Investor Application Form, to subscribe to or purchase our Equity Shares at a price within the Price Band, including all revisions and modifications thereto, to the extent permissible under the SEBI ICDR Regulations and in terms of the Red Herring Prospectus and the relevant Bid cum Application Form. The term “Bidding” shall be construed accordingly.
“Bid Amount”	The highest value of the Bids as indicated in the Bid cum Application Form and payable by the Bidder or as blocked in the ASBA Account of the Bidder, as the case may be, upon submission of the Bid in the Offer.  However, Eligible Employees applying in the Employee Reservation Portion can apply at the Cut-off Price and the Bid amount shall be Cap Price net of Employee Discount, if any, multiplied by the number of Equity Shares Bid for by such Eligible Employee and mentioned in the Bid cum Application Form.
“Bid cum Application Form”	Anchor Investor Application Form and/or the ASBA Form, as the context requires.
“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 published in [●] editions of [●], an English national daily newspaper, [●] editions of [●], a Hindi national daily newspaper, and [●] editions of [●], a Malayalam daily newspapers (Malayalam being the regional language of Kerala, where our Registered and Corporate Office is located). In case of any revisions, the extended Bid/Offer Closing Date will 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 Lead Managers and at the terminals of the other members of the Syndicate and by intimation to Designated Intermediaries and the Sponsor Bank.  Our Company and the Selling Shareholders in consultation with the Lead Managers may consider closing the Bid/Offer Period for the QIBs one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations.
“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, being [●], which shall be published in [●] editions of [●], an English national daily newspaper, [●] editions of [●], a Hindi national daily newspaper, and [●] editions of [●], a Malayalam daily newspapers (Malayalam being the regional language of Kerala, where our Registered and Corporate Office is located).
“Bid/Offer Period”	Except in relation to Bids received from the Anchor Investors, the period between the Bid/Offer Opening Date and the Bid/Offer Closing Date, inclusive of both days during which prospective ASBA Bidders can submit their Bids, including any revisions thereof, in accordance with the SEBI ICDR Regulations and the terms of the Red Herring Prospectus.
“Bidder”	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, being the Designated SCSB Branch for SCSBs, Specified Locations for the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs.
“BOB Capital”	BOB Capital Markets Limited.
“Book Building Process”	The book building process as described in Part A of Schedule XIII of the SEBI ICDR Regulations, in terms of which the Offer is being made.
“Book Running Lead Manager” or “BRLM”	The book running lead manager to the Offer, in this case being BOB Capital.
“Broker Centres”	Broker centres of the Registered Brokers where ASBA Bidders can submit the ASBA Forms, provided that Retail Individual Investors may only submit ASBA Forms at such broker centres if they are Bidding using the UPI Mechanism. 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 ( <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a> ).
“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 finalized and above which no Bids will be accepted, including any revisions thereof.
“Citi”	Citigroup Global Markets India Private Limited.
“Client ID”	Client identification number of the Bidder’s beneficiary account.
“Collecting Depository Participants/ CDPs”	A depository participant, as defined under the Depositories Act, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations as per the list available on

<b>Term</b>	<b>Description</b>
	the websites of BSE and NSE, as updated from time to time.
“Cut-off Price”	The Offer Price, finalized by our Company and the Selling Shareholders in consultation with the Lead Managers, which shall be any price within the Price Band. Only Retail Individual Investors and Eligible Employees Bidding under the Employee Reservation Portion are entitled to Bid at the Cut-off Price. QIBs (including Anchor Investors) and Non-Institutional Investors, are not entitled to Bid at the Cut-off Price.
“Demographic Details”	The details of the Bidders including the Bidder’s address, name of the Bidder’s father/husband, investor status, occupation, and bank account details and UPI ID, as applicable.
“Designated CDP Locations”	Such locations of the Collecting Depository Participants where ASBA Bidders can submit the ASBA Forms, provided that Retail Individual Investors may only submit ASBA Forms at such locations if they are Bidding using the UPI Mechanism. The details of such Designated CDP Locations, along with the names and contact details of the CDPs are available on the respective websites of the Stock Exchanges (www.nseindia.com and www.bseindia.com) and updated from time to time.
“Designated Date”	The date on which the funds from the Escrow Account(s) are transferred to the Public Offer Account(s) or the Refund Account(s), as appropriate, and the relevant amounts blocked in the ASBA Accounts are transferred to the Public Offer Account(s) and /or are unblocked, as applicable, in terms of the Red Herring Prospectus and the Prospectus, after finalization of the Basis of Allotment in consultation with the Designated Stock Exchange, following which the Equity Shares may be Allotted to successful Bidders in the Offer.
“Designated Intermediaries”	In relation to ASBA Forms submitted by Retail Individual Investors (not using the UPI Mechanism) authorizing an SCSB to block the Bid Amount in the ASBA Account, Designated Intermediaries shall mean SCSBs.  In relation to ASBA Forms submitted by Retail Individual Investors (Bidding using the UPI Mechanism) where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by such RII using the UPI Mechanism, Designated Intermediaries shall mean Syndicate, sub-syndicate, Registered Brokers, CDPs and RTAs.  In relation to ASBA Forms submitted by QIBs and NIIs, Designated Intermediaries shall mean SCSBs, Syndicate, sub-syndicate, Registered Brokers, CDPs and RTAs.
“Designated RTA Locations”	Such centres of the RTAs where ASBA Bidders can submit the ASBA Forms, provided that Retail Individual Investors may only submit ASBA Forms at such locations if they are Bidding using the UPI Mechanism. The details of such Designated RTA Locations, along with the names and contact details of the RTAs are available on the respective websites of the Stock Exchanges (www.nseindia.com and www.bseindia.com) and updated from time to time.
“Designated SCSB Branches”	Such branches of the SCSBs which shall collect the ASBA Forms, a list of which is available on the website of SEBI at <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes</a> 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 August 24, 2020 filed with the SEBI and Stock Exchanges and issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which our Equity Shares are offered and the size of the Offer, and includes any addenda or corrigenda thereto.
“Eligible Employee”	Permanent employees, working in India or outside India, of our Company or of our Subsidiaries or a Director of our Company, whether whole-time or not, as on the date of the filing of the Red Herring Prospectus with the RoC and who continue to be a permanent employee of our Company or any of our Subsidiaries or be our Director(s), as the case may be until the submission of the Bid cum Application Form, but not including (i) Promoters; (ii) persons belonging to our Promoter Group; or (iii) Directors who either themselves or through their relatives or through any body corporate, directly or indirectly, hold more than 10% of the outstanding Equity Shares of our Company.  The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹500,000. However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹200,000. Only in the event of an under-subscription in the Employee Reservation Portion post initial Allotment, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹200,000, subject to the total Allotment to an Eligible Employee not exceeding ₹500,000.
“Eligible FPIs”	FPIs that are eligible to participate in this Offer in terms of applicable laws, other than individuals, corporate bodies and family offices.

<b>Term</b>	<b>Description</b>
“Eligible NRI(s)”	A non-resident Indian, resident in a jurisdiction outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the Red Herring Prospectus and the Bid Cum Application Form constitutes an invitation to subscribe or purchase for the Equity Shares.
“Employee Discount”	Our Company and the Selling Shareholders, in consultation with the Lead Managers, may offer a discount of up to [●]% to the Offer Price (equivalent of ₹[●] per Equity Share) to Eligible Employees and which shall be announced at least two Working Days prior to the Bid/Offer Opening Date.
“Employee Reservation Portion”	The portion of the Offer being up to [●] Equity Shares aggregating up to ₹ 20 million, available for allocation to Eligible Employees, on a proportionate basis. Such portion shall not exceed 5% of the post-Offer Equity Share capital of our Company.
“Escrow Account(s)”	Account(s) to be opened with the Escrow Collection Bank(s) for the Offer and in whose favour the Anchor Investors will transfer money through direct credit or NEFT or RTGS or NACH in respect of the Bid Amount when submitting a Bid.
“Escrow and Sponsor Bank Agreement”	The agreement to be entered into amongst our Company, the Selling Shareholders, the Registrar to the Offer, Syndicate Members, the Lead Managers, and Banker(s) to the Offer for the appointment of the Sponsor Bank in accordance with the UPI Circulars, collection of the Bid Amounts from Anchor Investors, transfer of funds to the Public Offer Account(s) and where applicable remitting refunds, if any, to Bidders, on the terms and conditions thereof.
“Escrow Collection Bank(s)”	Bank(s), which are clearing member(s) and are registered with SEBI as bankers to an issue under the SEBI BTI Regulations and with whom the Escrow Account(s) will be opened.
“First Bidder”	The Bidder whose name appears first in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name appears as the first holder of the beneficiary account held in joint names.
“Floor Price”	The lower end of the Price Band, subject to any revisions thereof, at or above which the Offer Price and Anchor Investor Offer Price will be finalized and below which no Bids will be accepted and which shall not be less than the face value of the Equity Shares.
“Fresh Issue”	Fresh issue of up to [●] Equity Shares by our Company aggregating up to ₹ 10,000 million to be issued by our Company as part of the Offer, in terms of the Red Herring Prospectus and the Prospectus.
“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.
“Global Co-ordinators and Book Running Lead Managers” or “GCBRLMs”	The global co-ordinators and book running lead manager to the Offer, in this case being Axis, Citi, I-Sec and SBICAP.
“I-Sec”	ICICI Securities Limited.
“Lead Managers”	Collectively, GCBRLMs and BRLM.
“Mutual Fund Portion”	5% of the QIB Portion (excluding the Anchor Investor Portion) or [●] Equity Shares 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.
“Net Offer”	The Offer less the Employee Reservation Portion.
“Net Proceeds”	Gross proceeds of the Fresh Issue, less Offer expenses to the extent applicable to the Fresh Issue. For further details, see “ <i>Objects of the Offer</i> ” on page 89.
“Non-Institutional Portion”	The portion of the Net Offer, being not less than 15% of the Net Offer or [●] Equity Shares, available for allocation on a proportionate basis to Non-Institutional Investors subject to valid Bids being received at or above the Offer Price.
“Non-Institutional Investors / NIIs”	All Bidders that are not QIBs (including Anchor Investors) or Retail Individual Investors, who have Bid for Equity Shares for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRIs).
“Offer”	The public issue of up to [●] Equity Shares for cash at a price of ₹ [●] each, aggregating up to ₹ 17,500 million comprising the Fresh Issue and the Offer for Sale. The Offer comprises the Net Offer and Employee Reservation Portion.  Our Company, in consultation with the Lead Managers, may consider a Pre-IPO Placement. 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 Net Offer constituting at least [●]% of the post-Offer paid up Equity Share capital of our Company.
“Offer Agreement”	The agreement dated August 24, 2020 entered into amongst our Company, the Selling Shareholders and the Lead Managers, pursuant to which certain arrangements are agreed to in relation to the Offer.
“Offer Price”	The final price (within the Price Band) at which Equity Shares will be Allotted to the successful ASBA Bidders, as determined in accordance with the Book Building Process by



<b>Term</b>	<b>Description</b>
	<p>our Company and the Selling Shareholders in consultation with the Lead Managers in terms of the Red Herring Prospectus on the Pricing Date. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price in terms of the Red Herring Prospectus.</p> <p>A discount of up to [●]% on the Offer Price (equivalent of ₹ [●] per Equity Share) may be offered to Eligible Employees bidding in the Employee Reservation Portion. This Employee Discount, if any, will be decided by our Company and the Selling Shareholders, in consultation with the Lead Managers.</p>
“Offered Shares”	Up to [●] Equity Shares aggregating up to ₹ 2,500 million by the Promoter Selling Shareholder and up to [●] Equity Shares aggregating up to ₹ 5,000 million by the Investor Selling Shareholder, offered as part of the Offer for Sale.
“OFS” or “Offer for Sale”	The offer for sale of up to [●] Equity Shares aggregating up to ₹ 7,500 million by the Selling Shareholders.
“Pre-IPO Placement”	A further issue of Equity Shares, including by way of a rights issue to existing shareholders, a preferential offer or any other method as may be permitted under the applicable law to any other person, aggregating up to ₹ 5,000 million, which may be undertaken by our Company, in consultation with the Lead Managers, prior to the filing of the Red Herring Prospectus with the RoC.
“Price Band”	Price band ranging from a Floor Price of ₹ [●] per Equity Share to a Cap Price of ₹ [●] per Equity Share, including revisions thereof, if any. The Price Band and the minimum Bid Lot size will be decided by our Company and the Selling Shareholders in consultation with the Lead Managers, and advertised in [●] editions of [●], an English national daily newspaper, [●] editions of [●], a Hindi national daily newspaper, and [●] editions of [●], a Malayalam daily newspapers (Malayalam being the regional language of Kerala, where our Registered and Corporate Office is located), 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 websites.
“Pricing Date”	The date on which our Company and the Selling Shareholders in consultation with the Lead Managers, shall finalize the Offer Price.
“Prospectus”	The prospectus to be filed with the RoC on or after the Pricing Date in accordance with the provisions of Sections 26 and 32 of the Companies Act and the SEBI ICDR Regulations, containing the Offer Price, the size of the Offer and certain other information including any addenda or corrigenda thereto.
“Public Offer Account(s)”	The bank account(s) to be opened with the Public Offer Account Bank(s) under Section 40(3) of the Companies Act to receive monies from the Escrow Account(s) and the ASBA Accounts on the Designated Date.
“Public Offer Account Bank(s)”	The bank with whom the Public Offer Account(s) are opened for collection of Bid Amounts from the Escrow Account(s) and ASBA Accounts on the Designated Date, in this case being [●].
“QIB Portion”	The portion of the Net Offer, being not more than 50% of the Net Offer, or [●] Equity Shares, which shall be Allotted to QIBs on a proportionate basis, including the Anchor Investor Portion (in which allocation shall be on a discretionary basis, as determined by our Company and the Selling Shareholders in consultation with the Lead Managers), subject to valid Bids being received at or above the Offer Price.
“Qualified Institutional Buyers” or “QIBs”	A qualified institutional buyer as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations.
“Red Herring Prospectus/ RHP”	The red herring prospectus to be issued in accordance with Section 32 of the Companies Act, the SEBI ICDR Regulations which will not have complete particulars of the price at which the Equity Shares shall be Allotted and which shall be filed with the RoC at least three Working Days before the Bid/Offer Opening Date and will become the Prospectus after filing with the RoC after the Pricing Date, including any addenda or corrigenda thereto.
“Refund Account(s)”	The account(s) opened with the Refund Bank(s) from which refunds, if any, of the whole or part of the Bid Amount shall be made to Anchor Investors.
“Refund Bank(s)”	The bank(s) which are clearing members registered with SEBI under the SEBI BTI Regulations, with whom the Refund Account(s) will be opened, in this case being [●].
“Registered Brokers”	Stock brokers registered with the stock exchanges having nationwide terminals, other than the members of the Syndicate and eligible to procure Bids in terms of circular number CIR/CFD/14/2012 dated October 4, 2012, issued by SEBI.
“Registrar Agreement”	The agreement dated August 23, 2020, entered into amongst 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.
“Registrar and Share Transfer Agents/ RTAs”	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of, among others, circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI.

<b>Term</b>	<b>Description</b>
“Registrar to the Offer” or “Registrar”	Link Intime India Private Limited.
“Retail Portion”	The portion of the Net Offer, being not less than 35% of the Net Offer, or [●] Equity Shares, available for allocation to Retail Individual Investors, in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.
“Retail Individual Investors/ RIIs”	Individual Bidders whose Bid Amount for Equity Shares in the Offer is not more than ₹ 200,000 in any of the bidding options in the Offer (including HUFs applying through their karta and Eligible NRIs and does not include NRIs other than Eligible NRIs).
“Revision Form”	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s), as applicable. QIBs bidding in the QIB Portion and Non-Institutional Investors bidding in the Non-Institutional Portion 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. Retail Individual Investors and Eligible Employees Bidding in the Employee Reservation Portion can revise their Bids during Bid/ Offer period and withdraw their Bids until Bid/ Offer Closing Date.
“SBICAP”	SBI Capital Markets Limited.
“Self Certified Syndicate Banks” or “SCSBs”	(i) The banks registered with SEBI, offering services in relation to ASBA (other than through UPI Mechanism), a list of which is available on the website of SEBI at <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=34">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=34</a> or <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35</a> , as applicable, or such other website as updated from time to time, and (ii) The banks registered with SEBI, enabled for UPI Mechanism, a list of which is available on the website of SEBI at <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=40">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=40</a> or such other website as updated from time to time.
“Share Escrow Agent”	The share escrow agent appointed pursuant to the Share Escrow Agreement, in this case being [●].
“Share Escrow Agreement”	The agreement to be entered into amongst the Selling Shareholders, our Company and the Share Escrow Agent in connection with the transfer of the respective portion of the Offered Shares by each of the Selling Shareholders and credit of such Equity Shares to the demat account of the Allottees.
“Specified Locations”	Bidding centres where the Syndicate shall accept Bid cum Application Forms, a list of which will be included in the Bid cum Application Form.
“Sponsor Bank”	The Banker to the Offer registered with SEBI, which has been appointed by our Company to act as a conduit between the Stock Exchanges and NPCI in order to push the UPI Mandate Request and/or payment instructions of the RIIs using the UPI and carry out other responsibilities, in terms of the UPI Circulars, in this case being [●].
“Stock Exchanges”	Together, the BSE and NSE.
“Syndicate Agreement”	The agreement to be entered into amongst the members of the Syndicate, our Company, the Selling Shareholders and the Registrar to the Offer in relation to the collection of Bids cum Application Forms by the Syndicate.
“Syndicate Members”	Intermediaries registered with the SEBI and permitted to accept Bids, place orders with respect to the Offer and carry out activities as an underwriter, in this case being [●].
“Syndicate” or “Members of the Syndicate”	Collectively, the Lead Managers and the Syndicate Members.
“Underwriters”	[●].
“Underwriting Agreement”	The agreement to be entered into amongst our Company, the Selling Shareholders, Registrar to the Offer and the Underwriters, on or after the Pricing Date but before filing of the Prospectus.
“UPI”	Unified Payments Interface which is an instant payment mechanism, developed by NPCI.
“UPI Circulars”	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 circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, (SEBI/HO/CFD/DIL2/CIR/P/2020/50) dated March 30, 2020 and any subsequent circulars or notifications issued by SEBI in this regard.
“UPI ID”	ID created on the UPI for single-window mobile payment system developed by the NPCI.
“UPI Mandate Request”	A request (intimating the Retail Individual Investor, by way of a notification on the UPI linked mobile application as disclosed by SCSBs on the website of SEBI and by way of an SMS directing the Retail Individual Investor to such UPI linked mobile application) to the Retail Individual Investor using the UPI Mechanism initiated by the Sponsor Bank to authorize blocking of funds equivalent to the Bid Amount in the relevant ASBA Account through the UPI linked mobile application, and the subsequent debit of funds in case of Allotment.
“UPI Mechanism”	The Bidding mechanism that may be used by Retail Individual Investors to make Bids in the

Term	Description
	Offer in accordance with UPI Circulars.
“UPI PIN”	Password to authenticate UPI transaction.
“Working Day(s)”	All days on which commercial banks in Mumbai, India are open for business, provided however, for the purpose of announcement of the Price Band and the Bid/Offer Period, “Working Day” shall mean all days, excluding all Saturdays, Sundays and public holidays on which commercial banks in Mumbai, India are open for business and the time period between the Bid/Offer Closing Date and listing of the Equity Shares on the Stock Exchanges, “Working Day” shall mean all trading days of the Stock Exchanges excluding Sundays and bank holidays in India in accordance with circulars issued by SEBI.

### Conventional or general terms and abbreviations

Term	Description
“A/c”	Account.
“AED”	United Arab Emirates Dirham, the official currency of the United Arab Emirates.
“AGM”	Annual general meeting.
“AIFs”	Alternative investment funds as defined in and registered under the SEBI AIF Regulations.
“A.Y.”	Assessment year.
“BHD”	Bahraini Dinar, the official currency of Kingdom of Bahrain.
“BSE”	BSE Limited.
“CAGR”	Compounded Annual Growth Rate.
“Calendar Year” or “year”	Unless the context otherwise requires, shall refer to the twelve month period ending December 31.
“CARO”	Companies (Auditors’ Report) Order, 2016.
“CCI”	Competition Commission of India.
“CCPS”	Fully paid-up compulsorily convertible preference shares of our Company of face value of ₹ 10 each.
“CDSL”	Central Depository Services (India) Limited.
“Companies Act, 1956”	Companies Act, 1956, and the rules, regulations, notifications, modifications and clarifications made thereunder, as the context requires.
“Companies Act, 2013” or “Companies Act”	Companies Act, 2013 and the rules, regulations, notifications, modifications and clarifications thereunder, to the extent notified.
“Competition Act”	Competition Act, 2002.
“CSR”	Corporate social responsibility.
“Depositories Act”	Depositories Act, 1996.
“Depository” or “Depositories”	NSDL and CDSL.
“DIN”	Director Identification Number.
“DP” or “Depository Participant”	A depository participant as defined under the Depositories Act.
“DP ID”	Depository Participant’s Identification Number.
“EBITDA”	Earnings before interest, tax, depreciation and amortisation.
“EEA”	European Economic Area.
“EGM”	Extraordinary general meeting.
“EPS”	Earnings per share.
“ERP”	Enterprise Resource Planning.
“FDI”	Foreign direct investment.
“FEMA”	Foreign Exchange Management Act, 1999, including the rules and regulations thereunder.
“FEMA Rules”	Foreign Exchange Management (Non-debt Instruments) Rules, 2019.
“FIFO”	First-in, first-out.
“Financial Year”, “Fiscal”, “FY” or “F.Y.”	Period of twelve months ending on March 31 of that particular year, unless stated otherwise.
“FPI(s)”	A foreign portfolio investor who has been registered pursuant to the SEBI FPI Regulations.
“FVCI”	Foreign Venture Capital Investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) registered with the SEBI.
“GDP”	Gross domestic product.
“GIR Number”	General index registration number.
“GoI”	Government of India.
“GST”	Goods and services tax.
“HUF”	Hindu undivided family.
“ICAI”	The Institute of Chartered Accountants of India.
“ICDS”	Income Computation and Disclosure Standards.
“IFRS”	International Financial Reporting Standards.

<b>Term</b>	<b>Description</b>
“Ind AS”	The Indian Accounting Standards notified under Section 133 of the Companies Act and referred to in the Ind AS Rules.
“Ind AS Rules”	Companies (Indian Accounting Standards) Rules, 2015.
“I.T. Act”	The Income Tax Act, 1961.
“IT”	Information technology.
“IPO”	Initial public offer.
“KWD”	Kuwaiti Dinar, the official currency of the State of Kuwait.
“MCA”	Ministry of Corporate Affairs, Government of India.
“MICR”	Magnetic ink character recognition.
“Mn” or “mn”	Million.
“Mutual Fund(s)”	A mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
“N.A.” or “NA”	Not applicable.
“NACH”	National Automated Clearing House.
“NAV”	Net asset value.
“NEFT”	National electronic fund transfer.
“NOC”	No objection certificate.
“NPCL”	National payments corporation of India.
“Non-Resident”	A person resident outside India, as defined under FEMA.
“NRE Account”	Non-resident external account established in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016.
“NRI” or “Non-Resident Indian”	A person resident outside India who is a citizen of India as defined under the Foreign Exchange Management (Deposit) Regulations, 2016 or is an ‘Overseas Citizen of India’ cardholder within the meaning of section 7(A) of the Citizenship Act, 1955.
“NRO Account”	Non-resident ordinary account established in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016.
“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 the beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under the FEMA. OCBs are not allowed to invest in the Offer.
“OMR”	Omani Rial, the official currency of the Sultanate of Oman.
“P/E Ratio”	Price/earnings ratio.
“PAN”	Permanent account number allotted under the I.T. Act.
“QAR”	Qatari Riyal, the official currency of the State of Qatar.
“RBI”	Reserve Bank of India.
“Regulation S”	Regulation S under the Securities Act.
“RONW”	Return on net worth.
“Rs.”, “Rupees”, “₹” or “INR”	Indian Rupees.
“RTGS”	Real time gross settlement.
“Rule 144A”	Rule 144A under the Securities Act.
“SCRA”	Securities Contracts (Regulation) Act, 1956.
“SCRR”	Securities Contracts (Regulation) Rules, 1957.
“SEBI”	Securities and Exchange Board of India constituted under the SEBI Act.
“SEBI Act”	Securities and Exchange Board of India Act, 1992.
“SEBI AIF Regulations”	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.
“SEBI BTI Regulations”	Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994.
“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 Insider Trading Regulations”	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
“SEBI ICDR Regulations”	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
“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 Funds Regulations”	Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.

<b>Term</b>	<b>Description</b>
“SEBI SBEB Regulations”	Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
“SEBI Takeover Regulations”	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
“SEBI VCF Regulations”	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 as repealed pursuant to SEBI AIF Regulations.
“Securities Act”	U.S. Securities Act of 1933, as amended.
“STT”	Securities Transaction Tax.
“State Government”	Government of a State of India.
“Technopak”	Technopak Advisors Private Limited.
“Technopak Report”	“Industry Report on Indian Jewellery Retail” dated August 21, 2020 by Technopak.
“USA”, “U.S.” or “US”	The United States of America.
“US GAAP”	Generally Accepted Accounting Principles in the United States of America.
“USD” or “US\$”	United States Dollars.
“U.S. QIBs”	“qualified institutional buyers” as defined in Rule 144A under the Securities Act.
“VAT”	Value added tax.
“VCFs”	Venture capital funds as defined in, and registered with SEBI under, the SEBI VCF Regulations.
“Wilful Defaulter”	Wilful Defaulter as defined under Regulation 2(1)(III) of the SEBI ICDR Regulations.

### Industry related terms

<b>Term</b>	<b>Description</b>
“BIS”	Bureau of Indian Standards
“CAGR”	Compound annual growth rate
“CGST”	Central GST
“EBO”	Exclusive branded outlets
“EIU”	Economic Intelligence Unit
“eNAM”	National Agriculture Market
“F&G”	Food and groceries
“GCC”	Gulf cooperation council
“GDP”	Gross domestic product
“GST”	Goods and Services Tax
“Hyperlocal”	Sharp focus on a small community or geographical area of customers
“IGST”	Inter-state GST
“IMF”	International Monetary Fund
“Mega Metro/ Metro”	Delhi NCR & Mumbai
“Mini Metro”	Next six cities with population >five million (Ahmedabad, Bengaluru, Chennai, Hyderabad, Kolkata and Pune)
“PAN”	Permanent account number
“PFCE”	Private Final Consumption Expenditure
“PPP”	Purchasing power parity
“SGST”	State GST
“Tier-I cities”	Population one million to five million
“Tier – II cities”	Population 0.3 million to one million
“Tier-III cities”	Population less than 0.3 million

## SUMMARY OF THE OFFER DOCUMENT

The following is a general summary of certain disclosures included in this Draft Red Herring Prospectus and is not exhaustive, nor does it purport 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 the sections “Risk Factors”, “The Offer”, “Capital Structure”, “Objects of the Offer”, “Industry Overview”, “Our Business”, “Financial Statements”, “Outstanding Litigation and Material Developments” and “Description of Equity Shares and Terms of the Articles of Association” on pages 25, 56, 77, 89, 105, 126, 200, 319 and 372, respectively.

<b>Summary of Business</b>	We are one of the largest jewellery companies in India based on revenue as of March 31, 2020, according to the Technopak Report. We were established by our founder and one of our Promoters, Mr. T.S. Kalyanaraman in 1993. As of June 30, 2020, we had 107 showrooms across 21 states and union territories in India and 30 showrooms in the Middle East. As of June 30, 2020, we had 761 “My Kalyan” locations and 2,338 dedicated “My Kalyan” employees. We design, manufacture and sell a wide range of gold, studded and other jewellery products across various price points.								
<b>Summary of Industry</b>	According to Technopak, the Indian jewellery retail sector’s size in Fiscal 2020 was approximately US\$64 billion. The sector’s organized retail share stood at approximately 32%, comprised of national and regional players, while the rest of sector continues to be dominated by the unorganised segment. Indians have a strong cultural affinity for gold jewellery and its purchase is deeply ingrained in the Indian psyche. It serves the dual purpose of consumption and investment.								
<b>Promoters</b>	Our Promoters are Mr. T.S. Kalyanaraman, Mr. T.K. Seetharam and Mr. T.K. Ramesh.								
<b>Offer Size</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="background-color: #d3d3d3;">Offer<sup>(1)(2)*</sup></td> <td>Up to [●] Equity Shares, aggregating up to ₹ 17,500 million</td> </tr> <tr> <td style="background-color: #d3d3d3;"><i>of which</i></td> <td></td> </tr> <tr> <td style="background-color: #d3d3d3;">Fresh Issue<sup>(1)</sup></td> <td>Up to [●] Equity Shares, aggregating up to ₹ 10,000 million</td> </tr> <tr> <td style="background-color: #d3d3d3;">Offer for Sale<sup>(2)(3)</sup></td> <td>Up to [●] Equity Shares, aggregating up to ₹ 7,500 million (comprising up to [●] Equity Shares aggregating up to ₹ 2,500 million by the Promoter Selling Shareholder and up to [●] Equity Shares aggregating up to ₹ 5,000 million by the Investor Selling Shareholder)</td> </tr> </table> <p> <sup>^</sup> Our Company, in consultation with the Lead Managers, may consider a Pre-IPO Placement. 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 Net Offer constituting at least [●]% of the post-Offer paid up Equity Share capital of our Company.         </p> <p> <sup>(1)</sup> Our Board has approved the Offer pursuant to a resolution passed at its meeting held on July 13, 2020 and our Shareholders have approved the Fresh Issue pursuant to a special resolution passed at its meeting held on August 17, 2020.         </p> <p> <sup>(2)</sup> Each Selling Shareholder confirms that it has authorized the sale of its portion of the Offered Shares in the Offer for Sale. For details, see “Other Regulatory and Statutory Disclosures – Authority for the Offer – Approvals from the Selling Shareholders” on page 332.         </p> <p> <sup>(3)</sup> Each Selling Shareholder, severally and not jointly, specifically confirms and undertakes that its portion of the Offered Shares has been held by such Selling Shareholder for a continuous period of at least one year prior to filing of this Draft Red Herring Prospectus in accordance with Regulation 8 of the SEBI ICDR Regulations.         </p> <p>The Offer and Net Offer shall constitute [●]% and [●]% of the post-Offer paid up Equity Share capital of our Company.</p>	Offer <sup>(1)(2)*</sup>	Up to [●] Equity Shares, aggregating up to ₹ 17,500 million	<i>of which</i>		Fresh Issue <sup>(1)</sup>	Up to [●] Equity Shares, aggregating up to ₹ 10,000 million	Offer for Sale <sup>(2)(3)</sup>	Up to [●] Equity Shares, aggregating up to ₹ 7,500 million (comprising up to [●] Equity Shares aggregating up to ₹ 2,500 million by the Promoter Selling Shareholder and up to [●] Equity Shares aggregating up to ₹ 5,000 million by the Investor Selling Shareholder)
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<b>Objects of the Offer</b>	<p>The proposed utilisation of the Net Proceeds is set forth below:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #d3d3d3;">Particulars</th> <th style="background-color: #d3d3d3;">Amount (In ₹ million)</th> </tr> </thead> <tbody> <tr> <td>Funding working capital requirements of our Company</td> <td style="text-align: right;">7,500</td> </tr> <tr> <td>General corporate purposes*</td> <td style="text-align: right;">[●]</td> </tr> <tr> <td><b>Net Proceeds</b></td> <td style="text-align: right;"><b>[●]</b></td> </tr> </tbody> </table> <p><i>* The amount for general corporate purposes shall not exceed 25% of the gross proceeds of the Fresh Issue.</i></p>	Particulars	Amount (In ₹ million)	Funding working capital requirements of our Company	7,500	General corporate purposes*	[●]	<b>Net Proceeds</b>	<b>[●]</b>
Particulars	Amount (In ₹ million)								
Funding working capital requirements of our Company	7,500								
General corporate purposes*	[●]								
<b>Net Proceeds</b>	<b>[●]</b>								
<b>Pre-Offer shareholding of</b>	The equity shareholding of our Promoters, our Promoter Group and the Selling Shareholders as on the date of this Draft Red Herring Prospectus is set forth below:								

**our Promoters, the Promoter Group and the Selling Shareholders**

Category of Shareholders	Number of Equity Shares	Percentage of paid up Equity Share capital (%) <sup>*^</sup>
<b>Promoters and Promoter Selling Shareholder</b>		
Mr. T.S. Kalyanaraman	230,012,492	27.41
Mr. T.K. Seetharam	186,019,542	22.17
Mr. T.K. Ramesh	186,019,542	22.17
<b>Total (A)</b>	<b>602,051,576</b>	<b>71.74</b>
<b>Promoter Group (other than Promoters)</b>		
Ms. T.K. Radhika	35,772,038	4.26
<b>Total (B)</b>	<b>35,772,038</b>	<b>4.26</b>
<b>Investor Selling Shareholder</b>		
Highdell**	201,417,984	24.00
<b>Total (C)</b>	<b>201,417,984</b>	<b>24.00</b>
<b>Total (A+B+C)</b>	<b>839,241,598</b>	<b>100</b>

\* Since the exact number of Equity Shares arising from conversion of the CCPS cannot be determined as on the date of this Draft Red Herring Prospectus, all percentages calculated on the pre-Offer Equity Share capital basis do not take into account the conversion of the CCPS. See "History and Certain Corporate Matters" on page 156.

\*\* Highdell holds 119,047,619 CCPS which will be converted to Equity Shares prior to filing of the Red Herring Prospectus with the Registrar of Companies. Upon conversion of such CCPS, Highdell can be allotted a maximum of 119,047,619 Equity Shares. Details of the conversion price and the actual number of Equity Shares issued upon conversion of such CCPS will be updated in the Red Herring Prospectus to be filed with the Registrar of Companies.

^ Percentage has been subject to rounding adjustments.

**Summary of Restated Financial Information**

A summary of restated financial information as per the Restated Consolidated Financial Information is provided below:

(₹ in million, except otherwise provided)

Particulars	As at and for the Fiscal ending		
	March 31, 2020	March 31, 2019	March 31, 2018
Share capital*	9,582.90	9,582.90	9,582.90
Net worth, as restated**	21,580.79	20,006.44	19,680.64
Total income	101,810.16	98,140.29	105,801.99
Restated profit/ (loss) for the year	1,422.75	(48.64)	1,409.97
Earnings per share (basic) (in ₹)	1.70	(0.04)	1.70
Earnings per share (diluted) (in ₹)	1.49	(0.04)	1.51
Net asset value per Equity Share (in ₹)	25.71	23.84	23.45
Total borrowings***	36,403.10	37,880.03	40,773.97

\* Share capital means the aggregate value of the equity share capital and compulsorily convertible preference share capital.

\*\* Net worth means the aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off), the debit balance of the profit and loss account and debit balance of non-controlling interest.

\*\*\* Total borrowings means the aggregate value of current borrowings, metal gold loan and non-current borrowings (including current maturities of term loan).

A summary of restated financial information as per the Special Purpose Restated Standalone Financial Information is provided below:

(₹ in million, except otherwise provided)

Particulars	As at and for the Fiscal ending		
	March 31, 2020	March 31, 2019	March 31, 2018
Share capital*	9,582.90	9,582.90	9,582.90
Net worth, as restated**	21,573.70	19,986.95	19,584.64

	Total income	79,441.22	75,065.82	83,224.15																																																																																													
	Restated profit for the year	1,563.51	106.26	1,159.50																																																																																													
	Earnings per share (basic) (in ₹)	1.86	0.13	1.38																																																																																													
	Earnings per share (diluted) (in ₹)	1.63	0.11	1.23																																																																																													
	Net asset value per Equity Share (in ₹)	25.71	23.82	23.34																																																																																													
	Total borrowings***	25,520.95	26,636.05	30,398.35																																																																																													
	<p>* Share capital means the aggregate value of the equity share capital and compulsorily convertible preference share capital.</p> <p>** Net worth means the aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account.</p> <p>*** Total borrowings means the aggregate value of current borrowings, metal gold loan and non-current borrowings (including current maturities of term loan).</p>																																																																																																
<b>Qualifications of the Statutory Auditors which have not been given effect to in the Restated Financial Information</b>	Our Statutory Auditors have not made any qualifications that have not been given effect to in the Restated Financial Information.																																																																																																
<b>Summary of Outstanding Litigation</b>	A summary of outstanding litigation proceedings involving our Company, our Subsidiaries, our Directors and our Promoters as on the date of this Draft Red Herring Prospectus is provided below:																																																																																																
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<b>Risk Factors</b>	Specific attention of Investors is invited to the section “ <i>Risk Factors</i> ” on page 25. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer.																																	
<b>Summary of Contingent Liabilities of our Company</b>	<p>A summary table of our contingent liabilities as of March 31, 2020 as provided for in the Restated Consolidated Financial Information is set forth below:</p> <p style="text-align: right;">(₹ in million)</p> <table border="1"> <thead> <tr> <th>Other monies for which our Company is contingently liable</th> <th>As at March 31, 2020</th> </tr> </thead> <tbody> <tr> <td>Disputed sales tax demands (out of which ₹ 44.70 million (previous year ₹ 45.51 million) have been deposited under protest)</td> <td>242.59</td> </tr> <tr> <td>Disputed service tax demands (out of which ₹ 0.75 million (previous year ₹ 16.89 million have been deposited under protest)</td> <td>10.02</td> </tr> <tr> <td>Standby letter of credit to banks</td> <td>2,197.64</td> </tr> <tr> <td>Counter guarantee for availing metal gold loans (including bank guarantee)</td> <td>13,085.07</td> </tr> <tr> <td><b>Total</b></td> <td><b>15,535.32</b></td> </tr> </tbody> </table> <p>A summary table of our contingent liabilities as of March 31, 2020 as provided for in the Special Purpose Restated Standalone Financial Information is set forth below:</p> <p style="text-align: right;">(₹ in million)</p> <table border="1"> <thead> <tr> <th>Other monies for which our Company is contingently liable</th> <th>As at March 31, 2020</th> </tr> </thead> <tbody> <tr> <td>Disputed sales tax demands (out of which ₹ 44.70 million (previous year ₹ 45.59 million) have been deposited under protest)</td> <td>242.59</td> </tr> <tr> <td>Disputed service tax demands (out of which ₹ 0.75 million (previous year ₹ 16.73 million have been deposited under protest)</td> <td>10.02</td> </tr> <tr> <td>Our Company has provided standby letter of credit to banks on behalf of Kalyan Jewellers FZE, our Subsidiary</td> <td>2,197.64</td> </tr> <tr> <td>Counter guarantee given to a bank for guarantees issued by it on behalf of our Company</td> <td>13,085.07</td> </tr> <tr> <td><b>Total</b></td> <td><b>15,535.32</b></td> </tr> </tbody> </table> <p>For details, see “<i>Financial Statements</i>” on page 200.</p>	Other monies for which our Company is contingently liable	As at March 31, 2020	Disputed sales tax demands (out of which ₹ 44.70 million (previous year ₹ 45.51 million) have been deposited under protest)	242.59	Disputed service tax demands (out of which ₹ 0.75 million (previous year ₹ 16.89 million have been deposited under protest)	10.02	Standby letter of credit to banks	2,197.64	Counter guarantee for availing metal gold loans (including bank guarantee)	13,085.07	<b>Total</b>	<b>15,535.32</b>	Other monies for which our Company is contingently liable	As at March 31, 2020	Disputed sales tax demands (out of which ₹ 44.70 million (previous year ₹ 45.59 million) have been deposited under protest)	242.59	Disputed service tax demands (out of which ₹ 0.75 million (previous year ₹ 16.73 million have been deposited under protest)	10.02	Our Company has provided standby letter of credit to banks on behalf of Kalyan Jewellers FZE, our Subsidiary	2,197.64	Counter guarantee given to a bank for guarantees issued by it on behalf of our Company	13,085.07	<b>Total</b>	<b>15,535.32</b>									
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<b>Summary of Related Party Transactions</b>	A summary of related party transactions (after elimination) entered into by our Company with related parties and as reported in the Restated Consolidated Financial Information is set forth below.																																	

Nature of Transactions	For the Fiscal ended		
	March 31, 2020	March 31, 2019	March 31, 2018
	Sales	14.2	-
Staff welfare items purchased	28.36	22.02	22.08
Remuneration paid	343.83	328.31	299.05
Sitting fees paid	2.00	1.20	0.80
Commission paid	2.00	1.80	-
Reimbursement of expenses	3.02	6.14	5.16

(₹ in million)

A summary of related party transactions entered into by our Company with related parties and as reported in the Special Purpose Restated Standalone Financial Information is set forth below.

Nature of Transactions	For the Fiscal ended		
	March 31, 2020	March 31, 2019	March 31, 2018
	Sales	50.78	-
Staff welfare items purchased	28.36	22.02	22.08
Remuneration paid	340.35	324.89	294.85
Sitting fees paid	2.00	1.20	0.80
Commission paid	2.00	1.80	-
Reimbursement of expenses	54.03	56.39	60.59
Loan repaid/ written off	11.13	-	-
Interest on loan accrued but not due	265.79	220.52	123.64
Loans and advances to subsidiaries given	425.48	823.97	1,725.16
Investments in equity share capital	60.00	69.76	85.50

(₹ in million)

For details of the related party transactions as reported in the Restated Financial Information, see “Financial Statements–Restated Consolidated Financial Information–Note 34 - Related Party Disclosure” and “Financial Statements–Special Purpose Restated Standalone Financial Information–Note 34 - Related Party Disclosure” on pages 234 and 283.

<b>Financing arrangements</b>	There have been no financing arrangements whereby our Promoters, members of our Promoter Group, our Directors and their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of the business of the financing entity during a period of six months immediately preceding the date of this Draft Red Herring Prospectus.
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<b>Weighted average price at which the Equity Shares were acquired by our Promoters and the Selling Shareholders in the one year preceding the date of this Draft Red Herring Prospectus</b>	The Investor Selling Shareholder has not acquired any Equity Shares in one year preceding the date of this Draft Red Herring Prospectus. The weighted average price at which the Equity Shares were acquired by our Promoters (including the Promoter Selling Shareholder) in the one year preceding the date of this Draft Red Herring Prospectus is provided below:
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Name of the Promoter*	No. of Equity Shares acquired	Weighted average price per Equity Share (in ₹)
Mr. T.S. Kalyanaraman	11,924,012	Nil^
Mr. T.K. Seetharam	47,696,050	Nil^
Mr. T.K. Ramesh	47,696,050	Nil^

\* As certified by M/s Krishnamoorthy & Krishnamoorthy, Chartered Accountants by their certificate dated August 22, 2020.

	^ Acquisition of Equity Shares by way of gift.																
<b>Average cost of acquisition of Equity Shares for our Promoters and the Selling Shareholders</b>	<p>The average cost of acquisition per Equity Share for our Promoters and the Selling Shareholders is as follows:</p> <table border="1"> <thead> <tr> <th>Name of Promoter/ Selling Shareholder</th> <th>Average cost of acquisition per Equity Share (₹)*</th> </tr> </thead> <tbody> <tr> <td colspan="2"><b>Promoters</b></td> </tr> <tr> <td>Mr. T.S. Kalyanaraman</td> <td>Nil</td> </tr> <tr> <td>Mr. T.K. Seetharam</td> <td>0.31</td> </tr> <tr> <td>Mr. T.K. Ramesh</td> <td>0.04</td> </tr> <tr> <td colspan="2"><b>Selling Shareholders</b></td> </tr> <tr> <td>Mr. T.S. Kalyanaraman</td> <td>Nil</td> </tr> <tr> <td>Highdell**</td> <td>59.58</td> </tr> </tbody> </table> <p>* As certified by M/s Krishnamoorthy &amp; Krishnamoorthy, Chartered Accountants by their certificate dated August 22, 2020.</p> <p>** Highdell holds 119,047,619 CCPS which will be converted to Equity Shares prior to filing of the Red Herring Prospectus with the Registrar of Companies. Upon conversion of such CCPS, Highdell can be allotted a maximum of 119,047,619 Equity Shares. Accordingly, the average cost of acquisition per Equity Share by Highdell will be recomputed prior to filing of the Red Herring Prospectus with the Registrar of Companies. Details of the conversion price and the actual number of Equity Shares issued upon conversion of such CCPS will be updated in the Red Herring Prospectus to be filed with the Registrar of Companies.</p>	Name of Promoter/ Selling Shareholder	Average cost of acquisition per Equity Share (₹)*	<b>Promoters</b>		Mr. T.S. Kalyanaraman	Nil	Mr. T.K. Seetharam	0.31	Mr. T.K. Ramesh	0.04	<b>Selling Shareholders</b>		Mr. T.S. Kalyanaraman	Nil	Highdell**	59.58
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<b>Selling Shareholders</b>																	
Mr. T.S. Kalyanaraman	Nil																
Highdell**	59.58																
<b>Details of pre-Offer placement</b>	Our Company, in consultation with the Lead Managers, may consider a further issue of equity shares, including by way of a rights issue to existing Shareholders, a preferential offer or any other method as may be permitted under the applicable law to any person(s), aggregating up to ₹ 5,000 million, at its discretion, prior to filing of the Red Herring Prospectus with the RoC (“ <b>Pre-IPO Placement</b> ”). 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 Net Offer constituting at least [●]% of the post-Offer paid up Equity Share capital of our Company.																
<b>Issue of Equity Shares for consideration other than cash in the one year preceding the date of this Draft Red Herring Prospectus</b>	Our Company has not issued any Equity Shares for consideration other than cash in the one year preceding the date of this Draft Red Herring Prospectus.																
<b>Split/consolidation of Equity Shares in the last one year</b>	Our Company has not undertaken a split or consolidation of the Equity Shares in the one year preceding the date of this Draft Red Herring Prospectus.																

## **CERTAIN CONVENTIONS, PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATION**

### **Certain Conventions**

All references to “India” contained in this Draft Red Herring Prospectus are to the Republic of India and all references to the “U.S.” or “United States” are to the United States of America.

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

### **Financial Data**

Unless indicated otherwise or the context requires otherwise, the financial information in this Draft Red Herring Prospectus is derived from our Restated Consolidated Financial Information or Special Purpose Restated Standalone Financial Information. Our Restated Financial Information have been prepared in accordance with the Companies Act and Ind AS, and restated in accordance with the SEBI ICDR Regulations. The Restated Financial Information have been approved by the Board resolution dated August 20, 2020.

Our Company’s Fiscal commences on April 1 and ends on March 31 of the following year accordingly, all references to a particular financial year/ Fiscal, unless stated otherwise, are to the 12 month period ended on March 31 of that year. Unless the context otherwise requires, all references to a year in this Draft Red Herring Prospectus are to a calendar year and references to a Fiscal are to March 31 of that calendar year.

Certain figures contained in this Draft Red Herring Prospectus, including financial information, have been subject to rounding adjustments. All decimals have been rounded off to two decimal places. 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 numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Further, any figures sourced from third party industry sources may be rounded off to other than to the second decimal to conform to their respective sources.

There are significant differences between Ind AS and accounting principles and auditing standards with which prospective investors may be familiar in other countries, including IFRS and U.S. GAAP. We have not attempted to explain differences or quantify the impact of the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the Restated 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 practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited. Our Company does not provide a reconciliation of its financial statements to IFRS or U.S. GAAP financial statements.

Any percentage amounts, as set forth in “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 25, 126 and 298, respectively, and elsewhere in this Draft Red Herring Prospectus, unless otherwise stated or context requires otherwise, have been calculated on the basis of our Restated Financial Information.

### **Currency and units of presentation**

All references to:

1. “Rupees” or “Rs.” or “₹” or “INR” are to Indian Rupees, the official currency of the Republic of India.
2. “Bahraini Dinar” or “BHD” are to the official currency of the Kingdom of Bahrain.
3. “Dinar” or “Kuwaiti Dinar” or “KWD” are to the official currency of the State of Kuwait.
4. “Omani Rial” or “OMR” are to the official currency of the Sultanate of Oman.
5. “Qatari Riyal” or “QAR” are to the official currency of the State of Qatar.
6. “United Arab Emirates Dirham” or “Dirham” or “AED” are to the official currency of the United Arab Emirates.
7. “U.S. Dollars” or “U.S.\$” or “U.S.D.” are to United States Dollars, the official currency of the United States of America.

In this Draft Red Herring Prospectus, our Company has presented certain numerical information in “million” and “crore” units or in whole numbers where the numbers have been too small to represent in such units. One million represents 1,000,000, one billion represents 1,000,000,000 and one crore represents 10,000,000.

## Time

All references to time in this Draft Red Herring Prospectus are to Indian Standard Time.

## Industry and Market Data

Unless stated otherwise, industry and market data used in this Draft Red Herring Prospectus has been obtained or derived from the report titled “Industry Report on Indian Jewellery Retail” dated August 21, 2020 by Technopak (“**Technopak Report**”) and publicly available information as well as other industry publications and sources. The Technopak Report has been prepared at the request of our Company.

Industry publications generally state that the information contained in those publications has been obtained from publicly available documents from various sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decisions should be solely based on such information. Although we believe that the industry data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified by our Company, the Selling Shareholders, the Lead Managers or their affiliates or advisors, and none of these parties makes any representation as to the accuracy of this information. The data used in these sources may have been reclassified by us for the purposes of presentation. Data from these sources may also not be comparable.

Further, the extent to which the market and industry data used 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.

Such data involves risks, uncertainties and numerous assumptions, and is subject to change based on various factors, including those disclosed in “*Risk Factors – Certain sections of this Draft Red Herring Prospectus disclose information from an industry report commissioned by us and any reliance on such information for making an investment decision in the Offer is subject to inherent risks*” on page 40. Accordingly, investment decisions should not be based solely on such information.

In accordance with the SEBI ICDR Regulations, the section “*Basis for Offer Price*” on page 97 includes information relating to our listed industry peer. Such information has been derived from publicly available sources, and neither we, nor the Lead Managers have independently verified such information.

## Exchange rates

This Draft Red Herring Prospectus contains conversions of US\$, AED, QAR, OMR and KWD currencies amounts into Rupees that have been presented solely to comply with the requirements of the SEBI ICDR Regulations. These conversions should not be construed as a representation that such currency amounts could have been, or can be, converted into Rupees, at any particular rate, or at all.

The exchange rates between the Rupee and the US\$, AED, QAR, OMR and KWD are provided below:

(in ₹)

Currency	As at		
	March 31, 2020	March 31, 2019	March 31, 2018
BHD	197.91	182.86	171.38
KWD	238.59	226.83	215.98
OMR	194.37	179.16	168.46
QAR	20.62	18.88	17.66
AED	20.44	18.82	17.68
USD	75.39	69.17	65.04

Source: RBI reference rate and www.fbil.org.in for USD and www.oanda.com for BHD, KWD, OMR, QAR and AED.

In case March 31 of any of the respective years is a public holiday, the previous working day not being a public holiday has been considered.

### **Presentation of our showrooms and My Kalyan stores**

All references to our showrooms and My Kalyan stores in this Draft Red Herring Prospectus includes showrooms and stores of our Company operated by us. For details, see sections “*Our Business*” and “*Government and Other Approvals*” on pages 126 and 328, respectively.

## NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES

The Equity Shares have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Draft Red Herring Prospectus or approved or disapproved the Equity Shares. Any representation to the contrary is a criminal offence in the United States. In making an investment decision investors must rely on their own examination of our Company and the terms of the offer, including the merits and risks involved. The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A under the Securities Act and referred to in this Draft Red Herring Prospectus as “U.S. QIBs”). For the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in this Draft Red Herring Prospectus as “QIBs”) in transactions exempt from the registration requirements of the Securities Act and (b) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

## NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA AND THE UNITED KINGDOM

This Draft Red Herring Prospectus has been prepared on the basis that all offers of Equity shares in Member States of the European Economic Area (“EEA”) (each a “Member State”) or the United Kingdom (“UK”) will be made pursuant to an exemption under the Prospectus Regulation from the requirement to produce a prospectus for offers of Equity Shares. The expression “Prospectus Regulation” means Regulation (EU) 2017/1129 of the European Parliament and of the Council (and amendments thereto). Accordingly, any person making or intending to make an offer within the EEA or the UK of Equity Shares which are the subject of the placement contemplated in this Prospectus should only do so in circumstances in which no obligation arises for our Company, the Selling Shareholders or any of the members of the Lead Managers to produce a prospectus for such offer. None of our Company, the Selling Shareholders and the Lead Managers have authorized, nor do they authorize, the making of any offer of Equity Shares through any financial intermediary, other than the offers made by the members of the Syndicate which constitute the final placement of Equity Shares contemplated in this Draft Red Herring Prospectus.

### Information to Distributors (as defined below)

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (“MiFID II”); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the “**MiFID II Product Governance Requirements**”), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Equity Shares have been subject to a product approval process, which has determined that such Equity Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the “**Target Market Assessment**”). Notwithstanding the Target Market Assessment, “distributors” (for the purposes of the MiFID II Product Governance Requirements) (“**Distributors**”) should note that: the price of the Equity Shares may decline and investors could lose all or part of their investment; the Equity Shares offer no guaranteed income and no capital protection; and an investment in the Equity Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offer.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Equity Shares. Each Distributor is

responsible for undertaking its own target market assessment in respect of the Equity Shares and determining appropriate distribution channels.



## FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain “forward-looking statements”. These forward-looking statements include statements with respect to our business strategy, our plans, prospects, goals and our projects. Bidders can generally identify forward-looking statements by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “propose”, “project”, “shall”, “will”, “will continue”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe our Company’s strategies, objectives, plans, prospects or goals are also forward-looking statements. All forward-looking statements (whether made by us or any third party) are subject to risks, uncertainties, expectations, and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Forward looking statements reflect our current views with respect to future events 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 currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect.

Further, the actual results may differ materially from those suggested by forward-looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the industry in which we operate and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India, 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 domestic 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:

1. Any inability to maintain and develop our brands;
2. Any inability to mitigate the effects of any disruptions due to recent outbreak of novel coronavirus;
3. Any inability to respond to changes in consumer demands and market trends in a timely manner;
4. Any inability to maintain existing and/or establish new arrangements with contract manufacturers through whom we manufacture our products;
5. Any inability in maintaining visibility of our showrooms;
6. Any negative publicity or change with respect to our products or brand or any third party using the name “Kalyan” or similar trade names;
7. Any inability in being able to successfully adapt our systems, including internal controls and procedures over financial reporting, as a result of increasing business complexity;
8. Any failure or disruption of our information technology systems;
9. Any geographic concentration of our operations leading to exposure to local economies, regional downturns and severe weather or other catastrophic occurrences; and
10. Changes or a downturn in economic conditions, in particular in our principal markets, may affect consumer spending, including on our products.

For further discussion on factors that could cause our actual results to differ from expectations, see “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 25, 126 and 298, respectively. By their nature, certain market risk related disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

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

Our Company, the Selling Shareholders, the Directors, the Lead Managers and their respective affiliates or associates do not have any obligation to, and do not intend 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 requirements, our Company and the Lead Managers will ensure that Bidders in India are informed of material developments until the such time as the grant of listing and trading permissions by the Stock Exchanges for the Offer. Each Selling Shareholder (severally and not jointly) will ensure that Bidders in India are informed of material developments solely in relation to the statements and undertakings specifically confirmed or undertaken (severally and not jointly) by such Selling Shareholder in relation to itself or its portion of the Offered Shares in the Red Herring Prospectus until the receipt of final listing and trading approvals for the Equity Shares from the Stock Exchanges.

## SECTION II: RISK FACTORS

*An investment in the Equity Shares involves a high degree of risk. You should carefully consider all of the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. In making an investment decision, you must rely on your own examination of our Company and the terms of the Offer, including the risks involved, and you should consult your tax, financial and legal advisors about the particular consequences to you of an investment in the Equity Shares.*

*We have described the risks and uncertainties that our management believes are material, but these risks and uncertainties are not the only risks we face. If any or a combination of the following risks actually occur, or if any of the risks that are currently not known or deemed to be not relevant or material now actually occur or become material in the future, our business, prospects, financial condition and results of operations could suffer, the trading price of the Equity Shares could decline, and you may lose all or part of your investment. To obtain a more detailed understanding of our business and operations, please read this section in conjunction with the sections titled “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 126 and 298, respectively, as well as other information contained in this Draft Red Herring Prospectus.*

*You should pay particular attention to the fact that our Company is incorporated under the laws of India and has operations in certain Middle East countries and, is subject to a legal and regulatory environment, which in some material respects may be different from that which prevails in other countries.*

*This Draft Red Herring Prospectus also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Red Herring Prospectus. For details, see “Forward-Looking Statements” on page 23.*

*Unless otherwise indicated, all financial information included herein are based on our Restated Consolidated Financial Information included elsewhere in this Draft Red Herring Prospectus.*

### **Internal Risks Related to Our Business**

#### ***1. The strength of our brands is crucial to our success and we may not succeed in continuing to maintain and develop our brands.***

We consider our “Kalyan Jewellers” brand and other sub-brands to be very important for our business. Our business and results of operations are influenced by the strength of our brands, including the level of consumer recognition and perception of our brands. The strength of our brands depends on factors such as our growth, our product designs, the materials used to make our products, the quality of our products, the distinct character and presentation of our products as well as the presentation and layout of our showrooms. Public communication activities such as advertising, public relations and marketing as well as the general perception of our business also impact our brands. Failure to manage any of the above factors or failure of our promotion and other activities to differentiate and further strengthen our brands could adversely affect the value and perception of our brands and our ability to maintain existing customers and attract new customers, and, as a result, have a material adverse effect on our business, results of operations and financial condition.

Due to the competitive nature of the market in which we operate, if we do not continue to develop our brands and products, we may fail to attract customers required to continue growing our business. Developing, promoting and positioning our brands will depend largely on the success of our marketing and merchandising efforts, the relationships we have with our customers and our ability to provide a consistent, high quality experience for our customers. In particular, we may face brand dilution to the extent we fail to develop, promote and position our brands effectively and consistently with respect to new products or any new product categories. To promote our brands and products, we have incurred, and expect to continue to incur, substantial expenses related to advertising and other marketing efforts, including celebrity endorsements, magazine and television advertising, sponsorships, public relations events, outdoor marketing and producing brochures. Our expenses for advertising and other marketing efforts represented 2.79%, 3.04% and 2.93% of our total revenue from operations for Fiscals 2020, 2019 and 2018, respectively. However, there can be no assurance that our advertising or marketing efforts are or will be successful and result in increased sales. Furthermore, there can be no assurance that our marketing efforts will succeed in maintaining our brand and its perception with customers.

A critical component of our brand promotion strategy is maintaining the quality of our products and of the experience customers associate with our brands. Our ability to provide a high quality experience for our customers depends on internal and external factors, such as, the reliability and performance of the contract manufacturers who produce our jewellery and our employees and staff at our showrooms and “My Kalyan” centres. We rely on our staff at our “My Kalyan” centres and our showrooms to promote and sell our products in an environment that is consistent with the perception and reputation of our brands. Any failure to maintain our uniform company standards and brand positioning could damage the market perception of our brands and could have a negative impact on the experience of our customers, which in turn could adversely impact our reputation, results of operations and business operations.

**2. *The recent outbreak of the novel coronavirus could have a significant effect on our results of operations, and could negatively impact our business, revenues, financial condition and results of operations.***

An outbreak of a novel strain of coronavirus disease 19 (“COVID-19”), was recognised as a pandemic by the World Health Organization (“WHO”), on March 11, 2020. In response to the COVID-19 outbreak, the governments of many countries, including India and in the Middle East have taken preventive or protective actions, such as imposing country-wide lockdowns, restrictions on travel and business operations and advising or requiring individuals to limit their time outside of their homes. Temporary closures of businesses had been ordered and numerous other businesses have temporarily closed voluntarily. Further, individuals' ability to travel has been curtailed through mandated travel restrictions and may be further limited. Since May 2020 some of these measures have been lifted and partial travel has been permitted.

The COVID-19 outbreak and the related preventive and protective actions had impacted our business through the temporary closure of all our showrooms and “My Kalyan” centres. For example, because of a government mandated lockdown we had to temporarily close all of our showrooms, manufacturing facilities and procurement centres in India and in the Middle East and “My Kalyan” centres in India for approximately two months between March 2020 to May 2020. As a result, there was no customer traffic to our showrooms in India and the Middle East, which significantly reduced our sales and cash flows during the period. There was also a delay in collections of the monthly instalments under our purchase advance schemes during the lockdown period, particularly from customers who make cash remittances through our “My Kalyan” employees.

If we do not respond appropriately to the pandemic, or if customers do not perceive our response to be adequate for a particular region or our Company as a whole, we could suffer damage to our reputation and our brand, which could adversely affect our business in the future. In order to reduce the impact of COVID-19 on our operations, we have taken various steps to manage our expenses and liquidity, including reducing our marketing expenses; seeking partial rent waivers and discounts under most of our lease agreements for our showrooms, “My Kalyan” centres and offices; temporarily reducing the cash compensation of senior executives; and reducing our administrative overhead costs. In response to the COVID-19 pandemic, the RBI allowed banks and lending institutions to offer moratoriums to their customers to defer payments under loans for a few months until August 31, 2020. We have availed a moratorium offered by the RBI to defer payments under a few loan agreements and also proactively availed a loan of up to ₹1,320 million from State Bank of India and Bank of Baroda to manage COVID-19 related exigencies. Any failure to receive the rent waivers, payment deferrals from our suppliers or moratoriums from lenders could increase our expenses and adversely impact our cash flows. The COVID-19 pandemic may cause additional disruptions to operations if our employees or staff become sick, are quarantined, or are otherwise limited in their ability to travel or work at our showrooms and “My Kalyan” centres. To contain the spread of the virus, we may be required to implement staggered shifts and other social distancing efforts at our offices, showrooms, “My Kalyan” centers and our manufacturing units, which could result in labour shortages and decreased productivity. These supply chain effects may negatively affect our ability to meet consumer demand and may increase our costs of production and sales, and increase the price of raw materials or components, such as, gold, and impact their availability in a timely manner. All of the foregoing developments may have a significant effect on our results of operations and on our financial results. Although we have implemented risk management and contingency plans and taken preventive measures and other precautions, our efforts to mitigate the effects of any disruptions may prove to be inadequate.

While wedding-related jewellery, our highest sold product category, is expected to remain resilient despite the pandemic, according to the Technopak Report, our business is also sensitive to reductions in consumer spending. We cannot predict the degree to, or the time period over, which our business will be affected by the COVID-19 outbreak. For example, this pandemic could necessitate further lockdowns, resulting in significant additional effects on our revenue, financial condition and results of operations. There are numerous uncertainties associated with the COVID-19 outbreak, including the number of individuals who will become infected, availability of a vaccine or a cure that mitigates the effect of the virus, the extent of the protective and preventative measures

imposed by governments and whether the virus' impact will be seasonal, among others. Consequently, there may be adverse effects of this pandemic on our short-term business operations and our financial results may be impacted.

**3. *We may be unable to respond to changes in consumer demands and market trends in a timely manner.***

Our success depends on our ability to identify, originate and define product and market trends, both on a pan-India, international and more local level, as well as to anticipate, gauge and react to rapidly changing consumer demands in a timely manner. Our products must also appeal to a broad range of customers whose preferences may vary significantly across regions and cannot be predicted with certainty. We cannot assure you that the demand for our products with end-consumers will continue to grow or that we will be able to continue to develop appealing styles or meet rapidly changing consumer demands in the future. If we misjudge the market for our jewellery products or fail to anticipate a shift in consumer preferences, we may be faced with a reduction in revenues. According to the Technopak Report, approximately 70% of the Indian jewellery market was served by unorganised jewellery companies catering to local tastes in Fiscal 2020. We also enter into contracts with local contract manufacturers to make such jewellery. If we are unable to attract sufficient demand for our more localised jewellery products or identify contract manufacturers to make jewellery which is appealing to the local population, our business may suffer.

Customer preferences regarding diamonds, gold and other precious metals and gemstones also influence the level of our sales. Customer preferences could be affected by a variety of issues, including promotion of specific types of jewellery by the fashion industry, such as the promotion of silver over traditional gold jewellery, a decrease in the perceived value and customer satisfaction of the jewellery compared to its price, the availability of alternate metals and consumer attitudes towards the substitution of our products with products such as cubic zirconia, moissanite or laboratory-created diamonds or a shift in customer preference to other luxury products.

Any inability to respond to changes in consumer demands and market trends in a timely manner could have a material adverse effect on our business, financial condition and results of operations.

**4. *We may be unable to maintain or establish arrangements with contract manufacturers and suppliers through whom we manufacture our products and procure raw materials, and may experience other disruptions or quality control risks in the operations of such parties.***

We manufacture our products through our network of contract manufacturers and procure raw materials through suppliers. While we have written agreements with our contract manufacturers, they are not contractually bound to deal with us exclusively, and we may face the risk of our competitors offering better terms, which may cause them to prefer our competitors over us. We control the manufacturing process and the ultimate risk of the raw materials lies with us. However, our arrangements with these contract manufacturers and suppliers could involve various risks, including potential interruption to their operations for factors beyond their or our control, any significant adverse changes in their financial or business condition, as well as low levels of output, quality or efficiency. Any disruption in the operations of these contract manufacturers or suppliers could have an adverse impact on our financial condition and results of operations.

In addition, while we exercise significant influence over the entire manufacturing process and undertake a number of quality control procedures to ensure we are selling only quality jewellery to our customers, including having all of our jewellery Bureau of Indian Standards (“BIS”), hallmarked and conducting sample tests on each new batch of products we receive from our contract manufacturers, there is no assurance that our quality control measures will be effective. If we receive negative publicity about the quality of our jewellery or our contract manufacturers receive negative publicity, our reputation, business and results of operations could be adversely affected.

**5. *Our ability to attract customers is dependent on the success and visibility of our showrooms.***

We endeavour to open showrooms in optimal locations and generally consider a relevant location's demographics, spending capacity, economic conditions, cost-benefit analysis and proximity to our competitors' showrooms. Sales at our showrooms are derived, in part, from the volume of customer visits in the relevant locations. Showroom locations may become unsuitable, and our sales volume and customer traffic generally may be slowed, by, among other things: economic downturns in a particular area; competition from nearby jewellery companies; changing consumer demographics in a particular market; changing lifestyle choices of consumers in a particular market; government imposed lockdowns due to pandemics, such as COVID-19; and the popularity of other businesses located near our showrooms.

Given the long-term nature of our leases and our dependence on customers visiting our showrooms, our success is partially dependent upon the continued popularity of particular locations. Changes in areas around our showroom locations that result in reductions in customer traffic or otherwise render the locations unsuitable could result in reduced sales volume, which could materially and adversely affect our business, financial condition and results of operations.

**6. *We may be subject to negative publicity with respect to our products or brand or any third party using the name “Kalyan” or similar trade names.***

Our business is dependent on the trust our customers have in our brand and the quality of our products. Any negative publicity regarding us, our brand, our products or the jewellery industry generally could adversely affect our reputation and our results of operations. Our brand can be adversely affected by negative publicity or any material litigation or claims concerning other businesses using the name “Kalyan” or similar trade names, whether or not they are part of the Promoter Group. While we own the trademark for “Kalyan Jewellers” and the name “Kalyan” for the jewellery business, the name Kalyan is currently used by certain extended family members in other non-related business lines. Any negative publicity with respect to such other businesses could adversely impact us, our brand and our products. Negative publicity regarding the brand ambassadors we choose to represent our brand could also negatively impact us. In the past, we have experienced criticism of our brand and brand ambassadors in certain instances across media platforms, including on social media. For example, in 2018, while we clarified our position and resolved the matter quickly and effectively, we were subject to negative publicity when one of our customers raised concerns about the gold quantity used in our jewellery products. Any such negative publicity regarding us, or our jewellery or that adversely affects our brand could have material adverse effect on our business, financial condition and results of operations.

**7. *We may not be able to successfully adapt our systems, including internal controls and procedures over financial reporting, as a result of increasing business complexity.***

While we have built robust information technology, governance frameworks and operational management systems to manage our business operations and to support our future growth at both the showroom and corporate level, the increasing business complexity of our operations may place additional requirements on our systems, controls, procedures and management and, as a result, may strain our ability to manage our future growth. Some of our group-wide internal controls may require further adjustments or modifications in the future.

In addition, the design of any control system is based in part upon certain assumptions about the likelihood of future events. Because of these and other inherent limitations of control systems, there can be no assurance that any specific control system will succeed in achieving its stated goals under all potential future conditions, regardless of how remote. In addition, as a result of our growth strategy and the operating complexity of our business, internal controls over financial reporting need to be kept under regular review which may place strain on our managerial and operational resources.

Many of our control systems are dependent on third-party software and technology. Our third-party software may be subject to damage, software errors, computer viruses, security breaches and the delayed or failed implementation of new updates. Damage or interruption to our third-party and other control systems may require a significant investment to fix or replace them, and we may suffer interruptions in our operations as a result.

**8. *Any failure of or disruption to our information technology systems could adversely impact our business and operations.***

We rely on our information technology (“IT”), systems to provide us with connectivity across our business functions and showrooms through our software, hardware and network systems. Our business processes are IT-enabled, and any failure in our IT systems or loss of connectivity or any loss of data arising from such failure could disrupt our ability to track, record and analyse inventory, process financial information, manage creditors/debtors or engage in normal business activities, which could have a material adverse effect on our operations. While we have offsite data backup facilities, our backup facilities are concentrated in Thrissur, Kerala and natural disasters or other events damaging or interrupting our data back-up facilities could have a material adverse effect on our operations. Although we have not experienced any material failure in our IT systems, there can be no assurance that our IT systems will not suffer a material failure in the future.

We are also susceptible to potential hacking or other breaches of our IT systems. Although we have anti-virus and anti-hacking measures in place, we cannot assure you that we can successfully block and prevent all hacking or other breaches. As a result, failure to protect against technological disruptions of our operations could

materially and adversely affect our business, financial condition and results of operations. We also maintain significant amounts of customer data that we collect in order to promote our brand and direct targeted advertisements to potential customers. Any breach of our IT systems or misuse by employees could result in the loss or disclosure of confidential information, damage to our reputation, litigation or other liabilities.

Furthermore, we individually tag each item that is sold at our showrooms, which enables us to track, record and analyse sales of our products to customers across all of our showrooms. We utilise an enterprise resource planning (“ERP”), system to assist in managing our operations. Any delay or disruption in our IT systems, including our ERP system, could have a material adverse effect on our business, financial condition and results of operations. Further, any failure, disruption or manipulation of our tagging system could disrupt our ability to track, record and analyse sales of our products, which could have a material adverse effect on our business.

***9. The current geographic concentration of our operations creates an exposure to local economies, regional downturns and severe weather or other catastrophic occurrences.***

As of the end of Fiscals 2020, 2019 and 2018 our revenue from operations in South India, which includes Kerala, Tamil Nadu, Andhra Pradesh, Telangana, Pondicherry and Karnataka, represented 52.19%, 51.73% and 57.95% of our total revenue from operations, respectively, for such periods. As a result, our business is susceptible to regional conditions in South India, and we are vulnerable to economic downturns in the region. Any unforeseen events or circumstances that negatively affect these areas could materially adversely affect our sales and profitability. These factors include, among other things, changes in demographics, population and income levels. In addition, our business may also be susceptible to regional natural disasters and other catastrophes, such as telecommunications failures, cyber-attacks, fires, riots, political unrest or terrorist attacks. While our geographical concentration has reduced as we have expanded our operations, extensive or multiple disruptions in our operations, whether at our showrooms, “My Kalyan” centres or other locations, due to natural disasters or other catastrophes could have an adverse effect on our business, financial condition and results of operations.

***10. Changes or a downturn in economic conditions, in particular in our principal markets, may affect consumer spending, including on our products.***

Our revenues and results of operations are impacted by global economic conditions as well as the specific economic conditions in our principal markets of India and the Middle East. India is our largest market, accounting for 78.19% of our revenue from operations for Fiscal 2020, while the remainder of our revenue for such periods was generated from our operations in the Middle East. Such conditions include levels of employment, inflation or deflation, real disposable income, interest rates, taxation, currency exchange rates, stock market performance, the availability of consumer credit, levels of consumer debt, consumer confidence, consumer perception of economic conditions and consumer willingness to spend, all of which are beyond our control. An economic downturn or an otherwise uncertain economic outlook in our principal markets, in any other markets in which we may operate in the future, or on a global scale could adversely affect our consumer spending habits and traffic, which could have a material adverse effect on our business, results of operations and financial condition. While wedding-related jewellery, our highest sold product category, is expected to remain resilient despite the pandemic, according to the Technopak Report, we are aware that consumer spending tends to decline during periods of economic slowdown when disposable income is lower. For example, our operations in the Middle East have been impacted recently, and we chose to permanently close seven of our showrooms.

Any significant financial disruption in the future or adverse economic developments overseas in countries where we have operations could have a material adverse impact on us. If economic downturns occur or persist in our principal markets or globally, our business, results of operations and financial condition may be materially adversely affected, particularly if our customers reduce or eliminate their spending.

***11. We may be unable to expand our product offerings and distribution channels.***

We expect, in the coming years, to expand our portfolio of jewellery by increasing our focus on diamond and other studded jewellery. Although we believe that new products will complement and leverage the perception of our brand and existing product portfolio, there is no certainty that these products will be well received by customers or that they will not hurt the perception of our brand and existing product portfolio. Moreover, the jewellery industry is highly competitive and there may be established players catering to demand for new products we launch, which may make it difficult for us to gain market share with respect to new product offerings.

We also intend to continue expanding our online sales platform to maximise customer reach and foster the potential for additional revenue opportunities. In 2017, we purchased a stake in Enovate Lifestyles Private



Limited, currently our subsidiary, which owns an online jewellery platform operated through www.candere.com. In expanding our online sales platform, we face the risk that our websites may not be stable or may not properly perform the functions which we intend them to perform, which could result in the loss of revenues and potential damage to our brand. Our websites and IT systems are subject to damage or interruption from power outages, computer and telecommunications failures, software errors, computer viruses, security breaches, natural disasters and the delayed or failed implementation of new computer systems. Damage or interruption to our websites and other information systems may require a significant investment to fix or replace them, and we may suffer interruptions in our operations as a result.

Our inability to successfully implement these growth strategies may have a material adverse effect on our business, results of operations and financial condition.

## ***12. We may be unable to manage our significant growth.***

In recent years, our business has experienced significant growth. From March 31, 2015 to June 30, 2020 we have increased our total showrooms from 77 to 137. As a result of significant expansion, our business and organization have become, and are expected to continue to become, considerably more complex. This requires us to adapt continuously to meet the needs of our growing business and could expose us to a number of factors which may negatively impact our business, financial condition and results of operations. While we have built robust information technology, governance frameworks and operational management systems to manage our business operations and to support our future growth at both the showroom and corporate level, in the future in particular, our success will depend on our ability to:

- successfully adapt our systems, including internal controls and procedures over financial reporting. See “— *We may not be able to successfully adapt our systems, including internal controls and procedures over financial reporting, as a result of increasing business complexity*”;
- maintain and develop a consistent and strong brand identity and further develop our brand strength across a growing organization and increasing number of markets, especially in light of the decentralised nature of our business and across expanding and new products. See “—*The strength of our brands is crucial to our success and we may not succeed in continuing to maintain and develop our brands*”;
- ensure safe movement and storage of high-value inventory;
- source, at appropriate prices, the amount of raw materials required for increased production;
- attract and retain experienced, high quality management and other key employees;
- identify potential new markets and suitable locations for our showrooms as well as obtaining leases for our new showrooms on commercially attractive terms;
- efficiently manage international operations, including by acquiring expertise of specific international markets where we expand with respect to customer preferences and regulatory concerns;
- respond to increasing competition from competitors in the existing markets we cover as well as new markets we may enter in the future; and
- respond to regional preferences in jewellery and changing customer demands.

We may not be able to adequately respond to any of the foregoing factors or otherwise manage our significant growth.

Additional growth means we may also require significant financial resources in connection with the opening of new showrooms, financing inventory and hiring of additional employees for our expanded operations. We may be required to obtain external financing for such expansion and there can be no assurance that such financing will be available to us on commercially acceptable terms, or at all. We will also be required to obtain certain approvals to carry on business in new locations and there can be no assurance that we will be successful in obtaining such approvals. Further, we expect our expansion plans to place demands on our managerial, operational and financial resources, and our expanded operations will require further training and management of our employees and the training and induction of new employees. In addition, as we enter new markets, we face competition from national, international and local jewellery companies, who may have an established local presence, and may be more familiar with local customers’ design preferences, business practices and customs.

Our historic growth rates or results of operations are not representative or reliable indicators of our future performance. While we intend to continue to expand our operations, we may not be able to sustain historic growth levels and may not be able to leverage our experience in our existing markets in order to grow our business in new markets. Our prior successful efforts in opening showrooms may not be indicative of new



showrooms that we open and new showrooms we open may not be able to generate sales to the extent we expect, or at all.

An inability to effectively manage our expanded operations now, or in the future, may lead to operational and financial inefficiencies, which could have a material adverse effect on our business prospects, financial condition and results of operations.

***13. We could face customer complaints or negative publicity about our customer service.***

Customer complaints or negative publicity about our customer service could diminish consumer confidence in, and the attractiveness of, our Company and brand. We interact with customers across all of our showrooms and “My Kalyan” networks and consistently strive to maintain high standards of customer service. However, we periodically have experienced customer disputes and receive complaints, which we endeavour to resolve through prompt and effective customer service. Any inability by us to properly manage or train our sales staff, “My Kalyan” employees and managerial personnel who handle customer complaints and disputes could compromise our ability to handle customer complaints effectively in the future. If we do not handle customer complaints effectively, our reputation may suffer, and we may lose our customers’ confidence, which could have a material adverse effect on our business, financial condition and results of operations.

***14. Our income and sales are subject to seasonal fluctuations and lower income in a peak season may have a disproportionate effect on our results of operations.***

Our sales in certain regions have historically exhibited certain seasonal fluctuations, reflecting higher sales volumes and profit margins during festival periods and other occasions such as Akshay Trithiya, Durga Puja, Dhanteras, Diwali and Christmas. While we stock certain inventory to account for this seasonality which differs across regions, our fixed costs such as lease rentals, employee salaries, showroom operating costs and logistics-related expenses, which form a significant portion of operating costs, are relatively constant throughout the year. Consequently, lower than expected net sales during certain periods or more pronounced seasonal variations in sales in the future could have a disproportionate impact on our operating results for any fiscal year or could strain our resources and impair our cash flows. Any slowdown in demand for our jewellery during peak seasons or failure by us to accurately anticipate and prepare for such seasonal fluctuations could have a material adverse effect on our business, financial condition and results of operations.

***15. Our business depends on our Promoters and senior management and our ability to attract and retain sales personnel.***

We believe that the experience of our Promoters and senior management has been critical to our success and business growth. As a result, any loss of the services of any of our Promoters or senior management could materially and adversely affect our business, financial condition and results of operations. The replacement of senior management may not be straightforward or achievable in a timely manner, and we may be required to wait indefinitely to fill positions until we find suitable candidates. Furthermore, attracting and retaining experienced and qualified senior management could require increasing compensation and benefits payable to such personnel, which could affect our operational costs and accordingly, our financial condition and results of operations.

Our success is also dependent on our ability to attract, hire, train and retain experienced and skilled sales personnel, including sales personnel who speak local languages in the various regions in which we operate. In the jewellery industry, the level and quality of sales personnel and customer service are key competitive factors and an inability to recruit, train and retain suitably qualified and skilled sales personnel who maintain consistency in our standards of customer service and overall operations could adversely impact our reputation, business prospects and results of operations. We could encounter challenges in identifying, training and retaining sales personnel as the Indian jewellery industry is expected to experience significant growth in future years.

For Fiscal 2020, 2019 and 2018 we had an attrition rate of 20%, 24% and 21%, respectively. There can be no assurance that attrition rates for our employees, including our management and sales 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.

***16. The agreements governing our indebtedness contain conditions and restrictions on our operations, additional financing and capital structure.***

As of March 31, 2020, our total outstanding debt, including metal gold loans, was ₹36,403.10 million. We have entered into several borrowing facilities of varying terms and tenures. The financing agreements governing such facilities include conditions and restrictive covenants that require us to obtain consents, no-objections or waivers from lenders prior to carrying out specified activities or entering into certain transactions, including, among other things, incurring additional debt, prepaying existing debt, declaring dividends or incurring capital expenditures beyond prescribed thresholds, amending our constitutional documents, changing our capital structure, shareholding pattern or management, and selling, transferring, leasing or disposing our encumbered assets. Additionally, under such financing agreements, we are also required to comply with certain financial covenants, such as maintaining prescribed financial ratios at all times.

Undertaking any of the above without the consent of our lenders or non-compliance with any of the covenants of our financing agreements, 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 in repayment of the amounts outstanding under the financing agreements, 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. Further, we cannot assure you that we will be able to obtain approvals to undertake any of these activities as and when required or to comply with such covenants or other covenants in the future. 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. If the lenders of a material amount of the outstanding loans declare an event of default simultaneously, we may be unable to pay its debts when they fall due. For details of our borrowings, see “*Financial Indebtedness*” on page 294.

***17. We have significant working capital requirements and our ability to access capital at attractive costs also depends on our credit ratings.***

Our business requires a substantial amount of working capital, primarily to finance our inventory, including the purchase of raw materials. Moreover, we may need working capital for the expansion of our business. A large part of this working capital is funded by bank loans or metal gold loans. Our working capital loans on a consolidated basis as of March 31, 2020 were ₹35,053.52 million, which are repayable on demand. We also intend to use ₹7,500 million from the Net Proceeds towards funding our working capital requirements. A portion of the gold used in our jewellery is procured through metal gold loans, whereby bullion is loaned to us at a specified interest rate and which are governed by specific conditions of the Ministry of Commerce and Industry, Government of India (“**GoI**”) and applicable RBI regulations. There can be no assurance that we will be able to secure adequate financing in the future on commercially acceptable terms, or at all, including in the event our lenders call in loans repayable on demand or if there is a change in applicable regulations. Our inability to obtain or maintain sufficient cash flow, credit facilities and other sources of funding, in a timely manner, or at all, to meet our working capital requirements or to pay our debts, could adversely affect our financial condition and results of operations. For details on our working capital facilities, see “*Financial Indebtedness*” on page 294. Also, see “ – *The agreements governing our indebtedness contain conditions and restrictions on our operations, additional financing and capital structure*” on page 31.

The cost and availability of capital, among other factors, depends on our credit rating. Our debt instruments/facilities have been assigned a long-term rating of “ICRA A-” with a stable outlook and a short-term rating of “ICRA A2+” and our fixed deposit program has been assigned a rating of “MA-” with a stable outlook by ICRA Limited. Our credit rating reflects, amongst other things, the rating agency’s opinion of our financial strength, operating performance, strategic position, and ability to meet our obligations. Our inability to obtain such credit rating in a timely manner or any non-availability of credit ratings, or poor ratings, or any downgrade in our ratings may increase borrowing costs and constrain our access to capital and lending markets and, as a result, could adversely affect our business and results of operations. In addition, non-availability of credit ratings could increase the possibility of additional terms and conditions being added to any new or replacement financing arrangements.

***18. We obtain a part of our gold requirement through metal gold loans which is subject to RBI regulations in India. Any adverse change in the regulations governing metal gold loans may adversely affect our financial condition and results of operations.***

We procure gold used for our jewellery from various banks in India and in the Middle East for our respective operations in each region as well as from customers directly. As of March 31, 2020, we had outstanding metal gold loans of ₹11,671.43 million that we procured from various banks. For details, see “*Financial Indebtedness*”

on page 294. We benefit from significantly lower effective interest rates by procuring gold through metal gold loans as compared to the interest rates payable if we procure gold through fund-based loans. Metal gold loans are subject to RBI regulations. For details, see section entitled “*Key Regulations and Policies in India*” on page 147. In the event of any adverse regulatory development or in the event that we are otherwise not able to avail such metal gold loans, we may not be able to benefit from such low interest rates. We cannot assure you that we will always be able to enjoy these benefits. In the event there is any adverse change in these regulations, we may not be able to enjoy the extended borrowing period or borrow the funds at comparatively lower rates. Such adverse changes may affect our working capital cycle and could have an adverse effect on our financial condition and results of operation.

***19. We may be unable to renew our existing leases or secure new leases for our existing or new showrooms or “My Kalyan” centres on commercially acceptable terms.***

The majority of our existing showrooms and “My Kalyan” centres are located on leased properties. We typically enter into lease agreements for a period of 15 years for our showrooms in India and up to five years in Middle East and 11 months to five years for our “My Kalyan” centres although the lock-in period of these leases is typically lower in duration. While we renew these lease agreements periodically in the ordinary course of business, in the event that these existing leases are terminated or they are not renewed on commercially acceptable terms, we may suffer a disruption in our operations. If alternative premises are not available at the same or similar costs, sizes or locations, our business, financial condition and results of operations may be adversely affected. In addition, any adverse development relating to the landlords’ title or ownership rights to such properties may entail significant disruptions to our operations, especially if we are forced to vacate leased spaces following any such developments. If our sales do not increase in line with our rent and costs, including setup and interior design costs, our profitability and results of operations could be adversely affected.

Our growth strategy involves expanding our showroom network, which necessitates the identification of suitable locations, taking into account the positioning and visibility of the space as well as the characteristics of nearby businesses and the demographics of the area. The premises for most of our proposed new showrooms and “My Kalyan” centres are also expected to be taken on lease. The success of our business is significantly dependent on factors such as the availability of suitable sites for our showrooms and “My Kalyan” centres in prime and desirable areas on commercially acceptable terms and we encounter competition from other jewellery companies in this regard. There can be no assurance that we will be able to secure leases for our showrooms and “My Kalyan” centres in suitable areas, in time, or on terms that are acceptable to us or at all. Failure to do so may adversely affect our business prospects, financial condition and results of operations.

***20. We may require additional capital and financing in the future and our operations could be curtailed if we are unable to obtain required additional capital and financing when needed.***

We may need to raise additional capital from time to time, dependent on business requirements. Some of the factors that may require us to raise additional capital include (i) business growth beyond what the current balance sheet can sustain; (ii) unforeseen events beyond our control such as the global lockdown due to a pandemic and (iii) significant depletion in our existing capital base due to unusual operating losses. While we do not anticipate seeking additional financing in the immediate future, any additional equity financing may result in dilution to the holders of the Equity Shares. Further, additional debt financing may impose affirmative and negative covenants that restrict our freedom to operate our business, including covenants that:

- limit our ability to pay dividends or require us to seek consent for the payment of dividends;
- limit our flexibility in raising capital in the form of debt or equity;
- require us to dedicate a portion of our cash flow from operations to payments on our debt, thereby reducing the availability of our cash flow to fund capital expenditures, working capital and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and our industry;
- limit us from formulating any scheme of amalgamation or reconstruction, merger or demerger; and
- limit us from entering into borrowing arrangements with other banks or financial institutions.

We cannot guarantee that we will be able to obtain additional capital, including via financing on terms that are acceptable to us, or any financing at all, and the failure to obtain sufficient financing could adversely affect our business operations.

***21. We are required to maintain various licences and permits for our business.***

Our business is subject to government regulations and we require certain statutory and regulatory approvals, licences, registrations and permissions for operating our business, some of which may have expired and for which we may have either made or are in the process of making applications for obtaining their renewal. These permits, licences and approvals may also be tied to numerous conditions, some of which may be onerous to us and require substantial expenditures. We cannot assure you that we will be able to continuously meet such conditions or be able to prove compliance with such conditions to statutory authorities, which may lead to cancellation, revocation or suspension of relevant permits, licenses, registrations and approvals. There is no assurance in the future that the permits, licenses, registrations and approvals applied for or held by us will be issued, approved or renewed in a prompt manner, or at all, under applicable laws.

Further, applications for approvals, licences, registrations and permissions for operating our business need to be made within certain timeframes and are often subject to the discretion of relevant authorities. If we are unable to make applications or renew or obtain necessary permits, licences and approvals on acceptable terms, in a timely manner, at a reasonable cost, or at all or in the event we fail to comply with the terms and conditions therein, it could materially and adversely affect our financial condition and results of operations, including cancellation, revocation or suspension of relevant permits, licenses, registrations and approvals and the imposition of penalties by relevant authorities. Furthermore, our failure to obtain or renew licences and approvals could affect our ability to recover under our insurance policies. For details, see “*Government and Other Approvals*” on page 328.

**22. Our ownership structure in the Gulf Cooperation Committee states where we operate, while consistent with the approach taken by many other companies operating in the region, is subject to risks associated with foreign ownership restrictions and our shareholder arrangements with local shareholders.**

*Overview*

A portion of our operations are located in countries in the Gulf Cooperation Committee (“GCC”), where we generated 21.81%, 23.46% and 21.19% of our revenue from operations for Fiscals 2020, 2019 and 2018, respectively. All of these countries have foreign ownership laws that provides that nationals of these countries must hold a certain percentage of the shares of companies incorporated in these countries. Accordingly, our subsidiary in Bahrain, that is under incorporation, and our subsidiaries incorporated in each of the United Arab Emirates (“UAE”), Oman, Qatar and Kuwait need to meet these local ownership requirements. The table below sets out the minimum local legal shareholding requirements applicable to our subsidiaries in each of the GCC states where we have operations, as well as the existing local legal shareholding of such subsidiaries.

Country	Minimum shareholding required to be held by local shareholders	Legal shareholding of local shareholders in the Kalyan subsidiaries
UAE (free zone entities <sup>(1)</sup> )	0%	0%
UAE (onshore entities <sup>(2)</sup> )	51%	51%
Oman	30%	30%
Qatar	51%	51%
Kuwait	51%	51%
Bahrain	51%	51%

(1) “Free-zone entities” are the companies which may be 100% owned by expatriates, registered and operating in dedicated free zones, where a UAE national partner is not required.

(2) “On-shore entities” are companies used to trade within the local UAE market, which require a UAE national to act as an agent or company shareholder, and are not located in dedicated free-zones.

For further details in relation to the foreign ownership laws applicable in certain GCC states, see “*Key Regulations and Policies*” on page 147.

In GCC states which restrict foreign ownership, consistent with the approach taken by many other companies operating in the region, we have typically entered into shareholder arrangements with local shareholders which are intended to provide us with management control and a majority of the dividends or profits from our subsidiary notwithstanding our minority legal shareholding; the local shareholder acts as our nominee which fulfils the purpose of foreign ownership requirements, is only entitled to an annual fee (irrespective of actual profits) and is not involved in the subsidiary’s management. We consolidate our minority shareholding in these subsidiaries in our financial statements on the basis of our shareholder arrangements. For further details concerning our shareholder arrangements in certain GCC states, see “*Key Regulations and Policies – Key*

*Regulations applicable to our Material Subsidiaries*” and *“History and Certain Corporate Matters”* starting on page 151 and 156, respectively.

In many cases, our shareholder arrangements are effected through nominee or trust agreements in the GCC states, where legal recognition of concepts of trusts or beneficial ownership is uncertain. Moreover, the enforceability of such arrangements remains subject to applicable local laws of these jurisdictions, for example, the Proxy Law in Qatar and the Concealment Law in the UAE, and there can be no assurance that we will be able to continue to exercise control over our subsidiaries in these jurisdictions, if such arrangements are held to be unenforceable, including on account of these arrangements being interpreted by relevant authorities as contrary to the spirit of such local laws.

As a result of the nominee and trust arrangements described above, there are a number of provisions for our protection in the shareholders’ agreements which cannot by law be reflected in the constitutional documents. If we are unable to enforce our rights as a beneficial shareholder as a result of a conflict between the shareholders’ agreements and the constitutional documents of the companies and local laws provide that the constitutional documents prevail, our inability to enforce the shareholders’ agreements may adversely affect our business and results of operations.

Whether initiated by a regulator or in a dispute with a local nominee shareholder, these shareholder arrangements may be held to violate local law, the penalties for which could include criminal sanctions against us, the closure of our business in the relevant country, fines or the disgorgement of profits, such as an order to pay a local nominee shareholder the dividend entitlement contained in the relevant constitutional documents with retrospective effect. In the event of a dispute with our local shareholders, our shareholder arrangements may be void if they violate local law, which could reduce our corporate and economic rights in the affected subsidiary to that of a minority shareholder. Any potential challenge to our ownership structure based on an allegation that we have contravened foreign investment laws is likely to be made public, which could have an adverse effect on our relationship with regulatory authorities and could have a material adverse effect on our business, financial condition and results of operations.

#### *UAE*

UAE law contains local ownership requirements, stating that nationals of the UAE must, directly or indirectly, be the legal/registered owners of at least 51% of the share capital of UAE companies and foreign investors cannot acquire more than 49% of such share capital. Companies that have: (i) obtained regulatory approval or are Onshore FDI Entities (as defined under the Federal Decree) and whose business activities fall under UAE Cabinet Resolutions of July 2, 2019 and Positive List; or (ii) registered in a free zone in the UAE, are exempt from this requirement and may be 100% foreign owned. Our direct subsidiary in UAE, Kalyan Jewellers FZE (**“UAE FZE Subsidiary”**) is a free zone entity and is exempt from the local ownership requirements. Accordingly, we can own 100% of UAE FZE Subsidiary. UAE FZE Subsidiary owns 49% of the shares of our UAE subsidiary, Kalyan Jewellers LLC (**“UAE Onshore Subsidiary”**), which is an “onshore entity” outside the designated FZE area in the UAE and does not fall under the Positive List. Accordingly, the UAE Onshore Subsidiary is subject to the local ownership requirements of at least 51% of local shareholding and UAE FZE Subsidiary, which is considered a foreign entity under UAE law, cannot hold more than 49% of the UAE Onshore Subsidiary.

In order to secure beneficial ownership of our UAE operations above the UAE foreign ownership restriction threshold, we have adopted the approach taken by many foreign-owned companies operating in the UAE by implementing commonly used nominee arrangements whereby the UAE FZE Subsidiary holds 49% of the share capital of our UAE Onshore Subsidiary and the remaining 51% is held by a UAE national for our benefit pursuant to a UAE-law governed trust and sponsorship arrangement.

Our ownership structure for our subsidiaries incorporated in the UAE could be unilaterally challenged before a UAE court on the basis of the UAE Federal Law no. 17 of 2004 in respect of the Commercial Concealment, (the **“Concealment Law”**) or other general public policy-related provisions under other UAE legislation, under which a UAE court could decide that our ownership structure for the UAE Subsidiary violates public policy, morals or law in the UAE. The Concealment Law provides that it is not permissible to allow a non-UAE national, whether by using the name of another individual or through any other method, to practice any economic or professional activity that is not permissible for him to practice in accordance with the law and decrees of the UAE, which could prohibit foreign ownership of a UAE company through arrangements such as those used in our ownership structure for the UAE Onshore Subsidiary. Despite its use, the legality and enforceability of

nominee arrangements such as ours, while consistent with the approach taken by many other companies operating in the region, remains the subject of much debate and legislative scrutiny, and there is a degree of uncertainty as to how the relevant provisions of the new UAE Commercial Companies Law, which came into effect on July 1, 2015, will be interpreted. We are not aware of the nominee or trust arrangements, such as those used in our ownership structure for our UAE entities, having been challenged by the Government of the UAE or any Emirate thereof. However, as the Concealment Law is binding law, the UAE Federal Government has the ability to enforce the Concealment Law at any time in the future. Were the UAE Government to do so, there is no certainty as to the approach that the UAE courts would take in relation to the application of the Concealment Law or other laws or policies to our ownership structure for the UAE Onshore Subsidiary.

There could be a number of adverse implications for us if our nominee arrangements and ownership structure for the UAE Onshore Subsidiary were to be successfully challenged or an enforcement action initiated, including our beneficial ownership through the trust and sponsorship arrangements being deemed void, which could result in a loss of revenues from the UAE Onshore Subsidiary if we can no longer receive profits disproportionate to our shareholding as provided under the constitutional documents of the UAE Onshore Subsidiary or it can no longer be consolidated, the loss of our option to acquire the shares of the UAE nominee shareholder and the loss of our right to be appointed as a proxy for the UAE nominee shareholder during shareholder meetings, the loss of our ability to prevent the UAE sponsor nominee shareholder from selling or transferring its 51% shareholding or the imposition of material fines. The imposition of one or more of such penalties could have an adverse effect on our business, financial condition and results of operations. Alternatively, and although the risk of such circumstances occurring is low, should the local courts not find our UAE ownership structure valid in relation to the UAE Onshore Subsidiary, a successful challenge of our UAE ownership structure could result in our having to pay back 20% (as per the constitutional documents of the UAE Onshore Subsidiary) of the overall dividend entitlement derived from our UAE Onshore Subsidiary's operation to our local partner, possibly with retrospective effect.

Under Federal Decree Law No. 19 of 2018 (“**FDI Decree**”), read jointly with the Positive List, businesses that: (i) are not prohibited from being owned (even partially) by foreign parties under the FDI Decree; and (ii) fall under the list of categories available for over 49% foreign investment listed under the Positive List, can be apply for regulatory approval to be 100% foreign owned. Our UAE operations do not fall under the list of categories available for over 49% foreign investment under the Positive List and we will need to continue with the nominee structure described above for our UAE Onshore Subsidiary.

#### *Kuwait, Oman, Bahrain and Qatar*

Given foreign ownership requirements, we have adopted an approach taken by many foreign-owned companies operating in Kuwait, Oman, Bahrain and Qatar by implementing nominee arrangements resulting in 51% of our Kuwaiti subsidiary, Kalyan Jewellers For Gold Jewelry Company, W.L.L., Kuwait, being owned by a Kuwaiti nominee shareholder; 30% of the shares of our Omani subsidiary, Kalyan Jewellers L.L.C., Oman, being owned by an Omani nominee shareholder; 51% of the shares of Kalyan Jewellers Bahrain WLL, a company that is under incorporation in Bahrain (the “**Bahrain Company**”), will be owned by a Bahraini nominee shareholder; and 51% of the shares of our Qatari subsidiary, Kalyan Jewellers LLC, Qatar, being owned by a Qatari nominee shareholder. However, our structure, although not uncommon in practice in these countries, is designed to create compliance with local foreign ownership rules, and as such, these nominee arrangements are generally deemed unenforceable. In the event that we need to enforce our contractual rights against the local nominee shareholders before local courts, it may be difficult for us to enforce such ownership rights beyond the 49% ownership allowed under the law in Qatar (unless approval is obtained for ownership of more than 49% under the new Foreign Investment Law) and Kuwait and beyond the 70% ownership allowed under the law in Oman.

The new foreign investment law of Oman that was passed under Royal Decree 50/2019 (“**Omani Foreign Investment Law**”) and which came into effect in January 2020 permits foreign-owned companies to conduct certain business activities in Oman without a local shareholder. The Oman Foreign Investment Law provides that foreign-owned companies that are currently not conducting business in one of thirty-seven restricted sectors, or Negative List are entitled to conduct their business without a local partner and can accordingly own 100% of the shares of their business. The Negative List, that has been unofficially published by the Ministry of Commerce and Industry of Oman, does not make reference to the business activities conducted by our company in Oman. The Oman Foreign Investment Law will be supported by a set of executive regulations that are expected in 2020. Those regulations are expected to clarify the application of and confirm the Negative List. It is possible that, subject to those regulations, the UAE FZE Subsidiary would be allowed to own 100% of our Oman subsidiary, Kalyan Jewellers L.L.C., Oman.

Under a shareholders' agreement entered into between our UAE FZE Subsidiary and the Omani nominee shareholder, we are entitled to beneficial ownership of the 30% shareholding held by the nominee shareholder and all dividend entitlements to such shares. If the Omani shareholder refuses to be bound by the shareholders' agreement and files a claim for payment of dividends, an Omani court could declare the shareholders' agreement null and void because Omani law states that a holder of shares in an Omani limited liability company cannot be deprived of his right to participate in the profits and losses of the company. The Omani nominee shareholder, or its estate or assigns, could claim a right to 30% of all retrospectively declared dividends as well as future dividends not yet declared. However, a court could consider and treat as binding the provisions of the memorandum of association, which provisions take precedence over terms of the shareholders' agreement and provide that the Omani nominee shareholder is entitled to 2% of the dividends, as provided under the memorandum of association.

Qatar's Law No. 25 of 2014, Combating Concealment of Non-Qatari Practice in Commercial, Economic and Professional Activities in Contravention of the Law, is intended to prevent arrangements which circumvent Qatar's laws restricting foreign ownership, investment and business activities. While foreign parties commonly enter into nominee shareholder arrangements such as ours in Qatar, there is a risk that a Qatari court could determine that our nominee shareholder arrangements in Qatar and holding of shares by the nominee in trust for us violates this law, the penalties for which could include criminal sanctions against us, the closure of our business in Qatar or fines.

Bahraini law requires that at least 51% of the shares of Bahraini companies which engage in trading activities be owned by Bahraini nationals (or nationals of other GCC states) or an entity set up in a GCC jurisdiction (which is in turn owned 100% by GCC nationals). The Bahrain Ministry of Industry Commerce and Tourism ("MOICT") does not recognize 'offshore' jurisdictions in the GCC as 'GCC jurisdictions' on the basis of their free-zone status. Accordingly, the UAE FZE Subsidiary, a freezone entity, cannot own 100% of the Bahrain Company's shares. We have therefore adopted an approach taken by many foreign-owned companies operating in Bahrain under which 51% of the shares of the Bahrain Company are to be owned by a Bahraini national but he will hold such shares for our benefit. While foreign parties commonly enter into nominee shareholder arrangements such as ours in Bahrain, these arrangements are untested in the courts of Bahrain and there is a risk that the court could determine that this arrangement violates Bahraini laws and declare that our nominee shareholder is entitled to claim benefits under the nominee agreement.

While foreign parties commonly enter into nominee shareholder arrangements such as ours in Kuwait, it is unclear on how the courts will rule with respect to the nominee arrangement. Although in the sole discretion of the courts, one potential outcome may be that a Kuwaiti court deems the company, a company in fact and not in law. In such an instance, the company may be liquidated with the assets distributed amongst the partners in accordance with the partners' allocable percentages under the nominee arrangement and the memorandum and articles of association of the company. It is important to note that there are no safeguards with respect to violating the foreign ownership restriction rules. However, a number of instruments and contracts do exist and have been entered into to protect the UAE subsidiary, including, but not limited to, the pledging of the nominee partners shares in favour of the UAE subsidiary partner to restrict the Kuwaiti nominee's ability to transfer the shares.

***23. We are subject to succession risks as we have entered into nominee shareholder arrangements with natural persons.***

We have nominee shareholder arrangements with natural persons, instead of juridical persons, in our subsidiaries in the UAE, Oman, Qatar and Kuwait, and we will have a similar arrangement in Bahrain, and we are subject to succession risks in the event of the death or incapacity of a nominee shareholder. There may also be an increased risk that the nominee shareholder's heirs or assigns, with whom we may not have any existing relationship, could contest the shareholder arrangement.

While our agreements with certain nominee shareholders provide that the nominee shareholders will transfer their shares as we direct upon termination of our arrangements, including as a result of a dispute concerning the fees payable to the nominee shareholder, there can be no assurance that such agreements will be enforced.

In the event of the death or incapacity of, or a dispute with, a nominee shareholder, it may adversely affect our business and results of operations.

**24. *While our practice is in line with many other companies operating in the region, we have not been documenting annual shareholder and board meetings in some of the Middle Eastern countries in which we operate.***

Our operations in Kuwait, Oman, Qatar and the UAE are not in full compliance with the regulations applicable in each of these respective jurisdictions, with respect to documenting board and shareholders' meetings. While in practice the approach taken by us is in line with many other companies operating in the region and there has been no precedence for regulatory authorities enforcing provisions of law in respect of the foregoing and although the risk of any action being taken by relevant authorities in this regard is remote, we are exposed to the risk of these provisions being enforced on one or more of our operations in Kuwait, Oman, Qatar or the UAE and certain penalties being imposed by the local authorities. Such penalties could have an adverse effect on our business and operations in the relevant jurisdictions.

**25. *We may not be able to protect our trademarks from infringement.***

We have registered our "Kalyan Jewellers" brand name and logo as registered trademarks in India. Additionally, as on the date of this Draft Red Herring Prospectus, we have obtained trademarks registrations, including for our logo under class 14 and other trademarks of our brands, such as "Kalyan Jewellers" under classes 14 and 16, "Kalyan" under Class 14, "Tejasvi" under class 35, "Rang" under class 35, "Antara" under class 35, "Hera" under classes 14 and 35, "Mudhra" under classes 14 and 35, "Nimah" under classes 14 and 35, "Ziah" under classes 14 and 35 and "Anokhi" under class 35. Further, we have made applications to the Indian trademarks registry for certain trademarks such as "Muhurat@ Home" under classes 14, 16 and 35, "Dhanvarsha" under class 14 and "Sankalp" under classes 14, 16 and 35". Although we take steps to monitor the possible infringement or misuse of our trademarks, it is possible that third parties may infringe, dilute or otherwise violate our trademark rights. Any unauthorised use of our trademarks could harm our reputation or commercial interests. In addition, our enforcement against third-party infringers or violators may be unduly expensive and time-consuming, and any remedy obtained may constitute insufficient redress relative to the damages we may suffer. For details, see "*Government and Other Approvals*" on page 328. Also, see "*We may be subject to negative publicity with respect to our products or brand or any third party using the name "Kalyan" or similar trade names*" on page 28.

**26. *We may fail to protect our jewellery designs.***

We change our jewellery designs on a regular basis and do not register such designs under the Design Act, 2000. As such, it would be difficult for us to enforce our intellectual property rights in our designs, and if our competitors copy our designs, in particular the designs of our products available on our website or the designs given to third-party contractors, it could lead to a loss of revenue, which could adversely affect our results of operations and financial condition. Further, we manufacture through our network of contract manufacturers where we provide raw material and designs to such contractors. While we control and supervise the entire manufacturing process, the contract manufacturers could make the same or similar jewellery for other parties, including our competitors. If our contract manufacturers produce the same or similar jewellery for our competitors, our customers may no longer purchase our jewellery or look to our competitors for similar jewellery, which could negatively impact our results operations and financial condition. Additionally, designs developed by us may inadvertently infringe on the intellectual property rights of third parties, which may expose us to legal proceedings. Thus, we are susceptible to litigation for infringement of intellectual property rights in relation to such designs. This could materially and adversely affect our reputation, results of operations and financial condition.

**27. *We may be subject to fraud, theft, employee negligence or similar incidents.***

Our operations may be subject to incidents of theft or damage to inventory in transit, prior to or during showroom stocking and display. 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 showrooms at all times and had a total inventory of ₹47,203.43 million, as of March 31, 2020. Although we have set up various security measures, we have in the past experienced such incidents, including certain minor instances of theft. 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.

**28. We may be subject to labour unrest, slowdowns and increased wage costs.**

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. Furthermore, the contract manufacturers with whom we work to manufacture our jewellery could seek to organise. A potential increase in the salary scale of our employees or amounts paid to our contract manufacturers 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.

**29. Our Company, Subsidiaries, Promoters and Directors are involved in certain legal proceedings and potential litigation. Any adverse decision in such proceedings may render us/them liable to liabilities/penalties and may adversely affect our business and results of operations.**

Our Company, Subsidiaries, Promoters and Directors are currently involved in certain legal proceedings. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. The summary of outstanding litigation in relation to our Company, our Subsidiaries, our Promoters and Directors as on the date of this Draft Red Herring Prospectus have been provided below in accordance with the materiality policy adopted by our Board. For details, see “*Outstanding Litigation and Material Developments*” on page 319.

Type of Proceedings	Number of cases	Amount <sup>^</sup> (₹ in million)
<b>Cases against our Company</b>		
Criminal proceedings	3	-
Actions by statutory or regulatory authorities	12	26.71
Claims related to direct and indirect taxes	30	4,339.42 <sup>#</sup>
Other pending material litigation proceedings*	1	20.27
<b>Total</b>	<b>46</b>	<b>4,386.40</b>
<b>Cases by our Company</b>		
Criminal proceedings	14	3.26
Other pending material litigation proceedings*	4	23.62 <sup>##</sup>
<b>Total</b>	<b>18</b>	<b>26.88</b>
<b>Cases against our Directors other than our Promoters</b>		
Criminal proceedings	Nil	-
Actions by statutory or regulatory authorities	Nil	-
Claims related to direct and indirect taxes	Nil	-
Other pending material litigation proceedings*	Nil	-
<b>Total</b>	<b>Nil</b>	<b>-</b>
<b>Cases by our Directors other than our Promoters</b>		
Criminal proceedings	Nil	-
Other pending material litigation proceedings*	Nil	-
<b>Total</b>	<b>Nil</b>	<b>-</b>
<b>Cases against our Promoters</b>		
Criminal proceedings	2	-
Actions by statutory or regulatory authorities	Nil	-
Claims related to direct and indirect taxes	Nil	-
Disciplinary action taken against our Promoters in the five Fiscals preceding the date of this Draft Red Herring Prospectus by SEBI or any stock exchange	Nil	-
Other pending material litigation proceedings*	Nil	-
<b>Total</b>	<b>2</b>	<b>-</b>
<b>Cases by our Promoters</b>		
Criminal proceedings	1	0.75
Other pending material litigation proceedings*	-	-

Type of Proceedings	Number of cases	Amount <sup>^</sup> (₹ in million)
<b>Total</b>	<b>1</b>	<b>0.75</b>
<b>Cases against our Subsidiaries</b>		
Criminal proceedings	Nil	-
Actions by statutory or regulatory authorities	Nil	-
Claims related to direct and indirect taxes	Nil	-
Other pending material litigation proceedings*	Nil	-
<b>Total</b>	<b>Nil</b>	<b>-</b>
<b>Cases by our Subsidiaries</b>		
Criminal proceedings	Nil	-
Other pending material litigation proceedings*	1	18.40 <sup>###</sup>
<b>Total</b>	<b>1</b>	<b>18.40</b>

\* Based on Materiality Policy

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

<sup>#</sup> Our Company has already paid ₹ 18.48 million under protest.

<sup>###</sup> Please note that this amount only includes the amounts claimed by our Company. There is one matter where there is a counter claim of ₹ 23.47 million made against our Company.

<sup>####</sup> This amount arises out of a civil proceeding by Kalyan Jewellers LLC, UAE, our Subsidiary, involving an amount of AED 0.90 million. Such amount has been converted into Rupees using www.oanda.com at the prevailing conversion rate as of March 31, 2020.

### **30. There are proceedings against Mr. T.S. Kalyanaraman, our Promoter, Chairman and Managing Director.**

Mr. T.S. Kalyanaraman is named as a party in a criminal proceeding for offences under Section 420, 34 and 506 of the Indian Penal Code, 1860, alleging that the ear-ring purchased by a customer had iron mixed with gold and the jewellery was adulterated. Further, a separate criminal proceeding has been initiated by the Bengaluru Metropolitan Task Force against Mr. T.S. Kalyanaraman, alleging that Mr. T.S. Kalyanaraman displayed certain signs as advertising hoardings even after the expiry date of the license. A charge sheet against Mr. T.S. Kalyanaraman has been submitted before the Court of the Chief Municipal Magistrate, Bangalore, however, the Karnataka High Court by way of order dated January 21, 2020 has stayed this proceeding against Mr. T.S. Kalyanaraman. If an adverse order is passed in any of these matters against Mr. T.S. Kalyanaraman, our reputation may be adversely affected. For details, see “*Outstanding Litigation and Material Developments – Litigation involving our Promoters – Outstanding criminal litigation involving our Promoters – Criminal proceedings against our Promoters - Mr. T.S. Kalyanaraman*” on page 325.

### **31. Our insurance may be insufficient to cover all losses associated with our business operations.**

Our insurance policies currently cover our precious jewellery items and cash in storerooms, transit and while being handled by our employees, including with respect to fire and special perils. As at March 31, 2020, we have insurance coverage for all of our assets. 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.

### **32. Certain sections of this Draft Red Herring Prospectus disclose information from an industry report commissioned by us and any reliance on such information for making an investment decision in the Offer is subject to inherent risks.**

Pursuant to being engaged by us, Technopak Advisors Private Limited (“**Technopak**”), prepared a report dated August 21, 2020 on the organised jewellery industry in India entitled, “Industry Report on Indian Jewellery” (“**Technopak Report**”). Certain sections of this Draft Red Herring Prospectus include information based on, or derived from, the Technopak Report or extracts of the Technopak Report. None of our Company (including our Directors), the Selling Shareholders and the Lead Managers possess the professional skills to evaluate the accuracy, adequacy, completeness and objectivity of, or verify, the information covered in the Technopak Report and cannot provide any assurance regarding the information in this Draft Red Herring Prospectus derived from, or based on, the Technopak Report. All such information in this Draft Red Herring Prospectus indicates the Technopak Report as its source. Accordingly, any information in this Draft Red Herring Prospectus derived from, or based on, the Technopak Report should be read taking into consideration the foregoing.

Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. While industry sources take due care and caution while preparing their reports, they do not guarantee the accuracy, adequacy or completeness of the data. Accordingly, investors should not place undue reliance on, or base their investment decision solely on this information.

In view of the foregoing, you may not be able to seek legal recourse for any losses resulting from undertaking any investment in the Offer pursuant to reliance on the information in this Draft Red Herring Prospectus based on, or derived from, the Technopak Report. You should consult your own advisors and undertake an independent assessment of information in this Draft Red Herring Prospectus based on, or derived from, the Technopak Report before making any investment decision regarding the Offer. See “*Industry Overview*” on page 105.

**33. *Our Subsidiaries have availed unsecured loans from our Company that are recallable, at any time.***

Enovate Lifestyles Private Limited and Kalyan Jewellers FZE have availed unsecured loans from our Company, aggregating to ₹4,685.18 million as of March 31, 2020 that are repayable on demand by our Company. Such loans may be recalled by our Company on occurrence of certain events. Our Board has approved the proposal for conversion of the loan extended to Kalyan Jewellers FZE into equity shares of Kalyan Jewellers FZE. This conversion remains subject to necessary regulatory approvals. In the event our Company seeks repayment of any of these loans, Enovate Lifestyles Private Limited and Kalyan Jewellers FZE would need to find alternative sources of financing, which may not be available on commercially reasonable terms, or at all. Any such unexpected demand for repayment may have a material adverse effect on our business, cash flows and financial condition.

**34. *Our Promoters have provided personal guarantees to secure certain of our loan facilities, which if revoked or invoked may require alternative guarantees, repayment of amounts due or termination of the facilities.***

Our Promoters have provided personal guarantees and mortgaged certain immovable properties in relation to certain of our loan facilities and may continue to provide such guarantees after the listing of the Equity Shares pursuant to the Offer. In the event that any of these guarantees are revoked or invoked, the lenders for such facilities may require alternate guarantees, repayment of amounts outstanding under such facilities, or may even terminate such facilities, as applicable. We may not be successful in procuring alternative guarantees satisfactory to the lenders, and as a result, may need to repay outstanding amounts under such facilities or seek additional sources of capital, which may not be available on acceptable terms or at all. Any such failure to raise additional capital could adversely affect our operations and our financial condition. For further details, see “*Financial Indebtedness*” on page 294.

**35. *Our management will have broad discretion over the use of the Net Proceeds.***

We intend to use the Net Proceeds for (i) funding our working capital requirements, and (ii) general corporate purposes. The deployment of the Net Proceeds is based on management estimates, current circumstances of our business and prevailing market conditions and has not been appraised by any bank, financial institution or other independent institution. We may have to revise our funding requirements and deployment from time to time due to various factors, such as changes in costs, financial and market conditions, business and strategy considerations and interest and exchange rate fluctuations or other external factors, which may or may not be within the control of our management. This may entail rescheduling and revising planned expenditure and funding requirements and increasing or decreasing expenditures for a particular purpose from planned expenditures at the discretion of our management and subject to applicable law. Accordingly, investors in the Equity Shares will be relying on the judgment of our management regarding the application of the Net Proceeds. Further, we will appoint a monitoring agency for monitoring the utilisation of Net Proceeds in accordance with Regulation 41 of the SEBI ICDR Regulations and the monitoring agency will submit its report to us on a quarterly basis in accordance with the SEBI ICDR Regulations. The application of the Net Proceeds in our business may not lead to an increase in the value of your investment. Various risks and uncertainties, including those set forth in this section “*Risk Factors*”, may limit or delay our efforts to use the Net Proceeds to achieve profitable growth in our business. For details see, “*Objects of the Offer*” on page 89.

**36. *Any variation in the utilisation of the Net Proceeds or in the terms of any contract as disclosed in the Draft Red Herring Prospectus would be subject to certain compliance requirements, including prior shareholders’ approval.***

We propose to utilise the Net Proceeds for (i) funding our working capital requirements, and (ii) general corporate purposes. For details, see “*Objects of the Offer*” on page 89. The deployment of the Net Proceeds is based on management estimates, current circumstances of our business, prevailing market conditions and has not been appraised by any bank, financial institution or other independent party. Accordingly, at this stage, we cannot determine with any certainty if we will require the Net Proceeds to meet any other expenditure or fund any exigencies arising out of the competitive environment, business conditions, economic conditions or other factors beyond our control. In accordance with Section 27 of the Companies Act, 2013, we cannot undertake any variation in the utilisation of the Net Proceeds or in the terms of any contract as disclosed in the Draft Red Herring Prospectus 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 utilisation 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 Promoters would be required to provide an exit opportunity to the 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 Promoters to provide an exit opportunity to such dissenting shareholders may deter the Promoters from agreeing to the variation of the proposed utilisation of the Net Proceeds, even if such variation is in our interest. Further, we cannot assure you that our Promoters 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 unutilised proceeds of the Offer, if any, or vary the terms of any contract referred to in the Draft Red Herring Prospectus, even if such variation is in our interest. This may restrict our ability to respond to any change in our business or financial condition by re-deploying the unutilised portion of the Net Proceeds, if any, or varying the terms of any contract, which may adversely affect our business and results of operations.

***37. We have in the past entered into related party transactions and may continue to do so in the future.***

We have entered into certain transactions with related parties, including with respect to the payment of remuneration of certain of our Directors and our Key Managerial Personnel. While we believe that all such transactions have been conducted on an arm’s length basis, in the ordinary course of our business and on commercially reasonable terms, there can be no assurance that we could not have achieved more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we may enter into related party transactions in the future. While in terms of the Companies Act, 2013 and the SEBI Listing Regulations, certain related party transactions require Audit Committee and shareholders’ approval, there can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations or that we could not have achieved more favorable terms if such transactions had not been entered into with related parties. Additionally, any future transactions with our related parties could potentially involve conflicts of interest. For details, see “*Related Party Transactions*” on page 198.

***38. While our Company will receive proceeds from the Fresh Issue, it will not receive any proceeds from the Offer for Sale.***

In addition to the Fresh Issue from which our Company will receive proceeds, the Offer includes an Offer for Sale by the Selling Shareholders. The Selling Shareholders include one of our Promoters and Directors, Mr. T.S. Kalyanaraman; and Highdell, the Investor Selling Shareholder. Our Selling Shareholders will receive the entire proceeds from the Offer for Sale (after deducting applicable Offer Expenses) and our Company will not receive any part of such proceeds. For further details, see “*Capital Structure*” and “*Objects of the Offer*” on pages 77 and 89, respectively.

***39. We may be subject to risks from strategic acquisitions.***

We may pursue opportunities to acquire strategic businesses. Acquisitions involve significant risks and uncertainties, including: (i) difficulties in identifying suitable acquisition targets and competition from other potential acquirers; (ii) difficulties in determining the appropriate purchase price of acquired businesses, which may result in potential impairment of goodwill; (iii) potential increases in debt, which may increase our finance costs as a result of higher interest payments; (iv) exposure to unanticipated contingent liabilities of acquired businesses; (v) receipt of requisite governmental, statutory and other regulatory approvals for any proposed acquisition; and (vi) not realising the benefits from certain investments, or certain investments not resulting in immediate returns.

Furthermore, integration of newly acquired businesses may be costly and time-consuming, and each acquisition could present us with significant risks and difficulties in integration, including, for example, in:

- integrating the operations and personnel of the acquired businesses and implementing uniform IT systems, controls, procedures and policies;
- retaining relationships with key employees, customers and suppliers of the acquired businesses; and
- achieving the anticipated synergies and strategic or financial benefits from the acquisitions.

**40. *We have received certain inquiries involving our gold schemes, any adverse outcome of which may adversely affect us and/or our Directors under applicable laws.***

We offer various purchase advance schemes from time to time, such as the 'Kalyan Akshaya', 'Kalyan Sowbhagya' and 'Kalyan Dhanvarsha' schemes. Through these schemes, customers can make monthly instalments over a period of up to 11 months, to purchase jewellery within such period as specified in the scheme (not exceeding 365 days from the commencement of the scheme for each customer). Instalment payments made for our purchase advance schemes are not refundable in cash, but can be used as credits at our stores and may be appropriated towards the purchase of our jewellery. We may also issue gold coins against the consolidated value of the instalments depending on the term of the scheme. We also run a few priority programmes, under the name 'Kalyan Priority Programme', through which members/subscribers of the programme on payment of non-refundable membership fee may avail certain benefits in the form of discounts, when they purchase jewellery for a stipulated period of time. In the past, we offered purchase advance schemes which were in the nature of deposits, which have now been discontinued.

While we have not faced any regulatory action in relation to such schemes in the past, we cannot assure you that we will not face any regulatory action in this regard in the future. Any adverse regulatory or legislative view in respect of such schemes may result in fines, proceedings or actions being undertaken against us, and our Directors and/or other officers in default for breach of Sections 73 to 76 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, as amended. Any such adverse regulatory views and consequential actions that we may be required to undertake, may be time consuming and may adversely impact our profitability, results of operations and future prospects.

The Consumer Guidance Society on May 7, 2019 filed a complaint before SEBI and the Ministry of Corporate Affairs, in Chennai against certain jewellery companies, including us, alleging that designing and implementation of gold schemes violates the Companies Act, 2013 and rules thereunder, with respect to acceptance of deposits and the SEBI Act and regulations thereunder with respect to collective investment schemes. Further, the Consumer Guidance Society sought an inquiry into such matter. The Registrar of Companies on June 28, 2019 directed us to furnish details regarding the gold schemes among other details such as, the amount of deposits accepted under the schemes, number of depositors, period of scheme, rate of interest offered for the scheme, statement of compliance with Section 73 of the Companies Act, 2013 and details of amount due but not paid. It further directed us to furnish a reply to the complaint from Consumer Guidance Society, which we promptly did. We denied the allegations in our reply to the Consumer Guidance Society with the Regional Director, Chennai and the Registrar of Companies on July 2, 2019. Further, we submitted a response to the letter to the Registrar of Companies furnishing the information sought by the Registrar of Companies. We have not received any formal communication from either the Consumer Guidance Society or the Registrar of Companies since then.

**41. *Our inability to appropriate the advances received from customers under our purchase advance schemes, against the sale or supply of jewellery within the timeline(s) specified under applicable laws, may adversely affect us and/or our Directors under applicable laws.***

We offer various purchase advance schemes from time to time, such as the 'Kalyan Akshaya', 'Kalyan Sowbhagya' and 'Kalyan Dhanvarsha' schemes. Through these schemes, customers can make monthly instalments over a period of up to 11 months, to purchase jewellery within such period as specified in the scheme (not exceeding 365 days from the commencement of the scheme for each customer). Instalment payments made for our purchase advance schemes are not refundable in cash, but can be used as credits at our stores and may be appropriated towards the purchase of our jewellery. We may also issue gold coins against the consolidated value of the instalments depending on the term of the scheme.

The advances received by us from customers under our purchase advance schemes, against which the customers have not claimed or purchased jewellery or gold coins within the time specified in the terms and conditions of these schemes, and which were outstanding as at March 31, 2020, aggregated to ₹ 429.73 million. Due to the

COVID-19 outbreak and associated actions such as country-wide lockdowns and restrictions on travel and business operations, we were unable to appropriate these outstanding advances against the supply or sale of jewellery or gold coins within a period of 365 days from the date of acceptance of each of such advances. While we are in discussion with the concerned regulators regarding our inability to comply with such timeline specified under the applicable provisions of the Companies Act, 2013, read with the Companies (Acceptance of Deposits) Rules, 2014, as amended, any adverse regulatory or legislative view in respect of this matter may result in fines, proceedings or actions being undertaken against us, and our Directors and/or other officers in default for breach of Sections 73 to 76 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, as amended. Any such adverse regulatory views and consequential actions that we may be required to undertake, may be time consuming and may adversely impact our profitability, results of operations and future prospects.

**42. *There may have been certain instances of non-compliances and alleged non-compliances with respect to certain regulatory filings for corporate actions taken by our Company in the past. Consequently, we may be subject to regulatory actions and penalties for any such past or future non-compliance and our business, financial condition and reputation may be adversely affected.***

There may have been certain procedural instance of lapses such as delays, non-filing and factual errors in our corporate records, in relation to certain corporate actions taken by our Company in the past. This may subject us to regulatory actions and/or penalties which may adversely affect our business, financial condition and reputation. For instance, we received a notice from the RBI on November 28, 2019 (“**Notice**”), alleging that we had contravened Regulations 6(2)(vi) and 15(iii) of FEMA Notification No. 120R/B by delaying the submission of Form ODI-I for corporate and personal guarantees and the annual performance reports for 2015, 2016, and 2017. We submitted our reply to the Notice on December 30, 2019, stating that there was no delay in the submission of both (i) and (ii), mentioned above by the Company and the delay was on account of technical issues faced by the AD Bank and made an application to the RBI for compounding the offences on January 6, 2020. Subsequently we paid the compounding fees of ₹0.17 million and intimated the RBI, and have not received any further notices or communication from the RBI since then.

Similarly, the articles of association of our Qatari Subsidiary, Kalyan Jewellers LLC, Qatar, provides share capital of such subsidiary to be QAR 200,000. However, the share capital reflected in the commercial registration certificate of Qatari Subsidiary is QAR 250,000. We are in the process of rectifying this discrepancy and any failure to do so may subject us to penalties under Qatari laws. In addition, the accumulated losses of our subsidiary in Qatar was QAR 26,680,462. Under Qatari laws if the company’s losses exceed 50% of the capital of the company, the partners should either dissolve the Company or increase its capital. While we have initiated the process of increasing the share capital of our Qatari subsidiary, any failure to do so could have an adverse impact on our operations in Qatar. There can be no assurance that any future non-compliances will not result in the application of any penalties or arise again, or that we will be able to rectify or mitigate any such non-compliances, in a timely manner or at all.

**43. *The auditors’ report for Fiscal 2020 of two of our subsidiaries in the Middle East, Kalyan Jewellers L.L.C and Kalyan Jewellers FZE, include an explanatory paragraph which draws attention to a matter of emphasis.***

The auditors’ report for Fiscal 2020 of two of our subsidiaries in the Middle East, Kalyan Jewellers L.L.C and Kalyan Jewellers FZE draw attention to a matter of emphasis which describes that Kalyan Jewellers FZE recorded losses and both Kalyan Jewellers FZE and Kalyan Jewellers L.L.C had negative cash flows for Fiscal 2020 and the uncertainty of the COVID-19 pandemic may impact their ability to meet their respective obligations when they fall due. However, their respective financial statements have been prepared on a going concern basis as our Company has confirmed that it will provide financial support to these companies to enable them to meet their obligations when they fall due. Any failure by our Company to meet these obligations could have an adverse impact on the operations of Kalyan Jewellers L.L.C and Kalyan Jewellers FZE, which could in turn have an adverse impact on our financial condition and results of operations.

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

Mr. T.S. Kalyanaraman, our Promoter, Chairman and Managing Director, Mr. T.K. Seetharam, our Promoter, whole-time Director, Mr. T.K. Ramesh, our Promoter, whole-time Director, and Mr. Sanjay Raghuraman, one of our Key Managerial Personnel are interested in our Company to the extent of their shareholding in our Company, as well as to the extent of any dividends, bonuses or other distributions on such Equity Shares, in addition to any

regular remuneration, benefits or reimbursement of expenses as may be payable to them. We cannot assure you that our Promoters, Directors and Key Managerial Personnel will exercise their rights as shareholders to the benefit and best interest of our Company. For further details, see “*Our Management – Interest of Directors*” and “*Our Management – Interest of Key Managerial Personnel*” and “*Our Promoters and Promoter Group – Nature and extent of interest of our Promoters*” on pages 186 and 188, respectively.

**45. We have contingent liabilities.**

As of March 31, 2020, we had ₹15,535.32 million of contingent liabilities that had not been provided for.

A summary table of our contingent liabilities as of March 31, 2020 as provided for in the Restated Consolidated Financial Information is set forth below:

(₹ in million)	
Other monies for which our Company is contingently liable	As at March 31, 2020
- Disputed sales tax demands (out of which ₹44.70 million (previous year ₹45.51 million) have been deposited under protest)	242.59
- Disputed service tax demands (out of which ₹0.75 million (previous year ₹16.89 million have been deposited under protest)	10.02
- Standby letter of credit to banks	2,197.64
- Counter guarantee for availing metal gold loans (including bank guarantee)	13,085.07
<b>Total</b>	<b>15,535.32</b>

For details, see “*Financial Statements*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations - Contingent Liabilities*” on pages 294 and 298, respectively, for more information. Any or all of these contingent liabilities may become actual liabilities. In the event that any of our contingent liabilities become non-contingent, our business, financial condition and results of operations may be adversely affected. Furthermore, there can be no assurance that we will not incur similar or increased levels of contingent liabilities in the current fiscal year or in the future.

**46. We face competition in the markets in which we operate and may not be able to effectively compete in the future.**

The markets in which we operate are competitive. Our competitors include both organised pan-India jewellers as well as unorganised local players in the various markets in which we operate. See “*Industry Overview – Retailers in the Indian Jewellery Market*” on page 122. Some of our competitors have achieved significant recognition for their brand names or have considerable financial, distribution, marketing, bargaining power with suppliers and other resources. Industry consolidation, either by virtue of mergers and acquisitions or by a shift in market power among competitors, may accentuate these trends. In addition, some of our competitors in smaller local markets have advantages of having strong reputations and established trust with customers in their local markets, which could be difficult for us to challenge or replicate in a sustained manner in the future.

We believe that our principal competitive factors include brand name, product style, product range, quality, display, price transparency, personalised service to our customers, scalability of production, store location, designs suited to local preferences, advertising and promotion. We cannot give any assurances that we will be able to compete successfully on all of these factors against existing or future competitors in the future.

To compete effectively and to attract customers in diverse markets, we must continue to market and competitively price our products, and we may experience downward pricing pressures, increased marketing expenditures and loss of market share. Within this competitive pricing environment, we may, nevertheless, be forced to raise prices due to rising costs of goods sold, such as gold, silver and other raw material costs, labour costs or other factors beyond our control. If we implement significant price increases across a wide range of our products, the impact on our earnings will depend on, among other factors, the pricing by competitors of similar products and the response by customers to higher prices. Such price increases may reduce the quantity of products we sell and adversely affect our business, results of operations and financial condition.

Other consumer goods and services compete with jewellery for consumers’ expenditure. Therefore, the price of jewellery relative to other consumer goods and services influences the proportion of our customers’ personal expenditure that is spent on jewellery. If our customers perceive our jewellery to be expensive compared to competing products and services, this could have an adverse effect on our business, results of operations and financial condition.

**47. We have incurred losses in the past.**

As per the Restated Consolidated Financial Information, we incurred a loss of ₹ 48.64 million in Fiscal 2019 on a consolidated basis. While we recorded profits in both the preceding (Fiscal 2018) and the subsequent (Fiscal 2020) years to Fiscal 2019, in the event that we incur further losses, our results of operations and financial condition will be adversely affected. There can be no assurance that we will be able to make profits in future.

**External Risks**

**48. We may be subject to fluctuations in prices or any unavailability of the raw materials that we use in our products.**

Our principal raw material is gold. Our purchase of gold represents the largest component of our expenses, and fluctuations in the price of gold can have an effect on our business, results of operations and financial condition. We also use diamonds, other precious and semi-precious stones, pearls, platinum, silver and other raw materials, including various alloys to create our jewellery, which are also subject to price fluctuations.

The supply of gold in the global market consists of a combination of new mine production and existing stocks of bullion and fabricated gold held by governments, public and private financial institutions, industrial organizations and private individuals.

Gold prices may be affected by a number of factors such as industrial and jewellery demand, lending, sales and purchases of gold by government agencies, including central banks, multilateral institutions that hold gold and other proprietary trading, and the sales of recycled gold, levels of gold production, production costs and disruptions in major gold-producing nations. Gold prices may also be affected by factors resulting from how the gold markets are structured, such as non-concurrent trading hours of gold markets and, at times, rapid short-term changes in supply and demand because of speculative trading activities. Other economic factors affecting the price of gold include the structure of, and confidence in, the global monetary system, expectations of the rate of inflation, the relative strength of, and confidence in, the U.S. dollar (the currency in which the price of gold is generally quoted), interest rates, gold borrowing and lending rates, and global or regional economic, political, regulatory, judicial or other events as well as wars and political and other upheavals. In our experience, volatility in the price of gold could have a negative effect on customer demand for gold jewellery in the short-term.

While a significant percentage of our raw materials are commodities, attainable through a variety of sources, if the availability of, our access to, or the cost of purchasing certain quality raw materials that we require for our products is adversely affected (for example, due to a decrease in the number of suppliers of such materials, or a reduction in the overall availability of such materials, whether due to a lack of supply, the loss of a supply contract, increased demand from our competitors or fluctuations in world market prices), we may have to pay more for, or be unable to acquire, these raw materials. For instance, diamonds are used in certain of our jewellery and a majority of the world's supply of rough diamonds is controlled by a small number of diamond mining firms. As a result, any decisions made to restrict the supply of rough diamonds by these firms to our suppliers could substantially impair our ability to acquire diamonds at commercially reasonable prices, if at all. In addition, diamond prices are also impacted by prices set by the Diamond Trading Company, import duties and currency fluctuations. Furthermore, our arrangements with our suppliers of raw materials do not provide for minimum guarantees of supply. Any adverse changes in the supply of raw materials required for our products, may require us to increase prices or stop producing certain products and could materially adversely impact our business, results of operations and financial condition.

We employ various techniques to hedge our gold inventory to protect us from price fluctuations, including the use of gold metal loans, forward contracts and options, but there can be no assurance that our hedging strategy will adequately protect our results of operations from the effects of fluctuations in the prices of gold either in the short- or long-term. Further, the option to hedge commodity price risk for gold, gems and precious stones in overseas markets is currently not available in light of the restriction imposed by RBI on such hedging, through the 'Hedging of Commodity Price Risk and Freight Risk in Overseas Markets (Reserve Bank) Directions', bearing No.: RBI A.P. (DIR Series) Circular No. 19, dated March 12, 2018. In addition, no established hedging instruments are available for some of the raw materials, other than gold, that we use in our products. Unavailability of the raw materials we require or an increase in the prices of such raw materials together with an inability to transfer such increased costs to our end-consumers may have a material adverse effect on our business, results of operations and financial condition.



**49. *Natural 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 earthquakes), epidemics, pandemics such as COVID-19, acts of war, terrorist attacks and other events, many of which are beyond our control, may lead to economic instability, including in India, the Middle East or globally, which may in turn materially and adversely affect our business, financial condition and results of operations. For example, we were impacted by the floods in Kerala in Fiscal 2019 as a result of which we had to temporarily close some of our showrooms and “My Kalyan” centres in south India which resulted in a decline in our cash flows and revenues during that period.

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 or the Middle East 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 COVID-19 virus. Certain countries in Southeast Asia have reported cases of bird-to-human transmission of avian and swine influenza, resulting in numerous human deaths. A worsening of the current outbreak of COVID-19 virus or future outbreaks of COVID-19 virus, avian or swine influenza or a similar contagious disease could adversely affect the Indian economy and economic activity in the region. As a result, any present or future outbreak of avian or swine influenza or other contagious disease could have a material adverse effect on our business and the trading price of the Equity Shares.

**50. *The imposition of sanctions on Qatar by some Middle East countries and other countries may adversely affect our business and financial performance.***

In June 2017, a coalition led by Saudi Arabia and including the UAE, Egypt, Bahrain, Yemen and the Maldives imposed sanctions on Qatar. The sanctions included the suspension of diplomatic relations as well as direct travel to and from Qatar. The Saudi-led allies have suggested that additional measures may be imposed, including the suspension of Qatar from the GCC or the imposition of sanctions on states that continue to trade with Qatar. Given the potential for escalated sanctions on Qatar as well as a prolonged loss of business confidence affecting Qatar in the foreseeable future, the resulting isolation of the Qatari economy may negatively affect the financial performance of our operations in Qatar and thereby adversely affect our business, financial condition and results of operations.

If the measures taken by the coalition are escalated, there is also a risk that reciprocal investment privileges extended between Middle East countries (including those afforded to UAE entities in Qatar) may be restricted or withdrawn. Such measures may have negative implications for our business and operations in the Middle East and may require restructuring the ownership structure of our assets in Qatar, which presently involve holdings through a UAE entity.

**51. *Introduction of new value added tax regimes into the GCC may adversely affect our business and financial performance.***

Value-added tax (“VAT”), was introduced in Saudi Arabia and the UAE from January 1, 2018 and in Bahrain from January 1, 2019, and is expected to be implemented in the other GCC States over the course of the next two years.

The GCC VAT Framework Agreement sets out broad principles to be followed by all the GCC States, while affording individual States some discretion to adopt a different VAT treatment in respect of certain matters. Each GCC State has or is expected to issue its own domestic legislation to implement VAT, based on the underlying principles in the GCC VAT Framework Agreement.

The GCC VAT Framework Agreement provides that the supply of investment metals – as defined in the GCC VAT Framework Agreement – and the first supply after extraction of gold, silver and platinum is zero-rated for

VAT. However, the GCC states have introduced or may introduce additional conditions for the VAT zero rate to apply.

Where the VAT zero rate does not apply, our supplies are generally subject to VAT at the standard rate of 5%. Unless we decide to internally absorb the cost of VAT (which would reduce our profit margin), our sale prices increase. Increased sale prices may cause the demand for our products to decrease. In addition, there is a risk that GCC countries that already have introduced VAT increase the VAT rate in the future.

Whilst VAT should not generally be a cost to our business, we are exposed to significant compliance obligations. These obligations increase our compliance costs as we have to ensure that we collect and remit the VAT to the tax authorities and otherwise comply with the VAT reporting requirements.

### ***52. Adverse general economic environment in the GCC may result in increased taxes and reduced financial performance***

Due to the COVID-19 outbreak and reduced oil prices, several GCC States are facing challenges to maintain balanced budgets. As a response, there is a risk that GCC States may adopt measures aimed at reducing public spending and/or introducing new taxes, expanding the tax base and increasing tax rates. The introduction of new taxes, expansion of the tax base or increase in the tax rate could affect our financial performance.

### ***53. Changing regulations in India could lead to new compliance requirements that are uncertain.***

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 jewellery industry, 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. For instance, the RBI has permitted nominated banks to import gold for purposes of extending metal gold loans to domestic jewellery manufacturers subject to certain conditions, including that the tenor of the gold loans (which can be decided by the nominated banks) does not exceed 180 days from the date of procurement of gold and the interest charged to the borrowers is linked to the international gold rates. Accordingly, any adverse regulatory change in this regard could lead to fluctuation of prices of raw materials and thereby increase our operational cost. Additionally, our metal gold loans are subject to specific conditions imposed by the Ministry of Commerce and Industry, GoI and the RBI. In the event of any adverse regulatory development or in the event that we are otherwise not able to secure such gold loans, we may not be able to benefit from such low interest rates or the ability to fix the price within the specified time frame at the same price at which we sell gold jewellery to our customers. Further, the RBI by way of its notification dated April 2, 2014 had prescribed, among other things, additional credibility requirements for manufacturers utilizing metal gold loans.

For example, as of July 1, 2017, a national goods and service tax (“**GST**”), in India replaced taxes levied by central and state governments with a unified tax regime in respect of the supply of goods and services for all of India, which resulted in changes to India’s jewellery industry. Currently, the GST rate for jewellery is 3%, but it could be subject to change going forward. Any such changes to the GST rate or rules and regulations surrounding GST and the related uncertainties with respect to the implementation of GST may have a material adverse effect on our business, financial condition and results of operations.

Further, as GST is implemented, there can be no assurance that we will not be required to comply with additional procedures or obtain additional approvals and licenses from the government and other regulatory bodies or that they will not impose onerous requirements and conditions on our operations. 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.

The Finance Act, 2020 (“**Finance Act**”), has, amongst others things, provided a number of amendments to the direct and indirect tax regime, including, without limitation, a simplified alternate direct tax regime and that dividend distribution tax (“**DDT**”), will not 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 and likely be subject to tax deduction at source. 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 from such dividend. Investors should consult their own tax advisors about the consequences of investing or trading in the Equity Shares.

Further, a draft of the Personal Data Protection Bill, 2019 has been introduced before the Lok Sabha on December 11, 2019, which is currently being referred to a joint parliamentary committee by the Parliament. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current businesses or restrict our ability to grow our businesses in the future.

**54. A downgrade in ratings of India, may affect the trading price of the Equity Shares.**

Our borrowing costs and our access to the debt capital markets depend significantly on the credit ratings of India. India's sovereign rating decreased from Baa2 with a "negative" outlook to Baa3 with a "negative" outlook by Moody's and from BBB with a "stable" outlook to BBB with a "negative" outlook (Fitch) in June 2020; and from BBB "stable" to BBB "negative" by DBRS in May 2020. India's sovereign ratings from S&P is BBB- with a "stable" outlook. Any further adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such financing is available, including raising any overseas additional financing. A downgrading of India's credit ratings may occur, for example, upon a change of government tax or fiscal policy, which are outside our control. This could have an adverse effect on our ability to fund our growth on favorable terms or at all, and consequently adversely affect our business and financial performance and the price of the Equity Shares.

**55. Political changes could adversely affect economic conditions in India.**

Our Company is incorporated in India and derives the majority of its revenue from operations in India and the majority of its assets are located in India. Consequently, our performance and the market price of the Equity Shares may be affected by interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India.

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

- the macroeconomic climate, including any increase in Indian interest rates or inflation;
- any exchange rate fluctuations, the imposition of currency controls and restrictions on the right to convert or repatriate currency or export assets;
- any scarcity of credit or other financing in India, resulting in an adverse effect on economic conditions in India and scarcity of financing for our expansions;
- prevailing income conditions among Indian customers and Indian corporations;
- epidemic, pandemic or any other public health in India or in countries in the region or globally, including in India's various neighbouring countries;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- changes in India's tax, trade, fiscal or monetary policies;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighbouring countries;
- occurrence of natural or man-made disasters;
- prevailing regional or global economic conditions, including in India's principal export markets;
- other significant regulatory or economic developments in or affecting India or its consumption sector;

- international business practices that may conflict with other customs or legal requirements to which we are subject, including anti-bribery and anti-corruption laws;
- protectionist and other adverse public policies, including local content requirements, import/export tariffs, increased regulations or capital investment requirements;
- logistical and communications challenges;
- downgrading of India's sovereign debt rating by rating agencies;
- difficulty in developing any necessary partnerships with local businesses on commercially acceptable terms or on a timely basis; and
- being subject to the jurisdiction of foreign courts, including uncertainty of judicial processes and difficulty enforcing contractual agreements or judgments in foreign legal systems or incurring additional costs to do so.

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

***56. 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, 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.

Furthermore, economic developments globally can have a significant impact on our principal markets of India and the Middle East. 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. Following the United Kingdom's exit from the European Union ("**Brexit**"), there remains significant uncertainty around the terms of their future relationship with the European Union and, more generally, as to the impact of Brexit on the general economic conditions in the United Kingdom and the European Union and any consequential impact on global financial markets. For example, Brexit could give rise to increased volatility in foreign exchange rate movements and the value of equity and debt investments.

In addition, China is one of India's major trading partners and there are rising concerns of a possible slowdown in the Chinese economy as well as a strained relationship with India, which could have an adverse impact on the trade relations between the two countries. The sovereign rating downgrades for Brazil and Russia (and the imposition of sanctions on Russia) have also added to the growth risks for these markets. These factors may also result in a slowdown in India's export growth. In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, implemented a number of policy measures designed to add stability to the financial markets. However, the overall long-term effect of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have the intended stabilizing effects. Any significant financial disruption could have a material adverse effect on our business, financial condition and results of operation.

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.

**57. *If inflation rises in India, increased costs may result in a decline in profits.***

Inflation rates in India have been volatile in recent years, and such volatility may continue. Increasing inflation in India could cause a rise in the costs of rent, wages, raw materials and other expenses. If we are unable to increase our revenues sufficiently to offset our increased costs due to inflation, it could have an adverse effect on our business, prospects, financial condition, results of operations and cash flows.

**58. *Significant differences exist between Ind AS and other accounting principles, such as Indian GAAP, IFRS and U.S. GAAP, which may be material to investors' assessments of our financial condition, result of operations and cash flows.***

Our restated consolidated financial information and our special purpose restated standalone financial information for Fiscals 2018, 2019 and 2020 included in this Draft Red Herring Prospectus are presented in conformity with Ind AS, in each case restated in accordance with the requirements of Section 26 of part I of the Companies Act, 2013, the SEBI ICDR Regulations and the Guidance Note on "Reports in Company Prospectus (Revised 2019)" issued by the ICAI. Ind AS differs from accounting principles with which prospective investors may be familiar, such as Indian GAAP, IFRS and U.S. GAAP. Accordingly, the degree to which the Restated Consolidated Financial Information and Special Purpose Restated Standalone Financial Information included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Ind AS. Persons not familiar with Ind AS should limit their reliance on the financial disclosures presented in this Draft Red Herring Prospectus.

**59. *Our business and activities may be regulated by the Competition Act, 2002 and proceedings may be enforced against us.***

The Competition Act, 2002, or the Competition Act seeks to prevent business practices that have a material adverse effect on competition in India. Under the Competition Act, any arrangement, understanding or action in concert between enterprises, whether formal or informal, which causes or is likely to cause a material adverse effect on competition in India is void and attracts substantial monetary penalties. Any agreement that directly or indirectly determines purchase or sale prices, limits or controls production, shares the market by way of geographical area, market or number of customers in the market is presumed to have a material adverse effect on competition in the relevant market in India and shall be void.

The Competition Act also prohibits abuse of a dominant position by any enterprise. On March 4, 2011, the GoI notified and brought into force the combination regulation (merger control) provisions under the Competition Act with effect from June 1, 2011. These provisions require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset and turnover based thresholds to be mandatorily notified to, and pre-approved by, the Competition Commission of India, or CCI. Additionally, on May 11, 2011, the CCI issued the Competition Commission of India (Procedure for Transaction of Business Relating to Combinations) Regulations, 2011, as amended, which sets out the mechanism for implementation of the merger control regime in India.

The Competition Act aims to, among other things, prohibit all agreements and transactions, which may have an appreciable adverse effect in India. Consequently, all agreements entered into by us could be within the purview of the Competition Act. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside of India if such agreement, conduct or combination has an appreciable adverse effect in India. However, the effect of the provisions of the Competition Act on the agreements entered into by us cannot be predicted with certainty at this stage. We are not currently party to any outstanding proceedings, nor have we received notice in relation to non-compliance with the Competition Act or the agreements entered into by us. However, if we are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it would adversely affect our business, financial condition, results of operations and prospects.

**60. *Our ability to raise foreign capital may be constrained by Indian law.***

Under foreign exchange regulations currently in force in India, transfer of shares between non-residents and residents are freely permitted (subject to certain exceptions), if they comply with the valuation and reporting requirements specified by the RBI. If a transfer of shares is not in compliance with such requirements and fall

under any of the exceptions specified by the RBI, then the RBI's prior approval is 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. We cannot assure you that any required approval from the RBI or any other governmental agency can be obtained on any particular terms, or at all.

In terms of Press Note 3 of 2020, dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade (“**DPIT**”), the foreign direct investment policy has been recently amended to state that 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 an investment into India is situated in or is a citizen of any such country will require prior approval of the GoI. 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 GoI. Furthermore, on April 22, 2020, the Ministry of Finance, GoI has also made similar amendment to the FEMA Rules. While the term “beneficial owner” is defined under the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005 and the General Financial Rules, 2017, neither the foreign direct investment policy nor the FEMA Rules provide a definition of the term “beneficial owner”. The interpretation of “beneficial owner” and enforcement of this regulatory change involves certain uncertainties, which may have an adverse effect on our ability to raise foreign capital. Further, there is uncertainty regarding the timeline within which the said approval from the GoI may be obtained, if at all.

### **Risks Related to the Offer**

#### ***61. Our Promoters and members of our Promoter Group will continue to hold a significant equity stake in our Company after the Offer.***

Upon completion of the Offer, our Promoters and members of our Promoter Group will hold [●]% of our paid-up Equity Share capital. For details, see “*Capital Structure*” on page 77. Our Promoters and members of Promoter Group will therefore have the ability to influence our operations significantly. This will include the ability to appoint Directors to our Board and the right to approve significant actions at Board and at shareholders' meetings including issue of Equity Shares, payment of dividends, determining business plans and mergers and acquisitions strategies. Further, if, in the future, our Promoters and members of Promoter Group are unwilling to dilute their equity stake in our Company and do not, or are unable to, fund us, our growth may be affected. In addition, the trading price of the Equity Shares could be materially adversely affected if potential new investors are disinclined to invest in us because they perceive disadvantages to a large shareholding being concentrated in our Promoters and members of our Promoter Group.

#### ***62. We cannot assure payment of dividends on the Equity Shares in the future.***

While our declaration of dividends is at the discretion of our Board and subject to Shareholder approval as set out in the section entitled “*Dividend Policy*” on page 199, the amount of future dividend payments by our Company, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditures, applicable Indian legal restrictions and other factors. Our Company may decide to retain all of its earnings to finance the development and expansion of its business and therefore, we may not declare dividends on the Equity Shares. Additionally, we may, in the future, be restricted by the terms of our loan agreements to make any dividend payments unless otherwise agreed with our lenders.

#### ***63. After the Offer, the price of the Equity Shares may become highly volatile, or an active trading market for the Equity Shares may not develop.***

The price of the Equity Shares may fluctuate after the Offer as a result of several factors, including: volatility in the Indian and global securities market; our operations and performance; performance of our competitors; adverse media reports about us or the jewellery industry generally; changes in the estimates of our performance or recommendations by financial analysts; significant developments in India's economic liberalization and deregulation policies; and significant developments in India's fiscal regulations. There has been no public market for the Equity Shares of our Company and the price of the Equity Shares may fluctuate after the Offer.

If the stock price of the Equity Shares fluctuates after the Offer, investors could lose a significant part of their investment. As of the date of this Draft Red Herring Prospectus, there is no market for the Equity Shares. Following the Offer, the Equity Shares are expected to trade on the Stock Exchanges. There can be no assurance that active trading in the Equity Shares will develop after the Offer or, if such trading develops, that it will

continue. Investors might not be able to sell the Equity Shares rapidly at the quoted price if there is no active trading in the Equity Shares.

**64. *Investors may be subject to Indian taxes arising out of income arising on the sale of the Equity Shares.***

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares held as investments in an Indian company are generally taxable in India. Any capital gain realised on the sale of listed equity shares on a Stock Exchange held for more than 12 months immediately preceding the date of transfer will be subject to long term capital gains in India at the specified rates depending on certain factors, such as whether the sale is undertaken on or off the Stock Exchanges, the quantum of gains and any available treaty relief. Accordingly, you may be subject to payment of long term capital gains tax in India, in addition to payment of Securities Transaction Tax (“STT”), on the sale of any Equity Shares held for more than 12 months immediately preceding the date of transfer. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold.

Further, any capital gains realised on the sale of listed equity shares held for a period of 12 months or less immediately preceding the date of transfer will be subject to short term capital gains tax in India.

Capital gains arising from the sale of the Equity Shares will not be chargeable to tax in India in cases where relief from such taxation in India is provided under a treaty between India and the country of which the seller is resident and the seller is entitled to avail benefits thereunder. Generally, Indian tax treaties do not limit India’s ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares.

Similarly, any business income realised from the transfer of Equity Shares held as trading assets is taxable at the applicable tax rates subject to any treaty relief, if applicable, to a non-resident seller. Additionally, in terms of the Finance Act, 2018, which has been notified on March 29, 2018 with effect from April 1, 2018, the tax payable by an assessee on the capital gains arising from transfer of long term capital asset (introduced as section 112A of the Income-Tax Act, 1961) shall be calculated on such long-term capital gains at the rate of 10%, where the long-term capital gains exceed ₹100,000, subject to certain exceptions in case of a resident individuals and HUF.

Further, the Finance Act, 2019 has made various amendments in the taxation laws and has also clarified that, in the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of 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 securities other than debentures, on a delivery basis is specified at 0.015% and on a non -delivery basis is specified at 0.003% of the consideration amount. These amendments were notified on December 10, 2019 and have come into effect from July 1, 2020.

The Finance Act, 2020 has also provided a number of amendments to the direct and indirect tax regime, including, without limitation, a simplified alternate direct tax regime and that DDT will not 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 would be required to deduct tax at source from dividend credited, paid or distributed to its shareholders.

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.

**65. *The Offer Price of the Equity Shares may not be indicative of the market price of the Equity Shares after the Offer.***

The initial public offering price will be determined by the Book Building Process and may not be indicative of prices that will prevail in the open market following the Offer. The market price of the Equity Shares may be influenced by many factors, some of which are beyond our control, including:

- the failure of security analysts to cover the Equity Shares after this Offer, or changes in the estimates of our performance by analysts;
- the activities of competitors and suppliers;
- future sales of the Equity Shares by our Company or our shareholders;
- investor perception of us and the industry in which we operate;

- our quarterly or annual earnings or those of our competitors;
- developments affecting fiscal, industrial or environmental regulations;
- the public's reaction to our press releases and adverse media reports; and
- general economic conditions.

As a result of these factors, investors may not be able to resell their Equity Shares at or above the initial public offering price. In addition, the stock market often experiences price and volume fluctuations that are unrelated or disproportionate to the operating performance of a particular company. These broad market fluctuations and industry factors may materially reduce the market price of the Equity Shares, regardless of our Company's performance. There can be no assurance that the investor will be able to resell their Equity Shares at or above the Offer Price.

**66. *Investors may have difficulty enforcing foreign judgments against our Company or our management.***

Our Company is a limited liability company incorporated under the laws of India. The majority of our directors and executive officers are residents of India. A substantial portion of our Company's assets and the assets of our Directors and executive officers resident in India are located in India. As a result, it may be difficult for investors to effect service of process upon us or such persons outside India or to enforce judgments obtained against our Company or such parties outside India.

Recognition and enforcement of foreign judgments is provided for under Section 13 of the Code of Civil Procedure, 1908 ("CPC"), on a statutory basis. Section 13 of the CPC provides that foreign judgments shall be conclusive regarding any matter directly adjudicated upon, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases to which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; and (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. Under the CPC, a court in India shall, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record. However, under the CPC, such presumption may be displaced by proving that the court did not have jurisdiction.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Section 44A of the CPC provides that where a foreign judgment has been rendered by a superior court, within the meaning of that Section, in any country or territory outside of India which the GoI has by notification declared to be in a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the CPC is applicable only to monetary decrees not being of the same nature as amounts payable in respect of taxes, other charges of a like nature or of a fine or other penalties. Some jurisdictions including the United Kingdom, UAE, Singapore and Hong Kong have been declared by the GoI to be reciprocating countries for the purposes of Section 44A of the CPC.

The United States and India do not currently have a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in the United States on civil liability, whether or not predicated solely upon the federal securities laws of the United States, would not be enforceable in India. However, the party in whose favour such final judgment is rendered may bring a new suit in a competent court in India based on a final judgment that has been obtained in the United States. The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India.

Further, there may be considerable delays in the disposal of suits by Indian courts. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action was brought in India. Furthermore, it is unlikely that an Indian court would enforce a foreign judgment if that court were of the view that the amount of damages awarded was excessive or inconsistent with public policy or Indian practice. It is uncertain as to whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. However, a party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI under the FEMA to execute such a judgment or to repatriate any amount recovered.

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



Under the Companies Act, 2013 a company incorporated in India must offer holders of its Equity Shares pre-emptive rights to subscribe and pay for a proportionate number of Equity Shares to maintain their existing ownership percentages prior to the issuance of any new Equity Shares, unless the preemptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the Equity Shares who have voted on such resolution. However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without us filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless we make such a filing. We may elect not to file a registration statement in relation to pre-emptive rights otherwise available by Indian law to you. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, you may suffer future dilution of your ownership position and your proportional interests in us would be reduced.

## SECTION III: INTRODUCTION

### THE OFFER

The following table summarizes the Offer details:

<b>Offer<sup>^(1)(2)</sup></b>	Up to [●] Equity Shares aggregating up to ₹ 17,500 million
<i>of which:</i>	
(i) Fresh Issue <sup>^(1)</sup>	Up to [●] Equity Shares aggregating up to ₹ 10,000 million
(ii) Offer for Sale <sup>^(2)</sup>	Up to [●] Equity Shares aggregating up to ₹ 7,500 million
<i>of which:</i>	
Offer for Sale by Promoter Selling Shareholder	Up to [●] Equity Shares aggregating up to ₹ 2,500 million
Offer for Sale by Investor Selling Shareholder	Up to [●] Equity Shares aggregating up to ₹ 5,000 million
<i>which includes:</i>	
Employee Reservation Portion <sup>^(3)(4)</sup>	Up to [●] Equity Shares aggregating up to ₹ 20 million
<b>Net Offer<sup>^</sup></b>	Up to [●] Equity Shares aggregating up to ₹ [●] million
<i>of which:</i>	
(i) QIB Portion <sup>^(5)</sup>	Not more than [●] Equity Shares
<i>of which:</i>	
(a) Anchor Investor Portion	Up to [●] Equity Shares
<i>of which:</i>	
Available for allocation to domestic Mutual Funds only	At least [●] Equity Shares
(b) Balance available for allocation to QIBs other than Anchor Investors (assuming Anchor Investor Portion is fully subscribed)	[●] Equity Shares
<i>of which:</i>	
Available for allocation to Mutual Funds only (5% of the QIB Portion (excluding Anchor Investor Portion))	At least [●] Equity Shares
Balance of QIB Portion (excluding Anchor Investor Portion) for all QIBs including Mutual Funds	[●] Equity Shares
(ii) Non-Institutional Portion <sup>^(6)</sup>	Not less than [●] Equity Shares
(iii) Retail Portion <sup>^(6)</sup>	Not less than [●] Equity Shares
<b>Pre and post Offer Equity Shares</b>	
Equity Shares outstanding prior to the Offer	839,241,600 Equity Shares <sup>^(7)</sup>
Equity Shares outstanding after the Offer	[●] Equity Shares
Use of proceeds from the Offer	See “ <i>Objects of the Offer</i> ” on page 89 of this Draft Red Herring Prospectus for information about the use of Net Proceeds from the Fresh Issue.  Our Company will not receive any proceeds from the Offer for Sale.

<sup>^</sup> Our Company, in consultation with the Lead Managers, may consider a Pre-IPO Placement. 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 Net Offer constituting at least [●]% of the post-Offer paid up Equity Share capital of our Company.

- (1) Our Board has approved the Offer pursuant to a resolution passed at its meeting held on July 13, 2020 and our Shareholders have approved the Fresh Issue pursuant to a special resolution passed at its meeting held on August 17, 2020.
- (2) The Selling Shareholders, severally and not jointly, specifically confirm that their respective portion of the Offered Shares are eligible to be offered in accordance with the SEBI ICDR Regulations. Each Selling Shareholder confirms that it has authorized the sale of its portion of the Offered Shares in the Offer for Sale. For details, see “Other Regulatory and Statutory Disclosures – Authority for the Offer – Approvals from the Selling Shareholders” on page 332.

- (3) *Unless the Employee Reservation Portion is under-subscribed, the value of allocation to an Eligible Employee Bidding in the Employee Reservation Portion shall not exceed ₹ 200,000. In the event of under-subscription in the Employee Reservation Portion (if any), the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹500,000. The unsubscribed portion, if any, in the Employee Reservation Portion (after such allocation up to ₹500,000), shall be added to the Net Offer.*
- (4) *Our Company and the Selling Shareholders, in consultation with the Lead Managers, may offer an Employee Discount of up to [●]% to the Offer Price (equivalent of ₹ [●] per Equity Share), which shall be announced at least two Working Days prior to the Bid/Offer Opening Date.*
- (5) *Our Company and the Selling Shareholders, in consultation with the Lead Managers, 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 will be available for allocation to domestic Mutual Funds only, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription in the Anchor Investor Portion, the remaining Equity Shares in the Anchor Investor Portion shall be added back to the QIB Portion. 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to all QIB Bidders (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 357.*
- (6) *Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category, except the QIB Portion, would be allowed to be met with spill-over from any other category or a combination of categories of Bidders at the discretion of our Company and the Selling Shareholders in consultation with the Lead Managers and the Designated Stock Exchange, subject to applicable law. See “Terms of the Offer” on page 349.*
- (7) *Highdell holds 119,047,619 CCPS which will be converted to Equity Shares prior to filing of the Red Herring Prospectus with the Registrar of Companies. Upon conversion of such CCPS, Highdell can be allotted a maximum of 119,047,619 Equity Shares. Details of the conversion price and the actual number of Equity Shares issued upon conversion of such CCPS will be updated in the Red Herring Prospectus to be filed with the Registrar of Companies.*

Notes:

- Allocation to all categories, other than Anchor Investor Portion and the Retail 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 Investors shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares, if any, shall be allocated on a proportionate basis. For details, see “Offer Procedure” on page 357.

For details of the terms of the Offer, see “Terms of the Offer” on page 349.

## **SUMMARY FINANCIAL INFORMATION**

The summary financial information presented below should be read in conjunction with the Restated Financial Information, the notes thereto and the sections “*Financial Statements*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 200 and 298, respectively.

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**RESTATED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES**

(In ₹ million)

Particulars		As at March 31,2020	As at March 31,2019	As at March 31,2018
<b>ASSETS</b>				
<b>I</b>	<b>Non-current asset</b>			
(a)	Property, plant and equipment	10,791.85	10,897.32	10,082.89
(b)	Capital work-in-progress	242.25	167.09	179.90
(c)	Right-of-use assets	10,110.46	9,849.41	7,904.74
(d)	Investment property	622.29	622.29	622.29
(e)	Goodwill on Consolidation	50.56	50.56	50.56
(f)	Intangible assets	96.57	100.16	125.43
(g)	Intangible assets under development	2.22	50.16	-
(h)	Investments	-	25.55	10.55
(i)	Financial assets			
	(i) Other financial assets	588.37	744.23	371.51
(j)	Deferred tax assets (net)	80.99	302.25	426.47
(k)	Other non-current assets	617.31	665.60	1,028.13
	<b>Total non-current assets</b>	<b>23,202.87</b>	<b>23,474.62</b>	<b>20,802.47</b>
<b>II</b>	<b>Current assets</b>			
(a)	Inventories	47,203.43	45,006.98	50,220.67
(b)	Financial assets			
	(i) Trade receivables	2,136.54	1,466.93	1,818.24
	(ii) Cash and cash equivalents	1,608.68	1,501.04	1,781.73
	(iii) Bank balances other than (ii) above	5,892.68	6,753.41	8,397.40
	(iv) Other financial assets	812.18	460.52	431.52
(c)	Other current assets	1,330.42	1,935.64	2,060.28
	<b>Total current assets</b>	<b>58,983.93</b>	<b>57,124.52</b>	<b>64,709.84</b>
	<b>Total assets (I+II)</b>	<b>82,186.80</b>	<b>80,599.14</b>	<b>85,512.31</b>
<b>EQUITY AND LIABILITIES</b>				
<b>I</b>	<b>Equity</b>			
(a)	Equity share capital	8,392.42	8,392.42	8,392.42
(b)	Compulsorily convertible preference share capital	1,190.48	1,190.48	1,190.48
(c)	Other equity	12,028.20	10,459.29	10,120.91
(d)	Non-controlling interest	(30.31)	(35.75)	(23.17)
	<b>Total equity</b>	<b>21,580.79</b>	<b>20,006.44</b>	<b>19,680.64</b>
<b>II</b>	<b>LIABILITIES</b>			
<b>1</b>	<b>Non-current liabilities</b>			
(a)	Financial liabilities			
	(i) Borrowings	848.38	1,075.01	1,786.07
	(ii) Lease liabilities	6,674.09	7,304.91	6,229.58
(b)	Provisions	306.75	239.73	199.93
	<b>Total non-current liabilities</b>	<b>7,829.22</b>	<b>8,619.65</b>	<b>8,215.58</b>
<b>2</b>	<b>Current liabilities</b>			
(a)	Financial liabilities			
	(i) Borrowings	23,382.09	20,999.54	18,435.70
	(ii) Metal gold loan	11,671.43	14,964.29	19,529.25
	(iii) Lease liabilities	903.44	680.64	714.71
	(iv) Trade payables			
	- Total outstanding dues of micro and small enterprises	-	-	-
	- Total outstanding dues of creditors other than micro and small enterprises	5,575.61	4,194.06	7,486.41

Particulars		As at March 31,2020	As at March 31,2019	As at March 31,2018
	(v) Other financial liabilities	656.37	974.48	1,661.34
(b)	Provisions	78.21	70.59	67.76
(c)	Other current liabilities	10,118.97	10,084.26	9,272.68
(d)	Current tax liabilities (net)	390.67	5.19	448.25
	<b>Total current liabilities</b>	<b>52,776.79</b>	<b>51,973.05</b>	<b>57,616.10</b>
	<b>Total equity and liabilities (I+II)</b>	<b>82,186.80</b>	<b>80,599.14</b>	<b>85,512.31</b>

## RESTATED CONSOLIDATED STATEMENT OF PROFIT AND LOSS

*(In ₹ million, except per share data)*

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
I	Revenue from operations	101,009.18	97,707.62	105,479.48
II	Other income	800.98	432.67	322.51
<b>III</b>	<b>Total income (I+II)</b>	<b>101,810.16</b>	<b>98,140.29</b>	<b>105,801.99</b>
<b>IV</b>	<b>EXPENSES</b>			
	Cost of sales	83,917.67	81,983.44	88,016.97
	Excise duty on sale of goods	-	-	219.32
	Employee benefits expense	3,572.26	3,814.01	3,687.37
	Finance costs	3,803.15	3,790.56	3,491.81
	Depreciation and amortisation expense	2,391.66	2,236.20	2,020.28
	Other expenses	5,916.55	6,106.80	6,228.33
	<b>Total expenses</b>	<b>99,601.29</b>	<b>97,931.01</b>	<b>103,664.08</b>
<b>V</b>	<b>Restated Profit before tax (III - IV)</b>	<b>2,208.87</b>	<b>209.28</b>	<b>2,137.91</b>
<b>VI</b>	<b>Tax expense</b>			
	Current tax	591.30	204.43	753.67
	Deferred tax	194.82	53.49	(25.73)
	<b>Total tax expense</b>	<b>786.12</b>	<b>257.92</b>	<b>727.94</b>
<b>VII</b>	<b>Restated Profit/(Loss) for the year (V - VI)</b>	<b>1,422.75</b>	<b>(48.64)</b>	<b>1,409.97</b>
	Owners of the Company	1,429.96	(36.06)	1,423.74
	Non controlling interests	<b>(7.21)</b>	(12.58)	<b>(13.77)</b>
<b>VIII</b>	<b>Other comprehensive income</b>			
	(i) Items that will not be reclassified to profit or loss			
	(a) Remeasurement of employee defined benefit plans	(10.18)	4.87	(74.56)
	(b) Income tax on (a) above	(6.67)	(1.70)	25.81
	(c) Effective portion of gain and loss on designated portion of hedging instruments in a cash flow hedge	59.95	449.27	(509.21)
	(d) Income tax on (c) above	(19.85)	(156.39)	176.24
	<b>Total restated comprehensive income for the year (VII + VIII)</b>	<b>1,446.00</b>	<b>247.42</b>	<b>1,028.25</b>
	Owners of the Company	1,453.21	260.00	1,042.02
	Non controlling interests	(7.21)	(12.58)	(13.77)
<b>IX</b>	<b>Earnings per equity share of face value of ₹ 10</b>			
	Basic	1.70	(0.04)	1.70
	Diluted	1.49	(0.04)	1.51

## RESTATED CONSOLIDATED STATEMENT OF CASH FLOWS

(In ₹ million)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>A. Cash flow from operating activities</b>			
Restated Profit before tax	2,208.87	209.28	2,137.91
Adjustments for:			
Exchange differences in translating the financial statements of foreign operations	86.87	(84.08)	94.17
Depreciation of property, plant and equipment and amortisation of intangible assets	1,100.21	1,033.11	1,047.78
Amortisation on right-of-use assets	1,291.45	1,203.09	972.50
NCI arising on acquisition	12.65	-	(9.40)
Loss on acquisition	(72.65)	-	-
Net loss/(gain) on disposal of property, plant and equipment	(6.40)	10.38	(251.85)
Profit on sale of Investments	(2.71)	-	-
Property, Plant and Equipment written off	137.76	53.29	9.93
Income from recovery of making charges on account of discontinued schemes.	-	-	(472.43)
Bad trade and other advances written off	51.40	1.97	51.08
Interest income	(296.58)	(350.00)	(245.26)
Net unrealised gain on MTM	(359.58)	-	-
Gain on lease modification	(270.79)	-	-
Liabilities no longer required written back	(5.42)	(0.87)	(24.09)
Provision for customer loyalty programs	0.54	(13.03)	(33.39)
Interest expense on lease liability	850.89	847.17	723.75
Interest expense	2,779.80	2,784.41	2,611.17
Operating profit before working capital changes	7,506.31	5,694.72	6,611.87
Adjustments for:			
(Increase)/decrease in inventories	(2,196.46)	5,213.69	(8,549.16)
(Increase)/decrease in trade receivables	(669.60)	351.31	(1,679.95)
(Increase)/decrease in other current financial assets	(48.56)	9.32	169.74
(Increase)/decrease in other current assets	605.09	122.67	(559.45)
(Increase)/decrease in other non-current financial assets	(71.74)	(121.77)	(47.49)
(Increase)/decrease in other non-current assets	18.88	(2.34)	(269.10)
Increase/(decrease) in trade payables	1,386.98	(3,291.48)	2,228.10
Increase/(decrease) in metal gold loan	(3,292.86)	(4,564.96)	11,526.62
Increase/(decrease) in non-current and current provisions	63.93	60.51	38.57
Increase/(decrease) in other current liabilities	(38.21)	811.58	1,100.61
<b>Cash generated from operations</b>	<b>3,263.76</b>	<b>4,283.25</b>	<b>10,570.35</b>
Net income tax paid	(68.74)	(394.31)	(139.26)
<b>Net cash flow from / (used in) operating activities (A)</b>	<b>3,195.02</b>	<b>3,888.94</b>	<b>10,431.09</b>
<b>B. Cash flow from investing activities</b>			
Payments for property, plant and equipment, intangibles (including capital work-in-progress and capital advances)	(1,191.53)	(2,989.10)	(2,837.47)
Proceeds from sale of property, plant and equipment	116.51	62.70	-
Bank balances not considered as cash and cash equivalents	1,088.32	1,392.90	(3,493.77)
Proceeds/(payments) from/(for) sale/(purchase) of investments	28.26	(15.00)	(10.50)
Impact of business combination	-	-	(50.56)
Interest received	301.69	311.84	241.27



<b>Particulars</b>	<b>For the year ended March 31, 2020</b>	<b>For the year ended March 31, 2019</b>	<b>For the year ended March 31, 2018</b>
<b>Net cash flow from / (used in) investing activities (B)</b>	<b>343.25</b>	<b>(1,236.66)</b>	<b>(6,151.04)</b>
<b>C. Cash flow from financing activities</b>			
Proceeds from borrowings	4,870.53	4,155.84	11,381.24
Repayment of borrowings	(3,054.60)	(2,484.80)	(16,811.10)
Proceeds from issue of preference shares	-	-	5,000.00
Payment towards lease liabilities	(2,540.62)	(1,763.85)	(1,488.52)
Finance costs	(2,705.93)	(2,840.18)	(2,584.82)
Dividends paid, including tax thereon	(0.00)	0.01	(0.05)
<b>Net cash used in financing activities (C)</b>	<b>(3,430.62)</b>	<b>(2,932.98)</b>	<b>(4,503.25)</b>
<b>Net increase in Cash and cash equivalents (A+B+C)</b>	<b>107.65</b>	<b>(280.69)</b>	<b>(223.21)</b>
Cash and cash equivalents at the beginning of the year	1,501.04	1,781.73	2,004.94
<b>Cash and cash equivalents at the end of the year</b>	<b>1,608.68</b>	<b>1,501.04</b>	<b>1,781.73</b>

**SPECIAL PURPOSE RESTATED STANDALONE STATEMENT OF ASSETS AND LIABILITIES**

*(In ₹ million)*

Particulars		As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
<b>ASSETS</b>				
<b>I</b>	<b>Non-current assets</b>			
(a)	Property, plant and equipment	9,136.44	9,501.72	9,334.24
(b)	Capital work-in-progress	242.22	167.11	162.52
(c)	Right-of-use assets	5,837.34	6,367.03	5,561.64
(d)	Investment property	622.29	622.29	622.29
(e)	Intangible assets	81.43	95.73	125.43
(f)	Intangible assets under development	2.22	50.16	0.09
(g)	Investments in subsidiaries	2,730.69	2,670.74	2,600.98
(h)	Financial assets			
	(i) Other financial assets	587.40	743.36	370.79
(i)	Deferred tax assets (net)	76.32	302.28	426.47
(j)	Other non-current assets	617.31	665.63	1,027.61
	<b>Total non-current assets</b>	<b>19,933.66</b>	<b>21,186.05</b>	<b>20,232.06</b>
<b>II</b>	<b>Current assets</b>			
(a)	Inventories	36,357.36	35,585.37	39,729.55
(b)	Financial assets			
	(i) Trade receivables	20.72	50.32	7.27
	(ii) Cash and cash equivalents	1,247.33	904.79	1,153.88
	(iii) Bank balances other than (ii) above	3,398.06	3,771.56	5,740.46
	(iv) Other financial assets	5,654.88	4,493.77	3,928.22
(c)	Other current assets	461.73	653.60	899.29
	<b>Total current assets</b>	<b>47,140.08</b>	<b>45,459.41</b>	<b>51,458.67</b>
	<b>Total assets (I+II)</b>	<b>67,073.74</b>	<b>66,645.46</b>	<b>71,690.73</b>
<b>EQUITY AND LIABILITIES</b>				
<b>I</b>	<b>Equity</b>			
(a)	Equity share capital	8,392.42	8,392.42	8,392.42
(b)	Compulsorily convertible preference share capital	1,190.48	1,190.48	1,190.48
(c)	Other equity	11,990.80	10,404.05	10,001.74
	<b>Total equity</b>	<b>21,573.70</b>	<b>19,986.95</b>	<b>19,584.64</b>
<b>II</b>	<b>LIABILITIES</b>			
<b>1</b>	<b>Non-current liabilities</b>			
(a)	Financial liabilities			
	(i) Borrowings	375.07	799.28	1,647.85
	(ii) Lease liabilities	6,484.63	7,120.55	6,016.47
(b)	Provisions	238.58	192.37	164.71
	<b>Total non-current liabilities</b>	<b>7,098.28</b>	<b>8,112.20</b>	<b>7,829.03</b>
<b>2</b>	<b>Current liabilities</b>			
(a)	Financial liabilities			
	(i) Borrowings	18,687.22	15,607.59	13,746.70
	(ii) Metal gold loan	6,021.55	9,417.48	13,985.92
	(iii) Lease liabilities	635.92	475.04	506.43
	(iv) Trade payables			
	- Total outstanding dues of micro and small enterprises	-	-	-
	- Total outstanding dues of creditors other than micro and small enterprises	2,992.19	2,843.48	5,213.74
	(v) Other financial liabilities	592.27	944.99	1,635.39

Particulars		As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
(b)	Provisions	67.91	60.83	44.10
(c)	Other current liabilities	9,014.03	9,191.72	8,696.52
(d)	Current tax liabilities (net)	390.67	5.18	448.25
	<b>Total current liabilities</b>	<b>38,401.76</b>	<b>38,546.31</b>	<b>44,277.06</b>
	<b>Total equity and liabilities (I+II)</b>	<b>67,073.74</b>	<b>66,645.46</b>	<b>71,690.73</b>

**SPECIAL PURPOSE RESTATED STANDALONE STATEMENT OF PROFIT AND LOSS**

*(In ₹ million, except per share data)*

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
I	Revenue from operations	78,458.26	74,481.66	83,036.67
II	Other income	982.96	584.16	187.48
<b>III</b>	<b>Total income (I+II)</b>	<b>79,441.22</b>	<b>75,065.82</b>	<b>83,224.15</b>
<b>IV</b>	<b>EXPENSES</b>			
	Cost of materials consumed	64,922.72	57,115.76	74,127.92
	Changes in stock of finished goods, work-in-progress and stock-in-trade	(373.92)	5,115.69	(4,777.66)
	Excise duty on sale of goods	-	-	219.32
	Employee benefits expense	3,000.70	3,190.17	3,044.13
	Finance costs	3,131.27	3,094.18	3,029.35
	Depreciation and amortisation expense	1,859.75	1,745.27	1,499.13
	Other expenses	4,547.44	4,440.57	4,194.49
	<b>Total expenses</b>	<b>77,087.96</b>	<b>74,701.64</b>	<b>81,336.68</b>
<b>V</b>	<b>Restated profit before tax (III-IV)</b>	<b>2,353.26</b>	<b>364.18</b>	<b>1,887.47</b>
<b>VI</b>	<b>Tax expense</b>			
	Current tax	590.53	204.43	753.69
	Deferred tax	199.22	53.49	(25.72)
	<b>Total tax expense</b>	<b>789.75</b>	<b>257.92</b>	<b>727.97</b>
<b>VII</b>	<b>Restated profit for the year (V-VI)</b>	<b>1,563.51</b>	<b>106.26</b>	<b>1,159.50</b>
<b>VIII</b>	<b>Other comprehensive income</b>			
	(i) Items that will not be reclassified to profit or loss			
	(a) Remeasurement of employee defined benefit plans	(10.18)	4.87	(74.56)
	(b) Income tax on (a) above	(6.67)	(1.70)	25.81
	(c) Effective portion of gain and loss on designated portion of hedging instruments in a cash flow hedge	59.95	449.27	(509.21)
	(d) Income tax on (c) above	(19.85)	(156.39)	176.24
	<b>Total restated comprehensive income for the year (VII+VIII)</b>	<b>1,586.76</b>	<b>402.31</b>	<b>777.78</b>
<b>IX</b>	<b>Earnings per equity share of face value of ₹ 10</b>			
	Basic	<b>1.86</b>	<b>0.13</b>	<b>1.38</b>
	Diluted	<b>1.63</b>	<b>0.11</b>	<b>1.23</b>

**SPECIAL PURPOSE RESTATED STANDALONE STATEMENT OF CASH FLOWS**

(In ₹ million)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>A. Cash flow from operating activities</b>			
Restated Profit before tax	2,353.26	364.18	1,887.47
Adjustments for:			
Depreciation of property, plant and equipment and amortisation of intangible assets	947.31	906.25	831.58
Amortisation on right-of-use assets	912.44	839.02	667.55
Net loss/(gain) on disposal of property, plant and equipment	(1.66)	(0.18)	(0.28)
Property, plant and equipment written off	137.76	53.29	9.93
Reserves arising on pursuant to Merger	-	-	(250.62)
Reversal of liability no longer required recognized in the statement of profit and loss	-	-	(472.43)
Bad trade and other advances written off	56.66	1.97	51.08
Interest income	(296.43)	(257.77)	(152.30)
Net unrealised exchange loss/(gain)	(358.34)	(306.20)	(9.52)
Gain on lease modification	(270.79)	-	-
Liabilities no longer required written back	(5.42)	(0.87)	(24.09)
Provision for customer loyalty programs	-	-	(38.54)
Interest expense	3,025.38	3,006.06	2,939.13
Operating profit before working capital changes	6,500.17	4,605.75	5,438.96
Adjustments for:			
(Increase)/decrease in inventories	(773.24)	4,450.38	(5,662.96)
(Increase)/decrease in trade receivables	29.60	(43.05)	51.09
(Increase)/decrease in other current financial assets	(817.12)	(993.44)	(1,760.89)
(Increase)/decrease in other current assets	191.88	245.69	(265.98)
(Increase)/decrease in other non-current financial assets	(71.45)	(121.62)	(46.77)
(Increase)/decrease in other non-current assets	18.93	(2.34)	463.43
Increase/(decrease) in metal gold loan	(3,395.92)	(4,568.44)	13,985.92
Increase/(decrease) in trade payables	154.23	(2,369.41)	(1,563.20)
Increase/(decrease) in provisions	43.09	49.24	23.35
Increase/(decrease) in other current liabilities	(249.85)	495.20	1,298.41
<b>Cash generated/(used in) from operations</b>	<b>1,630.31</b>	<b>1,747.96</b>	<b>11,961.36</b>
Net income tax (paid)/refunds	(68.73)	(394.32)	(800.67)
<b>Net cash flow from / (used in) operating activities (A)</b>	<b>1,561.58</b>	<b>1,353.64</b>	<b>11,160.69</b>
<b>B. Cash flow from investing activities</b>			
Payments for property, plant and equipment, intangibles (including capital work-in-progress and capital advances)	(862.34)	(1,183.42)	(2,186.22)
Proceeds from sale of property, plant and equipment and intangibles	104.51	55.30	-
Bank balances not considered as cash and cash equivalents	601.08	1,717.81	(1,153.84)
Investment in subsidiary	(60.00)	(69.76)	(85.05)
Interest received	255.38	683.83	127.16
<b>Net cash used in investing activities (B)</b>	<b>38.63</b>	<b>1,203.76</b>	<b>(3,297.95)</b>
<b>C. Cash flow from financing activities</b>			
Proceeds from borrowings	4,211.64	3,290.96	7,514.76
Repayment of borrowings	(1,930.80)	(2,484.80)	(16,467.48)

<b>Particulars</b>	<b>For the year ended March 31, 2020</b>	<b>For the year ended March 31, 2019</b>	<b>For the year ended March 31, 2018</b>
Payment towards lease liabilities	(586.99)	(571.72)	(457.61)
Proceeds from issue of preference shares	-	-	5,000.00
Finance costs	(2,951.51)	(3,040.95)	(2,933.66)
Dividends paid, including tax thereon	(0.00)	0.02	(0.05)
<b>Net cash flow from/ (used in) financing activities (C)</b>	<b>(1,257.67)</b>	<b>(2,806.49)</b>	<b>(7,344.04)</b>
<b>Net increase in Cash and cash equivalents (A+B+C)</b>	<b>342.54</b>	<b>(249.09)</b>	<b>518.70</b>
Cash and cash equivalents at the beginning of the year	904.79	1,153.88	635.18
<b>Cash and cash equivalents at the end of the year</b>	<b>1,247.33</b>	<b>904.79</b>	<b>1,153.88</b>

## GENERAL INFORMATION

### Registered and Corporate Office of our Company

TC-32/204/2,  
 Sitaram Mill Road, Punnamm  
 Thrissur, Kerala – 680 002  
 Corporate Identity Number: U36911KL2009PLC024641  
 Registration Number: 024641

### Address of the Registrar of Companies

Our Company is registered with the Registrar of Companies situated at the following address:

#### Registrar of Companies, Ernakulam

1<sup>st</sup> Floor, Company Law Bhawan  
 BMC Road, Thrikkakara  
 Kochi, Kerala – 682 021

### Board of Directors

The following table sets out the details of our Board as of the date of filing of this Draft Red Herring Prospectus:

Name and designation	DIN	Address
Mr. T.S. Kalyanaraman Designation: Chairman and Managing Director	01021928	Aum, B N 8/1A, Plot No. 2, Sobha City, Puzhakkal P O, Thrissur, Kerala – 680 553
Mr. T.K. Seetharam Designation: Whole-time Director	01021898	Plot No. 8-1-13, Ramayan, Sobha City, Puzhakkal, Muthuvaram PO, Thrissur, Kerala – 680 553
Mr. T.K. Ramesh Designation: Whole-time Director	01021868	Sankalp Plot No 1 XV 274 A, Sobha City, Puzhakkal, Thrissur, Kerala – 680 553
Mr. Salil Nair Designation: Non-Executive Director	01955091	Apt T No. 1501, 15th Floor Quiescent Heights, Chincholi, Off Link Road, Mindspace, Mumbai – 400 064
Mr. Anish Kumar Saraf Designation: Non-Executive, Nominee Director	00322784	B-3002, 30th Floor, Raheja Vivarea, Sane Guruji Marg, Jacob Circle, Mumbai – 400 011
Mr. Agnihotra Dakshina Murty Chavali Designation: Independent Director	00374673	C/O, 1708, Pegasus B Wing, Meenakshi Sky Lounge, Hitex Road, Kondapur, Hyderabad, Serilingampally, K.v. Rangareddy, Telangana – 500 084
Mr. Mahalingam Ramaswamy Designation: Independent Director	07479866	32/1, Anugraha Apts, Unnamalai Ammal Street, Thygarayanagar H.O., Chennai, Tamil Nadu – 600 017
Mr. T.S. Anantharaman Designation: Independent Director	00480136	No 1121, Sobha Topaz, Sobha City, Trichur, Puzhakkal, Thrissur, Kerala – 680 553
Ms. Kishori Jayendra Udeshi Designation: Independent Director	01344073	15, Sumit Apartments, 8th Floor, M.L. Dahanukar Marg, Cumballa Hill, Mumbai – 400 026

Name and designation	DIN	Address
Mr. Anil Sadasivan Nair Designation: Independent Director	08327721	Flat No-1203, 12th Floor, D Wing, Raheja Vistas, Chandivali Farm Road, Andheri East, Mumbai Suburban, Sakinaka, Mumbai – 400 072

For further details, see “*Our Management*” on page 168.

### Company Secretary and Compliance Officer

#### Mr. Jishnu R.G.

TC-32/204/2,  
Sitaram Mill Road, Punkunnam  
Thrissur, Kerala – 680 002  
Telephone: +91 487 243 7100  
Email: compliance@kalyanjewellers.net

### Global Co-ordinators and Book Running Lead Managers

#### Axis Capital Limited

1<sup>st</sup> floor, Axis House  
C-2 Wadia International Centre  
P.B. Marg, Worli  
Mumbai- 400 025  
Maharashtra, India  
Tel: +91 22 4325 2183  
Email: kalyan.ipo@axiscap.in  
Investor grievance e-mail: complaints@axiscap.in  
Website: www.axiscapital.co.in  
Contact Person: Ms. Mayuri Arya  
SEBI Registration No.: INM000012029

#### ICICI Securities Limited

ICICI Center, H.T. Parekh Marg  
Churchgate, Mumbai 400 020  
Maharashtra, India  
Tel: +91 22 2288 2460  
E-mail: kalyan.ipo@icicisecurities.com  
Investor grievance email:  
customercare@icicisecurities.com  
Website: www.icicisecurities.com  
Contact Person: Mr. Arjun A Mehrotra / Mr. Rishi Tiwari  
SEBI Registration No.: INM000011179

#### Citigroup Global Markets India Private Limited

1202, 12<sup>th</sup> Floor  
First International Financial Center  
G-Block, Bandra Kurla Complex, Bandra East  
Mumbai 400 098  
Maharashtra, India  
Tel: +91 22 6175 9999  
E-mail: kalyan.jewellers.ipo@citi.com  
Investor grievance e-mail: investors.cgmib@citi.com  
Website:  
www.online.citibank.co.in/rhtml/citigroupglobalscreen1.htm  
Contact Person: Ms. Asumi Shah  
SEBI Registration No.: INM000010718

#### SBI Capital Markets Limited

202, Maker Tower ‘E’  
Cuffe Parade  
Mumbai 400 005  
Maharashtra, India  
Tel: +91 22 2217 8300  
E-mail: kalyan.ipo@sbicaps.com  
Investor grievance e-mail:  
investor.relations@sbicaps.com  
Website: www.sbicaps.com  
Contact Person: Mr. Karan Savardekar / Mr. Sambit Rath  
SEBI Registration No.: INM000003531

### Book Running Lead Manager

#### BOB Capital Markets Limited

Parinee Crescenzo, 1704, B Wing, 17<sup>th</sup> Floor  
Plot no. C-38/39, G Block BKC  
Bandra East, Mumbai 400 051  
Maharashtra, India  
Telephone: +91 22 6138 9300  
Email: kalyan.ipo@bobcaps.in  
Investor grievance e-mail: investorgrievance@bobcaps.in  
Website: www.bobcaps.in  
Contact person: Ms. Nivedika Chavan / Mr. Ninad Jape  
SEBI registration number: INM000009926



## **Syndicate Members**

[•]

## **Legal Counsel to our Company as to Indian Law**

### **AZB & Partners**

AZB House  
Plot No. A-8, sector 4  
Noida 201301  
National Capital Region, Delhi  
Tel: +91 120 417 9999

## **Legal Counsel to the Lead Managers as to Indian Law**

### **Khaitan & Co**

One World Center  
10<sup>th</sup> and 13<sup>th</sup> Floors, Tower 1C  
841, Senapati Bapat Marg  
Mumbai 400 013  
Tel: +91 22 6636 5000

## **International Legal Counsel to the Lead Managers**

### **Latham & Watkins LLP**

9 Raffles Place  
#42-02 Republic Plaza  
Singapore 048 619  
Tel: +65 6536 1161

## **Legal Counsel to the Investor Selling Shareholder as to Indian Law**

### **Cyril Amarchand Mangaldas**

5th floor, Peninsula Chambers  
Peninsula Corporate Park  
Ganpatrao Kadam Marg  
Lower Parel  
Mumbai 400 013  
Tel: +91 22 2496 4455

## **Statutory Auditors to our Company**

### **Deloitte Haskins & Sells LLP**

7<sup>th</sup> Floor, Times Square,  
Door No. 62,  
A.T.T. Colony Road,  
Coimbatore – 641018  
Email: mbalaji@deloitte.com  
Tel: +91 422 664 6500  
Firm Registration No: 117366W/W-100018  
Peer Review No.: 009919

### **Changes in auditors**

There has been no change in the statutory auditors of our Company during the last three years.

## **Registrar to the Offer**

### **Link Intime India Private Limited**

C-101, 1<sup>st</sup> Floor, 247 Park  
Lal Bahadur Shastri Marg, Vikhroli (West)  
Mumbai 400 083  
Tel: +91 22 4918 6200  
E-mail: kalyan.ipo@linkintime.co.in  
Investor grievance email: kalyan.ipo@linkintime.co.in  
Website: www.linkintime.co.in  
Contact Person: Ms. Shanti Gopalkrishnan

### Banker(s) to the Offer

[•]

### Bankers to our Company

#### State Bank of India

Commercial Branch, No. 1087/ A-F  
Krishna Towers, Avinashi Road  
Coimbatore 641 037  
Tel: 0422 266 3301  
Email: rm4.cbcbe@sbi.co.in  
Website: www.sbi.co.in  
Contact Person: Mr. K. Sekar

#### Indian Overseas Bank

Kollannur Building Palace Road  
Thrissur 680 020  
Tel: 0487 233 1295  
Email: iob0208@iob.in  
Website: www.iob.in  
Contact Person: Ms. Shiny Joseph

#### Bank of Baroda

Bank of Baroda  
Corporate Financial Services Branch  
No. 74, 2<sup>nd</sup> Floor, Theagaraya Road  
Chennai 600 017  
Tamil Nadu  
Tel: 044 2345 4387  
Email: infima@bankofbaroda.co.in  
Website: www.bankofbaroda.co.in  
Contact Person: Mr. L. Ganesan

#### Canara Bank

Canara Bank, 1<sup>st</sup> Floor  
Sreekrishna Buildings, West Palace Road  
Thrissur, Kerala 680 022  
Tel: 0487 233 4356/ 233 0510/ 233 2495  
Email: cb0721@canarabank.com  
Website: www.canarabank.com  
Contact Person: Ms. Bijimole A.S

### Designated Intermediaries

#### *Self Certified Syndicate Banks*

The list of SCSBs notified by SEBI for the ASBA process is available at <http://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. A list of the Designated SCSB Branches with which an ASBA Bidder (other than a RII using the UPI Mechanism), not bidding through Syndicate/Sub Syndicate or through a Registered Broker, RTA or CDP may submit the Bid cum Application Forms, is available at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34>, or at such other websites as may be prescribed by SEBI from time to time.

#### *SCSBs eligible as Issuer Banks for UPI Mechanism*

In accordance with SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019 and SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, Retail Individual Investors using the UPI Mechanism may only apply through the SCSBs and mobile applications using the UPI handles specified on the website of the SEBI (<https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40>) and updated from time to time.

#### *Syndicate SCSB Branches*

In relation to Bids (other than Bids by Anchor Investors and RIIs) 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 <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes&intmId=35>, which may be and updated from time to time or any such other 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 at <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes&intmId=35> or any such other website as may be prescribed by SEBI from time to time.

### Registered Brokers

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?](http://www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx?) and [www.nseindia.com/products/content/equities/ipos/ipo\\_mem\\_terminal.htm](http://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?](http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?) and [www.nseindia.com/products/content/equities/ipos/asba\\_procedures.htm](http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm), respectively, 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 their name and contact details, is provided on the websites of the Stock Exchanges at [www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?](http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?) and [www.nseindia.com/products/content/equities/ipos/asba\\_procedures.htm](http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm), respectively, as updated from time to time.

### Inter-se allocation of responsibilities:

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

S. No	Activities	Responsibility	Coordination
1.	Capital structuring with the relative components and formalities such as composition of debt and equity, type of instruments, positioning strategy and due diligence of our Company including its operations/management/business plans/legal etc. Drafting, design and finalizing of the draft red herring prospectus, red herring prospectus and prospectus and of statutory / newspaper advertisements including a memorandum containing salient features of the prospectus. The Lead Managers shall ensure compliance with SEBI ICDR Regulations and stipulated requirements and completion of prescribed formalities with the stock exchanges, RoC and SEBI and RoC filings and follow up and coordination till final approval from all regulatory authorities.	Axis, Citi, I-Sec, SBICAP, BOB Capital	Axis
2.	Drafting and approval of all statutory advertisement.	Axis, Citi, I-Sec, SBICAP, BOB Capital	SBICAP
3.	Drafting and approval of all publicity material other than statutory advertisement as mentioned above including media monitoring, corporate advertising, brochure, etc. and filing of media compliance report.	Axis, Citi, I-Sec, SBICAP, BOB Capital	SBICAP
4.	Appointment of intermediaries (including co-ordinating all agreements to be entered with such parties): registrar to the Offer, advertising agency, printers, monitoring agency, banker(s) to the Offer, share escrow agent, syndicate members / brokers to the Offer and underwriters.	Axis, Citi, I-Sec, SBICAP, BOB Capital	I-Sec
5.	International Institutional marketing of the Offer, which will cover, inter alia: <ul style="list-style-type: none"> <li>• Institutional marketing strategy preparation of publicity budget;</li> <li>• Finalizing the list and division of international investors for one-to-one meetings;</li> <li>• Finalizing international road show and investor meeting schedule; and</li> <li>• Preparation of roadshow presentation.</li> </ul> These will be done in consultation with & approval of the management and selling shareholders	Axis, Citi, I-Sec, SBICAP, BOB Capital	Citi

S. No	Activities	Responsibility	Coordination
6.	Preparation of investor frequently asked questions	Axis, Citi, I-Sec, SBICAP, BOB Capital	Citi
7.	Domestic Institutional marketing of the Offer, which will cover, inter alia: <ul style="list-style-type: none"> <li>Institutional marketing strategy preparation of publicity budget;</li> <li>Finalizing the list and division of domestic investors for one-to-one meetings; and</li> <li>Finalizing domestic road show and investor meeting schedule.</li> </ul> These will be done in consultation with & approval of the management and selling shareholders	Axis, Citi, I-Sec, SBICAP, BOB Capital	Axis
8.	Non-Institutional and Retail marketing of the Offer, which will cover, inter alia: <ul style="list-style-type: none"> <li>Formulating marketing strategies, preparation of publicity budget;-</li> <li>Finalise ad media and public relation strategy;</li> <li>Finalising centers for holding conferences for stock brokers, investors, etc;</li> <li>Finalising collection centers as per Schedule III of the SEBI ICDR Regulations; and</li> <li>Follow-up on distribution of publicity and Offer material including application form, red herring prospectus, prospectus and brochure and deciding on the quantum of the Offer material.</li> </ul>	Axis, Citi, I-Sec, SBICAP, BOB Capital	I-Sec
9.	Coordination with stock exchanges for book building process, filing of letters including for software, bidding terminals, mock trading and anchor investor intimation, and payment of 1% security deposit to the designated stock exchange.	Axis, Citi, I-Sec, SBICAP, BOB Capital	Citi
10.	Managing the book and finalization of pricing in consultation with our Company and the Selling Shareholders.	Axis, Citi, I-Sec, SBICAP, BOB Capital	Citi
11.	Post bidding activities including management of escrow accounts, coordinate non-institutional allocation, coordination with registrar, SCSBs and banks, intimation of allocation and dispatch of refund to bidders, etc. Post-Offer activities, which shall involve essential follow-up steps including allocation to anchor investors, follow-up with bankers to the Offer and SCSBs to get quick estimates of collection and advising the issuer about the closure of the Offer, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, finalization of trading, dealing and listing of instruments, dispatch of certificates or demat credit and refunds and coordination with various agencies connected with the post-issue activity such as registrar to the Offer, bankers to the Offer, SCSBs including responsibility for underwriting arrangements, as applicable.  Payment of the applicable securities transaction tax (“STT”) on sale of unlisted equity shares by the Selling Shareholder under the Offer for Sale to the Government and filing of the STT return by the prescribed due date as per Chapter VII of Finance (No. 2) Act, 2004.  Co-ordination with SEBI and stock exchanges for refund of 1% security deposit and submission of all post-Offer reports including the initial and final post Offer report to SEBI.	Axis, Citi, I-Sec, SBICAP, BOB Capital	I-Sec

### Monitoring Agency

Our Company shall appoint a monitoring agency prior to filing of the Red Herring Prospectus with the RoC for monitoring the utilisation of Net Proceeds, in accordance with Regulation 41 of the SEBI ICDR Regulations.

### Experts

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

Our Company has received written consent dated August 24, 2020 from our Statutory Auditors namely, Deloitte Haskins & Sells LLP, Chartered Accountants, to include their name as required under Section 26 of the Companies Act in this Draft Red Herring Prospectus as an “expert” as defined under Section 2(38) of the Companies Act in respect of the examination reports of the Statutory Auditors on the Restated Financial Information, dated August 20, 2020, and the statement of special tax benefits dated August 22, 2020 included in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. The term “experts” and consent thereof does not represent an expert or consent within the meaning under the Securities Act.

Additionally, our Company has also received the consent from Al Anamil Eng. Consultancy LLC, to include their name in this Draft Red Herring Prospectus as an “expert” in terms of the Companies Act 2013 to the extent of and in their capacity as a firm of duly qualified and experienced engineers in relation to their certificate dated July 8, 2020 on manufacturing capacity, production and utilisation of our manufacturing facilities located in UAE and Oman.

### **Appraising Agency**

None of the objects of the Offer for which the Net Proceeds will be utilised have been appraised by any agency.

### **Credit Rating**

As this is an issue/ offer of Equity Shares, credit rating is not required.

### **IPO Grading**

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

### **Trustees**

As this is an issue/ offer of Equity Shares, the appointment of trustees is not required.

### **Filing of this Draft Red Herring Prospectus**

A copy of this Draft Red Herring Prospectus has been filed electronically on the SEBI’s online portal and 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 would be filed with the RoC and a copy of the Prospectus to be filed under Section 26 of the Companies Act, 2013 would be filed with the RoC at its office.

### **Book Building Process**

Book building, in the context of the Offer, refers to the process of collection of Bids from Bidders on the basis of the Red Herring Prospectus and the Bid cum Application Forms and the Revision Forms within the Price Band. The Price Band and the minimum Bid Lot will be decided by our Company and the Selling Shareholders, in consultation with the Lead Managers, and advertised in [●] editions of [●], an English national daily newspaper, [●] editions of [●], a Hindi national daily newspaper, and [●] editions of [●], a Malayalam daily newspapers (Malayalam being the regional language of Kerala, where our Registered and Corporate 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 purposes of uploading on their respective websites. Pursuant to the Book Building Process, the Offer Price shall be determined by our Company and the Selling Shareholders in consultation with the Lead Managers after the Bid/Offer Closing Date.

**Except for Anchor Investors and Retain Individual Investors, all Bidders shall participate only through the ASBA process by providing the details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by the SCSBs. Retail Individual Investors 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 terms of the SEBI ICDR Regulations, QIBs and Non-Institutional Investors 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. Retail Individual Investors and Eligible Employees Bidding in the Employee Reservation Portion can revise their Bid(s) during the Bid/ Offer Period and withdraw their Bid(s) until the Bid/ Offer Closing Date. Anchor Investors are not allowed to revise or withdraw their Bids after the Anchor Investor Bidding Date. Except for Allocation to Retail Individual Investors and the Anchor Investors, allocation in the Offer will be on a proportionate basis. For further details on method and process of Bidding, see “Offer Structure” and “Offer Procedure” on pages 353 and 357, respectively.

**The Book Building Process is subject to change. Bidders are advised to make their own judgment about an investment through this process prior to submitting a Bid.**

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

### Underwriting Agreement

The Underwriting Agreement has not been executed as on the date of this Draft Red Herring Prospectus and will be executed after the determination of the Offer Price 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 through the Offer. The extent of underwriting obligations and the Bids to be underwritten by each Underwriter shall be as per the Underwriting Agreement. 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 and e-mail of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (₹ in million)
[●]	[●]	[●]
[●]	[●]	[●]

The abovementioned amounts are provided for indicative purposes only and will be finalised after the pricing and actual allocation and subject to the provisions of Regulation 40(2) of the SEBI ICDR Regulations.

In the opinion of our Board of Directors (based on representations made to our Company by the Underwriters), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The Underwriters are registered with the SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). 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 commitments set forth in the table above. Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them in accordance with the Underwriting Agreement.

## CAPITAL STRUCTURE

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

(in ₹, except share data)

Particulars	Aggregate nominal value	Aggregate value at Offer Price <sup>+</sup>
<b>A) AUTHORISED SHARE CAPITAL<sup>#</sup></b>		
2,000,500,000 shares	20,005,000,000	-
<i>Consisting of:</i>		
1,800,500,000 Equity Shares of face value of ₹ 10 each	18,005,000,000	-
200,000,000 compulsorily convertible preference shares of face value of ₹ 10 each	2,000,000,000	-
<b>B) ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL PRIOR TO THE OFFER</b>		
839,241,600 Equity Shares of face value of ₹ 10 each	8,392,416,000	-
119,047,619 CCPS of face value of ₹ 10 each*	1,190,476,190	-
<b>C) PRESENT OFFER IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS</b>		
Offer of up to [●] Equity Shares <sup>##</sup>	[●]	Up to 17,500,000,000
<i>of which:</i>		
Fresh Issue of up to [●] Equity Shares <sup>##(1)</sup>	[●]	Up to 10,000,000,000
Offer for Sale of up to [●] Equity Shares <sup>(2)</sup>	[●]	Up to 7,500,000,000
<i>Which includes:</i>		
Employee Reservation Portion of up to [●] Equity Shares <sup>^</sup>	[●]	Up to 20,000,000
Net Offer of up to [●] Equity Shares	[●]	[●]
<b>D) ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE OFFER</b>		
[●] Equity Shares	[●]	-
<b>E) SECURITIES PREMIUM ACCOUNT</b>		
Prior to the Offer (in ₹ million)		9,208.10
After the Offer (in ₹ million)		[●]

<sup>+</sup> To be updated upon finalisation of the Offer Price.

<sup>#</sup> For details in relation to changes in the authorised share capital of our Company, see "History and Certain Corporate Matters - Amendments to the MoA" on page 156.

<sup>##</sup> Our Company, in consultation with the Lead Managers, may consider a Pre-IPO Placement. 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 Net Offer constituting at least [●]% of the post-Offer paid up Equity Share capital of our Company.

<sup>\*</sup> Highdell holds 119,047,619 CCPS which will be converted to Equity Shares prior to filing of the Red Herring Prospectus with the Registrar of Companies. Upon conversion of such CCPS, Highdell can be allotted a maximum of 119,047,619 Equity Shares. Details of the conversion price and the actual number of Equity Shares issued upon conversion of such CCPS will be updated in the Red Herring Prospectus to be filed with the Registrar of Companies.

<sup>^</sup> Our Company and the Selling Shareholders, in consultation with the Lead Managers, may offer an Employee Discount of up to [●]% to the Offer Price (equivalent of ₹ [●] per Equity Share), which shall be announced at least two Working Days prior to the Bid/Offer Opening Date.

(1) Our Board has approved the Offer pursuant to a resolution passed at its meeting held on July 13, 2020 and our Shareholders have approved the Fresh Issue pursuant to a special resolution passed at its meeting held on August 17, 2020.

(2) The Selling Shareholders, severally and not jointly, specifically confirm that their respective portion of the Offered Shares are eligible to be offered in accordance with the SEBI ICDR Regulations. Each Selling Shareholder confirms that it has authorized the sale of its portion of the Offered Shares in the Offer for Sale. For details, see "Other Regulatory and Statutory Disclosures – Authority for the Offer – Approvals from the Selling Shareholders" on page 332.

### Notes to Capital Structure

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

##### (a) History of Equity Share capital of our Company

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

Date of allotment	Number of Equity Shares allotted	Face value per Equity Share (₹)	Offer price per Equity Share (₹)	Nature of consideration	Reason/ nature of transaction	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (₹)
January 29, 2009	150,000	10	10	Cash	Subscription to MoA <sup>(1)</sup>	150,000	1,500,000
December 8, 2009	39,390,000	10	10	Cash	Further issue <sup>(2)</sup>	39,540,000	395,400,000
March 10, 2011	2,000,000	10	100	Cash	Conversion of loan into equity <sup>(3)</sup>	41,540,000	415,400,000
September 29, 2012	26,685,997	10	N.A.	Other than cash	Allotment pursuant to a scheme of amalgamation <sup>(4)</sup>	68,225,997	682,259,970
December 3, 2012	2,200,000	10	100	Cash	Conversion of loan into equity <sup>(5)</sup>	70,425,997	704,259,970
October 11, 2014	633,833,973	10	N.A.	N.A.	Bonus issue <sup>(6)</sup>	704,259,970	7,042,599,700
February 1, 2017	134,981,630	10	51.86	Cash	Conversion of CCPS <sup>(7)</sup>	839,241,600	8,392,416,000

(1) Subscription to MoA by Mr. T.S. Kalyanaraman (45,000 Equity Shares); Mr. T.K. Seetharam (22,500 Equity Shares); Mr. T.K. Ramesh (22,500 Equity Shares); Ms. N.V. Ramadevi (15,000 Equity Shares); Ms. Maya Ramakrishnan (15,000 Equity Shares); Ms. Deepa Harikrishnan (15,000 Equity Shares); and Ms. T.K. Radhika (15,000 Equity Shares).

(2) 11,817,000 Equity Shares allotted to Mr. T.S. Kalyanaraman; 5,908,500 Equity Shares allotted to Mr. T.K. Seetharam; 5,908,500 Equity Shares allotted to Mr. T.K. Ramesh; 3,939,000 Equity Shares allotted to Ms. N. V. Ramadevi; 3,939,000 Equity Shares allotted to Ms. Maya Ramakrishnan; 3,939,000 Equity Shares allotted to Ms. Deepa Harikrishnan; and 3,939,000 Equity Shares allotted to Ms. T. K. Radhika.

(3) 1,000,000 Equity Shares allotted to Mr. T.S. Kalyanaraman and 1,000,000 Equity Shares allotted to Mr. T.K. Seetharam in lieu of and against conversion of part of rupee term loan aggregating ₹ 100 million from Mr. T.S. Kalyanaraman and Mr. T.K. Seetharam each.

(4) Allotment pursuant to scheme of amalgamation sanctioned by the High Court of Kerala on September 18, 2012, between our Company and Kalyan Jewellers Salem Private Limited, in the ratio of 55 Equity Shares of our Company for every 50 equity shares of Kalyan Jewellers Salem Private Limited; 14,161,917 Equity Shares allotted to Mr. T.S. Kalyanaraman; 7,852,894 Equity Shares allotted to Mr. T.K. Seetharam; 4,668,042 Equity Shares allotted to Mr. T.K. Ramesh; 786 Equity Shares allotted to Ms. N.V. Ramadevi; 786 Equity Shares allotted to Ms. Maya Ramakrishnan; 786 Equity Shares allotted to Ms. Deepa Harikrishnan; and 786 Equity Shares allotted to Ms. T.K. Radhika.

(5) 1,700,000 Equity Shares allotted to Mr. T.S. Kalyanaraman in lieu of and against conversion of part of rupee term loan aggregating ₹ 170 million and 500,000 Equity Shares allotted to Mr. T.K. Seetharam in lieu of and against conversion of part of rupee term loan aggregating ₹ 50 million.

(6) 633,833,973 Equity Shares issued in the ratio of 9:1 (nine Equity Shares for each Equity Share held by the Shareholders) to the existing Shareholders as on September 30, 2014, authorised by Shareholders through a Shareholders' resolution passed on September 30, 2014. Accordingly, 258,515,253 Equity Shares allotted to Mr. T.S. Kalyanaraman; 137,555,046 Equity Shares allotted to Mr. T.K. Seetharam; 95,391,378 Equity Shares allotted to Mr. T.K. Ramesh; 35,593,074 Equity Shares allotted to Ms. N.V. Ramadevi; 35,593,074 Equity Shares allotted to Mr. Maya Ramakrishnan; 35,593,074 Equity Shares allotted to Ms. Deepa Harikrishnan; and 35,593,074 Equity Shares allotted to Ms. T.K. Radhika.

(7) 134,981,630 Equity Shares allotted to Highdell on conversion of 200,000,000 CCPS. Premium amount per security is ₹ 41.86.

**(b) History of preference share capital of our Company**

Date of allotment	Number of CCPS allotted	Face value per CCPS (₹)	Offer price per CCPS (₹)	Nature of consideration	Nature of transaction	Cumulative number of CCPS	Cumulative paid-up preference shares capital (₹)
October 17, 2014	200,000,000	10	35	Cash	Preferential allotment <sup>(1)</sup>	200,000,000 <sup>(1)</sup>	2,000,000,000 <sup>(1)</sup>
May 12, 2017	119,047,619	10	42	Cash	Preferential allotment <sup>(2)</sup>	119,047,619 <sup>(2)</sup>	1,190,476,190 <sup>(2)</sup>

(1) 200,000,000 CCPS allotted to Highdell. 134,981,630 Equity Shares were allotted to Highdell upon conversion of 200,000,000 CCPS on February 1, 2017. For details, see "History of Equity Share capital of our Company".



- (2) 119,047,619 CCPS allotted to Highdell. 119,047,619 CCPS held by Highdell will be converted to Equity Shares prior to filing of the Red Herring Prospectus with the Registrar of Companies. Upon conversion of such CCPS, Highdell can be allotted a maximum of 119,047,619 Equity Shares. Details of the conversion price and the actual number of Equity Shares issued upon conversion of such CCPS will be updated in the Red Herring Prospectus to be filed with the Registrar of Companies.

## 2. Shares issued for consideration other than cash or out of revaluation reserves

- (a) Our Company has not issued any Equity Shares or preference shares, including any bonus shares, out of revaluation reserves since its incorporation.
- (b) Except as detailed below, no Equity Shares have been issued for consideration other than cash:

Date of allotment	Number of Equity Shares	Face value (₹)	Offer price (₹)	Reason for allotment	Benefits accrued to our Company
September 29, 2012	26,685,997	10	N.A.	Allotment pursuant to a scheme of amalgamation *	Pursuant to the scheme of amalgamation sanctioned by the High Court of Kerala on September 18, 2012, Kalyan Jewellers Salem Private Limited merged into our Company along with transfer of its assets and liabilities to our Company. For details, see “– Notes to Capital Structure –Share Capital History of our Company” and “History and Corporate Matters – Material Agreements” on pages 77 and 159, respectively.

\* Allotment pursuant to the scheme of amalgamation sanctioned by the High Court of Kerala on September 18, 2012, between our Company and Kalyan Jewellers Salem Private Limited, in the ratio of 55 Equity Shares for every 50 equity shares of Kalyan Jewellers Salem Private Limited. Consequent to such scheme 14,161,917 Equity Shares were allotted to Mr. T.S. Kalyanaraman; 7,852,894 Equity Shares were allotted to Mr. T.K. Seetharam; 4,668,042 Equity Shares were allotted to Mr. T.K. Ramesh; 786 Equity Shares were allotted to Ms. N.V. Ramadevi; 786 Equity Shares were allotted to Ms. Maya Ramakrishnan; 786 Equity Shares were allotted to Ms. Deepa Harikrishnan; and 786 Equity Shares were allotted to Ms. T.K. Radhika.

- (c) Our Company has issued Equity Shares pursuant to bonus issue on October 11, 2014. For details, see “– Notes to Capital Structure –Share Capital History of our Company” on page 77.

## 3. Shares issued pursuant to a scheme of arrangement

Except for the allotment of Equity Shares on September 29, 2012, our Company has not allotted any Equity Shares pursuant to any scheme approved under Sections 230 to 234 of the Companies Act or Sections 391 to 394 of the Companies Act, 1956, as applicable. For details, see footnote 4 to “– Notes to Capital Structure –Share Capital History of our Company – History of Equity Share capital of our Company” and section “History and Certain Corporate Matters” on page 77 and 156, respectively.

## 4. Issue of Equity Shares at a price lower than the Offer Price in the last year

Our Company has not issued any Equity Shares during the period of one year preceding the date of this Draft Red Herring Prospectus.

## 5. History of Build-up, Contribution and Lock-in of Promoters’ Shareholding

### (a) Build-up of the shareholding of our Promoters in our Company

As on the date of this Draft Red Herring Prospectus, our Promoters hold, in aggregate, 602,051,576 Equity Shares, which constitute 71.74% of the issued, subscribed and paid-up Equity Share capital of our Company.

Set forth below is the build-up of the Equity Share capital held by our Promoters, since incorporation of

our Company.

Date of allotment/ transfer	Reason/ Nature of transaction	Number of Equity Shares	Nature of consideration	Face value (₹)	Offer Price/ Transfer price per Equity Share (₹)	Percentage of the pre-Offer capital (%)*#	Percentage of the post-Offer capital (%)
<b>Mr. T.S. Kalyanaraman</b>							
January 29, 2009	Subscription to MoA	45,000	Cash	10	10	Negligible^	[●]
December 8, 2009	Further issue	11,817,000	Cash	10	10	1.41	[●]
March 10, 2011	Conversion of loan into equity	1,000,000	Cash	10	100	0.12	[●]
September 29, 2012	Allotment pursuant to scheme of amalgamation	14,161,917	Other than cash	10	N.A.	1.69	[●]
December 3, 2012	Conversion of loan into equity	1,700,000	Cash	10	100	0.20	[●]
October 11, 2014	Bonus issue	258,515,253	N.A.	10	N.A.	30.80	[●]
October 17, 2014	Transfer of Equity Shares to Highdell	(26,487,022)	Cash	10	75.26	(3.16)	([●])
October 20, 2017	Transfer of Equity Shares to Mr. T.K. Ramesh by way of gift	(42,663,668)	N.A.	10	N.A.	(5.08)	([●])
July 17, 2020	Transfer of Equity Shares from Ms. N.V. Ramadevi by way of gift	11,924,012	N.A.	10	N.A.	1.42	[●]
<b>Total (A)</b>	–	230,012,492	–	–	–	27.41	[●]
<b>Mr. T.K. Seetharam</b>							
January 29, 2009	Subscription to MoA	22,500	Cash	10	10	Negligible^	[●]
December 8, 2009	Further issue	5,908,500	Cash	10	10	0.70	[●]
March 10, 2011	Conversion of loan into equity	1,000,000	Cash	10	100	0.12	[●]
September 29, 2012	Allotment pursuant to scheme of amalgamation	7,852,894	Other than cash	10	N.A.	0.94	[●]
December 3, 2012	Conversion of loan into equity	500,000	Cash	10	100	0.06	[●]
October 11, 2014	Bonus issue	137,555,046	N.A.	10	N.A.	16.39	[●]
October 17, 2014	Transfer of Equity Shares to Highdell	(14,515,448)	Cash	10	75.26	(1.73)	([●])
July 17, 2020	Transfer of Equity Shares from Ms. N.V. Ramadevi by way of gift	11,924,012	N.A.	10	N.A.	1.42	[●]
July 17, 2020	Transfer of Equity Shares from Ms. Maya Ramakrishnan by way of gift	35,772,038	N.A.	10	N.A.	4.26	[●]
<b>Total (B)</b>	–	186,019,542	–	10	–	22.17	[●]
<b>Mr. T.K. Ramesh</b>							
January 29, 2009	Subscription to MoA	22,500	Cash	10	10	Negligible^	[●]

Date of allotment/ transfer	Reason/ Nature of transaction	Number of Equity Shares	Nature of consideration	Face value (₹)	Offer Price/ Transfer price per Equity Share (₹)	Percentage of the pre- Offer capital (%)*#	Percentage of the post- Offer capital (%)
December 8, 2009	Further issue	5,908,500	Cash	10	10	0.70	[●]
September 29, 2012	Allotment pursuant to scheme of amalgamation	4,668,042	Other than cash	10	N.A.	0.56	[●]
October 11, 2014	Bonus issue	95,391,378	N.A.	10	N.A.	11.37	[●]
October 17, 2014	Transfer of Equity Shares to Highdell	(10,330,596)	Cash	10	75.26	(1.23)	([●])
October 20, 2017	Transfer of Equity Shares from Mr. T.S. Kalyanaraman by way of gift	42,663,668	N.A.	10	N.A.	5.08	[●]
July 17, 2020	Transfer of Equity Shares from Ms. N.V. Ramadevi by way of gift	11,924,012	N.A.	10	N.A.	1.42	[●]
July 17, 2020	Transfer of Equity Shares from Ms. Deepa Harikrishnan by way of gift	35,772,038	N.A.	10	N.A.	4.26	[●]
<b>Total (C)</b>	-	186,019,542	-	10	-	22.17	[●]
<b>Total (A+B+C)</b>	-	602,051,576	-	10	-	71.74	[●]

\* Since the exact number of Equity Shares arising from conversion of the CCPS cannot be determined at the time of filing of this Draft Red Herring Prospectus, all percentages calculated on the pre-Offer Equity Share capital basis do not take into account the conversion of the CCPS. See "History and Certain Corporate Matters" on page 156.

^ Less than 0.01%.

# Percentage has been subject to rounding adjustments.

All the Equity Shares held by our Promoters were fully paid-up on the respective dates of acquisition of such Equity Shares.

**(b) Shareholding of our Promoters and Promoter Group**

Set forth below is the shareholding of our Promoters and Promoter Group as on the date of this Draft Red Herring Prospectus.

Name of Shareholders	Total Equity Shares	Percentage of the pre- Offer capital (%)*#
<b>Promoters</b>		
Mr. T.S. Kalyanaraman	230,012,492	27.41
Mr. T.K. Seetharam	186,019,542	22.17
Mr. T.K. Ramesh	186,019,542	22.17
<b>Total (A)</b>	<b>602,051,576</b>	<b>71.74</b>
<b>Promoter Group (other than our Promoters)</b>		
Ms. T.K. Radhika	35,772,038	4.26
<b>Total (B)</b>	<b>35,772,038</b>	<b>4.26</b>
<b>Total (A+B)</b>	<b>637,823,614</b>	<b>76.00</b>

\* Since the exact number of Equity Shares arising from conversion of the CCPS cannot be determined as on the date of this Draft Red Herring Prospectus, all percentages calculated on the pre-Offer Equity Share capital basis do not take into account the conversion of the CCPS. See "History and Certain Corporate Matters" on page 156.

# Percentage has been subject to rounding adjustments.

(c) **Details of Promoters' contribution and lock-in for three years**

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 provided towards minimum promoters' contribution and locked-in for a period of three years from the date of Allotment ("**Minimum Promoters' Contribution**") and our Promoters' shareholding in excess of 20% of the fully diluted post-Offer Equity Share capital shall be locked in for a period of one year from the date of Allotment.

Set forth below are the details of the Equity Shares that will be locked-in as Minimum Promoters' Contribution for a period of three years from the date of Allotment.

Name of the Promoter	Number of Equity Shares	Number of Equity Shares locked-in	Date of allotment / transfer	Face value (₹)	Offer / acquisition price per Equity Share (₹)	Nature of transaction	Date when Equity Shares were made fully paid-up	% of the fully diluted pre-Offer capital	% of the fully diluted post-Offer capital
[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
<b>Total</b>		[•]						[•]	[•]

For details on the build-up of the Equity Share capital held by our Promoters, see “- Build-up of our Promoters' shareholding in our Company” on page 79.

Our Promoters have given their consent to include such number of Equity Shares held by it as disclosed above, constituting 20% of the fully diluted post-Offer Equity Share capital of our Company as Minimum Promoters' Contribution and have agreed not to sell, transfer, charge, pledge or otherwise encumber in any manner the Minimum Promoters' Contribution from the date of filing 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 Equity Shares that are being locked-in are not, and will not be, ineligible for computation of Minimum Promoters' Contribution under Regulation 15 of the SEBI ICDR Regulations. In this regard we confirm that:

- (i) the Equity Shares offered as part of the Minimum Promoters' Contribution do not comprise Equity Shares acquired during the three years preceding the date of this Draft Red Herring Prospectus (a) for consideration other than cash and revaluation of assets or capitalisation of intangible assets or (b) pursuant to a bonus issue out of revaluation reserves or unrealised profits or from a bonus issue against Equity Shares that are otherwise ineligible for computation of Minimum Promoters' Contribution;
- (ii) the Minimum Promoters' Contribution does not include Equity Shares acquired during the one year preceding the date of this Draft Red Herring Prospectus 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 company in the year 2009. No Equity Shares have been issued to our Promoters upon such conversion, in the last one year; and
- (iv) the Equity Shares held by our Promoters and offered as part of the Minimum Promoters' Contribution are not subject to any pledge.

(d) **Details of Equity Shares locked-in for one year**

In terms of Regulation 17 of the SEBI ICDR Regulations, the entire pre-Offer Equity Share capital held by persons other than our Promoters will be locked-in for a period of one year from the date of Allotment in the Offer, except Offered Shares and any other categories of shareholders exempted under Regulation 17 of the SEBI ICDR Regulations.

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***

Any Equity Shares Allotted to Anchor Investors in the Anchor Investor Portion shall be locked in for a period of 30 days from the date of Allotment.

**(f) *Other requirements in respect of lock-in***

Pursuant to Regulation 22 of the SEBI ICDR Regulations, Equity Shares held by our Promoters and locked-in 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

The Equity Shares held by our Promoters which are locked-in for a period of one year from the date of Allotment may be pledged as a collateral security for a loan granted by a scheduled commercial bank or public financial institution or Systemically Important NBFC or deposit taking housing finance company, in terms of Regulation 21 of the SEBI ICDR Regulations, provided that pledge of the Equity Shares is one of the terms of the sanction of loans. The lock-in shall continue pursuant to the invocation of pledge, however, the transferee shall not be eligible to transfer the Equity Shares until the expiry of the lock-in period.

In terms of Regulation 22 of the SEBI ICDR Regulations, the Equity Shares held by persons other than the Promoter and locked-in for a period of one year 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 SEBI 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.

## 6. Our shareholding pattern

Set forth below is the shareholding pattern of our Company as on the date of this Draft Red Herring Prospectus.

Category (I)	Category of shareholder (II)	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	No. of partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+(VI)	Share holding as a % of total no. 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)			No. 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+C)*	Number of locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No. of Voting Rights		Total as a % of (A+B+C)			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
								Class (Equity)	Total								
(A)	Promoters & Promoter Group	4	637,823,614	–	–	637,823,614	76	637,823,614	637,823,614	76	–	Not ascertainable	–	–	–	–	637,823,614
(B)	Public	3	201,417,986	–	–	201,417,986	24	201,417,986	201,417,986	24	119,047,619**	Not ascertainable	–	–	–	–	201,417,986
(C)	Non Promoter-Non Public	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
(C1)	Shares underlying DRs	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
(C2)	Shares held by Employee Trust	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	<b>Total</b>	<b>7</b>	<b>839,241,600</b>	<b>–</b>	<b>–</b>	<b>839,241,600</b>	<b>100</b>	<b>839,241,600</b>	<b>839,241,600</b>	<b>100</b>	<b>119,047,619</b>	<b>[●]</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>839,241,600</b>

\* Since the exact number of Equity Shares arising from conversion of the CCPS cannot be determined as on the date of this Draft Red Herring Prospectus, all percentages calculated on the pre-Offer Equity Share capital basis do not take into account the conversion of the CCPS. See "History and Certain Corporate Matters" on page 156.

\*\* Highdell holds 119,047,619 CCPS which will be converted to Equity Shares prior to filing of the Red Herring Prospectus with the Registrar of Companies. Upon conversion of such CCPS, Highdell can be allotted a maximum of 119,047,619 Equity Shares. Details of the conversion price and the actual number of Equity Shares issued upon conversion of such CCPS will be updated in the Red Herring Prospectus to be filed with the Registrar of Companies.

7. The Lead Managers 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 Lead Managers 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 and/or our Subsidiaries, for which they may in the future receive customary compensation.

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

Sr. No.	Name of Director/Key Managerial Personnel	Pre-Offer %*		Post-Offer %	
		Number of Equity Shares	Percentage (%)#	Number of Equity Shares	Percentage (%)
<b>Directors</b>					
1.	Mr. T.S. Kalyanaraman	230,012,492	27.41	[●]	[●]
2.	Mr. T.K. Seetharam	186,019,542	22.17	[●]	[●]
3.	Mr. T.K. Ramesh	186,019,542	22.17	[●]	[●]
<b>Total (A)</b>		602,051,576	71.74	[●]	[●]
<b>Key Managerial Personnel (other than Executive Directors)</b>					
1.	Mr. Sanjay Raghuraman	1	Negligible^	[●]	[●]
<b>Total (B)</b>					
<b>Total (A+B)</b>		602,051,577	71.74	[●]	[●]

\* Since the exact number of Equity Shares arising from conversion of the CCPS cannot be determined as on the date of this Draft Red Herring Prospectus, all percentages calculated on the pre-Offer Equity Share capital basis do not take into account the conversion of the CCPS. See "History and Certain Corporate Matters" on page 156.

^ Less than 0.01%.

# Percentage has been subject to rounding adjustments.

9. **Details of shareholding of the major Shareholders of our Company**

- (a) As on the date of this Draft Red Herring Prospectus, our Company has seven Shareholders.
- (b) Set forth below are details of Shareholders holding 1% or more of the paid-up Equity Share capital of our Company as on the date of this Draft Red Herring Prospectus:

S. No.	Shareholder	Number of Equity Shares held	Percentage of Equity Share capital (%)#
1.	Mr. T.S. Kalyanaraman	230,012,492	27.41
2.	Highdell*	201,417,984	24.00
3.	Mr. T.K. Seetharam	186,019,542	22.17
4.	Mr. T.K. Ramesh	186,019,542	22.17
5.	Ms. T.K. Radhika	35,772,038	4.26
<b>Total</b>		839,241,598	99.99

\* Highdell holds 119,047,619 CCPS which will be converted to Equity Shares prior to filing of the Red Herring Prospectus with the Registrar of Companies. Upon conversion of such CCPS, Highdell can be allotted a maximum of 119,047,619 Equity Shares. Details of the conversion price and the actual number of Equity Shares issued upon conversion of such CCPS will be updated in the Red Herring Prospectus to be filed with the Registrar of Companies.

# Since the exact number of Equity Shares arising from conversion of the CCPS cannot be determined as on the date of this Draft Red Herring Prospectus, all percentages calculated on the pre-Offer Equity Share capital basis do not take into account the conversion of the CCPS. See "History and Certain Corporate Matters" on page 156.

- (c) Set forth below are details of Shareholders holding 1% or more of the paid-up Equity Share capital of our Company as on the date 10 days prior to the date of this Draft Red Herring Prospectus:

S. No.	Shareholder	Number of Equity Shares held	Percentage of Equity Share capital (%)#
1.	Mr. T.S. Kalyanaraman	230,012,492	27.41
2.	Highdell*	201,417,984	24.00
3.	Mr. T.K. Seetharam	186,019,542	22.17
4.	Mr. T.K. Ramesh	186,019,542	22.17
5.	Ms. T.K. Radhika	35,772,038	4.26
<b>Total</b>		839,241,598	99.99

\* Highdell holds 119,047,619 CCPS which will be converted to Equity Shares prior to filing of the Red Herring Prospectus with the Registrar of Companies. Upon conversion of such CCPS, Highdell can be allotted a maximum of 119,047,619

Equity Shares. Details of the conversion price and the actual number of Equity Shares issued upon conversion of such CCPS will be updated in the Red Herring Prospectus to be filed with the Registrar of Companies.

# Since the exact number of Equity Shares arising from conversion of the CCPS cannot be determined as on the date of this Draft Red Herring Prospectus, all percentages calculated on the pre-Offer Equity Share capital basis do not take into account the conversion of the CCPS. See "History and Certain Corporate Matters" on page 156.

- (d) Set forth below are details of Shareholders holding 1% or more of the paid-up Equity Share capital of our Company as on the date one year prior to the date of this Draft Red Herring Prospectus:

S. No.	Shareholder	Number of Equity Shares held	Percentage of Equity Share capital (%)#
1.	Mr. T.S. Kalyanaraman	218,088,480	25.99
2.	Highdell*	201,417,984	24.00
3.	Mr. T.K. Seetharam	138,323,492	16.48
4.	Mr. T.K. Ramesh	138,323,492	16.48
5.	Ms. T.K. Radhika	35,772,038	4.26
6.	Ms. N.V. Ramadevi	35,772,038	4.26
7.	Ms. Maya Ramakrishnan	35,772,038	4.26
8.	Ms. Deepa Harikrishnan	35,772,038	4.26
	<b>Total</b>	<b>839,241,600</b>	<b>100</b>

\* Highdell holds 119,047,619 CCPS which will be converted to Equity Shares prior to filing of the Red Herring Prospectus with the Registrar of Companies. Upon conversion of such CCPS, Highdell can be allotted a maximum of 119,047,619 Equity Shares. Details of the conversion price and the actual number of Equity Shares issued upon conversion of such CCPS will be updated in the Red Herring Prospectus to be filed with the Registrar of Companies.

# Since the exact number of Equity Shares arising from conversion of the CCPS cannot be determined as on the date of this Draft Red Herring Prospectus, all percentages calculated on the pre-Offer Equity Share capital basis do not take into account the conversion of the CCPS. See "History and Certain Corporate Matters" on page 156.

- (e) Set forth below are details of Shareholders holding 1% or more of the paid-up Equity Share capital of our Company as on the date two years prior to the date of this Draft Red Herring Prospectus:

S. No.	Shareholder	Number of Equity Shares held	Percentage of Equity Share capital (%)#
1.	Mr. T.S. Kalyanaraman	218,088,480	25.99
2.	Highdell*	201,417,984	24.00
3.	Mr. T.K. Seetharam	138,323,492	16.48
4.	Mr. T.K. Ramesh	138,323,492	16.48
5.	Ms. T.K. Radhika	35,772,038	4.26
6.	Ms. N.V. Ramadevi	35,772,038	4.26
7.	Ms. Maya Ramakrishnan	35,772,038	4.26
8.	Ms. Deepa Harikrishnan	35,772,038	4.26
	<b>Total</b>	<b>839,241,600</b>	<b>100</b>

\* Highdell holds 119,047,619 CCPS which will be converted to Equity Shares prior to filing of the Red Herring Prospectus with the Registrar of Companies. Upon conversion of such CCPS, Highdell can be allotted a maximum of 119,047,619 Equity Shares. Details of the conversion price and the actual number of Equity Shares issued upon conversion of such CCPS will be updated in the Red Herring Prospectus to be filed with the Registrar of Companies.

# Since the exact number of Equity Shares arising from conversion of the CCPS cannot be determined as on the date of this Draft Red Herring Prospectus, all percentages calculated on the pre-Offer Equity Share capital basis do not take into account the conversion of the CCPS. See "History and Certain Corporate Matters" on page 156.

#### 10. **Kalyan Jewellers India Limited – Employee Stock Option Plan 2020 (“ESOP 2020”)**

Pursuant to the resolutions passed by our Board and Shareholders on August 20, 2020, our Company approved the ESOP 2020 for issue of options to eligible employees which may result in issue of not more than 3,000,000 Equity Shares. The objective of the ESOP 2020 is to reward our key employees for their association, dedication and contribution to the goals of our Company.

ESOP 2020 is in compliance with the SEBI SBEB Regulations. As of the date of this Draft Red Herring Prospectus, no options have been granted and no Equity Shares have been issued under the ESOP 2020.

#### 11. **Kalyan Jewellers India Limited – Employee Stock Purchase Scheme 2020 (“ESPS 2020”)**



Pursuant to the resolutions passed by our Board and Shareholders on August 20, 2020, our Company approved the ESPS 2020 for issue/ transfer of not more than 750,000 Equity Shares. The objective of the ESPS 2020 is to reward our employees for their association, performance and to motivate them contribute to the growth and profitability of our Company.

**Lock-in:** The Equity Shares transferred pursuant to the ESPS 2020 will not be transferable in any manner for a minimum period of one year from the date of transfer.

**KJ ESPS Trust:** The ESPS 2020 will be administered by Kalyan Jewellers Employee Stock Purchase Scheme Trust (“**KJ ESPS Trust**”) and the trust deed is aligned with the requirements of SEBI SBEB Regulations. The ESPS 2020 shall be supervised by our Nomination and Remuneration Committee.

ESPS 2020 is in compliance with the SEBI SBEB Regulations. As of the date of this Draft Red Herring Prospectus, no offers have been made under the ESPS 2020.

12. There have been no financing arrangements whereby our Promoters, members of our Promoter Group, our Directors and their relatives have financed the purchase by any other person of securities of our Company, other than in the normal course of business of the financing entity during a period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus.
13. Our Company, Directors, and the Lead Managers have not entered into any buy-back arrangement for the purchase of Equity Shares of our Company.
14. All the Equity Shares held by our Promoters and members of Promoter Group are in dematerialised form.
15. Except as disclosed below, our Promoters, other members of our Promoter Group, our Directors or our Directors’ relatives have not purchased or sold any securities of our Company during the six months prior to the date of filing this Draft Red Herring Prospectus:

Name	Promoter/ Promoter Group/ Director/ Relative of Directors	Sale/ Purchase/ Transfer	Number of Equity Shares	Sale/ Purchase price per Equity Share (₹)	Date of Sale/ Purchase
Mr. T.S. Kalyanaraman	Promoter and Director	Gift <sup>(1)</sup>	11,924,012	N.A.	July 17, 2020
Mr. T.K. Seetharam	Promoter and Director	Gift <sup>(2)</sup>	47,696,050	N.A.	July 17, 2020
Mr. T.K. Ramesh	Promoter and Director	Gift <sup>(3)</sup>	47,696,050	N.A.	July 17, 2020
Ms. N.V. Ramadevi	Promoter Group and relative of Director	Gift <sup>(1)(2)(3)(4)</sup>	(35,772,038)	N.A.	July 17, 2020
Ms. Maya Ramakrishnan	Promoter Group and relative of Director	Gift <sup>(2)</sup>	(35,772,038)	N.A.	July 17, 2020
Ms. Deepa Harikrishnan	Promoter Group and relative of Director	Gift <sup>(3)</sup>	(35,772,038)	N.A.	July 17, 2020

(1) Transfer of 11,924,012 Equity Shares from Ms. N.V. Ramadevi, a member of our Promoter Group and relative of certain Directors, by way of gift.

(2) Transfer of 11,924,012 Equity Shares and 35,772,038 Equity Shares from Ms. N.V. Ramadevi and Ms. Maya Ramakrishnan, respectively, members of our Promoter Group and relatives of certain Directors by way of gift.

(3) Transfer of 11,924,012 Equity Shares and 35,772,038 Equity Shares from Ms. N.V. Ramadevi and Ms. Deepa Harikrishnan, members of our Promoter Group and relatives of certain Directors respectively, by way of gift.

(4) Transfer of one Equity Share each to Mr. Sanjay Raghuraman and Mr. NR Chidambaram.

16. No person connected with the Offer, including but not limited to, our Company, the members of the Syndicate, our Directors, Promoters or the members of our Promoter Group, 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.
17. As on the date of this Draft Red Herring Prospectus, none of the Equity Shares held by our Promoters and other members of our Promoter Group are pledged or otherwise encumbered. 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.
18. 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.

19. 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.
20. Other than 119,047,619 CCPS held by Highdell, 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.
21. Except for (i) the conversion of the CCPS held by Highdell before filing of the Red Herring Prospectus; (ii) Pre-IPO Placement; (iii) any issue of Equity Shares to KJ ESPS Trust in accordance with ESPS 2020; and (iv) exercise of any options to be granted pursuant to the ESOP 2020, 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.
22. Except for the Fresh Issue, any issue of Equity Shares to KJ ESPS Trust in accordance with ESPS 2020 and exercise of any options to be granted pursuant to the ESOP 2020, our Company presently does not intend or propose 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 into 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.
23. Except the sale of the respective portion of Offered Shares in the Offer for Sale by the Promoter Selling Shareholder, none of our Promoters and members of our Promoter Group will submit Bids or otherwise participate in the Offer.
24. Our Company shall ensure that any transactions in the Equity Shares by our Promoters and our Promoter Group during the period between the date of filing of this Draft Red Herring Prospectus with the Registrar of Companies and the date of closure of the Offer shall be reported to the Stock Exchanges within 24 hours of the transactions.

## OBJECTS OF THE OFFER

The Offer comprises the Fresh Issue and the Offer for Sale, aggregating up to ₹ 17,500 million.

### Offer for Sale

Our Company will not receive any proceeds from the Offer for Sale. The Selling Shareholders will be entitled to receive their respective portion of the proceeds from the Offer for Sale after deducting their respective portion of the Offer related expenses and relevant taxes thereon.

### Fresh Issue

The Net Proceeds from the Fresh Issue are proposed to be utilized towards the following objects:

1. Funding working capital requirements of our Company; and
2. General corporate purposes.

Further, our Company expects to receive the benefits of listing of the Equity Shares, including to enhance our visibility and our brand image among our existing and potential customers and creation of a public market for our Equity Shares in India. The objects clause in our Memorandum of Association enables us to undertake the activities proposed to be funded from the Net Proceeds.

### Net Proceeds

The details of the Net Proceeds are set forth below:

(₹ in million)	
Particulars	Amounts*
Gross proceeds of the Fresh Issue	10,000**
(Less) Offer related expenses (to the extent apportioned to the Fresh Issue)	[●]
<b>Net Proceeds</b>	<b>[●]</b>

\* To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC.

\*\* Includes, the proceeds, if any, received pursuant to the Pre-IPO Placement. Upon allotment of Equity Shares issued pursuant to the Pre-IPO Placement, our Company shall utilise the proceeds from such Pre-IPO Placement towards the objects of the Offer.

### Requirement of funds and proposed schedule of utilisation and deployment of Net Proceeds

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

(₹ in million)			
Object	Amount proposed to be funded from Net Proceeds	Estimated schedule of deployment of Net Proceeds in	
		Fiscal 2021	Fiscal 2022
Funding working capital requirements of our Company	7,500	511.34	6,988.66
General corporate purposes*	[●]	[●]	[●]
<b>Total**</b>	<b>[●]</b>	<b>[●]</b>	<b>[●]</b>

\* The amount utilised for general corporate purposes shall not exceed 25% of the gross proceeds of the Fresh Issue.

\*\* To be determined on finalisation of the Offer Price.

The requirement and deployment of funds as indicated above are based on our internal management estimates, prevailing market conditions and have not been appraised by any bank or financial institution. We may have to revise our funding requirements and deployment from time to time on account of various factors, such as, change in cost, financial and market conditions, business and strategy and interest/exchange rate fluctuations or other external factors, which may not be within the control of our management. This may entail rescheduling and revising the planned expenditure and funding requirement and increasing or decreasing the expenditure for a particular purpose from the planned expenditure at the discretion of our management, subject to compliance with applicable law. For details, see “Risk Factors –Our management will have broad discretion over the use of the Net Proceeds” on page 41.

Our Company proposes to deploy the entire Net Proceeds towards the aforementioned objects during Fiscals 2021 and 2022. In the event, our Company is unable to utilise the Net Proceeds per the estimated schedule of deployment due to any reason, including, *inter alia*, (i) economic and business conditions; (ii) timely completion of the Offer; (iii) market conditions outside the control of our Company; and (iv) any other commercial considerations, the remaining Net Proceeds shall be utilised (in part or full) in subsequent Fiscals as may be determined by our Company, in accordance with applicable laws.

In case of any surplus after utilization of the Net Proceeds towards the aforementioned objects, we may use such surplus towards general corporate purposes, provided that the total amount to be utilized towards general corporate purposes does not exceed 25% of the gross proceeds from the Fresh Issue in accordance with applicable law. Further, in case of any variations in the actual utilisation of funds earmarked towards the objects set forth above, then any increased fund requirements for a particular object may be financed by surplus funds (subject to utilisation towards general corporate purposes does not exceeding 25% of the gross proceeds from the Fresh Issue), if any, available in respect of the other objects for which funds are being raised in this Offer. In case of a shortfall in raising requisite capital from the Net Proceeds towards meeting the aforementioned objects, we may explore a range of options including utilising our internal accruals and seeking additional debt from existing and future lenders. We believe that such alternate arrangements would be available to fund any such shortfalls.

## Details of the Objects

### 1. Funding working capital requirements of our Company

We propose to utilise ₹ 7,500 million from the Net Proceeds to fund our Company's working capital requirements. Our Company's business is working capital intensive and we fund the majority of our working capital requirements in the ordinary course of our business from our internal accruals, equity and financing from banks by way of working capital facilities including gold metal loans. Our Company requires working capital primarily for financing and/or replenishment of the inventory in the showrooms.

#### *Basis of estimation of working capital requirements*

The details of our Company's existing working capital as at March 31, 2020, 2019 and 2018 based on the Special Purpose Restated Standalone Financial Information along with the sources of funding are as set forth below:

(₹ in million)

Particulars	As at March 31		
	2020	2019	2018
<b>(A) Current assets</b>			
(a) Inventories	36,357.36	35,585.37	39,729.55
(b) Financial assets			
(i) Trade receivables	20.72	50.32	7.27
(ii) Cash and cash equivalents	1,247.33	904.79	1,153.88
(iii) Bank balances other than (ii) above	3,398.06	3,771.56	5,740.46
(iv) Other financial assets	5,654.88	4,493.77	3,928.22
(c) Other current assets	461.73	653.60	899.29
<b>Total current assets (A)</b>	<b>47,140.08</b>	<b>45,459.41</b>	<b>51,458.67</b>
<b>(B) Current liabilities</b>			
(a) Financial liabilities			
(i) Trade payables	2,992.19	2,843.48	5,213.74
(ii) Other financial liabilities	592.27	944.99	1,635.39
(b) Provisions	67.91	60.83	44.10
(c) Other current liabilities	9,014.03	9,191.72	8,696.52
(d) Current tax liabilities (net)	390.67	5.18	448.25
<b>Total current liabilities (B)</b>	<b>13,057.07</b>	<b>13,046.20</b>	<b>16,038.00</b>
<b>(C) Total working capital requirements (C=A-B)</b>	<b>34,083.01</b>	<b>32,413.21</b>	<b>35,420.67</b>
<b>(D) Funding Pattern</b>			

Particulars	As at March 31		
	2020	2019	2018
• Working capital funding from banks (including metal gold loan)	24,708.78	25,025.07	27,732.62
• Internal accruals and Equity	9,374.23	7,388.14	7,688.05
<b>Total</b>	<b>34,083.01</b>	<b>32,413.21</b>	<b>35,420.67</b>

On the basis of existing and estimated working capital requirement of our Company and assumptions for such working capital requirements, our Board pursuant to its resolution dated August 20, 2020 has approved the projected working capital requirements for Fiscals 2021 and 2022 and the proposed funding of such working capital requirements as set forth below:

(₹ in million)

Particulars	Estimated as at March 31	
	2022	2021
<b>A. Current assets</b>		
(a) Inventories	45,237.24	36,357.36
(b) Financial assets		
(i) Trade receivables	20.72	20.72
(ii) Cash and cash equivalents	1,000.00	1,000.00
(iii) Bank balances other than (ii) above	4,000.00	4,000.00
(iv) Other financial assets	5,903.49	5,488.62
(c) Other current assets	461.73	461.73
<b>Total current assets (A)</b>	<b>56,623.18</b>	<b>47,328.43</b>
<b>B. Current liabilities</b>		
(a) Financial liabilities		
(i) Trade payables	3,595.29	2,507.69
(ii) Other financial liabilities	155.17	509.54
(b) Provisions	67.92	67.92
(c) Other current liabilities	10,831.12	9,258.26
(d) Current tax liabilities (net)	390.67	390.67
<b>Total current liabilities (B)</b>	<b>15,040.17</b>	<b>12,734.08</b>
<b>C. Total working capital requirements (C=A-B)</b>	<b>41,583.01</b>	<b>34,594.35</b>
<b>D. Funding Pattern</b>		
(a) Working capital funding from banks (including metal gold loan) (D)	24,708.78	24,708.78
(b) Internal accruals and Equity (E)	9,374.23	9,374.23
<b>Net working capital requirements (F= C-D-E)</b>	<b>7,500.00*</b>	<b>511.34</b>
<b>Amount proposed to be utilised from Net Proceeds (G)</b>	<b>6,988.66</b>	<b>511.34</b>

\* Cumulative amount for two fiscals.

M/s Krishnamoorthy & Krishnamoorthy, Chartered Accountants have by a certificate dated August 22, 2020, certified the working capital requirements of our Company.

#### **Assumptions for working capital requirement**

##### *Holding levels*

Provided below are details of the holding levels (days) considered based on the Special Purpose Restated Standalone Financial Information:

Particulars	Number of days for the Fiscal ended
-------------	-------------------------------------

	March 31, 2018 (Actual)	March 31, 2019 (Actual)	March 31, 2020 (Actual)	March 31, 2021 (Assumed)	March 31, 2022 (Assumed)
<b>A. Current Assets</b>					
(a) Inventory	175	174	169	197	174
(b) Financial assets					
(i) Trade receivables	0.03	0.25	0.10	0.11	0.08
(ii) Cash and Cash equivalents	5	4	6	5	4
(iii) Bank balances other than (ii) above	25	18	16	22	15
(iv) Other financial assets	17	22	26	30	23
(c) Other current assets	4	3	2	2	2
<b>B. Current Liabilities</b>					
(a) Financial liabilities					
(i) Trade payables	23	14	14	14	14
(ii) Other financial liabilities	7	5	3	3	0.60
(b) Provisions	0.19	0.30	0.32	0.37	0.26
(c) Other current liabilities	38	45	42	50	42
(d) Current tax liabilities (net)	2	0.03	2	2	2

*Key justification for holding levels*

Particulars	Details
<b>Current Assets</b>	
Inventory	Our Company's inventories primarily consist of gold, silver, diamonds, and related products. Days towards inventories are computed from the historic Special Purpose Restated Standalone Financial Information. Our Company has assumed the holding level for inventories as 197 and 174 days of revenue from operations for the Fiscals 2021 and 2022, respectively. Inventory levels have been projected in line with projected sale for the Fiscals 2021 and 2022.
Trade receivables	Trade receivables are computed from the historic Special Purpose Restated Standalone Financial Information. Our Company has assumed the holding level for trade receivables as 0.11 and 0.08 day of revenue from operations for the Fiscals 2021 and 2022, respectively.
Cash and cash equivalents	Cash and cash equivalents are computed from the historic Special Purpose Restated Standalone Financial Information. Our Company has assumed the holding level for cash and cash equivalents as 5 and 4 days of revenue from operations for the Fiscals 2021 and 2022, respectively. Cash and cash equivalents have been maintained in line with projected sale for the Fiscals 2021 and 2022.
Bank balances other than cash and cash equivalents above	Bank balances (other than cash and cash equivalents above) are computed from the historic Special Purpose Restated Standalone Financial Information. Our Company has assumed the holding level for bank balances (other than cash and cash equivalents above) as 22 and 15 days of revenue from operations for the Fiscals 2021 and 2022, respectively. Bank balances other than cash and cash equivalents have been maintained in line with projected sale for the Fiscals 2021 and 2022.
Other financial assets	Other financial assets are computed from the historic Special Purpose Restated Standalone Financial Information. Our Company has assumed the holding level for other financial assets as 30 and 23 days of revenue from operations for the Fiscals 2021 and 2022, respectively. Other financial assets have been maintained in line with the projected business activity for the Fiscals 2021 and 2022.
Other current assets	Other current assets are computed from the historic Special Purpose Restated Standalone Financial Information. Our Company has assumed the holding level for other current assets as 2 days of revenue from operations each for the Fiscals 2021 and 2022. Other current assets have been maintained in line with the projected business activity for the Fiscals 2021 and 2022.
<b>Current Liabilities</b>	
Trade payables	Our trade payables have a direct correlation to our business growth. Holding levels for trade payables is computed from the historic Special Purpose Restated Standalone Financial Information. Our Company has assumed the holding level for trade payables as 14 and 14 days of revenue from operations for the Fiscals 2021 and 2022, respectively. Trade payables levels have been projected in line with projected sale for the Fiscals 2021 and 2022.

Particulars	Details
Other financial liabilities	Other financial liabilities are computed from the historic Special Purpose Restated Standalone Financial Information. Our Company has assumed the holding level for other financial liabilities as 3 and 0.60 days of revenue from operations for the Fiscals 2021 and 2022, respectively. Other financial liabilities have been maintained in line with the projected business activity for the Fiscals 2021 and 2022.
Provisions	Provisions are computed from the historic Special Purpose Restated Standalone Financial Information. Our Company has assumed the holding level for provisions as 0.37 and 0.26 day of revenue from operations for the Fiscals 2021 and 2022, respectively.
Other current liabilities	Other current liabilities are computed from the historic Special Purpose Restated Standalone Financial Information. Our Company has assumed the holding level for other current liabilities as 50 and 42 days of revenue from operations for the Fiscals 2021 and 2022, respectively. Other current liabilities have been maintained in line with the projected business activity for the Fiscals 2021 and 2022.
Current tax liabilities (net)	Current tax liabilities (net) are computed from the historic Special Purpose Restated Standalone Financial Information. Our Company has assumed the holding level for current tax liabilities (net) as 2 and 2 days of revenue from operations for the Fiscals 2021 and 2022, respectively.

## 2. General Corporate Purpose

Our Company proposes to deploy the balance gross proceeds towards general corporate purposes, subject to such utilization not exceeding 25% of the gross proceeds of the Fresh Issue.

Our Board will have flexibility in utilizing the balance Net Proceeds towards general corporate purposes, including but not limited to setting-up of showrooms and/or “My Kalyan” centers, repayment/prepayment of loans, strategic initiatives, partnership and joint ventures, acquiring fixed assets including furniture and fixtures, meeting any expense of our Company, including salaries and wages, rent, administration, insurance, repairs and maintenance, payment of taxes and duties, meeting expenses incurred in the ordinary course of business and towards any exigencies, and any other purpose as may be approved by our Board in accordance with applicable laws.

### Means of finance

We intend to completely finance the objects from the Net Proceeds, internal accruals, existing equity and working capital related borrowings. Accordingly, we confirm that there is no requirement for us to make firm arrangements of finance through verifiable means towards 75% of the stated means of finance.

### Offer Related Expenses

The total Offer related expenses are estimated to be approximately ₹ [●] million. The Offer related expenses consist of listing fees, fees payable to the Lead Managers, legal counsels, Registrar to the Offer, Bankers to the Offer processing fee to the SCSBs for processing ASBA Forms submitted by ASBA Bidders procured by the Syndicate and submitted to SCSBs, brokerage and selling commission payable to the Syndicate, Registered Brokers, SCSBs, RTAs and CDPs, printing and stationery expenses, advertising and marketing expenses and all other incidental expenses for listing the Equity Shares on the Stock Exchanges. The break-up for the estimated Offer expenses are set forth below:

Activity	Estimated expenses <sup>#</sup> (in ₹ million)	As a % of the total estimated Offer expenses	As a % of the total Offer size
Lead Managers’ fees and commissions (including underwriting commission, brokerage and selling commission)	[●]	[●]	[●]
Selling commission payable to SCSBs for Bids directly procured by them and processing fees payable to SCSBs for Bids (other than Bids submitted by RIIs using the UPI Mechanism) procured by the members of the Syndicate, the Registered Brokers, RTAs or CDPs and submitted to SCSBs for blocking, Bankers to the Offer, fees payable to the Sponsor Bank for Bids made by RIIs <sup>(1)(2)</sup>	[●]	[●]	[●]
Selling commission and uploading charges payable to members of the Syndicate (including their sub-Syndicate Members),	[●]	[●]	[●]

Activity	Estimated expenses <sup>#</sup> (in ₹ million)	As a % of the total estimated Offer expenses	As a % of the total Offer size
RTAs, CDPs and Registered Brokers <sup>(3)(4)(5)</sup>			
Processing fees payable to the Sponsor Bank <sup>(5)</sup>	[●]	[●]	[●]
Fees payable to the Registrar to the Offer	[●]	[●]	[●]
Others	[●]	[●]	[●]
(i) Listing fees, SEBI filing fees, upload fees, Stock Exchanges processing fees, book building software fees and other regulatory expenses	[●]	[●]	[●]
(ii) Printing and stationery expenses	[●]	[●]	[●]
(iii) Advertising and marketing expenses	[●]	[●]	[●]
(iv) Fees payable to legal counsels	[●]	[●]	[●]
(v) Miscellaneous	[●]	[●]	[●]
<b>Total estimated Offer expenses</b>	[●]	[●]	[●]

<sup>#</sup> Amounts will be finalised and incorporated in the Prospectus on determination of Offer Price

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

Portion for Retail Individual Investors*	[●]% of the Amount Allotted (plus applicable taxes)
Portion for 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

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

- (2) No processing fees shall be payable by our Company to the SCSBs on the Bid cum Applications Forms directly procured by them.

Processing fees payable to the SCSBs on the portion for 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 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

- (3) Selling commission on the portion for Retail Individual Investors (using 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 and bank account provided by some of the brokers which are members Syndicate (including their sub-Syndicate Members) would be as follows:

Portion for Retail Individual Investors*	[●]% of the Amount Allotted (plus applicable taxes)
Portion for 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 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.

Uploading charges payable to members of the Syndicate (including their sub-Syndicate Members), RTAs and CDPs on the applications made by Retail Individual Investors using 3-in-1 accounts 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.

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.

- (4) Selling commission/ uploading charges payable to the Registered Brokers on the portion for RIIs procured through UPI Mechanism and Non Institutional Bidders which are directly procured by the Registered Broker and submitted to SCSB for processing, would be as follows:

Portion for Retail Individual Investors*	₹ [●] per valid application (plus applicable taxes)
Portion for Non-Institutional Investors*	₹ [●] per valid application (plus applicable taxes)

\* Based on valid applications

- (5) Uploading charges/ Processing fees for applications made by RIIs using the UPI Mechanism would be as under:



<i>Payable to Members of the Syndicate (including their sub-Syndicate Members)/ RTAs / CDPs</i>	<i>₹[●] per valid application (plus applicable taxes)</i>
<i>Payable to Sponsor Bank</i>	<i>₹[●] per valid application (plus applicable taxes) The Sponsor Bank shall be responsible for making payments to the third parties such as remitter bank, NPCI and such other parties as required in connection with the performance of its duties under applicable SEBI circulars, agreements and other applicable laws</i>

Subject to applicable law, other than (a) the listing fees, audit fees of statutory auditors (to the extent not attributable to the Offer), and expenses in relation to product or corporate advertisements, *i.e.*, any corporate advertisements consistent with past practices of the Company (other than the expenses relating to marketing and advertisements undertaken in connection with the Offer), each of which will be borne solely by our Company; and (b) fees for the legal counsel to the Selling Shareholders, if any, which shall be borne by the respective Selling Shareholders, all costs, fees and expenses with respect to the Offer will be shared amongst our Company and the Selling Shareholders, on a pro-rata basis, in proportion to the number of Equity Shares, Allotted by the Company in the Fresh Issue and sold by each Selling Shareholder in the Offer for Sale, upon the successful completion of the Offer. Upon commencement of listing and trading of the Equity Shares on the Stock Exchanges pursuant to the Offer, each Selling Shareholder shall, severally and not jointly, reimburse the Company for any expenses in relation to the Offer paid by the Company on behalf of the respective Selling Shareholder. However, in the event that the Offer is withdrawn or not completed for any reason whatsoever, all Offer related expenses will be borne by our Company.

### **Interim use of Net Proceeds**

The Net Proceeds of the Offer pending utilisation for the purposes stated in this section, shall be deposited only with scheduled commercial banks included in the Second Schedule of the Reserve Bank of India Act, 1934, as amended. In accordance with Section 27 of the Companies Act, 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 banks or financial institution as on the date of this Draft Red Herring Prospectus, which are proposed to be repaid from the Net Proceeds. However, depending upon business requirements, our Company may consider raising bridge financing facilities including by way of any other short-term instrument, pending receipt of the Net Proceeds.

### **Monitoring of utilization of funds**

In terms of Regulation 41 of the SEBI ICDR Regulations, prior to filing the Red Herring Prospectus with RoC, we will appoint a monitoring agency to monitor the utilization of the Net Proceeds. Our Company undertakes to place the report(s) of the Monitoring Agency on receipt before the Audit Committee without any delay. Our Company will disclose the utilisation of the Net Proceeds, including interim use under a separate head in its balance sheet until such time as the Net Proceeds remain unutilized, clearly specifying the purposes for which the Net Proceeds have been utilised. 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 the SEBI Listing Regulations, our Company shall on a quarterly basis disclose to the Audit Committee the uses and application of the Net Proceeds. The Audit Committee shall make recommendations to our Board for further action, if appropriate. Our Company shall, on an annual basis, prepare a statement of Net Proceeds utilised for purposes other than those stated in this Draft Red Herring Prospectus and place it before our Audit Committee. Such disclosure shall be made only until such time that the Net Proceeds have been utilised in full. The statement shall be certified by the Statutory Auditors.

### **Variation in Objects of the Offer**

In accordance with Sections 13(8) and 27 of the Companies Act, our Company shall not vary the Objects of the Offer unless our Company is authorized to do so by way of a special resolution of its Shareholders. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution shall specify the prescribed details and be published in accordance with the Companies Act. The notice will be published in the

newspapers, one in English and one in Malayalam (Malayalam being the regional language of Kerala, where our Registered and Corporate Office is located). Pursuant to Sections 13(8) and 27 of the Companies Act, 2013, our 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 Fresh Issue for which the Net Proceeds will be utilized have been appraised by any bank/ financial institution.

**Other confirmations**

There is no proposal whereby any portion of the Net Proceeds will be paid to our Directors, Promoters, Promoter Group or Key Managerial Personnel, except in the ordinary course of business. There are no material existing or anticipated transactions in relation to the utilisation of the Net Proceeds entered into or to be entered into by our Company with our Promoters, Promoter Group, Directors and/or Key Managerial Personnel.

## BASIS FOR OFFER PRICE

The Price Band and Offer Price will be determined by our Company and the Selling Shareholders in consultation with the Lead Managers, on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process in the Offer and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹ 10 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 “Our Business”, “Risk Factors”, “Financial Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 126, 25, 200 and 298, respectively, to have an informed view before making an investment decision.

### Qualitative Factors

Some of the qualitative factors which form the basis for computing the Offer Price are:

- Established brand built on the core values of trust and transparency;
- One of India’s largest jewellery companies with a pan India presence;
- Hyperlocal strategy enabling us to cater to a wide range of geographies and customer segments;
- Extensive grassroots “My Kalyan” network with strong distribution capabilities enabling deep customer outreach;
- Visionary Promoters with strong leadership and a demonstrated track record supported by a highly experienced and accomplished senior management team and board of directors;
- Wide range of product offerings targeted at a diverse set of customers; and
- Robust and effective internal control processes to support a growing organisation and showroom network with a pan India presence.

For details, see “Our Business – Our Strengths” and “Risk Factors” on pages 128 and 25, respectively.

### Quantitative Factors

The information presented below relating to our Company is based on the Restated Financial Information. For details, see “Financial Statements” on page 200.

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

#### I. Basic and Diluted Earnings per Share (“EPS”) (Face value of ₹ 10 each)

As per Restated Consolidated Financial Information:

Fiscal	Basic EPS (₹)	Diluted EPS (₹)	Weight
Fiscal 2020	1.70	1.49	3
Fiscal 2019	(0.04)	(0.04)	2
Fiscal 2018	1.70	1.51	1
<b>Weighted Average</b>	<b>1.12</b>	<b>0.98</b>	

#### Notes:

- (1) Earnings per share calculations are done in accordance with Indian Accounting Standard (Ind AS) 33 on Earnings per Share as notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014.
- (2) The ratios have been computed as below:
  - a. Basic earnings per share (₹) = Restated Net profit/loss attributable to equity shareholders / weighted average number of equity shares outstanding during the year.
  - b. Diluted earnings per share (₹) = Restated Net profit/loss attributable to equity shareholders / weighted average number of diluted equity shares outstanding during the year
- (3) The weighted average basic and diluted EPS is a product of basic and diluted EPS and respective assigned weight, dividing the resultant by total aggregate weight.
- (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 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 for all periods presented by giving effect to bonus and subdivision subsequent to the balance sheet date.
- (5) The above statement should be read with significant accounting policies and notes on Restated Consolidated Financial Information as appearing in the “Financial Statements” on page 200.

As per Special Purpose Restated Standalone Financial Information:

Fiscal	Basic EPS (₹)	Diluted EPS (₹)	Weight
Fiscal 2020	1.86	1.63	3
Fiscal 2019	0.13	0.11	2
Fiscal 2018	1.38	1.23	1
<b>Weighted Average</b>	<b>1.20</b>	<b>1.06</b>	

Notes:

- (1) Earnings per share calculations are done in accordance with Indian Accounting Standard (Ind AS) 33 on Earnings per Share as notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014.
- (2) The ratios have been computed as below:
  - a. Basic earnings per share (₹) = Net profit/loss as restated, attributable to equity shareholders / weighted average number of equity shares outstanding during the year.
  - b. Diluted earnings per share (₹) = Net profit/loss as restated, attributable to equity shareholders / weighted average number of diluted equity shares outstanding during the year
- (3) The weighted average basic and diluted EPS is a product of basic and diluted EPS and respective assigned weight, dividing the resultant by total aggregate weight.
- (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 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 for all periods presented by giving effect to bonus and subdivision subsequent to the balance sheet date.
- (5) The above statement should be read with significant accounting policies and notes on Special Purpose Restated Standalone Financial Information as appearing in the "Financial Statements" on page 200.

## II. Price/Earning ("P/E") ratio in relation to Price Band of ₹ [●] to ₹ [●] per Equity Share:

Particulars	P/E at the lower end of the Price Band (number of times)	P/E at the higher end of the Price Band (number of times)
Based on basic EPS for the Fiscal 2020	[●]	[●]
Diluted EPS for the Fiscal 2020	[●]	[●]

### Industry Peer Group P/E ratio

Particulars	P/E
Highest	61.69
Lowest	61.69
<b>Average</b>	<b>61.69</b>

Note:

- (1) The industry high and low has been considered from the industry peer set provided later in this section.
- (2) For Industry P/E, P/E figures for the peer is computed based on closing market price as on July 31, 2020 at BSE, divided by Basic EPS on consolidated basis based on annual report of the company for the year ended March 31, 2020 submitted to stock exchanges.

## III. Return on Net Worth ("RoNW")

As per Restated Consolidated Financial Information:

Year/ period ended	RoNW (%)	Weight
March 31, 2020	6.63	3
March 31, 2019	(0.18)	2
March 31, 2018	7.23	1
<b>Weighted Average</b>	<b>4.46</b>	

As per Special Purpose Restated Standalone Financial Information:

Year/ period ended	RoNW (%)	Weight
March 31, 2020	7.25	3
March 31, 2019	0.53	2
March 31, 2018	5.92	1
<b>Weighted Average</b>	<b>4.79</b>	

Notes:

- (1) Net worth means the aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off), the debit balance of the profit and loss account and debit balance of non-controlling interest
- (2) Return on Net Worth (%) = Net profit/(loss) as restated, attributable to equity shareholders (excluding exceptional items) / Net worth at the end of the year
- (3) The weighted average return on net worth is a product of return on net worth and respective assigned weight, dividing the resultant by total aggregate weight.

#### IV. Net Asset Value per Equity Share (Face value of ₹ 10 each)

As per Restated Consolidated Financial Information and Special Purpose Restated Standalone Financial Information:

NAV per Equity Share	Consolidated (₹)	Standalone (₹)
As on March 31, 2020	25.71	25.71
After the Offer		
- At Floor Price	[●]	[●]
- At Cap Price	[●]	[●]
At Offer Price	[●]	[●]

Notes:

- (1) Net worth means the aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off), the debit balance of the profit and loss account and debit balance of non-controlling interest.
- (2) Net Asset Value per Equity Share (₹) = Net worth at the end of the year/ Total number of equity shares outstanding at the end of the year

#### V. Comparison with Listed Industry Peers

Following is the comparison with our peer group companies listed in India:

Name of the company	Total Income for Fiscal 2020 (₹ in million)	Face Value per Equity Share (₹)	P/E	EPS for Fiscal 2020 (₹)		Return on Net Worth for Fiscal 2020 (%)	Net Asset Value/ Share as at March 31, 2020 (₹)
				Basic	Diluted		
Company*	101,810.16	10	[●]	1.70	1.49	6.63	25.71
<b>Peer Group</b>							
Titan Company Limited	212,047.70	1	61.69	16.91	16.91	22.38	75.12

\* Financial information for our Company is derived from the Restated Consolidated Financial Information as at and for the year ended March 31, 2020.

Notes:

1. All the financial information for listed industry peer mentioned above is on a consolidated basis and is sourced from the annual report as available of the company for the year ended March 31, 2020 submitted to stock exchanges.
2. P/E ratio is calculated as closing share price (July 31, 2020 - BSE) / Basic EPS for year ended March 31, 2020.
3. Basic and Diluted EPS as reported in the annual report of the company for the year ended March 31, 2020.
4. Return on net worth (%) = Net profit/(loss) after tax / Net worth at the end of the year.
5. Net asset value per share (in ₹) = Net worth at the end of the year / Total number of equity shares outstanding at the end of the year
6. Net worth means the aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off), the debit balance of the profit and loss account and debit balance of non-controlling interest

#### VI. The Offer price is [●] times of the face value of the Equity Shares.

The Offer Price of ₹ [●] has been determined by our Company and the Selling Shareholders in consultation with the Lead Managers, on the basis 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”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Financial Statements” on pages 25, 126, 298 and 200, respectively, to have a more informed view.

## STATEMENT OF SPECIAL TAX BENEFITS

### STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO KALYAN JEWELLERS INDIA LIMITED (“THE COMPANY”), ITS MATERIAL SUBSIDIARIES AND THE SHAREHOLDERS OF THE COMPANY UNDER THE APPLICABLE TAX LAWS IN INDIA AND IN RESPECTIVE COUNTRIES (IN THE CASE OF MATERIAL SUBSIDIARIES)

Date: August 22, 2020

To

**The Board of Directors  
Kalyan Jewellers India Limited  
TC -32/204/2, Sitaram Mill Road,  
Punkunnam,  
Thrissur,  
Kerala - 680002**

**Subject: Statement of Possible Special Tax Benefits available to the Company, its Material Subsidiaries and the shareholders of the company under the direct and indirect tax laws**

Dear Sirs,

We refer to the proposed initial public offering of equity shares of Kalyan Jewellers India Limited (“the Company”). We enclose herewith the statement (the “Annexure”) showing the current position of special tax benefits available to the Company and the shareholders of the Company as per the provisions of the Indian direct and indirect tax laws, including the Income Tax Act 1961, the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, Customs Act, 1962 and the Customs Tariff Act, 1975 (collectively the “Taxation Laws”), including the rules, regulations, circulars and notifications issued in connection with the Taxation Laws and the Foreign Trade Policy 2015-2020 (which has been extended now by another one year i.e., up to 31<sup>st</sup> March 2021 vide Notification no 57/2015-2020 dated 31 March 2020] and also to the material subsidiaries of the Company (as defined under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, namely (i) Kalyan Jewellers LLC, UAE, (ii) Kalyan Jewellers FZE, UAE and (iii) Kalyan Jewellers L.L.C., Qatar (collectively, the “Material Subsidiaries”)) under the respective tax laws of their country, as presently in force and applicable to the assessment year 2021-22 relevant to the financial year 2020-21 for inclusion in the Draft Red Herring Prospectus (“DRHP”) for the proposed initial public offering of shares of the Company, as required under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“ICDR Regulations”)

Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the direct and indirect taxation laws, including the Income-tax Act 1961. Hence, the ability of the Company or its shareholders to derive these tax benefits is dependent upon their fulfilling such conditions.

With respect to the special tax benefits in the overseas jurisdiction in the case of the Material Subsidiaries, the management of respective Material Subsidiaries has engaged other tax specialists. We have placed reliance on such statement of tax benefits issued by other tax specialists and our work relating to statement of possible tax benefits available to the Material Subsidiaries is solely based on such statement of tax benefits reported by such tax specialists of the respective jurisdictions.

The benefits discussed in the enclosed Annexure are neither exhaustive nor conclusive. The contents stated in the Annexure are based on the information and explanations obtained from the Company. This statement is only intended to provide general information to guide the investors and is neither 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 their own tax consultant with respect to specific tax implications arising out of their participation in the offer. We are neither suggesting nor are we advising the investor to invest money or not to invest money based on this statement.

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

- The Company or its Shareholders will continue to obtain these benefits in future;
- The conditions prescribed for availing the benefits have been/would be met;

We hereby give our consent to include this statement and the enclosed Annexure regarding the special tax benefits available to the Company, its Material Subsidiaries and the shareholders of the company in the DRHP for the proposed public offering of equity shares of the Company, which the Company intends to submit to the Securities and Exchange Board of India and the stock exchanges where the equity shares of the Company are proposed to be listed, provided that the below statement of limitation is included in the DRHP.

#### **LIMITATIONS**

Our views expressed in the enclosed Annexure are based on the facts and assumptions indicated above. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of 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. Reliance on the Annexure is on the express understanding that we do not assume responsibility towards the investors who may or may not invest in the proposed offer relying on the Annexure.

This statement has been prepared solely in connection with the proposed initial public offering of equity shares of the Company under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

ICAI Firm Registration Number: 0117366W / W-100018

Partner: Chandraprakash Surana R

Membership No. 215526

UDIN: 20215526AAAAAD9225

City: Chennai

## **ANNEXURE TO THE STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO KALYAN JEWELLERS INDIA LIMITED (“THE COMPANY”), ITS MATERIAL SUBSIDIARIES AND THE COMPANY’S SHAREHOLDERS**

The information provided below sets out the possible special tax benefits available to the Company, its material subsidiaries and the shareholders of the Company in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of equity shares of the Company, under the current tax laws presently in force. Several of these benefits are dependent on the shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which, based on commercial imperatives a shareholder faces, may or may not choose to fulfill. The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to specific tax implications arising out of their participation in the issue. We are neither suggesting nor are we advising the investor to invest money or not to invest money based on this statement.

**INVESTORS ARE ADVISED TO CONSULT THEIR OWN TAX CONSULTANT WITH RESPECT TO THE TAX IMPLICATIONS AND CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF EQUITY SHARES IN THEIR PARTICULAR SITUATION.**

### **STATEMENT OF POSSIBLE DIRECT TAX BENEFITS AVAILABLE TO THE COMPANY, ITS MATERIAL SUBSIDIARIES AND TO THE SHAREHOLDERS OF THE COMPANY**

#### **Under the Income Tax Act, 1961 (the Act)**

##### ***I. Special tax benefits available to the Company***

- A. 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 would not be applicable and earlier year MAT credit will not be available for set-off. The options 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.

The company has represented to us that they will opt to apply section 115BAA of the Act for the Assessment Year 2020-21

##### ***B. Deductions from Gross Total Income***

###### **Deduction in respect of employment of new employees:**

Subject to the fulfillment of prescribed conditions, the Company is entitled to claim deduction of an amount equal to thirty per cent of additional employee cost (relating to specified category of employees) incurred in the course of business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided under section 80JJAA of the Act.

###### **Deduction in respect of donation to certain funds, charitable institution, etc.**



Donations made by the company towards certain specified funds and charitable institution as prescribed under section 80G of the Act shall be eligible for 100%/50% deduction subject to the conditions as prescribed.

## **II. Special tax benefits available to Shareholders**

There are no special tax benefits available to the shareholders under the provisions of the Income-tax Act, 1961.

### **Notes:**

1. The benefits in I and II above are as per the current tax law as amended by the Finance Act, 2020.
2. 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.
3. Surcharge is to be levied on domestic companies at the rate of 7% where the income exceeds INR one crore but does not exceed INR ten crores and at the rate of 12% where the income exceeds INR ten crores.
4. If the company opts for concessional income tax rate under section 115BAA of the Act, surcharge shall be levied at the rate of 10%.
5. Health and Education Cess @ 4% on the tax and surcharge is payable by all category of tax payers.
6. If the company opts for concessional income tax rate as prescribed under section 115BAA of the Act, it will not be allowed to claim any of the following deductions:
  - Deduction under the provisions of section 10AA (deduction for units in Special Economic Zone)
  - Deduction under clause (iia) of sub-section (1) of section 32 (Additional depreciation)
  - Deduction under section 32AD or section 33AB or section 33ABA (Investment allowance in backward areas, Investment deposit account, site restoration fund)
  - Deduction under sub-clause (ii) or sub-clause (iia) or sub-clause (iii) of sub-section (1) or 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 or section 80M;
  - No set off of any loss carried forward or depreciation from any earlier assessment year, if such loss or depreciation is attributable to any of the deductions referred above;
  - No set off of any loss or allowance for unabsorbed depreciation deemed so under section 72A, if such loss or depreciation is attributable to any of the deductions referred above
7. Further, it was also clarified by CBDT vide circular No. 29/ 2019 dated 2 October 2019 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.
8. 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.

## **III. Special tax benefits available to Material Subsidiaries**

There are no possible special tax benefits available to Material Subsidiaries of the company under the direct tax laws

## **STATEMENT OF POSSIBLE INDIRECT TAX BENEFITS AVAILABLE TO THE COMPANY,ITS MATERIAL SUBSIDIARIES AND THE SHAREHOLDERS OF THE COMPANY**

### ***I. Special tax benefits available to the Company***

- The company can avail the benefit of inverted duty structure refund with respect to Input Tax Credit where the tax paid on outputs is 3% and the inputs are higher.

However, we are informed that they do not have major unutilised input tax credit and hence they are not availing refund.

- We are also informed that the company does not have any export of goods or services. Hence, refund under zero rated supply is not applicable.
- The company is not importing any items, hence they are not availing any Free Trade Agreement (FTA) benefits.
- Since there are no exports, duty drawback is not availed by the company under the Customs Act,1962

### ***II. Special tax benefits available to Shareholders***

- There are no special tax benefits available to the shareholders under the provisions of the GST Act, 2017

#### **Notes:**

The above statement of possible indirect 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.

### **III. Special tax benefits available to Material Subsidiaries**

There are no possible special tax benefits available to Material Subsidiaries of the Company under the indirect tax laws.

## SECTION IV: ABOUT THE COMPANY

### INDUSTRY OVERVIEW

The information in this section is derived from the report titled “Industry Report on Indian Jewellery Retail” dated August 21, 2020 (the “**Technopak Report**”), prepared by Technopak Advisors Private Limited (“**Technopak**”). We commissioned the Technopak Report for the purpose of confirming our understanding of the industry in connection with the Offer. Neither we, nor any of the Lead Managers, nor any other person connected with the Offer has verified the information in the Technopak Report. Further, the Technopak Report was prepared based on publicly available information, data and statistics as of specific dates and may no longer be current or reflect current trends. The Technopak Report may also be based on sources that base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Technopak, has advised that it does not guarantee the accuracy, adequacy or completeness of the Technopak Report or the data therein and is not responsible for any errors or omissions or for the results obtained from the use of Technopak Report or the data therein. Further, the Technopak Report is not a recommendation to invest / disinvest in any company covered in the report. Technopak especially states that it has no liability whatsoever to the subscribers / users / transmitters / distributors of the Technopak Report. Prospective investors are advised not to unduly rely on the Technopak Report when making their investment decision.

#### Macroeconomic Overview of India

Currently, India ranks seventh 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**”). It is estimated that India will be in top three global economies by Fiscal 2050.

#### GDP Ranking of Key Global Economies (2018)

Country	GDP	% Share of World GDP (at current prices)	Rank PPP	% Share (World GDP, PPP)
United States	1	24.2%	2	15.2%
China	2	15.8%	1	18.7%
Japan	3	5.9%	4	4.1%
Germany	4	4.7%	5	3.2%
United Kingdom	5	3.3%	9	2.3%
France	6	3.3%	10	2.2%
<b>India</b>	<b>7</b>	<b>3.2%</b>	<b>3</b>	<b>7.8%</b>
Italy	8	2.5%	11	1.8%
Brazil	9	2.2%	8	2.5%
Canada	10	2.0%	17	1.4%

Source: World Bank data, Technopak Analysis

India's real GDP has sustained an average growth of 6% to 7% since Fiscal 1991 and India had become the fastest-growing G-20 economy since Fiscal 2015, with an annual growth rate of around 7%. While India's economy grew at approximately 7% in Fiscal 2019, the real growth rate declined to 4% in Fiscal 2020 and is estimated to decline to -5% in Fiscal 2021 due to the outbreak of the COVID-19 pandemic which led to the imposition of lockdowns in the last quarter of Fiscal 2020 causing a contraction in the economy. The impact of COVID-19 has caused several large economies to shrink. It is expected that India's GDP will resume its pre-COVID-19 momentum by Fiscal 2022.

#### Real GDP Growth Rate of Key Global Economies (2018 and 2020)

Country	Actual GDP Growth Rate in 2018 (%)	Estimated GDP Growth Rate in 2020 (%)
United States	2.9%	-5.9%
China	6.6%	Negative Growth Estimated*
Japan	0.8%	-5.2%
Germany	1.5%	-7%
United Kingdom	1.4%	-6.5%
France	1.7%	-7.2%

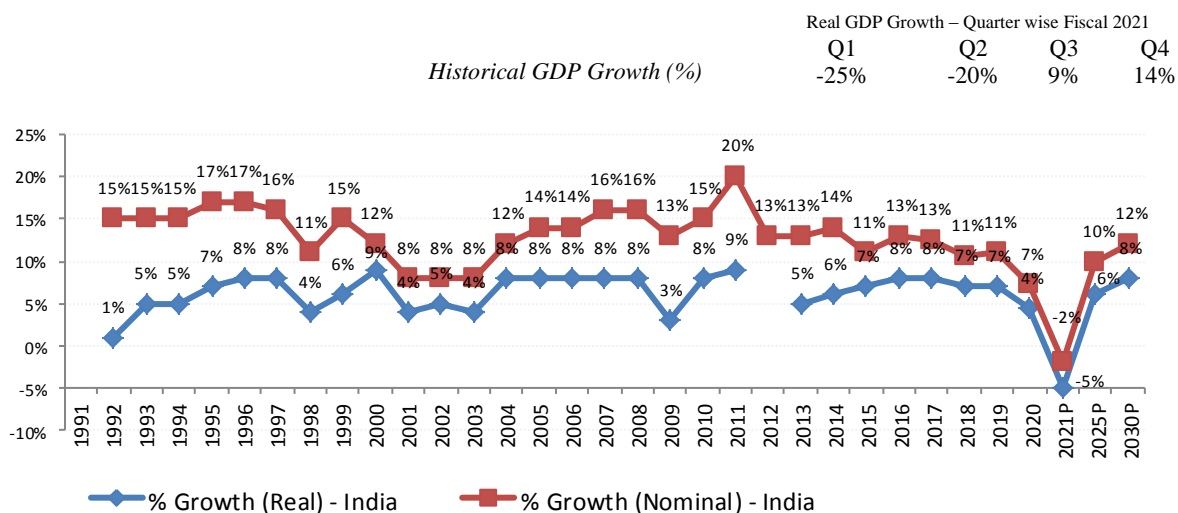
Country	Actual GDP Growth Rate in 2018 (%)	Estimated GDP Growth Rate in 2020 (%)
India	6.8%	-5%**
Italy	0.8%	-9.1%
Brazil	1.1%	-5.3%
Canada	1.9%	-6.2%

Source: World Bank data, World Economic Outlook 2020 by the International Monetary Fund (“IMF”); Data of India is based on Fiscal year (April-March) basis

\*Government has refrained from setting GDP targets for Fiscal 2021

\*\*Technopak Analysis based on secondary sources and RBI’s statements

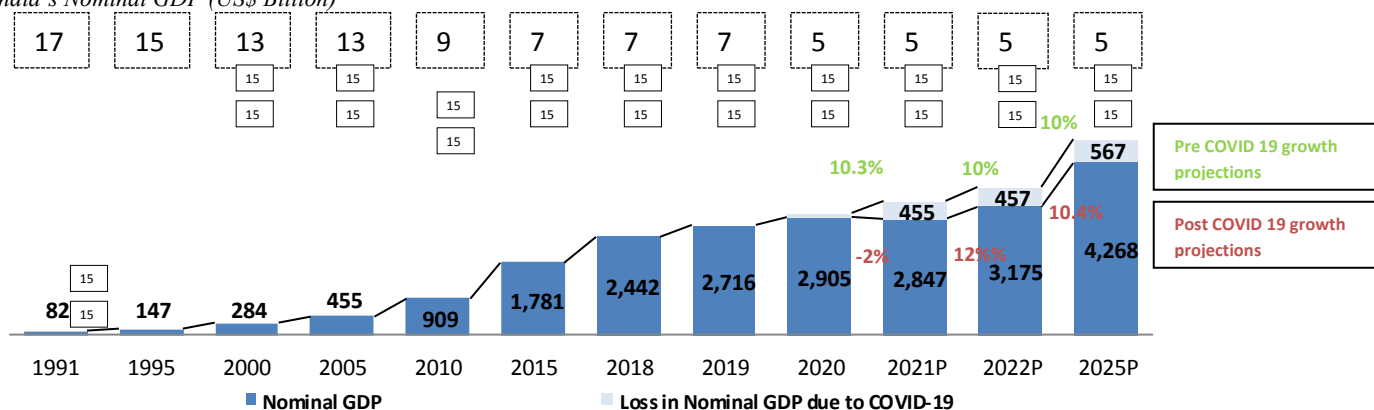
Since Fiscal 2005, the Indian economy’s growth rate has been twice that of the world economy and it is expected to sustain this superior growth momentum in the long-term. In the wake of the COVID-19 pandemic, India’s nominal GDP is expected to marginally contract by approximately 2% in Fiscal 2021 but is expected to bounce back and reach US\$4.3 trillion by Fiscal 2025.



Source: RBI Data, World Bank, IMF

\*2012- GDP Spike in Real growth rate due to change of base from 2004-2005 to 2011-2012. Hence excluded from decadal growth rate as well.

India’s Nominal GDP (US\$ Billion)



Source: Technopak Analysis, RBI data, Economic Survey, World Bank, Economic Intelligence Unit (“EIU”), IM

1 US\$ = ₹70; Year Indicates fiscal year

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

The annual growth rate for Fiscal 1991 to Fiscal 2005 was approximately 13% and this increased to approximately 14% for Fiscal 2005 to Fiscal 2019. While in the short-term, consumption will suffer a setback, it is expected to reach to approximately US\$2.4 trillion by Fiscal 2025. The expected drop in consumption is mainly because of consumer sentiment being weak both due to health and economic reasons. Since structurally all the other variables remain the same, the quantum of consumption will not take long to revive. Introduction of

a vaccine or even stabilization in the number of new cases will be instrumental in regaining confidence. These inferences are based on the following few trends that will continue to drive India’s domestic consumption in the long-term:

- Positive demographics with dropping dependency ratio leading to higher share of working population;
- Urbanization contributing to disproportionately higher share of urban expenditure on merchandise and services; and
- Policy reforms increasing farm incomes implying positive consumption trends in rural India.

In Fiscal 2019, Private Final Consumption Expenditure (“PFCE”) in India accounted for approximately 59% of GDP. This is much higher than China (approximately 39%) and comparable to the United States (approximately 68%).

**Growth Drivers: Favourable Demographics, Urbanization and Policy Reforms**

India’s medium to long term growth trajectory and its positive impact on private consumption will be determined by an inter-play of demographics, urbanization and policy reforms.

*Young population*

India has one of the youngest populations globally compared to other leading economies. The median age in India in 2018 was 27.9 years 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.

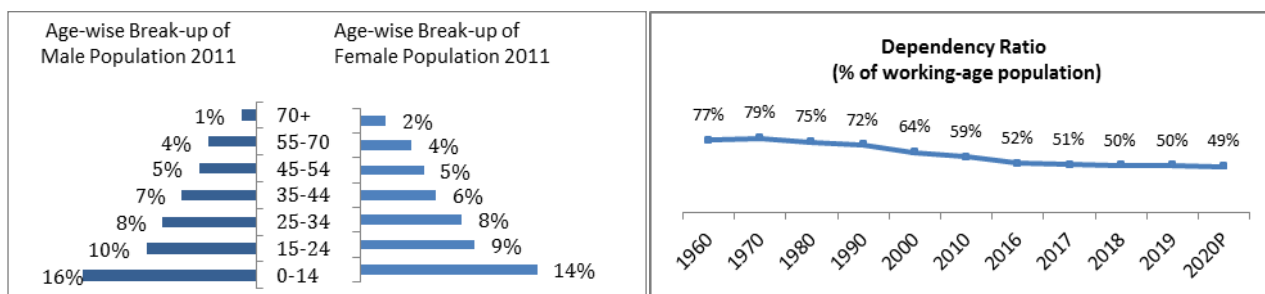
*Median Age: Key Emerging and Developed Economies (CY 2018)*

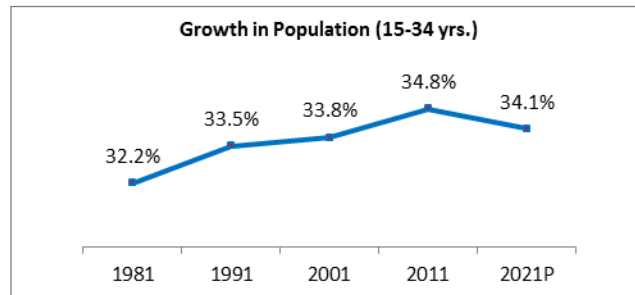
Country	India	China	USA	Singapore	Russia	Korea	Canada	UK
Median Age (years)	27.9	37.4	38.1	34.6	39.6	41.8	42.2	40.5

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 2018 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.

*Age Dependency Ratio*





Source: Census of India 2011, World Bank, MOSPI  
 Years mentioned are FY  
 Age wise break up of population not adding up to 100% due to rounding off

### Women in the workforce

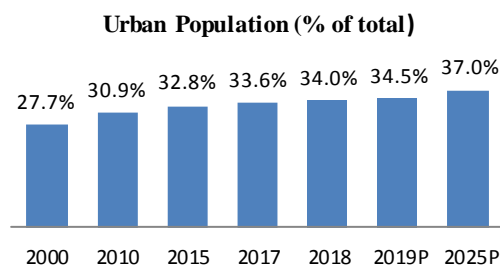
A number of factors, such as improving education opportunities, better health care and greater media focus are enabling women in India, in both urban and rural areas, to exercise greater influence on their families and society as a whole. From 2005 through 2015, the enrolment rate of girls in secondary education increased from 45.3% to 81%. Young women have bridged the gap in higher education too: their enrolment rate in 2018-19 stands at almost 26.4% while that of young men is 26.3%.

These changes are expected to have a broad impact on societal factors, including workforce demographics and economic independence for women. The overall share of women workforce in the service sector has increased from approximately 17% in 2010 to approximately 24% in 2018. This increase of women in the workforce will see a rise in decision making power and thereby spending by women.

### Urbanization

India has the world's second largest urban population in absolute terms at 472 million in Fiscal 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 and has positive implications on India's economic growth. While in the short-term, imposition of lockdowns and loss of work as a result of the COVID-19 crisis has caused a temporary reverse migration of daily wage workers towards villages, in the long-term, the trend of urbanisation is expected to continue with approximately 50% of India's population expected to be living in urban centres by 2050, and contributing to approximately 80% of India's GDP.

### Increasing Urbanization



Source: World Bank, Technopak Analysis

Urbanization is also catalysing two trends that are impacting India's domestic consumption habits:

### Growing middle class

Households with annual earnings between US\$5,000 and US\$10,000 have grown at a CAGR of 12% from Fiscal 2012 to Fiscal 2018. Households with annual earnings between US\$10,000 and US\$50,000 have grown at a CAGR of 25% between Fiscal 2012 and Fiscal 2018. It is estimated that 23% of the entire global middle class will be from India by Fiscal 2030. An increase in the number of households with annual earnings of US\$10,000 to US\$50,000 has been leading to an increase in spending on food and beverages, apparel & accessories, luxury

products, consumer durables and across other consumption categories. However, given the altered consumer sentiment with COVID-19 and its aftermath, consumption expenditure will remain pressured for Fiscal 2021 as consumption priorities of the middle class will change and spending will skew in favor of essential products and value deals. Jewellery which has a dual purpose of consumption and investment is likely to be less impacted in the long-term as compared with other non-essential product categories as it has a large wedding-related component which is resilient and also has always been a safe haven asset class and will continue to be so.

#### *Household Annual Earning Details*

Year	Total Households (in million)	Households with Annual earning US\$5,000 – US\$10,000 (million)	% of total households	Households with Annual earning US\$10,000 – US\$50,000 (million)	% share of total households
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%

Source: EIU

Note: Year indicates Fiscal

#### Nuclearization

In India, 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 other categories, jewellery, fashion, packaged food and food services.

#### *Indian Household Size and Growth Trend*

Year	Total No. of HH (millions)	Avg. HH Size	Avg. Urban HH size	Decadal growth rate of HH	Decadal growth rate of population
1981	119	5.5	5.4	19.2%	24.7%
1991	148	5.5	5.3	24.4%	24.4%
2001	193	5.3	5.1	30.4%	25.7%
2011	248	4.8	4.6	28.5%	16.4%

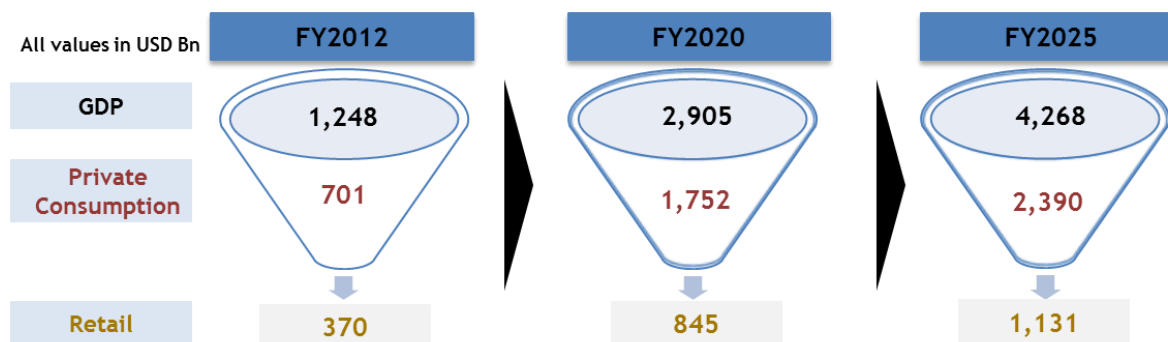
Source: India Budget

#### *Aatma Nirbhar Bharat Abhiyan*

Almost equivalent to 10% of GDP, the stimulus package announced by the Indian government contains 1.2% of direct stimulus measures and the remaining 8.8% includes liquidity support measures and credit guarantees. Investments for infrastructure development and credit facilitation for agriculture, horticulture, fisheries, animal husbandry and food processing industries and support to other MSMEs through public sector expenditure entails a long-term investment and dividend cycle. As it commences, it will attract participation from private players and create more job opportunities resulting in an uptick in income levels and thereby consumption. The Government of India has allocated ₹150,000 crore for investments and credit facilitation for various areas of agriculture, horticulture, fisheries and animal husbandry. The recently announced reforms around agri-marketing (Amendment in Essential Commodities Act, Agricultural Produce Market Committee Act, and Development of a legal framework for contract farming) were long overdue and if implemented in the right spirit, they will bring efficiencies in the value chain and improve value realization for farmers. These will also encourage inflow of private investments in the food processing industry, thereby building a platform for jobs in the rural India. The Finance Minister of India has also announced an additional ₹40,000 crore for the Mahatma Gandhi National Rural Employment Guarantee Act scheme to create employment for the migrants who have returned home and who are expected to stay there till the end of the monsoon. The Government had also allocated free food grains to all the migrants for a period of two months. This was to benefit 80 million migrants and entailed an outflow of approximately ₹3,500 crore to the central government. This Garib Kalyan Anna Yojana has been further extended till November 2020 with the coverage expanded to over 800 million people. This is an additional cost of over ₹90,000 crore for the government.

## Indian Consumer Retail Basket And Spend Trends

India's consumption funnel



Source: Secondary Research, Industry Reports, Technopak analysis; US\$1 = ₹70

### Retail Consumption across Key Categories

In Fiscal 2020, India's retail basket was approximately 48% of its private consumption and it is expected to maintain 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%) and is expected to remain at a similar level through Fiscal 2025. Among non-essential categories, apparel and accessories and footwear will be worst affected by the COVID-19 pandemic.

Comparatively, the situation will be better for jewellery, consumer electronics and home & living. Muted consumer sentiment has brought down the demand of some of these products in the short-term, but some of this is delay in demand (such as postponed weddings) and will return as the situation improves. Jewellery also has the added benefit of being a consumption-related purchase with an investment angle and is therefore expected to be relatively resilient versus other categories.

Expenditure on jewellery is the third highest retail category with approximately 8% in overall retail consumption basket of India in 2020 and will become second highest by 2025 overtaking apparel and accessories.

Share of Various Categories in Overall Indian Retail Basket

Type of Categories	Categories	2012	2020	2025
	<b>Total Retail (US\$ bn)</b>	<b>370</b>	<b>845</b>	<b>1,131</b>
<b>Need based</b>	Food & Grocery	67.5%	66.2%	66.3%
<b>Primary Non-Food</b>	<b>Jewellery</b>	<b>7.1%</b>	<b>7.6%</b>	<b>8.0%</b>
	Apparel & Accessories*	8.5%	8.1%	7.9%
	Consumer Electronics	5.2%	6.4%	6.4%
<b>Other Non-Food</b>	Home & Living	4.2%	4.3%	4.2%
	Pharmacy & Wellness	2.8%	3.0%	3.0%
	Footwear	1.2%	1.2%	1.1%
	Others	3.5%	3.2%	3.1%
	<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

\*Accessories includes bags, belts, watches and wallets; Others include books and stationery, toys, eyewear, sports goods, alcoholic beverages and tobacco, among others; Source: Technopak analysis; US\$1 = ₹70; Year Indicates Fiscal

### Factors responsible for the growth of Jewellery retail in India

- Jewellery's/gold's symbolic significance in India complements its investment proposition: Indians have a strong cultural affinity to gold and its purchase is deeply ingrained in the psyche. It serves the dual purpose of consumption (jewellery) and investment (bars/coins). Strong association of jewellery with weddings and festivals creates a natural demand for expenditure for jewellery in India. Such an



association is not only unique to India but also offers a natural advantage to jewellery retailing that caters to this association.

- India is a market of approximately 10 million marriages annually and this market alone is estimated to cater to 300 to 400 tonnes of gold. The age profile of the country will continue to sustain the high growth of weddings in India to support this demand.
  - Across many parts of India, people start purchasing gold well in advance of their requirement. They do this through advance purchase schemes and periodically buying gold in small quantities for future weddings.
  - Gold is purchased not only for the bride and groom but also for personal consumption by friends and families.
  - Due to the COVID-19 pandemic, the scale of celebrations for weddings and other occasions have become muted. Many weddings are being held on a smaller scale instead of being cancelled or postponed. However, the demand for wedding-related jewellery, which is largely price and income inelastic, has remained protected. As value becomes a prime consideration for consumers, a shift is expected in favour of pure gold jewellery from its studded counterparts. A share of wedding expenditure, previously earmarked for social gatherings/parties is now being allocated towards buying more expensive and higher ticket size gold jewellery.
  - Gold jewellery also carries a strong symbolic association with wealth and prosperity in India that manifests in the form of purchasing gold jewellery during festivals and auspicious occasions such as, Akshaya Tritiya, Navratri/Durgapuja, Karva Chauth, Onam and Diwali Dhanteras, among others. Strong affinity of the Indian psyche towards gold jewellery over investment in bars and coins as a trend is expected to continue in the future.
  - Gold jewellery already carries an investment element which is favourably viewed by Indian households given their propensity to save.
- *Harvest Economy and Positive Implications on Rural India:* The cultural association with gold jewellery in rural India is even more pronounced than in urban India. As a result, rural India accounts for 60% of gold jewellery demand in India, whereas its share in total retail expenditure is 50%. Farm output, commodity prices and farm incomes therefore have strong causation with jewellery/gold demand. There has been a policy push (budget allocation for Ministry of Agriculture was increased by 78% for Fiscal 2020) that aims to increase farm incomes through better crop productivity (soil health cards, irrigation initiatives, reduction in cultivation cost), better price realizations (assured 50% profit on cost of production, crop insurance, reduction in post-harvest losses), access to formal credit (“KCC”) and efficient market access (“eNAM” connecting wholesale to agri-markets). As a response to the COVID-19 crisis, the Government of India has announced the *Aatma Nirbhar Bharat Abhiyan Package in order to stimulate investments.*

With this state intervention, adequate harvests and procurement of rabi crop and prediction of a normal monsoon this year, the rural economy is expected to be on a faster track of recovery. This growth has already started to reflect in the earnings announcements of various companies with businesses tied to the rural economy (for example, tractor companies and fertilizer companies). **As the condition of the rural economy improves, an uptick would be seen in incomes, and as a consequence, expenditure and investments in the form of gold will resume.**

- *Rising share of organized retail in Jewellery will continue:* Between 2007 and 2020, jewellery retailing in India has seen the fastest transition towards organized retailing compared to any other retail category in India. In 2007, organized share of jewellery retail was 6% and that increased to nearly approximately 32% in 2020. In other words, in the last 13 years organized retail not only captured incremental category demand but it has also succeeded in shifting demand away from unorganized retail in its favour. It will continue to consolidate further as COVID-19 has started to build even more pressure on the unorganised market and over-leveraged players with a weak balance sheet. This, combined with a policy push, such as mandatory hallmarking and know-your-customer norms, will weed out some unorganised players and companies lacking the financial stability to withstand this market dislocation. For many unorganised players, liquidating their gold inventory, leveraging higher prices and consequently shutting down operations may emerge as a more viable option since running operations may not be sustainable going forward. Furthermore, on the demand side, consumers’ desire for a safer shopping experience with more space, well trained store personnel and sound systems/processes that ensure a safe retail experience will also benefit organized jewellers. The growth in organised jewellery retail will be driven by select national and regional players with strong fundamentals who will likely

get a disproportionate share of this growth unlike organised retail in other discretionary categories which could be more broad-based.

- *Broad basing of economic growth:* The retail market in major Indian states that contribute to more than 80% of India's retail is expected to grow at a CAGR of more than nine per cent. over the next four years (Fiscal 2021 to Fiscal 2025). Instead of the growth being skewed to few pockets, it is expected to be uniformly spread across regions and cities. Given the high share of private consumption in India's GDP and roughly half of it is made up of merchandise retail, this pattern of distributive growth will positively impact non-food related categories that already have a high share of the retail expenditure.

*Share of Organized Retail in Various Retail Categories*

Fiscal 2020	Share of Retail	Retail Size (US\$ billion)	% Organized Retail	Organized Market Size (US\$ billion)	Key Select Retailers
Food & Grocery	66.2%	560	4.4%	25	Big Bazaar, DMart, Reliance Fresh
<b>Jewellery</b>	<b>7.6%</b>	<b>64</b>	<b>32%</b>	<b>21</b>	<b>Tanishq, Kalyan</b>
Apparel & Accessories*	8.1%	69	32%	22	Central, Shoppers Stop, Lifestyle, Westside
Footwear	1.2%	10	29%	3	Bata India, Metro Shoes, Khadims
Pharmacy & Wellness	3.0%	25	15%	4	Apollo, MedPlus
Consumer Electronics	6.4%	54	32%	17	Vijay Sales, Croma, Reliance Digital, eZone
Home & Living	4.3%	36	15%	5	Home Centre, Home Stop
Others	3.2%	27	13%	4	
<b>Total</b>	<b>100%</b>	<b>845</b>	<b>12%</b>	<b>101</b>	

\*Accessories include bags, belts, watches and wallets;

Others include books & stationery, toys, eyewear, sports goods, alcoholic beverages & tobacco, among others

Source: Technopak analysis; US\$1 = ₹70

*Organized Penetration Across Key Categories*

Categories	2012	2020	2025
<b>Total Organized Retail (US\$ bn)</b>	<b>26</b>	<b>101</b>	<b>201</b>
Food & Grocery	2%	4.4%	9%
Apparel & Accessories*	20%	32%	42%
Consumer Electronics	24%	32%	42%
<b>Jewellery</b>	<b>26%</b>	<b>32%</b>	<b>37%</b>
Footwear	8%	29%	40%
Pharmacy & Wellness	23%	15%	28%
Home & Living	8%	15%	22%
Others	10%	13%	20%

\*Accessories include bags, belts, watches and wallets;

Others include books & stationery, toys, eyewear, sports goods, and alcoholic beverages & tobacco, among others

Source: Technopak analysis; US\$1 = ₹70; Year indicates Fiscal

- The margin model of unorganized jewellery retailers has been traditionally built on opaque pricing, bullion trading and questionable product quality. There is rampant under-caratage and lack of clarity of gold weight. Pricing around gold jewellery and making charges are also not often captured in the price tag. These factors inflated the transaction cost for customers for jewellery purchases and padded companies' margins. Organized retailers identified this pain point and undertook sustained brand building initiatives that were aimed at filling these gaps on the plank of trust and transparency through hallmarked jewellery and karatometers, among others. In addition, organized retail also offered better quality merchandise, wider range/selection and better retail experience (showroom/service). This has led to the shift of the demand from the unorganized to the organized market.

- Urbanization and migration has also catalyzed growth of organized jewellery retail. Migration patterns broke the association of the family/neighbourhood jeweller with its captive customer base as consumers moved to form new households and towards cities and/or towns. The share of urbanization has increased from 28% in 2000 to 34% in 2018 and is expected to reach 37% by 2025. The number of urban agglomerations with population of one million or more has increased from 35 in 2001 to 53 in 2011. The trend of urbanization has positively influenced consumers' jewellery purchases to pivot towards organized retailers as these retailers offer a plank of purity and transparency and their designs resonate with consumers in search of trusted alternatives.
- The access to organized jewellers was quite limited beyond metros and mini-metros. The growth in organized jewellery is marked by the transformation of local players to regional and national players (such as Kalyan) and by the sustainable growth of corporate entities (such as Tanishq) that have kept pace with the changing needs and evolved with the market. Today, strong organized jewellery retailers in India have raised formal capital, and have developed capabilities to reach consumers' doorsteps to capture incremental demand and offer products that cater to evolving consumer sensibilities. With this backdrop, organized jewellery retailers are poised to enable growth of jewellery's share in India's total retail.

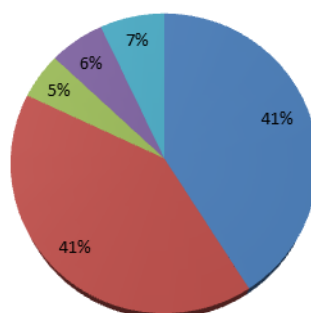
## Overview and Structure of the Jewellery Industry

### Global Jewellery industry

The global jewellery market consists of several types of jewellery products. Diamond Studded Jewellery and Plain Gold Jewellery form 41% and 41% of the global jewellery mix, respectively.

*Global Jewellery Mix – Fiscal 2018*

**Global Jewellery Market ~US\$220 billion (Fiscal 2018)**



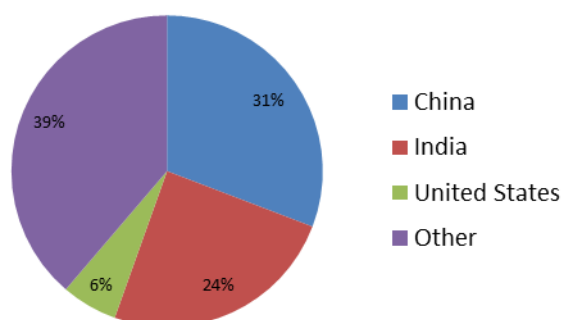
■ Diamond Studded Jewellery ■ Plain Gold Jewellery ■ Plain Platinum Jewellery ■ Plain Palladium jewellery ■ Others

*Source: Secondary research, Technopak Analysis*

China, USA and India are the top three gold jewellery markets of the world, and the Indian gold jewellery industry is the second largest globally (behind China).

*Global Gold Jewellery Demand 2019 – Top Countries*

### Global Gold Jewellery Demand (2107 Tonnes)

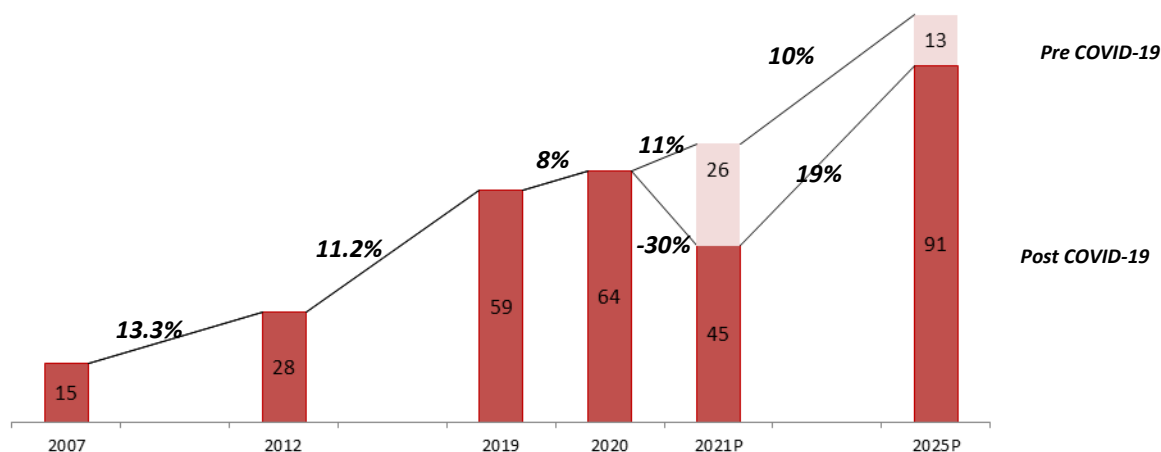


Source: Secondary Research, Technopak Analysis

### Indian Jewellery Retail Industry

The Indian jewellery retail sector's size in Fiscal 2020 was approximately US\$64 billion. The sector's organized retail share stood at approximately 32%, comprised of national and regional players, while the rest of jewellery retail continues to be dominated by the unorganised segment, comprised of over 500,000 local goldsmiths and jewellers.

Indian Domestic Jewellery Retail Market Size (US\$ billion)



Source: Technopak Analysis, Secondary Research  
 Numbers in percentage represents CAGR  
 US\$ 1 = ₹ 70, Year indicates Fiscal

In the wake of the COVID-19 crisis, the demand for Fiscal 2021 is projected to drop by 30% and thereafter estimated to bounce back and grow at an accelerated CAGR of 19% for the next four years. Within the jewellery retail industry, the organized segment is expected to de-grow by 20% to 25% whereas the unorganized segment is expected to de-grow at 30% to 35% in Fiscal 2021.

It is expected that the larger players in the organised space will consolidate the market share away from the unorganised segment because of weak balance sheets of the smaller players and their inability to sustain during the lockdowns which severely constricts their ability to maintain their operations. Furthermore, on the demand side, consumers' desire for a safer shopping experience with larger shop space which permits social distancing, well trained store personnel and strong systems/processes that ensure a safe retail experience will also benefit the large organized jewellers. Consequently, some players such as the industry leaders may not face as deep a contraction as the smaller players.

The impact on jewellery has been less severe as compared to other discretionary categories like apparel and accessories given:

- **Wedding-related element:** Price and income inelasticity of wedding-related jewellery demand underpins the sustenance of this category. Wedding and wedding-related jewellery, which constitutes 60% of India's total demand, will remain resilient.
- **Investment-related element:** As gold will continue to be a safe haven asset class and be perceived to have intrinsic value, jewellery demand is also expected to remain protected.

There will be an overall reduction in spending to compensate for income loss and in order to save for any further uncertainty. While jewellery as a category is expected to be more resilient, the demand of daily wear and non-wedding related occasion wear jewellery which constitutes 40% of the total demand may face some near-term headwinds.

Health and economic concerns have reduced consumer confidence. There may be a long-lasting impact on consumer behaviour and retailers will have to devise transformational strategies to match the changed times, re-evaluate the store portfolio, invest in service, experience, omni-channel to serve new customers, look at newer payment methods and manage costs through operational improvement measures.

### Key trends that signify the construct of the Indian jewellery market:

#### *Heterogeneous demand influenced by strong regional preferences*

Indian consumers' jewellery consumption is influenced by multiple factors such as region, income, cultural notions and generally vastly differs across states. Southern states make up 40% of the Indian gold jewellery market while the Eastern states account for 15%. Gross weight of gold worn by a bride in Kerala is more than double the weight of gold worn by a bride in Gujarat signifying that cultural factors scores over per capital income when it comes to regional skews observed in jewellery purchase in India. Customer service expectation also varies from one region to other. Wedding jewellery demand in particular is influenced by local traditions and designs. While the gross weight of an average wedding jewellery purchase is 200 gm in Uttar Pradesh, it is 350 gm in Kerala.

In the southern states of India, consumer purchasing behaviour gravitates towards traditional plain gold jewellery where margins are typically lower. Consumers in the Northern and Western regions of India are more receptive to studded jewellery and impulse-led lighter-weight jewellery purchases (14k, 18k jewellery) *viz-a-vis* their southern counterparts. Plain gold jewellery typically has gross margins ranging from 10% to 14%, while diamond-studded jewellery has gross margins ranging from 30% to 35%. Consequently, as the studded ratio (studded jewellery/total revenue) goes up, profitability improves, thereby incentivising the expansion of south focused retailers towards the north, west and east.

*Illustrative Regional Jewellery Demand and Preferences*

Region	North	East	West	South
<b>Market Share*</b>	20%	15%	25%	40%
<b>Dominant Categories</b>	Ring, Pendants, necklaces	Bangles, Necklace, Rings	Pendants, Earrings	Pendants, Necklace, Earrings
<b>Gold Type</b>	White & yellow	Yellow	White & yellow	Yellow
<b>Diamond Quality</b>	S1-I1	VVS, Lower colours	VS, all colours	VVS, Better colours
<b>Preferred Caratage</b>	22k, 18k, 14k	22k	22k, 18k, 14k	22k
<b>Important Centres</b>	New Delhi, Jaipur	Kolkata	Mumbai, Ahmedabad	Chennai, Hyderabad, Cochin, Bangalore

Source: Secondary Research, Industry Reports, Technopak Analysis  
\*Contribution to gold jewellery sales

*Illustrative Regional Jewellery Demand and Preferences (For Weddings)*

State	Large Sets	Small Necklace	Bangles, Earrings, and Chains	Gross Weight (In gm)
<b>Kerala</b>	Kazuthulia, Kasu Mala, Lakshmi Mala, Mulla Motu	Kingini Mala, Manga Mala	Kolkata Bangle, Machine cut Bangle, Thoda Bangles, Jhimki, Kurumulaka Mala, Patthakam	350
<b>Tamil Nadu</b>	Lakshmi Haram, Muthu Haram	Vella Kal Mookhuthi	Muthu Valayal, Lakshmi Valayal, Kemu Valayal, Kempu Kal Jhimkki, Mangal Sutra	300
<b>Karnataka</b>	Akki Sara, Malliga Sara		Lakshmi Bale, Coorgi Bale, Kembina Bale, Jhimki, Mangal Sutra, Mohan Sara	280
<b>Andhra Pradesh</b>	Nakshi Haram	Kandabaranam	Kangan, Gajalu, Buttalu, Sutaru Golusu	300
<b>Rajasthan</b>	Rani Haar	Thewa	Bangdi, Kada, Rajputi Bangdi, Kundan Butti	190
<b>Gujarat</b>		Chandan Haar	Bangdi, Kundan Bangdi, Kundan Butti, Mangal Sutra	180
<b>Maharashtra</b>	Chapla Haar, Laxmi Haar	Tushi	Tode, Patli, Jhumke, Mangal Sutra	250
<b>West Bengal</b>	Sita Haar	Gola Chik	Plai Bala, Mugh Bala, Chitra Bala, Jhumka	210
<b>Uttar Pradesh</b>	Choker	Choker	Kundan Kangan, Kaan Matti and Mangal Sutra	200

Source: Secondary Sources, Technopak Analysis

Demand heterogeneity is also influenced by seasonality in jewellery purchases witnessed across regions in India. Jewellery demand peaks during the run up to marriage months such as May-June, September-November and January. Agriculture output and monsoon influences gold demand in Tier II and Tier III towns. Rural households invest their proceeds from harvests in gold jewellery during the months of November and December. Demand for gold and silver jewellery goes up during auspicious religious events like Diwali/Dhanteras in October and November and Akshaya Trithiya in April and May.

#### Seasonality in Gold Buying

	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec
Gold Buying												
Festivals												
Marriages												
Harvests												

Such pronounced regional preferences also act as a strong barrier for organized retail to scale up from a regional to a national presence, because it demands a nuanced understanding of varying consumer preferences in local markets, an ability to market effectively to a differing audience, localized sourcing and product strategy, and significant working capital. It is a challenge for organized players to operate at a meaningful scale in each micro market and have reasonably large procurement volume that entice the best of the artisans in each market to work with them. For this reason, only a few local players have managed to become regional players and fewer yet have managed to expand nationally.

#### Transition of jewellery retailing towards organized retail will continue

##### Evolution of Jewellery retail in India

Till 1994	1994-2000	2001-2007	2008-2016	2016 – Present
<b>Dominance of Family Jewellers</b>	<b>Initiation of Organized Retail</b>	<b>Growth of Organized Retail</b>	<b>Emergence of Industry Leaders</b>	<b>Supply side reforms aided the growth of Organized Retail</b>
1. Family Jewellers served captive customers. 2. Offerings	1. Reference creation for organized retail with the launch of Tanishq by Titan.	1. Brand building efforts by organized retail on planks of trust and transparency	1. Tanishq and Kalyan emerge as leading players with stores across all	1. Demonetization 2. Introduction of GST 3. Compulsory hallmarking of gold

<b>Till 1994</b>	<b>1994-2000</b>	<b>2001-2007</b>	<b>2008-2016</b>	<b>2016 – Present</b>
<b>Dominance of Family Jewellers</b>	<b>Initiation of Organized Retail</b>	<b>Growth of Organized Retail</b>	<b>Emergence of Industry Leaders</b>	<b>Supply side reforms aided the growth of Organized Retail</b>
restricted to standard local designs. 3. High transaction cost marred by opaque pricing and inaccurate purity.	2. Local players foray into regional expansion.	karatometer and Jewellery exchange schemes introduced certificate of authenticity and buy-back schemes. 2. Micro-segmentation of the market and launch of sub-brands. 3. Growth of franchise model.	regions of country. 2. Focus on rural and semi-urban demand. 3. Initiation of E-commerce for jewellery retail.	jewellery. 4. Mandatory PAN Card for transactions above ₹200,000.
<b>Share of Organized Jewellery Retailing in various phases of growth</b>				
0%	<b>0% -&gt; 2%</b>	<b>~2% -&gt; 6%</b>	<b>7% -&gt;27%</b>	<b>~30%</b>

Source: Secondary Research, Technopak Analysis

### ***Accelerated Growth of Organized Jewellery Retail***

#### *Demand Side factors*

- **Urbanization and migration:** Rapid urbanization given economic opportunities have led to the formation of new households and new arrivals in metros, cities and towns. Migrating consumers' association with their family jewellers is hence disrupted and they rely on trusted brands that can offer transparency, purity and designs.
- **India's Demographics:** India has more than 65% of its population under 35 years of age and more than 229 million women aged 20 years to 49 years. Though gold based wedding and daily jewellery continue to remain the main component of their demand these consumers are influenced by global trends and seek studded jewellery, better designs and triggers for purchases that average out throughout the year (for instance gifting). They are better aware and look for the assurance of quality, authenticity and purity of jewellery during their jewellery purchase process. These shifting consumer trends offer natural advantages to organized players who can cater to these needs.
- **Price transparency and product quality:** Indian jewellery consumers are becoming increasingly brand conscious and developing greater sophistication in their jewellery preferences. They are exposed to a variety of global and national brands for luxury products. They expect similar transparency and product quality for their jewellery. They wish to understand the price methodology followed (cost of materials such as gold, silver and precious stones, making charges etc.) and be assured of quality of the final product, which can be aptly handled by organised retailers only. Players like Tanishq and Kalyan were among the pioneers in the Indian jewellery market in adhering to the highest quality standards for jewellery and introducing price transparency into their products.
- **Service Expectations:** Jewellery represents an asset with lifetime ownership and tacitly acts as an investment asset. Therefore, consumers now expect jewellery purchases to be amply supported by after-sales service like product buyback at fair market price, transparency in billing and product customization, among others. Such demands necessitate services to accompany product retailing and organized players are better placed to bundle them to address this need. Also, organized jewellers offer readymade products which eliminated wait time for customers.
- **Impact of promotional campaigns and sustained brand building effort:** Organized jewellery retailing has been on a sustained brand building trajectory since 2000. Jewellery retailers now adopt a multi-pronged marketing approach that leverages social media, print, television, PR and radio. Organized retailers have successfully used this approach to educate customers about purity, transparency and trust to build their brand and that has helped them to capture the growing incremental demand.
- **Retailing experience:** Organized jewellery retailing today signifies ready-made ornaments, wide product range that offers designs and selection, and a superior showroom experience that augers well

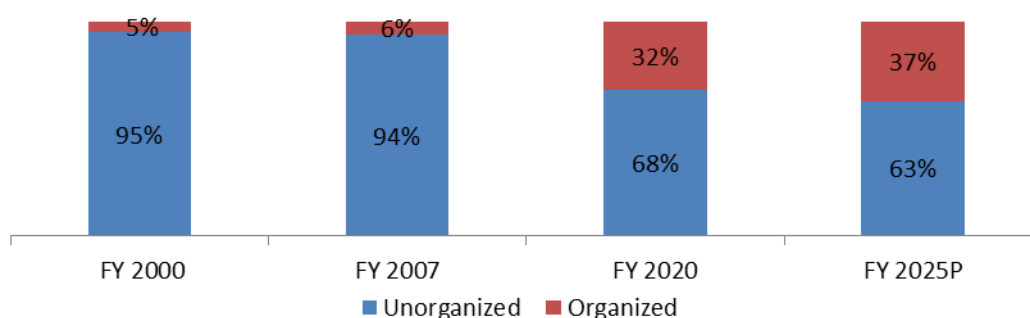
with the changing expectation of the consumers. Its ability to offer a better retailing experience has therefore shifted jewellery consumption demand in its favour.

- **Response to COVID-19:** Given greater awareness of safety and security, consumers’ desire for a safer shopping experience with more space, hygienic conditions, well trained store personnel and robust systems/processes that ensure a safe retail experience will also benefit organized jewellers. Consumers will continue to avoid going to crowded areas where many unorganized players typically have their outlets.

*Supply side factors*

- **Demonetisation:** This led to the adoption of plastic/digital money in the jewellery sector. The adoption of cashless transactions has brought in further transparency into the sector. Demonetization helped organized players to further penetrate the wedding market and the high-value jewellery segment by capturing market share from unorganized players whose business was predominantly based on cash.
- **Goods and Services tax:** The Goods and Services Tax (“GST”) with effect from July 1, 2017 brought in greater transparency in the jewellery market by enforcing tax compliance. It favours organized players that can manage prescribed processes
- **Compulsory hallmarking of Gold Jewellery:** Under-caratage has been a long-standing challenge for jewellery retailing in India and had provided an unfair advantage to many unorganized jewellery retailers who were not required to disclosure purity standards. Compulsory hallmarking which will take effect from 2021 puts additional cost and process requirements on unorganized players and aims to address this issue. It will lead to a further shift of business from the unorganized to the organized jewellery segment.
- **Mandatory permanent account number (“PAN”) Card on transactions above ₹200,000 with effect from January 1, 2016 for jewellery purchase:** As per government estimates, jewellery was a major destination for undisclosed income (black money) in India. The PAN card requirement makes it compulsory to establish the identity of the buyer which makes it difficult for unorganized retailers to operate.
- **Immunity to COVID-19:** The future impact of the COVID-19 crisis would depend on how immune businesses are to the crisis. Companies that have a strong immune system (balance sheet strength, reliable promoters and a good product/service proposition) would continue to thrive, resulting in the further consolidation of the market with these stronger players and increase in market share for them. The resilience will also be reflected in the way these companies adapt to operating in the new normal. Only some of them will be able to position themselves as responsible businesses duly following the norms of social distancing, sanitization, and to invest in digital transformation as well as their service proposition.

*Organized and Unorganized Jewellery Market breakup*



Source: Secondary Research, Industry Reports, Technopak Analysis



## ***Distribution of Urban / Rural Consumption***

Urban India accounts for only 40% of gold jewellery demand and the rest is contributed by rural India. Gold ownership is higher in rural India and it rises with income levels.

The government's intervention in reviving the rural economy through investments, agri-reforms, increasing MNREGA allocation, provision of essential supplies and restoring opportunities for workers will improve conditions in villages going forward and as that happens, jewellery demand will benefit both because of its cultural significance and safety element as a store of value.

The share of organized retailing in rural jewellery retail continues to be low. This is owing to the fact that rural demand is dispersed which increases the cost of retailing for organized retailers. Hence, organized retailers have adopted a two-pronged approach. The first is to increase their presence beyond Tier I cities into Tier II and Tier III towns to capture rural demand from the vicinity of these towns and therefore, organized retailers with a better mix of stores in favour of non-tier I towns are advantaged in capturing this demand. Second, few organized retailers have also been refining their retailing models to directly tap into the rural demand. Tanishq launched GoldPlus in 2005 and created a presence in rural and semi-urban focused retail play in 30 towns across 5 states. In January 2017, GoldPlus was subsumed under the Tanishq brand to consolidate Tanishq's offering under a single brand to cater to both rural and urban demand. Kalyan Jewellers with its 761 "My Kalyan" stores channelizes demand partially from the rural hinterland and drives customers to the nearest Kalyan Jewellers showroom as well as directly enrolls customers into the company's gold savings schemes.

## ***Strong Influence of Gold in Indian Jewellery will continue with emerging sub-segments***

India is the second largest gold market in the world. In 2018, gold demand in India stood at 760 tonnes and 70% of this demand was utilized for jewellery. The diamond jewellery market of India accounted for approximately 13% of the total Indian jewellery market in 2018. Due to the COVID-19 crisis, consumption priorities have changed and have been skewed in favour of need based products and services. Pure gold jewellery is seen to have an intrinsic value and therefore is likely to get less impacted. Also, the wedding-related jewellery segment will remain steady as weddings will continue to take place. However, the sale of studded jewellery, daily wear and occasion wear jewellery may get deferred as other product categories which complement the new style of living, working, socialising and travelling could take priority in the near-term.

## ***Emerging Sub-Segments***

The Indian jewellery market is strongly skewed towards fine jewellery that is signified by an ornamental look, embellishments, and higher weight, among others. This is a direct outcome of the fact that 90% of the jewellery sold in India caters to wedding-related wear and daily wear and only 10% was meant for fashion wear (that signifies light weight). In a market like the United States, such a market composition is usually found to be opposite.

However, these sub-segments within jewellery such as light weight gold, silver and studded jewellery have been registering a consistent growth over the last 10 years and now contribute almost 10% to the total fine jewellery segment. While jewellery in India has had a strong association with social occasions and traditions, the growth of this segment signifies a gap that existed in the space of contemporary design sensibility and affordable price points. Through this segment, businesses are targeting younger women with a modern outlook, often residing in urban centres. Businesses have started to address this demand by spinning new lines of products either as separate brands or collections. Tanishq launched its first sub-brand Mia for women with modern sensibilities in 2011 and now has 30 stores in 26 cities. Mia by Tanishq mostly sells 14k, 18k gold variants and recently it has launched a line of silver jewellery as well. Players such as Fabindia and Amrapali are important players in the silver jewellery segment. Platforms like Caratlane and Bluestone are also catering to the same segment.

*Jewellery demand breakup by usage*

<b>Jewellery Type</b>	<b>Market Share (2016-17)</b>	<b>Caratage</b>	<b>Size</b>
<b>Wedding-related wear</b>	60%	22k, 18k	30gms to 350gms
<b>Daily wear</b>	30%	22k, 18k	5gms to 30gms
<b>Fashion wear</b>	10%	18k, 14k	5gms to 20gms

Source: Secondary Research, Industry reports, Technopak Analysis

### ***Role of E-commerce growing in complementing Jewellery Retail in brick form***

E-tail in India has witnessed a rapid growth trajectory and is expected to reach approximately 8% (US\$86 billion) of total retail by 2025 from ~4% in Fiscal 2020 (US\$36 billion). In Fiscal 2012, the e-tail pie was only US\$0.6 billion with key categories of Electronics, Books, Stationery, and Music catering to nearly 50% of the pie.

Categories	Fiscal 2017			Fiscal 2020			Fiscal 2025P		
	Retail Size	E-tail Size	E-tail Penetration	Retail Size	E-tail Size	E-tail Penetration	Retail Size	E-tail Size	E-tail Penetration
	US\$ billion	US\$ billion		US\$ Billion	US\$ billion		US\$ billion	US\$ billion	
Electronics	39	7.4	19.0%	54	14.0	25.9%	72	20.0	27.8%
Apparel & Accessories	60	3.7	6.2%	69	9.5	13.8%	90	16.0	17.8%
Home & Living	28	0.7	2.5%	36	3.0	8.3%	47	5.0	10.6%
<b>Jewellery</b>	<b>50</b>	<b>0.1</b>	<b>0.3%</b>	<b>64</b>	<b>1.3</b>	<b>2.0%</b>	<b>91</b>	<b>4.0</b>	<b>4.4%</b>
Food & Grocery	440	0.4	0.1%	560	2.8	0.5%	753	28.0	3.7%
Pharmacy & Wellness	19	0.8	4.0%	25	1.5	6.0%	35	6.0	17.1%
Footwear	8	0.5	6.0%	10	1.6	16.0%	12	3.0	25.0%
Others	15	0.7	4.8%	27	2.2	8.1%	31	4.0	12.9%
Overall Market	<b>659</b>	<b>14.3</b>	<b>2.2%</b>	<b>845</b>	<b>36</b>	<b>4.3%</b>	<b>1131</b>	<b>86</b>	<b>7.6%</b>

Source: Secondary research, Industry reports, Technopak Analysis; US\$1 = ₹ 70

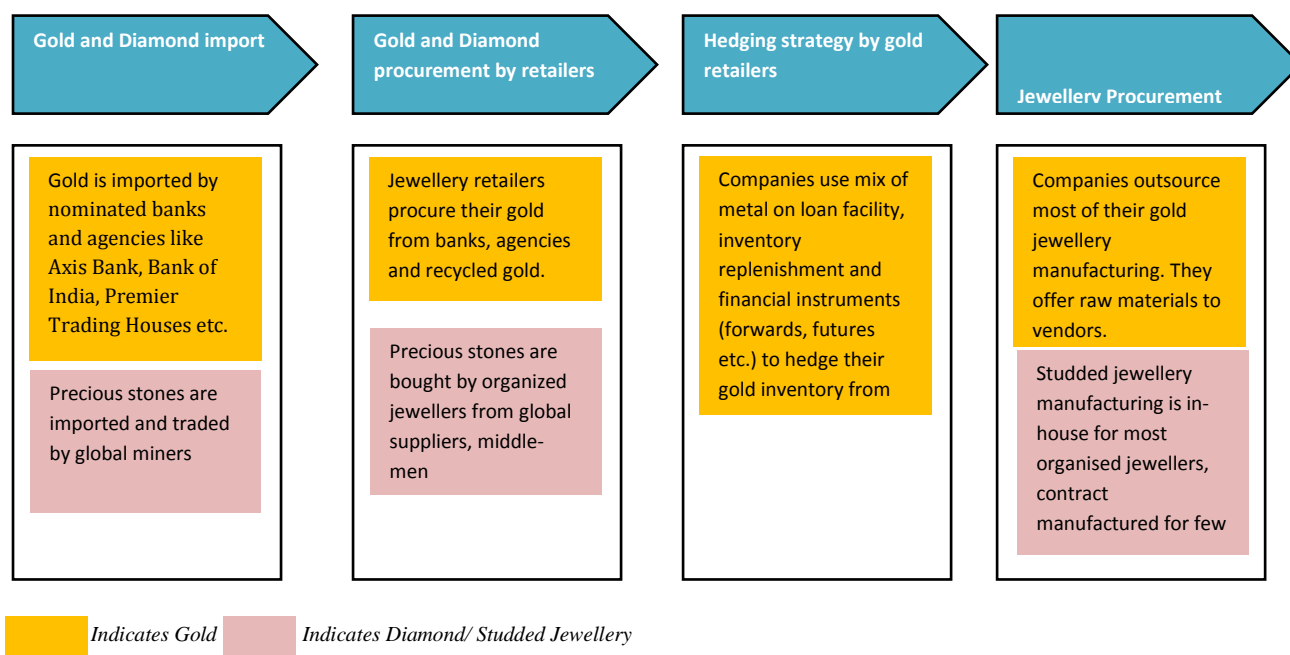
The Indian online jewellery market is estimated to be approximately US\$1.3 billion with a penetration of less than 2% in the US\$ 64 billion overall jewellery market in Fiscal 2020.

### ***The Way Forward for E-Commerce in Jewellery Retailing***

The current growth of online jewellery retailing is driven by the affordable range of low carat gold, studded and silver jewellery that caters to urban demand in Metro cities and Tier I towns. While the daily wear segment may also merge with this demand and open up for e-commerce especially in the urban centres, the wedding-related segment will remain challenged for this channel given the higher ticket value and low incidence of purchase. Mirroring the global pattern, online penetration of organised jewellery retail is likely to increase over time. Most leading national players understand the growing importance of this trend and therefore have started to invest in digital marketing and online sales.

### ***Procurement Value Chain for Organized Jewellers***

### Procurement Value Chain for Organized Jewellers in India



Source: Secondary Research, Technopak Analysis, Primary Research

### Unique advantages of gold retailing

Gold has special place in Indian culture. It is used for traditional purposes like marriage, religious rituals and gifting. In India gold jewellery has an aspirational value. It serves a dual purpose of ornamentation and investment. Selling gold in form of jewellery, bar and coins does not require a push like other lifestyle retail categories such as footwear and apparel. There is no inventory obsolescence risk in jewellery retailing as products can be recycled to make new ones. Jewellery being a high-ticket item, means the relative cost as the percentage of revenue on rent, employees and promotions with respect to footwear and apparel is low. The majority of the cost of setting up jewellery store goes into inventory.

Illustrative Data for a Branded EBO (Exclusive Branded Outlets)

	Jewellery Retailing	Apparel Retailing	Footwear retailing
Typical order Value (₹)	5,000-100,000	5,000	2,000-3,000
Typical store Area (sq ft)	3,500-5,000	1,000-1,500	1,500
Typical store Revenue per month (₹)	4 crore to 6 crore	20-30 Lacs	20-25 lacs
Relative Inventory Cost (₹)	30 crore to 40 crore	~1 crore	<1 crore
Inventory Turns	2 to 5 times	5 to 6 times	3 to 4 times
Promotional expense as % of store revenue	1% to 3%	7% to 10%	5%
Employee Cost as % of store revenue	1% to 2%	8% to 12%	8% to 10%

Sources: Secondary research, Primary Interviews, Technopak Analysis  
1 crore = 10,000,000 and 1 lac = 100,000

### Competitive Landscape

**Tanishq (Titan Company Limited)** is the leader in the Indian Jewellery market with 3.9% share of the overall jewellery market and 12.5% share of the organized jewellery market, based on Fiscal 2019.

For the same period, **Kalyan Jewellers**, also one of the largest jewellery companies in India based on revenues, had 1.8% share of the overall jewellery market and 5.9% share of the organized jewellery market.

Kalyan Jewellers is one of the largest jewellery retailers in India based on revenue as of March 31, 2020

### ***Retailers in the Indian jewellery Market***

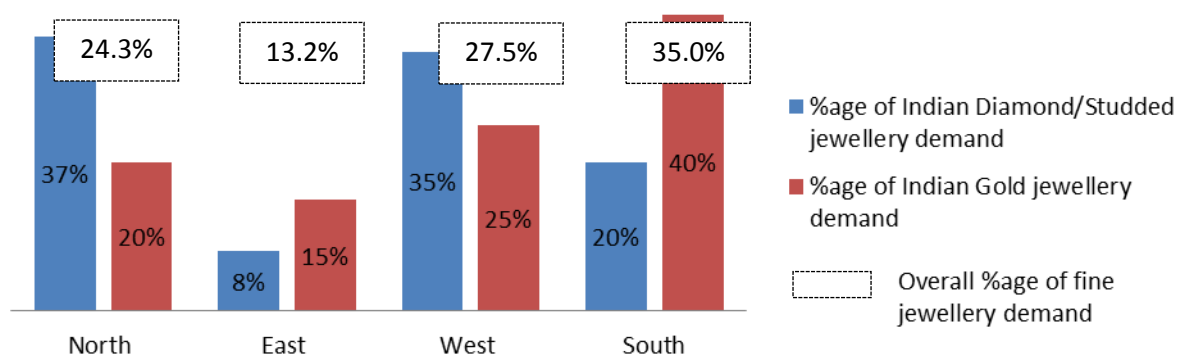
Leading organized jewellery retailers have had a diversified growth trajectory till date. Players like Tanishq (Titan) and Kalyan have expanded well beyond their geographies of origin to open a large number of stores across multiple different towns and regions unlike many other organized jewellers that have remained largely focused on certain cities, states and regions. Store format, price positioning and product offerings also differ for players.

There are players that are focused on one region, such as Thangamayil, and Khazana in South India, PC Chandra in East India and PN Gadgil in West India, among others. Few multi-regional players such as TBZ, Malabar, Joyalukkas, PC Jeweller and Senco Gold are largely focused in certain regions but have expanded and opened stores in other regions, although to a certain and limited degree.

Furthermore, only a handful, such as Titan and Kalyan have established true pan-India businesses with a diversified footprint across the country.

Approximately 40% of India’s fine jewellery demand originates from five southern states, followed by approximately 25% of the demand from the western states, 20% from northern states and approximately 15% from eastern states. To categorize types of organized jewellery retailers, it is therefore imperative not only to profile them on their stores counts across regions but to map the adequacy of their retail presence in line with the demand distribution of jewellery purchase across the country.

*Breakup of fine Jewellery Demand by Region*



Source: WGC, Secondary Research, Technopak Analysis

**Organised Players** – there are four types of organized jewellery retail chains that have emerged in India:

- Entities with corporate lineage that have managed to create a national footprint of jewellery retail stores across different regions of India. These players started with focus on metros and Tier I cities and gradually increased their presence in Tier II and Tier III cities with a mid to premium price positioning. Products offer uniform design across regions and focused on daily and fashion wear. This uniformity provides them economies of scale in procurement. However, the trade-off of this positioning is their limitation in being able to cater to regional tastes and preferences, low share of wedding-related jewellery business (which is nearly 60% of the market demand) and limited reach in semi-urban towns and rural areas. For these reasons, their focus going forward is to increase the share of business from the wedding-related market and to create market reach in semi-urban and rural pockets. **Tanishq by Titan is the key such player in this space.**
- The second category is retail chains founded by entrepreneurs operating in regional markets which have been able to over time establish pan-India businesses. They have gone down the journey of institutionalizing their companies, professionalizing their management teams and have successfully scaled across multiple different regions within India despite starting as local jewellers. Their approach

has been to customize their product offering in each of the micro markets in which they operate. They have a mass to mid-price positioning and a wedding-related and daily wear product skew. This helps them to respond to regional tastes and be present in the wedding-related / daily wear space (that contributes 90% of India's jewellery demand). They are catering to jewellery demands of multiple regions across India. **Kalyan Jewellers is the key player in this category.**

- The third category consists of local jewellers that have widened their retail footprints largely across a specific region and whose growth is largely attributed to their focus on catering to jewellery preferences and / or price segment in a specific region. Some of these retail chains do face the challenge of growing beyond their core region to de-risk their regional dependence and for this reason, few leading regional chains have successfully initiated an expansion into other regions.
- The fourth category consists of players that have ventured into gold jewellery through online retail. These are companies that typically target high disposable income groups as their key customers. They largely focus on designer jewellery and studded jewellery which have higher margins. These brands established their brand value by online retail and now have opened retail/experience stores in Metros and Tier I cities. Players like Caratlane and Bluestone are the major players in the space. These players are on high growth trajectory and will capture a significant online share in the designer and studded jewellery segment in next three to five years. However, many of these companies are still loss making due to lower sales compared to organised retail chains and have high expenses.

**Local Players:** there are two types of 'local players'. First are destination stores of family jewellers that cater to the demand of a city or a town. They have a strong bridal wear focus and cater to a captive customer base from within the city and from neighbouring suburbs and towns. They have an assortment of products across gold and silver jewellery but the design sensibilities are restricted to local demand. On many counts of store appeal, customer experience and after-sales support they may mirror leading regional players and only differ on their physical store presence limited to the city. Second, are neighbourhood stores that cater to a restricted cluster within a city or a town. These jewellers cater to the demand for daily wear and undertake higher share of customization orders but offer limited range. Though their focus is on gold jewellery many also have a high share of silver jewellery

*Comparison of Retail Chains, Local and E-commerce Players*

	Retail Chains			Local Jewellers		E-commerce
	1	2	3	Destination Stores	Neighbourhood Jewellers	Online led Jewellery stores
<b>Example</b>	Tanishq	Kalyan	Malabar	Mehrasons	Various	Bluestone
<b>Significant Focus</b>	Pan-India	Pan-India	Regional	Regional/Local	Local	N/A
<b>Product Design Ethos</b>	Uniform, Fashion, Contemporary	Uniquely localised	Regional	Local / Regional	Local designs	Uniform
<b>Price Positioning</b>	Mid to Premium	Mass to Premium	Mass to mid	Mass to Premium	Mass	Mid-price
<b>Current Product Focus</b>	Daily and fashion wear	Wedding-related & Daily	Wedding-related and daily	Wedding-related and daily	Daily wear	Fashion wear

*Source: Secondary Research, Annual Reports, Technopak Analysis*

## Key Trends Impacting the Jewellery Market in India

### *Goods and Services Tax (GST)*

Since its launch on July 1, 2017, GST has replaced a number of indirect taxes and duties levied by the Central and State governments with three types of GST, that is, central GST (“CGST”), state GST (“SGST”) and inter-state GST (“IGST”). It has created a uniform national market. Prior to GST, taxes on gold included customs duty (10%), Excise duty (1%) and value-added tax (1.2% in most states). Today, taxes on gold include customs duty (12.5%) and GST (3%).

### ***Demonetization***

On November 8, 2016, the Government of India announced Demonetization of ₹500 and ₹1,000 currency notes that accounted for approximately 86% of total currency in circulation. This step was taken to curtail the shadow economy and use of counterfeit cash to fund illegal activities. This measure had temporarily led to a cash shortage in economy and has boosted digital transactions and the cashless economy. Demonetization helped organized players to penetrate the wedding market and the high-value jewellery segment by capturing market share of unorganized players, who operated mainly in cash thereby creating a level playing field. It also led to the adoption of plastic/digital money in jewellery sector. The adoption of cashless transactions has brought in transparency and efficiency in the sector. It incentivised unorganized players to adopt digital payments which improved regulatory compliances by unorganized retailers. This levels the playing field and to some extent favours organised retailers as they were already bearing the cost of regulatory compliance.

### ***KYC Compliance***

The Indian government introduced a requirement for a PAN card to purchase jewellery worth ₹200,000 and above (earlier, the threshold was ₹500,000 and above) from January 1, 2016 onwards. This requirement removes the advantage of unorganized retailers who have a predominantly cash-based business model for which transactions are largely untraceable from a compliance perspective. In addition, organized retailers are better equipped to handle the processes associated with the PAN card requirement.

### ***Hallmarking***

Gold serves a dual purpose of investment and ornament and is prone to contamination. Historically, there has been 10% to 15% of gold leakage due to over-valued or under-carated purchase in India which negatively impacts Indian gold buyers. Less than half (approximately 40%) of the gold jewellery sold in India is currently hallmarked. To overcome these challenges, hallmarking of gold jewellery and artefacts with purity of 22 CT, 18 CT and 14 CT will be made mandatory across the country from 2021. The Ministry of Consumer Affairs, Food and Public Distribution issued a notification in early 2020 stating that a year's time will be given to jewellers and retailers to register themselves with the Bureau of Indian Standards (“BIS”) and clear their old stock. It will catalyze penetration of organized retail as unorganized players will lose their advantage of adulteration propelled profits. However, type of gold jewellery demand in India depends on the region and occasion of purchase. The regulatory framework is evolving to ensure customers get fair value for their money.

### ***Foreign direct investment norms***

The Government of India allows 100% foreign direct investment in the jewellery sector under the automatic route.

### **Challenges for the Jewellery market in India**

- Gold imports in India attract a custom duty of 12.5%. This increases the cost of gold jewellery in India. Jewellery demand by frequent travellers has also shifted to other countries due to significant price advantage.
- The growth of small/family jewellers is limited due to paucity of funds from formal lending sector. Historically, they have been running their business in cash, which makes credit evaluation difficult for formal lending institutions.
- Gold jewellery manufacturing suffers from poor infrastructure and informality. It is currently dominated by small manufacturers that do not have access to transport, vaulting and credit facilities. This makes the sector prone to a higher cost of business.

- Jewellery industry depends on import for key raw materials. A majority of diamond and gold is imported from few foreign suppliers that have control over the raw material supply and can dictate the terms. Also, demand of gold and diamond jewellery is subjected to uncertainty with their prices governed by national and international events such as rate hike by United States Federal Reserve and demand from key markets, among others.
- Formal lending by banks to the Indian gems and jewellery segment has reduced after 2017. Increasing non-performing assets across the sector coinciding with certain cases of fraud have led the bank to increase collateral and disclosure requirements

### **Overview of the Middle East Market**

The expansion by Indian jewellery retailers outside of India is primarily to meet the demands of Indian diaspora abroad who have similar product preferences as Indian customers. Therefore, the sale by Indian jewellers of their jewellery in the international market is largely viewed as an extension of their domestic businesses. Kalyan Jewellers was the third largest Indian jeweller with an international presence in Fiscal 2019.

The gulf cooperation council (“GCC”) region comprising Saudi Arabia, Kuwait, the United Arab Emirates, Qatar, Bahrain and Oman host approximately 8.5 million non-residential Indians (approximately 15% of the total population in this region). For the size of the Indian diaspora, over 90% of global stores of key Indian jewellery retailers (organized) are in the GCC region to cater to the jewellery needs of Indian diaspora in the region. Indian jewellers have established themselves quickly in the GCC region which has resulted in increase in market share of Indian jewellers in the GCC region.

## OUR BUSINESS

*Some of the information in the following section, especially information with respect to our plans and strategies, contain certain forward-looking statements that involve risks and uncertainties. You should read the section “Forward-Looking Statements” on page 23 for a discussion of the risks and uncertainties related to those statements and the section “Risk Factors” on page 25 for a discussion of certain risks 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 stated, or the context otherwise requires, the financial information used in this section is derived from our Restated Consolidated Financial Information included in this Draft Red Herring Prospectus on page 201.*

### Overview

We are one of the largest jewellery companies in India based on revenue as of March 31, 2020, according to the Technopak Report. We were established by our founder and one of our Promoters, Mr. T.S. Kalyanaraman, who has over 45 years of retail experience, of which over 25 years is in the jewellery industry. We started our jewellery business in 1993 with a single showroom in Thrissur, Kerala.

We have since expanded to become a pan-India jewellery company, with 107 showrooms located across 21 states and union territories in India, and also have an international presence with 30 showrooms located in the Middle East as of June 30, 2020. All of our showrooms are operated and managed by us. In Fiscal 2020, our revenue from operations was ₹101,009.18 million, of which 78.19% was from India and 21.81% was from the Middle East. Our total showrooms have increased from 77 as of March 31, 2015 to 137 showrooms as of June 30, 2020, and we intend to continue to open additional showrooms as we expect significant opportunity for further penetration in our existing markets as well as in new markets, primarily in India. We also sell jewellery through our online platform at [www.candere.com](http://www.candere.com).

We design, manufacture and sell a wide range of gold, studded and other jewellery products across various price points ranging from jewellery for special occasions, such as weddings, which is our highest-selling product category, to daily-wear jewellery. In Fiscal 2020, 74.77% of our revenue from operations was from the sale of gold jewellery, 23.36% was from the sale of studded jewellery (which includes diamonds and precious stones), and 1.87% was from the sale of other jewellery.

*Hyperlocal Jeweller:* One of our key competitive strengths is our ability to operate as a hyperlocal jewellery company. We endeavour to cater to our customers’ unique preferences, which often vary significantly by geography and micro market, through our local market expertise and region-specific marketing strategy and advertising campaigns. We engage local artisans to manufacture jewellery (based on our specifications) that is suited to local tastes in the markets in which we operate and hence endeavour to curate a localised product mix and store experience within each of our showrooms to suit our customers’ preferences in the immediate micro market. We believe that it is in large part due to some of these strategies, as well as our ability to operate as a hyperlocal jewellery company, that has enabled us to become one of only the few pan-India jewellery companies, according to the Technopak Report.

*Trusted Jewellery Brand:* We pride ourselves on being a trusted jeweller and have endeavoured to establish a strong brand that our customers associate with trust and transparency. According to the Technopak Report, we were one of the first jewellery companies in India to voluntarily have all of our jewellery BIS hallmarked as well as accompanied by a detailed pricing tag disaggregating the various components of price to aid transparency to consumers. These initiatives, along with our carefully crafted customer education and awareness campaigns around the lack of transparency historically prevalent in the Indian jewellery industry, have helped build the strength of our brand and enabled us to develop a loyal customer base. We were awarded the Superbrands title of being ‘India’s most preferred jewellery brand in Fiscal 2020’.

*“My Kalyan” Neighbourhood Centres:* Our grassroots “My Kalyan” customer outreach and service centre network is another key element of our hyperlocal strategy which enables us to be a neighbourhood jeweller and is focused on marketing and customer engagement across urban, semi-urban and rural areas in India. Our “My Kalyan” network consists of multiple service centres that are located in a wide radius around most of our showrooms. We employ dedicated “My Kalyan” personnel at these service centres who engage in door-to-door and other direct marketing efforts within their local communities to promote our brand, showcase our product catalogue, enroll customers in our purchase advance schemes, enrich our customer database and help drive



traffic to our showrooms nearest to that area. As of June 30, 2020, we had 761 “My Kalyan” locations and 2,338 dedicated “My Kalyan” employees. Since wedding-related jewellery is our highest-selling product category, “My Kalyan” employees build relationships with various players in the wedding ecosystem such as local marriage halls, astrologers, caterers, event managers, make-up artists and other wedding vendors to identify potential jewellery customers as leads who are likely to purchase our products given the imminence of special occasions within their extended families, in order to target them with tailored offerings and promotions. Through strategies such as these, we endeavour to connect and engage with over 10 million potential customers each year through our “My Kalyan” network. Our “My Kalyan” network contributed 17.02% of our revenue from operations in India and 30.88% of the enrolment to our purchase advance schemes in India in Fiscal 2020. We believe our “My Kalyan” network and strategy is a unique pillar of our business which significantly enhances our distribution footprint in a manner which is difficult for our peers to easily replicate and enables us to access India’s large pool of jewellery customers across urban, semi-urban and rural markets.

*Information Technology:* We have built robust information technology and operational management systems for our operations. These systems are specific to our business needs to ensure best-in-class standards of controls and operational efficiency. We particularly regard the implementation of our policies concerning inventory management and the mitigation of gold price fluctuations as critical to the success of our business. Additionally, we consider investments in technology to be a key enabler of our growth and have invested in building various technology platforms, particularly in our “My Kalyan” operations, to support our customer acquisition activities. We also plan to leverage the “near me searches” technology through which we are able to make our “My Kalyan” centres and showrooms discoverable across internet searches and allow our customers to contact a showroom or “My Kalyan” centre closest to them seamlessly.

*Promoters and Management:* We are led by a management team with extensive experience in the jewellery and retail industries and with a proven track record of performance. Our Company was founded by our Chairman, Managing Director and Promoter, Mr. T.S. Kalyanaraman, who has over 45 years of retail experience, of which over 25 years is in the jewellery industry. We are led by our whole-time Directors and Promoters, Mr. T.K. Seetharam and Mr. T.K. Ramesh, who have been involved in our business since our Company’s inception and oversee the development of our business strategy. We have built an experienced team of senior management professionals, led by our Chief Executive Officer, Mr. Sanjay Raghuraman who joined our Company in 2012 when we were only present in South India and has been a key figure in our geographical expansion and evolution into a pan-India business. Mr. Raghuraman is supported by a strong and experienced team of cross-functional professionals across senior and middle level management.

*Board of Directors and Shareholders:* We are supported by an experienced board of directors with diversified expertise which actively contributes to and participates in our strategy. Our Board consists of eminent personalities from varied fields such as banking and finance, retail, marketing and regulatory bodies and includes the former CEO of Shoppers Stop, former CEO of L&K Saatchi & Saatchi, the former Deputy Governor of the RBI, as well as former leaders of well-reputed banking institutions such as Catholic Syrian Bank, Indian Overseas Bank and State Bank of Travancore. Furthermore, our shareholders include Highdell, belonging to the Warburg Pincus group.

## **Impact of COVID-19**

### *March 2020 to May 2020*

An outbreak of 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 and in the Middle East, have taken preventive or protective actions such as imposing country-wide lockdowns, as well as restrictions on travel and business operations. Since May 2020 many of these measures have been lifted. Due to a government mandated lockdown in India, we had to temporarily close all of our showrooms, “My Kalyan” centres, manufacturing facilities, procurement centres and offices from mid-March to May 2020. Our operations in the Middle East were similarly impacted during this period, and given the slowdown in the general economy of the Middle East countries in which we have operations, we chose to permanently close seven of our showrooms. As of June 30, 2020 we operated 30 showrooms in the Middle East.

### *May 2020 onwards*

In May 2020, we resumed operations and in June 2020 we opened most of our showrooms. Our pan-India presence, strong supply chain network and the capabilities and depth of our management team enabled us to restart our operations quickly after the lockdowns eased. We were able to leverage our 13 procurement centres

across India to direct supplies from centres that were relatively unaffected by COVID-19. We also proactively engaged with our customers to reassure them about the strength of our brand and business, to demonstrate our commitment to restart our operations and to build confidence in the safety protocols deployed at our showrooms. As a result, we have since experienced a return of customer traffic to our showrooms and in July 2020 generated revenues in our open showrooms that were broadly in line with pre-COVID-19 levels. We believe the rapid recovery of our business is being driven by the following key factors:

- *Resilience of wedding-related jewellery, our highest-selling product category:* According to the Technopak Report, despite the lockdown, wedding-related jewellery demand has remained robust as weddings have largely continued to occur, either within homes or on a smaller scale. As jewellery remains an integral part of Indian weddings, this area of spending has remained resilient and has been further buffered by the other wedding-related cost-savings that have accrued from holding smaller scale celebrations due to the COVID-19 pandemic. Wedding-related jewelry is our highest selling product category.
- *Jewellery seen as a store of value and as an investment:* According to the Technopak Report, jewellery has a dual purpose of both consumption and investment, is seen as a store of value and a safe haven asset class, and is less likely to be impacted due to COVID-19 as compared with other product categories.
- *Preference for safety of organised retail shopping experience:* According to the Technopak Report, since the onset of the COVID-19 pandemic, for safety reasons consumers have been preferring organised/standalone showrooms rather than crowded areas where unorganised players typically have their outlets. Consumers have greater confidence in the safety protocols deployed at showrooms such as ours.

Furthermore, in the long-term, we expect the impact of the COVID-19 pandemic to further accelerate the shift of the jewellery market from unorganised players to organised chains such as us, given the conviction consumers are likely to have in the store experience and safety protocols businesses like ours can offer. We also expect the negative impact of the pandemic to be disproportionately higher for some of our competitors, particularly the smaller jewellers and those operating in the unorganised market. We expect this will provide us with a competitive advantage in the long-term and hence we intend to leverage the strength of our brand, our pan-India presence and our “My Kalyan” network to increase our sales and expand our presence in several markets.

#### *Cost control*

In order to reduce the impact of COVID-19 on our operations, we have proactively taken various steps to manage our expenses and liquidity, including reducing our marketing costs; seeking partial rent waivers and discounts under most of our lease agreements for our showrooms, “My Kalyan” centres and offices; temporarily reducing the cash compensation of senior executives; and reducing our administrative overhead expenses. As a result of prompt action by our management team, we did not layoff any of our employees or terminate our contractual arrangements with our suppliers and contract manufacturers during the lockdown period.

#### *Human resource, health and safety*

Throughout the COVID-19 lockdown, we prioritised and continue to prioritise the health and safety of our customers and employees. We proactively engaged with our customers to enquire about their well-being. Further, we ensured necessary safety measures were put in place at the accommodation facilities that we provide to our showroom staff and also kept them engaged, well-informed and motivated via online training sessions. We have further implemented strict procedures at all our showrooms and facilities, including staggered work shifts, safe distancing protocols, daily temperature screening and regular health checks. We have also taken steps and implemented policies to safeguard our communities from the threats posed by the COVID-19 pandemic. For more details, see “ – Corporate Social Responsibility”.

See “Risk Factor - The recent outbreak of the novel coronavirus disease could have a significant effect on our results of operations and could negatively impact our business, revenues, financial condition and results of operations” for potential risks of the COVID-19 outbreak on our operations and financial condition.

### **Our Strengths**

### ***Established brand built on the core values of trust and transparency***

The Indian jewellery industry has largely been unorganised and fragmented, comprising more than 500,000 local goldsmiths and jewellers, as per the Technopak Report. Indian jewellery customers have historically struggled with a lack of transparency embedded in the purchase process for jewellery, finding it difficult to verify gold purity and weight and to deconstruct the various components of jewellery prices, including differentiating between raw material costs and jeweller mark-ups or making charges.

We have endeavoured to establish a strong brand in the Indian jewellery market that our customers associate with trust and transparency. According to the Technopak Report, we were among the pioneers in the Indian jewellery market in (a) educating consumers about the aforementioned industry issues; (b) instituting the highest quality standards for our jewellery, and (c) introducing complete price transparency with our products. Through the following initiatives, coupled with concurrent customer education and awareness campaigns, particularly through our “My Kalyan” network, we have helped strengthen our brand by building customer trust and promoting transparency.

- *BIS hallmarked jewellery:* While selling Bureau of Indian Standards, or BIS, hallmarked jewellery is expected to become mandatory in India in 2021, we have been selling only BIS hallmarked jewellery, which is independently verified for purity by government-approved agencies in accordance with BIS norms.
- *Detailed price tags disaggregating various components:* All of our jewellery items are accompanied by a detailed pricing tag disaggregating the various components such as metal weight, stone weight, stone price and making charges to aid transparency to consumers.
- *Karatmeters to verify purity:* Our showrooms offer karatmeters to allow customers to verify the purity of our gold jewellery as well as the jewellery they have previously purchased from other sources.
- *Transparency in gold exchange:* In Fiscal 2020, 27.13% of our revenue from operations involved customers exchanging or selling their previously purchased jewellery to us as payment for newly purchased jewellery. We have deployed a transparent process for valuing such exchange of customer gold, including verifying the exchanged gold purity in front of the customer to determine its fair value.
- *Product certification:* With each purchase of jewellery we provide our customers with a “four level product certification” which assures purity, offers lifetime product maintenance, identifies exchange and buy-back terms and provides a detailed product description.
- *Relevant Staff Training:* Our sales staff is trained to be forthright with customers and to develop trust with the aim of providing long-term customer satisfaction and winning repeat business rather than focusing on a one-time sale.

Our marketing strategy focuses on maintaining consistency in our brand messaging across all of our communication channels and markets in which we operate. Our training program for all of our showroom staff and “My Kalyan” personnel is designed to ensure customers receive a uniform experience of our brand that demonstrates a strong commitment to trust and transparency. Our reputation and brand image built on trust and transparency are critical to the success of our business and we continue to focus on operational and marketing efforts based on these principles.

### ***One of India’s largest jewellery companies with a pan-India presence***

We are one of the largest jewellery companies in India based on revenue as of March 31, 2020, according to the Technopak Report. We have a pan-India presence with 107 showrooms located across 21 states and union territories in India and also have 30 showrooms located in the Middle East, as of June 30, 2020. In Fiscal 2020, 78.19% of our revenue from operations was from India and 21.81% was from the Middle East.

While we started our operations in Kerala, over time we have been able to successfully expand to become a pan-India jewellery company. As of June 30, 2020, 72 of our 137 showrooms were located outside of South India (South India includes Kerala, Tamil Nadu, Andhra Pradesh, Telangana, Pondicherry and Karnataka). Our operations outside of South India contributed 57.69% of our gross profit and 47.81% of our revenue in Fiscal 2020. In addition, we have a relatively diversified presence across larger and smaller cities, semi-urban and rural regions. For Fiscal 2020, approximately 51.29% of our revenue in India was generated from sales outside of tier-I cities. Our total showrooms have increased from 77 as of March 31, 2015 to 137 as of June 30, 2020.

### ***Hyperlocal strategy enabling us to cater to a wide range of geographies and customer segments***

Jewellery consumption patterns in India are highly localised with customer preferences varying significantly by region, according to the Technopak Report. According to the same report, this industry characteristic has acted as a significant barrier for jewellery brands to scale up in India as it demands (a) a nuanced understanding of local customer needs, (b) region-specific procurement and inventory models, which require operating at sufficient scale to attract the best artisans, and (c) significant investments in localised and region-specific marketing campaigns to build awareness and trust with consumers. We strive to appeal to a broad base of customers via a multi-faceted hyperlocal strategy by deploying the following initiatives in our operations:

- *Localisation of our product portfolio:* We appeal to a wide audience by endeavouring to understand the local market preferences and trends in the geographies in which we operate and offering a range of jewellery products in our showrooms that are tailored to such tastes. Prior to entering a market, we conduct extensive research to understand local preferences as well as study the jewellery offerings of incumbent jewellers in the relevant market. We then engage third-party local artisans as contract manufacturers across the markets in which we operate to manufacture jewellery with localised designs in line with the preferences we identify based on our research. Within India, our 13 procurement centres across key jewellery manufacturing regions of the country enable us to access local artisans at competitive rates. We believe our local procurement expertise coupled with our ability to simultaneously showcase a wider variety of pan-India jewellery designs in comparison to our competitors in local markets provides us with a significant competitive advantage in the markets in which we operate.
- *Localisation in brand communication and marketing:* Our region-specific marketing efforts, including state and city-specific brand campaigns with differential, localised creative content and the use of various relevant brand ambassadors with national, regional and local appeal, is a core element of our brand positioning. We select regional and local creative agencies in the markets in which we operate to tailor the marketing and the medium of communication to suit local preferences.
- *Localisation of our showroom experience for customers:* Our localisation strategy is further supported by our policy of hiring personnel for each of our showrooms with local language and cultural knowledge, as well as our practice of designing our showrooms to reflect local tastes and sensibilities.
- *Localisation through our “My Kalyan” network:* We generally hire “My Kalyan” employees from the communities in which they serve, and with relevant language skills and local relationships. Through our strategy of catering to local preferences, we endeavour to compete with both unorganised and organised jewellers in markets in which we operate by establishing customer rapport on a local level.

Our localisation strategy, combined with our large scale of operations, allows us to cater to a wide range of customers across geographies, age groups, socio-economic status levels and genders as well as across urban, rural and semi-urban markets, all of which greatly widens our appeal and addressability to broad segments of jewellery consumers across India. We have used this strategy successfully to expand our operations across India in an industry with substantially differing customer preferences for jewellery across regions.

### ***Extensive grassroots “My Kalyan” network with strong distribution capabilities enabling deep customer outreach***

Our grassroots “My Kalyan” customer outreach network is a key element of our hyperlocal strategy enabling us to be a neighbourhood jeweller and is focused on marketing and customer engagement across urban, semi-urban and rural areas in India. According to the Technopak Report, a significant proportion of India’s gold jewellery demand originates from rural and semi-urban markets where the penetration of organised jewellery companies has historically been even lower than that of the overall Indian market. We believe that our network of “My Kalyan” centres provides us with a marketing tool to help address the latent demand that exists in some of these markets.

- *What is it:* Our “My Kalyan” customer outreach network consists of multiple smaller centres that serve as satellite locations situated in a wide radius around most of our showrooms. On average, we have approximately seven “My Kalyan” locations per showroom. As of June 30, 2020, we had 761 “My Kalyan” locations and 2,338 dedicated “My Kalyan” employees located across 21 states and union territories in India. We generally hire “My Kalyan” employees from the communities in which they serve, and with local

language skills and relationships. For further details, see “ – *Our Operations – Marketing and Promotion*” on page 141.

- **Objective:** Our “My Kalyan” locations employ dedicated “My Kalyan” personnel with local language and cultural knowledge who engage in door-to-door and other direct marketing efforts within their local communities to promote our brand, showcase our product catalogue, enroll customers in our purchase advance schemes, enrich our customer database and help drive traffic to our showrooms.
- **Strategies employed:** Since wedding-related jewellery is our highest selling product category, “My Kalyan” employees build relationships with various players in the wedding ecosystem such as marriage halls, astrologers, caterers, event managers, make-up artists and other wedding vendors to identify potential jewellery customers, who are likely to purchase our products given the imminence of special occasions within their extended families, in order to target them with tailored offerings and promotions.
- **Relevance to our business:** Through the aforementioned strategies, we endeavour to connect and engage with over 10 million potential customers each year. Our “My Kalyan” network has been a critical tool in boosting the sales productivity of our showrooms and increasing enrolment of our purchase advance schemes. Our “My Kalyan” network contributed 17.02% of our revenue from operations in India and 30.88% of the enrolment to our purchase advance schemes in India in Fiscal 2020. Through our “My Kalyan” network, we have been able to enter rural and semi-urban markets in India that often have limited exposure to organised jewellery companies, and hence are typically served by long-established local and unorganised jewellers. It is through unique marketing outreach efforts such as these that we have been able to gain customer trust with face-to-face interaction and hence significantly widen our customer base.

***Visionary Promoters with strong leadership and a demonstrated track record supported by a highly experienced and accomplished senior management team and board of directors***

We are led by a management team with extensive experience in the jewellery and retail industries with a proven track record of performance.

- **Strong promoter background with extensive experience in retail and jewellery:** Our Company was founded by our Chairman, Managing Director and Promoter, Mr. T.S. Kalyanaraman, who has over 45 years of retail experience, of which over 25 years is in the jewellery industry. We are led by our whole-time Directors and Promoters, Mr. T.K. Seetharam and Mr. T.K. Ramesh, who have been involved in our business since our Company’s inception and oversee the development of our business strategy.
- **Professionally managed:** We have built an experienced team of senior management professionals, led by our Chief Executive Officer, Mr. Sanjay Raghuraman who joined our Company in 2012 when we were only present in South India. He has been a key figure in our geographical expansion and evolution into a pan-India business. Mr. Raghuraman is supported by a strong and experienced team of cross-functional professionals across senior and mid-level management.

We are further supported by an experienced board of directors with diversified expertise which actively contributes to and participates in our strategy. Our Board consists of eminent personalities from varied fields such as banking and finance, retail, marketing and regulatory bodies and includes the former CEO of Shoppers Stop, former CEO of L&K Saatchi & Saatchi, the former Deputy Governor of the RBI, as well as former leaders of well-reputed banking institutions such as Catholic Syrian Bank, Indian Overseas Bank and State Bank of Travancore. Furthermore, our shareholders include Highdell, belonging to the Warburg Pincus group.

***Wide range of product offerings targeted at a diverse set of customers***

Our products span jewellery for special occasions, such as weddings, to daily-wear jewellery, and our product portfolio also caters to a wide range of price points. We have launched numerous sub-brands that address specific customer niches such as:

- Ornate wedding jewellery, which we sell through our “Muhurat” brand to our wedding customers;
- High-volume, mass market jewellery, which we sell through our “Aishwaryam” brand to our value conscious customers;

- Antique and heritage gold jewellery, studded with precious stones jewellery, polki and uncut diamond jewellery that we sell through our “Mudhra”, “Sankalp”, “Nimah” and “Anokhi” brands to our mid-to-high end customers; and
- Technology savvy customers, to whom we cater through our online platform. Recognizing early the powerful potential of engaging customers online in an increasingly digitally connected world, we invested and acquired a majority stake in Enovate Lifestyles Private Limited and its online platform, [www.candere.com](http://www.candere.com). Through this platform, our customers can purchase a wide variety of jewellery under the Candere and Kalyan brands, as well as enroll in our purchase advance schemes.

A description of some of our jewellery sub-brands and their target geographies and themes is set forth below:



Product Description	Antique (non-yellow gold finish)	Polki collection	Precious studded jewellery	Uncut diamond-studded	Gold-studded with semi-precious stones	Gold, Uncut diamonds, precious stones and diamonds	Diamond jewellery	Diamond jewellery	Diamond jewellery	Diamond jewellery	Diamond jewellery	Diamond jewellery
Theme	Occasion wear	Occasion wear	Occasion wear	Occasion wear	South Indian Heritage jewellery	Bridal Wear	Casual / Semi-formal / Occasion	Illusion setting collection	Light wear cluster-setting collection	Generic / Affordable / Daily-wear	Fancy shape/rose gold	Light Weight, Prong Setting

**Robust and effective internal control processes to support a growing organisation and showroom network with a pan-India presence**

We have established a robust set of operational and control processes to manage our business operations and to support our future growth at both the showroom and corporate level. Given the high value nature of our jewellery, our inventory management and internal audit procedures are critical to the success of our business. We closely track our inventory starting from the initial procurement of raw materials to its ultimate sale in our showrooms, including by barcoding each piece of finished goods inventory and conducting daily counts at our showrooms. These measures are coupled with an integrated enterprise resource planning, or ERP, system. Our ERP system is designed to permit our management to manage all aspects of our operations, including procurement of raw materials and semi-finished products, inventory management, sales and finance from a centralised platform. Our systems allow our local and regional management to analyse inventory status and product sales across all our showrooms and report performance in real time, which can then be reviewed by our senior management team, allowing them to provide necessary course corrections and strategic guidance. Our inventory management system facilitates efficient operations, for example, by identifying slower-moving jewellery items, which can then be reallocated to showrooms with greater sales potential for those particular products. Further, these tools are especially useful during peak seasons, such as Diwali or Akshay Tritiya. These systems enable management to respond more effectively to changing seasonal consumption patterns to replenish or reallocate inventory based on customer demand, which is particularly relevant for us given the pan-India nature of our operations. For further details, see “ – Our Operations – Inventory Management and Security” on page 143.

Further, it is our belief that the profits generated by the company should be primarily derived from the value-addition the company creates, which reflects the strength of the Kalyan brand, and not from changes in the price of gold. Consequently, we generally employ various techniques to hedge our gold inventory to protect us from price fluctuations, including the use of gold metal loans, forward contracts and options. For further details, see “ – Our Operations – Products – Product Design and Development” on page 136.

## **Our Strategies**

### ***Leverage our scalable business model to expand our showroom network and diversify our channels of distribution***

According to the Technopak Report, the Indian jewellery industry is expected to continue to witness a shift in demand in favour of organised jewellery companies, which are likely to continue to gain market share from the unorganised market. We believe that our strong brand, scalable business model, effective operational processes and proven track record of profitable expansion, all positions us well to capitalise on this market opportunity, and accordingly we intend to further expand our network of showrooms.

Between April 1, 2015 and June 30, 2020, we opened 60 net new showrooms at an average rate of approximately 12 showroom openings per year across multiple regions, which has provided us with significant experience in expanding our showroom network, including in new markets. We evaluate all of our new showroom locations by conducting extensive market research designed to understand a market's demographics, spending capacity and economic conditions. Further, we also study the incumbent jewellers in a given region to understand their product offerings as well as local jewellery preferences, enabling us to curate a merchandise offering at our showrooms that is both tailored to local preferences as well as to offer a wider range of jewellery products to which we have access given our pan-India network, which our competitors typically are not able to showcase. In the past, while expanding into certain new markets such as Mumbai, Delhi, and Kolkata, as part of a carefully designed marketing strategy, we had opened multiple showrooms on the same day in order to maximise local brand awareness as well as optimise our showroom opening costs.

We intend to leverage our substantial past efforts and experience, to expand our presence across several markets in India which we have identified as having potential for opening further showrooms. We believe the significant investments we have already made in (a) brand building across a large number of local markets, (b) understanding the varying nuances of customer behavior across geographies, and (c) building an artisan network across various parts of India, will enable us to effectively utilise our previously proven playbook in successfully expanding our showroom network.

In addition, we plan to continue to diversify our channels of distribution. For example, recognizing early the powerful potential of engaging customers online we invested in and acquired a majority stake in Enovate Lifestyles Private Limited and its online platform, [www.candere.com](http://www.candere.com). Our online platform offers us another distribution channel to reach customers and potentially drive further traffic to our showrooms. We intend to set up Candere kiosks in shopping malls, as well as at some of our showrooms in order to offer our customers the option to purchase products offline and also offer them the opportunity to tangibly experience our products offered online. We also intend to leverage our increasing engagement with a digitally savvy consumer base to increase revenues for jewellery sold online through [www.candere.com](http://www.candere.com).

### ***Widen our product offerings to further increase our consumer reach***

We intend to continue to increase our focus on studded jewellery going forward as these products have widened the consumer base to which we cater and also typically have a higher gross margin profile than our gold jewellery. We tailor our showrooms to offer prominent displays of diamond and other studded jewellery and, in many cases, have entire floors dedicated to such jewellery. Furthermore, we have launched a number of sub-brands around our studded jewellery range. Our revenue from sales of studded jewellery increased from 20.65% of our revenue from operations in Fiscal 2018 to 23.36% of revenue from operations in Fiscal 2020.

Indian jewellery consumers are also becoming increasingly brand conscious and developing greater sophistication in their jewellery preferences, according to the Technopak Report. Given this trend, we are continuing to explore opportunities to expand our range of sub-brands and to introduce new branded jewellery lines that are targeted at both specific customer niches as well as the luxury market focused on high-end gold and studded jewellery. For further details, see “– Our Operations – Products” on page 135.

In the last few years, we have introduced a range of jewellery collections under distinct sub-brands, such as “Muhurat”, “Mudhra”, “Rang”, “Nimah” and “Anokhi”, which are designed to cater to specific customer niches such as antique jewellery, temple jewellery and polki diamonds and precious stones jewellery. These brands are marketed through distinct promotional campaigns and have separate shelf-space in our showrooms. We intend to build further on this portfolio of branded jewellery, which allows us to engage in distinct marketing efforts targeted at certain customer niches, and to couple this with our strategy to increase our range of jewellery

offerings, in order to widen our appeal across larger cross sections of the Indian jewellery consuming population.

***Leverage our “My Kalyan” network to deepen customer outreach and strengthen the distribution network in our core markets***

We intend to continue leveraging our extensive “My Kalyan” network of 761 centres across India to deepen customer engagement and actively bolster our efforts to acquire a larger customer base in the markets in which we operate. In many of these markets, particularly in semi-urban and rural areas, the penetration of organised jewellery companies has historically been low. Furthermore, we believe the local and unorganised jewellery players who dominate some of these markets may be adversely impacted by the COVID-19 pandemic. Given this opportunity to access latent demand, we plan to build the employee strength across our “My Kalyan” centres to increase customer engagement and drive traffic to our showrooms.

Additionally, we intend to expand our “My Kalyan” network in areas where we believe our network is currently underpenetrated relative to the scale of the latent demand opportunity in those particular markets. For example, in certain regions in south India, particularly Andhra Pradesh, Telangana and Karnataka, we intend to increase the footprint of our “My Kalyan” network. Similarly, across the rest of the country, there are several regions we have already identified where we plan to set up My Kalyan centres which we believe will be able to significantly drive incremental customer traffic to our showrooms and increase enrolments in our purchase advance schemes, given the underlying dynamics of those particular markets.

Based on our past experience, we believe our “My Kalyan” network and strategy significantly enhances our distribution footprint in a manner which would be difficult for our peers to easily replicate and enables us to access India’s large pool of jewellery customers across urban, semi-urban and rural markets. As we continue to embark upon our showroom expansion, we also plan to expand our “My Kalyan” network in tandem with our showroom footprint in order to promote our brand, showcase our product catalogue, enrich our customer database and help drive traffic to our showrooms.

***Invest in CRM, marketing and analytics to more effectively target consumers and drive sales***

We intend to continue to invest in customer relationship management, or CRM, strategies, campaigns and technologies to analyse and manage customer interactions and related data throughout the customer lifecycle, with the goal of creating a long-term relationship with customers, building customer retention and driving sales. Developing a deep and nuanced understanding of our customers and their purchasing patterns is crucial to our business. We acquire data to identify and understand our customers from numerous sources, including our showroom sales, in-person customer visits, our mobile app, our online platform candere.com, our Kalyan Matrimony site and our “My Kalyan” network. We have micro websites for each of our showrooms as well as for various jewellery designs and products that enable search, lead generation and tracking in a hyperlocal manner. Our access to data allows us to understand customer consumption patterns and preferences, enabling targeted advertising campaigns and hence influencing our merchandising strategy. We are able to target customers through SMS messages, WhatsApp, e-mails and phone calls in order to inform customers of promotions and sales that are of particular interest and relevance to them, as well as to build our brand image. We plan to leverage the “near me searches” technology through which we are able to make our “My Kalyan” centres and showrooms discoverable across internet searches and allow our customers to contact a showroom or “My Kalyan” centre closest to them seamlessly. We believe this technology along with our large presence across India gives us a clear competitive advantage within our industry. We also intend to further build our relationships with external agencies that assist us with analytics in order to use data more effectively and to target new uses and methods of analyzing customer data.

***Our key milestones***

Our historical growth trajectory can be summarised in the following three phases:

- *Establishment phase* (1993 – 2003): We focused on building our brand and business on the core principles of trust and transparency, as well as on attracting a loyal base of customers.
- *Growth phase within South India* (2004 – 2011): Having established our brand, we expanded our showroom network across various southern states of India. We were largely focused on selling plain gold jewellery to our customers.



- *Pan-India growth, professionalisation and investment phase (2012 – Present):* During this phase, we invested significantly in marketing and brand building across various geographies, building robust systems and processes, and instituting a strong professionalised management team and board of directors. We also expanded our showroom network to become a pan-India, hyperlocal jeweller and concurrently expanded our product mix and diversified our channels of distribution.

The following table sets forth certain key milestones in our corporate and business development since incorporation.

<b>Calendar Year</b>	<b>Milestone</b>
1993	• Opened our first showroom under the brand “Kalyan Jewellers” in Thrissur, Kerala.
2004	• Opened our first showroom outside Kerala, in Coimbatore, Tamil Nadu.
2010	• Launched our “My Kalyan” customer outreach initiative. • Entered Telangana and Karnataka markets.
2012	• Opened our first showroom outside South India in Ahmedabad, Gujarat.
2013	• Entered West India (Maharashtra) and Middle East markets.
2014	• Highdell, belonging to the Warburg Pincus group, a global private equity firm, first invested in our Company. • Entered North India (Delhi) market.
2015	• Entered Chennai and East India (Orissa) markets.
2016	• Entered West Bengal and Rajasthan markets. • Launched the Kalyan Matrimony (formerly known as Sanskriti Matrimony) website.
2017	• Highdell, belonging to the Warburg Pincus group, a global private equity firm, made an incremental investment in our Company. • Purchased a stake in Enovate Lifestyles Private Limited and its online platform at <a href="http://www.candere.com">www.candere.com</a> .
2018	• Entered North Eastern (Assam), Chhattisgarh and Jharkhand markets.
2019	• Entered Bihar market.
2020	• As of June 30, 2020, 107 showrooms in India and 30 showrooms in the Middle East.

## Our Operations

### Products

#### Product Offerings

We design, manufacture and sell a wide range of jewellery products at varying price points for uses ranging from jewellery for special occasions such as weddings, which is our highest sold product category, to daily-wear jewellery. We offer gold jewellery, studded jewellery (including diamond) and other jewellery (including platinum jewellery and silver jewellery). In Fiscal 2020, our revenue from operations was ₹101,009.18 million, of which 74.77% was from the sale of gold jewellery, 23.36% was from the sale of studded jewellery and 1.87% was from the sale of other jewellery. In Fiscal 2020, our average invoice value was ₹43,609.40.

The following table provides a breakdown of our revenue from operations in Fiscal 2020 by product category:

	<b>In Fiscal 2020</b>	
	<b>₹ in millions</b>	<b>% of revenue from operations</b>
Gold	75,525.27	74.77%
Studded	23,599.65	23.36%
Other	1,884.25	1.87%

Within these product categories, we offer jewellery for personal milestones and occasions, festival jewellery, wedding jewellery, daily-wear jewellery and men’s jewellery, with many different jewellery options, including rings, earrings, pendants, bracelets, necklaces, chains, waist bands and bangles. While we produce popular jewellery at scale, we also produce niche jewellery for specific target markets and consumer groups. Our broad product range enables us to cater to customers across age groups, socio-economic status levels and genders, and also allows us to cater to the needs of our customers at all stages of their lives, where we attempt to target customers at earlier stages of their life cycles and hence meet their jewellery needs over time. Furthermore, our jewellery is aimed at catering to local preferences in the geographies in which we operate, and we use local artisans as contract manufacturers to produce jewellery that aligns with local tastes.

We have launched a number of sub-brands around our studded jewellery, such as “Nimah”, “Muhurat”, “Tejasvi”, “Rang”, “Anokhi”, “Glo”, “Ziah”, “Hera”, “Laya” and “Apoorva”, targeting different customer segments and occasions. We also tailor our showrooms to showcase prominent displays of our studded jewellery, and in many cases, entire floors dedicated to diamond jewellery. As a result, our revenue from sales of studded jewellery increased from 20.65% of our revenue from operations in Fiscal 2018 to 23.36% of our revenue from operations in Fiscal 2020.

### *Product Design and Development*

#### Jewellery Design

The designs for our jewellery are developed by us in-house based on our market insights from the regions in which we operate. Our marketing team uses insights relating to customer preferences and trends that they gain through extensive market research, data analytics and customer feedback to develop a strategy and vision for new jewellery designs in line with these market trends and regional variations. We subsequently liaise with our network of contract manufacturers to provide us with customised samples. We review and consider such samples and select physical pieces to be created for a subset of the samples provided to us. Based on further review of the quality of the final samples submitted, we enter into agreements and/or production orders with these contract manufacturers to manufacture our designs as our agents, while control of the entire manufacturing process remains with us.

#### Procurement of Raw Materials

We procure gold used in our jewellery from various banks in India and the Middle East for our respective operations in each region, as well as from customers directly. Gold sourced from banks is partially procured through outright purchase and partially procured through gold metal loans from banks, whereby bullion is loaned to us at a specified interest rate. We are required to post security for the gold metal loans equal to the amount of gold loaned along with the applicable margin through cash collateral, bank guarantees, the apportionment of loan facilities and other forms of collateral. The banks with whom we work adjust our loan accounts on a daily basis through a mark-to-market valuation of our outstanding gold metal loans. To the extent there are fluctuations in the price of gold, our posted cash collateral is required to be adjusted upward or downward to reflect daily changes in gold prices. At the time we sell the gold that we had procured through this gold metal loan model, we generally fix the rate of purchase to align the buying and selling rate of the underlying gold.

Customers purchasing jewellery may exchange or sell their old jewellery to us based on the prevailing market price, which we subsequently use as raw materials for new jewellery. In Fiscal 2020, 27.13% of our revenue from operations included the customers' exchange or sale of their old jewellery to us.

We purchase cut and polished diamonds used in our diamond-studded jewellery outright from a number of diamond suppliers in India. A large number of our suppliers are registered with the Gem and Jewellery Export Promotion Council, and all of our diamonds have Kimberly Certifications as conflict-free. We also purchase semi-finished studded jewellery, which we process and convert to finished products.

Similarly, we purchase precious and semi-precious stones as well as semi-processed platinum and raw silver for our jewellery from a number of suppliers.

#### Jewellery Manufacturing

We manufacture our products through a network of artisans throughout India, who work in the capacity of contract manufacturers and as our independent contractors to manufacture our products. Most of the contract manufacturers are long-term business partners of our Company and we continue to work closely with them. We execute agreements with our contract manufacturers whereby we supply them with all raw materials and designs for our jewellery. We procure and supply raw materials, including gold, diamonds, precious stones, platinum, and silver, to our contract manufacturers and pay them a fee as a contractor. Under the contract manufacturing agreements, we control the entire manufacturing process and the ultimate risk of the raw materials and products lies with us. We inspect our contractors' facilities and supervise the entire manufacturing process to ensure our jewellery is being manufactured in line with our designs and with the desired levels of quality.

By utilising the expertise and experience of local artisans as contract manufacturers who are able to implement our design specifications in line with regional preferences, we are able to cater to varying regional jewellery

tastes and to compete effectively with both city and state-specific regional organised jewellery chains and unorganised local jewellers who have traditionally dominated local jewellery markets in India. Catering to local design preferences is an essential component for us to be a pan-India hyperlocal jewellery company with strength in a diverse set of regions across India. For example, temple jewellery is a category often preferred in South India, and our local artisans in South India can craft jewellery for this style, whereas certain consumer groups within western regions of India have preferences for antique collections and we work with artisans in western India to cater to this demand.

Our jewellery in the Middle East consists of a mix of products manufactured by us as well as finished products purchased from local manufacturers. We have four manufacturing facilities in Sharjah and Oman where we produce jewellery. The following table provides the aggregate installed capacity and aggregate capacity utilisation by product category at our manufacturing facilities as at March 31, 2018, 2019 and 2020.

Location of plant	Type of Jewellery	Details of capacity as at and for the financial year ended (in kilograms)								
		March 31, 2020			March 31, 2019			March 31, 2018		
		Installed capacity	Actual production	% <sup>§</sup>	Installed capacity	Actual production	% <sup>§</sup>	Installed capacity	Actual production	% <sup>§</sup>
SAIF Facility I	Gold Jewellery	1,020	123.2	12.1	1,020	102.9	10.1	1,020	166.2	16.3
	<b>Total</b>	<b>1,020</b>	<b>123.2</b>	<b>12.1</b>	<b>1,020</b>	<b>102.9</b>	<b>10.1</b>	<b>1,020</b>	<b>166.2</b>	<b>16.3</b>
SAIF Facility II	Gold Jewellery	-	-	-	1,800	55.6	3.1	-	-	-
	Old Gold Refinery	5,400	116.7	2.2	-	-	-	-	-	-
	<b>Total</b>	<b>5,400</b>	<b>116.7</b>	<b>2.2</b>	<b>1,800</b>	<b>55.6</b>	<b>3.1</b>	<b>-</b>	<b>-</b>	<b>-</b>
Kenouz Facility	Gold Jewellery	12,420	585.7	4.7	10,560	449.9	4.3	5,760	258.1	4.5
	<b>Total</b>	<b>12,420</b>	<b>585.7</b>	<b>4.7</b>	<b>10,560</b>	<b>449.9</b>	<b>4.3</b>	<b>5,760</b>	<b>258.1</b>	<b>4.5</b>
Oman Facility	Gold Jewellery	720	91.4	12.7	360	15.5	4.3	-	-	-
	<b>Total</b>	<b>720</b>	<b>91.4</b>	<b>12.7</b>	<b>360</b>	<b>15.5</b>	<b>4.3</b>	<b>-</b>	<b>-</b>	<b>-</b>

<sup>§</sup>The capacity utilisation for the financial year as disclosed above means the actual production in such financial year as a percentage of the installed manufacturing capacity at the end of such financial year (as disclosed under the column 'Installed capacity' above for each financial year).

### Quality Control

Given that our inventory is produced by artisans who are engaged as contract manufacturers, we have implemented stringent quality control procedures to ensure we only sell products in line with the quality and purity metrics that we market to our customers. All jewellery that is produced is initially checked for physical defects, such as structural issues and inconsistencies in polishing and finishing, and is checked for purity with a karatmeter.

We also send all our jewellery to government-approved hallmarking centres who analyse and check our jewellery in accordance with BIS norms, which are widely-accepted in the Indian jewellery industry. According to the Technopak Report, we were one of the first jewellery companies in India to voluntarily have all of its jewellery BIS hallmarked as well as accompanied by a detailed pricing tag to aid transparency to consumers.

In addition, we conduct sample tests on each new batch of products whereby samples are disassembled into their raw materials to ensure they meet our purity and quality standards, including by melting metals to determine their purity. Contract manufacturers who do not meet quality standards are penalised, for example with a return of products and a requirement to correct any defects. To the extent there is any loss or damage of raw materials, contract manufacturers are liable to compensate us accordingly. Our procurement teams also report instances of loss or damage to products or raw materials directly to senior management to ensure we work only with the most trusted and quality-focused contract manufacturers.

We believe our commitment to stringent quality control has been critical to our success in the Indian jewellery industry and has contributed to customers associating our brand with trust and transparency.

### Pricing and Transparency

#### Pricing and Promotion

The products in our showrooms generally have a predetermined making charge or value-added charge, although sales staff have some limited discretion to offer customers discounts based on preapproved discounts

programmed in our inventory software. Our jewellery prices are programmed directly into our central ERP system and are primarily based on our costs of production, including the costs of raw materials and production costs. Our jewellery prices also reflect applicable taxes as well as general market demands and price trends. The price of the underlying gold component of our jewellery is based on prevailing market rates, accounting for the global market gold price (which is generally quoted in U.S. Dollars) and the relative value of the Indian Rupee (or local currencies in our Middle East operations). Our production charges and margins are determined by our senior management team in consultation with regional management.

We launch sales and promotions from time to time on certain of our products. These are set by our management and communicated to all of our showrooms for implementation. Certain sales and promotions are also targeted to individual customers based on their purchase history with us.

We offer various purchase advance schemes from time to time, such as the ‘Kalyan Akshaya’, ‘Kalyan Sowbhagya’ and ‘Kalyan Dhanvarsha’ schemes. Through these schemes, customers can make monthly instalments over a period of up to 11 months, to purchase jewellery within such period as specified in the scheme (not exceeding 365 days from the commencement of the scheme for each customer). Instalment payments made for our purchase advance schemes are not refundable in cash, but can be used as credits at our stores and may be appropriated towards the purchase of our jewellery. We may also issue gold coins against the consolidated value of the instalments depending on the term of the scheme. Sales through our purchase advance schemes comprised 26.92% of our revenue from operations on a standalone basis in India in Fiscal 2020.

We also run a few priority programmes, under the name ‘Kalyan Priority Programme’, through which members/subscribers of the programme on payment of non-refundable membership fee may avail certain benefits in the form of discounts, when they purchase jewellery for a stipulated period of time.

#### *Transparency in Quality and Pricing*

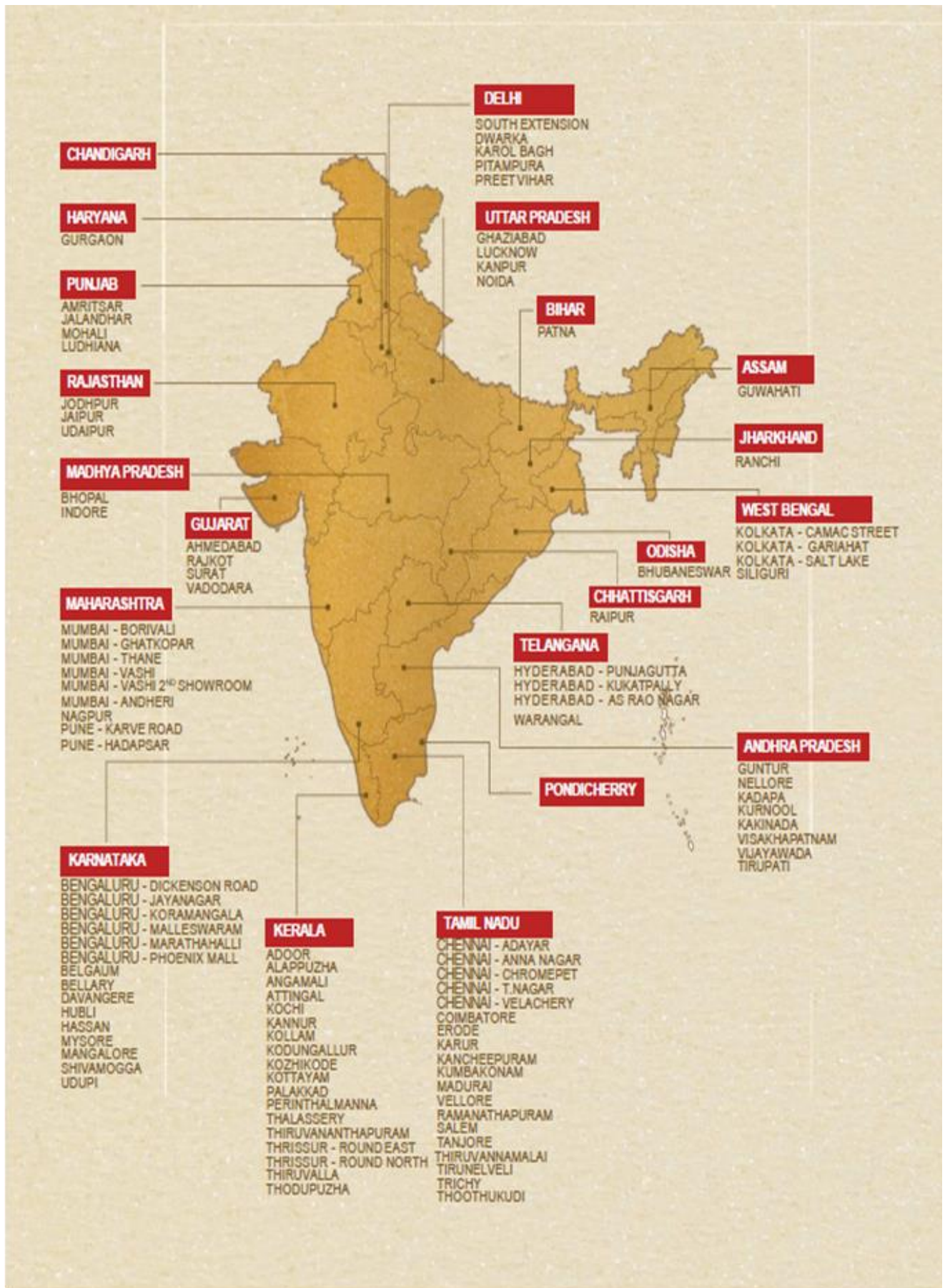
Since our inception, we have emphasised the importance of fair trade practices by focusing on building consumer trust through transparency in our jewellery quality and pricing. According to the Technopak Report, we were pioneers in the Indian jewellery market in adhering to the highest quality standards for our jewellery and introducing price transparency with our products. While selling BIS hallmarked jewellery will become mandatory in India in 2021, we have been selling only BIS hallmarked jewellery, which is independently verified for purity by government-approved agencies in accordance with BIS norms. All of our jewellery items are accompanied by a detailed pricing tag disaggregating the various components, setting forth a break-up including the weight of the relevant jewellery item (comprising both the weight of the metal and any stones, given the large pricing differential between these components), the stone price, and the making charges being levied on the jewellery. Moreover, our sales staff is trained to be forthright with customers and to develop customer trust with the aim of winning repeat business rather than focusing on a one-time sale. With each purchase, we also provide and explain to our customers our “four level product certification” which assures purity, offers lifetime product maintenance, identifies exchange and buy-back terms and provides a detailed product description.

#### **Sales Locations**

##### *Showroom Network*

As of June 30, 2020, we had 107 showrooms located across 21 states and union territories in India, which covered a total aggregate area of 4,65,235 sq. ft. as well as 30 showrooms located in the Middle East, which covered a total aggregate area of 38,056 sq. ft. All of our showrooms are operated and managed by us.

The following map sets forth our showroom centre presence across India as of June 30, 2020:



Note: Map not to scale

## Showroom Expansion

We have undergone a significant expansion in recent years in an effort to capitalise on the attractive market opportunity we believe exists in the Indian jewellery industry. Our retail footprint increased from 77 showrooms as of March 31, 2015 to a total of 137 showrooms as of June 30, 2020. Prior to opening a new showroom, we undertake extensive research to understand the local market and to select an optimal location for the showroom to maximise foot traffic. Our efforts include analysing the jewellery selections of incumbent local jewellers in order to understand our competition and the jewellery preferences of a given market. Our internal teams also visit local jewellers to ascertain customer service levels, as well as footfalls and other consumer behaviour. We evaluate potential showroom locations based on various site economics, including customer demographics, spending capacity, economic conditions, cost-benefit analysis and proximity to our competitors.

In the past, while expanding into certain new markets such as Mumbai, Delhi, and Kolkata as part of a carefully designed marketing strategy, we had opened multiple showrooms on the same day in order to maximise local brand awareness as well as to optimise our showroom opening costs. We also engage in pre-launch publicity in the form of print, television, digital and outdoor advertisements. In addition, we work with national and regional celebrities and local influencers to serve as brand ambassadors to promote our brand and to partake in launch and other related activities. For further details on our marketing and promotional efforts, see “ - *Our Operations – Marketing and Promotion*” on page 141. These collective efforts enable us to gain trust in new markets, which are often dominated by smaller-scale players who have been previously operating in those geographies.

We believe we have seen success in all the markets in which we have expanded. We consider our investments in new showrooms to be relatively low risk for us since the primary investment associated with a new showroom comprises of inventory, which generally does not suffer from obsolescence and can be easily transferred to other showrooms or converted to alternative products, thus significantly reducing the capital risk associated with a “failed” showroom. We have historically managed inventory in our showrooms successfully through effective inventory management practices.

## Showroom Design and Operations

Our showrooms are usually located in high-visibility, high-street areas and are generally well known by our customers in the local micro markets, and hence serve as destination stores. Our showrooms are stocked with a wide variety of jewellery products that allow us to target a broad consumer base across genders, socio-economic status levels and age groups, as well as for various occasions. Products in our showrooms offer a combination of regional designs customised to local tastes and preferences, as well as more broadly-appealing jewellery, which offers customers access to a wide variety of products that may be difficult for local jewellers to replicate. Further, many of our showrooms have an “Aishwaryam” section dedicated to selling higher-volume mass market products, and a “Muhurat” section dedicated to selling more ornate wedding jewellery. Our typical showroom in India is a large-format store with an average size of 4,348 sq. ft. and 32 sales staff. We regard the presentation of jewellery in our showrooms as critical to foster a positive customer experience and our displays and showroom designs are also curated in a manner that caters to local tastes and preferences.

All of our showrooms are operated and managed by us under the supervision of a store manager who is responsible for all showroom-level operations and who ultimately reports to a network of regional managers and business heads who then report to our Chief Executive Officer. Through our centralised ERP system, each level of our management is able to monitor our showroom-level operations in real-time, including our inventory management, sales and finance functions. Our multiple levels of management are also involved in our systematic approach to inventory control. For further details, see “ - *Our Operations – Inventory Management and Security*” on page 143.

We hire staff in our showroom who speak the relevant local language and understand the local culture in any given region in order to establish rapport and trust with customers and to provide a “local” feel to customers. Sales staff in our showrooms undergo training to ensure they are maintaining our brand standards and demonstrating our commitment to trust and transparency.

Showroom inventory is reorganised periodically on the basis of feedback from our marketing teams and customers. Slow-moving inventory is moved to other showrooms that may be more suitable for that particular product or design.



While our showrooms in India are intended to serve as a distinct shopping destination for customers, our showrooms in the Middle East are generally of a smaller size and typically located in shopping malls to attract both walk-in and destination traffic, largely from customers of Indian origin.

#### *Online Sales*

We also offer jewellery through our online platform, where we cater to a younger and more digitally savvy customer base. We have a majority stake in Enovate Lifestyles Private Limited and its online platform, [www.candere.com](http://www.candere.com). Customers can browse and purchase jewellery directly from [www.candere.com](http://www.candere.com) and have it delivered to their homes. In addition to jewellery, we also offer purchase advance schemes on our online platform. Our online platform offers us another distribution channel to reach customers and potentially another avenue through which to drive further traffic to our showrooms. Our revenue from our Candere business increased from ₹123.02 million in Fiscal 2018 to ₹557.43 million in Fiscal 2020.

We intend to set up Candere kiosks in shopping malls and at some of our showrooms in order to offer our customers the option to purchase Candere products offline and also offer them the opportunity to tangibly experience Candere products offered online. We also intend to leverage our increasing engagement with a digitally savvy consumer base to increase revenues for our jewellery sold online through [www.candere.com](http://www.candere.com).

#### **Marketing and Promotion**

##### *Our Brand*

We have endeavoured to establish a strong brand in the Indian jewellery market that our customers associate with trust and transparency. According to the Technopak Report, we were one of the first jewellery companies in India to have all of its jewellery BIS hallmarked as well as accompanied by a detailed pricing tag to aid transparency. These initiatives, along with our customer education and awareness campaigns around the lack of transparency historically present in the Indian jewellery industry, have helped build the strength of our brand.

Our branding strategy focuses on maintaining consistency in our brand messaging across all of our communication channels and markets in which we operate. Our training program for our showroom staff and “My Kalyan” personnel is designed to ensure customers receive a uniform experience of our brand that demonstrates our strong commitment to trust and transparency.

##### *Marketing*

We have invested significantly in the promotion of our brand, particularly in new markets within India and in the Middle East. Our aggregate expenses for marketing and other advertising efforts in Fiscals 2018, 2019 and 2020 was ₹8,881.14 million and our expenses for marketing and other advertising was ₹3,086.64 million, ₹2,972.59 million and ₹2,821.91 million which amounted to 2.93%, 3.04% and 2.79% of our revenue from operations in Fiscals 2018, 2019 and 2020, respectively. We believe this investment in marketing and our brand is one of the key factors which has enabled us to build awareness, enjoy a loyal customer base and expand successfully across multiple geographies, and we believe that we will continue to benefit from these historical investments in brand building as we execute upon our future expansion plans.

We utilise a number of avenues to promote our brand and products, including through our “My Kalyan” network, traditional media outlets, our relationships with national and regional celebrity brand ambassadors and local influencers, and our online matrimonial site, Kalyan Matrimony.

##### Brand Ambassadors

We work with regional and national celebrities as well as local influencers throughout India who serve as brand ambassadors to promote our brand. We typically have long-term relationships with brand ambassadors throughout various regions in India in order to cater to the diverse linguistic and ethnic groups that are spread throughout the country. Brand ambassadors feature in our marketing campaigns and their presence at showroom openings is intended to promote interest in these events as major occasions within the local community. Our brand ambassadors are carefully selected in order to promote the values and ethos of our brand and our focus on trust and transparency, and they work with us on an exclusive basis within the jewellery industry. Our brand ambassadors include celebrities with a mix of national and regional appeal.

- *National Brand Ambassadors:* Amitabh Bachchan, Katrina Kaif, Jaya Bachchan and Shweta Nanda Bachchan.

- *Regional Brand Ambassadors:* Prabhu Ganesan (Tamil), Nagarjuna Akkineni (Telugu), Shiva Rajkumar (Kannada), Manju Warriar (Malayalam).
- *Regional Influencers:* Pooja Sawant (Marathi), Wamiqa Gabbi (Punjabi), Ritabhari Chakraborty (Bengali) and Kinjal Rajpriya (Gujarati)

### Media and Creative Marketing

We advertise through several key media outlets to promote our brand and product portfolio, including through advertisements on television, radio, newspapers, magazines, billboards and the internet. We have our own in-house creative studio and team and also work with large and experienced creative agencies to help produce creative content which is market-specific. While all of our advertising campaigns demonstrate our values of trust and transparency, we also look to localise our advertising campaigns by adapting our media to local languages and customs in order to appeal to more targeted and relevant demographics within specific markets. Further, we work with media companies, such as Group M, to acquire optimal advertising slots in order to maximise the impact of our advertising campaigns.

### “My Kalyan” Network

Our “My Kalyan” customer outreach network consists of multiple smaller centres that serve as satellite locations situated in a wide radius around most of our showrooms in order to promote our brand across urban, semi-urban and rural areas in India. As of June 30, 2020, we had 761 “My Kalyan” locations and 2,338 dedicated “My Kalyan” employees located across 21 states and union territories in India, through which we endeavour to connect and engage with over 10 million customers each year. On average, we have approximately seven “My Kalyan” locations per showroom.

Our “My Kalyan” locations employ dedicated “My Kalyan” employees who engage in door-to-door and other direct marketing efforts to promote our brand, showcase our product catalogue, enroll customers in our purchase advance schemes, enrich our customer database and to help drive traffic to our showrooms. Since wedding-related jewellery is our highest sold product category, “My Kalyan” employees build relationships with various players in the wedding ecosystem such as marriage halls, astrologers, caterers, event managers, make-up artists and other wedding vendors to identify potential jewellery customers as leads, who are likely to purchase our products given the imminence of special occasions within their extended families, in order to target them with tailored offerings and promotions. We generally hire “My Kalyan” employees from the communities in which they serve, with local language skills and relationships, which enables them to more seamlessly build customer rapport and helps to associate our brand with trust and transparency.

We use technology to help enable the activities of our “My Kalyan” personnel. For example, utilising our state-of-the-art “Equals” digital platform, our “My Kalyan” employees are able to enroll customers directly into our purchase advance schemes without needing to bring customers into our locations, and our employees can also serve as a resource to collect periodic payments from customers enrolled in the scheme. Further, we have created the “iLead” application to capture and register wedding-related information from various sources which helps our “My Kalyan” employees target potential new customers.

We intend to continue leveraging our extensive “My Kalyan” network of 761 centres across India to deepen customer engagement and actively bolster our efforts to acquire a larger customer base in the markets in which we operate. In many of these markets, particularly in semi-urban and rural areas, the penetration of organised jewellery companies has historically been low. Furthermore, we believe the local and unorganised jewellery players who dominate some of these markets may be adversely impacted by the COVID-19 pandemic. Given this opportunity to access latent demand, we plan to build our employee strength across our “My Kalyan” centres to increase customer engagement and to drive traffic to our showrooms. We also intend to expand our “My Kalyan” network in areas where we believe it is currently underpenetrated relative to the scale of the latent demand opportunity present in those particular markets. Furthermore, as we continue to embark upon our showroom expansion, we also plan to expand our “My Kalyan” network in tandem with our showroom footprint to help increase customer traffic to our showrooms.

### Website and Social Media

We have a dedicated team which is focused on customer relations and marketing through our website [www.kalyanjewellers.net](http://www.kalyanjewellers.net) and social media. As with our other marketing channels, we implement our localisation strategy through region-special offerings in our online marketing campaigns.



## Kalyan Matrimony

We have an online matchmaking site named Kalyan Matrimony at [www.kalyanmatrimony.com](http://www.kalyanmatrimony.com), enabling users to explore potential marital partners. We are able to leverage customer data from our Kalyan Matrimony site to identify potential jewellery customers well before their wedding and to send targeted advertisements to promote brand awareness, particularly for wedding-related jewellery. Acquiring data on individuals potentially seeking to get married is relevant to our business given the importance of jewellery in Indian weddings. According to the Technopak Report, the majority of jewellery sales in India are wedding related.

## Customer Data

We acquire data to identify and understand customers from numerous sources, including in-person customer visits, our online platform, our Kalyan Matrimony site and our “My Kalyan” network. Our access to data allows us to understand customer consumption patterns and preferences, hence enabling targeted advertising. We are able to target customers through SMS messages, WhatsApp, e-mails and phone calls in order to educate them about our brand and our offerings, as well as inform them of our latest promotions. We use the assistance of an external agency for data analytics.

## **Competition**

We face competition from both organised and unorganised companies in the Indian jewellery industry. According to the Technopak Report, a majority of the Indian jewellery industry consists of unorganised players who have historically dominated a large part of the market, although their share of the market has been falling and is expected to continue to decline. We also face competition from organised jewellery companies who compete with us on a national, regional and local level. We believe we are well-positioned to compete with both organised and unorganised jewellery companies given our localisation strategy where we tap into local demand preferences and consumer trends, while at the same time offering the product variety and store experience of a large, pan-India jeweller. We have established a pan-India presence with strong brand recognition throughout India and the Middle East, while concurrently having numerous grassroots marketing initiatives, such as our “My Kalyan” network, which allow us to compete with organised and unorganised jewellery companies at a regional and local level across a wide range of geographies. While our primary competitor at the national level is Titan (Tanishq), we have multiple competitors at various regional and local levels across India.

## ***Inventory Management and Security***

### *Inventory Management*

We regard efficient inventory management as critical to the success of our business. Our integrated operations are designed to allow us to move inventory between showrooms based on feedback from our marketing teams, store personnel and our customers in order to align our jewellery offerings with customer preferences and to accommodate variations in seasonal buying patterns. Slow-moving and aged inventory is reallocated to other showrooms with greater sales potential for those products. Furthermore, the fact that our ERP system allows real-time visibility into our inventory provides our management with a useful tool especially during peak seasons, such as Diwali, Dhanteras or Akshaya Trithiya, allowing our management to respond quickly to replenish or reallocate inventory based on shifting customer demand patterns.

We have strict inventory management and monitoring practices in place that allows us to account for each piece of inventory and to ensure efficiency. We plan our inventory procurement by taking into account targeted sales, inventory turnover and aging, and generally endeavour to maintain inventory levels in line with customer demand and seasonal trends.

Our jewellery is typically identified with a unique barcode. We utilise computer systems in each of our showrooms to track and monitor each piece of inventory, which are further linked to our central ERP system. At each of our showrooms, we undergo daily inventory checks at the close of business. A barcode inventory check is completed for a specific section of jewellery products each day whereby the barcode of each piece of inventory is physically scanned and compared against the ERP system. The remainder of the jewellery sections for a particular day also undergo inventory counts and are verified by the store manager. In addition, regional managers or business heads make monthly visits to showrooms to perform inventory weight verifications whereby random sections of jewellery products are weighed and compared against the ERP system to test for variances. Our entire inventory is scanned, verified and confirmed by regional managers as part of their monthly visits.

We also create an annual budget at the beginning of each year for our gold and diamond procurement which takes into account our targeted annual sales in order to have requisite inventory to replenish our stocks. We regularly analyse our sales results, compare them against our sales targets and adjust jewellery distribution amongst showrooms accordingly.

We use advanced applications for our backend and financial management. These applications are integrated across all our other management applications, including our business intelligence solution which provides us customer, sales and inventory data analytics in multiple dimensions enabling us to make rapid and well-informed decisions.

### *Security*

We have implemented strict security procedures to ensure our inventory is maintained securely. Each of our showrooms is equipped with closed-circuit surveillance cameras linked to a digital video recorder. Our showrooms are equipped with secure vaults with restricted access only for a limited number of selected staff and our jewellery is placed into these vaults at the close of business each day. All our business heads are provided with a real-time monitoring tool on their mobile phones to view visuals of the vaults at all times. We also have contracts with various reputable private security agencies who provide security guards to all of our showrooms.

All of our jewellery in transit is fully insured and mostly handled through secure third-party carriers.

### **Gold Hedging**

It is our belief that the profits generated by the company should be primarily derived from the value-addition the company creates, which reflects the strength of the Kalyan brand, and not from changes in the price of gold. Consequently, we generally employ various techniques to hedge our gold inventory to protect us from price fluctuations, including the use of gold metal loans, as well as forward contracts and options on Indian and international commodity exchanges.

Gold metal loans provide a natural hedge to any fluctuations in the price of gold. At the time of selling gold that is procured through gold metal loans, the rate of purchase can be fixed to align the buying and selling rate of the underlying gold. For gold purchased from customers as well as from regulated banks, forward contracts and options can be maintained to protect against fluctuations in the price of gold. The Chief Executive Officer of our Company is responsible for managing and monitoring our hedging policies and portfolio.

### **Technology**

We have implemented a range of technologies throughout our operations with the aim of enhancing the experience of our customers and improving the efficiency of our operations.

We have a centralised customer relationship management system (“CRM”) which enables us to utilise advanced analytics to understand customer behaviour, including spending and purchase patterns, both online and offline. This enables us to personalise marketing efforts to our customers and to continually update our customer profiles each time a customer visits one of our showrooms, among other touchpoints, which provides our sales and marketing teams with unique information in order to offer customers products and promotions that may be of interest based on past behaviour. Our “My Kalyan” operations are supported by our “Equals” platform, which is a mobile application that our “My Kalyan” employees access through digital tablets and which they can use to enroll customers into our purchase advance schemes without having to be physically present at one of our showroom locations and to gather other customer data. We utilise the “near me searches” technology to make our “My Kalyan” centres and showrooms discoverable across internet searches in order to enable our customers to contact our showroom or “My Kalyan” centre closest to their location seamlessly. Our iLead application has been strategically created to capture and register wedding-related information from various sources which helps our “My Kalyan” employees to target customers at the opportune time for jewellery-related purchases. iLead is an innovative solution in our industry which consolidates wedding-related information from various potential sources such as local marriage halls, astrologers, caterers, event managers, make-up artists and other wedding-related vendors, and provides a consolidated view of potential leads. The tool then analyses this information and assigns relevant leads to the nearest “My Kalyan” centre based on customer pin codes and automatically sends this information to the “My Kalyan” employees at such centre. This application is also integrated with our CRM.

We have also implemented a centralised ERP system across all of our showrooms, online portals and offices in order to maintain control and visibility over our growing business. The system allows for virtual connectivity across all of our showrooms and transfers data in real-time, allowing our management team to obtain information regarding inventory, sales and finance. Given it is a centrally hosted system, our management team is able to analyze sales information across multiple dimensions in real-time. This ERP is accessible only within Kalyan’s corporate network and is integrated with our HR system. Our showrooms are equipped with two leased line connections to ensure connectivity even if there is one network outage, ensuring business continuity is secure from a billing perspective.

Our store ERP is integrated with our online portal [www.candere.com](http://www.candere.com) and gives customers the flexibility to redeem advances and promotions either online or offline based on their preference. Our ERP is also integrated with leading gifting and store valued solutions/vouchers and also provides online/offline redemption flexibility to customers.

In our Middle East operations, we have radio-frequency identification tags on our jewellery to allow for verification and accurate inventory management. Our customer relationship program in our Middle East operations is directly linked with our vendors who maintain our loyalty program in the Middle East as well as our bank partnerships that allow our customers to purchase jewellery through credit cards.

We have developed a document management system to capture, verify and process our customers’ know-your-customer, or KYC, information, which we believe improves the speed and accuracy with which we process customer KYC information. We have also developed a mobile application for our customers to view offers and promotional campaigns, which we expect to complement with our current online platform at [www.candere.com](http://www.candere.com). We are in the process of enhancing the user interface of our mobile application to cover the loyalty program, purchase advance scheme enrollments and payments, location-based gold price notifications and celebrity connect, among others. We intend to integrate our mobile application with our advanced analytics technology to offer our customers a more customised user experience.

We are in the process of implementing an omni-channel experience for our customers, through which they can view our product range across all our stores using a mobile application. We have already developed and deployed a mobile application through which we can digitise and photograph our existing inventory and update the inventory images to a central repository in real-time. Our “My Kalyan” employees will soon have access to our entire digital catalogue on their mobile phones and tablets which they can use as part of their direct marketing efforts. To further enhance the experience, we have rolled out a Virtual-Try-On option at several showrooms. We are planning to deploy this technology across all our major showrooms as well as on online portals once user inputs and feedback is incorporated.

Furthermore, all our employees are digitally empowered with our corporate human resource application. Functionalities including attendance punching, leave requests, announcements, surveys, feedback, training and targets are all routed and supported through this application.

## Insurance

We have purchased insurance in order to manage the risk of losses from potentially harmful events, including: (i) a package insurance policy covering fire, damage to machinery and electronic equipment, transportation and handling of gold and currency, third party liability cover and any other risk; (ii) a fidelity guarantee insurance policy; and (iii) a directors and officers liability insurance policy. These insurance policies are reviewed periodically to ensure that the coverage is adequate. Our insurance covers all our facilities, including our corporate office, showrooms and manufacturing facilities.

## Employees

As of June 30, 2020, we had 6,908 employees employed across all our subsidiaries and locations in India and the Middle East, of which 6,493 are employed in India and 415 are employed in the Middle East. The following table provides a breakdown of our employees by function for the period indicated:

Functional Area	As of June 30, 2020	
	Number of employees	% of total
Showrooms	3,809	55.14%
My Kalyan	2,338	33.85%
Enovate Lifestyles Private Limited	99	1.43%

Functional Area	As of June 30, 2020	
	Number of employees	% of total
Corporate and others	662	9.58%
<b>Total</b>	<b>6,908</b>	<b>100.00%</b>

We have not experienced any labour unrest, including any strikes or lock-outs, in the past.

Our sales staff in our showrooms undergo training to ensure they are maintaining our brand standards and our commitment to trust and transparency. All employees undergo training both at hiring as well as periodically thereafter within their particular domains. All sales staff are provided digital training and are subsequently tested to ensure compliance. In addition, sales staff are provided general training sessions at least once a year as well as periodic specialised training sessions to target specific areas of improvement and development based on customer feedback. We incentivise our sales staff by linking a significant portion of their compensation to sales, as well as referrals.

### Intellectual Property

We have obtained trademarks registrations in India, including for the logo of our Company under class 14 and other trademarks of our brands, such as “Kalyan Jewellers” under classes 14 and 16, “Kalyan” under class 14, “Tejasvi” under class 35, “Rang” under class 35, “Antara” under class 35, “Hera” under classes 14 and 35, “Mudhra” under classes 14 and 35, “Nimah” under classes 14 and 35, “Ziah” under classes 14 and 35 and “Anokhi” under class 35. We have made applications to the Indian trademarks registry for certain trademarks such as “Muhurat@ Home” under classes 14, 16 and 35, “Dhanvarsha” under class 14 and “Sankalp under classes 14, 16 and 35”. The logo of our Company is protected under copyright laws. We also have 49 domain names registered in India, which include www.kalyanmatrimony.com, www.candere.com, www.kalyanjewellers.net and www.kalyanjewellersonline.com. For details, see “Government and Other Approvals” on page 328.

### Properties

Among other properties, we also own our Registered and Corporate Office, which is located at TC – B2/204/2, Sitaram Mill Road, Punnamm, Thrissur, Kerala – 680 002. Further, as of June 30, 2020, we had 107 showrooms and 761 “My Kalyan” outlets in India, and 30 showrooms in the Middle East. Further, (i) out of our total showrooms in India as of June 30, 2020, we owned eight showrooms and 99 showrooms were located in leased or licensed premises, and (ii) most of our “My Kalyan” outlets as of June 30, 2020, were located in leased or licensed premises.

### Corporate Social Responsibility

We have adopted a Corporate Social Responsibility (“CSR”) policy in compliance with the requirements of the Companies Act, 2013 and the Companies (Corporate Social Responsibility) Rules, 2014. We believe that our CSR initiatives contribute to our overall strategy of engaging with our customers and localizing our brand. We have contributed to CSR initiatives across various domains including housing development, education and areas relating to healthcare of communities in semi-urban and rural areas.

Key social welfare initiatives recently undertaken by us include:

- *Housing:* We have contributed towards various initiatives, such as construction of housing facilities for individuals under the “Bhoomigeetham” initiative of the Government of Kerala and the payment of home loans for unemployed widows, in a number of states, including Kerala.
- *Education:* We have contributed towards initiatives for implementing programs for education and vocational skills, especially among children, women, elderly and disabled individuals and payment of tuition fees for students from underprivileged backgrounds in a number of states, including Kerala.
- *Healthcare:* We have contributed towards various initiatives, such as providing ventilators and other equipment to local hospitals, providing financial support for medical treatment and flood relief to underprivileged children in Kerala.
- *Artisans:* For the gems and jewellery industry, we work closely with Coimbatore Jewellers Association and the Mumbai-based Gems and Jewellery Export Promotion Council.

## KEY REGULATIONS AND POLICIES

The following description is a summary of certain key regulations, statutes, circulars, directions and policies which are applicable to our Company and our Material Subsidiaries. The information detailed in this chapter has been obtained from publications available in the public domain. The descriptions of the applicable statutes, regulations, circulars, directions and policies set out below are not exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional legal advice. The statements below are based on the current provisions of applicable law, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

Taxation statutes such as the Income Tax Act, 1961, the Customs Act, 1962, the relevant goods and services tax legislation and applicable shops and establishments statutes apply to our Company as they do to any other company in India.

For details of government approvals obtained by our Company and our Material Subsidiaries, see “Government and Other Approvals” on page 328.

### **Key Indian Regulations applicable to our Company**

#### **Foreign Investment and Trade Related Laws**

##### ***Foreign Investment in India***

The foreign investment in India is governed, among others, by the Foreign Exchange Management Act, 1999, the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 (“**FEMA Rules**”) and the Consolidated FDI Policy (effective from August 28, 2017) issued by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (earlier known as the Department of Industrial Policy and Promotion (“**FDI Policy**”), each as amended. Further, the Reserve Bank of India has enacted the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 on October 17, 2019 which regulate mode of payment and remittance of sale proceeds, among others.

100% foreign investment under the automatic route, *i.e.*, without requiring prior governmental approval, is permitted in the manufacturing sector.

The FDI Policy and the FEMA Rules prescribe *inter alia* the method of calculation of total foreign investment (*i.e.*, direct foreign investment and indirect foreign investment) in an Indian company.

##### ***Overseas Investment***

Direct investment by Indian residents in foreign entities is governed, *inter alia*, by the Master Direction of RBI on Direct Investment by Residents in Joint Venture (JV) / Wholly Owned Subsidiary (WOS) Abroad dated January 1, 2016, as amended (“**Master Directions**”). These Master Directions govern direct investment outside India, either under the automatic route or the approval route, by way of contribution to the capital or subscription to the memorandum of a foreign entity or by way of purchase of existing shares of a foreign entity either by market purchase or private placement or through stock exchange, signifying a long-term interest in the foreign entity, engaged in any *bona fide* activity.

##### ***Investment by FPIs***

In terms of the FEMA Rules and the SEBI (Foreign Portfolio Investors) Regulations, 2019 (“**SEBI FPI Regulations**”), investments by FPIs under the FPI route in the capital of an Indian company is subject to certain limits, *i.e.*, the individual holding of an FPI including its investor group (as defined under the FEMA Rules and the SEBI FPI Regulations) is restricted to below 10% of the total paid up equity capital of the company on a fully diluted basis and below 10% of the paid-up value of each series of debentures or preference shares or share warrants issued by the Indian company. Further, in terms of the FEMA Rules, with effect from the April 1, 2020, the aggregate limit for investments by FPIs in an Indian company is the sectoral cap applicable to the Indian company, with respect to its paid-up equity capital on a fully diluted basis or such same sectoral cap percentage of paid up value of each series of debentures or preference shares or share warrants. As stated above, foreign direct investment in companies engaged in the manufacturing sector is permitted up to 100% of the paid up share capital of such company under the automatic route.

### ***Gem and Jewellery Export Promotion Council***

The GoI has designated the Gem and Jewellery Export Promotion Council (“**GJEPC**”) as the importing and exporting authority in India in keeping with its international obligations under Section IV(b) of the Kimberley Process Certification Scheme (“**KPCS**”). The KPCS has been implemented in India from January 1, 2003 by the GoI through communication No. 12/13/2000-EP (GJ) dated November 13, 2002. The GJEPC has been notified as the nodal agency for trade in rough diamonds. The KPCS is a joint government, international diamond industry and civil society initiative to stem the flow of conflict diamonds, which are rough diamonds used by rebel movements to finance wars against legitimate governments. Under the Special Economic Zones Rules, 2006, the Development Commissioners have been delegated powers to issue Kimberley Process Certificates for units situated in the respective Special Economic Zone (the “**SEZ**”).

### ***Foreign Trade (Development and Regulation) Act, 1992***

The Foreign Trade (Development and Regulation) Act, 1992 (“**FTDRA 1992**”) seeks to develop and regulate foreign trade by facilitating imports into and augmenting exports from India. The FTDRA 1992 prohibits a person or company from making any exports or imports unless such a person or company has been granted an importer-exporter code number.

### ***Foreign Trade Policy (2015-2020)***

The revised foreign trade policy for the period of 2015- 2020 issued by the Ministry of Commerce and Industry, GoI includes gems and jewellery within a separate scheme for exporters of gems and jewellery. For the gems and jewellery sector, the foreign trade policy for the period of 2015-2020 provides for broadly four schemes in relation to exports of gems and jewellery (i) advance procurement / replenishment of precious metals from nominated agencies; (ii) replenishment authorisation for gems; (iii) replenishment authorisation for consumables; and (iv) advance authorisation for precious metals.

Certain agencies have been permitted to import diamonds to their laboratories without any import duty, for the purpose of certification or grading reports, with a condition that the same should be re-exported with the certification or grading reports, as per predetermined procedure. Additionally, nominated agencies and their associates, with approval of Department of Commerce and the GJEPC, may export gold, silver or platinum jewellery and articles thereof for exhibitions abroad. Personal carriage of gems and jewellery export parcels by foreign bound passenger, and import parcels by an Indian importer or foreign national may be permitted.

The Ministry of Commerce and Industry, GoI has by way of a notification dated March 31, 2020, extended the period of the foreign trade policy for 2015-2020 by one year and it will now remain in force until March 31, 2021.

### ***RBI Circulars regulating Gold Loans***

The RBI has permitted nominated banks to import gold for the purpose of extending gold metal loans to domestic jewellery manufacturers, subject to certain conditions, including that the tenor of gold loans (which can be decided by the nominated banks) does not exceed 180 days from the date of procurement of the gold and the interest charged to the borrowers is linked to international gold rates. Gems and jewellery export oriented units and specified units in Special Economic Zones are permitted to import gold on a loan basis directly or through nominating agencies, subject to specified conditions. The Master Circular of RBI on Loans and Advances – Statutory and Other Restrictions dated July 1, 2015 prohibits domestic jewellery manufacturers from selling the gold borrowed under this scheme to any other party for manufacture of jewellery.

### ***Labor Related Legislations***

Depending upon the nature of the activity undertaken by us, applicable labor laws and regulations include the following:

- The Code on Wages, 2019 (the Code on Wages, 2019, once in force, will repeal the Payment of Bonus Act, 1965, Minimum Wages Act, 1948, Equal Remuneration Act, 1976 and the Payment of Wages Act, 1936);
- The Employee’s Compensation Act, 1923;
- The Payment of Gratuity Act, 1972;

- The Payment of Bonus Act, 1965;
- The Maternity Benefit Act, 1961;
- The Minimum Wages Act, 1948;
- The Employees' State Insurance Act, 1948;
- The Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
- The Equal Remuneration Act, 1976;
- The Payment of Wages Act, 1936;
- The Industrial Disputes Act, 1947;
- The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

## **Intellectual Property Laws**

### ***Trade Marks Act, 1999***

The Trade Marks Act, 1999 (the “**Trade Marks Act**”) provides for the application and registration of trademarks in India. The purpose of the Trade Marks Act is to grant exclusive rights to marks such as a brand, label and heading and to obtain relief in case of infringement and for commercial purposes as a trade description. Application for trademark registry has to be made to Controller-General of Patents, Designs and Trade Marks who is the Registrar of Trademarks for the purposes of the Trade Marks Act. The Trade Marks Act prohibits any registration of deceptively similar trademarks or chemical compound among others. It also provides for penalties for infringement, falsifying and falsely applying trademarks.

Applications for a trademark registration can be made for in one or more international classes. Once granted, trademark registration is valid for ten years unless cancelled. The mark lapses in ten years unless renewed. The Trade Marks Act enables Indian nationals as well as foreign nationals to secure simultaneous protection of trademarks in other jurisdictions.

### ***The Copyright Act, 1957***

The Copyright Act, 1957, along with the Copyright Rules, 2013 (“**Copyright Laws**”) governs copyright protection in India. Even while copyright registration is not a prerequisite for acquiring or enforcing a copyright in an otherwise copyrightable work, registration under the Copyright Laws acts as a prima facie evidence of the particulars entered therein and helps expedite infringement proceedings and reduce delay caused due to evidentiary considerations. The Copyright Laws prescribe a fine, imprisonment or both for violations, with enhanced penalty on second or subsequent convictions.

## **Miscellaneous Laws**

### ***The Legal Metrology Act, 2009***

The Legal Metrology Act, 2009 (“**Legal Metrology Act**”) seeks to establish and enforce standards of weights and measures, regulate trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure or number and for matters connected therewith or incidental thereto. The Legal Metrology Act provides that for prescribed specifications all weights and measures should be based on metric system only. Further, the Legal Metrology Act lays down penalties for various offences, including but not limited to, use or sale of non-standard weight or measure, contravention of prescribed standards, counterfeiting of seals and tampering with license.

### ***The Bureau of Indian Standards Act, 2016***

The Bureau of Indian Standards Act, 2016 (“**BIS Act**”) provides for the establishment of a national standards body for the harmonious development of the activities of standardization, conformity assessment and quality assurance of goods, articles, processes, systems and services. Under the BIS Act, the Central Government, after consulting the Bureau of Indian Standards (“**BIS**”), can notify which precious metal articles or other goods or articles are required to be marked with a ‘Hallmark’ or ‘Standard Mark’, subject to certain conditions for sale and testing of such articles. Under the BIS Scheme, the Government of India has identified the ‘Bureau of Indian Standards’ as the sole agency in India to operate the BIS Scheme which aims to ensure that quality control is built in the system in alignment with the international criteria on hallmarking. Functions of the bureau include, *inter-alia*, (a) recognizing as an Indian standard, any standard established for any article or process by any other institution in India or elsewhere; (b) specifying a standard mark which shall be of such design and

contain such particulars as may be prescribed to represent a particular Indian standard; and (c) conducting such inspection and taking such samples of any material or substance as may be necessary to see whether any article or process in relation to which the standard mark has been used conforms to the Indian Standard or whether the standard mark has been improperly used in relation to any article or process with or without a license. The bureau is also the licensing authority for quality standards.

The Bureau of Indian Standards (Hallmarking) Regulations, 2018 prescribe that all jewellery manufacturers must obtain a certificate of registration from the BIS in order to sell precious metal articles notified under the BIS Act. The certificate of registration shall be granted to a specific premises and will be valid for a period of five years. The Hallmarking of Gold Jewellery and Gold Artefacts Order, 2020, which shall come into effect on January 15, 2021, prescribes that gold jewellery and gold artefacts shall be sold only by registered jewellers through certified sales outlets, after fulfilling the terms and conditions of certificate of registration as specified in the Bureau of Indian Standards (Hallmarking) Regulations, 2018. However, certain precious metal articles are excluded from the above order, including any article meant for export, which conforms to any specification required by the foreign buyer and an article with weight less than two grams.

### ***Special Economic Zone***

A SEZ is a geographically bound duty free zone for the purposes of trade and operations. SEZs were first introduced in April, 2000 as a part of the Export-Import Policy. The Special Economic Zones Act, 2005 (the “**SEZ Act**”) and the Special Economic Zones Rules, 2006 (the “**SEZ Rules**”) simplified the procedure for development, operation and maintenance of the SEZs and for the setting up of and conducting business in the SEZs. Under the SEZ Act and the SEZ Rules, the incentives and facilities offered to the SEZ units include:

- a. exemption from payment of taxes, duties or cess for any goods or services exported out of, or imported into, or procured from SEZs by SEZ units or developers, subject to the terms, conditions and limitations as may be prescribed, under the enactments specified in the SEZ Act; and
- b. 100% income tax exemption on export income for SEZ units under Section 10AA of the Income Tax Act, 1961 for the first five assessment years, 50% for the next five assessment years thereafter and 50% of the ploughed back export profit for the next five assessment years.

However, in accordance with Section 10AA of the I.T. Act read with the Taxation and Other Laws (Relaxation of Certain Provisions) Ordinance, 2020 and the notification dated June 24, 2020 issued by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, only SEZ units, which begin manufacturing or producing articles or things or provide any services prior to September 30, 2020, in a case where the letter of approval, required to be issued in accordance with the provisions of the SEZ Act has been issued on or before March 31, 2020, shall be eligible for the incentive referred to in (b) above.

For setting up a unit in an SEZ, a letter of approval has to be obtained from the Development Commissioner of the concerned SEZ. The grant of a letter of approval is dependent upon the unit meeting certain terms and conditions, as set out in the SEZ Act and the SEZ Rules. Such conditions include, among other things, the achievement of positive net foreign exchange to be calculated cumulatively for a period of five years from the commencement of production, in accordance with the formula set out in the SEZ Rules and the execution of a bond-cum-legal undertaking with regard to its obligations pertaining to proper utilization and accountal of goods, imported or procured duty free and the achievement of positive net foreign exchange.

### ***The Consumer Protection Act, 2019***

The Ministry of Consumer Affairs, Food and Public Distribution (“**Ministry of Consumer Affairs**”) notified certain sections of the Consumer Protection Act, 2019 (“**COPRA**”) by way of the notification dated July 15, 2020 (with effect from July 20, 2020), including sections regulating the formation and functioning of the Consumer Protection Council at the national, state and district levels, the formation and functioning of Consumer Dispute Redressal Commissions at the national, state and district levels, mediation of consumer disputes, product liability actions and punishment for manufacturing for sale or storing, selling or distributing or importing products containing adulterants and spurious goods.

The COPRA provides a mechanism for the consumer to file a complaint against a product manufacturer, seller or service provider in cases of unfair contract or trade practices, restrictive trade practices, defected goods, goods which are hazardous or likely to be hazardous to life being sold in contravention to safety standards,



deficiency in services and price charged being unlawful. It also places product liability on a manufacturer or product service provider or product seller, to compensate for any harm caused by defective product or deficiency in services. It provides for a three-tier consumer grievance redressal mechanism at the national, state and district levels. Non-compliance of the orders of the redressal commissions attracts criminal penalties. The COPRA will, *inter alia*, also introduce a Central Consumer Protection Authority to regulate matters relating to violation of rights of consumers, unfair trade practices and false or misleading advertisements, which are prejudicial to the interests of public and consumers and promote, protect and enforce the rights of consumers. The COPRA has also brought e-commerce entities and their customers under its purview including providers of technologies or processes for enabling product sellers to engage in advertising or selling goods or services to a consumer, online market places and online auction sites.

The Ministry of Consumer Affairs issued the Consumer Protection (E-Commerce) Rules, 2020 (“**E-Commerce Rules**”) under the COPRA on July 23, 2020 which govern the online sale of goods, services, digital products by entities which own, operate or manage digital or electronic facility or platform for electronic commerce (“**E-Commerce Entities**”), all models of e-commerce (including marketplace or inventory based), and all e-commerce sellers. The E-Commerce rules lay down the duties and liabilities of E-Commerce Entities and e-commerce sellers.

### **Key Regulations applicable to our Material Subsidiaries**

#### **United Arab Emirates (“UAE”)**

##### ***UAE Federal Law No. 2 of 2015 Concerning Commercial Companies***

The UAE Companies Law sets out a legal framework that concerns partnerships as well as corporate vehicles (private and public) operating in the UAE. It particularly prescribes the regime in respect of incorporation of any such entities and their capital structure, membership, partnership, shareholding, their management and dissolution.

The UAE Companies Law governs limited liability companies as well as sole establishments.

Under the UAE Companies Law, at least 49% of the capital in a UAE-incorporated entity other than a free zone company, is required to be legally owned by a UAE national (natural or legal persons) at all times (“**Local Ownership Restriction**”).

Some sectors of operation such as, finance, taxi transport, labour supply and real estate agency-related services require a higher percentage of shares to be held by UAE nationals.

In connection with the Local Ownership Restriction, the UAE has also adopted the concealment law (“**Concealment Law**”). The Concealment Law provides that it is not permissible to allow a non-UAE national, whether by use of another individual’s name or through any other method, to practise any economic or professional activity that is not permissible for him to do so in accordance with the law and decrees of the UAE. The Concealment Law was scheduled to come into effect in November 2007, however, by way of a cabinet resolution, the UAE Federal Government suspended the application of the Concealment Law until November 2009 and it was further suspended until September 2011, at which time it came into force.

For further details, see “*Risk Factors*” on page 25.

##### ***UAE Federal Law No. 19 of 2018 Concerning Foreign Direct Investment***

The UAE Foreign Direct Investment Law (“**FDI Law**”) sets out a legal framework that exempts company shareholders from the Local Ownership Restriction addressed above. In other words, it allows for non-UAE nationals to own more than 49% of company shares.

Strictly speaking, the FDI Law is only applied to entities that conduct or wish to conduct activities that the UAE authorities have set out under the approved list of activities for the FDI (“**Positive List**”).

The FDI Law provides the Council of Ministers may, at the request of the local government, the recommendation of the Committee and upon presentation by the Minister, issue a resolution approving a foreign direct investment project not included in the Positive List. This is not a straight forward process.

Different Emirates tend to treat FDI applications differently. The Department of Economic Development (“DED”) in Dubai has taken a liberal approach to interpreting the FDI Law and the subsequent ‘positive list’. The Dubai DED may accept applications for 100% foreign ownership in sectors falling outside the Positive List. However, there are no clear legal grounds that grant the Dubai DED the authority to do so. Also, it is not clear the effect of the FDI approval granted by the Dubai DED to a business whose activities fall outside the Positive List.

The DED in Dubai would request that a business falling outside the Positive List would appoint a local service agent to serve as a local contact with the authorities. Although this is not a requirement pursuant to the FDI Law, it is based upon the Dubai DED practice.

Assuming an activity is not on the “negative list” of activities prohibited to majority or full ownership by non-UAE nationals, the Dubai DED may consider FDI applications for majority non-UAE ownership if the applicant demonstrates a sizeable investment into the UAE economy flowing from their operations.

#### ***UAE Federal Law No. 8 of 1980 on the Regulation of Labour Relations, as amended***

This is the principal and federal employment legislation which applies to private sector businesses operating in the UAE (save for those based in the two financial free zones, the Abu Dhabi Global Market and the Dubai International Financial Centre which have their own separate employment laws) and sets out a minimum (and mandatory) framework of statutory entitlements and protections, including, *inter alia*, those relating to annual leave and pay, sick leave and pay, maternity leave and pay, daily and weekly working hours, overtime pay, rights to notice, termination provisions and a statutory end-of-service gratuity payment. Certain free zones in the UAE have implemented their own employment regulations which are (with the exception of the Abu Dhabi Global Market and the Dubai International Financial Centre) to be read in conjunction with, or in addition to, this principal employment legislation. Where there is a conflict between the free zones own employment regulations and the principal employment legislation, the provisions most favourable to the employee will prevail.

#### ***Law No. 25 of 2009 concerning The Dubai International Airport Free Zone***

The provisions of this Law shall apply to the Free Zone that was established in the Dubai International Airport. These rules and regulations set the rules for the establishing of the Dubai International Airport Free Zone, and the objectives, duties and the powers of the authority.

The Law also set the administration of the Free Zone authority, and the duties and the powers of the Chairman of the authority and the Director General.

The Law sets out the goods allowed in the free zone, the goods that are prohibited and the customs and tax exemptions. Furthermore, the products exported from the Free Zone to the customs zone in Dubai shall be deemed as initially imported from abroad and shall be subject to customs duties.

Also, limited liability establishments and companies owned by a single natural or legal person may be established in the free zone. These establishments and companies shall have a distinct legal personality and an independent financial liability, and their liability is limited to the paid up share capital.

Besides the name of the establishment or the company established in accordance with the Law, they must disclose in all their activities, contracts, advertisements, invoices and any printed material: (1) a statement that they are established in the free zone by virtue of this Law; (2) and are a limited liability company; and (3) the initials (FZE). If the owner or owners of the establishment or company fail to comply, he / they will be liable for all the obligations of the establishment or company.

Article (25) of the Law referred to the penalties, stated that the Chairman shall issue a by-law setting out the administrative penalties for any violation of any of the provisions of the Law, and the by-law shall also specify the entity authorised to impose and enforce these penalties.

#### ***Federal Law No. 24 of 2006 Concerning Consumer Protection***

This law sets out the obligations of suppliers, the rights of consumers, penalties for violations, and the responsibilities of the Consumer Protection Department.

Suppliers have several obligations, including duties to replace defective goods; not engage in counterfeit, spoiled or misleading goods; label product information, warning labels, and prices conspicuously; be liable for damages resulting from the use and consumption of goods and failure to provide warranties as advertised or agreed upon with consumers; provide after-sales service or refunds for defective goods; warrant services for a time period commensurate with the nature of the service; and not manipulate supply in order to control market prices.

Consumers shall have the right to recover for personal injuries and damages. The Consumer Protection Department shall have the legal personality to represent consumers in court and before any other authority designated by law.

***Federal Law No. (11) of 2015 on the Control of Trade in Precious Stones and Metals, and their Hallmarking***

This law sets out the legal standards of fitness for precious metals gold, silver, and platinum. It obliges traders to declare all such articles or products except those exempted under the law. The traders make this declaration by attaching to the product an approved identification card or a certificate by an approved third party certifying body or by stamping the products with the official hallmark or the foreign hallmark.

The law details the elements that must be contained in the official hallmark, and circumstances under which an identification card or certification is required.

The law puts restrictions on the use of “soldering”. Further, it obliges hallmarking and certification bodies to register with the Emirates Authority for Standardisation and Metrology (ESMA), which is the regulatory authority responsible for implementing its provisions. These provisions provide that foreign certificates or hallmarks could be acceptable based on ESMA’s scheme.

The law provides for the formation of a national committee to be created by a UAE Cabinet resolution. The responsibilities of this committee include overseeing the violations and recommending actions towards violators.

Finally, the law set outs the heavy penalties for violating its provisions and those of its Executive Regulations and the amendments thereto.

***Cabinet Resolution No. (45) of 2018, On the Executive Regulations of Federal Law No.(11) of 2015 on the Control of Trading and Hallmarking of Precious Stones and Precious Metals***

These Regulations have been issued on 30 September 2018, and address consumer demand for ensuring that measuring weights are accurate. They were described as “an important legislative tool that ensures the rights of both the consumer and the merchant”.

The Regulations determine the required conditions for accrediting and registering the hallmarking bodies and certification bodies in the field of precious metals or stones in the United Arab Emirates. The Regulations cover metals such as platinum, palladium, gold and silver, and precious stones such as diamonds, pearl, natural and industrial gemstones. The Regulations also specify the purity standards for precious metals and will determine those for the precious stones and platinum-group metals in accordance with international standards.

The Regulations also regulate the provisions of trading in articles of low fineness, articles of low purity, inlaid articles and plated articles and the minimum size or weight of the precious stones that do not require identification card or certificate.

***ESMA’s UAE Technical Regulation of Mandatory Requirements For Weighing Instruments issued by virtue of the Board Chairman’s decree No. (1) for the year 2012, on 24/01/2012***

This Regulation ensures the conformity of weighing instruments and their supplements, including those used in measuring precious metals, to international and regional standards, before such instruments are imported or put on the market.

It provides that all weighing instruments used in commercial transactions be supplied with a mechanism protecting them from any manipulation in the measurement results area and that any possibility of amending this weighing instrument without removing the protection tool be eliminated.

It obliges a user of these instruments not to use them unless they carry a valid verification mark that is issued by ESMA or one of its authorized bodies. The Regulation details when a measurement instrument loses the validity of the verification period, and so makes the user liable for providing his instrument to be resubmitted for verification.

## **Qatar**

### ***The Commercial Register Law No. 25 of 2005 (as amended by Law No. 20 of 2014) and Law No. 9 of 2018)***

The Commercial Registration Law regulates the process for commercial registrations at the Ministry of Commerce and Industry (previously referred to as the Ministry of Economy and Commerce) for persons (whether individuals or juristic) to allow them to carry out commercial activities in Qatar. The Commercial Register Law No. 25 of 2005 provides that no person shall carry on commercial activities or set up a commercial establishment in Qatar unless it is registered in the commercial register of the Ministry of Commerce and Industry. The Ministry of Commerce and Industry will be responsible to ensure the law is implemented in terms of compliance with the Law by both the Ministry and registered persons, to the extent applicable to each. In respect of limited liability companies, the Commercial Registration Law requires that branches incorporated in Qatar (i) hold the exact name of the principal company without any modification; and (ii) ensure the commercial activities mentioned on the branch's commercial registration are the same as those activities listed in the incorporation documents of the principal company. The Commercial Registration Law further provides that branches are not to be considered as separate legal entities from the principal company.

### ***Law No. 1 of 2019 Regulating the Investment of Non-Qatari Capital in Economic Activity and its Executive Regulations No. 44 of 2020***

This law provides that foreigners may invest in all sectors of the economy in Qatar without the need for a Qatari partner, subject to the Minister of Commerce and Industry granting his approval. The Executive Regulations provide guidance on the requirements for 100% foreign ownership eligibility by foreign investors to benefit from the law.

For further details, see “*Risk Factors*” on page 25.

### ***Law No. 4 of 1978 on the Control, Assaying and Stamping of Precious Metals***

This law provides for the control and stamping of precious metals, such as gold, silver, platinum, and jewellery. The law provides that gold, silver, platinum, jewellery may not be sold or offered for sale unless it bears the stamp of the Government of Qatar or any foreign government recognised by the Ministry of Commerce and Industry.

### ***Ministry of Commerce and Industry Circular No.4 of 2016***

This Ministerial Circular provides a set of regulations in line with the Consumer Protection Laws for the sale of gold, jewellery and precious metals and stones which obliges shops to prominently place the data and prices, disclosure to consumers of components of items and values, provision of dated invoices, and guarantees and offer replacement and refund policies for defective goods.

### ***Ministry of Interior advisory regarding licences***

In 2018, the Ministry of Interior made compulsory the obtaining of a license for the import of gold.

Also the Ministry of Interior has issued specifications for the setting up of security surveillance system for inter alia shops selling gold. If the licences/approvals are not in place, the Ministry can prohibit a company from undertaking business relating to the sale of gold and other precious jewellery and can impose fines.

### ***Law No. 8 of 2008 (as amended by Law No. 14 of 2011 and Law No. 7 of 2018) on Consumer Protection and Executive Regulations No. 68 of 2012***

The Consumer Protection Law, in essence, protects the rights of the consumer in actions against a supplier or advertiser of goods and sets out the obligations of a supplier. The Consumer Protection Law provides how consumers' rights are guaranteed and also includes provision for the right to the protection of health and safety when using commodities and services, as well as the right to participate in any society or council related to consumer protection.

***Law No. 14 of 2004 establishing the Labour Law (as amended by Law No. 22 of 2007, Law No. 6 of 2009, Law No. 3 of 2014, Law No.1 of 2015, Law No. 13 of 2017 and Ministerial Decision No. 4 of 2015)***

This is the principal employment legislation which applies to all private sector businesses, with the exception of a few categories of employees, operating in Qatar and sets out a minimum (and mandatory) framework of statutory entitlements and protections, including, *inter alia*, those relating to annual leave and pay, sick leave and pay, maternity leave and pay, daily and weekly working hours, overtime pay, rights to notice, termination provisions and a statutory end-of-service gratuity payment and a wage protection system to monitor the process of employee payments in accordance with the Qatar Labour Law. Any employment terms contradicting the provisions of this law shall be void unless such terms are more advantageous to the employee. Any waiver of the entitlements of employees prescribed by this law shall be void.

***Law No. 9 of 2002 Pertaining to Trademarks, Commercial Indications, Trade Names, Geographical Indications, and Industrial Designs and Models***

The provisions of this Law include regulations related to trademarks, service marks, commercial names, group marks, registration procedures, renewal of registration, indications of source and origin, transfer of property and the payable fees. To prevent infringement within Qatar, companies can register their trademarks on the trademark registry in Qatar. The period for which a trademark registration is valid is 10 years.

***Law No. (9) of 2011 regulating the use of security cameras and devices***

This Law requires all stores *inter alia* dealing in precious materials to install security cameras and devices and operate them around the clock, with a control room.

**Other laws**

Further, presently we carry on our operations and business in other foreign jurisdictions (in addition to UAE and Qatar) such as Oman and Kuwait. For further details, see “*Our Business*” on page 126. Our business and operations in such foreign jurisdictions are and will be subject to applicable local laws. For further details, see “*Risk Factors*” on page 25.

## HISTORY AND CERTAIN CORPORATE MATTERS

### History of our Company

Our Company was originally formed as a sole proprietorship under the name of Kalyan Jewellers at Thrissur in 1993. Thereafter, the sole proprietorship was converted into a partnership firm under the name of Kalyan Jewellers which was registered under the Indian Partnership Act, 1932 with the Registrar of Firms, Kerala on May 4, 2006. Subsequently, the name of the partnership firm was changed from Kalyan Jewellers to Kalyan Jewellers TSK in the year 2008. The partnership firm was thereafter converted into private limited company under the Companies Act, 1956 with the name Kalyan Jewellers TSK Private Limited and a certificate of incorporation dated January 29, 2009 was issued by the Registrar of Companies, Tamil Nadu at Coimbatore. Subsequently, the name of our Company was changed to Kalyan Jewellers India Private Limited, to reflect our presence at national level, pursuant to our Shareholders' resolution dated February 7, 2009 and a fresh certificate of incorporation was issued by the Registrar of Companies, Tamil Nadu at Coimbatore on February 10, 2009. The name of our Company was further changed to Kalyan Jewellers India Limited upon conversion to a public limited company pursuant to our Shareholders' resolution dated March 28, 2016 and a fresh certificate of incorporation was issued by the Registrar of Companies on June 15, 2016.

### Changes to the address of the registered office of our Company

The details of changes in the registered office of our Company since its incorporation set forth below:

Date of change	Change in address	Reason(s) for change
August 18, 2009	The address of the registered office of our Company was changed from 283, 5 <sup>th</sup> Cross, 100 Feet Road, Tatabad, Coimbatore, Tamil Nadu – 641 012 to TC-35/1403, Sree Krishna Building, West Palace Road, Thrissur, Kerala – 680 022 pursuant to the Company Law Board, Chennai's order dated August 18, 2009 and certificate of registration of such order for change of State granted on August 20, 2009 by the Registrar of Companies, Kerala and Lakshadweep.	Administrative and business reasons
January 19, 2013	The address of the registered office of our Company was changed from TC-35/1403, Sree Krishna Building, West Palace Road, Thrissur, Kerala – 680 022 to TC-32/204/2, Sitaram Mill Road, Punkunnam, Thrissur, Kerala – 680 002.	Administrative and business reasons

### Main objects

The main objects of our Company as per the Memorandum of Association are:

- “1. To carry on the business as manufacturers, producers, processors, makers, inventors, convertors, importers, exporters, traders, buyers, sellers, retailers, wholesalers, suppliers, indenters, stockists, agents, sub agents, merchants, distributors, consignors, jobbers, brokers, concessionaries or otherwise dealing jewellery metals, bullion gold, ornaments, silver, diamonds, coins, metals, precious stones, euros, antiques and object of art and to carry on all or any of the business of goldsmiths, silver smiths, jewelers in gem and diamond merchants.*
- 2. To carry on business as manufactures of and dealers in gold, silver and other precious metals including Diamond studded jeweler, plain gold 6t platinum jewellery and gold and silver plate, plated articles, watches, clothes to carry on business as jewellery, gold and silver dealers in china, curiosities, articles, virtue, coins, medals, bullion and precious stones.*
- 3. To carry on the business of buying, selling sawing, cutting, polishing preparing for market, manipulating, importing, exporting, trading and dealing in pearls, gems, diamonds, industrial diamonds and all kinds of precious and semi precious stones as also all kinds of diamonds and powered paste and all kinds jewellery and ornaments containing or having diamonds and all or any precious and semi precious stones.”*

### Amendments to the MoA

Set out below are the amendments to the Memorandum of Association of our Company in the last 10 years:

Date of Shareholders' resolution	Particulars
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<b>Date of Shareholders' resolution</b>	<b>Particulars</b>
February 15, 2011	Clause V of the MoA was amended to reflect the increase in the authorised share capital of our Company from ₹ 420,000,000 divided into 42,000,000 Equity Shares to ₹ 500,000,000 divided into 50,000,000 Equity Shares.
June 2, 2012	Pursuant to the scheme of amalgamation of Kalyan Jewellers Salem Private Limited with our Company, approved by the High Court of Kerala by its order dated September 18, 2012, Clause V of the MoA was amended to reflect the increase of the authorised share capital of our Company from ₹ 500,000,000 divided into 50,000,000 Equity Shares to ₹ 742,600,000 divided into 74,260,000 Equity Shares.
September 19, 2014	Clause V of the MoA was amended to reflect the increase in the authorised share capital of our Company from ₹ 742,600,000 divided into 74,260,000 Equity Shares to ₹ 10,000,000,000 divided into 800,000,000 Equity Shares and 200,000,000 compulsorily convertible preference shares of ₹ 10 each.
March 28, 2016	Amendment of the MoA to reflect change of the name of our Company from Kalyan Jewellers India Private Limited to Kalyan Jewellers India Limited.  Further, Clause III of the MoA was amended to comply with the provisions of the Companies Act.
January 25, 2017	Clause V of the MoA was amended to reflect the increase in the authorised share capital of our Company from ₹ 10,000,000,000 divided into 800,000,000 Equity Shares and 200,000,000 compulsorily convertible preference shares of ₹ 10 each to ₹ 10,400,000,000 divided into 840,000,000 Equity Shares and 200,000,000 compulsorily convertible preference shares of ₹ 10 each.
April 25, 2018	Clause V of the MoA was amended to reflect the increase in the authorised share capital of our Company from ₹ 10,400,000,000 divided into 840,000,000 Equity Shares and 200,000,000 compulsorily convertible preference shares of ₹ 10 each to ₹ 14,000,000,000 divided into 1,200,000,000 Equity Shares and 200,000,000 preference shares of ₹ 10 each.
May 30, 2019	Pursuant to the scheme of amalgamation of Kalyan Jewellers Mini Stores Private Limited with our Company, confirmed by the Regional Director, Ministry of Corporate Affairs, Chennai on August 7, 2019, Clause V of the MoA was amended to reflect the increase in the authorised share capital of our Company from ₹ 14,000,000,000 divided into 1,200,000,000 Equity Shares and 200,000,000 preference shares of ₹ 10 each to ₹ 14,005,000,000 divided into 1,200,500,000 Equity Shares and 200,000,000 compulsorily convertible preference shares of ₹ 10 each.
August 17, 2020	Clause V of the MoA was amended to reflect the increase in the authorised share capital of our Company from ₹ 14,005,000,000 divided into 1,200,500,000 Equity Shares and 200,000,000 compulsorily convertible preference shares of ₹ 10 each to ₹ 20,005,000,000 divided into 1,800,500,000 Equity Shares and 200,000,000 compulsorily convertible preference shares of ₹ 10 each.

### Major events and milestones

The table sets forth some of the major events in the history of our Company:

<b>Calendar Year</b>	<b>Particulars</b>
1993	<ul style="list-style-type: none"> <li>Opened our first showroom under the brand “Kalyan Jewellers” in Thrissur, Kerala.</li> </ul>
2004	<ul style="list-style-type: none"> <li>Opened our first showroom outside Kerala, in Coimbatore, Tamil Nadu.</li> </ul>
2010	<ul style="list-style-type: none"> <li>Launched our “My Kalyan” customer outreach initiative.</li> <li>Entered Telangana and Karnataka markets.</li> </ul>
2012	<ul style="list-style-type: none"> <li>Opened our first showroom outside South India in Ahmedabad, Gujarat.</li> </ul>
2013	<ul style="list-style-type: none"> <li>Entered West India (Maharashtra) and Middle East markets.</li> </ul>
2014	<ul style="list-style-type: none"> <li>Highdell, belonging to the Warburg Pincus group, a global private equity firm, first invested in our Company.</li> <li>Entered North India (Delhi) market.</li> </ul>
2015	<ul style="list-style-type: none"> <li>Entered Chennai and East India (Orissa) markets.</li> </ul>
2016	<ul style="list-style-type: none"> <li>Entered West Bengal and Rajasthan markets.</li> <li>Launched the Kalyan Matrimony (formerly known as Sanskriti Matrimony) website.</li> </ul>
2017	<ul style="list-style-type: none"> <li>Highdell, belonging to the Warburg Pincus group, a global private equity firm, made an incremental investment in our Company.</li> <li>Purchased a stake in Enovate Lifestyles Private Limited and its online platform at <a href="http://www.candere.com">www.candere.com</a>.</li> </ul>
2018	<ul style="list-style-type: none"> <li>Entered North Eastern (Assam), Chhattisgarh and Jharkhand markets.</li> </ul>
2019	<ul style="list-style-type: none"> <li>Entered Bihar market.</li> </ul>

Calendar Year	Particulars
2020	<ul style="list-style-type: none"> <li>As of June 30, 2020, 107 showrooms in India and 30 showrooms in the Middle East.</li> </ul>

### **Launch of key products, capacity of facilities, awards and accreditations, entry into new geographies or exit from existing markets**

For details of key products launched by our Company, capacity of facilities, awards and accreditations, entry into new geographies or exit from existing markets to the extent applicable, see “*Our Business*” on page 126.

### **Time/ Cost Overrun**

As on the date of this Draft Red Herring Prospectus, there have been no time/ cost overruns pertaining to our business operations.

### **Defaults or rescheduling/restructuring of borrowings with financial institutions/banks**

As on the date of this Draft Red Herring Prospectus, there have been no defaults, restructuring or rescheduling of borrowings availed by our Company from financial institutions or banks. However, in response to the COVID-19 pandemic, the RBI allowed banks and lending institutions to offer moratoriums to their customers to defer payments under loan agreements until August 31, 2020. Pursuant to such measures, we availed a moratorium offered by the RBI to defer payments under a few loan agreements. For further details, see “*Financial Indebtedness*” on page 200.

### **Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamation, any revaluation of assets, etc. in the last 10 years**

Except as disclosed below, our Company has not made any material acquisitions or divestments of any business or undertaking, and has not undertaken any merger, amalgamation or any revaluation of assets in the preceding 10 years.

#### **(i) Scheme of amalgamation of Kalyan Jewellers Salem Private Limited with our Company**

Pursuant to an order dated September 18, 2012, the High Court of Kerala sanctioned a scheme of amalgamation under Sections 391 to 394 of the Companies Act, 1956, pursuant to which Kalyan Jewellers Salem Private Limited was amalgamated into our Company (“**KJSPL Scheme**”). The appointed date for such merger was April 1, 2011 while the effective date was September 28, 2012. The KJSPL Scheme was entered into with the aim of achieving better, efficient and economical management and control of businesses of our Company and Kalyan Jewellers Salem Private Limited, for further growth of our Company and for administrative convenience, in respect of compliances required to be carried out by both our Company and Kalyan Jewellers Salem Private Limited.

Further, pursuant to the KJSPL Scheme, the entire undertaking of Kalyan Jewellers Salem Private Limited including all its assets and properties (both movable and immovable), liabilities, debts, rights and obligations of all kinds, nature and description was transferred to and vested in our Company as a going concern. Further, employees of Kalyan Jewellers Salem Private Limited were deemed to have become employees of our Company subject to certain terms and conditions, *inter alia*, including such employees becoming employees of our Company without any break or interruption in services and on terms and conditions not less favourable than those on which they were engaged by Kalyan Jewellers Salem Private Limited. Additionally, our Company allotted Equity Shares to the members of Kalyan Jewellers Salem Private Limited in the ratio of 55 Equity Shares for every 50 equity shares of ₹10 each of Kalyan Jewellers Salem Private Limited held by such members.

#### **(ii) Scheme of amalgamation of Kalyan Jewellers Mini Stores Private Limited with our Company**

Pursuant to a confirmation order dated August 7, 2019 under Section 233 of the Companies Act, the Regional Director, Ministry of Corporate Affairs, Chennai confirmed the scheme of amalgamation between Kalyan Jewellers Mini Stores Private Limited, our wholly owned Subsidiary, our Company and their respective members and creditors, pursuant to which Kalyan Jewellers Mini Stores Private Limited was amalgamated into our Company (“**KJMSPL Scheme**”). The appointed date for such amalgamation was April 1, 2018 (“**Appointed Date**”) while the effective date was August 16, 2019 (“**Effective Date**”). The KJMSPL Scheme was entered into with the aim of, *inter alia*, achieving greater integration and financial strength, operational



synergies, greater productivity and economical operations for future growth of our Company and for optimal utilisation of resources and significant reduction in the multiplicity of legal and regulatory compliances required to be carried out by both our Company and Kalyan Jewellers Mini Stores Private Limited.

Pursuant to the scheme of KJMSPL Scheme, the entire business and undertaking of Kalyan Jewellers Mini Stores Private Limited including all its assets (both tangible and intangible), 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 with effect from the Appointed Date. Further, all employees of Kalyan Jewellers Mini Stores Private Limited were deemed to have become employees of our Company subject to certain terms and conditions, *inter alia*, including such employees becoming employees of our Company without any break or interruption in services and on terms and conditions not less favourable than those on which they were engaged by Kalyan Jewellers Mini Stores Private Limited. In terms of the KJMSPL Scheme, the shareholding of our Company in Kalyan Jewellers Mini Stores Private Limited was cancelled and no Equity Shares were allotted.

### **Material agreements**

- (i) ***Subscription and share purchase agreement dated August 28, 2014 entered into amongst our Company, Highdell, our Promoters and certain members of our Promoter Group (“Highdell 2014 SSPA”); shareholders’ agreement dated August 28, 2014 entered into amongst our Company, Highdell, our Promoters and certain members of our Promoter Group, as amended by amendment agreements dated December 5, 2016, October 23, 2018, November 8, 2019, and the amendment cum termination agreement dated August 23, 2020 (collectively, “Highdell SHA”); and the share subscription agreement dated March 31, 2017 entered into amongst our Company, Highdell and our Promoters (“Highdell 2017 SSA”, collectively with the Highdell 2014 SSPA and the Highdell SHA, the “Highdell Investment Agreements”)***

Highdell has made investments into our Company pursuant to the Highdell Investment Agreements and holds 201,417,984 Equity Shares comprising 24% of the Equity Share capital of our Company and holds 119,047,619 CCPS as on the date of this Draft Red Herring Prospectus. Pursuant to the Highdell 2014 SSPA, on October 17, 2014, Highdell initially (i) purchased 66,436,354 Equity Shares for an aggregate consideration of ₹ 5,000,000,002.04 from our Promoters and certain members of our Promoter Group, and (ii) subscribed to 200,000,000 CCPS for an aggregate consideration of ₹ 7,000,000,000 which were converted into 134,981,630 Equity Shares on February 1, 2017. Subsequently, in terms of the Highdell 2017 SSA, Highdell subscribed to 119,047,619 CCPS for an aggregate consideration of ₹ 4,999,999,998 on May 12, 2017.

119,047,619 CCPS will convert into Equity Shares prior to filing of the Red Herring Prospectus with the Registrar of Companies at a conversion price agreed amongst the parties in terms of the Highdell 2017 SSA. Further, the Highdell Investment Agreements, *inter-alia*, sets out the rights and obligations amongst the parties thereto.

Pursuant to the terms of the amendment cum termination agreement dated August 23, 2020 (“**Highdell Amendment cum Termination Agreement**”):

- (a) All special rights available to our Shareholders under the Highdell SHA, will automatically terminate upon listing of Equity Shares on the Stock Exchanges pursuant to the Offer, (without requiring any further action by any party) except for, *inter alia*, subject to approval of the Shareholders by way of a special resolution, in a general meeting post listing of the Equity Shares, Highdell shall have the right to nominate one Director on our Board, till the time Highdell continues to hold at least 5% of the issued and fully paid-up Equity Share capital of our Company (on a fully diluted basis). For details, see “*Description of Equity Shares and Terms of the Articles of Association*” on page 372.
- (b) Our Company will continue to comply with the provisions of the business covenants policy adopted by our Board, in terms of the Highdell Amendment Cum Termination Agreement, until such time Highdell ceases to be our Shareholder, pertaining to, *inter alia*, compliance with the anti-corruption laws, the FEMA and maintain an appropriate directors’ and officers’ liability insurance policy.

The Highdell Amendment cum Termination Agreement will automatically stand terminated, upon earlier of the following: (i) by the mutual written agreement of the parties thereto, or (ii) automatically,

if Highdell ceases to be a shareholder of our Company, each subject to the provisions of the Highdell Amendment cum Termination Agreement.

- (ii) ***Amended and restated share subscription cum shareholders agreement (“Enovate SSHA”), share purchase agreement each dated April 24, 2017 (“Enovate SPA”) and voting rights agreement dated June 9, 2017 (“Enovate Voting Rights Agreement”) entered into amongst our Company, Enovate Lifestyles Private Limited (“Enovate”), Mr. Rupesh Jain (“Enovate Promoter”), Mr. Brijesh Chandwani and Mr. Subram Kapoor (together with Mr. Brijesh Chandwani, “Enovate Existing Investors” and such agreements the “Enovate Agreements”)***

Our Company initially invested an aggregate amount of ₹ 55.5 million in equity share capital of Enovate (including (i) ₹ 45.5 million through purchase of 66,240 fully paid-up equity shares of face value of ₹ 10 each of Enovate, from the Enovate Existing Investors; and (ii) ₹ 10 million through subscription to 160,000 partly paid-up equity shares of face value of ₹ 10 each carrying no voting rights until being fully paid-up) pursuant to Enovate Agreements. The Enovate SSHA, *inter-alia*, set out the rights and obligations amongst the parties thereto including, (a) the Enovate Existing Investors’ (acting jointly) and Enovate Promoter’s right to appoint one director each on the board of Enovate; (b) the tag along right of Enovate Promoter in certain cases; and (c) our Company’s (i) affirmative voting rights, (ii) right to appoint nominee directors and the chairman of the board of Enovate. The Enovate Voting Rights Agreement provides for 51% voting rights to our Company in Enovate. The Enovate Voting Rights Agreement will remain effective until, *inter alia*, partly paid-up equity shares held by our Company in Enovate pursuant to the Enovate SSHA are fully paid-up.

The Enovate SPA, *inter alia*, provides for timelines, tranches and terms for, (a) purchase of additional equity shares of Enovate by our Company from the Enovate Existing Investors and the Enovate Promoter and (b) for issue of employee stock option shares to Enovate Promoter and transfer of the same to our Company in certain cases. Additionally, the Enovate SPA specifies events consequent to the various tranches of transfer of the aforementioned additional equity shares to our Company, including, withdrawal of the nominee director of the Enovate Investors and calls on partly paid up equity shares of Enovate by our Company. Further, Enovate SSHA, *inter alia*, provides for (i) timelines and events for calls on partly paid-up equity shares of Enovate; (ii) terms for further funding requirements. For details of current shareholding pattern of Enovate, see “*Our Subsidiaries*” on page 192.

The Enovate SPA and the Enovate SSHA provide for mutual termination, events of defaults for our Company, Enovate Existing Investors and Enovate Promoter. In the event of default by our Company and failure to cure such default, our Company will, *inter alia*, lose majority on the board of Enovate, Enovate Voting Rights Agreement will stand automatically terminated, our Company will automatically cease to be member of Enovate and equity shares subscribed shall stand forfeited.

- (iii) ***Business purchase agreements executed by our Company with Kalyan Jewellers Madurai, Kalyan Jewellers Tuticorin, Kalyan Jewellers Kollam and Erode and Kalyan Jewellers Salem each dated March 31, 2013, November 30, 2013, March 31, 2014 and March 31, 2014, respectively (“Business Purchase Agreements”)***

Pursuant to the Business Purchase Agreements, the business undertakings of Kalyan Jewellers Tuticorin and Kalyan Jewellers Madurai, Kalyan Jewellers Salem and Kalyan Jewellers Kollam and Erode were transferred to and vested in our Company as a going concern, as applicable, including their respective individual assets, liabilities, licenses, debts, contracts and employees, were transferred to and vested in our Company. Consequent to the Business Purchase Agreements the transferor entities stood dissolved.

The execution date of the respective Business Purchase Agreements was considered as the appointed date for the relevant business purchase contemplated under such agreement. Further, the consideration under the Business Purchase Agreements was ₹ 123.98 million for Kalyan Jewellers Madurai, ₹ 75.16 million for Kalyan Jewellers Tuticorin, ₹ 1.39 million for Kalyan Jewellers Kollam and Erode and ₹ 61.35 million for Kalyan Jewellers Salem.

- (iv) ***Shareholders’ agreement dated September 28, 2014 entered into between Mr. Mohammed Hamza Mustafa Mohammed Ahli and Kalyan Jewellers FZE (“UAE SHA”); dividend instruction letter dated September 28, 2014 executed by Mr. Mohammed Hamza Mustafa Mohammed Ahli and Kalyan Jewellers LLC, UAE (“Dividend Instruction Letter”); and power of attorney dated October 19, 2014 executed by Mr. Mohammed Hamza Mustafa Mohammed Ahli (“UAE Power of Attorney”)***

In terms of UAE SHA, Kalyan Jewellers FZE (“KJFZE”) has paid for the entire share capital of Kalyan Jewellers LLC, UAE (“KJLLC UAE”) and Mr. Mohammed Hamza Mustafa Mohammed Ahli (“UAE Nominee”) has agreed to act as a registered shareholder of 153 shares, representing 51% of the share capital, of KJLLC UAE (“UAE Nominee Shares”) for the sole benefit of and in trust for KJFZE. Further, UAE Nominee holds all dividends, interest, bonuses, or other distributions and benefits in respect of UAE Nominee Shares as a nominee of KJFZE. In consideration of the UAE Nominee entering into UAE SHA, KJFZE will pay the UAE Nominee an annual fixed fee of AED 100,000. In terms of UAE SHA, KJLLC UAE will be managed by a board of directors appointed, removed or replaced by KJFZE.

Further, in terms of UAE SHA, UAE Nominee has agreed, *inter alia*, (i) to exercise its voting rights and other privileges attached to UAE Nominee Shares in accordance with the directions or approval of KJFZE; (ii) not to register, use or permit to use the intellectual property of KJLLC UAE in any way; (iii) not to deal with or otherwise dispose of the UAE Nominee Shares except as directed or approved by KJFZE; (iv) not to incur any liability on behalf of KJLLC UAE nor deal with, transfer, sell or lease or dispose of KJLLC UAE’s assets; (v) not to assume any role in the business, management, operation and finances of KJLLC UAE except as specified in UAE SHA; (vi) to execute constitutional document of KJLLC UAE in the form acceptable to KJFZE; (vii) not to assign any entitlements and/ or obligations pursuant to UAE SHA to a third party except with written consent of KJFZE; (viii) not to make any promises, representations or warranties or give any guarantees in the name of KJLLC UAE; (ix) not to accept any order, submit any bid or make any contract in the name of KJLLC UAE which is binding on KJLLC UAE; and (x) execute such proxies, power of attorneys or other documents required by KJFZE to enable KJFZE to attend and vote at general meeting of KJLLC UAE as beneficial owner of the UAE Nominee Shares. The UAE Nominee is required to, *inter alia*, obtain on behalf of KJLLC UAE, all trade and other licenses and permissions as may be necessary or desirable to enable KJLLC UAE to conduct business in any emirates of the UAE.

UAE SHA may be terminated, *inter alia*, by either party by giving three months’ written notice of termination. Termination of UAE SHA will be effective only following UAE Nominee ceasing to hold any UAE Nominee Shares and having transferred them in accordance with written request of KJFZE. UAE SHA may also be terminated forthwith on the giving by one party of written notice to the other one if that other party (i) has a receiver appointed over any of its property or assets; (ii) makes any voluntary arrangement with its creditors or becomes subject to any statutory or judicial administration order; (iii) goes into or files for liquidation or bankruptcy; (iv) makes an assignment of any rights under the UAE SHA for the benefit of creditors or enters composition proceedings with its creditors in order to settle or avoid liquidation proceedings; (v) is charged in relation to any criminal actions whether in the UAE or elsewhere; or (vi) does anything analogous to any of the foregoing under the laws of the Dubai International Financial Centre. UAE SHA also provides of certain obligations, *inter alia*, relating of indemnity, non-competition and confidentiality. In the event of termination, liquidation or dissolution of KJLLC UAE, certain provisions of UAE SHA will prevail over any conflicting provisions of its memorandum of association, viz. the share capital, assets, property and any present or future rights of any kind, and any intellectual properties of KJLLC UAE will belong to KJFZE.

UAE SHA states that it is binding on the legal successors and heirs of UAE Nominee in case of the latter’s death or incapacity for any reason.

In terms of Dividend Instruction Letter, UAE Nominee has instructed KJLLC UAE that all dividends and distributions of whatever nature to which he is or may become entitled from time to time by holding of UAE Nominee Shares should be paid to KJFZE or such other person as KJFZE may direct in writing. Further, in terms of UAE Power of Attorney, UAE Nominee has appointed KJFZE, *inter alia*, to (i) transfer or otherwise dispose of UAE Nominee Shares; (ii) receive all dividends, assets and other sums in respect of UAE Nominee Shares; (iii) receive all bonus shares and other rights attaching or accruing to UAE Nominee Shares; (iv) vote on behalf of UAE Nominee; (v) generally deal with UAE Nominee Shares in any manner KJFZE in its absolute discretion deems fit.

- (v) ***Shareholders’ agreement dated January 25, 2016 entered into by and between Mr. Nasser Darwish A Mashhadi and KJLLC UAE (“Qatar SHA”), promise to sell agreement dated January 25, 2016 entered into by and between Mr. Nasser Darwish A Mashhadi and KJLLC UAE (“Promise to Sell Agreement”) and adherence agreement dated January 25, 2016 executed by Kalyan Jewellers LLC, Qatar, Mr. Nasser Darwish A Mashhadi and KJLLC UAE (“Adherence Agreement”)***

Pursuant to the Qatar SHA, Mr. Nasser Darwish A Mashhadi (“**Qatar Nominee**”) has agreed to act as a registered shareholder of 102 shares, representing 51% of the share capital, of Kalyan Jewellers LLC, Qatar (“**KJLLC Qatar**”, and such shares “**Qatar Nominee Shares**”) for the sole benefit of and in trust for KJLLC UAE. Qatar Nominee has agreed (i) not to transfer such shares without the consent of KJLLC UAE; (ii) to execute a proxy to enable KJLLC Qatar to attend shareholders meeting and exercise voting rights attached to the Qatar Nominee Shares; and (iii) not to encumber, assign or grant any rights over or in Qatar Nominee Shares without written consent of KJLLC UAE. Qatar SHA will be in force and in effect until the parties remain shareholders of KJLLC Qatar or until completion of its liquidation. Further, KJLLC Qatar will be managed by a general manager solely appointed and removed from time to time by KJLLC UAE.

KJLLC UAE advanced to the Qatar Nominee loan of QAR 102,000 for Qatar Nominee’s contribution to the capital of KJLLC Qatar, for which the Qatar Nominee will not have any obligation to repay the principal sum and interest thereto. In the event of a change in Qatari law permitting majority foreign ownership in KJLLC Qatar, the loan repayment will be applied in consideration for transfer of Qatar Nominee Shares at par value to KJLLC UAE or a third party designated by it.

Further, in terms of Qatar SHA and the Adherence Agreement, KJLLC Qatar will appoint KJLLC UAE to provide management support services in relation to all aspects of KJLLC Qatar. In consideration of management support services, KJLLC UAE will receive an enhanced dividend in terms of memorandum of association of KJLLC Qatar. KJLLC UAE’s liability for any failure in providing such management support services will be limited to re-performance with all practicable speed. Further, KJLLC Qatar will appoint Qatar Nominee to provide within Qatar support services in the nature of local advice and assistance relating to its activities. In consideration of such support services, KJLLC Qatar will pay Qatar Nominee a fixed annual payment of QAR 276,000 for the period up to December 31, 2018 and thereafter as mutually discussed in terms of the Qatar SHA. Further, any fees received by the Qatar Nominee will be reduced by the amount of dividends and profits distribution received by the Qatar Nominee as a shareholder of KJLLC Qatar such that at no time will the Qatar Nominee be entitled to receive fees plus dividend and profit distribution in any one year amounting to a sum in excess of the fees payable to the Qatar Nominee for providing support services. Qatar Nominee will not (unless agreed otherwise) be entitled to reimbursement for any expenses incurred in providing such support services. Further, Qatar SHA and Adherence Agreement provide for certain obligations of the parties relating to indemnity, non-disclosure, non-compete and restriction on assignment without consent of other party. The Qatar Nominee is required to, *inter alia*, advise and assist KJLLC Qatar in obtaining, maintaining and renewing, in Qatar, all authorisations, permits and consents necessary or desirable for KJLLC Qatar to conduct, promote and expand its business and also advise and assist the Company in obtaining projects/contracts.

Further, in terms of Qatar SHA, *inter alia*, (i) a party will not assign or permit a third party to obtain the benefit of its rights and interests under Qatar SHA except with the consent of other parties; (ii) Qatar SHA will prevail in case of inconsistency with memorandum of association of KJLLC Qatar; (iii) intellectual property of KJLLC Qatar will solely remain the property of KJLLC UAE and the Qatar Nominee will have no right or claim over it at any point of time.

In terms of Promise to Sell Agreement, Qatar Nominee has granted an irrevocable option to purchase Qatar Nominee Shares to KJLLC UAE for an agreed consideration. The term of the Promise to Sell Agreement is 30 years from the date of the agreement. Further, at the time of such purchase, KJLLC UAE may set off the purchase price against any debt owed by the Qatar Nominee to KJLLC UAE or to us.

(vi) ***Shareholders’ agreement dated July 13, 2017 entered into by and between Mr. PNC Menon and KJFZE (“Oman SHA”)***

In terms of Oman SHA, KJFZE has paid for the entire share capital of Kalyan Jewellers LLC, Oman (“**KJLLC Oman**”) and Mr. PNC Menon (“**Oman Nominee**”) has agreed to act as a registered shareholder of 75,000 shares, representing 30% of the share capital, of KJLLC Oman (“**Oman Nominee Shares**”) for the sole benefit of and in trust for KJFZE. Further, Oman Nominee holds all dividends, interest, bonuses, or other distributions and benefits in respect of Oman Nominee Shares as a nominee of KJFZE. In consideration of the Oman Nominee entering into Oman SHA, KJFZE will pay an annual fixed fee of USD 77,000 subject to review in terms of Oman SHA. In terms of Oman SHA, KJLLC Oman will be managed by a general manager appointed, removed or replaced by KJFZE.

Further, in terms of Oman SHA, Oman Nominee has agreed, *inter alia*, (i) deal with or dispose of Oman Nominee Shares; and (ii) exercise voting rights and other privileges attached to such shares; in the manner

KJFZE will direct or approve in writing. Oman Nominee has also agreed, *inter alia*, (i) not to register, use or permit to use, in any way, the intellectual property of KJLLC Oman; (ii) to execute such proxies, power of attorneys or other documents as KJFZE may direct from time to time to enable it to attend and vote at any general meeting of KJLLC Oman; (iii) not to assume any role in the business, management, operation and finances of KJLLC Oman except as specified in Oman SHA; (iv) not to incur any liability on behalf of KJLLC Oman nor deal with or dispose of its assets; (v) not to accept any order, submit any bid or make any contract in the name of KJLLC Oman which is binding on it; (vi) not to make any promises, representations or warranties or give any guarantees in the name of KJLLC Oman; (vii) to execute any constitutional document of KJLLC Oman in the form acceptable to KJFZE; and (viii) not to assign any entitlements and/ or obligations pursuant to Oman SHA to a third party except with written consent of KJFZE. In the event of Oman Nominee's death or incapacity for any reason, his legal heirs, or successors in interest or administrators will be bound by all the terms of Oman SHA in the same manner as Oman Nominee. Oman SHA also provides for certain indemnity and confidentiality obligations of the parties.

Oman SHA may be terminated, *inter alia*, by either party by giving 60 days' written notice of termination. Termination of Oman SHA will be effective only following Oman Nominee ceasing to hold any Oman Nominee Shares and having transferred them in accordance with written request of KJFZE. In the event of termination, liquidation or dissolution of KJLLC Oman, certain provisions of Oman SHA will prevail over any conflicting provisions of its memorandum of association, viz. the share capital, assets, property and any present or future rights of any kind, and any intellectual properties of KJLLC Oman will belong to KJFZE.

(vii) ***Joint venture agreement dated November 24, 2014 entered into by and between KJLLC UAE and Mr. Bader Nasser Turki Al-Otaibi ("First Kuwait Nominee", and this agreement "Kuwait JV Agreement"), parts purchase agreement dated November 24, 2014 entered into by and between KJLLC UAE and First Kuwait Nominee ("Parts Purchase Agreement"), assignment of rights agreement dated November 24, 2014 by and between KJLLC UAE and First Kuwait Nominee ("Assignment of Rights Agreement"), nominee agreement dated November 24, 2014 entered into by and between KJLLC UAE and First Kuwait Nominee ("Nominee Agreement"), partners agreement dated November 24, 2014 by and between KJLLC UAE and First Kuwait Nominee ("Partners Agreement"), management services agreement dated November 24, 2014 by and amongst KJLLC UAE, Kalyan Jewellers for Golden Jewelry Company, W.L.L. and First Kuwait Nominee ("Management Services Agreement"), license agreement dated November 24, 2014 by and amongst Kalyan Jewellers for Golden Jewelry Company, W.L.L., KJLLC UAE and First Kuwait Nominee ("License Agreement"), and pledge against parts agreement dated November 24, 2014 by and between KJLLC UAE and First Kuwait Nominee ("Pledge Against Parts Agreement")***

Pursuant to Kuwait JV Agreement and the Parts Purchase Agreement, KJLLC UAE contributed to the entire capital of Kalyan Jewellers for Golden Jewelry Company, W.L.L. ("**KJWLL Kuwait**") and purchased 49 parts, representing 49% of the equity capital, of KJWLL Kuwait.

In terms of the Nominee Agreement, the First Kuwait Nominee and his legal heirs will hold 51 parts, representing 51% of equity capital, of KJWLL Kuwait ("**Kuwait Nominee Parts**") as a nominee of KJLLC UAE. Further, pursuant to the Assignment of Rights Agreement, the First Kuwait Nominee assigned in favour of KJLLC UAE all rights and interests, including all economic and beneficial rights (including profits, dividends and distributions) and right to vote, attached to the Kuwait Nominee Parts for a period of 99 years. However, the legal title to the Kuwait Nominee Parts will be retained by the First Kuwait Nominee. First Kuwait Nominee has also executed a power of attorney authorizing KJLLC UAE to vote the Kuwait Nominee Parts at its sole discretion and authority in relation to the management and operation of KJWLL Kuwait. First Kuwait Nominee, *inter alia*, will not transfer, sell, charge, encumber or otherwise deal with Kuwait Nominee Parts except as directed or approved by KJLLC UAE. Pursuant to the Pledge Against Parts Agreement, First Kuwait Nominee has agreed to pledge the Kuwait Nominee Parts, including the profits and revenues and all other economic rights derived from such parts, in favour of KJLLC UAE as security and guarantee for the payment of management fees.

Further, in terms of the transaction agreements, First Kuwait Nominee has agreed, *inter alia*, (i) to exercise its voting rights and other privileges attached to Kuwait Nominee Parts in accordance with the directions or approval of KJLLC UAE; (ii) not to deal with or otherwise dispose of the Kuwait Nominee Parts except as directed or approved by KJLLC UAE; (iii) not to incur any liability on behalf of KJWLL Kuwait nor deal with, transfer, sell or lease or dispose of KJWLL Kuwait's assets; (iv) not to assume any role in the business, management, operation and finances of KJWLL Kuwait except as specified in the transaction agreements; (v) to

execute constitutional document of KJWLL Kuwait in the form acceptable to KJLLC UAE; (vi) not to make any promises, representations or warranties or give any guarantees in the name of KJWLL Kuwait; (vii) not to accept any order, submit any bid or make any contract in the name of KJWLL Kuwait which is binding on KJWLL Kuwait; (viii) to execute such proxies and power of attorneys to enable KJLLC UAE to attend and vote at general meeting of KJWLL Kuwait. The First Kuwait Nominee is required to, *inter alia*, obtain on behalf of KJWLL Kuwait, all trade and other licenses and permissions as may be necessary or desirable to enable KJWLL Kuwait to conduct its business.

Further, in terms of the Management Services Agreement, KJWLL Kuwait will be managed on a day-to-day basis by KJLLC UAE and KJLLC UAE will provide certain management services for a period of 99 years which may include human resource services, administrative services, management services, training services, marketing services and the licensing of the intellectual property. In consideration of such management services, KJWLL Kuwait will pay KJLLC UAE such amount as agreed in terms of the Management Services Agreement.

In terms of Kuwait JV Agreement, KJLLC UAE will have sole discretion to determine whether to dissolve and/or sell KJWLL Kuwait. Further, the First Kuwait Nominee has agreed to indemnify KJLLC UAE from all losses, threatened losses, fines, penalties, related costs and expenses in terms of Kuwait JV Agreement. Kuwait JV Agreement may be terminated by, *inter alia*, mutual agreement between the parties to terminate. In case of occurrence of any event of termination, KJLLC UAE will have the discretion to direct the First Kuwait Nominee to transfer the Kuwait Nominee Parts to any third party of its choice. Kuwait JV Agreement also provides for certain confidentiality obligations of parties and asserts the ownership of KJLLC UAE of the intellectual property rights.

**(viii) Shareholders' agreement dated January 13, 2019 between KJLLC UAE, First Kuwait Nominee and Mr. Sheikh Dawood Salman Al Sabah ("Second Kuwaiti Nominee", and together with the First Kuwaiti Nominee, the "Kuwait Nominees") ("Kuwait SHA")**

In terms of Kuwait SHA, KJLLC UAE has contributed the entire share capital of KJWLL Kuwait and the Kuwait Nominee have agreed that the 51 shares of KJWLL Kuwait registered in the name of Kuwait Nominees and representing 51% of share capital of KJWLL Kuwait ("**Kuwait Nominee Shares**") are held by Kuwait Nominees for the benefit of and in trust for KJLLC UAE. Further, Kuwait Nominees hold all dividends, interest, bonuses, or other distributions and benefits in respect of Kuwait Nominee Shares as a nominee of KJLLC UAE. In consideration of the Kuwait Nominees entering into Kuwait SHA, KJLLC UAE will pay an annual fixed fee of KWD 7,500 to each of the Kuwait Nominees. In terms of Kuwait SHA, KJWLL Kuwait will be managed by a general manager appointed, removed or replaced by KJLLC UAE.

Further, in terms of Kuwait SHA, Kuwait Nominees have agreed, *inter alia*, (i) transfer or otherwise deal with of Kuwait Nominee Shares except as expressly directed or approved in writing by KJLLC UAE; and (ii) exercise voting rights and other privileges attached to such shares only in the manner KJLLC UAE will direct or approve in writing. Kuwait Nominees have also agreed, *inter alia*, (i) not to register, use or permit to use, in any way, the intellectual property of KJWLL Kuwait; (ii) to execute such proxies, power of attorneys or other documents as KJLLC UAE may require from time to time to enable it to attend and vote at any general meeting of KJWLL Kuwait; (iii) not to assume any role in the business, management, operation and finances of KJWLL Kuwait except as specified in Kuwait SHA; (iv) not to incur any liability on behalf of KJWLL Kuwait nor deal with or dispose of its assets; (v) not to accept any order, submit any bid or make any contract in the name of KJWLL Kuwait which is binding on it; (vi) not to make any promises, representations or warranties or give any guarantees in the name of KJWLL Kuwait; (vii) to execute any constitutional document of KJWLL Kuwait in the form acceptable to KJLLC UAE; and (viii) not to assign any entitlements and/ or obligations pursuant to Kuwait SHA to a third party except with written consent of KJLLC UAE. In the event of Kuwait Nominees' death or incapacity for any reason, their legal heirs, or successors in interest or administrators will be bound by all the terms of Kuwait SHA in the same manner as Kuwait Nominees. Kuwait SHA also provides for certain indemnity and confidentiality obligations of the parties.

Kuwait SHA may be terminated, *inter alia*, by a party by giving 30 days' written notice of termination to other parties. Termination of Kuwait SHA will be effective only following Kuwait Nominee ceasing to hold any Kuwait Nominee Shares and having transferred them in accordance with written request of KJLLC UAE. In the event of termination, liquidation or dissolution of KJWLL Kuwait, certain provisions of Kuwait SHA will prevail over any conflicting provisions of its memorandum of association, viz. the share capital, assets, property and any present or future rights of any kind, and any intellectual properties of KJWLL Kuwait will belong to KJLLC UAE.

- (ix) *Shareholders' agreement dated August 27, 2019 entered into by and between Mr. Mohammed Hamza Mustafa Ahli and KJFZE, and addendum to the shareholders' agreement dated February 18, 2020 entered into by and between Mr. Mohammed Hamza Mustafa Ahli and KJFZE ("Bahrain SHA")*

In terms of Bahrain SHA, KJFZE will pay for the entire share capital of Kalyan Jewellers Bahrain W.L.L., Bahrain (a company in the process of incorporation in Bahrain) ("**KJWLL Bahrain (Under Incorporation)**") and Mr. Mohammed Hamza Mustafa Ahli ("**Bahrain Nominee**") has agreed to act as a registered shareholder of 51 shares, representing 51% of the share capital, of KJWLL Bahrain (Under Incorporation) ("**Bahrain Nominee Shares**") for the sole benefit of and in trust for KJFZE. Further, Bahrain Nominee will hold all dividends, interest, bonuses, or other distributions and benefits in respect of Bahrain Nominee Shares as a nominee of KJFZE. In consideration of the Bahrain Nominee entering into Bahrain SHA, KJFZE will pay an annual fixed fee of BHD 500 during the term of the Bahrain SHA. In terms of Bahrain SHA, KJWLL Bahrain (Under Incorporation) will be managed by a general manager appointed, removed or replaced by KJFZE.

Further, in terms of Bahrain SHA, Bahrain Nominee has agreed, inter alia, (i) deal with or dispose of Bahrain Nominee Shares; and (ii) exercise voting rights and other privileges attached to such shares; in the manner KJFZE will direct or approve in writing. Bahrain Nominee has also agreed, inter alia, (i) not to register, use or permit to use, in any way, the intellectual property of KJWLL Bahrain (Under Incorporation); (ii) to execute such proxies, power of attorneys or other documents as KJFZE may direct from time to time to enable it to attend and vote at any general meeting of KJWLL Bahrain (Under Incorporation); (iii) not to assume any role in the business, management, operation and finances of KJWLL Bahrain (Under Incorporation) except as specified in Bahrain SHA; (iv) not to incur any liability on behalf of KJWLL Bahrain (Under Incorporation) nor deal with or dispose of its assets; (v) not to accept any order, submit any bid or make any contract in the name of KJWLL Bahrain (Under Incorporation) which is binding on it; (vi) not to make any promises, representations or warranties or give any guarantees in the name of KJWLL Bahrain (Under Incorporation); (vii) to execute any constitutional document of KJWLL Bahrain (Under Incorporation) in the form acceptable to KJFZE; and (viii) not to assign any entitlements and/ or obligations pursuant to Bahrain SHA to a third party except with written consent of KJFZE. In the event of Bahrain Nominee's death or incapacity for any reason, his legal heirs, or successors in interest or administrators will be bound by all the terms of Bahrain SHA in the same manner as Bahrain Nominee. Bahrain SHA also provides for certain indemnity and confidentiality obligations of the parties.

Bahrain SHA may be terminated, inter alia, by either party by giving 30 days' written notice of termination. Termination of Bahrain SHA will be effective only following Bahrain Nominee ceasing to hold any Bahrain Nominee Shares and having transferred them in accordance with written request of KJFZE. In the event of termination, liquidation or dissolution of KJWLL Bahrain (Under Incorporation), then provided that (i) the incorporation of KJWLL Bahrain (Under Incorporation) is completed in accordance with the requirements of the laws of Bahrain; and (ii) the Bahrain SHA is not suspended, terminated, invalidated, superseded, or otherwise expires (howsoever occurring) prior to the completion of the incorporation of KJWLL Bahrain (Under Incorporation) in accordance with requirements of the law of Bahrain, Bahrain Law, certain provisions of Bahrain SHA should prevail over any conflicting provisions of its memorandum of association, viz. the share capital, assets, property and any present or future rights of any kind, and any intellectual properties of KJWLL Bahrain (Under Incorporation) will belong to KJFZE.

Bahrain SHA will apply to shall be applicable and shall govern all existing and companies to be incorporated in Bahrain.

#### **Other material agreements**

Except as disclosed above, as on the date of this Draft Red Herring Prospectus, our Company has not entered into any subsisting material agreements (other than in the ordinary course of business of our Company) and there are no subsisting shareholders' agreements with respect to our Company. For details with respect to agreements in relation to the business and operations of our Company, see "*Our Business*" on page 126.

#### **Agreements with Key Managerial Personnel, Director, Promoters or any other employee**

As on the date of this Draft Red Herring Prospectus, there are no agreements entered into by our Key Managerial Personnel or Promoters or Directors 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.

### Holding company, joint ventures or associate companies

As on the date of this Draft Red Herring Prospectus, our Company does not have any holding company, joint venture and associate company.

### Subsidiaries

As of the date of this Draft Red Herring Prospectus, our Company has eight Subsidiaries, comprising three direct Subsidiaries and five\* step-down Subsidiaries. For details, see “Our Subsidiaries” on page 192.

\* Excluding Kalyan Jewellers Bahrain W.L.L., Bahrain, which is in the process of incorporation and, inter alia, awaits regulatory approvals for its incorporation and commencement of operations.

### Strategic and financial partners

As of the date of this Draft Red Herring Prospectus, our Company does not have any strategic or financial partners.

### Details of guarantees given to third parties by our Promoter, offering his shares in the Offer for Sale

As on the date of this Draft Red Herring Prospectus, Mr. T.S. Kalyanaraman, the Promoter Selling Shareholder, 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 our Subsidiaries.

S. No.	Lender	Borrower(s)	Type of facility	Amount <sup>#</sup>
1.	SBICAP Trustee Company Limited, acting as trustee for the benefit of a consortium of lenders <sup>(1)</sup>	Kalyan Jewellers India Limited, i.e., our Company	Working capital	₹ 25,550 million
2.	Bank of Baroda <sup>(2)</sup>	Kalyan Jewellers India Limited, i.e., our Company	Working capital	₹ 500 million
3.	State Bank of India <sup>(2)</sup>	Kalyan Jewellers India Limited, i.e., our Company	Working capital	₹ 820 million
4.	State Bank of India <sup>(2)</sup>	Kalyan Jewellers India Limited, i.e., our Company	Credit facilities including term loan, working capital and overdrafts	₹ 7,500 million
5.	State Bank of India <sup>(2)(3)</sup>	Kalyan Jewellers India Limited, i.e., our Company	Term loan	₹ 1,000 million
6.	National Bank of Fujairah PJSC <sup>(4)</sup>	Kalyan Jewellers FZE, one of our Subsidiaries	Metal gold loans, overdraft, and term loans	AED 189 million
	Bank of Baroda, Dubai	Kalyan Jewellers LLC, UAE, one of our Subsidiaries	Line of credit – fund based working capital	AED 100 million
7.	Commercial Bank of Dubai	Certain of our Subsidiaries, namely: i. Kalyan Jewellers FZE, UAE, and ii. Kalyan Jewellers, LLC, UAE.	Overdraft, treasury limit and buyer led supply chain financing facility	AED 25 million
8.	Doha Bank Q.S.C.	Certain of our Subsidiaries, namely: i. Kalyan Jewellers FZE, UAE, ii. Kalyan Jewellers, LLC, UAE, and iii. Kalyan Jewellers for Golden Jewelry Company, W.L.L., Kuwait.	Term loan, letter of credit/loan against trust receipts and standby letter of credit	QAR 140 million

<sup>#</sup> As certified by M/s Krishnamoorthy & Krishnamoorthy, Chartered Accountants, pursuant to their certificate dated August 22, 2020.



- (1) *This guarantee was issued by Mr. T.S. Kalyanaraman along with: (i) Mr. T.K. Seetharam and Mr. T.K. Ramesh, our Promoters; and (ii) certain members of our Promoter Group, in favour of SBICAP Trustee Company Limited acting as trustee for the benefit of a consortium of lenders, i.e., State Bank of India, Axis Bank Limited, Bank of Baroda, Bank of India, Canara Bank, HDFC Bank Limited, IDBI Bank Limited, Indian Overseas Bank, the erstwhile Syndicate Bank (which has since amalgamated into Canara Bank) and the South Indian Bank Limited.*
- (2) *This guarantee was issued by Mr. T.S. Kalyanaraman along with: (i) Mr. T.K. Seetharam and Mr. T.K. Ramesh, our Promoters; and (ii) certain members of our Promoter Group.*
- (3) *This facility was originally granted by the erstwhile State Bank of Travancore, which has since amalgamated into State Bank of India.*
- (4) *This guarantee was issued by Mr. T.S. Kalyanaraman along with Mr. T.K. Seetharam and Mr. T.K. Ramesh, our Promoters.*

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. T.S. Kalyanaraman to the extent of outstanding loan amount. For details of security provided by the borrowers, see, “*Financial Indebtedness - Principal terms of the borrowings availed by us*” on page 295.

## OUR MANAGEMENT

### Board of Directors

In terms of our Articles of Association and subject to the provisions of the Act, the number of Directors on our Board shall not be less than three and more than 15, provided that our Company may appoint more than 15 directors after passing a special resolution. As on the date of this Draft Red Herring Prospectus, our Board comprises of ten Directors, which includes five Independent Directors, three Executive Directors, and two Non-Executive Directors (one of which is a Nominee Director).

The following table sets forth the details of our Board as on the date of this Draft Red Herring Prospectus:

Name, date of birth, designation, address, occupation, term, period of directorship and DIN	Age (years)	Other directorships
<p><b>Mr. T.S. Kalyanaraman</b></p> <p><i>Date of birth:</i> May 23, 1947</p> <p><i>Designation:</i> Chairman and Managing Director</p> <p><i>Address:</i> Aum, B N 8/1A, Plot No. 2, Sobha City, Puzhakkal P O, Thrissur, Kerala – 680 553</p> <p><i>Occupation:</i> Business</p> <p><i>Term:</i> Liable to retire by rotation for a term of five years with effect from June 20, 2019 to June 19, 2024</p> <p><i>Period of Directorship:</i> Director since incorporation of our Company</p> <p><i>DIN:</i> 01021928</p>	73	<p><b>Indian Companies</b></p> <p>1. Yuvasakthi Kuries Private Limited.</p> <p><b>Foreign Companies</b></p> <p>Nil.</p>
<p><b>Mr. T.K. Seetharam</b></p> <p><i>Date of birth:</i> October 20, 1975</p> <p><i>Designation:</i> Whole-time Director</p> <p><i>Address:</i> Plot No. 8-1-13, Ramayan, Sobha City, Puzhakkal, Muthuvara PO, Thrissur, Kerala – 680 553</p> <p><i>Occupation:</i> Business</p> <p><i>Term:</i> Liable to retire by rotation for a term of five years with effect from June 20, 2019 to June 19, 2024</p> <p><i>Period of Directorship:</i> Director since incorporation of our Company</p> <p><i>DIN:</i> 01021898</p>	44	<p><b>Indian Companies</b></p> <p>1. TKS Merchandise Private Limited*.</p> <p><b>Foreign Companies</b></p> <p>1. KJFZE; 2. KJLLC Oman; 3. KJLLC Qatar; and 4. KJLLC UAE.</p>
<p><b>Mr. T.K. Ramesh</b></p> <p><i>Date of birth:</i> July 16, 1978</p> <p><i>Designation:</i> Whole-time Director</p> <p><i>Address:</i> Sankalp Plot No 1 XV 274 A, Sobha City, Puzhakkal, Thrissur, Kerala – 680 553</p>	42	<p><b>Indian Companies</b></p> <p>1. TKS Merchandise Private Limited*.</p> <p><b>Foreign Companies</b></p> <p>Nil.</p>

Name, date of birth, designation, address, occupation, term, period of directorship and DIN	Age (years)	Other directorships
<p><i>Occupation:</i> Business</p> <p><i>Term:</i> Liable to retire by rotation for a term of five years with effect from June 20, 2019 to June 19, 2024</p> <p><i>Period of Directorship:</i> Director since incorporation of our Company</p> <p><i>DIN:</i> 01021868</p>		
<p><b>Mr. Salil Nair</b></p> <p><i>Date of birth:</i> June 1, 1965</p> <p><i>Designation:</i> Non-Executive Director</p> <p><i>Address:</i> Apt T No. 1501, 15<sup>th</sup> Floor Quiescent Heights, Chincholi, Off Link Road, Mindspace, Mumbai – 400 064</p> <p><i>Occupation:</i> Business</p> <p><i>Term:</i> Liable to retire by rotation for a term of five years with effect from May 29, 2020 to May 28, 2025</p> <p><i>Period of Directorship:</i> Director since May 29, 2020</p> <p><i>DIN:</i> 01955091</p>	55	<p><b>Indian Companies</b></p> <p>Nil.</p> <p><b>Foreign Companies</b></p> <p>Nil.</p>
<p><b>Mr. Anish Kumar Saraf</b></p> <p><i>Date of birth:</i> October 30, 1977</p> <p><i>Designation:</i> Non-Executive, Nominee Director</p> <p><i>Address:</i> B-3002, 30<sup>th</sup> Floor, Raheja Vivarea, Sane Guruji Marg, Jacob Circle, Mumbai – 400 011</p> <p><i>Occupation:</i> Service</p> <p><i>Term:</i> Not liable to retire by rotation</p> <p><i>Period of Directorship:</i> Director since November 23, 2018</p> <p><i>DIN:</i> 00322784</p>	42	<p><b>Indian Companies</b></p> <ol style="list-style-type: none"> <li>1. PRL Developers Private Limited;</li> <li>2. Biba Apparels Private Limited;</li> <li>3. R Retail Ventures Private Limited;</li> <li>4. PVR Limited;</li> <li>5. Hamstede Living Private Limited; and</li> <li>6. Warburg Pincus India Private Limited.</li> </ol> <p><b>Foreign Companies</b></p> <p>Nil.</p>
<p><b>Mr. Agnihotra Dakshina Murty Chavali</b></p> <p><i>Date of birth:</i> October 9, 1954</p> <p><i>Designation:</i> Independent Director</p> <p><i>Address:</i> C/O, 1708, Pegasus B Wing, Meenakshi Sky Lounge, Hitex Road, Kondapur, Hyderabad, Serilingampally, K.v. Rangareddy, Telangana – 500 084</p>	65	<p><b>Indian Companies</b></p> <ol style="list-style-type: none"> <li>1. Indian Immunologicals Limited.</li> </ol> <p><b>Foreign Companies</b></p> <p>Nil.</p>

Name, date of birth, designation, address, occupation, term, period of directorship and DIN	Age (years)	Other directorships
<p><i>Occupation:</i> Professional</p> <p><i>Term:</i> For a term of five years with effect from March 28, 2016 to March 27, 2021</p> <p><i>Period of Directorship:</i> Director since March 28, 2016</p> <p><i>DIN:</i> 00374673</p>		
<p><b>Mr. Mahalingam Ramaswamy</b></p> <p><i>Date of birth:</i> September 8, 1948</p> <p><i>Designation:</i> Independent Director</p> <p><i>Address:</i> 32/1, Anugraha Apts, Unnamalai Ammal Street, Thygarayanagar H.O., Chennai, Tamil Nadu – 600 017</p> <p><i>Occupation:</i> Professional</p> <p><i>Term:</i> For a term of five years with effect from March 28, 2016 to March 27, 2021</p> <p><i>Period of Directorship:</i> Director since March 28, 2016</p> <p><i>DIN:</i> 07479866</p>	71	<p><b>Indian Companies</b></p> <p>Nil</p> <p><b>Foreign Companies</b></p> <p>Nil.</p>
<p><b>Mr. T.S. Anantharaman</b></p> <p><i>Date of birth:</i> June 26, 1948</p> <p><i>Designation:</i> Independent Director</p> <p><i>Address:</i> No 1121, Sobha Topaz, Sobha City, Trichur, Puzhakkal, Thrissur, Kerala – 680 553</p> <p><i>Occupation:</i> Business</p> <p><i>Term:</i> For a term of five years with effect from December 15, 2018 to December 14, 2023</p> <p><i>Period of Directorship:</i> Director since December 15, 2018</p> <p><i>DIN:</i> 00480136</p>	72	<p><b>Indian Companies</b></p> <ol style="list-style-type: none"> <li>1. Polyclinic Private Limited;</li> <li>2. Trichur Heart Hospital Limited;</li> <li>3. Mobme Wireless Solutions Limited;</li> <li>4. Gosree Finance Limited;</li> <li>5. Inbot Properties Private Limited; and</li> <li>6. Crosbor Luxurate Private Limited.</li> </ol> <p><b>Foreign Companies</b></p> <ol style="list-style-type: none"> <li>1. KJFZE <sup>(1)</sup>; and</li> <li>2. KJLLC UAE<sup>(1)</sup>.</li> </ol>
<p><b>Ms. Kishori Jayendra Udeshi</b></p> <p><i>Date of birth:</i> October 13, 1943</p> <p><i>Designation:</i> Independent Director</p> <p><i>Address:</i> 15, Sumit Apartments, 8<sup>th</sup> Floor, M.L. Dahanukar Marg, Cumballa Hill, Mumbai – 400 026</p> <p><i>Occupation:</i> Nil</p> <p><i>Term:</i> For a term of five years with effect</p>	76	<p><b>Indian Companies</b></p> <ol style="list-style-type: none"> <li>1. Elantas Beck India Limited;</li> <li>2. Haldyn Glass Limited;</li> <li>3. Ion Exchange (India) Limited;</li> <li>4. Shriram Automall India Limited;</li> <li>5. Shriram Transport Finance Company Limited;</li> <li>6. SOTC Travel Limited; and</li> <li>7. Thomas Cook (India) Limited.</li> </ol> <p><b>Foreign Companies</b></p> <p>Nil.</p>

Name, date of birth, designation, address, occupation, term, period of directorship and DIN	Age (years)	Other directorships
from January 17, 2018 to January 16, 2023  <i>Period of Directorship:</i> Director since January 17, 2018  <i>DIN:</i> 01344073		
<b>Mr. Anil Sadasivan Nair</b>  <i>Date of birth:</i> November 19, 1971  <i>Designation:</i> Independent Director  <i>Address:</i> Flat No-1203, 12 <sup>th</sup> Floor, D Wing, Raheja Vistas, Chandivali Farm Road, Andheri East, Mumbai Suburban, Sakinaka, Mumbai – 400 072  <i>Occupation:</i> Business  <i>Term:</i> For a term of five years with effect from May 29, 2020 to May 28, 2025  <i>Period of Directorship:</i> Director since May 29, 2020  <i>DIN:</i> 08327721	48	<b>Indian Companies</b>  1. Motomantra Ventures Private Limited; and 2. Y&A Transformation Private Limited.  <b>Foreign Companies</b>  Nil.

\* Application for striking off TKS Merchandise Private Limited from the records of the RoC has been filed and it is under process.

<sup>(1)</sup> Mr. T.S. Anantharaman has been appointed as a director of KJFZE and KLLC UAE, our material subsidiaries in terms of Regulation 24 of the SEBI Listing Regulations, with effect from August 3, 2020, subject to the receipt of necessary and applicable regulatory approvals.

### Relationship between our Directors and Key Managerial Personnel

Except for Mr. T.S. Kalyanaraman, Mr. T.K. Seetharam and Mr. T.K. Ramesh, no other Directors are related to each other or to any of the Key Managerial Personnel. Mr. T.S. Kalyanaraman is the father of Mr. T.K. Seetharam and Mr. T.K. Ramesh. Mr. T.K. Seetharam is the brother of Mr. T. K. Ramesh.

### Brief profiles of our Directors

**Mr. T.S. Kalyanaraman** is one of our Promoters and the Chairman and Managing Director of our Company. Being our Promoter, he has been associated with our Company since our incorporation and has been associated with the brand ‘Kalyan Jewellers’ since 1993. He completed his bachelor’s in commerce from University of Calicut and has over 45 years of retail experience, of which over 25 years is in the jewellery industry.

**Mr. T.K. Seetharam** is one of our Promoters and a whole-time Director of our Company. Being our Promoter, he has been associated with our Company since its incorporation and has been associated with the brand ‘Kalyan Jewellers’ since 1998. He has qualified as a master of business administration from Bharathiar University, Coimbatore. He has also completed the ‘Executive Program in Leadership: The Effective Use of Power’ course from Stanford University. He has approximately 22 years of experience in the jewellery industry.

**Mr. T.K. Ramesh** is one of our Promoters and a whole-time Director of our Company. Being our Promoter, he has been associated with our Company since its incorporation and has been associated with the brand ‘Kalyan Jewellers’ since 2000. He has completed his master’s degree in commerce at Karnataka State University. He has approximately 20 years of experience in the jewellery industry.

**Mr. Salil Nair** is a Non-Executive Director of our Company and has been on our Board since 2020. He has completed his master’s degree in science at Meerut University. He has approximately 23 years of experience in the retail industry. He has previously acted as Chief Executive Officer of Shoppers Stop Limited.

**Mr. Anish Kumar Saraf** is a Non-Executive, Nominee Director nominated by Highdell and has been on our

Board since 2018. He is a qualified chartered accountant and holds a post graduate diploma in management from the Indian Institute of Management, Ahmedabad. He is associated with Warburg Pincus India Private Limited since 2006 where he currently holds the position of Managing Director.

**Mr. Agnihotra Dakshina Murty Chavali** is an Independent Director of our Company and has been on our Board since 2016. He holds a master of science degree in mathematics from Andhra University. Mr. Chavali has over 30 years of experience in the banking sector and has served in various capacities in prestigious financial institutions, including, as a General Manager of Bank of Baroda and as an Executive Director of Indian Overseas Bank. He retired from Indian Overseas Bank as an Executive Director in the year 2014. Mr. Chavali has also acted as a nominee director of Bank of Baroda, Central Depository Services (India) Limited and The Clearing Corporation of India Limited. In January 2020, he was appointed as a member of the advisory board for Banking and Financial Frauds by the Central Vigilance Commission.

**Mr. Mahalingam Ramaswamy** is an Independent Director of our Company and has been on our Board since 2016. He holds a master of arts degree in economics from University of Madras. Mr. Ramaswamy has over 35 years of experience in the banking sector and has served, in various prestigious financial institutions in several capacities, including as a General Manager of State Bank of Saurashtra and the State Bank of Hyderabad, as a Chief General Manager of State Bank of Bikaner and Jaipur and as the Managing Director in State Bank of Travancore. He retired as a Managing Director from State Bank of Travancore in 2008.

**Mr. T.S. Anantharaman** is an Independent Director of our Company. He has been on our Board since 2018. He has been appointed as a director of KJFZE and KLLC UAE, our material subsidiaries in terms of Regulation 24 of the SEBI Listing Regulations, with effect from August 3, 2020, subject to the receipt of necessary and applicable regulatory approvals. Mr. Anantharaman holds a bachelor of commerce degree from University of Kerala. He was admitted as an associate member of the Chartered Management Institute, formerly known as the British Institute of Management on June 22, 1976 and as a fellow of the Institute of Chartered Accountants of India on July 31, 1974. He has several years of experience in various sectors, such as banking and teaching management and accounting. During the course of his career, Mr. Anantharaman has been associated with various institutions such as The Catholic Syrian Bank Limited, Motilal Oswal Financial Services Limited, Sree Sakthi Paper Mills Limited, St. Thomas College, Thrissur and the International Labour Office (United Nations). He was awarded the Lifetime Achievement Award in the Businessonline Kerala Business Summit 2019, the TMA-Manappuram Group Lifetime Achievement Award 2016 by the Thrissur Management Association and the Life Time Achievement Award by JEMECE (School of Management Studies, University of Calicut, Dr. John Matthai Centre, Thrissur) in 2014.

**Ms. Kishori Jayendra Udeshi** is an Independent Director of our Company. She has been on our Board since 2018. She holds a master's degree in arts with specialization in economics from the Bombay University. She has several years of experience in policy and banking sectors. During the course of her career, Ms. Udeshi has held prestigious positions with various institutions and government bodies. She was the first woman Deputy Governor of the RBI and a director of the RBI to be nominated on the board of directors of the State Bank of India. As the Deputy Governor of the RBI, she was also on the board of directors of SEBI, NABARD, Exim Bank and has acted as the chairman of the Bharatiya Reserve Bank Note Mudran Private Limited. Ms. Udeshi was also appointed by the RBI to act as the chairman of The Banking Codes and Standards Board of India. Ms. Udeshi has also acted as the chairman of the Deposit Insurance and Credit Guarantee Corporation. Presently, she serves as a member (as appointed by the Government of India) of the Financial Sector Legislative Reforms Commission.

**Mr. Anil Sadasivan Nair** is an Independent Director of our Company and has been on our Board since 2020. He has completed his bachelor's degree in arts at the University of Kerala. He has over 19 years of experience in the field of advertising. During the course of his career, he has held various positions such as CEO & Managing Partner of Law & Kenneth Saatchi & Saatchi Pvt. Limited and Vice President (Branch Head, Mumbai) at Quadrant Communications Limited.

#### **Arrangement or understanding with major shareholders, customers, suppliers or others**

Other than our Director, Mr. Anish Kumar Saraf, who has been nominated to our Board by Highdell pursuant to the Highdell Investment Agreements, there is no arrangement or understanding with any major Shareholders, customers, suppliers or others, pursuant to which any of our Directors was appointed on our Board. For details, see "*History and Certain Corporate Matters – Material agreements*" on page 159.

## Terms of appointment of Executive Directors

### **Mr. T.S. Kalyanaraman**

Mr. T.S. Kalyanaraman has been a Director of our Company since its incorporation. He was last re-appointed as our Chairman and Managing Director, pursuant to the resolutions of our Board and Shareholders dated June 20, 2019 and August 14, 2019, respectively, for a period of five years with effect from June 20, 2019. Further, pursuant to our Shareholders' resolution dated April 25, 2018, Mr. T.S. Kalyanaraman is liable to retire by rotation. Additionally, our Shareholders have approved his continuation as the Chairman and Managing Director who had attained the age of 70 years, pursuant to a special resolution dated August 14, 2019. The details of his remuneration in terms of the resolutions of our Board and Shareholders dated June 20, 2019 and August 14, 2019, respectively, and the employment letter dated August 14, 2019, are stated in the table below.

### **Mr. T.K. Seetharam**

Mr. T.K. Seetharam has been a Director of our Company since its incorporation. He was last re-appointed as a whole-time Director, pursuant to resolutions of our Board and Shareholders dated June 20, 2019 and August 24, 2019 for a period of five years with effect from June 20, 2019. Further, pursuant to our Shareholders' resolution dated April 25, 2018, Mr. T.K. Seetharam is liable to retire by rotation. The details of his remuneration in terms of the resolutions of our Board and Shareholders dated June 20, 2019 and August 14, 2019, respectively, and the employment letter dated August 14, 2019, are stated in the table below.

### **Mr. T.K. Ramesh**

Mr. T.K. Ramesh has been a Director of our Company since its incorporation. He was last re-appointed as a whole-time Director, pursuant to resolutions of our Board and Shareholders dated June 20, 2019 and August 14, 2019, respectively, for a period of five years with effect from June 20, 2019. Further, pursuant to our Shareholders' resolution dated April 25, 2018, Mr. T.K. Ramesh is liable to retire by rotation. The details of his remuneration in terms of the resolutions of our Board and Shareholders dated June 20, 2019 and August 14, 2019, respectively, and the employment letter dated August 14, 2019, are stated in the table below.

Particulars	Remuneration payable (in ₹ million)		
	Mr. T.S. Kalyanaraman Chairman and Managing Director	Mr. T.K. Seetharam Whole-time Director	Mr. T.K. Ramesh Whole-time Director
Basic Salary	105*	105*	105*
Perquisites and others	Nil	Nil	Nil

*\*Pursuant to their resolutions dated July 1, 2020 and August 17, 2020, respectively, our Board and Shareholders have approved a revision of remuneration to Mr. T.S. Kalyanaraman, Mr. T.K. Seetharam and Mr. T.K. Ramesh, each, with an increment of 10% for Fiscal 2021, with effect from April 1, 2020.*

## Payment or benefit to Directors of our Company

Other than as disclosed below, our Company has not paid any compensation or granted any benefit to any of our Directors (including contingent or deferred compensation) in all capacities in Fiscal 2020. Further, there is no contingent or deferred compensation payable to any of our Directors which accrued in Fiscal 2020.

### 1. **Remuneration to Executive Directors:**

In Fiscal 2020, our Company has paid an amount of ₹ 105 million as remuneration to each of Mr. T.S. Kalyanaraman, Mr. T.K. Seetharam and Mr. T.K. Ramesh. Further, Mr. T.K. Seetharam and Mr. T.K. Ramesh have respectively received ₹ 0.19 million and ₹ 1.84 million as reimbursement for expenses.

### 2. **Remuneration to Non-Executive Directors:**

In terms of the appointment letter dated June 8, 2020, a total amount of ₹ 1 million per financial year, which shall be a combination of sitting fees for attending the meetings of our Board and the committees of which he may become a member, as well as commission, is payable to Mr. Salil Nair, a Non-Executive Director on our Board. The travel expenses for attending meetings of our Board, incurred by Mr. Salil Nair for participation in such meetings are borne by our Company, from time to time.

Mr. Salil Nair was appointed in Fiscal 2021 and did not receive any remuneration in Fiscal 2020.

In terms of the Highdell Investment Agreements, Mr. Anish Kumar Saraf, a Non-Executive, Nominee Director on our Board, is not entitled to receive any remuneration (including sitting fees) from our Company and no remuneration (including sitting fees) was paid or payable to him during Fiscal 2020.

**3. Sitting fees and commission to Independent Directors:**

Pursuant to resolutions passed by our Board on April 2, 2018 and July 13, 2020, a resolution passed by our Shareholders dated August 17, 2020 and their respective appointment letters, the remuneration (including sitting fees and commission) payable to our Independent Directors has been fixed in the following manner:

- (a) sitting fee of ₹ 0.10 million per meeting for attending the meetings of our Board; and
- (b) such commission as may be determined by the Shareholders for each Fiscal.

For Fiscal 2020, a commission of ₹ 0.5 million was paid to each Non-Executive Independent Director(s) of our Company within the overall maximum limit of one per cent. *per annum* or such percentage as may be specified by the Act from time to time in this regard, of the net profits of our Company to be calculated in accordance with the provisions of Section 198 of the Companies Act.

In terms of their respective appointment letters, the above remuneration (including sitting fees, and such commission as may be determined by the Shareholders for each Fiscal) is subject to a maximum limit of ₹ 1 million per Independent Director per financial year.

Details of sitting fees and commission paid to our Independent Directors in Fiscal 2020 are set forth below.

S. No.	Name of Director	Sitting fees and commission paid (₹ in million)
1.	Mr. Agnihotra Dakshina Murty Chavali	1.00
2.	Mr. Anil Sadasivan Nair*	-
3.	Mr. Mahalingam Ramaswamy	1.00
4.	Mr. T.S. Anantharaman	1.00
5.	Ms. Kishori Jayendra Udeshi	1.00

\* Mr. Anil Sadasivan Nair was appointed in Fiscal 2021 and did not receive any sitting fees or commission in Fiscal 2020.

The travel expenses for attending meetings of our Board or a committee thereof, expenses for hotel and other incidental expenses incurred by them for participation in such meetings are borne by our Company, from time to time.

- 4. Further, our Board and Shareholders have approved payment of remuneration to all directors exceeding 11% of net profit of our Company and the remuneration to the Managing Director and Chairman and the whole-time Directors in excess of 10 per cent. of the net profit of our Company, for a period of five financial years commencing from April 1, 2019, pursuant to their resolutions dated June 20, 2019 and August 14, 2019, respectively.
- 5. Except as disclosed below, our Company has not entered into any contract appointing or fixing the remuneration of a Director in the two years preceding the date of this Draft Red Herring Prospectus:

S. No.	Name of Director	Date and nature of contract appointing or fixing the remuneration of the Director
1.	Mr. T.S. Kalyanaraman	Employment letter dated August 14, 2019
2.	Mr. T.K. Seetharam	Employment letter dated August 14, 2019
3.	Mr. T.K. Ramesh	Employment letter dated August 14, 2019
4.	Mr. Anil Sadasivan Nair	Appointment letter dated June 8, 2020
5.	Mr. Salil Nair	Appointment letter dated June 8, 2020
6.	Mr. T.S. Anantharaman	Appointment letter dated December 15, 2018

**6. Remuneration paid or payable to our Directors from our Subsidiaries**



In Fiscal 2020, KJFZE, one of our Subsidiaries, has paid an amount of ₹ 1.16 million as remuneration to Mr. T.K. Seetharam, who is a director on the board of KJFZE. Further, in Fiscal 2020, KJFZE has paid an amount of ₹ 1.16 million as remuneration to each of Mr. T.S. Kalyanaraman and Mr. T.K. Ramesh, in their respective capacities as employees of KJFZE.

### Changes in our Board in the last three years

Name	Date of Appointment/Change/Cessation	Particulars/ Reason
Mr. Salil Nair	May 29, 2020	Appointed as Non-Executive Director
Mr. Anil Sadasivan Nair	May 29, 2020	Appointed as Independent Director
Mr. T.S. Anantharaman	November 23, 2018	Appointed as Independent Director
Mr. Anish Kumar Saraf	November 23, 2018	Appointed as Non-Executive, Nominee Director
Mr. Vishal Kashyap Mahadevia	November 23, 2018	Resignation as Non-Executive, Nominee Director
Mr. Akshaykumar Chudasama	July 25, 2018	Resignation as Independent Director
Mr. Akshaykumar Chudasama	January 17, 2018	Appointed as Independent Director
Ms. Kishori Jayendra Udeshi	January 17, 2018	Appointed as Independent Director
Mr. Sanjay Raghuraman	January 13, 2018	Resignation as whole-time Director
Ms. T.K. Radhika	January 13, 2018	Resignation as Non-Executive Director

### Service contracts with Directors

Our Company has not entered into any service contracts, pursuant to which our Directors are entitled to benefits upon termination of employment.

### Bonus or profit sharing plan of our Directors

Our Company does not have a bonus or profit sharing plan for our Directors and our Directors have not received any compensation (including contingent or deferred compensation accrued for the year) in Fiscal 2020 pursuant to any bonus or profit sharing plan.

### Shareholding of our Directors in our Company

The Articles of Association do not require our Directors to hold any qualification shares.

Other than as disclosed under “*Capital Structure – Notes to Capital Structure – Shareholding of our Directors and Key Managerial Personnel in our Company*” on page 85, none of our Directors hold any shares in our Company as on the date of this Draft Red Herring Prospectus.

### Other Confirmations

None of our Directors is or was a director of any listed company which has been or was delisted from any stock exchange(s), during their tenure as a director in such company.

None of our Directors is or was a director of any listed company whose shares have been or were suspended from being traded on any of the stock exchange(s) during the last five years preceding the date of this Draft Red Herring Prospectus, during their tenure as a director in such company.

### Borrowing powers of our Board

Pursuant to our Articles of Association and in accordance with the provisions of the Companies Act, our Shareholders have passed a special resolution on August 17, 2020, authorizing our Board to borrow, for and on behalf of our Company, from time to time, any sum or sums of monies, in one or more tranches, which may exceed the aggregate of the paid up share capital, free reserves and securities premium account of our Company, provided that the total outstanding amount so borrowed shall not at any time exceed the limit of ₹ 35,000 million.

### Corporate governance

The provisions of the SEBI Listing Regulations with respect to corporate governance will be applicable to our Company immediately upon the listing of Equity Shares on the Stock Exchanges. As on the date of this Draft Red Herring Prospectus, our Company is in compliance with the requirements of applicable regulations, including the SEBI Listing Regulations, the Companies Act and the SEBI ICDR Regulations, in respect of corporate governance, in relation to composition of our Board and committees, thereof. The corporate governance framework of our Company is based on an effective independent Board, separation of our Board's supervisory role from the executive management team and constitution of the committees, thereof, each as required under applicable law. Further, Mr. T.S. Anantharaman has been appointed as a director of KJFZE and KLLC UAE, our material subsidiaries in terms of Regulation 24 of the SEBI Listing Regulations, with effect from August 3, 2020, subject to the receipt of necessary and applicable regulatory approvals.

Our Board functions either as a full board or through various committees of our Board which are constituted to oversee specific operational areas.

Currently, our Board comprises of ten directors, which includes five Independent Directors, three Executive Directors, and two Non-Executive Directors (one of which in a Nominee Director). In compliance with the provisions of the Companies Act at least two-third of our Directors, other than our Independent Directors, are liable to retire by rotation.

### **Committees of our Board in accordance with the Companies Act, 2013 and the SEBI Listing Regulations**

Our Company has constituted the following committees of the Board in terms of the SEBI Listing Regulations and the Companies Act:

- a. Audit Committee;
- b. Nomination and Remuneration Committee;
- c. Stakeholders Relationship Committee;
- d. Corporate Social Responsibility Committee; and
- e. Risk Management Committee.

#### **1. Audit Committee**

The current constitution of the Audit Committee is as follows:

<b>Sr. No.</b>	<b>Name of the Director</b>	<b>Designation</b>	<b>Position in the Committee</b>
1.	Mr. Agnihotra Dakshina Murty Chavali	Independent Director	Chairman
2.	Mr. Mahalingam Ramaswamy	Independent Director	Member
3.	Mr. Anish Kumar Saraf	Non-Executive, Nominee Director	Member

The company secretary of our Company shall act as secretary to the Audit Committee.

The Audit Committee was last re-constituted by a resolution of our Board dated November 23, 2018 and its terms of reference were last revised by a resolution of our Board dated July 13, 2020.

The scope and function of the Audit Committee is in accordance with Section 177 of the Companies Act, Rule 6 of the Companies (Meeting of Board and its Powers) Rules, 2014 and Regulation 18 of the SEBI Listing Regulations. The powers, roles, responsibilities and terms of reference of the Audit Committee shall include the following:

#### **Powers of Audit Committee:**

The Audit Committee shall have powers, including the following:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

5. Such powers as may be prescribed under the Companies Act and SEBI Listing Regulations.

**Role of the Audit Committee:**

The role of the Audit Committee shall include the following:

1. Oversight of the Company's financial reporting process, examination of the financial statement and the auditors' report thereon, and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
2. Recommendation for appointment, re-appointment, remuneration and terms of appointment of auditors of the Company and fixation of audit fee and payment of any other service fee;
3. Approval of payments to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management of the Company;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements;
  - f. Disclosure of any related party transactions; and
  - g. Qualifications/modified opinion(s) in the draft audit report.
5. Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
6. 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 utilised 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 the Board to take up steps in this matter;
7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
8. Reviewing the financial statements, in particular, investments made by an unlisted subsidiary;
9. Formulating a policy on related party transactions, which shall include materiality of related party transactions;
10. Granting omnibus approval to related party transactions and laying down criteria for granting such approval in accordance with the SEBI Listing Regulations and reviewing, at least on a quarterly basis, the details of the related party transactions entered into by the Company pursuant to the omnibus approvals granted;
11. Approval of any subsequent modification of transactions of the company with related parties;  
Explanation: The term "related party transactions" shall have the same meaning as provided in

Clause 2(zc) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as “SEBI Listing Regulations”) and/or the Accounting Standards;

12. Scrutiny of inter-corporate loans and investments;
13. Valuation of undertakings or assets of the Company, wherever it is necessary;
14. Evaluation of internal financial controls and risk management systems;
15. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
16. 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;
17. Discussion with internal auditors of any significant findings and follow up there on;
18. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
19. 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;
20. 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;
21. Recommending to the board of directors the appointment and removal of the external auditor, fixation of audit fees and approval for payment for any other services;
22. Reviewing the functioning of the whistle blower mechanism;
23. Approval of appointment of CFO (*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;
24. Oversee the vigil mechanism established by the Company and the chairman of audit committee shall directly hear grievances of victimization of employees and directors, who use vigil mechanism to report genuine concerns;
25. Formulating, reviewing and making recommendations to the Board to amend the Audit Committee charter from time to time;
26. Reviewing the utilization of loans and/or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower; and
27. Carry out any other function as is mentioned in the terms of reference of the Audit Committee and any other terms of reference as may be decided by the board of directors of the Company or specified/provided under the Companies Act or by the SEBI Listing Regulations or by any other regulatory authority.

The Audit Committee shall mandatorily review the following information:

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management of the Company;

- Management letters / letters of internal control weaknesses issued by the statutory auditors of the Company;
- Internal audit reports relating to internal control weaknesses;
- The appointment, removal and terms of remuneration of the chief internal auditor; and
- Statement of deviations in terms of the SEBI Listing Regulations:
  - quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI Listing Regulations; and
  - annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(5) of the SEBI Listing Regulations.

## 2. Nomination and Remuneration Committee

The current constitution of the Nomination and Remuneration Committee is as follows:

S. No.	Name of the Director	Designation	Position in the Committee
1.	Mr. Mahalingam Ramaswamy	Independent Director	Chairman
2.	Mr. Anish Kumar Saraf	Non-Executive, Nominee Director	Member
3.	Mr. Agnihotra Dakshina Murty Chavali	Independent Director	Member

The Nomination and Remuneration Committee was last reconstituted by a resolution of our Board dated November 23, 2018 and its terms of reference were last revised by a resolution of our Board dated July 13, 2020.

The scope and function of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act, Rule 6 of the Companies (Meeting of Board and its Powers) Rules, 2014 and Regulation 19 of the SEBI Listing Regulations. The terms of reference of the Nomination and Remuneration Committee are as follows:

- a) Formulating and recommending to the Board for its approval and also to review from time to time, a nomination and remuneration policy or processes, as may be required pursuant to the provisions of the Companies Act.
- b) Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- c) Recommending to the Board, all remuneration, in whatever form, payable to senior management;
- d) Formulation of criteria for evaluation of performance of independent directors and the Board, and determining whether to extend or continue the term of appointment of independent directors, on the basis of the report of performance evaluation of independent directors;
- e) The Nomination and Remuneration Committee, while formulating the above policy, should ensure that —
  - a) the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
  - b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

- c) 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.
- f) Devising a policy on Board diversity;
- g) Identifying persons who are qualified to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommending to the Board their appointment and removal and carrying out evaluation of every director's performance in accordance with the nomination and remuneration policy. The Company shall disclose the remuneration policy and the evaluation criteria in its annual report;
- h) Analysing, monitoring and reviewing various human resource and compensation matters;
- i) 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;
- j) Determine compensation levels payable to the senior management personnel and other staff (as deemed necessary), which shall be market-related, usually consisting of a fixed and variable component;
- k) Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;
- l) Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:
  - (i) the SEBI Insider Trading Regulations; or
  - (ii) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, as amended;
- m) Determine 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;
- n) 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) Regulations, 2014 including the following:
  - i) administering and exercising superintendence over the employees' stock option plan(s) and employee's stock purchase scheme(s) of the Company and any other share based employee benefit scheme, as instituted from time to time (collectively, the "**Plans**"), including the ESOP 2020 and ESPS 2020;
  - ii) determining the eligibility of employees to participate under the Plans;
  - iii) granting options to eligible employees and determining the date of grant;
  - iv) formulating detailed terms and conditions of the Plans;
  - v) determining the number of options to be granted to an employee;
  - vi) determining the exercise price under of the Plans;
  - vii) deciding on matters such as quantum of and milestones for grant, eligibility of employees who shall be entitled to grant of options, vesting period and conditions thereof, termination policies etc. and
  - viii) construing and interpreting the Plans and any agreements defining the rights and

obligations of the Company and eligible employees under the Plans, and prescribing, amending and/or rescinding rules and regulations relating to the administration of the Plans;

- o) Perform such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by such committee.
- p) Such terms of reference as may be prescribed under the Companies Act and SEBI Listing Regulations.

#### 4. Stakeholders Relationship Committee

The current constitution of the Stakeholders Relationship Committee is as follows:

Sr. No.	Name of the member	Designation	Position in the Committee
1.	Mr. T.S. Anantharaman	Independent Director	Chairperson
2.	Mr. T.K. Seetharam	Whole-time Director	Member
3.	Mr. T.K. Ramesh	Whole-time Director	Member

The Stakeholders Relationship Committee was constituted by a Board resolution dated July 13, 2020.

The scope and function of the Stakeholders Relationship Committee is in accordance with Section 178 of the Companies Act and Regulation 20 of the SEBI Listing Regulations. The terms of reference of the Stakeholders Relationship Committee are as follows.

The Stakeholders Relationship Committee shall be responsible for, among other things, as may be required by the stock exchanges from time to time, the following:

- Considering and resolving grievances of investors, shareholders, debenture holders and other security holders of the Company, including complaints in respect of allotment of Equity Shares, related to transfer/transmission of shares including non-receipt of share certificates and review of cases for refusal, non-receipt of declared dividends, non-receipt of annual reports, balance sheets of the Company, issue of new/duplicate certificates, general meetings, etc. and assisting with quarterly reporting of such complaints;
- Reviewing of measures taken for effective exercise of voting rights by shareholders;
- Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;
- Giving effect to all transfer/transmission of shares and debentures, dematerialisation of shares and re-materialisation of shares, split and issue of duplicate certificates and new certificates on split/ consolidation/ renewal, compliance with all the requirements related to shares, debentures and other securities from time to time;
- Reviewing the 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;
- Reviewing the adherence to the service standards by the Company with respect to various services rendered by the registrar and transfer agent of the Company and recommending measures for overall improvement in the quality of investor services;
- Considering various aspects of interests of shareholders, debenture holders and other security holders; and
- 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.

## 5. Corporate Social Responsibility Committee

The current constitution of the Corporate Social Responsibility Committee is as follows:

Sr. No.	Name of the member	Designation	Position in the Committee
1.	Mr. T.S. Kalyanaraman	Chairman and Managing Director	Chairman
2.	Mr. T.K. Seetharam	Whole-time Director	Member
3.	Mr. T.K. Ramesh	Whole-time Director	Member
4.	Mr. Mahalingam Ramaswamy	Independent Director	Member

The Corporate Social Responsibility Committee was last reconstituted on July 26, 2016 and its terms of reference were last revised by a resolution of our Board dated July 13, 2020.

The scope and function of the Corporate Social Responsibility Committee is in accordance with Section 135 of the Companies Act. The terms of reference of the Corporate Social Responsibility Committee are as follows:

1. To formulate and recommend to the Board, a Corporate Social Responsibility policy which will indicate the activities to be undertaken by the Company in accordance with Schedule VII of the Companies Act and the rules made thereunder and make any revisions therein as and when decided by the Board;
2. To identify corporate social responsibility policy partners and programmes;
3. To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the Company for corporate social responsibility activities and the distribution of the same to various corporate social responsibility programmes undertaken by the Company;
4. To monitor the Corporate Social Responsibility policy of the Company from time to time including delegation of responsibilities to various teams and supervise, monitor and review the timely implementation of corporate social responsibility programmes;
5. Any other matter as the Corporate Social Responsibility Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time; and
6. To exercise such other powers as may be conferred upon the Corporate Social Responsibility Committee in terms of the provisions of Section 135 of the Companies Act.

## 6. Risk Management Committee

The current constitution of the Risk Management Committee is as follows:

Sr. No.	Name of the member	Designation	Position in the Committee
1.	Mr. Salil Nair	Non-Executive Director	Chairperson
2.	Mr. Anil Nair	Independent Director	Member
3.	Mr. T.K. Seetharam	Whole-time Director	Member

The Risk Management Committee was constituted by a Board resolution dated July 13, 2020.

The scope and function of the Risk Management Committee is in accordance with Regulation 21 of the SEBI Listing Regulations. The terms of reference of the Risk Management Committee are as follows.

The Risk Management Committee shall have the following powers:

- To review and assess the risk management system, framework and policy of the Company from time to time and recommend for amendment or modification thereof;
- To frame, devise, implement and monitor risk management plan and policy of the Company;



- To review the Company's financial and risk management;
- To review the Company's risk management in respect of cyber security;
- To review and recommend the Company's potential risk involved in any new business plans and processes;
- 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.

### **Interest of Directors**

All Independent Directors may be deemed to be interested to the extent of sitting fees and commission payable to them for attending the meetings of our Board and the committees thereof. Our Executive Directors and Mr Salil Nair, one of our Non-Executive Directors, may be deemed to be interested to the extent of remuneration payable to them. Further, our Directors may also be interested in our Company to the extent of any reimbursement of expenses that they may be entitled to. Certain Directors may also be deemed to be interested to the extent of Equity Shares (together with other distributions in respect of such Equity Shares), held by them in our Company. For details of the shareholding of our Directors, see "*Capital Structure – Notes to Capital Structure – Shareholding of our Directors and Key Managerial Personnel in our Company*" on page 85.

Except Mr. T.S. Kalyanaraman, Mr. T.K. Seetharam and Mr. T.K. Ramesh, who are our Promoters and Executive Directors, none of our Directors are interested in the promotion or formation of our Company. Mr. Anish Kumar Saraf, our Non-Executive, Nominee Director, who has been nominated by Highdell, may be deemed to be interested to the extent of the shareholding of Highdell in our Company and to the extent of benefits arising out of such shareholding.

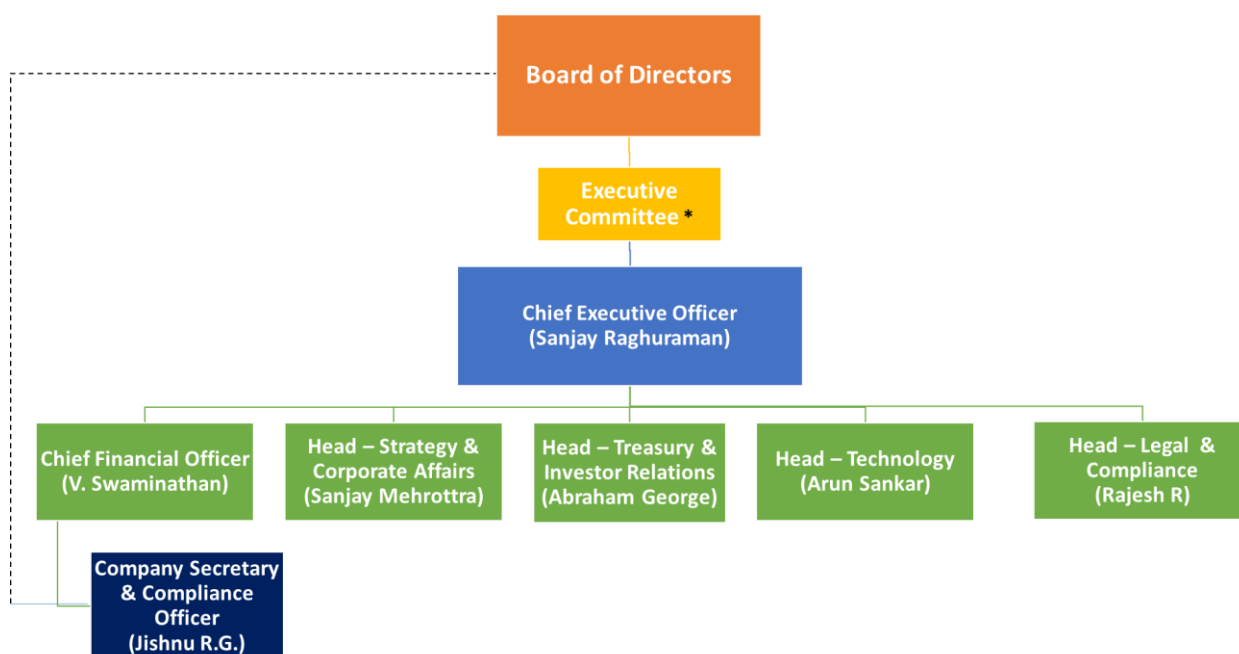
None of our Directors have any interest in any property acquired or proposed to be acquired of our Company or by our Company or in any transaction for acquisition of land, construction of building and supply of machinery.

No sum has been paid or agreed to be paid to our Directors or to firms or companies in which they may be members, in cash or shares or otherwise by any person either to induce him/ her to become, or qualify him/ her as, a Director, or otherwise for services rendered by him/ her or by such firm or company, in connection with the promotion or formation of our Company.

Except as stated in "*Related Party Transactions*" and "*Our Promoters and Promoter Group*" on pages 198 and 187, respectively, and described herein, our Directors do not have any other interest in the business of our Company. For further information regarding the interest of our Promoters who are also our Directors, see "*Our Promoters – Nature and extent of interest of our Promoters – Interest of our Promoters*" on page 188.

No loans have been availed by our Directors or the Key Managerial Personnel from our Company.

## Management organisation structure



\* The members of the Executive Committee are Mr. T.S. Kalyanaraman, Mr. T.K. Seetharam and Mr. T.K. Ramesh.

## Key Managerial Personnel

In addition to Mr. T.S. Kalyanaraman, Mr. T.K. Seetharam and Mr. T.K. Ramesh, our Executive Directors, the following persons are our Key Managerial Personnel. All the Key Managerial Personnel are permanent employees of our Company. For details of the brief profile of our Executive Directors, see “- *Brief profiles of our Directors*” on page 171. The brief profiles of our other Key Managerial Personnel are as set out below:

**Mr. Sanjay Raghuraman** is the Chief Executive Officer of our Company. He joined our Company on October 4, 2012, in his prior capacity as our Chief Operating Officer. He was appointed as our Chief Operating Officer pursuant to an appointment letter dated October 1, 2012 and was promoted as our Chief Executive Officer pursuant to a promotion letter dated July 20, 2020, which is subject to termination in terms of the said appointment letter. He is a qualified cost and works accountant and a qualified chartered accountant. He has completed his bachelor’s degree in commerce at University of Bombay. He has approximately 14 years of experience in retail financial services and operations. Prior to joining our Company, he has worked as Head of Operations at HDB Financial Services Limited and as General Manager at Wipro Limited. He has also worked at Clix Capital Services Private Limited (formerly known as GE Money Financial Services Private Limited). In Fiscal 2020, he received a gross compensation of ₹ 8.91 million from our Company. Pursuant to a resolution dated July 1, 2020, our Board has fixed the remuneration payable to Mr. Raghuraman in his capacity as the Chief Executive Officer of our Company, as ₹ 16 million *per annum*.

**Mr. V. Swaminathan** is the Chief Financial Officer of our Company. He has been associated with our Company since September 22, 2016. He was appointed pursuant to an appointment letter dated September 23, 2016, which is subject to termination in terms of the said appointment letter. He has been admitted as an associate of the Institute of Chartered Accountants of India and holds a bachelor’s degree in science from University of Madras. He has approximately 26 years of experience in finance and corporate planning and control. Prior to joining our Company, he has worked as President - Finance of UltraTech Cement Limited, as India Group Controller and Country Controller at Eaton Fluid Power Limited, as Country Financial Controller at Carraro India Private Limited and as Chief Financial Officer of Reva Electric Car Company (Private) Limited. In Fiscal 2020, he received a gross compensation of ₹ 15.23 million from our Company.

**Mr. Sanjay Mehrotra** is the Head of Strategy and Corporate Affairs of our Company. He has been associated with our Company since January 22, 2018. He was appointed pursuant to an appointment letter dated December 21, 2017, which is subject to termination in terms of the said appointment letter. He holds a bachelor’s degree in commerce from University of Bombay and a master’s degree in management studies. He has over 26 years of

experience in Indian capital markets. Prior to joining our Company, he was Head of Investor Relations at Indian Energy Exchange Limited. He has also worked with ICICI Venture Funds Management Company Limited as Director of Capital Markets, Prudential ICICI Asset Management Company Limited and Hotel Leelaventure Limited. In Fiscal 2020, he received a gross compensation of ₹ 11.18 million from our Company.

**Mr. Abraham George** is the Head of Treasury & Investor Relations of our Company. He has been associated with our Company since June 7, 2017. He was appointed pursuant to an appointment letter dated May 2, 2017, which is subject to termination in terms of the said appointment letter. He holds a degree of master of business administration from The ICFAI University and completed a bachelor's degree in commerce from Mahatma Gandhi University. He has approximately 16 years of experience in finance and capital markets. Prior to joining our Company, he has worked as General Manager in the Brand Capital Department at Bennett Coleman and Company Limited (The Times Group). He has also worked as Deputy Vice President at Axis Bank Limited, Axis Capital and as Assistant Vice President at Cipher-Plexus Capital Advisors Private Limited. In Fiscal 2020, he received a gross compensation of ₹ 8.31 million from our Company.

**Mr. Rajesh R** is the Head of Legal and Compliance of our Company. He has been associated with our Company since November 25, 2019. He was appointed pursuant to an appointment letter dated October 19, 2019, which is subject to termination in terms of the said appointment letter. He holds a bachelor of laws degree from University of Calicut and is enrolled with the Bar Council of Kerala. He has over 12 years of experience in the legal industry. Prior to joining our Company, he was associated with Actoserba Active Wholesale Private Limited (Zivame) as a legal consultant, with Law & Co., as a legal consultant, with TNT India Private Limited as Senior Legal Counsel, with Aditya Birla Fashion & Retail Limited as Manager – Corporate Legal and with Spencer's Retail Limited as Manager – Legal. In Fiscal 2020, he received a gross compensation of ₹ 1.22 million from our Company.

**Mr. Arun Sankar** is the Head of Technology of our Company. He has been associated with us since August 6, 2014. He was appointed pursuant to an appointment letter dated June 9, 2014, which is subject to termination in terms of the said appointment letter. He holds a master of technology degree in computer science and engineering from the Vellore Institute of Technology and a master of science (integrated) degree in software engineering from Periyar University. He has over 13 years of experience in the technology sector. Prior to joining us, he has worked at Yahoo! Software Development India Private Limited and Ascent Consulting Services Private Limited. In Fiscal 2020, he received compensation of ₹ 3.84 million from our Company.

**Mr. Jishnu R.G.** is the Company Secretary and Compliance Officer of our Company. He has been associated with our Company since December 5, 2018. He was appointed pursuant to an appointment letter dated November 8, 2018, which is subject to termination in terms of the said appointment letter. He has been admitted as an associate of The Institute of Company Secretaries of India and holds a degree of bachelor of commerce from University of Calicut. He has over six years of experience in corporate compliance. Prior to joining our Company, he has worked as Company Secretary in VKC Group and as Assistant Company Secretary in Malabar Group. In Fiscal 2020, he received a gross compensation of ₹ 1.21 million from our Company.

Except as disclosed in “– *Relationship between our Directors and Key Managerial Personnel*” on page 171, none of our Key Managerial Personnel are related to each other.

None of our Key Managerial Personnel have been appointed pursuant to any arrangement or understanding with major shareholders, customers, suppliers or others. Additionally, with respect to our Key Managerial Personnel, no contingent or deferred compensation has accrued for Fiscal 2020.

#### **Shareholding of our Key Managerial Personnel in our Company**

As of the date of this Draft Red Herring Prospectus, Mr. T.S. Kalyanaraman, Mr. T.K. Seetharam, Mr. T.K. Ramesh and Mr. Sanjay Raghuraman hold 230,012,492 Equity Shares, 186,019,542 Equity Shares, 186,019,542 Equity Shares and one Equity Share, respectively. For details of shareholding of our Key Managerial Personnel in our Company, see “*Capital Structure – Notes to Capital Structure – Shareholding of our Directors and Key Managerial Personnel in our Company*” on page 85.

#### **Bonus or profit sharing plan of the Key Managerial Personnel**

Our Company does not have a bonus or profit sharing plan for our Executive Directors and our Executive Directors have not received any compensation in Fiscal 2020 pursuant to any bonus or profit sharing plan.

With respect to our Key Managerial Personnel (other than Executive Directors), except for performance based discretionary incentives paid in accordance with their respective terms of appointment and any payments required under applicable law, none of our Key Managerial Personnel are a party to any bonus or profit sharing plan or have received any compensation in Fiscal 2020 pursuant to any bonus or profit sharing plan.

### Interest of Key Managerial Personnel

Except as disclosed in “– Interest of Directors“, in relation to our Executive Directors and in “– Shareholding of our Key Managerial Personnel in our Company” in relation to our Key Managerial Personnel, the Key Managerial Personnel of our Company do not have any interest in our Company other than to the extent of the remuneration, allowances, perquisites or benefits to which they are entitled to as per their terms of appointment and the reimbursement of expenses incurred by them during the ordinary course of business.

### Changes in the Key Managerial Personnel

In addition to the changes in our Board with respect to our Executive Directors as set forth under “– Changes in our Board in the last three years” herein above, the changes in our Key Managerial Personnel in the last three years prior to the date of filing of this Draft Red Herring Prospectus are as follows:

S. No.	Name	Date of appointment/cessation	Reason
1.	Mr. Sanjay Raghuraman	July 1, 2020	Appointment as Chief Executive Officer*
2.	Mr. Rajesh R	November 25, 2019	Appointed as Head of Legal and Compliance
3.	Mr. Karthik Sandilya	March 31, 2019	Resignation as Chief Technology Officer
4.	Mr. Mahesh Sahasranaman	October 31, 2019	Resignation as Head-Legal
5.	Mr. Jishnu R.G.	December 5, 2018	Appointed as Company Secretary
6.	Mr. Sreejith Raj P	November 23, 2018	Resignation as Company Secretary
7.	Mr. Sanjay Mehrottra	January 22, 2018	Appointed as Head of Strategy and Corporate Affairs

\* Mr. Sanjay Raghuraman, who was acting as the chief operating officer of our Company pursuant to an appointment letter dated October 1, 2012, was re-designated as the Chief Executive Officer of our Company pursuant to a resolution of our Board dated July 1, 2020.

### Payment or benefit to Key Managerial Personnel of our Company

Except as disclosed above under “– Interest of Directors” and in “Related Party Transactions” on pages 183 and 198, respectively, no non-salary related amount or benefit has been paid or given within two years from the date of this Draft Red Herring Prospectus, or is intended to be paid or given, to any of our Company’s officers, including our Directors and Key Managerial Personnel.

### Employee stock option plan and employee stock purchase scheme

For details of the employee stock option plan(s) and employee stock purchase scheme(s) implemented by our Company, i.e., ESOP 2020 and ESPS 2020, see “Capital Structure – Notes to Capital Structure – Kalyan Jewellers India Limited – Employee Stock Option Plan 2020 (“ESOP 2020”)” and “Capital Structure – Notes to Capital Structure – Kalyan Jewellers India Limited – Employee Stock Purchase Scheme 2020 (“ESPS 2020”)” on page 86.

### Service contracts with Key Managerial Personnel

Our Company has not entered into any service contracts, pursuant to which its Key Managerial Personnel are entitled to benefits upon termination / retirement of employment.




Except for statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company, including Key Managerial Personnel, is entitled to any benefit upon termination of employment.

## OUR PROMOTERS AND PROMOTER GROUP

Our Promoters are Mr. T.S. Kalyanaraman, Mr. T.K. Seetharam and Mr. T.K. Ramesh.

As on date of this Draft Red Herring Prospectus, our Promoters collectively hold an aggregate of 602,051,576 Equity Shares, aggregating to approximately 71.74% of the pre-Offer issued, subscribed and paid-up Equity Share capital of our Company. Further, as on the date of this Draft Red Herring Prospectus, our Promoters along with our Promoter Group collectively hold an aggregate of 637,823,614 Equity Shares, aggregating to 76% of the pre-Offer issued, subscribed and paid-up Equity Share capital of our Company. For details, see “*Capital Structure – Notes to Capital Structure – History of build-up, Contribution and Lock-in of Promoters’ Shareholding*” on page 79.

### Brief profile of our Promoters is as under:

	<p><b>Mr. T.S. Kalyanaraman</b>, aged 73 years, is the Chairman and Managing Director of our Company. For details in respect of his date of birth, age, personal address, educational qualifications, experience in the business, positions and posts held in the past, business and financial activities, other directorships, see “<i>Our Management</i>” on page 168.</p> <p>He holds a driver’s license bearing no. 8/1116/1969. His PAN is AESPK2395E and his Aadhaar Card number is 8581 1539 4574.</p>
	<p><b>Mr. T.K. Seetharam</b>, aged 44 years, is the whole-time Director of our Company. For details in respect of his date of birth, age, personal address, educational qualifications, experience in the business, positions and posts held in the past, business and financial activities, other directorships, see “<i>Our Management</i>” on page 168.</p> <p>He holds a driver’s license bearing no. 8/369/1994. His PAN is AIWPS8575J and his Aadhaar Card number is 4632 5223 0221.</p>
	<p><b>Mr. T.K. Ramesh</b>, aged 42 years, is the whole-time Director of our Company. For details in respect of his date of birth, age, personal address, educational qualifications, experience in the business, positions and posts held in the past, business and financial activities, other directorships, see “<i>Our Management</i>” on page 168.</p> <p>He holds a driver’s license bearing no. 8/4963/1996. His PAN is ACFPR9289K and his Aadhaar Card number is 7714 5741 7179.</p>

We confirm that the PAN, bank account number(s) and passport number of Mr. T.S. Kalyanaraman, Mr. T.K. Seetharam and Mr. T.K. Ramesh shall be submitted to the Stock Exchanges at the time of filing this Draft Red Herring Prospectus with them.

### Change in control of our Company

Our Promoters are the original promoters of our Company and there has been no change in control of our Company in the last five years immediately preceding the date of this Draft Red Herring Prospectus.

### Other ventures of our Promoters

Except as disclosed herein below and in “– *Our Promoter Group*” and “*Our Management*” on pages 189 and 168, our Promoters are not involved with any other venture:

<b>Name of the Promoter</b>	<b>Name of the venture</b>	<b>Nature of interest</b>
Mr. T.S. Kalyanaraman	Kalyan Developers	Partner
	Kalyan Textile	Partner
	Kalyan Jewellers Foundation	Trustee
Mr. T.K. Seetharam	Kalyan Developers	Partner
	TKS Merchandise Private Limited <sup>#</sup>	Director and member
	Kalyan Jewellers Foundation	Trustee
Mr. T.K. Ramesh	Kalyan Developers	Partner
	TKS Merchandise Private Limited <sup>#</sup>	Director and member
	Kalyan Jewellers Foundation	Trustee

<sup>#</sup> Application for striking off TKS Merchandise Private Limited from the records of the RoC has been filed and is under process.

One of our Promoters, Mr. T.K. Seetharam, is on the board of directors of certain of our Subsidiaries outside India, namely, KJFZE, KJLLC Qatar, KJLLC Oman and KJLLC UAE. Such Subsidiaries outside India are in the same line of business as that of our Company. However, due to operation of business in different jurisdictions by such Subsidiaries outside India, there is no conflict of interest amongst such Subsidiaries outside India and our Company. Our Company will adopt the necessary practices and procedures as permitted by law to address any conflict of interest as and when they arise, and as applicable.

### **Nature and extent of interest of our Promoters**

#### **(a) Interest of our Promoters**

As of the date of this Draft Red Herring Prospectus, our Promoters Mr. T.S. Kalyanaraman, Mr. T.K. Seetharam, and Mr. T.K. Ramesh hold 230,012,492 Equity Shares, 186,019,542 Equity Shares and 186,019,542 Equity Shares, representing 27.41%, 22.17% and 22.17% of our paid-up Equity Share capital, respectively.

Our Promoters are interested in our Company to the extent they have promoted our Company; to the extent of their respective shareholdings in our Company, and the shareholdings of their relatives in our Company; in any other distributions in respect of the Equity Shares held by them; to the extent of being Directors on the board of our Company and the remuneration payable by our Company to them; and in transactions which may be entered into by our Company with other entities (i) in which our Promoters hold shares, or (ii) are controlled by our Promoters. Our Promoters may also be interested to the extent of providing personal guarantees for some of the loans taken by our Company and Subsidiaries. For details, see “*Capital Structure - Shareholding of our Promoters and Promoter Group*”, “*Our Management*”, “*Related Party Transactions*” and “*History and Certain Corporate Matters - Details of guarantees given to third parties by our Promoter, offering his shares in the Offer for Sale*” on pages 85, 168, 198 and 166, respectively.

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, in cash or shares or otherwise by any person either to induce them to become, or to qualify them as directors or promoters or otherwise for services rendered by such Promoter(s) or by such firm or company, in connection with the promotion or formation of our Company.

#### **(b) Interest in property, land, construction of building, supply of machinery**

None of our Promoters have any interest in any property acquired by our Company in the preceding three years from the date of this Draft Red Herring Prospectus or any property proposed to be acquired by our Company or in any transaction with respect to the acquisition of land, construction of building or supply of machinery.

### **Payment or benefits to our Promoters**

Except as stated in “*Related Party Transactions*” and “*Our Management*” on pages 189 and 168, respectively, there have been no amounts or benefits paid or given or intended to be paid or given to our Promoters or any member of our Promoter Group within the two years preceding the date of this Draft Red Herring Prospectus.

### **Material guarantees given by our Promoters**

There are no material guarantees given by our Promoters to third parties, with respect to the Equity Shares or CCPS of our Company.

For details of guarantees given by Mr. T.S. Kalyanaraman, our Promoter Selling Shareholder, in relation to certain borrowings of our Company and our Subsidiaries, as on the date of this Draft Red Herring Prospectus, see “*History and Certain Corporate Matters - Details of guarantees given to third parties by our Promoter, offering his shares in the Offer for Sale*” on page 166.

#### Disassociation by our Promoters in the last three years

Except as stated hereunder, none of our Promoters have disassociated themselves from any of the companies or firms during the last three years 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.	Kalyan Exporters and Importers	Mr. T.S. Kalyanaraman, Mr. T.K. Seetharam and Mr. T.K. Ramesh	March 5, 2018	Dissolution of partnership due to closure of business
2.	Kalyan Gold Creations	Mr. T.S. Kalyanaraman, Mr. T.K. Seetharam and Mr. T.K. Ramesh	March 5, 2018	Dissolution of partnership due to closure of business
3.	Sreeram Associates	Mr. T.S. Kalyanaraman, Mr. T.K. Seetharam and Mr. T.K. Ramesh	March 5, 2018	Dissolution of partnership due to closure of business

#### Our Promoter Group

##### A. Natural persons who are part of our Promoter Group

In addition to our Promoters, the natural persons forming part of our Promoter Group are as follows:

S. No.	Name of member of our Promoter Group	Relationship with our Promoter
<b>Mr. T.S. Kalyanaraman</b>		
1.	Mr. Thrikur Seetharamaiyer Anantharaman	Brother
2.	Mr. T.S. Pattabhiraman	Brother
3.	Mr. T.S. Balaraman	Brother
4.	Mr. T.S. Ramachandran	Brother
5.	Ms. V. Meenakshi	Sister
6.	Ms. Geetha Lakshmi T.S.	Sister
7.	Ms. N.V. Ramadevi	Spouse
8.	Ms. T.K. Radhika	Daughter
9.	Mr. N.V. Ramani	Spouse's brother
10.	Mr. N.V. Ravichander	Spouse's brother
11.	Ms. Prema Kishore	Spouse's sister
<b>Mr. T.K. Seetharam</b>		
1.	Ms. N.V. Ramadevi	Mother
2.	Ms. T.K. Radhika	Sister
3.	Ms. Maya Ramakrishnan	Spouse
4.	Mr. Rishikesh Kalyan	Son
5.	Ms. Manasa Kalyan	Daughter
6.	Mr. S.A. Ramakrishnan	Spouse's father
7.	Ms. Prema Ramakrishnan	Spouse's mother
8.	Mr. S.R. Srikrishna	Spouse's brother
<b>Mr. T.K. Ramesh</b>		
1.	Ms. N.V. Ramadevi	Mother
2.	Ms. T.K. Radhika	Sister
3.	Ms. Deepa Harikrishnan	Spouse
4.	Ms. Shivani Ramesh	Daughter
5.	Ms. Vaishnavi Ramesh	Daughter
6.	Mr. T.S. Harikrishnan	Spouse's father
7.	Ms. Vishalam Harikrishnan	Spouse's mother
8.	Ms. Pooja Harikrishnan	Spouse's sister
9.	Ms. Roopa Harikrishnan	Spouse's sister

**B. Entities forming part of our Promoter Group**

The entities forming a part of our Promoter Group are as follows:

<b>S. No.</b>	<b>Entity</b>	<b>Relation</b>
1.	TKS Merchandise Private Limited*	Bodies corporate in which our Promoters hold 20% or more of the equity share capital
2.	Kalyan Silks Trichur Private Limited	Bodies corporate where relative(s) of our Promoters hold 20% or more of the equity share capital
	M-Star Hotels Travancore Private Limited	
	Trichur Securities Private Limited	
3.	Kalyan Developers	Firm/Hindu Undivided Family in which the aggregate share of the Promoter(s) and their relatives is equal to or more than 20% of the total capital
	Kalyan Dresses	
	Kalyan Enterprises	
	Kalyan Graphics	
	Kalyan Sarees	
	Kalyan Textile	
	Kalyan Vastralaya	
	Kalyan Veg Platter	

\* Application for striking off TKS Merchandise Private Limited from the records of the RoC has been filed and it is under process.



## OUR GROUP COMPANY

As per the SEBI ICDR Regulations, for the purpose of identification of group companies, our Company has considered companies (other than our Subsidiaries) with which our Company has entered into related party transactions during the period for which the Restated Consolidated Financial Information has been included in this Draft Red Herring Prospectus, *i.e.*, Fiscals 2020, 2019 and 2018, as covered under the applicable accounting standards, and (ii) such other companies as considered material by the Board, in accordance with the Materiality Policy.

For the purposes of (ii) above, in terms of the Materiality Policy, a company (other than our Subsidiaries) shall be considered material and disclosed as a group company if:

- (a) our Company or our Promoters hold 10% or more of the equity share capital of such company; and
- (b) our Company has entered into one or more transactions with such company during the last completed fiscal, which individually or cumulatively in value exceeds 5% of the total revenue of our Company for that fiscal as per the Restated Consolidated Financial Information.

Based on the above, our Company does not have any group company as on the date of this Draft Red Herring Prospectus.

## OUR SUBSIDIARIES

Our Company has three direct Subsidiaries and five\* step-down Subsidiaries, as on the date of this Draft Red Herring Prospectus.

\* Excluding Kalyan Jewellers Bahrain W.L.L., Bahrain, which is in the process of incorporation and, inter alia, awaits regulatory approvals for its incorporation and commencement of operations.

### Direct Subsidiaries

- (i) Enovate Lifestyles Private Limited;
- (ii) Kalyan Jewellers FZE, UAE; and
- (iii) Kalyan Jewelers, Inc., USA.

### Step-down Subsidiaries

- (i) Kalyan Jewellers LLC, UAE;
- (ii) Kenouz Al Sharq Gold Ind. LLC, UAE;
- (iii) Kalyan Jewellers LLC, Oman;
- (iv) Kalyan Jewellers For Golden Jewelry Company, W.L.L., Kuwait; and
- (v) Kalyan Jewellers LLC, Qatar.

Set out below are details of our Subsidiaries.

### Direct Subsidiaries

#### 1. *Enovate Lifestyles Private Limited*

##### *Corporate Information*

Enovate Lifestyles Private Limited was incorporated as a private limited company on December 31, 2010 under the Companies Act, 1956 under the name Enovate Information Technologies Private Limited. The name of the company was subsequently changed to Enovate Lifestyles Private Limited pursuant to a special resolution dated June 11, 2012. A fresh certificate of incorporation consequent upon change of name was issued on June 29, 2012. Its CIN is U74900MH2010PTC211692 and its registered office is situated at 501-502, Om Shakti Samrat CHS Limited, Plot No. 21, Shakti Niwas, Ramchandra Lane Extension, Malad West, Mumbai 400 064. Enovate Lifestyles Private Limited is an e-commerce company involved in the business of manufacturing and selling of jewellery. Our Company acquired a majority stake in Enovate Lifestyles Private Limited in Fiscal 2019.

##### *Capital Structure*

	Amount in ₹
Authorised capital	4,000,000
Issued, subscribed and paid up capital	3,300,580

##### *Shareholding Pattern*

The shareholding pattern of Enovate Lifestyles Private Limited as on the date of this Draft Red Herring Prospectus is as follows:

S. No.	Name of the equity share holder	Number of equity shares (of ₹ 10 each) held	Percentage of total equity holding (%)
<i>Fully paid-up equity shares</i>			
1.	Kalyan Jewellers India Limited*	164,810	47.19
2.	Mr. Rupesh Jain	24,448	7.00
<i>Partly paid-up equity shares</i>			
1.	Kalyan Jewellers India Limited*	160,000**	45.81
<b>Total</b>		<b>349,258</b>	<b>100</b>

\* Our Company holds 93% of the paid-up share capital of Enovate Lifestyles Private Limited.

\*\* 160,000 equity shares are partly paid-up at ₹ 8.80 per equity share.

For details of Enovate SSHA and the Enovate Voting Rights Agreements, see “*History and Certain Corporate Matters – Material agreements*” on page 159.

## 2. **Kalyan Jewellers FZE, UAE (“KJFZE”)**

### *Corporate Information*

KJFZE was incorporated as a private limited company on July 15, 2013 under the laws of the Dubai Airport Free Zone, in the emirate of Dubai, United Arab Emirates. Its registered office is situated at Building No. 5EA (East side) 723, Dubai Airport Free Zone, PO Box 371516, Dubai, UAE and its license certificate number is 2503. The trade license granted by the Dubai Airport Free Zone Authority is valid up to July 14, 2021. KJFZE is currently engaged in the business of import and export in gold, diamonds and precious stones and metals.

### *Capital Structure\**

	<b>Amount in AED</b>
Issued and paid up capital	150,000,000

### *Shareholding Pattern\**

The shareholding pattern of KJFZE as on the date of this Draft Red Herring Prospectus is as follows:

S. No.	Name of the equity share holder	Number of equity shares (of AED 1,000,000 each) held	Percentage of total equity holding (%)
1.	Kalyan Jewellers India Limited	150	100
	<b>Total</b>	<b>150</b>	<b>100</b>

\* Our Company has extended a loan to KJFZE of AED 235.78 million. Our Board has, subject to the receipt of necessary and applicable regulatory approvals, approved the proposal for conversion of such unsecured loan into equity shares of KJFZE pursuant to its resolution dated July 1, 2020.

Under UAE law, unlike the UAE mainland, free zones grant foreigners the capacity to own 100% of an entity. Free zones are areas that are governed by their own framework of regulations, as such, the provisions of the UAE Companies Law, and innately, the Local Ownership Restriction does not apply to companies established there. In light of this, non-UAE nationals are permitted to set up companies wholly owned by them, or otherwise, under a higher shareholding than that stipulated under the Local Ownership Restriction, in free zone areas. Accordingly, our Company legally wholly owns KJFZE. For details, see “*Risk Factors*”, “*Key Regulations and Policies*”, “*Our Business*” and “*History and Certain Corporate Matters – Material agreements*” on pages 25, 147, 126 and 159, respectively.

## 3. **Kalyan Jewelers, Inc., USA (“Kalyan USA”)**

### *Corporate Information*

Kalyan USA was incorporated on October 25, 2017 under the laws of the State of Delaware, USA. Its registered office is situated at 1209 Orange Street, Wilmington, DE 19801, New Castle County. Kalyan USA is not operating currently.

### *Capital Structure*

	<b>Amount in USD</b>
Authorised capital	1
Issued, subscribed and paid up capital	1

### *Shareholding Pattern*

The shareholding pattern of Kalyan USA as on the date of this Draft Red Herring Prospectus is as follows:

S. No.	Name of the equity share holder	Number of shares (of USD 0.001 each) held	Percentage of total equity holding (%)
1.	Kalyan Jewellers India Limited	1,000	100

S. No.	Name of the equity share holder	Number of shares (of USD 0.001 each) held	Percentage of total equity holding (%)
	<b>Total</b>	<b>1,000</b>	<b>100</b>

## Step-down Subsidiaries

### 1. *Kalyan Jewellers LLC, UAE (“KJLLC UAE”)*

#### *Corporate Information*

KJLLC UAE was incorporated as a limited liability company on September 24, 2013 pursuant to the United Arab Emirates Commercial Companies Law No. (8) of 1984 and Federal Law No. (2) of 2015 (Commercial Companies Law). Its registered office is situated at Shop Number 5, owned by Sheikh Maktoum bin Mohammad Hasher Al Maktoum, Bur Dubai, Al Karama and its commercial license number is 695671. The commercial license granted by Dubai Economy is valid up to September 23, 2020. KJLLC UAE is currently engaged in the business of jewellery manufacturing and trading.

#### *Capital Structure*

	Amount in AED
Issued and paid up capital	300,000

#### *Shareholding Pattern*

The shareholding pattern of KJLLC UAE as on date of this Draft Red Herring Prospectus is as follows:

S. No.	Name of the equity share holder	Number of equity shares (of AED 1,000 each) held	Percentage of total equity holding (%)
1.	Mr. Mohammed Hamza Mustafa Mohammed Ahli	153	51
2.	KJFZE	147	49
	<b>Total</b>	<b>300</b>	<b>100</b>

Our Company, indirectly through our Subsidiary, KJFZE, holds shares in KJLLC UAE.

Under UAE law, UAE nationals (natural or legal persons) are required to hold at least 51% of the companies incorporated in UAE. Accordingly, KJFZE legally owns up to 49% of the shares of KJLLC UAE while the balance is held by Mr. Mohammed Hamza Mustafa Mohammed Ahli (“**UAE Nominee**”). Further, pursuant to the terms of shareholders’ agreement dated September 28, 2014 entered into by and between UAE Nominee and KJFZE, UAE Nominee beneficially holds such 51% of the issued share capital of KJLLC UAE in favour of KJFZE. For details, see “*Risk Factors*”, “*Key Regulations and Policies*”, “*Our Business*” and “*History and Certain Corporate Matters – Material agreements*” on pages 25, 147, 126 and 159, respectively.

### 2. *Kenouz Al Sharq Gold Ind. LLC, UAE (“Kenouz UAE”)*

#### *Corporate Information*

Kenouz UAE was incorporated as a limited liability company on December 26, 2017 under the laws of the Government of Sharjah, United Arab Emirates. Its registered office is situated at Industrial Area No. 3, Behind Third Street Industrial Area, Warehouse, No. 1 owned by Mohammed Abdullah Abdullateef Al Mulla and its registration number is 754824. The industrial license granted by the Sharjah Department of Economic Development is valid up to December 26, 2020, and the industrial production license granted by the UAE Ministry of Energy and Industry is valid up to October 14, 2020. Kenouz UAE is currently engaged in the business of the manufacture of jewellery from gold and precious metal products.

#### *Capital Structure*

	Amount in AED
Issued and paid up capital	300,000

#### *Shareholding Pattern*

The shareholding pattern of Kenouz UAE as on the date of this Draft Red Herring Prospectus is as follows:

S. No.	Name of the equity share holder	Number of equity shares (of AED 1,000 each) held	Percentage of total equity holding (%)
1.	Mr. Mohammed Hamza Mustafa Mohammed Ahli	153	51
2.	KJLLC UAE	147	49
<b>Total</b>		<b>300</b>	<b>100</b>

Our Company, indirectly through our Subsidiary, KJLLC UAE, holds shares in Kenouz UAE. Further, in terms of memorandum and articles of association of Kenouz UAE, board of directors will be appointed or removed by KJLLC UAE in its sole discretion. The terms of appointment, including term and remuneration will be determined by KJLLC UAE in its sole discretion.

Under UAE law, UAE nationals (natural or legal persons) are required to hold at least 51% of the companies incorporated in mainland UAE, whereas other GCC nationals (natural or legal persons) may hold 100% of the companies incorporated in mainland UAE. For details, see “*Risk Factors*”, “*Key Regulations and Policies*”, “*Our Business*” and “*History and Certain Corporate Matters – Material agreements*” on pages 25, 147, 126 and 159, respectively.

### 3. *Kalyan Jewellers LLC, Oman (“KJLLC Oman”)*

#### *Corporate Information*

KJLLC Oman was incorporated as a limited liability company on August 10, 2017 under the laws of the Sultanate of Oman, including the Commercial Companies Law (Royal Decree No. 4 of 1974, as replaced by Royal Decree No. 18 of 2019) and the Foreign Capital Investment Law (Royal Decree No. 102 of 1994, as replaced by Royal Decree No. 50 of 2019). Its registered office is situated at P.O. Box 4206, Postal Code 112, Muscat Governorate, Muttrah, Sultanate of Oman and its commercial registration number is 1300194. The commercial registration certificate granted by the Ministry of Commerce and Industry is valid up to August 9, 2022. KJLLC Oman is currently engaged in the business of trading of jewellery, watches and perfumes.

#### *Capital Structure*

	Amount in OMR
Issued and paid up capital	250,000

#### *Shareholding Pattern*

The shareholding pattern of KJLLC Oman as on the date of this Draft Red Herring Prospectus is as follows:

S. No.	Name of the equity share holder	Number of equity shares (of OMR 1 each) held	Percentage of total equity holding (%)
1.	KJFZE	175,000	70
2.	Mr. PNC Menon	75,000	30
<b>Total</b>		<b>250,000</b>	<b>100</b>

Our Company, indirectly through our Subsidiary, KJFZE, holds shares in KJLLC Oman.

Pursuant to the terms of the shareholders’ agreement dated July 13, 2017 between Mr. PNC Menon (“**Oman Nominee**”) and KJFZE, Oman Nominee beneficially holds 30% of the issued share capital of KJLLC Oman in favour of KJFZE. For details, see “*Risk Factors*”, “*Key Regulations and Policies*”, “*Our Business*” and “*History and Certain Corporate Matters – Material agreements*” on pages 25, 147, 126 and 159, respectively.

### 4. *Kalyan Jewellers For Golden Jewelry Company, W.L.L., Kuwait (“KJWLL Kuwait”)*

#### *Corporate Information*

KJWLL Kuwait was incorporated as a company with limited liability on May 2, 2014 under the laws of Kuwait. Its registered office is situated at Qibla Block 14, Building 1, First Floor and Mezzanine and its commercial

license number is 353251. The commercial license granted by the Ministry of Commerce and Industry is valid up to July 24, 2022. KJWLL Kuwait is currently engaged in the business of trading in gold jewellery.

#### *Capital Structure*

	<b>Amount in KWD</b>
Issued and paid up capital	50,000

#### *Shareholding Pattern*

The shareholding pattern of KJWLL Kuwait as on the date of this Draft Red Herring Prospectus is as follows:

S. No.	Name of the shareholders	Number of shares (of KWD 500 each) held	Percentage of total parts holding (%)
1.	Mr. Bader Nasser Turki Al-Otaibi	50	50
2.	KJLLC UAE	49	49
3.	Mr. Sheikh Dawood Salman Al Sabah	1	1
<b>Total</b>		<b>100</b>	<b>100</b>

Our Company, indirectly through our Subsidiary, KJLLC UAE, holds parts in KJWLL Kuwait.

Under Kuwait law, Kuwaiti or GCC nationals (natural or legal persons; provided, in the event of entities formed and domiciled in GCC nations other than Kuwait, GCC nationals hold 100% of the relevant entity) are required to hold at least 51% of the companies incorporated in Kuwait. Accordingly, KJLLC UAE holds 49% of the issued and paid up share capital of KJWLL Kuwait while the balance is held by Mr. Bader Nasser Turki Al-Otaibi and Mr. Sheikh Dawood Salman Al Sabah (“**Kuwait Nominees**”). Further, pursuant to the terms of the shareholders’ agreement dated January 13, 2019 entered into by and between KJLLC UAE and the Kuwait Nominees. Kuwait Nominees beneficially own 51% of the issued and paid-up share capital of KJWLL Kuwait in favour of KJLLC UAE. For details, see “*Risk Factors*”, “*Key Regulations and Policies*”, “*Our Business*” and “*History and Certain Corporate Matters – Material agreements*” on pages 25, 147, 126 and 159, respectively.

#### **5. Kalyan Jewellers LLC, Qatar (“KJLLC Qatar”)**

##### *Corporate Information*

KJLLC Qatar was incorporated as a limited liability company on August 28, 2014 under the laws of the State of Qatar. Its registered office is according to its trade license situated at Area number 6, name of the area: Al Ghanem Al Atik, Street name: Grand Hamad Street, Street number 920, Location: Doha Municipality, Land number 9, and its commercial license number is 67939. The commercial registration granted by the Ministry of Commerce and Industry is valid up to August 26, 2020. KJLLC Qatar is currently engaged in the business of trading in jewellery (silver and gold), and trading in precious stones and pearls.

#### *Capital Structure*

	<b>Amount in QAR</b>
Issued and paid up capital	200,000

#### *Shareholding Pattern*

The shareholding pattern of KJLLC Qatar as on the date of this Draft Red Herring Prospectus is as follows:

S. No.	Name of the equity share holder	Number of equity shares (of QAR 1,000 each) held	Percentage of total equity holding (%)
1.	Mr. Nasser Darwish A Mashhadi	102	51
2.	KJLLC UAE	98	49
<b>Total</b>		<b>200</b>	<b>100</b>

Our Company, indirectly through our Subsidiary, KJLLC UAE, holds shares in KJLLC Qatar.

Under Qatari law, Qatari nationals (natural or legal persons) are required to hold at least 51% of the companies incorporated in Qatar. Accordingly, KJLLC UAE legally owns up to 49% of the shares of KJLLC Qatar while

the balance is held by Mr. Nasser Darwish A Mashhadi (“**Qatar Nominee**”). Further, pursuant to the terms of the shareholders’ agreement dated January 25, 2016 between KJLLC UAE and Qatar Nominee, Qatar Nominee holds such 51% of the issued share capital of KJLLC Qatar in his name for the benefit of and in trust for KJLLC UAE. For details, see “*Risk Factors*”, “*Key Regulations and Policies*”, “*Our Business*” and “*History and Certain Corporate Matters – Material agreements*” on pages 25, 147, 126 and 159, respectively.

#### **Accumulated profits or losses**

As on the date of this Draft Red Herring Prospectus, there are no accumulated profits or losses of any of our Subsidiaries that have not been accounted for by our Company.

#### **Interest in our Company**

Except as provided in “*Our Business*” and “*Related Party Transactions*”, beginning on pages 126 and 198, respectively, none of our Subsidiaries have any business interest in our Company.

#### **Common pursuits**

Our Subsidiaries are in the same line of business as that of our Company and accordingly, there are certain common pursuits amongst our Subsidiaries and our Company. However, there is no conflict of interest amongst our Subsidiaries and our Company. If applicable, our Company will adopt necessary procedures and practices as permitted by law to address any conflict situations as and when they arise.

#### **Other confirmations**

None of our Subsidiaries are listed on any stock exchange in India or abroad. Further, neither have any of the securities of our Subsidiaries been refused listing by any stock exchange in India or abroad, nor have any of our Subsidiaries failed to meet the listing requirements of any stock exchange in India or abroad.

## **RELATED PARTY TRANSACTIONS**

For details of the related party transactions during Fiscals 2020, 2019 and 2018 as per the requirements under Ind AS 24, see “*Financial Statements–Restated Consolidated Financial Information–Note 34 - Related Party Disclosure*” and “*Financial Statements–Special Purpose Restated Standalone Financial Information–Note 34 - Related Party Disclosure*” on pages 234 and 283, respectively.



## DIVIDEND POLICY

As on the date of this Draft Red Herring Prospectus, our Company has no formal dividend policy. The declaration and payment of dividends will be recommended by our Board and approved by our Shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable law, including the Companies Act. The dividend, if any, will depend on a number of factors, including but not limited to the earnings, capital requirements, contractual obligations, applicable legal restrictions and overall financial position of our Company. Upon the listing of the Equity Shares of our Company and subject to the SEBI Listing Regulations, we may be required to formulate a dividend distribution policy which shall be required to include, among others, details of circumstances under which the shareholders may or may not expect dividend, the financial parameters that shall be considered while declaring dividend, internal and external factors that shall be considered for declaration of dividend, policy as to how the retained earnings will be utilized and parameters that shall be adopted with regard to various classes of shares, as applicable.

In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under the loan or financing arrangements our Company is currently availing of or may enter into, to finance our fund requirements for our business activities. For details, see “*Financial Indebtedness*” on page 200.

Our Company has not declared or paid any dividend on our Equity Shares during the last three Fiscals. The details of the dividend paid by our Company on the CCPS during the last three Fiscals as per our Restated Financial Information are given below:

Particulars	Fiscal 2020	Fiscal 2019	Fiscal 2018
Number of Equity Shares at period ended	839,241,600	839,241,600	839,241,600
Number of CCPS at period ended	119,047,619	119,047,619	119,047,619
Face value per Equity Share/CCPS (in ₹)	10	10	10
Dividend paid on Equity Shares (in ₹ million)	–	–	–
Dividend paid on CCPS (in ₹ million)	–	–*	0.06*^
Rate of dividend on Equity Shares (%)	–	–	–
Rate of dividend on CCPS (%)	0.001	0.001	0.001
Dividend distribution tax (in ₹ million)	–	0.002*	0.004*^
Dividend Tax (%)	–	15*	15*^

\* As per the terms of issuance of the CCPS allotted on May 12, 2017, the dividend on such CCPS will be accumulated and our Company is required to make the payment of dividend upon the conversion of such CCPS into Equity Shares. However, our Company made provision for the dividend in its financial statements for Fiscals 2018 and 2019 and hence was required to pay the dividend distribution tax for Fiscals 2018 and 2019.

^ 134,981,630 Equity Shares were allotted to Highdell upon conversion of 200,000,000 CCPS on February 1, 2017. As per the terms of issuance of such CCPS, dividend on such CCPS was accumulated and our Company was required to make the payment of dividend upon conversion of such CCPS into Equity Shares. Accordingly, pursuant to our Shareholders’ resolution dated September 25, 2017, payment of the accumulated dividend aggregating to ₹ 0.06 million upon such conversion of CCPS into Equity Shares was approved.

The amount of dividends paid in past are not necessarily indicative of the dividend policy of our Company or dividend amounts, if any, in the future. There is no guarantee that any dividends will be declared or paid or the amount thereof will be decreased in the future. For details, see “*Risk Factors – We cannot assure payment of dividends on the Equity Shares in the future*” on page 52.

## SECTION V: FINANCIAL INFORMATION

### FINANCIAL STATEMENTS

The audited standalone financial statements of our Company as at and for the Fiscals ended March 31, 2020, March 31, 2019 and March 31, 2018 (“**Standalone Financial Statements**”) are available at [www.kalyanjewellers.net/investors/downloads.php](http://www.kalyanjewellers.net/investors/downloads.php). Our Company is providing a link to this website solely to comply with the requirements specified in the SEBI ICDR Regulations. Further, the audited standalone financial statements of our Company’s Material Subsidiaries as at and for the year ended March 31, 2020, 2019 and 2018 (“**Subsidiary Financial Statements**”) are available at [www.kalyanjewellers.net/investors/downloads.php](http://www.kalyanjewellers.net/investors/downloads.php). The Standalone Financial Statements and Subsidiary Financial Statements do not constitute, (i) a part of this Draft Red Herring Prospectus; or (ii) a 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 to purchase or sell any securities under the Companies Act, the SEBI ICDR Regulations, or any other applicable law in India or elsewhere in the world. The Standalone Financial Statements and Subsidiary Financial Statements should not be considered as part of information that any investor should consider to subscribe for or purchase any securities of our Company or our Subsidiaries, or any entity in which it or its shareholders have significant influence (collectively, the “**Group**”) and should not be relied upon or used as a basis for any investment decision. None of the Group or any of its advisors, nor any Lead Managers or the Selling Shareholders, 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 Standalone Financial Statements and Subsidiary Financial Statements, or the opinions expressed therein.

<b>Particulars</b>	<b>Page no.</b>
Restated Consolidated Financial Information	201
Special Purpose Restated Standalone Financial Information	252

## **INDEPENDENT AUDITOR'S REPORT ON RESTATED CONSOLIDATED FINANCIAL INFORMATION**

### **The Board of Directors of Kalyan Jewellers India Limited**

Dear Sirs,

1. We have examined, as appropriate (refer paragraph 6 below), the attached Restated Consolidated Financial Information of Kalyan Jewellers India Limited (the "Company"), and its subsidiaries (collectively, the "Group"), which comprises of the Restated Consolidated Statement of Assets and Liabilities as at March 31, 2020, 2019 and 2018, the Restated Consolidated Statements of Profit and Loss (including other comprehensive income), Restated Consolidated Statement of changes in equity and the Restated Consolidated Statement of Cash Flows for the years ended March 31, 2020, 2019 and 2018, and the Summary of Significant Accounting Policies and other explanatory information (collectively, the "Restated Consolidated Financial Information"), as approved by the Board of Directors of the Company ("the Board") at their meeting held on August 20, 2020 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 of the Company ("IPO") prepared in terms of the requirements of:
  - a) Section 26 of Part I of Chapter III of the Companies Act, 2013 ("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 Consolidated Financial Information for the purpose of inclusion in the DRHP to be filed with Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited and Registrar of Companies, Kerala in connection with the proposed IPO. The Restated Consolidated Financial Information have been prepared by the management of the Company on the basis of preparation stated in Note 2.1 to the Restated Consolidated Financial Information. The responsibility of the respective board of directors of the companies included in the Group includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Consolidated Financial Information. The respective board of directors are also responsible for identifying and ensuring that the Group complies with the Act, ICDR Regulations and the Guidance Note.

3. We have examined these Restated Consolidated Financial Information taking into consideration:
- The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated August 04, 2020 in connection with the proposed IPO of the Company;
  - The Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;
  - Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Consolidated Financial Information; and
  - 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 in connection with the IPO.
4. These Restated Consolidated Financial Information have been compiled by the Management from the audited consolidated Ind AS financial statements of the Group as at and for the years ended March 31, 2020, 2019 and 2018, prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time and other accounting principles generally accepted in India which have been approved by the Board at their meetings held on July 13, 2020, September 24, 2019 and July 26, 2018 respectively.
5. For the purpose of our examination, we have relied on audit reports issued by us dated July 13, 2020, September 24, 2019 and July 26, 2018 on the consolidated financial statements of the Group as at and for the years ended March 31, 2020, 2019 and 2018, respectively, as referred in Paragraph 4 above.
6. As indicated in our audit reports referred above,
- we did not audit the financial statements of certain subsidiaries for the years ended March 31, 2020, 2019 and 2018 whose share of total assets, total revenues and net cash inflows / (outflows) included in the Restated Consolidated Financial Information, for the relevant years is tabulated below:

(Rs in million)

<b>Particulars</b>	<b>As at/ for the year ended March 31, 2020</b>	<b>As at/ for the year ended March 31, 2019</b>	<b>As at/ for the year ended March 31, 2018</b>
<b>Number of subsidiaries</b>	7	7	7
Total assets	22,595.97	19,988.50	19,367.87
Total revenue	22,587.49	23,294.99	22,453.25
Net cash inflows/ (outflows)	(224.95)	(98.62)	(713.25)

The financial information of these subsidiaries included in these Restated Consolidated Financial Information, is based on such financial statements audited by the other

auditors and have been restated by the management of the Issuer to comply with Ind AS and the basis set out in Note 2.1 to the Restated Consolidated Financial Information. The Ind AS and restatement adjustments made to such financial statements to comply with Ind AS and the basis set out in Note 2.1 to the Restated Consolidated Financial Information, have been audited by us.

- b) we also did not audit the financial statements of certain subsidiaries for the years ended March 31, 2020 and 2019 whose share of total assets, total revenues and net cash inflows / (outflows) included in the Restated Consolidated Financial Information, for the relevant years is tabulated below:

(Rs in million)		
<b>Particulars</b>	<b>As at/ for the year ended March 31, 2020</b>	<b>As at/ for the year ended March 31, 2019</b>
<b>Number of subsidiaries</b>	2	1
Total assets	268.61	18.51
Total revenue	Nil	Nil
Net cash inflows/ (outflows)	(9.96)	10.47

The financial statements of these subsidiaries are unaudited and are included in these Restated Consolidated Financial Information, is based on such unaudited financial statements furnished to us by the management of the Company. Our opinion on the consolidated financial statements and the Restated Consolidated Financial Information, in so far relates as it relates to the amounts and disclosures included in respect of these subsidiaries are based solely on such unaudited financial statements.

Our opinion on the consolidated financial statements is not modified in respect of these matters.

7. Based on our examination and according to the information and explanations given to us, and also as per the reliance placed on the reports submitted by other auditors on their audit of financial statements of certain subsidiaries mentioned in paragraph 6 above, we report that the Restated Consolidated 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, 2019 and 2018 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the year ended March 31, 2020;
  - b) do not require any adjustment for modification as there is no modification in the underlying audit reports; and
  - c) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.
8. 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.

9. The Restated Consolidated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited consolidated financial statements mentioned in paragraph 4 above.
10. 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, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
11. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
12. Our report is intended solely for use of the Board of Directors for inclusion in the DRHP to be filed with Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited and Registrar of Companies, Kerala 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 **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**Balaji M N**  
Partner  
(Membership No. 202094)  
UDIN: 20202094AAAACR3089

Place: Bengaluru  
Date: August 20, 2020

**Kalyan Jewellers India Limited**  
**Restated Consolidated Statement of Assets and Liabilities**

₹ in Millions

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
<b>ASSETS</b>				
<b>I Non-current assets</b>				
(a) Property, plant and equipment	3A	10,791.85	10,897.32	10,082.89
(b) Capital work-in-progress		242.25	167.09	179.90
(c) Right-of-use assets	4	10,110.46	9,849.41	7,904.74
(d) Investment property	5	622.29	622.29	622.29
(e) Goodwill on Consolidation	6	50.56	50.56	50.56
(f) Intangible assets	3B	96.57	100.16	125.43
(g) Intangible assets under development		2.22	50.16	-
(h) Investments	7	-	25.55	10.55
(i) Financial assets				
(i) Other financial assets	8	588.37	744.23	371.51
(j) Deferred tax assets (net)	29	80.99	302.25	426.47
(k) Other non-current assets	9	617.31	665.60	1,028.13
<b>Total non-current assets</b>		<b>23,202.87</b>	<b>23,474.62</b>	<b>20,802.47</b>
<b>II Current assets</b>				
(a) Inventories	10	47,203.43	45,006.98	50,220.67
(b) Financial assets				
(i) Trade receivables	11	2,136.54	1,466.93	1,818.24
(ii) Cash and cash equivalents	12	1,608.68	1,501.04	1,781.73
(iii) Bank balances other than (ii) above	12	5,892.68	6,753.41	8,397.40
(iv) Other financial assets	8	812.18	460.52	431.52
(c) Other current assets	9	1,330.42	1,935.64	2,060.28
<b>Total current assets</b>		<b>58,983.93</b>	<b>57,124.52</b>	<b>64,709.84</b>
<b>Total assets (I+II)</b>		<b>82,186.80</b>	<b>80,599.14</b>	<b>85,512.31</b>
<b>EQUITY AND LIABILITIES</b>				
<b>I Equity</b>				
(a) Equity share capital	13	8,392.42	8,392.42	8,392.42
(b) Compulsorily convertible preference share capital	13	1,190.48	1,190.48	1,190.48
(c) Other equity	14	12,028.20	10,459.29	10,120.91
(d) Non-controlling interest	15	(30.31)	(35.75)	(23.17)
<b>Total equity</b>		<b>21,580.79</b>	<b>20,006.44</b>	<b>19,680.64</b>
<b>II LIABILITIES</b>				
<b>1 Non-current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	16	848.38	1,075.01	1,786.07
(ii) Lease liabilities	17	6,674.09	7,304.91	6,229.58
(b) Provisions	18	306.75	239.73	199.93
<b>Total non-current liabilities</b>		<b>7,829.22</b>	<b>8,619.65</b>	<b>8,215.58</b>
<b>2 Current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	16	23,382.09	20,999.54	18,435.70
(ii) Metal gold loan	19	11,671.43	14,964.29	19,529.25
(iii) Lease liabilities	17	903.44	680.64	714.71
(iv) Trade payables	20			
- Total outstanding dues of micro and small enterprises		-	-	-
- Total outstanding dues of creditors Other than micro and small enterprises		5,575.61	4,194.06	7,486.41
(v) Other financial liabilities	21	656.37	974.48	1,661.34
(b) Provisions	18	78.21	70.59	67.76
(c) Other current liabilities	22	10,118.97	10,084.26	9,272.68
(d) Current tax liabilities (net)		390.67	5.19	448.25
<b>Total current liabilities</b>		<b>52,776.79</b>	<b>51,973.05</b>	<b>57,616.10</b>
<b>Total equity and liabilities (I+II)</b>		<b>82,186.80</b>	<b>80,599.14</b>	<b>85,512.31</b>
<b>See accompanying notes to the restated consolidated financial information</b>				

In terms of our report attached

**For Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm's Registration Number: 117366W/W-100018)

**For and on behalf of the Board of Directors**

**Balaji M N**

Partner

(Membership No. 202094)

**T.S. Kalyanaraman**

Managing Director

(DIN: 01021928)

**T.K. Ramesh**

Director

(DIN: 01021868)

**T.K. Seetharam**

Director

(DIN: 01021898)

**Sanjay Raghuraman**

Chief Executive Officer

Place: Thrissur

Date: August 20, 2020

**V. Swaminathan**

Chief Financial Office Company Secretary

Place: Bengaluru

Date: August 20, 2020

**Kalyan Jewellers India Limited**  
**Restated Consolidated Statement of Profit and Loss**

₹ in Millions

Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
I Revenue from operations	23	1,01,009.18	97,707.62	1,05,479.48
II Other income	24	800.98	432.67	322.51
<b>III Total income (I+II)</b>		<b>1,01,810.16</b>	<b>98,140.29</b>	<b>1,05,801.99</b>
<b>IV EXPENSES</b>				
Cost of sales	25	83,917.67	81,983.44	88,016.97
Excise duty on sale of goods		-	-	219.32
Employee benefits expense	26	3,572.26	3,814.01	3,687.37
Finance costs	27	3,803.15	3,790.56	3,491.81
Depreciation and amortisation expense	3C	2,391.66	2,236.20	2,020.28
Other expenses	28	5,916.55	6,106.80	6,228.33
<b>Total expenses</b>		<b>99,601.29</b>	<b>97,931.01</b>	<b>1,03,664.08</b>
<b>V Restated Profit before tax (III - IV)</b>		<b>2,208.87</b>	<b>209.28</b>	<b>2,137.91</b>
<b>VI Tax expense</b>				
Current tax	29	591.30	204.43	753.67
Deferred tax	29	194.82	53.49	(25.73)
<b>Total tax expense</b>		<b>786.12</b>	<b>257.92</b>	<b>727.94</b>
<b>VII Restated Profit/(Loss) for the year (V - VI)</b>		<b>1,422.75</b>	<b>(48.64)</b>	<b>1,409.97</b>
Owners of the Company		1,429.96	(36.06)	1,423.74
Non controlling interests		(7.21)	(12.58)	(13.77)
<b>VIII Other comprehensive income</b>				
(i) Items that will not be reclassified to profit or loss				
(a) Remeasurement of employee defined benefit plans		(10.18)	4.87	(74.56)
(b) Income tax on (a) above		(6.67)	(1.70)	25.81
(c) Effective portion of gain and loss on designated portion of hedging instruments in a cash flow hedge		59.95	449.27	(509.21)
(d) Income tax on (c) above		(19.85)	(156.39)	176.24
<b>Total restated comprehensive income for the year (VII + VIII)</b>		<b>1,446.00</b>	<b>247.42</b>	<b>1,028.25</b>
Owners of the Company		1,453.21	260.00	1,042.02
Non controlling interests		(7.21)	(12.58)	(13.77)
<b>IX Earnings per equity share of face value of ₹ 10/-</b>				
Basic	31	1.70	(0.04)	1.70
Diluted	31	1.49	(0.04)	1.51
<b>See accompanying notes to the restated consolidated financial information</b>				

In terms of our report attached

**For Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm's Registration Number: 117366W/W-100018)

**For and on behalf of the Board of Directors**

**Balaji M N**

Partner

(Membership No. 202094)

**T.S. Kalyanaraman**

Managing Director

(DIN: 01021928)

**T.K. Ramesh**

Director

(DIN: 01021868)

**T.K. Seetharam**

Director

(DIN: 01021898)

**Sanjay Raghuraman**

Chief Executive Officer

**V. Swaminathan**

Chief Financial Officer

**Jishnu R.G**

Company Secretary

Place: Bengaluru

Date: August 20, 2020

Place: Thrissur

Date: August 20, 2020



**Kalyan Jewellers India Limited**  
**Restated Consolidated Statement of Cash Flows**

₹ in Millions

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>A. Cash flow from operating activities</b>			
Restated Profit before tax	2,208.87	209.28	2,137.91
Adjustments for:			
Exchange differences in translating the financial statements of foreign operations	86.87	(84.08)	94.17
Depreciation of property, plant and equipment and amortisation of intangible assets	1,100.21	1,033.11	1,047.78
Amortisation on right-of-use assets	1,291.45	1,203.09	972.50
NCl arising on acquisition	12.65	-	(9.40)
Loss on acquisition	(72.65)	-	-
Net loss/(gain) on disposal of property, plant and equipment	(6.40)	10.38	(251.85)
Profit on sale of Investments	(2.71)	-	-
Property, plant and equipment written off	137.76	53.29	9.93
Income from recovery of making charges on account of	-	-	(472.43)
Bad trade and other advances written off	51.40	1.97	51.08
Interest income	(296.58)	(350.00)	(245.26)
Net unrealised gain on MTM	(359.58)	-	-
Gain on lease modification	(270.79)	-	-
Liabilities no longer required written back	(5.42)	(0.87)	(24.09)
Provision for customer loyalty programs	0.54	(13.03)	(33.39)
Interest expense on lease liability	850.89	847.17	723.75
Interest expense	2,779.80	2,784.41	2,611.17
Operating profit before working capital changes	7,506.31	5,694.72	6,611.87
Adjustments for:			
(Increase)/decrease in inventories	(2,196.46)	5,213.69	(8,549.16)
(Increase)/decrease in trade receivables	(669.60)	351.31	(1,679.95)
(Increase)/decrease in other current financial assets	(48.56)	9.32	169.74
(Increase)/decrease in other current assets	605.09	122.67	(559.45)
(Increase)/decrease in other non-current financial assets	(71.74)	(121.77)	(47.49)
(Increase)/decrease in other non-current assets	18.88	(2.34)	(269.10)
Increase/(decrease) in trade payables	1,386.98	(3,291.48)	2,228.10
Increase/(decrease) in metal gold loan	(3,292.86)	(4,564.96)	11,526.62
Increase/(decrease) in non-current and current provisions	63.93	60.51	38.57
Increase/(decrease) in other current liabilities	(38.21)	811.58	1,100.61
<b>Cash generated from operations</b>	<b>3,263.76</b>	<b>4,283.25</b>	<b>10,570.35</b>
Net income tax paid	(68.74)	(394.31)	(139.26)
<b>Net cash flow from / (used in) operating activities (A)</b>	<b>3,195.02</b>	<b>3,888.94</b>	<b>10,431.09</b>
<b>B. Cash flow from investing activities</b>			
Payments for property, plant and equipment, intangibles (including capital work-in-progress and capital advances)	(1,191.53)	(2,989.10)	(2,837.47)
Proceeds from sale of property, plant and equipment	116.51	62.70	-
Bank balances not considered as cash and cash equivalents	1,088.32	1,392.90	(3,493.77)
Proceeds/(payments) from/(for) sale/(purchase) of investments	28.26	(15.00)	(10.50)
Impact of business combination	-	-	(50.56)
Interest received	301.69	311.84	241.27
<b>Net cash flow from / (used in) investing activities (B)</b>	<b>343.25</b>	<b>(1,236.66)</b>	<b>(6,151.04)</b>
<b>C. Cash flow from financing activities</b>			
Proceeds from borrowings	4,870.53	4,155.84	11,381.24
Repayment of borrowings	(3,054.60)	(2,484.80)	(16,811.10)
Proceeds from issue of preference shares	-	-	5,000.00
Payment towards lease liabilities	(2,540.62)	(1,763.85)	(1,488.52)
Finance costs	(2,705.93)	(2,840.18)	(2,584.82)
Dividends paid, including tax thereon	(0.00)	0.01	(0.05)
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>(3,430.62)</b>	<b>(2,932.98)</b>	<b>(4,503.25)</b>
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>	<b>107.65</b>	<b>(280.69)</b>	<b>(223.21)</b>
Cash and cash equivalents at the beginning of the year (refer note 12)	1,501.04	1,781.73	2,004.94
<b>Cash and cash equivalents at the end of the year (refer note 12)</b>	<b>1,608.68</b>	<b>1,501.04</b>	<b>1,781.73</b>
<b>See accompanying notes to the restated consolidated financial information</b>			

In terms of our report attached

**For Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm's Registration Number: 117366W/W-100018)

**For and on behalf of the Board of Directors**

**Balaji M N**

Partner

(Membership No. 202094)

**T.S. Kalyanaraman**

Managing Director

(DIN: 01021928)

**T.K. Ramesh**

Director

(DIN: 01021868)

**T.K. Seetharam**

Director

(DIN: 01021898)

**Sanjay Raghuraman**

Chief Executive Officer

Place: Thrissur  
Date: August 20, 2020

**V. Swaminathan**

Chief Financial Officer

**Jishnu R.G**

Company Secretary

Place: Bengaluru  
Date: August 20, 2020

**Kalyan Jewellers India Limited**  
**Restated Consolidated Statement of Changes in Equity**

**a. Equity share capital**

₹ in Millions

<b>Balance as at March 31, 2017</b>	8,392.42
Changes in equity share capital during the year	-
<b>Balance as at March 31, 2018</b>	<b>8,392.42</b>
Changes in equity share capital during the year	-
<b>Balance as at March 31, 2019</b>	<b>8,392.42</b>
Changes in equity share capital during the year	-
<b>Balance as at March 31, 2020</b>	<b>8,392.42</b>

**b. Compulsorily convertible preference share capital**

₹ in Millions

<b>Balance as at March 31, 2017</b>	-
Issue of preference share capital	1,190.48
<b>Balance as at March 31, 2018</b>	<b>1,190.48</b>
Issue of preference share capital	-
<b>Balance as at March 31, 2019</b>	<b>1,190.48</b>
Issue of preference share capital	-
<b>Balance as at March 31, 2020</b>	<b>1,190.48</b>

**c. Other Equity**

₹ in Millions

Particulars	Reserves & Surplus			Other Comprehensive Income			Total other equity
	Securities premium reserve	Statutory reserve	Retained earnings	Hedging instruments in cash flow hedge	Employee defined benefit plan	Foreign operation translation reserve	
<b>Balance as at April 1, 2017</b>	<b>5,398.58</b>	<b>2.55</b>	<b>238.13</b>	-	(16.77)	<b>136.67</b>	<b>5,759.16</b>
Ind AS 116 impact on retained earnings	-	-	(594.77)	-	-	-	(594.77)
Profit for the year (net of taxes)	-	-	1,423.74	-	-	-	1,423.74
Other Comprehensive Income for the year (net of taxes)	-	-	-	(332.97)	(48.75)	-	(381.72)
<b>Total Comprehensive income for the year</b>	-	-	<b>1,423.74</b>	<b>(332.97)</b>	<b>(48.75)</b>	-	<b>447.25</b>
Share issue premium	<b>3,809.52</b>	-	-	-	-	-	3,809.52
Effect of foreign exchange rate variations during the year	-	-	-	-	-	<b>104.98</b>	104.98
<b>Balance as at March 31, 2018</b>	<b>9,208.10</b>	<b>2.55</b>	<b>1,067.10</b>	<b>(332.97)</b>	<b>(65.52)</b>	<b>241.65</b>	<b>10,120.91</b>
Ind AS 116 impact on retained earnings	-	-	61.15	-	-	-	61.15
Profit for the year (net of taxes)	-	-	(36.06)	-	-	-	(36.06)
Other Comprehensive Income for the year (net of taxes)	-	-	-	292.87	3.17	-	296.04
<b>Total Comprehensive income for the year</b>	-	-	<b>(36.06)</b>	<b>292.87</b>	<b>3.17</b>	-	<b>259.98</b>
Effect of foreign exchange rate variations during the year	-	-	-	-	-	17.25	17.25
<b>Balance as at March 31, 2019</b>	<b>9,208.10</b>	<b>2.55</b>	<b>1,092.19</b>	<b>(40.09)</b>	<b>(62.36)</b>	<b>258.90</b>	<b>10,459.29</b>
Ind AS 116 impact on retained earnings	-	-	-	-	-	-	-
Profit for the year (net of taxes)	-	-	1,429.96	-	-	-	1,429.96
Other Comprehensive Income for the year (net of taxes)	-	-	-	40.09	(16.85)	-	23.24
<b>Total Comprehensive income for the year</b>	-	-	<b>1,429.96</b>	<b>40.09</b>	<b>(16.85)</b>	-	<b>1,453.20</b>
Effect of foreign exchange rate variations during the year	-	-	-	-	-	188.36	188.36
Loss on acquisition	-	-	(72.65)	-	-	-	(72.65)
Statutory Reserve	-	2.74	(2.74)	-	-	-	-
<b>Balance as at March 31, 2020</b>	<b>9,208.10</b>	<b>5.29</b>	<b>2,446.76</b>	<b>(0.00)</b>	<b>(79.21)</b>	<b>447.26</b>	<b>12,028.20</b>

In terms of our report attached

**For Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm's Registration Number: 117366W/W-100018)

**For and on behalf of the Board of Directors**

**Balaji M N**

Partner

(Membership No. 202094)

**T.S. Kalyanaraman**

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Chief Executive Officer

**V. Swaminathan**

Chief Financial Officer

**Jishnu R.G**

Company Secretary

Place: Bengaluru

Date: August 20, 2020

Place: Thrissur

Date: August 20, 2020

## **Kalyan Jewellers India Limited**

### **Notes forming part of the Restated Consolidated Financial Information**

#### **1.1 GENERAL INFORMATION**

Kalyan Jewellers India Limited ('the Company'), together with its subsidiaries Kalyan Jewellers Mini Stores Private Limited (Got amalgamated with Company during the year on complying the provisions of section 233 of the Companies Act, 2013), Kalyan Jewelers, Inc., USA, Enovate Lifestyles Private Limited, Kalyan Jewellers FZE, UAE, and its step down subsidiaries - Kalyan Jewellers LLC, UAE, Kalyan Jewellers for Golden Jewelry Company, W.L.L, Kalyan Jewellers LLC, Qatar, Kalyan Jewellers LLC, Oman, Kalyan Jewellers Bahrain W.L.L. (in the process of incorporation), Kenouz Al Sharq Gold Ind. LLC, UAE, collectively referred to as 'the Group' is a leading international retail Jewellery Chain, into the manufacture and retailing of primarily gold and precious stone studded jewelleryes.

The Company is headquartered in the city of Thrissur in Kerala, India, and has offices in USA, UAE, Kuwait, Qatar and Oman.

#### **2.1 BASIS OF PREPARATION AND PRESENTATION**

The Restated Consolidated Financial Information of the Group comprises the Restated Consolidated Statement of Assets and Liabilities as at March 31, 2020, 2019, and 2018, the Restated Consolidated Statement of Profit and Loss (including other comprehensive income), the Restated Consolidated Statement of Changes in Equity, the Restated Consolidated Statement of Cash Flows for the years ended March 31, 2020, 2019, and 2018, the Summary Statement of Significant Accounting Policies, and other explanatory information (collectively, the "Restated Consolidated Financial Information"), as approved by the Board of Directors of the Company at their meeting held on August 20, 2020 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 (the "Act");
- b) The Securities and Exchange Board of India ( Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations")
- c) The Guidance Note on Report in company prospectus (Revised 2019) issued by the ICAI (referred to as the Guidance Note).

The Restated Consolidated Financial Information have been prepared so as to contain information / disclosures and incorporating adjustments as per Note 38 to the information compiled by the management from audited consolidated Ind AS financial statements of the Group as at and for the years ended March 31, 2020, 2019 and 2018, 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 meetings held on July 13, 2020, September 24, 2019 and July 26, 2018 respectively and this Restated Consolidated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of approval by the Board of Directors.

#### **2.2 SIGNIFICANT ACCOUNTING POLICIES**

##### **(i) Statement of Compliance**

The Restated Consolidated Financial Information of the Group have been prepared in accordance with Indian Accounting Standard ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 read with section 133 of the Companies Act, 2013.

- (ii)** The Restated Consolidated Financial Information have been prepared on accrual basis under the historical cost convention except for the certain financial instruments that are measured at fair values as required by relevant Ind AS:
- a) certain financial assets and liabilities (including derivative instruments)
  - b) defined employee benefit plans - plan assets are measured at fair value

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

##### **(iii) Basis of consolidation**

The Restated Consolidated Financial Information incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control exists when the parent has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. Power is demonstrated

through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are Restated Consolidated from the date control commences until the date control ceases. The financial statements of subsidiaries are Restated Consolidated on a line-by-line basis and intra-group balances and transactions including un-realized gain/ loss from such transactions are eliminated upon consolidation. The financial statements are prepared by applying uniform policies in use at the Group.

The subsidiary companies which are included in the consolidation and the Company's holdings therein are as under:

Name of the Company	Relationship	Country of Incorporation	Ownership held by	Ownership interest		
				March 31, 2020	March 31, 2019	March 31, 2018
Enovate Lifestyles Private Limited	Subsidiary	India	Kalyan Jewellers India Limited	77%	64.78%	-
Kalyan Jewellers FZE, UAE	Subsidiary	United Arab Emirates (UAE)	Kalyan Jewellers India Limited	100%	100%	100%
Kalyan Jewelers, Inc., USA	Subsidiary	USA	Kalyan Jewellers India Limited	100%	100%	-
Kalyan Jewellers LLC, UAE	Step down subsidiary	United Arab Emirates	Kalyan Jewellers FZE, UAE	100%	100%	100%
Kalyan Jewellers for Golden Jewelry Company, W.L.L.	Step down subsidiary	Kuwait	Kalyan Jewellers LLC, UAE	100%	100%	100%
Kalyan Jewellers LLC, Qatar	Step down subsidiary	Qatar	Kalyan Jewellers LLC, UAE	100%	100%	100%
Kalyan Jewellers LLC, Oman	Step down subsidiary	Oman	Kalyan Jewellers LLC, UAE	100%	100%	100%
Kenouz Al Sharq Gold Ind. LLC, UAE	Step down subsidiary	United Arab Emirates (UAE)	Kalyan Jewellers LLC, UAE	100%	100%	100%
Kalyan Jewellers Bahrain W.L.L.	Step down subsidiary	Bahrain	Kalyan Jewellers FZE, UAE	100%	-	-

The Restated Consolidated Financial statements prepared by Kalyan Jewellers FZE, UAE includes 100% of the assets, liabilities and results of operations of its following subsidiaries, reflecting its controlling and beneficial equity interest in the subsidiaries through agreement with legal owners:

Name of the Company	Place of registration and operation	Ownership %	Control and beneficial interest %	Principal Activity
Kalyan Jewellers LLC,UAE	Dubai, UAE	49	100	Trading in jewellery, watches and perfumes
Kalyan Jewellers for Golden Jewelry Company, W.L.L.	Kuwait	49	100	Trading in jewellery, watches and perfumes
Kalyan Jewellers LLC,Qatar	Doha, Qatar	49	100	Trading in jewellery, watches and perfumes
Kalyan Jewellers LLC,Oman	Oman	70	100	Trading in jewellery, watches and perfumes
Kenouz Al Sharq Gold Ind. LLC,UAE	Sharjah, UAE	49	100	Manufacturing of jewellery
Kalyan Jewellers Bahrain W.L.L.	Bahrain	49	100	Trading in jewellery, watches and perfumes

The financial statements of the subsidiary companies which are included in the consolidation are drawn upto the same reporting date as that of the Company i.e. March 31, 2020, 2019 and 2018. The financial statements of the subsidiaries included in consolidation are audited except Kalyan Jewelers, Inc.,USA and Kalyan Jewellers Bahrain W.L.L. for the year March 31, 2020.

**(iv) Use of estimates and judgement**

The preparation of Restated Consolidated Financial Information 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 statements. 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.

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.

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.

**(v) Functional and presentation currency**

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (i.e. the "functional currency"). The Restated Consolidated Financial Information are presented in Indian Rupee, the national currency of India, which is the functional currency of the Holding Company.

**(vi) Revenue Recognition**

Revenue is recognised upon transfer of control of promised goods or services to customers in an amount that reflects the consideration the Group expects to receive in exchange for those goods or services.

- a) Sale of goods: Revenue from the sale of products is recognised at the point in time when control is transferred to the customer.  
Revenue is measured based on the transaction price, which is the consideration, net of customer incentives, discounts, variable considerations, payments made to customers, 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 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.

**(vii) Leases**

The Group'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, 2017.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. 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.

**(viii) Foreign currencies**

In preparing the financial statements of the Group, 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.

**(ix) 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.

**(x) Employee benefits**

The Group participates in various employee benefit plans. Post-employment benefits are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan, the Group's only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks fall on the employee. The expenditure for defined contribution plans is recognized as expense during the period when the employee provides service. Under a defined benefit plan, it is the Group's obligation to provide agreed benefits to the employees. The related actuarial risks fall on the Group. The present value of the defined benefit obligations is calculated using the projected unit credit method.

Short-term employee benefits

All short-term employee benefits such as salaries, wages, bonus, and other benefits which fall within 12 months of the period in which the employee renders related services which entitles them to avail such benefits and non-accumulating compensated absences are recognised on an undiscounted basis and charged to the statement of profit and loss.

A liability is recognised for benefits accruing to employees in respect of wages and salaries in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Defined contribution plan

The Group's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plan

In accordance with the Payment of Gratuity Act, 1972, the Group provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Group. The gratuity fund is unfunded. The Group's obligation in respect of the gratuity plan, which is a defined benefit plan, is provided for based on actuarial valuation using the projected unit credit method. Actuarial gains or losses are recognized in other comprehensive income. Further, the profit or loss does not include an expected return on plan assets. Instead net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income.

Remeasurement, comprising actuarial gains and losses is reflected immediately in the balance sheet with charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected in retained earnings and is not reclassified to the statement of profit and loss.

**(xi) 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 and other applicable tax laws.
- 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 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.
- 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 financial statements 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.

## **(xii) 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 not depreciated.

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. Machinery spares which can be used only in connection with an item of Property, plant and equipment and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. 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 respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

- Aeroplanes/Helicopters – 30 years with an estimated residual value of 5%

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.

### **(xiii) 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.

### **(xiv) 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 assets 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 5 years.

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.

### **(xv) 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 profit or loss.

Goodwill is tested for impairment on an annual basis and whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows.

### **(xvi) Inventories**

Inventories [other than quantities of gold for which the price is yet to be determined with the suppliers (Unfixed gold)] are stated at the lower of cost and net realizable value. In respect of gold, cost is determined on first-in-first-out basis, for silver cost is determined on annual weighted average basis and in respect of studded jewellery is determined on specific identification basis.

Unfixed gold is valued at the gold prices prevailing on the period closing date.

Cost comprises all costs of purchase including duties and taxes (other than those subsequently recoverable by the Group), freight inwards and other expenditure directly attributable to acquisition. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

### **(xvii) 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 in 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.

#### **(xviii) Business combination and Goodwill**

Business combinations are accounted for using the purchase (acquisition) method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The cost of acquisition also includes the fair value of any contingent consideration.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition. Transaction costs incurred in connection with a business combination are expensed as incurred.

The excess of the cost of acquisition over the Group's share in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is recognized as goodwill. If the excess is negative, a bargain purchase gain is recognized in capital reserve.

#### **(xix) 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.

- 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:

- 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 that 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
- 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. Whether 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.

- 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.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

#### **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.

#### **De-recognition 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

### **(xx) Hedge accounting**

The Group designates certain hedging instruments as fair value hedges/cash flow hedges. At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. The use of derivative financial instruments is governed by the Group's policies approved by the Board of Directors, which provide written principles on the use of such instruments consistent with the Group's risk management strategy. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values of the hedged item attributable to the hedged risk.

#### **Fair value hedges**

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in statement of profit

and loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

#### **Cash flow hedges**

Derivative financial instruments to manage risks associated with gold price fluctuations relating to certain highly probable forecasted transactions, foreign currency fluctuations relating to certain firm commitments fall under the category of cash flow hedges. The Group has designated derivative financial instruments taken for gold price fluctuations as cash flow hedges relating to highly probable forecasted transactions.

Hedging instruments are initially measured at fair value, and are re-measured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised in other comprehensive income and accumulated under the heading hedging reserve and the ineffective portion is recognised immediately in the statement of profit and loss. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognized in hedging reserve is retained until the forecast transaction occurs upon which it is recognized in the statement of profit and loss.

If a hedged transaction is no longer expected to occur, the net cumulative gain or loss accumulated in hedging reserve is recognized immediately to the statement of profit and loss. The Group has designated derivative financial instruments taken for gold price fluctuations as cash flow hedges relating to highly probable forecasted transactions under the previous GAAP.

On the transition date to Ind AS, the Group had assessed that all the designated hedging relationship qualifies for hedge accounting under Ind AS 109. Consequently, the Group continues to apply hedge accounting on and after the date of transition date to Ind AS.

#### **(xxi) Segment reporting**

Operating segments are reported in the manner consistent with the internal reporting to the chief operating decision maker (CODM). The Group is reported at an overall level, and hence there are no separate reportable segments as per Ind AS 108.

#### **(xxii) 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.

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, in banks and demand deposits with banks, net of outstanding bank overdrafts that are repayable on demand, book overdraft and are considered part of the Group's cash management system.

#### **(xxiii) 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.

#### **(xxiv) 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.

### **2.3 Additional information as required by Paragraph 2 of the General Instructions for Preparation of consolidated Ind AS financial statements to Schedule III to the Companies Act, 2013**

- As on and for the year ended March 31, 2020

Name of the entity	Net Assets i.e., total assets minus total liabilities		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated total comprehensive income	Amount
Parent- Kalyan Jewellers India Limited	64.71%	13,965.84	89.85%	1,299.22
<b>Indian Subsidiary</b>				
Enovate Lifestyles Private Limited	0.32%	69.61	1.49%	21.53
<b>Foreign Subsidiary</b>				
Kalyan Jewellers FZE,UAE	34.95%	7,542.5	11.20%	161.97
Kalyan Jewelers, Inc., USA	0.01%	2.84	(2.54%)	(36.72)
<b>Total</b>	<b>100%</b>	<b>21,580.79</b>	<b>100%</b>	<b>1,446.00</b>

- As on and for the year ended March 31, 2019

Name of the entity	Net Assets i.e., total assets minus total liabilities		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated total comprehensive income	Amount
Parent- Kalyan Jewellers India Limited	66.00%	13,204.18	73.49%	181.83
<b>Indian Subsidiary</b>				
Enovate Lifestyles Private Limited	0.34%	68.59	(7.31%)	(18.08)
<b>Foreign Subsidiary</b>				
Kalyan Jewellers FZE,UAE	33.56%	6,715.16	50.18%	124.15
Kalyan Jewelers, Inc., USA	0.09%	18.52	(16.36%)	(40.49)
<b>Total</b>	<b>100%</b>	<b>20,006.44</b>	<b>100%</b>	<b>247.42</b>

- As on and for the year ended March 31, 2018

Name of the entity	Net Assets i.e., total assets minus total liabilities		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated total comprehensive income	Amount
Parent- Kalyan Jewellers India Limited	68.22%	13,426.56	60.95%	626.72
<b>Indian Subsidiary</b>				
Enovate Lifestyles Private Limited	0.08%	15.97	(1.95%)	(20.01)
<b>Foreign Subsidiary</b>				
Kalyan Jewellers FZE,UAE	31.70%	6,238.09	40.99%	421.52
<b>Total</b>	<b>100%</b>	<b>19,680.64</b>	<b>100%</b>	<b>1,028.23</b>

Kalyan Jewellers India Limited  
Notes forming part of the Restated Consolidated Financial Information

Note 3A - Property, plant and equipment

Description of Assets	₹ in Millions											
	Freehold Land	Helipad	Buildings	Plant & machinery	Office equipment	Computers	Furniture and fixtures	Aeroplanes / helicopters	Vehicles	Total property, plant and equipment		
<b>I. At cost or deemed cost</b>												
<b>Balance as at March 31, 2017</b>	<b>1,443.02</b>	<b>30.80</b>	<b>633.00</b>	<b>172.31</b>	<b>662.55</b>	<b>128.26</b>	<b>4,483.95</b>	<b>2,359.60</b>	<b>357.28</b>	<b>10,270.77</b>		
Additions	384.04	-	332.75	34.20	87.49	42.12	1,232.19	340.93	43.63	2,497.35		
Disposals	-	-	-	-	-	-	81.65	-	12.04	93.69		
Acquired through business combination	-	-	-	0.73	1.04	0.68	1.28	-	-	3.73		
Effects of foreign currency exchange differences	-	-	-	9.10	-	3.57	52.79	-	1.23	66.69		
<b>Balance as at March 31, 2018</b>	<b>1,827.07</b>	<b>30.80</b>	<b>965.75</b>	<b>216.35</b>	<b>751.08</b>	<b>174.63</b>	<b>5,688.56</b>	<b>2,700.53</b>	<b>390.10</b>	<b>12,744.85</b>		
Additions	1.06	-	13.74	80.05	104.87	42.43	1,553.72	-	18.38	1,814.25		
Disposals	-	-	-	-	0.99	-	104.53	-	6.76	112.28		
Transfer from CWIP	-	-	-	-	-	-	18.56	-	-	18.56		
Effects of foreign currency exchange differences	-	-	-	13.27	-	5.53	76.02	-	1.85	96.67		
<b>Balance as at March 31, 2019</b>	<b>1,828.13</b>	<b>30.80</b>	<b>979.49</b>	<b>309.67</b>	<b>854.96</b>	<b>222.59</b>	<b>7,232.33</b>	<b>2,700.53</b>	<b>403.57</b>	<b>14,562.05</b>		
Additions	14.81	-	17.57	224.28	55.24	25.20	600.88	-	16.47	954.45		
Disposals	-	-	-	8.28	2.06	-	194.47	-	15.12	219.93		
Effects of foreign currency exchange differences	-	-	-	20.56	-	9.15	133.19	-	2.11	165.01		
<b>Balance as at March 31, 2020</b>	<b>1,842.94</b>	<b>30.80</b>	<b>997.06</b>	<b>546.23</b>	<b>908.14</b>	<b>256.94</b>	<b>7,771.93</b>	<b>2,700.53</b>	<b>407.03</b>	<b>15,461.58</b>		
<b>II. Accumulated Depreciation</b>												
<b>Balance as at March 31, 2017</b>	-	<b>2.02</b>	<b>40.65</b>	<b>50.60</b>	<b>331.33</b>	<b>82.33</b>	<b>840.39</b>	<b>189.71</b>	<b>101.74</b>	<b>1,638.77</b>		
Charge for the year	-	2.74	25.65	34.29	136.34	28.32	653.07	82.70	56.04	1,019.15		
Disposals	-	-	-	-	-	-	48.22	-	8.18	56.40		
Acquired through business combination	-	-	-	0.06	0.37	0.36	0.28	-	-	1.07		
Effects of foreign currency exchange differences	-	-	-	8.90	-	3.74	44.53	-	2.20	59.37		
<b>Balance as at March 31, 2018</b>	-	<b>4.76</b>	<b>66.30</b>	<b>93.85</b>	<b>468.04</b>	<b>114.75</b>	<b>1,490.05</b>	<b>272.41</b>	<b>151.80</b>	<b>2,661.96</b>		
Charge for the year	-	-	34.09	15.94	115.81	44.41	640.41	89.60	55.09	995.35		
Disposals	-	-	-	-	0.81	-	33.48	-	4.91	39.20		
Effects of foreign currency exchange differences	-	-	-	7.47	-	2.01	36.99	-	0.15	46.62		
<b>Balance as at March 31, 2019</b>	-	<b>4.76</b>	<b>100.39</b>	<b>117.26</b>	<b>583.05</b>	<b>161.17</b>	<b>2,133.98</b>	<b>362.01</b>	<b>202.13</b>	<b>3,664.73</b>		
Charge for the year	-	1.02	33.14	23.95	111.50	37.21	708.30	89.60	54.71	1,059.43		
Disposals	-	-	-	4.93	1.51	-	98.14	-	13.37	117.95		
Effects of foreign currency exchange differences	-	-	-	10.17	-	6.75	44.78	-	1.82	63.52		
<b>Balance as at March 31, 2020</b>	-	<b>5.78</b>	<b>133.53</b>	<b>146.45</b>	<b>693.04</b>	<b>205.13</b>	<b>2,788.92</b>	<b>451.61</b>	<b>245.29</b>	<b>4,669.73</b>		
<b>Carrying value (I-II)</b>												
<b>Balance as at March 31, 2020</b>	<b>1,842.94</b>	<b>25.02</b>	<b>863.53</b>	<b>399.78</b>	<b>215.10</b>	<b>51.81</b>	<b>4,983.01</b>	<b>2,248.92</b>	<b>161.74</b>	<b>10,791.85</b>		
Balance as at March 31, 2019	1,828.13	26.04	879.10	192.41	271.91	61.42	5,098.35	2,338.52	201.44	10,897.32		
Balance as at March 31, 2018	1,827.07	26.04	899.45	122.50	283.04	59.88	4,198.51	2,428.12	238.30	10,082.89		

**Note 3B - Intangible assets**

Description of Assets	₹ in Millions		
	Softwares	Intangible Assets (Lease rights)	Total
<b>I. At cost or deemed cost</b>			
<b>Balance as at March 31, 2017</b>	<b>113.89</b>	<b>1,276.28</b>	<b>1,390.17</b>
Additions	81.57	726.53	808.10
Disposals	-	-139.51	-139.51
Effects of foreign currency exchange differences	-	15.19	15.19
Transfer to ROU	-	-1,878.49	-1,878.49
<b>Balance as at March 31, 2018</b>	<b>195.46</b>	<b>-</b>	<b>195.46</b>
Additions	12.49	1,048.13	1,060.62
Disposals	-	-	-
Transfers	-	-	-
Effects of foreign currency exchange differences	-	141.69	141.69
Transfer to ROU	-	-1,189.82	-1,189.82
<b>Balance as at March 31, 2019</b>	<b>207.95</b>	<b>-</b>	<b>207.95</b>
Additions	45.32	-	45.32
Disposals	19.10	-	19.10
Effects of foreign currency exchange differences	-	-	-
Impact on Ind AS 116	-	-	-
<b>Balance as at March 31, 2020</b>	<b>234.17</b>	<b>-</b>	<b>234.17</b>
<b>II. Accumulated Depreciation</b>			
<b>Balance as at March 31, 2017</b>	<b>41.40</b>	<b>116.77</b>	<b>158.17</b>
Charge for the year	28.63	77.27	105.90
Disposals	-	-18.81	-18.81
Effects of foreign currency exchange differences	-	11.70	11.70
Transfer to Retained Earnings	-	-186.93	-186.93
<b>Balance as at March 31, 2018</b>	<b>70.03</b>	<b>-</b>	<b>70.03</b>
Charge for the year	37.76	132.57	170.33
Effects of foreign currency exchange differences	-	29.26	29.26
Transfer to Retained Earnings	-	-161.83	-161.83
<b>Balance as at March 31, 2019</b>	<b>107.79</b>	<b>-</b>	<b>107.79</b>
Charge for the year	40.78	-	40.78
Disposals	10.97	-	10.97
Impact on Ind AS 116	-	-	-
<b>Balance as at March 31, 2020</b>	<b>137.60</b>	<b>-</b>	<b>137.60</b>
<b>Carrying value (I-II)</b>			
<b>Balance as at March 31, 2020</b>	<b>96.57</b>	<b>-</b>	<b>96.57</b>
Balance as at March 31, 2019	100.16	-	100.16
Balance as at March 31, 2018	125.43	-	125.43
<b>Note 3C - Depreciation and Amortisation Expense</b>	₹ in Millions		
<b>Particulars</b>	<b>For the year ended March 31, 2020</b>	<b>For the year ended March 31, 2019</b>	<b>For the year ended March 31, 2018</b>
Depreciation of property, plant and equipment (refer note 3A)	1,059.43	995.35	1,019.15
Amortisation of intangible assets (refer note 3B)	40.78	37.76	28.63
Amortisation of right-of-use assets (refer note 4)	1,291.45	1,203.09	972.50
	<b>2,391.66</b>	<b>2,236.20</b>	<b>2,020.28</b>

**Kalyan Jewellers India Limited**  
**Notes forming part of the Restated Consolidated Financial Information**

**Note 4 - Right-of-use assets**

₹ in Millions

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
<b>Right-of-use assets at the beginning</b>			
Right-of-use assets (ROU) at the beginning as per Ind AS 116	9,849.41	7,904.74	6,802.34
Transfer from Deferral Rent- Opening Balance	-	-	469.01
Add: Addition during the year	1,938.16	3,125.24	1,587.29
Less: Impact on Lease Modification	411.06	-	-
Less: Impact on Lease Termination	231.60	9.26	-
Less: Amortised during the period	1,291.45	1,203.09	972.50
Add/Less: FCTR Impact	257.00	31.78	18.60
<b>Right-of-use assets at the end of year</b>	<b>10,110.46</b>	<b>9,849.41</b>	<b>7,904.74</b>

**Note 5 - Investment property**

₹ in Millions

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
<b>Cost or deemed cost</b>			
Balance at beginning of the year	622.29	622.29	622.29
Additions/(Disposals)	-	-	-
<b>Balance at end of the year</b>	<b>622.29</b>	<b>622.29</b>	<b>622.29</b>
<b>Accumulated depreciation</b>			
Balance at beginning of the year	-	-	-
Additions/(Disposals)	-	-	-
<b>Balance at end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Carrying value</b>	<b>622.29</b>	<b>622.29</b>	<b>622.29</b>

The Company's investment properties consist only of free hold land and therefore no depreciation is chargeable.

The Company's investment properties consist of seven properties in the nature of free hold land in India. As at March 31, 2020, March 31, 2019 and March 31, 2018 the fair value of the properties are ₹ 1,778.00 millions, ₹ 1,332.99 millions and ₹ 1,332.99 millions. These are based on valuations performed by independent valuers for the purposes of bank financing at the time availing/renewing such financing facility. The fair value hierarchy is at level 2, which is derived using the market comparable approach based on recent market prices without any significant adjustments being made to the market observable data. (refer note 35.2 for note on fair value hierarchy).

**Note 6 - Goodwill**

₹ in Millions

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
<b>Cost</b>			
Balance at the beginning of the year	50.56	50.56	-
Additional amounts recognised from business combinations occurring during the year	-	-	50.56
<b>Balance at the end of the year</b>	<b>50.56</b>	<b>50.56</b>	<b>50.56</b>

**Note 7 - Investments**

₹ in Millions

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
<b>Investment in equity instruments (unquoted at cost)</b>			
National Savings Certificate - VIII Issue (nominal value of ₹ 5,000 each)	-	0.05	0.05
<b>Investments in Mutual Funds - Quoted</b>			
HDFC Liquid Growth Fund	-	21.50	6.50
SBI Premium Liquid Growth Fund	-	4.00	4.00
	-	<b>25.55</b>	<b>10.55</b>
<b>Aggregate value of unquoted investments</b>	<b>-</b>	<b>0.05</b>	<b>0.05</b>
<b>Aggregate amount of impairment in value of investments</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Note 8 - Other financial assets**

(Unsecured and considered good)

₹ in Millions

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
<b>Non-current</b>			
<b>Measured at amortised cost</b>			
Security deposits	528.01	456.27	334.50
Earmarked deposits with remaining maturity period greater than 12 months	60.36	287.94	36.85
Interest accrued on deposits	-	0.02	0.16
	<b>588.37</b>	<b>744.23</b>	<b>371.51</b>
<b>Current</b>			
<b>At cost</b>			
Interest accrued on loans and deposits	58.99	64.08	25.78
Security deposits	393.61	396.44	405.74
<b>Derivative financial instruments not designated as hedging, carrying at fair value</b>			
- Forward Contracts	359.58	-	-

	812.18	460.52	431.52
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**Kalyan Jewellers India Limited**  
**Notes forming part of the Restated Consolidated Financial Information**

**Note 9 - Other assets**  
*(Unsecured and considered good)*

₹ in Millions

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
<b>Non-current</b>			
Capital advance	73.11	38.37	62.67
Deferred rental reserve	-	-	-
- Opening balance	-	465.09	452.21
- Transferred to ROU	-	(465.09)	(452.21)
Balances with revenue authorities	-	-	-
- Amount paid under protest	49.53	68.40	66.06
- Dues from Kerala VAT Department	494.67	494.67	494.67
Advance income tax (Net of provisions for tax)	-	64.16	404.73
	<b>617.31</b>	<b>665.60</b>	<b>1,028.13</b>
<b>Current</b>			
Balances with revenue authorities	195.78	298.54	430.89
Prepaid expenses	121.49	91.41	108.49
Advance to suppliers	936.43	1,471.13	1,504.13
Other assets	76.72	74.56	16.77
	<b>1,330.42</b>	<b>1,935.64</b>	<b>2,060.28</b>

**Note 10 - Inventories**  
*(Lower of cost or net realisable value)*

₹ in Millions

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Raw materials	4,418.81	3,771.84	2,877.19
Work-in-progress	7,385.36	5,588.63	5,245.04
Finished goods	35,399.26	35,646.51	42,098.44
	<b>47,203.43</b>	<b>45,006.98</b>	<b>50,220.67</b>

(i) The cost of inventories recognised as expense during the period is ₹ 83,917.67 millions as at March 31, 2020 (2019 ₹ 81,964.33 millions, 2018 ₹ 87,981.09 millions)

(ii) The mode of valuation of inventories has been stated in note 2.2(xvi)

**Note 11 - Trade receivables**

₹ in Millions

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>			
Considered Doubtful - Unsecured	4.12	3.84	1.91
Less: Provision for doubtful debts	(4.12)	(3.19)	(1.91)
<b>Other trade receivables</b>			
Considered Good - Unsecured	2,132.22	1,462.29	1,818.24
Considered Doubtful - Unsecured	9.02	6.53	3.65
Less: Provision for doubtful debts	(4.70)	(2.54)	(3.65)
	<b>2,136.54</b>	<b>1,466.93</b>	<b>1,818.24</b>

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 12 - Cash and bank balances**

₹ in Millions

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
<b>Cash and cash equivalents</b>			
Cash in hand	126.34	272.85	233.74
Balances with banks			
(i) Current accounts (refer note (i) below)	1,423.11	1,004.14	1,292.30
(ii) Funds in transit	54.23	158.88	105.69
(iii) Fixed deposit	5.00	65.17	150.00
<b>Total cash and cash equivalents as per Ind AS 7</b>	<b>1,608.68</b>	<b>1,501.04</b>	<b>1,781.73</b>
<b>Bank Balances other than cash and cash equivalents above</b>			
(iv) Fixed deposits held as margin money against borrowings and guarantees (maturity of less than 12 months from the balance sheet date)	3,261.88	3,358.37	6,395.15
(v) Balances with banks held as margin money	2,630.80	3,395.04	2,002.25
	<b>5,892.68</b>	<b>6,753.41</b>	<b>8,397.40</b>

Note (i) Balance with current account includes cash in transit - ₹ 0.00 millions (2019: ₹ 10.98 millions, 2018: ₹ 24.25 millions)

The deposits maintained by the Company with banks comprise time deposits, (excluding the fixed deposit referred in iv above) which can be withdrawn by the Company at any point without prior notice or penalty on the principal.

Note 13 - Share capital

₹ in Millions

Particulars	As at March 31, 2020		As at March 31, 2019		As at March 31, 2018	
	No. of shares	Amount ₹ in millions	No. of shares	Amount ₹ in millions	No. of shares	Amount ₹ in millions
<b>(a) Authorised*</b>						
Equity shares of ₹10 each with voting rights	1,20,05,00,000	12,005.00	1,20,00,00,000	12,000.00	84,00,00,000	8,400.00
0.001% Compulsorily convertible preference shares of ₹10 each	20,00,00,000	2,000.00	20,00,00,000.00	2,000.00	20,00,00,000	2,000.00
<b>(b) Issued, Subscribed and fully paid up</b>						
Equity shares of ₹10 each with voting rights	83,92,41,600	8,392.42	83,92,41,600	8,392.42	83,92,41,600	8,392.42
0.001% Compulsorily convertible preference shares of ₹10 each	11,90,47,619	1,190.48	11,90,47,619	1,190.48	11,90,47,619	1,190.48
<b>Total</b>	<b>95,82,89,219</b>	<b>9,582.90</b>	<b>95,82,89,219.00</b>	<b>9,582.90</b>	<b>95,82,89,219</b>	<b>9,582.90</b>

\* Pursuant to a confirmation order dated August 7, 2019 under Section 233 of the Companies Act, the Regional Director, Ministry of Corporate Affairs, Chennai had confirmed the scheme of amalgamation between Kalyan Jewellers Mini Stores Private Limited and Kalyan Jewellers India Limited and consequent to that the authorized capital of the Company is increased to ₹ 14,00,50,00,000 divided into 1,20,05,00,000 equity shares of ₹ 10 each and 200,000,000 Compulsorily convertible preference shares of ₹ 10 each.

(c) Rights, preferences and restrictions attached to shares

The company has only one class of equity shares having a par value of ₹10/- per share. Each share holder is entitled for one vote. As per the terms of the Share holder's Agreement, the Company shall declare an annual dividend payable to the share holders in proportion to the respective equity shares held by them on a fully diluted basis. However during the current year the share holders have waived their rights to receive dividend. Repayment of share capital on liquidation will be in proportion to the number of equity shares held.

(d) Reconciliation of the shares outstanding at the beginning and at the end of the year ₹ in Millions

Particulars	Opening Balance	Fresh Issue / Conversion / Redemption	Closing Balance
<b>Equity shares with voting rights</b>			
Year ended March 31, 2020			
- Number of shares	83,92,41,600	-	83,92,41,600.00
- Amount (₹ in millions)	8,392.42	-	8,392.42
Year ended March 31, 2019			
- Number of shares	83,92,41,600	-	83,92,41,600
- Amount (₹ in millions)	8,392.42	-	8,392.42
Year ended March 31, 2018			
- Number of shares	83,92,41,600	-	83,92,41,600
- Amount (₹ in millions)	8,392.42	-	8,392.42
<b>Compulsorily convertible preference shares</b>			
Year ended March 31, 2020			
- Number of shares	11,90,47,619	-	11,90,47,619
- Amount (₹ in millions)	1,190.48	-	1,190.48
Year ended March 31, 2019			
- Number of shares	11,90,47,619	-	11,90,47,619
- Amount (₹ in millions)	1,190.48	-	1,190.48
Year ended March 31, 2018			
- Number of shares		11,90,47,619	11,90,47,619
- Amount (₹ in millions)		1,190.48	1,190.48

(e) Shareholders holding more than 5% shares in the Company

Class of shares / Name of shareholder	As at March 31, 2020		As at March 31, 2019		As at March 31, 2018	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
<b>Equity shares with voting rights</b>						
T.S. Kalyanaraman	21,80,88,480	25.99%	21,80,88,480	25.99%	26,07,52,148	31.07%
T.K. Seetharam	13,83,23,492	16.48%	13,83,23,492	16.48%	13,83,23,492	16.48%
T.K. Ramesh	13,83,23,492	16.48%	13,83,23,492	16.48%	9,56,59,824	11.40%
T.K. Radhika	3,57,72,038	4.26%	3,57,72,038	4.26%	3,57,72,038	4.26%
N.V. Ramadevi	3,57,72,038	4.26%	3,57,72,038	4.26%	3,57,72,038	4.26%
Maya Seetharam	3,57,72,038	4.26%	3,57,72,038	4.26%	3,57,72,038	4.26%
Deepa Ramesh	3,57,72,038	4.26%	3,57,72,038	4.26%	3,57,72,038	4.26%
Highdell Investment Ltd	20,14,17,984	24.00%	20,14,17,984	24.00%	20,14,17,984	24.00%
<b>Compulsorily convertible preference shares</b>						
Highdell Investment Ltd	11,90,47,619	100%	11,90,47,619.00	100%	11,90,47,619	100%

(f) Notes

(i) Pursuant to the Subscription and Share Purchase Agreement dated March 31, 2017, entered into between the Company, its promoters, Investor and Other Sellers as defined in the agreement, the Company has issued 0.001% 119,047,619 Compulsorily Convertible Preference Shares (CCPS) of ₹10/- each at a premium of ₹32/- each to Highdell Investment Ltd ("Investor"), the proceeds of which shall be used for purposes of funding the growth and expansion of the Company, meeting the working/capital expenditure and for the general corporate purposes. The preference shares are Compulsorily Convertible into equity shares based on various conversion and exit options at an agreed internal rate of return as per the terms of agreement.

**Note 14 - Other equity**
**₹ in Millions**

Particulars	As at March 31,2020	As at March 31,2019	As at March 31,2018
<b>Securities premium reserve (refer 14.a)</b> (Amounts received on issue of shares in excess of the par value has been classified as securities premium)	9,208.10	9,208.10	9,208.10
<b>Statutory reserve (refer 14.b)</b> (Reserves of a subsidiary and as required by law for limited liability companies register in U.A.E)	5.29	2.55	2.55
<b>Retained earnings (refer 14.c)</b> (Retained earnings comprise of the Company's undistributed earnings after taxes)	2,446.76	1,092.19	1,067.10
<b>Exchange differences on translating the financial statements of a foreign operation (refer 14.d)</b> (Exchange differences on translating the financial statements of a foreign operation)	447.26	258.90	241.65
<b>Other comprehensive income (refer 14.e)</b> (Items of other comprehensive income consists of effective portion of gain and loss on designated portion of hedging instruments in a cash flow hedge remeasurement of net defined benefit liability/asset)	(79.21)	(102.45)	(398.49)
	<b>12,028.20</b>	<b>10,459.29</b>	<b>10,120.91</b>

**₹ in Millions**

Particulars	As at March 31,2020	As at March 31,2019	As at March 31,2018
<b>14.a Securities premium reserve</b>			
Balance at beginning of the year	9,208.10	9,208.10	5,398.58
Share issue premium	-	-	3,809.52
<b>Balance at end of the year</b>	<b>9,208.10</b>	<b>9,208.10</b>	<b>9,208.10</b>
<b>14.b Statutory reserve</b>			
Balance at beginning of the year	2.55	2.55	2.55
Movement during the year	2.74	-	-
<b>Balance at the end of the year</b>	<b>5.29</b>	<b>2.55</b>	<b>2.55</b>
<b>14.c Retained earnings</b>			
Balance at beginning of the year	1,092.19	1,067.10	238.13
Ind AS 116 impact on retained earnings	-	61.15	(594.77)
Loss on acquisition	(72.65)	-	-
Profit attributable to owners of the Company	1,429.96	(36.06)	1,423.74
Statutory Reserve	(2.74)	-	-
<b>Balance at end of the year</b>	<b>2,446.76</b>	<b>1,092.19</b>	<b>1,067.10</b>
<b>14.d Exchange differences on translating the financial statements of a foreign operation</b>			
Balance at beginning of the year	258.90	241.65	136.67
Movement during the year	188.36	17.25	104.98
<b>Balance at the end of the year</b>	<b>447.26</b>	<b>258.90</b>	<b>241.65</b>
<b>14.e Other comprehensive income</b>			
Balance at beginning of the year	(102.45)	(398.49)	(16.77)
Remeasurement of defined benefit obligations (net of tax)	(16.85)	3.17	(48.75)
Effective portion of gain and loss on designated portion of hedging instruments in a cash flow hedge(net of tax)	40.09	292.87	(332.97)
<b>Balance at end of the year</b>	<b>(79.21)</b>	<b>(102.45)</b>	<b>(398.49)</b>

**Note 15 - Non controlling interest**
**₹ in Millions**

Particulars	As at March 31,2020	As at March 31,2019	As at March 31,2018
Balance at the beginning of the year	(35.75)	(23.17)	-
Share of profit for the year	(7.21)	(12.58)	(13.77)
Non-controlling interests arising on the acquisition of Enovate Lifestyles Private Limited (see note	12.65	-	(9.40)
<b>Balance at the end of the year</b>	<b>(30.31)</b>	<b>(35.75)</b>	<b>(23.17)</b>

Kalyan Jewellers India Limited  
Notes forming part of the Restated Consolidated Financial Information

Note 16 - Borrowings  
Non-current

₹ in Millions

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
<b>Secured - at amortised cost</b>			
Terms loans from banks (refer note (i) below)	1,349.58	1,916.20	2,809.02
Less: Current maturities of long-term debt (refer note 21)	(501.20)	(841.19)	(1,022.95)
	<b>848.38</b>	<b>1,075.01</b>	<b>1,786.07</b>

(i) Details of terms of repayment of long-term borrowings and interest thereon are as follows:

₹ in Millions

Particulars	Terms of repayment	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
HDFC Bank	a) Repayable in 48 monthly instalments of ₹ 5.21 millions each commencing from 31 March 2015 & ending 31 March 2019. Interest is charged at base rate plus 235 bps calculated on 360 days basis payable monthly. b) Prepayment charges: No prepayment charges as per sanction order. c) <b>Penal charges: 3% above the normal rate of interest.</b>	-	-	62.33
HDFC Bank	a) Repayable in 48 monthly instalments of ₹ 7.81 million and in 46 monthly instalments of ₹ 8.15 million each commencing from 12 December 2014 and 18 February 2015 respectively & ending 12 December 2018. Interest is charged at base rate plus 235 bps calculated on 360 days basis payable monthly. b) Prepayment charges: 2% on the outstanding amount. c) <b>Penal charges: 2% above the normal rate of interest.</b>	-	-	143.20
HDFC Bank	a) Repayable in 48 monthly instalments of ₹ 5.21 millions each commencing from 28 February 2017 & ending 30 January 2021. Interest is charged at base rate plus 205 bps calculated on 360 days basis payable monthly. b) Prepayment charges: 2% prepayment charges as per sanction order. c) <b>Penal charges: 3% above the normal rate of interest.</b> (The company has prepaid the loan from HDFC bank during the current financial year 2019-20 without any prepayment charges as agreed by the bank)	-	114.47	176.85
State Bank of India (Term loan)	a) Repayable in 46 monthly instalments commencing from 1 June 2017 & ending 30 September 2021 amounting to ₹ 62.5 millions per quarter. Interest is charged at 11.85%. b) Prepayment charges: No prepayment charges as per sanction order. c) <b>Penal charges: 2% above the normal rate of interest.</b>	304.00	497.86	746.77
State Bank of India (Corporate term loan)	a) Repayable in 48 Monthly Instalment of ₹ 41.6 millions each commencing from April 2017 to 30 September 2021 Interest charged at 11.85 %. b) Prepayment charges: No prepayment charges as per sanction order. c) <b>Penal charges: 2% above the normal rate of interest.</b>	508.17	998.64	1,536.58
Doha Bank	Repayable in 16 equal instalments commencing from April 30, 2017 and carries an interest at QMRL + 1.25% p.a	35.33	74.02	47.03
Sohar Bank	Repayable in 20 equal instalments commencing from December 15, 2018 and carries an interest at QMRL + 6% p.a	87.41	102.32	96.27
Axis bank	Repayable in every quarter commencing from February 14, 2019 and carries an interest at QMRL + 5.11% p.a	142.14	128.89	-
National Bank of Fujairah	Repayable in 30 monthly installments and carries an interest at 5% per annum over one month EIBOR, subject to variation	272.53	-	-

(ii) Details of Securities provided

<b>HDFC Bank</b>
a) First pari passu charge on the Legacy 650 Jet Aircraft with SBI for the term loan facility. b) Pari passu charge on other movable fixed assets of the company along with other term loan lenders. c) Personal guarantee of promoter directors - Mr.T.S. Kalyanaraman, Mr.T.K Seetharam, Mr.T.K Ramesh
<b>State Bank of India</b>
Term Loan: a) First pari passu charge on the current assets of the company along with other working capital lenders. b) First charge over the entire movable fixed assets of the company c) exclusive first charge over the Aircrafts owned by the Company. d) Personal guarantees by promoter directors - Mr. T.S. Kalyanaraman, Mr. T.K Seetharam, Mr. T.K Ramesh and their relatives - Mrs. N.V.Ramadevi, Mrs.Maya Seetharam, Mrs. Deepa Ramesh & Mrs. T.K.Radhika Corporate Term Loan: a) First pari passu charge on the current assets of the company along with other working capital lenders. b) First charge over the entire movable fixed assets of the company c) exclusive first charge over the Aircrafts owned by the Company
<b>National Bank of Fujairah</b>
a) Standby letter of credit issued by the the company infavour of Axis Bank and Doha Bank. b) Corporate guarantee by Kalyan Jewellers India Limited*
<b>Doha Bank</b>
Irrevocable personal guarantees of Mr Kalyanaraman, Mr Seetharam and Mr Ramesh (amounting ₹ 28.90 million). Corporate guarantee by Kalyan Jewellers India Limited*
<b>Sohar Bank</b>
Commercial mortgage over all the assets of the company. Corporate guarantee by Kalyan Jewellers India Limited and Kalyan Jewellers LLC Dubai*

\* Current and non current portion of the above borrowings are supported by Corporate guarantee's provided by Kalyan Jewellers India Limited amounting to ₹ 12,585.07 millions (2019: ₹ 4,628.72 millions, 2018: ₹ 6,945.39 millions)

**Kalyan Jewellers India Limited**  
**Notes forming part of the Restated Consolidated Financial Information**

**Current**

₹ in Millions

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
<b>Secured - at amortised cost</b>			
Loans repayable on demand from banks (refer note below)	23,382.09	20,999.54	18,435.70
	<b>23,382.09</b>	<b>20,999.54</b>	<b>18,435.70</b>

(i) Details of short-term borrowings

₹ in Millions

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
<b>Loans repayable on demand from banks</b>			
State Bank of India	5,840.62	5,052.29	2,713.01
Axis Bank	600.00	950.94	275.87
HDFC Bank	615.00	1,020.00	1,020.00
Indian Overseas Bank	2,041.59	99.56	1,478.85
South Indian Bank	147.64	247.40	247.27
IDBI Bank	294.57	293.65	292.77
Syndicate Bank ("Canara Bank w.e.f 1st April 2020")	1,989.67	1,499.74	1,499.76
Bank of Baroda( Refer note (c) below)	6,981.46	5,839.43	5,740.91
Bank of India	709.43	985.17	998.61
Canara Bank	1,495.74	1,494.62	1,500.78
National Bank of Abu Dhabi	-	932.45	881.55
National Bank of Fujairah ( Refer note (c) below)	329.07	196.22	339.60
Sohar Bank	578.85	491.86	501.72
Commerical Bank of Dubai ( Refer note (c) below)	1,758.45	1,896.21	880.51
Doha Bank	-	-	64.49
	<b>23,382.09</b>	<b>20,999.54</b>	<b>18,435.70</b>

(ii) Details of securities for the secured short-term borrowings

- a) First pari passu charge on the entire current assets of the company viz. inventory, receivables and other current assets on pari passu basis with the member banks in consortium. Personal guarantees by promoter directors - Mr.T.S. Kalyanaraman, Mr.T.K Seetharam, Mr.T.K Ramesh and their relatives - Mrs.N.V.Ramadevi, Mrs.Maya Seetharam, Mrs.Deepa Ramesh & Mrs.T.K.Radhika)
- b) Other charges : No Prepayment charges & Default charges as per sanction order.
- c) Personal guarantees by promoter directors - Mr..T.S. Kalyanaraman, Mr.T.K Seetharama and Mr.T.K Ramesh - Commercial bank of Dubai ₹ 511.00 million, National Bank of Fujairah ₹ 3,863.16 million and Bank of Baroda ₹ 2,044 million)

**Note 17 - Lease liabilities**

₹ in Millions

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
<b>Non-current</b>			
Lease Liability at the beginning as per Ind AS 116	7,985.56	6,944.30	6,649.39
Add: Addition during the year	1,391.97	1,860.87	957.09
Less: Impact on Lease Modification	613.39	-	-
Less: Impact on Lease Termination	231.33	-	-
Less: Lease Rent Expense	1,815.14	1,697.33	1,386.26
Add: Finance Cost on lease liability	850.89	847.17	724.07
Add:Less: FCTR Impact	8.97	30.54	-
Less: Current Lease liability	903.44	680.64	714.71
	<b>6,674.09</b>	<b>7,304.91</b>	<b>6,229.58</b>
<b>Current</b>			
Lease liabilities	903.44	680.64	714.71
	<b>903.44</b>	<b>680.64</b>	<b>714.71</b>

**Note 18 - Provisions**

₹ in Millions

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
<b>Non-current</b>			
Provision for employee benefits - gratuity	306.75	239.73	199.93
	<b>306.75</b>	<b>239.73</b>	<b>199.93</b>
<b>Current</b>			
Provision for employee benefits - gratuity	67.89	60.80	44.96
Provision for proposed preference dividend (including dividend distribution tax)	0.02	0.03	0.01
Provision for customer loyalty programmes	10.30	9.76	22.79
	<b>78.21</b>	<b>70.59</b>	<b>67.76</b>

**Note 19 - Metal gold loan**

₹ in Millions

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Secured Payable to banks*	11,671.43	14,964.29	19,529.25
	<b>11,671.43</b>	<b>14,964.29</b>	<b>19,529.25</b>

\* Includes amounts payable against gold purchased from various banks under gold on loan scheme with variable interest rates and is payable at monthly intervals. The credit period under the aforesaid arrangement is 90 days to 180 days from the date of delivery of gold.

**Note 20 - Trade payables**

₹ in Millions

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Total outstanding dues of micro and small enterprises (Refer Note (i) below)	-	-	-
Total outstanding dues of other than micro and small enterprises (Refer Note (ii) below)	5,575.61	4,194.06	7,486.41
	<b>5,575.61</b>	<b>4,194.06</b>	<b>7,486.41</b>

Note: (i) There are no dues to enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 which is on the basis of such parties having been identified by the management and relied upon by the auditors. Hence, disclosures relating to amount unpaid as at year end together with interest paid/payable under this Act have not been given.

(ii) The average credit period on purchases is normally 90 days. No interest is charged on the trade payables. The Company has financial risk management policies in place to ensure that payables are paid within the pre-agreed credit terms.

**Note 21 - Other Financial Liabilities**

₹ in Millions

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
<b>Current</b>			
Current maturities of long-term debt	501.20	841.19	1,022.95
Interest accrued on borrowings	105.93	32.06	87.83
Payable on purchase of property, plant and equipment	49.24	41.28	41.35
Derivative Instruments in designated hedge accounting relationship	-	59.95	509.21
	<b>656.37</b>	<b>974.48</b>	<b>1,661.34</b>

**Note 22 - Other current liabilities**

₹ in Millions

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Statutory dues	111.36	146.80	94.89
Provision for Income tax (Net of Advance income tax)	72.92	-	-
Security deposit received from Employees	96.29	99.56	73.56
Deferred income	-	-	44.86
Advance from customers (refer note below)	9,838.40	9,837.90	9,059.37
	<b>10,118.97</b>	<b>10,084.26</b>	<b>9,272.68</b>

Advance from customers includes amounts received towards sale of jewellery products under various sale initiatives / retail customer programmes. The advance from customers also includes amounts totalling to ₹ 429.73 millions as at March 31, 2020 (2019: ₹ 458.81 millions, 2018: ₹ 429.34 millions) against which the customers have not claimed / purchased jewellery within the time specified in the terms and conditions of these programmes.

**Kalyan Jewellers India Limited**  
**Notes forming part of the Restated Consolidated Financial Information**

**Note 23 - Revenue from operations**

₹ in Millions

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Revenue from sale of goods	1,00,280.74	97,339.59	1,04,625.59
Other operating revenue (refer note (i) below)	728.44	368.03	853.89
	<b>1,01,009.18</b>	<b>97,707.62</b>	<b>1,05,479.48</b>

**Note (i)**

₹ in Millions

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Other operating revenue comprises:</b>			
Discount received	0.33	0.30	115.21
Ear piercing income	3.45	3.80	3.08
Insurance service charges (net)	137.77	109.20	46.56
Interest income from margin money deposits	227.30	254.73	216.61
Gain on MTM recognition	359.58	-	-
Income from recovery of making charges on account of discontinued schemes.	-	-	472.43
	<b>728.43</b>	<b>368.03</b>	<b>853.89</b>

**Note 24 - Other income**

₹ in Millions

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest Income earned on financial assets that are not designated as at fair value through profit or loss:			
(i) Other financial assets	69.28	95.27	28.65
Gain on disposal of property, plant and equipment (Net)	12.60	0.18	251.94
Profit on sale of Investments	2.71	-	-
Net gain on foreign currency transactions and translation	359.97	311.96	13.86
Gain on lease modification	270.79	-	-
Liabilities no longer required written back	5.42	0.87	24.09
Miscellaneous income	80.21	24.39	3.97
	<b>800.98</b>	<b>432.67</b>	<b>322.51</b>

**Note 25 - Cost of Sales**

₹ in Millions

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Cost of materials consumed	84,692.88	75,184.04	95,451.52
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(775.21)	6,799.40	(7,434.55)
	<b>83,917.67</b>	<b>81,983.44</b>	<b>88,016.97</b>

**Note 26 - Employee benefits expense**

₹ in Millions

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries and wages	3,176.34	3,343.47	3,260.89
Contribution to provident and other funds	168.19	191.37	197.54
Gratuity	85.77	68.84	46.02
Staff welfare expenses	141.96	210.33	182.92
	<b>3,572.26</b>	<b>3,814.01</b>	<b>3,687.37</b>

**Kalyan Jewellers India Limited**  
**Notes forming part of the Restated Consolidated Financial Information**

**Note 27 - Finance cost**

in Millions

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest Expenses	2,779.80	2,784.41	2,611.17
Interest expense on lease liabilities	850.89	847.17	723.75
Other borrowing costs	172.46	158.98	156.89
	<b>3,803.15</b>	<b>3,790.56</b>	<b>3,491.81</b>

**Note 28 - Other expenses**

in Millions

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Power and fuel	386.48	403.48	357.74
Freight and forwarding	10.91	18.41	21.08
Rent including lease rentals	497.01	559.61	567.02
Repairs and maintenance - Machinery	12.82	10.90	43.98
Repairs and maintenance - Others	357.60	287.56	189.55
Telephone and leased line expenses	76.58	82.41	90.56
Bank charges	391.44	388.18	408.05
Property, plant and equipment written off	137.76	53.29	9.93
Packing materials and compliments	166.20	171.50	155.63
Sitting fees and directors commission	13.30	8.80	4.31
Rates and taxes	115.71	112.39	100.46
Expenditure on corporate social responsibility (refer note (i) below)	26.04	23.97	77.74
Insurance charges	28.28	29.73	23.98
Sales Promotion	638.44	724.90	1,071.29
Commission, and rebates	92.77	99.69	78.56
Advertisement expense	2,183.47	2,247.69	2,015.35
Excise duty	-	-	-
Auditors remuneration and out-of-pocket expenses (refer note (ii) below)	31.02	30.00	29.85
VAT Expenses	-	-	208.92
Legal and other professional costs	78.15	117.22	122.09
Donations and contributions	55.18	19.66	13.87
Travelling and conveyance	297.82	395.37	341.74
Printing and stationery	42.67	40.06	40.05
Bad trade and other advances written off	51.40	1.97	51.08
Provision for doubtful debts	3.09	0.17	5.56
Loss on disposal of property, plant and equipment (Net)	6.20	10.56	0.09
Net loss on foreign currency transactions and translation	32.11	61.93	17.92
Security expenses	27.81	80.74	63.03
Miscellaneous expenses	156.29	126.61	118.90
	<b>5,916.55</b>	<b>6,106.80</b>	<b>6,228.33</b>

**Note (i) Expenditure on corporate social responsibility**

CSR amount required to be spent as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof by the Company during the year is ₹ 26.12 millions (2019: ₹ 21.94 millions, 2018: ₹13.13 millions).

**Note (ii) Payment to auditors**

in Millions

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Payments to the auditors comprise			
(a) To statutory auditors (exclusive of GST)			
Audit	26.90	24.80	27.13
Taxation matters	2.65	3.62	2.71
Certifications	1.14	0.68	-
Reimbursement of expenses	0.33	0.90	0.01
	<b>31.02</b>	<b>30.00</b>	<b>29.85</b>



Note 29 - Tax expense

₹ in Millions

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Current tax</b>			
In respect of the current year	591.30	204.43	739.45
In respect of prior years	-	-	14.22
<b>Deferred tax</b>	194.82	53.49	(25.73)
<b>Total income tax expense recognised during the year</b>	<b>786.12</b>	<b>257.92</b>	<b>727.94</b>
The reconciliation between the provision of income tax of the Company and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:			
<b>Current Tax:</b>			
Profit before tax	2,208.87	209.28	2,137.91
Enacted income tax rate	25.17%	34.94%	34.61%
Computed expected tax expense	555.92	73.12	739.89
<b>Effect of:</b>			
Effect of loss of subsidiaries in the consolidation profit	-	112.68	-
Expenses that are not deductible in determining taxable profit	6.64	46.30	(17.41)
Adjustments recognised in the current year in relation to prior years	-	-	14.22
Others	28.74	59.72	16.97
<b>Income tax expense recognised in the profit or loss</b>	<b>591.30</b>	<b>291.82</b>	<b>753.67</b>
<b>Deferred Tax:</b>			
Relating to the origination and reversal of temporary differences (see below)	194.82	53.49	(25.73)
Relating to MAT credit utilized	-	(87.39)	
<b>Tax expense reported in the Statement of Profit and Loss</b>	<b>786.12</b>	<b>257.92</b>	<b>727.94</b>

**Deferred tax**

₹ in Millions

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Opening balance</b>	<b>(302.25)</b>	<b>(426.47)</b>	<b>(56.71)</b>
MAT credit entitlement	0.19	(87.39)	255.64
On Ind AS 116 impact on retained earnings		-	(397.62)
Effects of foreign currency exchange differences	(0.27)		
<u>Recognised in Profit or loss</u>	-	-	-
Property, plant and equipment	(196.15)	15.74	83.26
Defined benefit obligation	4.65	(17.90)	(8.08)
Provision for doubtful debts	(0.22)	(0.08)	(1.93)
Gain on MTM recognition	90.50	-	-
Ind AS and other adjustments / Changes in tax rates	296.03	55.76	-98.97
	<b>194.82</b>	<b>53.52</b>	<b>(25.73)</b>
<u>Recognised in Other Comprehensive Income</u>			
Defined benefit obligation	6.67	(1.70)	25.81
Hedging instruments designated as cash flow hedges	19.85	(156.39)	176.24
<b>Closing balance</b>	<b>(80.99)</b>	<b>(302.25)</b>	<b>(426.47)</b>

**Kalyan Jewellers India Limited**  
**Notes forming part of the Restated Consolidated Financial Information**

**Note 30 - Segment information**

The Chief Operating Decision Maker (CODM) of the Company examines the performance from the perspective of the Company as a whole viz. 'jewellery business' and hence there are no separate reportable segments as per Ind AS 108.

During the year ended March 31, 2020, 2019 and 2018 respectively, revenue from transactions with a single external customer did not amount to 10 percent or more of the Company's revenues from the external customers.

Information about geographical areas are as under:

₹ in Millions

Particulars	Revenue from External customers			Non-current assets		
	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
India	78,979.11	74,786.26	83,132.35	17,276.31	18,601.20	17,696.30
Middle East	22,030.07	22,921.36	22,347.13	5,926.60	4,873.44	3,106.19
	<b>1,01,009.18</b>	<b>97,707.62</b>	<b>1,05,479.48</b>	<b>23,202.91</b>	<b>23,474.63</b>	<b>20,802.49</b>

**Note 31 - Earnings per share (EPS)**

₹ in Millions

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Profit attributable to ordinary shareholders - for Basic and Diluted EPS (₹ in millions)</b>	1,429.96	(36.06)	1,423.74
Weighted Average number of Equity Shares used as denominator for calculating Basic EPS	83,92,41,600	83,92,41,600	83,92,41,600
Weighted Average Potential Equity Shares	11,90,47,619	11,90,47,619	10,56,75,147
Weighted average number of equity shares used in the calculation of diluted EPS	95,82,89,219	95,82,89,219	94,49,16,747
Earnings per share of ₹ 10/-			
- Basic (in ₹)	<b>1.70</b>	<b>(0.04)</b>	<b>1.70</b>
- Diluted (in ₹)	<b>1.49</b>	<b>(0.04)</b>	<b>1.51</b>

**Note 32 - Contingent liabilities**

₹ in Millions

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
<b>(a) Other monies for which the Company is contingently liable:</b>			
- Disputed Sales Tax demands (out of which ₹ 44.70 millions (Previous Year ₹ 45.51 millions) have been deposited under protest).	242.59	139.79	131.00
- Disputed Service Tax demands (out of which ₹ 0.75 millions (Previous year ₹ 16.89 millions have been deposited under protest).	10.02	34.43	34.43
- Standby Letter of Credit to Banks	2,197.64	2,028.50	4,277.63
- Counter guarantee for availing metal gold loans (including bank guarantee)	13,085.07	5,378.72	1,250.00

(i) Future cash flows in respect of the above matters are determinable only on receipt of judgements/decisions pending at various forums/authorities. Management is hopeful of successful outcome in the appellate proceedings.

**Note 33 - Employee benefit plans**

**(a) Defined Contribution Plan**

₹ in Millions

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Provident fund	151.55	164.76	163.37
Employee state insurance	16.63	26.61	34.17
<b>Total</b>	<b>168.19</b>	<b>191.37</b>	<b>197.54</b>

**(b) Defined Benefit Plans:**

**Gratuity**

The Company has not funded its gratuity obligations. The following table sets out the status of the defined benefit schemes and the amount recognised in the financial information as per the Actuarial Valuation done by an Independent Actuary for the holding company Kalyan Jewellers India Limited.

Reconciliation of opening and closing balances of defined benefit obligation

₹ in Millions

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Defined Benefit Obligation at beginning of the year	253.18	208.80	110.90
Current service cost	44.77	42.05	21.92
Past service cost	-	-	0.08
Interest cost	16.78	14.78	7.13
Actuarial (Gain) / Loss	10.18	(4.87)	74.56
Benefits paid	(18.43)	(7.58)	(5.79)
<b>Defined Benefit Obligation at the year end</b>	<b>306.47</b>	<b>253.18</b>	<b>208.80</b>

Reconciliation of opening and closing balances of fair value of plan assets

₹ in Millions

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Fair value of Plan Assets at beginning of the year	-	-	-
Employer contributions	18.43	7.58	5.79
Benefits paid	(18.43)	(7.58)	(5.79)
<b>Fair value of Plan Assets at the year end</b>	<b>-</b>	<b>-</b>	<b>-</b>

Expenses recognised during the year

₹ in Millions

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>In Income Statement</b>			
Current service cost	44.77	42.05	21.92
Interest on net defined benefit liability/ (asset)	-	-	0.08
Past service cost	16.78	14.78	7.13
<b>Net Cost</b>	<b>61.55</b>	<b>56.83</b>	<b>29.13</b>
<b>In Other Comprehensive Income</b>			
Actuarial (Gain) / Loss	10.18	(4.87)	74.56
<b>Net (Income)/ Expense for the year recognised in OCI</b>	<b>10.18</b>	<b>(4.87)</b>	<b>74.56</b>

The current service cost, past service and the net interest expense for the period are included in the 'Employee benefits expense' line item in the restated statement of profit and loss.

The remeasurement of the net defined liability is included in other comprehensive income.

Actuarial assumptions

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Discount rate (per annum)	5.94%	6.88%	7.21%
Rate of escalation in Salary (per annum)	6.00%	6.00%	6.00%
Attrition rate (per annum)	21.00%	24.00%	22.00%

The retirement age of employees of the Company is 58 years.

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary. The mortality rates considered are as per the published rates in the Indian Assured Lives Mortality (2006-08) Ult table.

Sensitivity analysis

The key actuarial assumptions to which the defined benefit plans are particularly sensitive to are discount rate and full salary escalation rate. The sensitivity analysis below, have been determined based on reasonably possible changes of the assumptions occurring at end of the reporting period, while holding all other assumptions constant. The result of Sensitivity analysis is given below:

Particulars	Discount rate	Salary escalation rate
<b>As at March 31, 2020</b>		
Defined benefit obligation on plus 50 basis points	300.34	313.56
Defined benefit obligation on minus 50 basis points	312.88	299.63
<b>As at March 31, 2019</b>		
Defined benefit obligation on plus 50 basis points	248.78	258.36
Defined benefit obligation on minus 50 basis points	257.74	248.14
<b>As at March 31, 2018</b>		
Defined benefit obligation on plus 50 basis points	204.79	213.50
Defined benefit obligation on minus 50 basis points	212.98	204.25

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Maturity profile of defined benefit obligation

₹ in Millions

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
<b>Expected total benefit payments</b>			
Within 1 year	58.84	53.20	38.54
1 year to 2 years	55.44	50.38	37.47
2 years to 3 years	47.86	44.63	35.36
3 years to 4 years	40.62	36.89	31.78
4 years to 5 years	34.40	30.06	26.67
5 years to 10 years	103.78	81.65	76.70

**Kalyan Jewellers India Limited**  
**Notes forming part of the Restated Consolidated Financial Information**

**Note 34-Related party disclosure**

**(i). Names of related parties and description of relationships**

<b>(a) Key Management Personnel (KMP)</b>	<p>T.S. Kalyanaraman (Chairman and Managing Director)  T.K. Seetharam (Whole-time Director)  T.K. Ramesh (Whole-time Director )  V. Swaminathan (Chief Financial Officer)  Jishnu R.G. (Company Secretary)  Sanjay Raghuraman (Appointed as Chief Executive Officer w.e.f July 01, 2020)</p> <p><b>Non - Executive Directors</b>  Ramaswamy M (Independent Director)  A D M Chavali (Independent Director)  Kishori Jayendra Udeshi (Independent Director)  Trikkur Sitaraman Anantharaman (Independent Director)  Akshaykumar Narendrasinhji Chudasama (ceased to be independent director w.e.f. July 26, 2018)  Anil Nair (Appointed as Independent director w.e.f May 29, 2020)  Salil S Nair (Appointed as Non Executive Director w.e.f May 29, 2020)  Anish Kumar Saraf (Nominee director)</p>
<b>(b) Companies under the significant influence of Key Managerial Personnel</b>	<p>M/s Kalyan Developers  M/s Kalyan Textile</p>

**(ii). Transactions with related parties during the year are set out in the table below**

₹ in Millions

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
<b><u>Sales</u></b>			
T.S.Kalyanaraman	1.41	-	-
T.K.Seetharam	6.55	-	-
T.K.Ramesh	6.24	-	-
<b><u>Staff welfare items purchased</u></b>			
M/s Kalyan Textile	28.36	22.02	22.08
<b><u>Remuneration paid</u></b>			
T.S.Kalyanaraman	106.16	101.14	91.05
T.K.Seetharam	106.16	101.14	91.05
T.K.Ramesh	106.16	101.14	91.05
Sanjay Raghuraman	8.91	9.02	10.04
V. Swaminathan	15.23	15.47	15.86
Jishnu R.G	1.21	0.40	-
<b><u>Sitting fees paid</u></b>			
Ramaswamy M	0.50	0.40	0.30
A D M Chavali	0.50	0.40	0.30
Kishori Jayendra Udeshi	0.50	0.30	0.10
Trikkur Sitaraman Anantharaman	0.50	0.10	-
Akshaykumar Narendrasinhji Chudasama	-	-	0.10
<b><u>Commission paid</u></b>			
Ramaswamy M	0.50	0.60	-
A D M Chavali	0.50	0.60	-
Kishori Jayendra Udeshi	0.50	0.60	-
Trikkur Sitaraman Anantharaman	0.50	-	-
<b><u>Reimbursement of expenses</u></b>			
T.S.Kalyanaraman	-	-	0.15
T.K.Seetharam	0.19	1.33	0.25
T.K.Ramesh	1.84	3.51	3.09
Sanjay Raghuraman	0.87	1.22	1.66
V Swaminathan	0.12	0.08	0.01

**(iii). Related party outstanding balances**

₹ in Millions

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Payables (net) to related parties</b>			
T.S Kalyanaraman	8.07	11.62	9.71
T.K Seetharam	8.07	11.62	9.71
T.K Ramesh	8.07	11.62	9.71
V Swaminathan	-	0.79	1.04
Jishnu R G	-	0.09	-
Sanjay Raghuraman	-	0.69	4.13

The remuneration of directors and other members of key managerial personnel during the period was as follows:

₹ in Millions

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Short-term employee benefits	345.82	320.49	284.00
Post-employment benefits	-	-	0.69

**(iv). Terms and conditions of funding arrangements between the entities consolidated:****a. Loan to Enovate Lifestyle Private Limited:**

The Inter corporate loan represents the unsecured loan given to M/s Enovate Lifestyle Private Limited ('Candere') the subsidiary of the Company in E- Commerce sector for meeting its working capital requirements. The loan is to be repaid over a period of one year starting from April 27, 2017 and March 02, 2020 and has further extended as agreed between the parties. The Interest rate of the loan is 11% p.a. no separate personal guarantee has been extended by any directors/shareholders of M/s Enovate Lifestyle Private Limited for the said loan.

**b. Loan to Kalyan Jewellers FZE, U.A.E**

The Company had extended a loan in various tranches to Kalyan Jewellers FZE, U.A.E the wholly owned subsidiary of the Company in Dubai Freezone carrying a similar line of business in middle east countries. The loan is to be repaid as per the terms of agreement dated August 30, 2013. The Interest rate of the loan is 6% p.a.

**c. Loan to Kalyan Jewelers, Inc., USA:**

The Company had extended a loan to Kalyan Jewelers, Inc., USA (KJ INC) , the wholly owned subsidiary of the Company in USA incorporated under the laws of the State of Delaware, USA. The inter corporate loan was extended for meeting the pre operative expenses of the Company. The Interest rate of the loan is 6% p.a.

**d. Guarantees:**

₹ in Millions

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Stand-by Letter of Credit (SBLC) given to banks on borrowings availed by subsidiary.	2,197.64	2,028.50	4,277.63
Counter Guarantee given to a bank for guaranatees issued by it on behalf of the company	13,085.07	5,378.72	1,250.00

**Kalyan Jewellers India Limited**  
**Notes forming part of the Restated Consolidated Financial Information**

**Note 34 - Related party disclosure (Contd.)**

**(v)(a). Transactions and balances with Kalyan Jewellers India Limited eliminated at the time of consolidation in accordance with Ind AS 110:**

<b>Name of the entity</b>	<b>Description of Relationship</b>
Kalyan Jewellers FZE, UAE	Wholly owned subsidiary
Kalyan Jewelers, Inc., USA	Wholly owned subsidiary
Enovate Lifestyles Private Limited	Subsidiary
Kalyan Jewellers LLC, UAE	Step Down Subsidiary
Kalyan Jewellers For Golden Jewelry Company, W.L.L.	Step Down Subsidiary
Kalyan Jewellers LLC, Qatar	Step Down Subsidiary
Kalyan Jewellers LLC, Oman	Step Down Subsidiary
Kenouz Al Sharq Gold Ind. LLC, UAE	Step Down Subsidiary
Kalyan Jewellers Bahrain W.L.L.	Step Down Subsidiary

**₹ in Millions**

<b>Particulars</b>	<b>For the Year ended / As at</b>		
	<b>31-Mar-20</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
<b><u>Transactions with related parties:</u></b>			
<b><u>Sales</u></b>			
Kalyan Jewellers LLC, Qatar	-	-	27.33
Enovate Lifestyles Private Limited	36.58	-	-
<b><u>Interest Income</u></b>			
Kalyan Jewellers FZE, UAE	264.44	218.73	122.46
Kalyan Jewelers, Inc., USA	-	0.51	-
Enovate Lifestyles Private Limited	1.35	1.28	1.18
<b><u>Loans and advances given</u></b>			
Kalyan Jewellers FZE, UAE	417.98	813.57	1,713.53
Kalyan Jewelers, Inc., USA	-	10.40	-
Enovate Lifestyles Private Limited	7.50	-	11.63
<b><u>Investment in Equity Share Capital</u></b>			
Enovate Lifestyles Private Limited	60.00	69.76	85.50
<b><u>Loan Repaid/ Writtenoff</u></b>			
Kalyan Jewelers, Inc., USA	11.13	-	-
<b><u>Balances:</u></b>			
<b><u>Investments</u></b>			
Kalyan Jewellers FZE, UAE	2,515.43	2,515.43	2,515.43
Enovate Lifestyles Private Limited	215.26	155.26	85.50
Kalyan Jewelers, Inc., USA (Value is ₹ 31.10 only and rounded off to the nearest ₹ million for 2020 and 2019)	0.00	0.00	-
<b><u>Interest Receivable</u></b>			
Kalyan Jewellers FZE, UAE	264.44	218.73	649.35
Enovate Lifestyles Private Limited	3.43	2.22	1.07
Kalyan Jewelers, Inc., USA	-	0.51	-
<b><u>Loan Receivable</u></b>			
Kalyan Jewellers FZE, UAE	4,666.06	3,904.21	2,885.55
Enovate Lifestyles Private Limited	19.13	11.63	11.63
Kalyan Jewellers LLC, Oman	-	-	-
Kalyan Jewellers LLC, Qatar	-	-	-
Kalyan Jewellers For Golden Jewelry Company, W.L.L.	-	-	-
Kalyan Jewelers, Inc., USA	-	10.40	-
<b><u>Receivable</u></b>			
Kalyan Jewellers LLC, UAE	-	14.99	61.11
<b><u>Trade Receivable</u></b>			
Enovate Lifestyles Private Limited	9.46	-	-
<b><u>Payables</u></b>			
Kalyan Jewellers LLC, UAE	34.78	-	-

(i) Transactions are done under normal course of business

(ii) Impact of foreign currency translation during consolidation adjustments have not been considered.

**Kalyan Jewellers India Limited**  
**Notes forming part of the Restated Consolidated Financial Information**

**Note 34 - Related party disclosure (Contd.)**

**(v).(b).Transactions and balances with Enovate Lifestyles Private Limited eliminated at the time of consolidation in accordance with Ind AS 110:**

<b>Name of the entity</b>	<b>Description of Relationship</b>
Kalyan Jewellers India Limited	Holding Company
Kalyan Jewellers FZE, UAE	Fellow subsidiary
Kalyan Jewelers, Inc., USA	Fellow subsidiary
Kalyan Jewellers LLC, UAE	Fellow subsidiary
Kalyan Jewellers For Golden Jewelry Company, W.L.L.	Fellow subsidiary
Kalyan Jewellers LLC, Qatar	Fellow subsidiary
Kalyan Jewellers LLC, Oman	Fellow subsidiary
Kenouz Al Sharq Gold Ind. LLC, UAE	Fellow subsidiary
Kalyan Jewellers Bahrain W.L.L.	Fellow subsidiary

₹ in Millions

<b>Particulars</b>	<b>For the Year ended / As at</b>		
	<b>31-Mar-20</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
<b><u>Transactions during the year</u></b>			
<b>Purchases</b>			
Kalyan Jewellers India Limited	36.58	-	-
<b>Interest expense</b>			
Kalyan Jewellers India Limited	1.35	1.28	1.18
<b>Loan Received</b>			
Kalyan Jewellers India Limited	7.50	-	11.63
<b><u>Balances:</u></b>			
<b>Interest Payable</b>			
Kalyan Jewellers India Limited	3.43	2.22	1.07
<b>Loan Payable</b>			
Kalyan Jewellers India Limited	19.13	11.63	11.63
<b>Trade Payable</b>			
Kalyan Jewellers India Limited	9.46	-	-

(i) Transactions are done under normal course of business

(ii) Impact of foreign currency translation during consolidation adjustments have not been considered.

**Kalyan Jewellers India Limited**  
**Notes forming part of the Restated Consolidated Financial Information**

**Note 34 - Related party disclosure (Contd.)**

**(v).(c).Transactions and balances with Kalyan Jewelers, Inc., USA eliminated at the time of consolidation in accordance with Ind AS 110:**

<b>Name of the entity</b>	<b>Description of Relationship</b>
Kalyan Jewellers India Limited	Holding Company
Kalyan Jewellers FZE, UAE	Fellow subsidiary
Enovate Lifestyles Private Limited	Fellow subsidiary
Kalyan Jewellers LLC, UAE	Fellow subsidiary
Kalyan Jewellers For Golden Jewelry Company, W.L.L.	Fellow subsidiary
Kalyan Jewellers LLC, Qatar	Fellow subsidiary
Kalyan Jewellers LLC, Oman	Fellow subsidiary
Kenouz Al Sharq Gold Ind. LLC, UAE	Fellow subsidiary
Kalyan Jewellers Bahrain W.L.L.	Fellow subsidiary

**₹ in Millions**

<b>Particulars</b>	<b>For the Year ended / As at</b>		
	<b>31-Mar-20</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
<b>Transactions during the year</b>			
<b>Interest expense</b>			
Kalyan Jewellers India Limited	-	0.51	-
<b>Loan Received</b>			
Kalyan Jewellers India Limited	-	10.40	-
<b>Loan Settled/Written off</b>			
Kalyan Jewellers India Limited	11.13	-	-
<b>Balances:</b>			
<b>Loan outstanding</b>			
Kalyan Jewellers India Limited	-	10.40	-
<b>Interest Payable</b>			
Kalyan Jewellers India Limited	-	0.51	-
<b>Amount payable (net) to</b>			
Kalyan Jewellers FZE, UAE	54.81	30.66	-
Kalyan Jewellers LLC, UAE	19.32	17.69	-

(i) Transactions are done under normal course of business

(ii) Impact of foreign currency translation during consolidation adjustments have not been considered.



**Kalyan Jewellers India Limited**  
**Notes forming part of the Restated Consolidated Financial Information**

**Note 34 - Related party disclosure (Contd.)**

**(v).(d). Transactions and balances with Kalyan Jewellers FZE, UAE eliminated at the time of consolidation in accordance with Ind AS 110:**

<b>Name of the entity</b>	<b>Description of Relationship</b>
Kalyan Jewellers India Limited	Holding Company
Kalyan Jewelers, Inc., USA	Fellow subsidiary
Enovate Lifestyles Private Limited	Fellow subsidiary
Kalyan Jewellers LLC, UAE	Subsidiary
Kalyan Jewellers For Golden Jewelry Company, W.L.L.	Step Down Subsidiary
Kalyan Jewellers LLC, Qatar	Step Down Subsidiary
Kalyan Jewellers LLC, Oman	Subsidiary
Kenouz Al Sharq Gold Ind. LLC, UAE	Step Down Subsidiary
Kalyan Jewellers Bahrain W.L.L.	Subsidiary

₹ in Millions

<b>Particulars</b>	<b>For the Year ended / As at</b>		
	<b>31-Mar-20</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
<b><u>Transactions with related parties</u></b>			
<b>Revenue Sales of Goods</b>			
Kalyan Jewellers LLC, UAE	1,826.95	1,495.52	310.99
Kalyan Jewellers LLC, Oman	76.15	151.51	-
Kalyan Jewellers For Golden Jewelry Company, W.L.L.	53.07	69.83	-
<b>Interest Income</b>			
Kalyan Jewellers LLC, UAE	448.06	423.04	310.56
<b>Mangement Fee Income</b>			
Kalyan Jewellers LLC, UAE	16.19	15.95	14.73
<b>Purchases</b>			
Kalyan Jewellers LLC, UAE	126.81	136.65	-
<b>Interest Expense</b>			
Kalyan Jewellers India Limited	264.44	218.73	122.46
<b>Loan Received</b>			
Kalyan Jewellers India Limited	417.98	813.57	1,713.53
<b>Trade Payables</b>			
Kalyan Jewellers LLC, Qatar	1,364.64	917.82	-
<b>Interest Payable</b>			
Kalyan Jewellers India Limited	264.44	218.73	649.35
<b>Loan Payable</b>			
Kalyan Jewellers India Limited	4,666.06	3,904.21	2,885.55
<b><u>Balances:</u></b>			
<b>Investments</b>			
Kalyan Jewellers LLC, UAE	6,853.53	4,440.06	4,158.60
Kalyan Jewellers LLC, Oman	631.89	583.35	41.99
Kalyan Jewellers Bahrain W.L.L.	1.99	-	-
<b>Trade Receivables</b>			
Kalyan Jewellers LLC, UAE	6,509.42	7,105.54	7,356.41
Kalyan Jewellers LLC, Oman	777.51	1,174.42	803.30
Kalyan Jewellers LLC, Qatar	-	-	98.95
Kalyan Jewellers For Golden Jewelry Company, W.L.L.	21.07	3.69	88.02
Kalyan Jewellers Bahrain W.L.L.	263.82	-	-
<b>Amount Receivables</b>			
Kalyan Jewelers, Inc., USA	54.81	30.66	-

(i) Transactions are done under normal course of business

(ii) Impact of foreign currency translation during consolidation adjustments have not been considered.

**Kalyan Jewellers India Limited**  
**Notes forming part of the Restated Consolidated Financial Information**

**Note 34 - Related party disclosure (Contd.)**

**(v).(e). Transactions and balances with Kalyan Jewellers LLC, UAE eliminated at the time of consolidation in accordance with Ind AS 110:**

<b>Name of the entity</b>	<b>Description of Relationship</b>
Kalyan Jewellers India Limited	Ultimate Holding Company
Kalyan Jewellers FZE, UAE	Holding Company
Kalyan Jewelers, Inc., USA	Fellow subsidiary
Enovate Lifestyles Private Limited	Fellow subsidiary
Kalyan Jewellers For Golden Jewelry Company, W.L.L.	Subsidiary
Kalyan Jewellers LLC, Qatar	Subsidiary
Kalyan Jewellers LLC, Oman	Fellow subsidiary
Kenouz Al Sharq Gold Ind. LLC, UAE	Subsidiary
Kalyan Jewellers Bahrain W.L.L.	Fellow subsidiary

**₹ in Millions**

<b>Particulars</b>	<b>For the Year ended / As at</b>		
	<b>31-Mar-20</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
<b><u>Transactions with related parties</u></b>			
<b>Revenue Sales of Goods</b>			
Kalyan Jewellers FZE, UAE	126.81	136.65	-
Kalyan Jewellers LLC, Oman	6.62	0.02	1,107.87
Kalyan Jewellers LLC, Qatar	-	-	566.01
Kalyan Jewellers For Golden Jewelry Company, W.L.L.	1.44	17.64	2,178.31
Kenouz Al Sharq Gold Ind. LLC, UAE	2,378.39	1,508.68	351.24
<b>Mangement Fee Income</b>			
Kalyan Jewellers LLC, Qatar	67.45	47.45	43.83
Kalyan Jewellers For Golden Jewelry Company, W.L.L.	26.01	25.54	23.67
<b>Brand sharing Fee Income</b>			
Kalyan Jewellers LLC, Qatar	67.45	66.42	61.36
Kalyan Jewellers For Golden Jewelry Company, W.L.L.	67.45	66.21	61.36
<b>Purchase</b>			
Kalyan Jewellers FZE, UAE	1,826.95	1,495.52	310.99
Kalyan Jewellers For Golden Jewelry Company, W.L.L.	-	-	325.28
Kenouz Al Sharq Gold Ind. LLC, UAE	1,852.66	1,501.13	350.67
Kalyan Jewellers Bahrain W.L.L.			
<b>Interest Expense</b>			
Kalyan Jewellers FZE, UAE	448.06	423.04	310.56
<b>Mangement Fee Expense</b>			
Kalyan Jewellers FZE, UAE	16.19	15.95	14.73
<b><u>Balances:</u></b>			
<b>Investments</b>			
Kalyan Jewellers LLC, Qatar	4,215.99	3,892.12	3,645.39
Kalyan Jewellers For Golden Jewelry Company, W.L.L.	1,693.90	1,563.78	1,464.65
Kenouz Al Sharq Gold Ind. LLC, UAE	6.13	5.66	5.30
<b>Trade Receivables</b>			
Kalyan Jewellers LLC, Qatar	143.08	-	167.90
Kalyan Jewellers For Golden Jewelry Company, W.L.L.	602.79	755.22	1,124.25
Kenouz Al Sharq Gold Ind. LLC, UAE	666.18	99.68	22.93
<b>Amount Receivables</b>			
Kalyan Jewelers, Inc., USA	19.32	17.69	-
<b>Receivable</b>			
Kalyan Jewellers India Limited	34.78	-	-
<b>Payable</b>			
Kalyan Jewellers India Limited	-	14.99	61.11
<b>Trade Payables</b>			
Kalyan Jewellers FZE, UAE	6,509.42	7,105.54	7,356.41
Kalyan Jewellers LLC, Qatar	-	-	231.38

(i) Transactions are done under normal course of business

(ii) Impact of foreign currency translation during consolidation adjustments have not been considered.

**Kalyan Jewellers India Limited**  
**Notes forming part of the Restated Consolidated Financial Information**

**Note 34 - Related party disclosure (Contd.)**

**(v).(f). Transactions and balances with Kalyan Jewellers LLC, Qatar eliminated at the time of consolidation in accordance with Ind AS 110.**

<b>Name of the entity</b>	<b>Description of Relationship</b>
Kalyan Jewellers India Limited	Ultimate Holding Company
Kalyan Jewellers FZE, UAE	Holding Company of Kalyan Jewellers LLC, UAE
Kalyan Jewellers LLC, UAE	Holding Company
Kalyan Jewelers, Inc., USA	Fellow subsidiary
Enovate Lifestyles Private Limited	Fellow subsidiary
Kalyan Jewellers For Golden Jewelry Company, W.L.L.	Fellow subsidiary
Kalyan Jewellers LLC, Oman	Fellow subsidiary
Kenouz Al Sharq Gold Ind. LLC, UAE	Fellow subsidiary
Kalyan Jewellers Bahrain W.L.L.	Fellow subsidiary

**₹ in Millions**

<b>Particulars</b>	<b>For the Year ended / As at</b>		
	<b>31-Mar-20</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
<b><u>Transactions with related parties:</u></b>			
<b>Purchase</b>			
Kalyan Jewellers India Limited	-	-	27.33
Kalyan Jewellers LLC, UAE	-	-	568.34
Kalyan Jewellers For Golden Jewelry Company, W.L.L.	-	-	51.59
<b>Mangement Fee Expense</b>			
Kalyan Jewellers LLC, UAE	67.45	47.45	43.83
<b>Brand sharing Fee Expense</b>			
Kalyan Jewellers LLC, UAE	67.45	66.42	61.29
<b><u>Balances:</u></b>			
<b>Trade Receivables</b>			
Kalyan Jewellers FZE, UAE	1,364.64	917.82	-
Kalyan Jewellers LLC, UAE	-	-	238.47
<b>Trade Payables</b>			
Kalyan Jewellers FZE, UAE	-	-	99.17
Kalyan Jewellers LLC, UAE	143.08	-	168.33
Kalyan Jewellers For Golden Jewelry Company, W.L.L.	-	-	397.37

(i) Transactions are done under normal course of business

(ii) Impact of foreign currency translation during consolidation adjustments have not been considered.

**Kalyan Jewellers India Limited**  
**Notes forming part of the Restated Consolidated Financial Information**

**Note 34 - Related party disclosure (Contd.)**

**(v).(g). Transactions and balances with Kalyan Jewellers for Golden Jewelry Company, W.L.L. eliminated at the time of consolidation in accordance with Ind AS 110:**

<b>Name of the entity</b>	<b>Description of Relationship</b>
Kalyan Jewellers India Limited	Ultimate Holding Company
Kalyan Jewellers FZE, UAE	Holding Company of Kalyan Jewellers LLC, UAE
Kalyan Jewellers LLC, UAE	Holding Company
Kalyan Jewelers, Inc., USA	Fellow subsidiary
Enovate Lifestyles Private Limited	Fellow subsidiary
Kalyan Jewellers LLC, Qatar	Fellow subsidiary
Kalyan Jewellers LLC, Oman	Fellow subsidiary
Kenouz Al Sharq Gold Ind. LLC, UAE	Fellow subsidiary
Kalyan Jewellers Bahrain W.L.L.	Fellow subsidiary

₹ in Millions

<b>Particulars</b>	<b>For the Year ended / As at</b>		
	<b>31-Mar-20</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
<b><u>Transactions with related parties</u></b>			
<b>Revenue Sales of Goods</b>			
Kalyan Jewellers LLC, UAE	-	-	331.42
Kalyan Jewellers LLC, Qatar	-	-	50.99
<b>Purchase</b>			
Kalyan Jewellers FZE, UAE	52.39	69.39	-
Kalyan Jewellers LLC, UAE	1.43	17.37	2,165.06
Kenouz Al Sharq Gold Ind. LLC, UAE	114.96	-	-
<b>Mangement Fee Expense</b>			
Kalyan Jewellers LLC, UAE	26.01	25.54	23.67
<b>Brand sharing Fee Expense</b>			
Kalyan Jewellers LLC, UAE	67.45	66.21	61.36
<b><u>Balances:</u></b>			
<b>Trade Receivables</b>			
Kalyan Jewellers LLC, Qatar	-	-	398.75
<b>Trade Payables</b>			
Kalyan Jewellers FZE, UAE	21.07	3.69	88.57
Kalyan Jewellers LLC, UAE	602.80	756.16	1,131.28
Kenouz Al Sharq Gold Ind. LLC, UAE	72.86	-	-

(i) Transactions are done under normal course of business

(ii) Impact of foreign currency translation during consolidation adjustments have not been considered.

**Kalyan Jewellers India Limited**  
**Notes forming part of the Restated Consolidated Financial Information**

**Note 34 - Related party disclosure (Contd.)**

**(v).(h). Transactions and balances with Kalyan Jewellers LLC, Oman eliminated at the time of consolidation in accordance with Ind AS 110:**

<b>Name of the entity</b>	<b>Description of Relationship</b>
Kalyan Jewellers India Limited	Ultimate Holding Company
Kalyan Jewellers FZE, UAE	Holding Company
Kalyan Jewellers LLC, UAE	Fellow subsidiary
Kalyan Jewelers, Inc., USA	Fellow subsidiary
Enovate Lifestyles Private Limited	Fellow subsidiary
Kalyan Jewellers For Golden Jewelry Company, W.L.L.	Fellow subsidiary
Kalyan Jewellers LLC, Qatar	Fellow subsidiary
Kalyan Jewellers LLC, Oman	Fellow subsidiary
Kenouz Al Sharq Gold Ind. LLC, UAE	Fellow subsidiary
Kalyan Jewellers Bahrain W.L.L.	Fellow subsidiary

**₹ in Millions**

<b>Particulars</b>	<b>For the Year ended / As at</b>		
	<b>31-Mar-20</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
<b><u>Transactions with related parties:</u></b>			
<b>Purchase</b>			
Kalyan Jewellers FZE, UAE	75.89	147.43	-
Kalyan Jewellers LLC, UAE	6.62	0.02	1,107.62
Kenouz Al Sharq Gold Ind. LLC, UAE	100.86	-	-
Kalyan Jewellers Bahrain W.L.L.			
<b><u>Balances:</u></b>			
<b>Trade Payables</b>			
Kalyan Jewellers FZE, UAE	777.51	1,174.42	804.35

(i) Transactions are done under normal course of business

(ii) Impact of foreign currency translation during consolidation adjustments have not been considered.

**Kalyan Jewellers India Limited**  
**Notes forming part of the Restated Consolidated Financial Information**

**Note 34 - Related party disclosure (Contd.)**

**(v).(i). Transactions and balances with Kenouz Al Sharq Gold Ind. LLC, UAE eliminated at the time of consolidation in accordance with Ind AS 110:**

<b>Name of the entity</b>	<b>Description of Relationship</b>
Kalyan Jewellers India Limited	Ultimate Holding Company
Kalyan Jewellers FZE, UAE	Holding Company of Kalyan Jewellers LLC, UAE
Kalyan Jewellers LLC, UAE	Holding Company
Kalyan Jewelers, Inc., USA	Fellow subsidiary
Enovate Lifestyles Private Limited	Fellow subsidiary
Kalyan Jewellers For Golden Jewelry Company, W.L.L.	Fellow subsidiary
Kalyan Jewellers LLC, Qatar	Fellow subsidiary
Kalyan Jewellers LLC, Oman	Fellow subsidiary
Kalyan Jewellers Bahrain W.L.L.	Fellow subsidiary

₹ in Millions

<b>Particulars</b>	<b>For the Year ended / As at</b>		
	<b>31-Mar-20</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
<b><u>Transactions with related parties</u></b>			
<b>Revenue Sales of Goods</b>			
Kalyan Jewellers LLC, UAE	1,852.66	1,501.13	350.67
Kalyan Jewellers LLC, Oman	101.27	-	-
Kalyan Jewellers For Golden Jewelry Company, W.L.L.	114.42	-	-
<b>Purchase</b>			
Kalyan Jewellers LLC, UAE	2,378.39	1,508.68	351.24
<b><u>Balances:</u></b>			
<b>Trade Receivables</b>			
Kalyan Jewellers For Golden Jewelry Company, W.L.L.	72.88	-	-
<b>Trade Payables</b>			
Kalyan Jewellers LLC, UAE	666.18	99.68	22.93

(i) Transactions are done under normal course of business

(ii) Impact of foreign currency translation during consolidation adjustments have not been considered.

**Kalyan Jewellers India Limited**  
**Notes forming part of the Restated Consolidated Financial Information**

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**Note 34 - Related party disclosure (Contd.)**

**(v).(j). Transactions and balances with Kalyan Jewellers Bahrain W.L.L. eliminated at the time of consolidation in accordance with Ind AS 110:**

<b>Name of the entity</b>	<b>Description of Relationship</b>
Kalyan Jewellers India Limited	Ultimate Holding Company
Kalyan Jewellers FZE, UAE	Holding Company
Kalyan Jewellers LLC, UAE	Fellow subsidiary
Kalyan Jewelers, Inc., USA	Fellow subsidiary
Enovate Lifestyles Private Limited	Fellow subsidiary
Kalyan Jewellers For Golden Jewelry Company, W.L.L.	Fellow subsidiary
Kalyan Jewellers LLC, Qatar	Fellow subsidiary
Kalyan Jewellers LLC, Oman	Fellow subsidiary
Kenouz Al Sharq Gold Ind. LLC, UAE	Fellow subsidiary

₹ in Millions

<b>Particulars</b>	<b>For the Year ended / As at</b>		
	<b>31-Mar-20</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
<b>Balances:</b>			
<b>Trade Payables</b>			
Kalyan Jewellers FZE, UAE	263.82	-	-

(i) Transactions are done under normal course of business

(ii) Impact of foreign currency translation during consolidation adjustments have not been considered.

**Note 35 - Financial instruments**

**35.1 Capital management**

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern
- to create value for shareholders by facilitating the meeting of long term and short term goals of the Company.

The Company determines the amount of capital required on the basis of annual business plan coupled with long term and short term strategic expansion plans. The funding needs are met through equity, cash generated from operations, long term and short term bank borrowings.

The Company monitors the capital structure on the basis of net debt to equity ratio and maturity profile of the overall debt portfolio of the Company. Net debt includes interest bearing borrowings less cash and cash equivalents and other bank balances (including non-current earmarked balances)

The table below summarises the capital, net debt and net debt to equity ratio (Gearing ratio) of the Company

Particulars	₹ in Millions		
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Net Debts	17,230.31	14,661.29	11,065.58
Total Equity	21,580.79	20,006.44	19,680.64
<b>Net gearing ratio (times)</b>	<b>0.80</b>	<b>0.73</b>	<b>0.56</b>

**35.2 Categories of Financial Instruments**

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments. The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, and financial liability are disclosed in Note 2(xix)

**A. Financial assets and liabilities**

The accounting classification of each category of financial instruments, and their carrying amounts, are set out below:

Particulars	₹ in Millions					
	As at March 31, 2020		As at March 31, 2019		As at March 31, 2018	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
<b>Financial assets</b>						
<u>Measured at amortised cost</u>						
Investments (unquoted)	-	-	25.55	25.55	10.55	10.55
Others financial assets - non current	588.37	588.37	744.23	744.23	371.51	371.51
Trade receivables	2,136.54	2,136.54	1,466.93	1,466.93	1,818.24	1,818.24
Cash and Bank balances	7,501.36	7,501.36	8,254.45	8,254.45	10,179.13	10,179.13
Others financial assets - current	812.18	812.18	460.52	460.52	431.52	431.52
<b>Total financial assets measured at amortised cost</b>	<b>11,038.45</b>	<b>11,038.45</b>	<b>10,951.68</b>	<b>10,951.68</b>	<b>12,810.95</b>	<b>12,810.95</b>
<b>Total financial assets</b>	<b>11,038.45</b>	<b>11,038.45</b>	<b>10,951.68</b>	<b>10,951.68</b>	<b>12,810.95</b>	<b>12,810.95</b>
<b>Financial liabilities</b>						
<u>Measured at amortised cost</u>						
Borrowings	24,230.47	24,230.47	22,074.55	22,074.55	20,221.77	20,221.77
Metal gold loan	11,671.43	11,671.43	14,964.29	14,964.29	19,529.25	19,529.25
Lease liabilities	7,577.53	7,577.53	680.64	680.64	714.71	714.71
Trade payables	-	-	-	-	-	-
Others financial liabilities	656.37	656.37	974.48	914.53	1,661.34	1,152.13
<b>Total financial assets measured at amortised cost (a)</b>	<b>44,135.80</b>	<b>44,135.80</b>	<b>38,693.96</b>	<b>38,634.01</b>	<b>42,127.07</b>	<b>41,617.86</b>
<u>Mandatorily measured at FVTPL</u>						
Derivative instruments in designated hedge accounting relationships (b)	-	-	-	59.95	-	509.21
<b>Total financial liabilities (a + b)</b>	<b>44,135.80</b>	<b>44,135.81</b>	<b>38,693.96</b>	<b>38,693.96</b>	<b>42,127.07</b>	<b>42,127.07</b>

The management assessed that fair values of cash and cash equivalents, trade receivables, other financial assets, trade payables and other financial liabilities recorded at amortised cost is considered to be a reasonable approximation of fair value.

The following methods and assumptions were used to estimate the fair values:

i) Fair values of the Company's interest-bearing borrowings are determined by using EIR method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting year. The own non-performance risk as at March 31, 2020, 2019 and 2018 was assessed to be insignificant.

ii) The Company enters into derivative financial instruments with various counterparties, principally banks with investment grade credit ratings. As at March 31, 2020, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationship and other financial instruments recognised at fair value.



## B. Fair value hierarchy

The Company uses the following hierarchy for determining and/or disclosing the fair value of financial instruments by valuation techniques. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

**Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

**Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

### Quantitative disclosures fair value measurement hierarchy

The derivative instruments in designated hedge accounting relationships is measured at fair value at level 1, with valuation technique being use of market available inputs such as gold prices and foreign exchange rates.

### 35.3 - Financial risk management objective

The Company's activities expose it to a variety of financial risks. The Company's primary focus is to foresee the unpredictability of such risks and seek to minimize potential adverse effects on its financial performance.

The Company has a robust risk management process and framework in place. This process is coordinated by the Board, which meets regularly to review risks as well as the progress against the planned actions. The Board seeks to identify, evaluate business risks and challenges across the Company through such framework. These risks include market risks, credit risk and liquidity risk.

The risk management process aims to:

- improve financial risk awareness and risk transparency
- identify, control and monitor key risks
- identify risk accumulations
- provide management with reliable information on the Company's risk situation
- improve financial returns

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements:

Risk	Exposure arising from	Risk management
Market risk - prices	Gold price fluctuations	Used as a hedging instrument for gold inventory
Market risk - foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (₹)	Periodic review by management
Market risk - interest rate	Borrowings at variable rates	Mix of borrowings taken at fixed and floating rates
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments and other financial assets	Bank deposits, diversification of asset base, credit limits and collateral.
Liquidity risk	Borrowings and other liabilities	Availability of committed credit lines and borrowing facilities

### Market risk - price risk

The Company is exposed to fluctuations in gold price (including fluctuations in foreign currency) arising on purchase/ sale of gold. The Company's business objective includes safe-guarding its earnings against adverse price movements of gold as well as foreign exchange risks.

The Company has adopted a structured risk management process to hedge all these risks within an acceptable risk limit and an approved hedge accounting framework which allows for fair value hedges/cash flow hedges, as designated at the inception of the hedge. The risk management strategy against gold price fluctuation also includes procuring gold on loan basis, with a flexibility to fix price of gold at any time during the tenor of the loan.

The Company has entered into contracts to sell gold for USD and sell USD for INR contracts to protect the inventory prices (in case of fair value hedges) / price fluctuations relating to certain highly probable forecasted transactions (in case of cash flow hedges). The Company assesses the effectiveness of its designated hedges by using the same hedge ratio as that resulting from the quantities of the hedged item and the hedging instrument that the Company actually uses. However, this hedge ratio will be rebalanced, when required (i.e., when the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting), by adjusting weightings of the hedged item and the hedging instrument. The Company does not enter into or trade financial instruments including derivative financial instruments, for speculative purposes.

The table below shows the position of hedging as of the balance sheet date.

Commodity price risk and currency risk	As at	Quantity (Kgs)	₹ in Millions	
			Carrying amount	Maturity date
Probable forecast sales and currency forward	March 31, 2020	-	-	Nil
Probable forecast sales and currency forward	March 31, 2019	1,854	(59.95)	Range - within 6 months
Probable forecast sales and currency forward	March 31, 2018	5,351	509.21	Range - within 6 months

The line items in the Balance Sheet that include the above hedging instruments are other financial assets/(liabilities).

The table below shows the position of metal gold loans as on the balance sheet date.

As at	₹ in Millions	
	Quantity (Kgs)	Amount
March 31, 2020	2,847	11,671.43
March 31, 2019	4,909	14,964.29
March 31, 2018	6,603	19,529.25

## Market risk - Interest rate

### (i) Liabilities:

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. At March 31, 2020, the Company is exposed to changes in market interest rates through bank borrowings at variable interest rates. Below is the overall exposure of the Company to interest rate risk:

Particulars	₹ in Millions		
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Variable rate borrowing	24,230.47	22,074.55	20,221.75
Fixed rate borrowing	-	-	-
<b>Total borrowings</b>	<b>24,230.47</b>	<b>22,074.55</b>	<b>20,221.75</b>

### Interest rate sensitivity analysis:

The sensitivity analyses below have been determined based on the exposure to interest rates for non derivative instruments at the reporting date. For floating rate borrowings, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's profit for the year ended March 31, 2020 would impacted by ₹ 138.29 millions (For the year ended March 31, 2019: ₹ 107.72 millions & For the year ended March 31, 2018: ₹ 107.72 million).

### (ii) Assets:

The Company's financial assets are carried at amortised cost and are at fixed rate only. They are, therefore, not subject to interest rate risk since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

## Credit Risk

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or pay amounts due to the Company causing financial loss. It arises from cash and cash equivalents, deposits with banks and financial institutions, security deposits, loans given and principally from credit exposures to customers relating to outstanding receivables. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at reporting date.

In respect of trade and other receivables, the Company is not exposed to any significant credit risk exposure to any single counterparty or any company of counterparties having similar characteristics. Credit risk on receivables is limited as the nature of the business is cash and carry except for related parties and other large number of individual customers in various geographical areas. The Company has very limited history of customer default, and considers the credit quality of trade receivables that are not past due or impaired to be good.

Therefore, the Company does not expect any material risk on account of non performance by any of the Company's counterparties.

The credit risk for cash and cash equivalents, bank deposits, security deposits and loans is considered negligible, since the counterparties are reputable organisations with high quality external credit ratings.

## Liquidity risk

The Company requires funds both for short-term operational needs as well as for long-term expansion programmes. The Company remains committed to maintaining a healthy liquidity ratio, deleveraging and strengthening the balance sheet. The Company manages liquidity risk by maintaining adequate support of facilities from its holding company, and by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

The Company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management.

The Company's financial liability is represented significantly by long term and short term borrowings from banks and trade payables. The maturity profile of the Company's short term and long term borrowings and trade payables 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.

March 31, 2020	₹ in Millions			
	Less than 1 year	1-3 year	More than 3 year	Total
Borrowings	23,791.30	421.68	17.48	24,230.46
Metal gold loan	11,671.43	-	-	11,671.43
Lease liabilities	903.44	2,555.11	4,118.99	7,577.54
Trade payable	5,575.61	-	-	5,575.61
Other financial liabilities	656.37	-	-	656.37
<b>Total</b>	<b>42,598.15</b>	<b>2,976.79</b>	<b>4,136.47</b>	<b>49,711.41</b>
<b>March 31, 2019</b>				
Borrowings	20,970.05	1,104.50	-	22,074.55
Metal gold loan	14,964.29	-	-	14,964.29
Lease liabilities	680.64	2,372.45	4,932.47	7,985.56
Trade payable	4,194.06	-	-	4,194.06
Other financial liabilities	974.48	-	-	974.48
<b>Total</b>	<b>41,783.52</b>	<b>3,476.95</b>	<b>4,932.47</b>	<b>50,192.94</b>
<b>March 31, 2018</b>				
Borrowings	18,435.67	1,786.07	-	20,221.74
Metal gold loan	19,529.25	-	-	19,529.25
Lease liabilities	208.28	1,971.62	4,764.40	6,944.30
Trade payable	7,486.38	-	-	7,486.38
Other financial liabilities	1,661.34	-	-	1,661.34
<b>Total</b>	<b>47,320.92</b>	<b>3,757.69</b>	<b>4,764.40</b>	<b>55,843.01</b>

**Kalyan Jewellers India Limited**  
**Notes forming part of the Restated Consolidated Financial Information**

**Note 36 - Goodwill on acquisition**

Pursuant to the share subscription cum shareholders agreement dated April 24, 2017 entered into between the Company, the shareholders of Enovate Lifestyles Private Limited and Enovate Lifestyles Private Limited, during the year ended March 31, 2018, the Company acquired 66,240 equity shares of face value ₹ 10 each for a consideration of ₹ 45.50 millions. By virtue of controls that the parent company is able to exercise on Enovate Lifestyles Private Limited, the same is consolidated in these financial information in accordance with Ind AS 110 from the date of obtaining control, i.e. April 28, 2017. The principal activity of the Company is E-Commerce based jewellery manufacturing and sale. The primary reason for business combination was synergies of combined business operations.

The consideration has been allocated based on management's estimates and management's appraisal of fair values as follows:

Particulars	₹ in millions	
	Amount	
Fair value of consideration transferred	45.50	
Less: Non- Controlling interest	(9.40)	
Add: Net amounts of the identifiable assets and liabilities as at the date of control	14.46	
<b>Goodwill</b>	<b>50.56</b>	

**Note 37- Leases**

Effective April 01, 2019, the Group adopted Ind AS 116 - "Leases", which sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires Leases to account for leases in a manner similar to accounting for finance leases under erstwhile Ind AS 17. The Group adopted Ind AS 116 using the modified retrospective approach. Accordingly the comparative figures for each of the years presented in these restated consolidated financial information have been adjusted in accordance with the policy mentioned in Note 2.2.(vii) of Notes to restated consolidated financial information. The cumulative adjustment on application of this Standard has been adjusted to retained earnings as at April 01, 2017. In adopting Ind AS 116, the Group has applied the below practical expedients:

- (i) The Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics
  - (ii) The Group has treated the leases with remaining lease term of less than 12 months as if they were "short term leases". Expense relating to such short term leases recognised in Profit & Loss account amounts to ₹ 497 million (2019: ₹ 559.61 millions, 2018: ₹ 567.02 millions)
  - (iii) The Group has not applied the requirements of Ind AS 116 for leases of low value assets.
  - (iv) The Group has used hindsight, in determining the lease term if the contract contains options to extend or terminate the lease.
- On transition to Ind AS 116, the Company recognised right-of-use assets amounting to ₹ 7,271.35, lease liabilities amounting to ₹ 6,649.39 million and ₹ 587.67 million (debit) in retained earnings (net of taxes) as at April 1, 2017. The Company has discounted lease payments using the applicable incremental borrowing rate as at April 1, 2017, which is 11.85% for measuring the lease liability.

**37.1** During the year ended March 31, 2017, rental expense from operating leases were generally recognised on a straight-line basis over the term of the relevant lease. The disclosures pertaining to non cancellable leases for previous year are given below. The below amount does not include non cancellable leases for which short term lease exemption has been availed by the company under Ind AS 116.

**(i) Payments recognised as an expense**

Particulars	₹ in Millions	
	For the year ended March 31, 2017	
Minimum lease payments	1,772.80	

**(ii) Leasing arrangements**

The Company has entered into operating lease arrangements for certain facilities and office premises. The leases are non-cancellable and are for a period of 0 to 180 months and are renewable based on mutual agreement of the parties. The lease agreements provide for an increase in the lease payments every 1 to 3 years.

**(iii) Non-cancellable operating lease commitments**

The total of future minimum lease payments in respect of premises taken on lease under non-cancellable operating leases are as follows:

Particulars	₹ in Millions	
	For the year ended March 31, 2017	
For a period not later than one year	1,091.35	
For a period later than one year but not later than five years	5,518.34	
For a period later than five years	8,422.66	
	<b>15,032.35</b>	

**Note: 38.1 - Reconciliation of audited total comprehensive income and restated total comprehensive income:**

Particulars	₹ in millions		
	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Net profit after tax as per audited financial statements	1,422.76	177.29	1,547.22
<b>Restatement adjustments:</b> On account of Ind AS 116 Adjustments (Refer note (i) below):			
Reversal of rent expenses recognised under Other expenses	-	1,754.66	1,390.21
Finance cost (interest) on lease liability	-	(847.17)	(723.75)
Depreciation on Right-of-use assets	-	(1,203.09)	(972.50)
Decrease in depreciation of leasehold	-	132.57	77.27
Tax impact on the above	-	(62.90)	91.55
<b>Total Restated Comprehensive Income</b>	<b>1,422.76</b>	<b>(48.65)</b>	<b>1,410.00</b>

**Note: 38.2 - Reconciliation of audited Equity and restated Equity:**

Particulars	As at March 31, 2018								Total equity*
	Equity share capital	Compulsorily convertible preference share capital	Reserves & Surplus			Other Comprehensive Income			
			Securities premium reserve	Statutory reserve	Retained earnings	Hedging instruments in cash flow hedge	Employee defined benefit plan	Foreign operation translation reserve	
Equity as per audited financial statements	8,392.42	1,190.48	9,208.10	2.55	1,799.13	(332.97)	(65.53)	241.65	20,435.83
Cumulative impact on account of adoption of Ind AS 116 (net of deferred tax) (Refer note (i) below)	-	-	-	-	(732.03)	-	-	-	(732.03)
<b>Total equity, as restated</b>	<b>8,392.42</b>	<b>1,190.48</b>	<b>9,208.10</b>	<b>2.55</b>	<b>1,067.10</b>	<b>(332.97)</b>	<b>(65.53)</b>	<b>241.65</b>	<b>19,703.80</b>

Particulars	As at March 31, 2019								Total equity*
	Equity share capital	Compulsorily convertible preference share capital	Reserves & Surplus			Other Comprehensive Income			
			Securities premium reserve	Statutory reserve	Retained earnings	Hedging instruments in cash flow hedge	Employee defined benefit plan	Foreign operation translation reserve	
Equity as per audited financial statements	8,392.42	1,190.48	9,208.10	2.55	1,989.00	(40.09)	(62.36)	289.93	20,970.03
Cumulative impact on account of adoption of Ind AS 116 (net of deferred tax) (Refer note (i) below)	-	-	-	-	(896.81)	-	-	(31.03)	(927.84)
<b>Total equity, as restated</b>	<b>8,392.42</b>	<b>1,190.48</b>	<b>9,208.10</b>	<b>2.55</b>	<b>1,092.19</b>	<b>(40.09)</b>	<b>(62.36)</b>	<b>258.90</b>	<b>20,042.19</b>

Particulars	As at March 31, 2020								Total equity*
	Equity share capital	Compulsorily convertible preference share capital	Reserves & Surplus			Other Comprehensive Income			
			Securities premium reserve	Statutory reserve	Retained earnings	Hedging instruments in cash flow hedge	Employee defined benefit plan	Foreign operation translation reserve	
Equity as per audited financial statements	8,392.42	1,190.48	9,208.10	5.29	2,446.76	-	(79.21)	447.26	21,611.10
Cumulative impact on account of adoption of Ind AS 116 (net of deferred tax) (Refer note (i) below)	-	-	-	-	-	-	-	-	-
<b>Total equity, as restated</b>	<b>8,392.42</b>	<b>1,190.48</b>	<b>9,208.10</b>	<b>5.29</b>	<b>2,446.76</b>	<b>-</b>	<b>(79.21)</b>	<b>447.26</b>	<b>21,611.10</b>

\* Excludes non controlling interest of the subsidiary company

**Notes:**  
(i) Effective April 01, 2019, the Group adopted Ind AS 116 - "Leases", which sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires Leases to account for leases in a manner similar to accounting for finance leases under erstwhile Ind AS 17. The Group adopted Ind AS 116 using the modified retrospective approach. Accordingly as per The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended, the comparative figures for each of the years presented in these restated consolidated financial information have been adjusted in accordance with the policy mentioned in Note 2.2.(vii) of Notes to restated consolidated financial information. The cumulative adjustment and consequential deferred tax impact on application of this Standard has been adjusted to retained earnings as at April 01, 2017.

**Kalyan Jewellers India Limited**  
**Notes forming part of the Restated Consolidated Financial Information**

**Note 39 - Impact of COVID-19 (Global pandemic):**

In March 2020, the World Health Organization (WHO) declared COVID-19 to be pandemic. The Company's operations were impacted from third week of March 2020 till the first week of May 2020 as all its stores and offices were closed. The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the financial statements of the Company. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information. The company has performed an analysis on the assumptions used and based on current estimates expects the carrying amount of its assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements. As on date of approval of these financial statements, significant part of stores are opened and others are in the process of reopening.

**Note 40** - 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 Group 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 41** - On April 01, 2018 the Group adopted Ind AS 115 "Revenue from Contracts with Customers". Refer note 2.2.(vi) for the accounting policies followed pursuant to adoption of Ind AS 115. The adoption of Ind AS 115 did not have any impact.

**Note 42 - Subsequent event:**

The Company had entered a share purchase agreement 'SPA' & and share subscription cum shareholders agreement 'SSHA' with Enovate Lifestyle Private Limited - an e-commerce Company on April 24, 2017 to purchase shares of the Company on different tranches and the Company had acquired 55,040 shares from Mr. Rupesh Jain on June 24, 2020 for a consideration of ₹ 120.00 Million.

**Note 43 - Approval of financial information**

The restated consolidated financial information were approved for issue by the board of directors on August 20, 2020

**For and on behalf of the Board of Directors**

**T.S. Kalyanaraman**  
Managing Director  
(DIN: 01021928)

**T.K. Ramesh**  
Director  
(DIN: 01021868)

**T.K. Seetharam**  
Director  
(DIN: 01021898)

**Sanjay Raghuraman**  
Chief Executive Officer

**V. Swaminathan**  
Chief Financial Officer

**Jishnu R.G**  
Company Secretary

Place: Thrissur  
Date: August 20, 2020

**INDEPENDENT AUDITOR'S EXAMINATION REPORT ON SPECIAL PURPOSE  
RESTATED STANDALONE FINANCIAL INFORMATION**

**The Board of Directors  
Kalyan Jewellers India Limited**

Dear Sirs,

1. We have examined the attached Special Purpose Restated Standalone Financial Information of Kalyan Jewellers India Limited (the "Company" or the "Issuer"), comprising the Restated Standalone Statement of Assets and Liabilities as at March 31, 2020, 2019 and 2018, the Restated Standalone Statement of Profit and Loss (including other comprehensive income), the Restated Standalone Statement of Changes in Equity, the Restated Standalone Statement of Cash Flow for the years ended March 31, 2020, 2019 and 2018, the Summary Statement of Significant Accounting Policies, and other explanatory information (collectively, the "Special Purpose Restated Standalone Financial Information"), as approved by the Board of Directors of the Company at their meeting held on August 20, 2020 for the purpose of preparation of restated consolidated financial information and 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 (the "Act");
  - b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("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 Special Purpose Restated Standalone Financial Information for the purpose of preparation of restated consolidated financial information and inclusion in the DRHP to be filed with Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited and Registrar of Companies, Kerala in connection with the proposed IPO. The Special Purpose Restated Standalone Financial Information have been prepared by the management of the Company on the basis of preparation stated in Note 2.1 to the Special Purpose Restated Standalone Financial Information. The responsibility of the board of directors of the Company includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Special Purpose Restated Standalone 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.

3. We have examined such Special Purpose Restated Standalone 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 August 04, 2020 in connection with the proposed IPO;
  - b) The Guidance Note. 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 Standalone 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 in connection with the IPO.
4. These Special Purpose Restated Standalone Financial Information have been compiled by the management from the audited standalone Ind AS financial statements of the Company as at and for the years ended March 31, 2020, 2019 and 2018, prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time and other accounting principles generally accepted in India which have been approved by the Board at their meetings held on July 13, 2020, July 23, 2019 and July 26, 2018 respectively.
5. For the purpose of our examination, we have relied on audit reports issued by us dated July 13, 2020, July 23, 2019 and July 26, 2018 on the Standalone financial statements of the Company as at and for the years ended March 31, 2020, 2019 and 2018, respectively, as referred in Paragraph 4 above.
6. Based on our examination and according to the information and explanations given to us, we report that the Special Purpose Restated Standalone 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, 2019 and 2018 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the year ended March 31, 2020;
  - b) do not require any adjustment for modification as there is no modification in the underlying audit reports; and
  - c) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.
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 Special Purpose Restated Standalone Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited standalone 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, 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 of preparation of restated consolidated financial information and inclusion and for inclusion in the DRHP to be filed with Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited and Registrar of Companies, Kerala 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 **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**Balaji M N**  
Partner  
(Membership No. 202094)  
UDIN: 20202094AAAACS1915

Place: Bengaluru  
Date: August 20, 2020



Kalyan Jewellers India Limited  
Special Purpose Restated Standalone Statement of Assets and Liabilities

₹ in millions

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
<b>ASSETS</b>				
<b>I Non-current assets</b>				
(a) Property, plant and equipment	3A	9,136.44	9,501.72	9,334.24
(b) Capital work-in-progress		242.22	167.11	162.52
(c) Right-of-use assets	4	5,837.34	6,367.03	5,561.64
(d) Investment property	5	622.29	622.29	622.29
(e) Intangible assets	3B	81.43	95.73	125.43
(f) Intangible assets under development		2.22	50.16	0.09
(g) Investments in subsidiaries	6	2,730.69	2,670.74	2,600.98
(h) Financial assets				
(i) Other financial assets	7	587.40	743.36	370.79
(i) Deferred tax assets (net)	27	76.32	302.28	426.47
(j) Other non-current assets	8	617.31	665.63	1,027.61
<b>Total non-current assets</b>		<b>19,933.66</b>	<b>21,186.05</b>	<b>20,232.06</b>
<b>II Current assets</b>				
(a) Inventories	9	36,357.36	35,585.37	39,729.55
(b) Financial assets				
(i) Trade receivables	10	20.72	50.32	7.27
(ii) Cash and cash equivalents	11	1,247.33	904.79	1,153.88
(iii) Bank Balances other than (ii) above	11	3,398.06	3,771.56	5,740.46
(iv) Other financial assets	7	5,654.88	4,493.77	3,928.22
(c) Other current assets	8	461.73	653.60	899.29
<b>Total current assets</b>		<b>47,140.08</b>	<b>45,459.41</b>	<b>51,458.67</b>
<b>Total assets (I+II)</b>		<b>67,073.74</b>	<b>66,645.46</b>	<b>71,690.73</b>
<b>EQUITY AND LIABILITIES</b>				
<b>I Equity</b>				
(a) Equity share capital	12	8,392.42	8,392.42	8,392.42
(b) Compulsorily convertible preference share capital	12	1,190.48	1,190.48	1,190.48
(c) Other equity	13	11,990.80	10,404.05	10,001.74
<b>Total equity</b>		<b>21,573.70</b>	<b>19,986.95</b>	<b>19,584.64</b>
<b>II LIABILITIES</b>				
<b>1 Non-current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	14	375.07	799.28	1,647.85
(ii) Lease liabilities	15	6,484.63	7,120.55	6,016.47
(b) Provisions	16	238.58	192.37	164.71
<b>Total non-current Liabilities</b>		<b>7,098.28</b>	<b>8,112.20</b>	<b>7,829.03</b>
<b>2 Current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	14	18,687.22	15,607.59	13,746.70
(ii) Metal gold loan	17	6,021.55	9,417.48	13,985.92
(iii) Lease liabilities	15	635.92	475.04	506.43
(iv) Trade payables	18			
- Total outstanding dues of micro and small enterprises		-	-	-
- Total outstanding dues of creditors other than micro and small enterprises		2,992.19	2,843.48	5,213.74
(v) Other financial liabilities	19	592.27	944.99	1,635.39
(b) Provisions	16	67.91	60.83	44.10
(c) Other current liabilities	20	9,014.03	9,191.72	8,696.52
(d) Current tax liabilities (net)		390.67	5.18	448.25
<b>Total current liabilities</b>		<b>38,401.76</b>	<b>38,546.31</b>	<b>44,277.06</b>
<b>Total Equity and Liabilities (I+II)</b>		<b>67,073.74</b>	<b>66,645.46</b>	<b>71,690.73</b>

See accompanying notes to the special purpose restated standalone financial information

In terms of our report attached

For Deloitte Haskins & Sells LLP

Chartered Accountants

(Firm's Registration Number:117366W/W-100018)

For and on behalf of the Board of Directors

Balaji M N

Partner

(Membership No. 202094)

T.S. Kalyanaraman

Managing Director

(DIN: 01021928)

T.K. Ramesh

Director

(DIN: 01021868)

T.K. Seetharam

Director

(DIN: 01021898)

Sanjay Raghuraman

Chief Executive Officer

Place: Thrissur  
Date: August 20, 2020

V. Swaminathan

Chief Financial Officer

Jishnu R.G

Company Secretary

Place: Bengaluru

Date: August 20, 2020

**Kalyan Jewellers India Limited**  
**Special Purpose Restated Standalone Statement of Profit and Loss**

₹ in millions

Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>I Revenue from operations</b>	21	78,458.26	74,481.66	83,036.67
<b>II Other income</b>	22	982.96	584.16	187.48
<b>III Total income (I+II)</b>		<b>79,441.22</b>	<b>75,065.82</b>	<b>83,224.15</b>
<b>IV EXPENSES</b>				
Cost of materials consumed	23.a	64,922.72	57,115.76	74,127.92
Changes in inventories of finished goods, work-in-progress and stock-in-trade	23.b	(373.92)	5,115.69	(4,777.66)
Excise duty on sale of goods		-	-	219.32
Employee benefits expense	24	3,000.70	3,190.17	3,044.13
Finance costs	25	3,131.27	3,094.18	3,029.35
Depreciation and amortisation expense	3C	1,859.75	1,745.27	1,499.13
Other expenses	26	4,547.44	4,440.57	4,194.49
<b>Total expenses</b>		<b>77,087.96</b>	<b>74,701.64</b>	<b>81,336.68</b>
<b>V Restated profit before tax (III-IV)</b>		<b>2,353.26</b>	<b>364.18</b>	<b>1,887.47</b>
<b>VI Tax expense</b>				
Current tax	27	590.53	204.43	753.69
Deferred tax	27	199.22	53.49	(25.72)
<b>Total tax expense</b>		<b>789.75</b>	<b>257.92</b>	<b>727.97</b>
<b>VII Restated profit for the year (V-VI)</b>		<b>1,563.51</b>	<b>106.26</b>	<b>1,159.50</b>
<b>VIII Other comprehensive income</b>				
(i) Items that will not be reclassified to the statement of profit or loss				
(a) Remeasurement of employee defined benefit plans		(10.18)	4.87	(74.56)
(b) Income tax on (a) above		(6.67)	(1.70)	25.81
(c) Effective portion of gain and loss on designated portion of hedging instruments in a cash flow hedge		59.95	449.27	(509.21)
(d) Income tax on (c) above		(19.85)	(156.39)	176.24
<b>Total restated comprehensive income for the year (VII+VIII)</b>		<b>1,586.76</b>	<b>402.31</b>	<b>777.78</b>
<b>IX Earnings per equity share of face value of ₹ 10/-</b>				
Basic	29	<b>1.86</b>	<b>0.13</b>	<b>1.38</b>
Diluted	29	<b>1.63</b>	<b>0.11</b>	<b>1.23</b>

See accompanying notes to the special purpose restated standalone financial information

In terms of our report attached

**For Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm's Registration Number:117366W/W-100018)

**For and on behalf of the Board of Directors**

**Balaji M N**

Partner

(Membership No. 202094)

**T.S. Kalyanaraman**

Managing Director

(DIN: 01021928)

**T.K. Ramesh**

Director

(DIN: 01021868)

**T.K. Seetharam**

Director

(DIN: 01021898)

**Sanjay Raghuraman**

Chief Executive Officer

**V. Swaminathan**

Chief Financial officer

**Jishnu R.G**

Company Secretary

Place: Bengaluru

Date: August 20, 2020

Place: Thrissur

Date: August 20, 2020

**Kalyan Jewellers India Limited**  
**Special Purpose Restated Standalone Statement of Profit and Loss**

**A. Equity share capital**

₹ in millions

<b>Balance as at April 1, 2018</b>	<b>8,392.42</b>
Changes in equity share capital during the period	-
<b>Balance as at March 31, 2018</b>	<b>8,392.42</b>
Changes in equity share capital during the period	-
<b>Balance as at March 31, 2019</b>	<b>8,392.42</b>
Changes in equity share capital during the period	-
<b>Balance as at March 31, 2020</b>	<b>8,392.42</b>

**B. Compulsorily convertible preference share capital**

₹ in millions

<b>Balance as at April 1, 2018</b>	<b>1,190.48</b>
Changes in equity share capital during the period	-
<b>Balance as at March 31, 2018</b>	<b>1,190.48</b>
Changes in equity share capital during the period	-
<b>Balance as at March 31, 2019</b>	<b>1,190.48</b>
Changes in equity share capital during the period	-
<b>Balance as at March 31, 2020</b>	<b>1,190.48</b>

**C. Other equity**

₹ in millions

Particulars	Reserves & surplus		Other Comprehensive Income		Total other equity
	Securities premium reserve	Retained earnings	Employee defined benefit plan	Hedging instruments in cash flow hedge	
<b>Balance as at March 31, 2017</b>	<b>5,398.58</b>	<b>1,034.57</b>	<b>(16.77)</b>	-	<b>6,416.38</b>
Reserves arising on pursuant to Merger	-	(250.62)	-	-	(250.62)
Ind AS 116 impact on retained earning (net of taxes)	-	(751.32)	-	-	(751.32)
Restated profit for the year (net of taxes)	-	1,159.50	-	-	1,159.50
Other Comprehensive Income for the year (net of taxes)	-	-	(48.75)	(332.97)	(381.72)
Share issue premium	3,809.52	-	-	-	3,809.52
<b>Balance as at March 31, 2018</b>	<b>9,208.10</b>	<b>1,192.13</b>	<b>(65.52)</b>	<b>(332.97)</b>	<b>10,001.74</b>
Restated profit for the year (net of taxes)	-	106.26	-	-	106.26
Other Comprehensive Income for the year (net of taxes)	-	-	3.17	292.88	296.05
<b>Balance as at March 31, 2019</b>	<b>9,208.10</b>	<b>1,298.39</b>	<b>(62.35)</b>	<b>(40.09)</b>	<b>10,404.05</b>
Restated profit for the year (net of taxes)	-	1,563.51	-	-	1,563.51
Other Comprehensive Income for the year (net of taxes)	-	-	(16.85)	40.09	23.24
<b>Balance as at March 31, 2020</b>	<b>9,208.10</b>	<b>2,861.90</b>	<b>(79.20)</b>	-	<b>11,990.80</b>

In terms of our report attached

**For Deloitte Haskins & Sells LLP**

Chartered Accountants

ICAI Firm Registration No.117366W/W-100018

**For and on behalf of the Board of Directors**

**Balaji M N**

Partner

(Membership No. 202094)

**T.S. Kalyanaraman**

Managing Director

(DIN: 01021928)

**T.K. Ramesh**

Director

(DIN: 01021868)

**T.K. Seetharam**

Director

(DIN: 01021898)

**Sanjay Raghuraman**

Chief Executive Officer

**V. Swaminathan**

Chief Financial officer

**Jishnu R.G**

Company Secretary

Place: Bengaluru

Date: August 20, 2020

Place: Thrissur

Date: August 20, 2020

**Kalyan Jewellers India Limited**  
**Special Purpose Restated Standalone Statement of Cash Flows**

₹ in millions

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>A. Cash flow from operating activities</b>			
Restated Profit before tax	2,353.26	364.18	1,887.47
Adjustments for:			
Depreciation of property, plant and equipment and amortisation of intangible assets	947.31	906.25	831.58
Amortisation on right-of-use assets	912.44	839.02	667.55
Net loss/(gain) on disposal of property, plant and equipment	(1.66)	(0.18)	(0.28)
Property, plant and equipment written off	137.76	53.29	9.93
Reserves arising on pursuant to Merger	-	-	(250.62)
Reversal of liability no longer required recognised in the statement of profit and loss	-	-	(472.43)
Bad trade and other advances written off	56.66	1.97	51.08
Interest income	(296.43)	(257.77)	(152.30)
Net unrealised exchange loss/(gain)	(358.34)	(306.20)	(9.52)
Gain on lease modification	(270.79)	-	-
Liabilities no longer required written back	(5.42)	(0.87)	(24.09)
Provision for customer loyalty programs	-	-	(38.54)
Interest expense	3,025.38	3,006.06	2,939.13
Operating profit before working capital changes	6,500.17	4,605.75	5,438.96
Adjustments for:			
(Increase)/decrease in inventories	(773.24)	4,450.38	(5,662.96)
(Increase)/decrease in trade receivables	29.60	(43.05)	51.09
(Increase)/decrease in other current financial assets	(817.12)	(993.44)	(1,760.89)
(Increase)/decrease in other current assets	191.88	245.69	(265.98)
(Increase)/decrease in other non-current financial assets	(71.45)	(121.62)	(46.77)
(Increase)/decrease in other non-current assets	18.93	(2.34)	463.43
Increase/(decrease) in metal gold loan	(3,395.92)	(4,568.44)	13,985.92
Increase/(decrease) in trade payables	154.23	(2,369.41)	(1,563.20)
Increase/(decrease) in provisions	43.09	49.24	23.35
Increase/(decrease) in other current liabilities	(249.85)	495.20	1,298.41
<b>Cash generated/(used in) from operations</b>	<b>1,630.31</b>	<b>1,747.96</b>	<b>11,961.36</b>
Net income tax (paid) / refunds	(68.73)	(394.32)	(800.67)
<b>Net cash flow from/(used in) operating activities (A)</b>	<b>1,561.58</b>	<b>1,353.64</b>	<b>11,160.69</b>
<b>B. Cash flow from investing activities</b>			
Payments for property, plant and equipment, intangibles (including capital work-in-progress and capital advances)	(862.34)	(1,183.42)	(2,186.22)
Proceeds from sale of property, plant and equipment and intangibles	104.51	55.30	-
Bank balances not considered as cash and cash equivalents	601.08	1,717.81	(1,153.84)
Investment in subsidiary	(60.00)	(69.76)	(85.05)
Interest received	255.38	683.83	127.16
<b>Net cash flow from/(used in) investing activities (B)</b>	<b>38.63</b>	<b>1,203.76</b>	<b>(3,297.95)</b>
<b>C. Cash flow from financing activities</b>			
Proceeds from borrowings	4,211.64	3,290.96	7,514.76
Repayment of borrowings	(1,930.80)	(2,484.80)	(16,467.48)
Payment towards lease liabilities	(586.99)	(571.72)	(457.61)
Proceeds from issue of preference shares	-	-	5,000.00
Finance costs	(2,951.51)	(3,040.95)	(2,933.66)
Dividends paid, including tax thereon	(0.00)	0.02	(0.05)
<b>Net cash flow from/ (used in) financing activities (C)</b>	<b>(1,257.67)</b>	<b>(2,806.49)</b>	<b>(7,344.04)</b>
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>	<b>342.54</b>	<b>(249.09)</b>	<b>518.70</b>
Cash and cash equivalents at the beginning of year (refer note 11)	904.79	1,153.88	635.18
<b>Cash and cash equivalents at the end of year (refer note 11)</b>	<b>1,247.33</b>	<b>904.79</b>	<b>1,153.88</b>
<b>See accompanying notes to the special purpose restated standalone financial information</b>			

In terms of our report attached

**For Deloitte Haskins & Sells LLP**

Chartered Accountants

ICAI Firm Registration No.117366W/W-100018

**For and on behalf of the Board of Directors**

**Balaji M N**

Partner

(Membership No. 202094)

**T.S. Kalyanaraman**

Managing Director

(DIN: 01021928)

**T.K. Ramesh**

Director

(DIN: 01021868)

**T.K. Seetharam**

Director

(DIN: 01021898)

**Sanjay Raghuraman**

Chief Executive Officer

Place: Thrissur

Date: August 20, 2020

**V. Swaminathan**

Chief Financial Officer

**Jishnu R.G**

Company Secretary

Place: Bengaluru

Date: August 20, 2020

## **Kalyan Jewellers India Limited**

### **Notes forming part of the Special Purpose Restated Standalone Financial Information**

#### **1 GENERAL INFORMATION**

Kalyan Jewellers India Limited ('Kalyan' or 'the Company') is a closely held public limited company incorporated in India. Kalyan is one of the leading jewellery chains in India headquartered in the city of Thrissur in Kerala. The Company was formed in year 2009 by conversion of erstwhile business entities of M/s Kalyan Jewellers. As of March 31, 2020, the Company has 107 stores located across India. The company also has operations in Middle East through a wholly owned subsidiary and step down subsidiaries.

The company was converted in to a public limited company effective from June 15, 2016.

#### **2.1 Basis of preparation and presentation:**

The Special Purpose Restated Standalone Financial Information of the Company comprises the Restated Standalone Statement of Assets and Liabilities as at March 31, 2020, 2019 and 2018, the Restated Standalone Statement of Profit and Loss (including other comprehensive income), the Restated Standalone Statement of Changes in Equity, the Restated Standalone Statement of Cash Flows for the years ended March 31, 2020, 2019 and 2018, the Summary Statement of Significant Accounting Policies, and other explanatory information (collectively, the "Restated Standalone Financial Statements"), as approved by the Board of Directors of the Company at their meeting held on August 20, 2020 for the purpose of preparation of restated consolidated financial information and 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 (the "Act");
- b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("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").

The Special Purpose Restated Standalone Financial Information have been prepared so as to contain information / disclosures and incorporating adjustments as per Note 36 to the statement compiled by the management from audited standalone Ind AS financial statements of the Company as at and for the years ended March 31, 2020, 2019 and 2018 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 meetings held on July 13, 2020, July 23, 2019 and July 26, 2018 respectively and this Special Purpose Restated Standalone Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of approval by the Board of Directors.

#### **2.2 SIGNIFICANT ACCOUNTING POLICIES**

##### **(i) Statement of Compliance**

These restated standalone financial information 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.

##### **(ii) Use of estimates and judgement**

The preparation of restated standalone financial information 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 standalone financial information. 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.

*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.

*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) Functional and presentation currency**

Items included in the restated standalone financial information 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 standalone financial information are presented in Indian Rupee, the national currency of India, which is the functional currency of the Company.

**(iv) Revenue Recognition**

Revenue is recognised upon transfer of control of promised goods or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those goods or services.

- a) **Sale of goods:** Revenue from the sale of products is recognised at the point in time when control is transferred to the customer.  
Revenue is measured based on the transaction price, which is the consideration, net of customer incentives, discounts, variable considerations, payments made to customers, 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.

**(v) 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, 2019.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. 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.

#### **(vi) 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.

#### **(vii) 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.

#### **(viii) Employee benefits**

The Company participates in various employee benefit plans. Post-employment benefits are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan, the Company's only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks fall on the employee. The expenditure for defined contribution plans is recognized as expense during the period when the employee provides service. Under a defined benefit plan, it is the Company's obligation to provide agreed benefits to the employees. The related actuarial risks fall on the Company. The present value of the defined benefit obligations is calculated using the projected unit credit method.

##### Short-term employee benefits

All short-term employee benefits such as salaries, wages, bonus, and other benefits which fall within 12 months of the period in which the employee renders related services which entitles them to avail such benefits and non-accumulating compensated absences are recognised on an undiscounted basis and charged to the statement of profit and loss.

A liability is recognised for benefits accruing to employees in respect of wages and salaries in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

#### Defined contribution plan

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

#### Defined benefit plan

In accordance with the Payment of Gratuity Act, 1972, the Company provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Company. The gratuity fund is unfunded. The Company's obligation in respect of the gratuity plan, which is a defined benefit plan, is provided for based on actuarial valuation using the projected unit credit method. Actuarial gains or losses are recognized in other comprehensive income. Further, the profit or loss does not include an expected return on plan assets. Instead net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income.

Remeasurement, comprising actuarial gains and losses is reflected immediately in the balance sheet with charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected in retained earnings and is not reclassified to the statement of profit and loss.

### **(ix) 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 and other applicable tax laws.
- 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 standalone financial information 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.

#### **(x) 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 not depreciated.

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. Machinery spares which can be used only in connection with an item of Property, plant and equipment and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. 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 respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

- Aeroplanes/Helicopters – 30 years with an estimated residual value of 5%

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.

#### **(xi) 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.

#### **(xii) 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 5 years.

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.

#### **(xiii) 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 profit or loss.

#### **(xiv) Inventories**

Inventories [other than quantities of gold for which the price is yet to be determined with the suppliers (Unfixed gold)] are stated at the lower of cost and net realizable value. In respect of gold, cost is determined on first-in-first-out basis, for silver cost is determined on annual weighted average basis and in respect of studded jewellery is determined on specific identification basis.

Unfixed gold is valued at the gold prices prevailing on the period closing date.

Cost comprises all costs of purchase including duties and taxes (other than those subsequently recoverable by the Company), freight inwards and other expenditure directly attributable to acquisition. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

#### **(xv) 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.

#### **(xvi) Investment in subsidiaries**

Investments representing investments in subsidiaries are measured at cost.

#### **(xvii) 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:

- 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.

- 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. Were 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.

### **(xviii) Hedge accounting**

The Company designates certain hedging instruments as fair value hedges. At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge

transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values of the hedged item attributable to the hedged risk.

#### **Fair value hedges**

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in statement of profit and loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

#### **Cash flow hedges**

Derivative financial instruments to manage risks associated with gold price fluctuations relating to certain highly probable forecasted transactions, foreign currency fluctuations relating to certain firm commitments fall under the category of cash flow hedges. The Company has designated derivative financial instruments taken for gold price fluctuations as cash flow hedges relating to highly probable forecasted transactions.

Hedging instruments are initially measured at fair value, and are re-measured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised in other comprehensive income and accumulated under the heading hedging reserve and the ineffective portion is recognised immediately in the statement of profit and loss. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognized in hedging reserve is retained until the forecast transaction occurs upon which it is recognized in the statement of profit and loss.

If a hedged transaction is no longer expected to occur, the net cumulative gain or loss accumulated in hedging reserve is recognized immediately to the statement of profit and loss. The Company has designated derivative financial instruments taken for gold price fluctuations as cash flow hedges relating to highly probable forecasted transactions under the previous GAAP.

#### **(xix) Segment reporting**

Operating segments are reported in the manner consistent with the internal reporting to the chief operating decision maker (CODM). The Company is reported at an overall level, and hence there are no separate reportable segments as per Ind AS 108.

#### **(xx) 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.

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, in banks and demand deposits with banks, net of outstanding bank overdrafts that are repayable on demand, book overdraft and are considered part of the Company's cash management system.

#### **(xxi) 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

**(xxii) 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.

Note 3A - Property, plant and equipment

Description of Assets	₹ in millions											
	Freehold Land	Helipad	Buildings	Plant & machinery	Office equipment	Computers	Furniture and Fixtures	Aeroplanes / Helicopters	Vehicles	Total Property, Plant and Equipment		
<b>I. At cost or deemed cost</b>												
<b>Balance as at March 31, 2017</b>	1,443.02	30.80	633.01	36.80	621.46	91.46	3,788.70	2,359.60	339.21	9,344.06		
Additions	384.04	-	332.75	3.80	87.23	6.56	861.76	340.93	39.07	2,056.14		
Transfer of gross block on account of merger	-	-	-	-	41.09	1.56	44.88	-	-	87.53		
Disposals	-	-	-	-	-	-	16.18	-	12.06	28.24		
<b>Balance as at March 31, 2018</b>	1,827.06	30.80	965.76	40.60	749.78	99.58	4,679.16	2,700.53	366.22	11,459.49		
Additions	1.06	1.02	12.72	4.40	104.69	5.95	945.17	-	16.74	1,091.75		
Disposals	-	-	-	-	0.99	-	86.59	-	6.74	94.32		
<b>Balance as at March 31, 2019</b>	1,828.12	31.82	978.48	45.00	853.48	105.53	5,537.74	2,700.53	376.22	12,456.92		
Additions	14.81	-	17.57	2.03	54.60	6.03	528.08	-	16.47	639.59		
Disposals	-	-	-	-	2.06	-	186.84	-	9.43	198.33		
<b>Balance as at March 31, 2020</b>	1,842.93	31.82	996.05	47.03	906.02	111.56	5,878.98	2,700.53	383.26	12,898.18		
<b>II. Accumulated Depreciation</b>												
<b>Balance as at March 31, 2017</b>	-	2.02	40.64	4.24	315.29	68.08	598.38	189.71	94.81	1,313.17		
Transfer of accumulated depreciation on account of merger	-	-	-	-	16.04	1.14	7.99	-	-	25.17		
Charge for the year	-	2.74	25.65	2.83	136.12	16.64	484.56	82.70	51.71	802.95		
Disposals	-	-	-	-	-	-	7.86	-	8.18	16.04		
<b>Balance as at March 31, 2018</b>	-	4.76	66.29	7.07	467.45	85.86	1,083.07	272.41	138.34	2,125.25		
Charge for the year	-	1.02	33.08	3.05	115.58	10.22	564.05	89.60	52.55	869.15		
Disposals	-	-	-	-	0.81	-	33.48	-	4.91	39.20		
<b>Balance as at March 31, 2019</b>	-	5.78	99.37	10.12	582.22	96.08	1,613.64	362.01	185.98	2,955.20		
Charge for the year	-	1.02	33.14	3.32	111.25	6.34	612.27	89.60	53.19	910.13		
Disposals	-	-	-	-	1.51	-	93.78	-	8.30	103.59		
<b>Balance as at March 31, 2020</b>	-	6.80	132.51	13.44	691.96	102.42	2,132.13	451.61	230.87	3,761.74		
<b>Carrying value (I-II)</b>												
<b>Balance as at March 31, 2020</b>	1,842.93	25.02	863.54	33.59	214.06	9.14	3,746.85	2,248.92	152.39	9,136.44		
<b>Balance as at March 31, 2019</b>	1,828.12	26.04	879.11	34.88	271.26	9.45	3,924.10	2,338.52	190.24	9,501.72		
<b>Balance as at March 31, 2018</b>	1,827.06	26.04	899.47	33.53	282.33	13.72	3,596.09	2,428.12	227.88	9,334.24		

**Note 3B - Intangible assets**

Description of Assets	₹ in millions	
	Softwares	
<b>I. At cost or deemed cost</b>		
Balance as at March 31, 2017	113.64	
Transfer of gross block on account of merger	0.25	
Additions	81.57	
Disposals	-	
<b>Balance as at March 31, 2018</b>	<b>195.46</b>	
Additions	7.40	
Disposals	-	
<b>Balance as at March 31, 2019</b>	<b>202.86</b>	
Additions	31.01	
Disposals	19.10	
<b>Balance as at March 31, 2020</b>	<b>214.77</b>	
<b>II. Accumulated Depreciation and Impairment</b>		
Balance as at March 31, 2017	41.19	
Transfer of accumulated depreciation on account of merger	0.21	
Charge for the year	28.63	
Disposals	-	
<b>Balance as at March 31, 2018</b>	<b>70.03</b>	
Charge for the year	37.10	
Disposals	-	
<b>Balance as at March 31, 2019</b>	<b>107.13</b>	
Charge for the year	37.18	
Disposals	10.97	
<b>Balance as at March 31, 2020</b>	<b>133.34</b>	
<b>Carrying value (I-II)</b>		
Balance as at March 31, 2020	81.43	
Balance as at March 31, 2019	95.73	
Balance as at March 31, 2018	125.43	

Particulars	₹ in Millions		
	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Depreciation of property, plant and equipment (refer note 3A)	910.13	869.15	802.95
Amortisation of intangible assets (refer note 3B)	37.18	37.10	28.63
Amortisation of right-of-use assets (refer note 4)	912.44	839.02	667.55
	<b>1,859.75</b>	<b>1,745.27</b>	<b>1,499.13</b>



Note 4 - Right-of-use assets

Particulars	₹ in Millions		
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Right-of-use assets (ROU) at the beginning as per Ind AS 116	6,367.03	5,561.64	4,880.49
Transfer from Deferral Rent	-	-	469.01
Add: Addition during the year	994.50	1,653.67	879.69
Less: Impact on Lease Modification	411.06	-	-
Less: Impact on Lease Termination	200.69	9.26	-
Less: Amortised during the period	912.44	839.02	667.55
<b>Right-of-use assets at the end of the year</b>	<b>5,837.34</b>	<b>6,367.03</b>	<b>5,561.64</b>

Note 5 - Investment property

Particulars	₹ in millions		
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
<b>Cost or deemed cost</b>			
Balance at beginning of the year	622.29	622.29	622.29
Additions/(Disposals)	-	-	-
Transfer from asset held for sale	-	-	-
<b>Balance at the end of the year</b>	<b>622.29</b>	<b>622.29</b>	<b>622.29</b>
<b>Accumulated depreciation</b>			
Balance at beginning of the year	-	-	-
Additions/(Disposals)	-	-	-
<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Carrying value</b>	<b>622.29</b>	<b>622.29</b>	<b>622.29</b>

The Company's investment properties consist of freehold land and therefore no depreciation is chargeable.

The Company's investment properties consist of seven properties in the nature of free hold land in India. As at March 31, 2020, March 31, 2019, March 31, 2018, the fair values of the properties are ₹ 1,778.00 millions, ₹1,332.99 millions, and ₹1,332.99 millions respectively. These are based on valuations performed by independent valuers for the purposes of bank financing at the time availing/renewing such financing facility. The management has considered these valuations on the basis that there is no material change in the value of property since acquired. The fair value hierarchy is at level 2, which is derived using the market comparable approach based on recent market prices without any significant adjustments being made to the market observable data.(refer note 33.2B for note on fair value hierarchy).

Note 6 - Investments in subsidiaries

Particulars	₹ in millions		
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
<b>Investment in equity instruments (unquoted)</b>			
<b>In wholly owned subsidiary companies</b>			
Kalyan Jewellers FZE - 150 shares of 1,000,000 AED each fully paid up (refer note 32)	2,515.43	2,515.43	2,515.43
Kalyan Jewellers Inc. - 1000 shares of 0.001 USD each fully paid up*	0.00	0.00	0.00
<b>In subsidiaries</b>			
Enovate Lifestyles Private Limited - 269,770 shares of ₹10 each, of which 109,770 shares fully paid up and 160,000 shares partly paid up of ₹ 8.80 each as at March 31 2020. 226,240 shares of ₹10 each, of which 66,240 shares fully paid up and 160,000 shares partly paid up of ₹ 8.8 each as at March 31 2019.	215.26	155.26	85.50
<b>Other investments - At amortised cost</b>			
<b>Unquoted investment in Government securities</b>			
National Savings Certificate - VIII Issue (nominal value of Rs. 5,000 each)	-	0.05	0.05
	<b>2,730.69</b>	<b>2,670.74</b>	<b>2,600.98</b>
<b>Aggregate value of unquoted investments</b>	<b>2,730.69</b>	<b>2,670.74</b>	<b>2,600.98</b>
<b>Aggregate amount of impairment in value of investments</b>	<b>-</b>	<b>-</b>	<b>-</b>

\* The value of investment in Kalyan Jewellers, Inc. is ₹ 31.10 only on account of the financial information being rounded off to the nearest ₹ millions, the above item is presented as ₹ 0.00 millions.

Note 7 - Other financial assets  
(Unsecured and considered good)

Particulars	₹ in millions		
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
<b>Non-current</b>			
<b>Measured at amortised cost</b>			
Security deposits	527.04	455.40	333.78
Earmarked deposits with remaining maturity period greater than 12 months	60.36	287.94	36.85
Interest accrued on deposits	-	0.02	0.16
	<b>587.40</b>	<b>743.36</b>	<b>370.79</b>
<b>Current</b>			
<b>At cost</b>			
Loans to related parties (refer note 32)	4,685.18	3,926.21	2,897.18
Interest accrued on loans and deposits			
Loan to wholly owned subsidiary (refer note 32)	267.87	221.45	650.42
Deposits	23.49	28.83	25.78
Security deposits	318.76	317.28	354.84
<b>Derivative financial instruments not designated as hedging, carrying at fair value</b>			
- Forward Contracts	359.58	-	-
	<b>5,654.88</b>	<b>4,493.77</b>	<b>3,928.22</b>

**Kalyan Jewellers India Limited**  
**Notes to Special Purpose Restated Standalone Financial Information**

**Note 8 - Other assets**  
*(Unsecured and considered good)*

₹ in millions			
Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
<b>Non-current</b>			
Capital advance	73.11	38.35	62.10
Deferred rental reserve			
- Opening balance	-	-	469.01
- Transferred to ROU	-	-	(469.01)
Balances with revenue authorities			
- Amount paid under protest	49.53	68.45	66.11
- Dues from Kerala VAT Department	494.67	494.67	494.67
Advance income tax (Net of provision for tax)	-	64.16	404.73
	<b>617.31</b>	<b>665.63</b>	<b>1,027.61</b>
<b>Current</b>			
Advance to related parties (refer note 32)		14.99	61.11
Balances with revenue authorities	166.13	284.68	426.44
Prepaid expenses	94.69	38.73	46.87
Advance to suppliers	126.07	243.05	348.50
Other assets	74.84	72.15	16.37
	<b>461.73</b>	<b>653.60</b>	<b>899.29</b>

**Note 9 - Inventories**  
*(Lower of cost or net realisable value)*

₹ in millions			
Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Raw materials	3,804.58	3,406.51	2,435.00
Work-in-progress	7,385.36	5,588.63	5,245.04
Finished goods	25,167.42	26,590.23	32,049.51
	<b>36,357.36</b>	<b>35,585.37</b>	<b>39,729.55</b>

The cost of inventories recognised as an expense during the year is ₹ 64,548.80 millions, 2019: ₹ 62,231.44 millions, 2018: ₹ 69,350.25 millions)

The mode of valuation of inventories has been stated in note 2(xiv)

**Note 10 - Trade receivables**

₹ in millions			
Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>			
Considered Doubtful - Unsecured	4.12	3.84	1.91
Less: Provision for doubtful debts	(4.12)	(3.19)	(1.91)
<b>Other trade receivables</b>			
Considered Good - Unsecured	16.40	45.68	7.27
Considered Doubtful - Unsecured	9.02	6.53	3.65
Less: Provision for doubtful debts	(4.70)	(2.54)	(3.65)
	<b>20.72</b>	<b>50.32</b>	<b>7.27</b>

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 11 - Cash and bank balances**

₹ in millions			
Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
<b>Cash and cash equivalents</b>			
Cash in hand	90.79	246.69	189.38
Balances with banks			
(i) Current accounts ((refer note (i) below)	1,123.23	486.99	730.87
(ii) Funds in transit	33.31	121.10	83.63
(iii) Fixed deposit	-	50.01	150.00
<b>Total cash and cash equivalents as per Ind AS 7</b>	<b>1,247.33</b>	<b>904.79</b>	<b>1,153.88</b>
<b>Bank Balances other than cash and cash equivalents above</b>			
(iv) Fixed deposits held as margin money against borrowings and guarantees (maturity of less than 12 months from the balance sheet date)	3,261.88	3,358.37	4,403.48
(v) Balances with banks held as margin money	136.18	413.19	1,336.98
	<b>3,398.06</b>	<b>3,771.56</b>	<b>5,740.46</b>

Note (i) Balance with current account includes cash in transit - ₹ 0.00 millions (2019: ₹ 10.98 millions, 2018: ₹ 24.25 millions)

The deposits maintained by the Company with banks comprise time deposits, (excluding the fixed deposit referred in (iv) above which can be withdrawn by the Company at any point without prior notice or penalty on the principal.

**Kalyan Jewellers India Limited**  
**Notes to Special Purpose Restated Standalone Financial Information**

**Note 12 - Share capital**

Particulars	As at March 31, 2020		As at March 31, 2019		As at March 31, 2018	
	No. of shares	Amount ₹ in millions	No. of shares	Amount ₹ in millions	No. of shares	Amount ₹ in millions
<b>(a) Authorised*</b>						
Equity shares of ₹10 each with voting rights	1,20,05,00,000	12,005.00	1,20,00,00,000	12,000.00	84,00,00,000	8,400.00
0.001% Compulsorily convertible preference shares of ₹10 each	20,00,00,000	2,000.00	20,00,00,000	2,000.00	20,00,00,000	2,000.00
<b>(b) Issued, Subscribed and fully paid up</b>						
Equity shares of ₹10 each with voting rights	83,92,41,600	8,392.42	83,92,41,600	8,392.42	83,92,41,600	8,392.42
0.001% Compulsorily convertible preference shares of ₹10 each	11,90,47,619	1,190.48	11,90,47,619	1,190.48	11,90,47,619	1,190.48
<b>Total</b>	<b>95,82,89,219</b>	<b>9,582.90</b>	<b>95,82,89,219</b>	<b>9,582.90</b>	<b>95,82,89,219</b>	<b>9,582.90</b>

\* Pursuant to a confirmation order dated August 7, 2019 under Section 233 of the Companies Act, the Regional Director, Ministry of Corporate Affairs, Chennai had confirmed the scheme of amalgamation between Kalyan Jewellers Mini Stores Private Limited and Kalyan Jewellers India Limited and consequent to that the authorized capital of the Company is increased to INR 14,00,50,00,000 divided into 1,20,05,00,000 equity shares of ₹ 10 each and 200,000,000 Compulsorily convertible preference shares of ₹ 10 each.

**(c) Rights, preferences and restrictions attached to shares**

The Company has only one class of equity shares having a par value of ₹10/- per share. Each share holder is entitled for one vote. As per the terms of the Share holder's Agreement, the Company shall declare an annual dividend payable to the share holders in proportion to the respective equity shares held by them on a fully diluted basis. However during the current year the share holders have waived their rights to receive dividend. Repayment of share capital on liquidation will be in proportion to the number of equity shares held.

**(d) Reconciliation of the shares outstanding at the beginning and at the end of the year**

Particulars	Opening Balance	Fresh Issue / Conversion / Redemption	Bonus Issue	Closing Balance
<b>Equity shares with voting rights</b>				
Year ended March 31, 2020				
- Number of shares	83,92,41,600	-	-	83,92,41,600
- Amount (₹ in millions)	8,392.42	-	-	8,392.42
Year ended March 31, 2019				
- Number of shares	83,92,41,600	-	-	83,92,41,600
- Amount (₹ in millions)	8,392.42	-	-	8,392.42
Year ended March 31, 2018				
- Number of shares	83,92,41,600	-	-	83,92,41,600
- Amount (₹ in millions)	8,392.42	-	-	8,392.42

Particulars	Opening Balance	Fresh Issue / Conversion / Redemption	Bonus Issue	Closing Balance
<b>Compulsorily convertible preference shares</b>				
Year ended March 31, 2020				
- Number of shares	11,90,47,619	-	-	11,90,47,619
- Amount (₹ in millions)	1,190.48	-	-	1,190.48
Year ended March 31, 2019				
- Number of shares	11,90,47,619	-	-	11,90,47,619
- Amount (₹ in millions)	1,190.48	-	-	1,190.48
Year ended March 31, 2018				
- Number of shares	-	11,90,47,619	-	11,90,47,619
- Amount (₹ in millions)	-	1,190.48	-	1,190.48

(e) Shareholders holding more than 5% shares in the Company

Class of shares / Name of shareholder	As at March 31, 2020		As at March 31, 2019		As at March 31, 2018	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
<b>Equity shares with voting rights</b>						
T.S. Kalyanaraman	21,80,88,480	25.99%	21,80,88,480	25.99%	26,07,52,148	37.02%
T.K. Seetharam	13,83,23,492	16.48%	13,83,23,492	16.48%	13,83,23,492	19.64%
T.K. Ramesh	13,83,23,492	16.48%	13,83,23,492	16.48%	9,56,59,824	13.58%
T.K. Radhika	3,57,72,038	4.26%	3,57,72,038	4.26%	3,57,72,038	5.08%
N.V. Ramadevi	3,57,72,038	4.26%	3,57,72,038	4.26%	3,57,72,038	5.08%
Maya Seetharam	3,57,72,038	4.26%	3,57,72,038	4.26%	3,57,72,038	5.08%
Deepa Ramesh	3,57,72,038	4.26%	3,57,72,038	4.26%	3,57,72,038	5.08%
Highdell Investment Ltd	20,14,17,984	24.00%	20,14,17,984	24.00%	6,64,36,354	9.43%
<b>Compulsorily convertible preference shares</b>						
Highdell Investment Ltd	11,90,47,619	100%	11,90,47,619	100%	11,90,47,619	100%

(f) Notes

(i) Pursuant to the Subscription and Share Purchase Agreement dated March 31, 2017, entered into between the Company, its promoters, Investor and Other Sellers as defined in the agreement, the Company has issued 0.001% 119,047,619 Compulsorily Convertible Preference Shares (CCPS) of ₹ 10 each at a premium of ₹32/- each to Highdell Investment Ltd ("Investor"), the proceeds of which shall be used for purposes of funding the growth and expansion of the Company, meeting the working/capital expenditure and for the general corporate purposes. The preference shares are Compulsorily Convertible into equity shares based on various conversion and exit options at an agreed internal rate of return as per the terms of agreement.

Note 13 - Other equity

Particulars	₹ in millions		
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
<b>Securities premium reserve (13.a)</b> (Amounts received on issue of shares in excess of the par value has been classified as securities premium)	9,208.10	9,208.10	9,208.10
<b>Retained earnings (13.b)</b> (Retained earnings comprise of the Company's undistributed earnings after taxes)	2,861.90	1,298.39	1,192.13
<b>Other comprehensive income (13.c)</b> (Items of other comprehensive income consists of effective portion of gain and loss on designated portion of hedging instruments in a cash flow hedge and remeasurement of net defined benefit liability/asset)	(79.20)	(102.44)	(398.49)
	<b>11,990.80</b>	<b>10,404.05</b>	<b>10,001.74</b>

Particulars	₹ in millions		
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
<b>13.a Securities premium reserve</b>			
Balance at the beginning of the year	9,208.10	9,208.10	5,398.58
Share issue premium	-	-	3,809.52
<b>Balance at the end of the year</b>	<b>9,208.10</b>	<b>9,208.10</b>	<b>9,208.10</b>
<b>13.b Retained earnings</b>			
Balance at the beginning of the year	1,298.39	1,192.13	1,034.57
Ind AS 116 impact on retained earning	-	-	(751.32)
Reserves arising on pursuant to merger	-	-	(250.62)
Profit attributable to owners of the Company	1,563.51	106.26	1,159.50
<b>Balance at the end of the year</b>	<b>2,861.90</b>	<b>1,298.39</b>	<b>1,192.13</b>
<b>13.c Other comprehensive income</b>			
Balance at the beginning of the year	(102.44)	(398.49)	(16.77)
Remeasurement of defined benefit obligations (net of tax)	(16.85)	3.17	(48.75)
Effective portion of gain and loss on designated portion of hedging	40.09	292.88	(332.97)
<b>Balance at the end of the year</b>	<b>(79.20)</b>	<b>(102.44)</b>	<b>(398.49)</b>

**Kalyan Jewellers India Limited**  
**Notes to Special Purpose Restated Standalone Financial Information**

**Note 14 - Borrowings**

**Non-current**

₹ in millions

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
<b>Secured - at amortised cost (i)</b>			
Terms loans from banks (refer note below)	812.17	1,610.98	2,665.73
Less: Current maturities of long-term debt (refer note 19)	(437.10)	(811.70)	(1,017.88)
	<b>375.07</b>	<b>799.28</b>	<b>1,647.85</b>

(i) Details of terms of repayment of long-term borrowings and interest thereon are as follows:

₹ in millions

Particulars	Terms of repayment	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
HDFC Bank	a) Repayable in 48 monthly instalments of ₹5.21 millions each commencing from 31 March 2015 & ending 31 March 2019. Interest is charged at base rate plus 235 bps calculated on 360 days basis payable monthly. b) Prepayment charges: No prepayment charges as per sanction order. c) Penal charges: 3% above the normal rate of interest.	-	-	62.33
HDFC Bank	a) Repayable in 48 monthly instalments of ₹7.81 millions each commencing from 12 December 2014 & ending 12 December 2018. Interest is charged at base rate plus 235 bps calculated on 360 days basis payable monthly. b) Prepayment charges: 2% on the outstanding amount. c) Penal charges: 2% above the normal rate of interest.	-	-	143.20
HDFC Bank	a) Repayable in 48 monthly instalments of ₹ 5.21 millions each commencing from 28 February 2017 & ending 31 January 2021. Interest is charged at base rate plus 205 bps calculated on 360 days basis payable monthly. b) Prepayment charges: 2% prepayment charges as per sanction order. c) Penal charges: 3% above the normal rate of interest.  The company has prepaid the loan from HDFC bank during the current financial year 2019-20 without any prepayment charges as agreed by the bank.	-	114.47	176.85
State Bank of India (Term loan)	a) Repayable in 46 monthly instalments commencing from 1 June 2017 & ending 30 September 2021 amounting to ₹62.5 millions per quarter. Interest is charged at 11.85% b) Prepayment charges: No prepayment charges as per sanction order. c) Penal charges: 2% above the normal rate of interest.	304.00	497.86	746.77
State Bank of India (Corporate term loan)	a) Repayable in 48 Monthly Instalment of ₹41.6 millions each commencing from April 2017 to 30 September 2021 Interest charged at 11.85 %. b) Prepayment charges: No prepayment charges as per sanction order. c) Penal charges: 2% above the normal rate of interest.	508.17	998.64	1,536.58
(ii) Details of Securites provided	<b>HDFC Bank</b> a) First pari passu charge on the Legacy 650 Jet Aircraft with SBI for the term loan facility. b) Pari passu charge on other movable fixed assets of the company along with other term loan lenders. c) Personal guarantee of promoter directors - Mr.T.S. Kalyanaraman, Mr.T.K Seetharam, Mr.T.K Ramesh <b>State Bank of India</b> Term Loan: a) First pari passu charge on the current assets of the company along with other working capital lenders. b) First charge over the entire movable fixed assets of the company c) exclusive first charge over the Aircrafts owned by the Company. d)Personal guarantees by promoter directors - Mr. T.S. Kalyanaraman, Mr. T.K Seetharam, Mr. T.K Ramesh and their relatives - Mrs. N.V.Ramadevi, Mrs.Maya Seetharam, Mrs. Deepa Ramesh & Mrs. T.K.Radhika Corporate Term Loan: a) First pari passu charge on the current assets of the company along with other working capital lenders. b) First charge over the entire movable fixed assets of the company c) exclusive first charge over the Aircrafts owned by the Company.			

**Kalyan Jewellers India Limited**  
**Notes to Special Purpose Restated Standalone Financial Information**

		₹ in millions		
<b>Current</b>				
Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018	
<b>Secured - at amortised cost</b>				
Loans repayable on demand from banks (refer note below)	18,687.22	15,607.59	13,746.70	
	<b>18,687.22</b>	<b>15,607.59</b>	<b>13,746.70</b>	

(i) Details of short-term borrowings

		₹ in millions		
<b>Current</b>				
Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018	
<b>Loans repayable on demand from banks</b>				
State Bank of India	5,840.63	5,052.29	2,712.98	
Axis Bank	600.00	950.94	0.28	
HDFC Bank	615.00	1,020.00	1,020.00	
Indian Overseas Bank	2,041.59	99.56	1,478.88	
South Indian Bank	147.64	247.40	247.27	
IDBI Bank	294.57	293.65	292.77	
Syndicate Bank ("Canara Bank w.e.f 1st April 2020")	1,989.67	1,499.74	1,499.76	
Bank of Baroda	4,952.96	3,964.22	3,995.37	
Bank of India	709.43	985.17	998.61	
Canara Bank	1,495.73	1,494.62	1,500.78	
<b>Total</b>	<b>18,687.22</b>	<b>15,607.59</b>	<b>13,746.70</b>	

(ii) Details of securities for the secured short-term borrowings

- a) First pari passu charge on the entire current assets of the company viz. inventory, receivables and other current assets on pari passu basis with the member banks in consortium. Personal guarantees by promoter directors - Mr.T.S. Kalyanaraman, Mr.T.K Seetharam, Mr.T.K Ramesh and their relatives - Mrs.N.V.Ramadevi, Mrs.Maya Seetharam, Mrs.Deepa Ramesh & Mrs.T.K.Radhika)
- b) Other charges : No Prepayment charges & Default charges as per sanction order.

**Note 15 - Lease liabilities**

		₹ in millions		
Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018	
<b>Non-current</b>				
Lease Liability at the beginning of the year as per Ind AS 116	7,595.59	6,522.90	6,029.43	
Add: Addition during the year	956.50	1,579.12	851.69	
Less: Impact on Lease Modification	613.39	-	-	
Less: Impact on Lease Termination	216.84	-	-	
Less: Lease Rent Expense	1,422.73	1,323.01	1,050.46	
Add: Finance Cost on lease liability	821.42	816.58	692.24	
Less: Current Lease liability	635.92	475.04	506.43	
	<b>6,484.63</b>	<b>7,120.55</b>	<b>6,016.47</b>	
<b>Current</b>				
Lease liabilities	635.92	475.04	506.43	
	<b>635.92</b>	<b>475.04</b>	<b>506.43</b>	

**Note 16 - Provisions**

		₹ in millions		
Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018	
<b>Non-current</b>				
Provision for employee benefits - Gratuity	238.58	192.37	164.71	
	<b>238.58</b>	<b>192.37</b>	<b>164.71</b>	
<b>Current</b>				
Provision for employee benefits - Gratuity	67.89	60.80	44.09	
Provision for proposed preference dividend (including dividend distribution tax)	0.02	0.03	0.01	
Provision for customer loyalty programmes	-	-	-	
	<b>67.91</b>	<b>60.83</b>	<b>44.10</b>	

**Note 17 - Metal gold loan**

₹ in millions

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
<b>Secured</b>			
Payable to banks*	6,021.55	9,417.48	13,985.92
	<b>6,021.55</b>	<b>9,417.48</b>	<b>13,985.92</b>

\* Includes amounts payable against gold purchased from various banks under gold on loan scheme with variable interest rates and is payable at monthly intervals. The credit period under the aforesaid arrangement is 90 days to 180 days from the date of delivery of gold.

**Note 18 - Trade payables**

₹ in millions

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Total outstanding dues of micro and small enterprises (Refer Note (i) below)	-	-	-
Total outstanding dues of other than micro and small enterprises (Refer Note (ii) below)	2,992.19	2,843.48	5,213.74
	<b>2,992.19</b>	<b>2,843.48</b>	<b>5,213.74</b>

Note: (i) There are no dues to enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 which is on the basis of such parties having been identified by the management and relied upon by the auditors. Hence, disclosures relating to amount unpaid as at year end together with interest paid/payable under this Act have not been given.

(ii) The average credit period on purchases is normally 90 days. No interest is charged on the trade payables. The Company has financial risk management policies in place to ensure that payables are paid within the pre-agreed credit terms.

**Note 19 - Other financial liabilities**

₹ in millions

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Current maturities of long-term debt	437.10	811.70	1,017.88
Interest accrued on borrowings	105.93	32.06	66.95
Payable on purchase of property, plant and equipment	49.24	41.28	41.35
Derivative Instruments in designated hedge accounting relationship	-	59.95	509.21
	<b>592.27</b>	<b>944.99</b>	<b>1,635.39</b>

**Note 20 - Other current liabilities**

₹ in millions

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Statutory dues	99.76	117.42	85.74
Provision for Income tax (Net of Advance income tax)	72.16	-	-
Security deposit received from employees	96.37	99.56	73.56
Deferred income	-	-	44.86
Advance from related parties (refer note 32)	34.78	-	-
Advance from customers (refer note below)	8,710.96	8,974.74	8,492.36
	<b>9,014.03</b>	<b>9,191.72</b>	<b>8,696.52</b>

Advance from customers includes amounts received towards sale of jewellery products under various sale initiatives / retail customer programmes. The advance from customers also includes amounts totalling to ₹ 429.73 millions as at March 31, 2020 (2019: ₹ 458.81 millions, 2018: ₹ 429.34 millions) against which the customers have not claimed / purchased jewellery within the time specified in the terms and conditions of these programmes.

**Kalyan Jewellers India Limited**  
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**Note 21 - Revenue from operations**

₹ in millions

Particulars	For the period ended March 31, 2020	For the period ended March 31, 2019	For the period ended March 31, 2018
Revenue from sale of goods	77,729.84	74,113.63	82,200.94
Other operating revenue (refer note (i) below)	728.42	368.03	835.73
	<b>78,458.26</b>	<b>74,481.66</b>	<b>83,036.67</b>

**Note (i)**

₹ in millions

Particulars	For the period ended March 31, 2020	For the period ended March 31, 2019	For the period ended March 31, 2018
<b>Other operating revenue comprises:</b>			
Discount received	0.32	0.30	97.05
Ear piercing income	3.45	3.80	3.08
Insurance service charges (net)	137.77	109.20	46.56
Interest income from margin money deposits	227.30	254.73	216.61
Gain on MTM recognition	359.58	-	-
Income from recovery of making charges on account of discontinued schemes.	-	-	472.43
	<b>728.42</b>	<b>368.03</b>	<b>835.73</b>

**Note 22 - Other income**

₹ in millions

Particulars	For the period ended March 31, 2020	For the period ended March 31, 2019	For the period ended March 31, 2018
Interest Income earned on financial assets that are not designated as at fair value through profit or loss:			
(i) Other financial assets	296.43	257.77	152.30
Gain on disposal of property, plant and equipment	1.66	0.18	-
Net gain on foreign currency transactions and translation	358.34	306.20	9.52
Gain on lease modification	270.79	-	-
Liabilities no longer required written back	5.42	0.87	24.09
Miscellaneous income	50.32	19.14	1.57
	<b>982.96</b>	<b>584.16</b>	<b>187.48</b>

**Note 23.a - Cost of materials consumed**

₹ in millions

Particulars	For the period ended March 31, 2020	For the period ended March 31, 2019	For the period ended March 31, 2018
Opening stock	3,406.51	2,435.00	1,674.91
Add: Purchases	65,320.79	58,087.27	74,888.01
	68,727.30	60,522.27	76,562.92
Less: Closing stock	(3,804.58)	(3,406.51)	(2,435.00)
	<b>64,922.72</b>	<b>57,115.76</b>	<b>74,127.92</b>



**Kalyan Jewellers India Limited**  
**Notes to Special Purpose Restated Standalone Financial Information**

**Note 23.b - Changes in inventories of finished goods, work-in-progress and stock-in-trade**

₹ in millions

Particulars	For the period ended March 31, 2020	For the period ended March 31, 2019	For the period ended March 31, 2018
<u>Inventories at the end of the year / period</u>			
Finished goods	25,167.42	26,590.23	32,049.51
Work-in-progress	7,385.36	5,588.63	5,245.04
Stock-in-trade	-	-	-
	32,552.78	32,178.86	37,294.55
<u>Inventories at the beginning of the year / period</u>			
Finished goods	26,590.23	32,049.51	24,562.74
Work-in-progress	5,588.63	5,245.04	6,465.64
Stock-in-trade	-	-	1,488.51
	32,178.86	37,294.55	32,516.89
<b>Net (increase)/decrease</b>	<b>(373.92)</b>	<b>5,115.69</b>	<b>(4,777.66)</b>

**Note 24 - Employee benefits expense**

₹ in millions

Particulars	For the period ended March 31, 2020	For the period ended March 31, 2019	For the period ended March 31, 2018
Salaries and wages	2,650.30	2,749.53	2,650.98
Contribution to provident and other funds	167.35	190.92	197.15
Gratuity	61.56	56.83	29.13
Staff welfare expenses	121.49	192.89	166.87
	<b>3,000.70</b>	<b>3,190.17</b>	<b>3,044.13</b>

**Note 25 - Finance cost**

₹ in millions

Particulars	For the period ended March 31, 2020	For the period ended March 31, 2019	For the period ended March 31, 2018
Interest Expenses	2,203.95	2,189.48	2,246.89
Interest expense on lease liabilities	821.42	816.58	692.24
Other borrowing costs	105.90	88.12	90.22
	<b>3,131.27</b>	<b>3,094.18</b>	<b>3,029.35</b>

**Note 26 - Other expenses**

₹ in millions

Particulars	For the period ended March 31, 2020	For the period ended March 31, 2019	For the period ended March 31, 2018
Power and fuel	349.28	363.98	327.44
Rent including lease rentals	353.17	367.43	399.91
Repairs and maintenance - Machinery	12.18	9.37	11.94
Repairs and maintenance - Others	304.58	216.17	189.55
Telephone and leased line expenses	46.36	48.89	58.76
Bank charges	180.68	175.79	195.81
Property, plant and equipment written off	137.76	53.29	9.93
Packing materials and compliments	109.35	123.71	116.44
Sitting fees and commission to directors (refer note 32)	4.00	3.00	0.80
Rates and taxes	60.90	45.51	70.32
Expenditure on corporate social responsibility (refer note (i) below)	26.04	23.97	77.74
Insurance charges	20.28	18.67	20.06
Sales Promotion	297.57	342.40	448.21
Commission, and rebates	70.33	82.54	56.54
Advertisement expense	1,987.74	2,016.19	1,449.54
Auditors remuneration and out-of-pocket expenses (refer note (ii) below)	9.42	8.78	5.61
VAT Expenses	-	-	208.92
Legal and other professional costs	55.65	65.94	77.60
Donations and contributions	54.76	19.05	13.73
Travelling and conveyance	250.18	323.52	263.02
Printing and stationery	16.07	23.61	26.24
Bad trade and other advances written off	56.66	1.97	51.08
Provision for doubtful debts	3.09	0.17	5.56
Loss on disposal / retirement of property, plant and equipment (net)	-	-	0.09
Security expenses	23.71	40.67	42.79
Miscellaneous expenses	117.68	65.95	66.86
	<b>4,547.44</b>	<b>4,440.57</b>	<b>4,194.49</b>

Note (i) Expenditure on corporate social responsibility

CSR amount required to be spent as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof by the Company during the year is ₹ 26.12 millions (2019: ₹ 21.94 millions, 2018: ₹ 13.13 millions).

**Kalyan Jewellers India Limited**  
**Notes to Special Purpose Restated Standalone Financial Information**

Note (ii) Payment to auditors

₹ in millions

Particulars	For the period ended March 31, 2020	For the period ended March 31, 2019	For the period ended March 31, 2018
Payments to the auditors comprise			
(a) To statutory auditors (exclusive of GST)			
Audit	7.00	6.94	5.60
Taxation matters	0.95	0.86	-
Certification	1.14	0.68	-
Reimbursement of expenses	0.33	0.30	0.01
	<b>9.42</b>	<b>8.78</b>	<b>5.61</b>

**Note 27 - Tax expense**

₹ in millions

Particulars	For the period ended March 31, 2020	For the period ended March 31, 2019	For the period ended March 31, 2018
<b>Current tax</b>			
In respect of the current year	590.53	204.43	753.69
<b>Deferred tax</b>	199.22	53.49	(25.72)
<b>Total income tax expense recognised during year</b>	<b>789.75</b>	<b>257.92</b>	<b>727.97</b>
The reconciliation between the provision of income tax of the Company and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:			
<b>Current Tax:</b>			
Profit before tax	2,353.27	364.18	1,887.48
Enacted income tax rate	25.17%	34.94%	34.61%
Computed expected tax expense	592.27	127.24	653.22
<b>Effect of:</b>			
Expenses that are not deductible in determining taxable profit	6.64	46.30	(17.42)
Adjustments recognised in the current year in relation to prior years	-	-	14.22
Others	(8.39)	118.26	103.67
<b>Income tax expense recognised in the profit or loss</b>	<b>590.52</b>	<b>291.80</b>	<b>753.69</b>
<b>Deferred Tax:</b>			
Relating to the origination and reversal of temporary differences (see below)	199.22	53.49	(25.72)
Relating to MAT credit utilised	-	(87.39)	-
<b>Tax expense reported in the Restated Statement of Profit and Loss</b>	<b>789.75</b>	<b>257.90</b>	<b>727.97</b>

**Deferred tax**

₹ in millions

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
<b>Opening balance</b>	<b>(302.28)</b>	<b>(426.47)</b>	<b>(56.52)</b>
MAT credit entitlement / (Utilised/derecognised)	0.19	(87.39)	255.44
On Ind AS 116 impact on retained earnings	-	-	(397.62)
<b>Recognised in Profit or loss</b>			
Property, plant and equipment	(226.77)	15.74	83.25
Defined benefit obligation	4.65	(17.90)	(8.07)
Provision for doubtful debts	(0.22)	(0.08)	(1.93)
Gain on MTM recognition	90.50	-	-
Ind AS adjustments	331.06	55.73	(98.97)
	<b>199.22</b>	<b>53.49</b>	<b>(25.72)</b>
<b>Recognised in Other Comprehensive Income</b>			
Defined benefit obligation	6.67	(1.70)	25.81
Hedging instruments designated as cash flow hedges	19.85	(156.39)	176.24
<b>Closing balance</b>	<b>(76.32)</b>	<b>(302.28)</b>	<b>(426.47)</b>

**Kalyan Jewellers India Limited**  
**Notes to Special Purpose Restated Standalone Financial Information**

**Note 28 - Segment information**

The Chief Operating Decision Maker (CODM) of the Company examines the performance from the perspective of the Company as a whole viz. 'Jewellery business' and hence there are no separate reportable segments as per Ind AS 108. 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 March 31, 2020 and 2019 respectively, revenue from transactions with a single external customer did not amount to 10 percent or more of the Company's revenues from the external customers.

**Note 29 - Earnings per share (EPS)**

Particulars	For the period ended March 31, 2020	For the period ended March 31, 2019	For the period ended March 31, 2018
<b>Restated Profit attributable to ordinary shareholders - for Basic and Diluted EPS (₹ in millions)</b>	1,563.51	106.26	1,159.50
Weighted Average number of Equity Shares used as denominator for calculating Basic EPS	83,92,41,600	83,92,41,600	83,92,41,600
Weighted Average Potential Equity Shares	11,90,47,619	11,90,47,619	10,56,75,147
Weighted average number of equity shares used in the calculation of diluted earnings per share	95,82,89,219	95,82,89,219	94,49,16,747
Earnings per share of ₹ 10/-			
- Basic (in ₹)	<b>1.86</b>	<b>0.13</b>	<b>1.38</b>
- Diluted (in ₹)	<b>1.63</b>	<b>0.11</b>	<b>1.23</b>

**Note 30 - Contingent liabilities**

Particulars	₹ in millions		
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
<b>(a) Other monies for which the Company is contingently liable:</b>			
- Disputed Sales Tax demands (out of which ₹ 44.70 millions (Previous Year ₹ 44.59 millions) have been deposited under protest).	242.59	139.79	131.00
- Disputed Service Tax demands (out of which ₹ 0.75 millions (Previous year ₹ 16.73 millions have been deposited under protest).	10.02	34.43	34.43
- The Company has provided Standby Letter of Credit to banks on behalf of its subsidiary - Kalyan Jewellers FZE	2,197.64	2,028.50	2,368.32
- Counter guarantee given to a bank for guarantees issued by it on behalf of the company (refer note (ii) below)	13,085.07	5,378.72	8,195.39

(i) Future cash flows in respect of the above matters are determinable only on receipt of judgements/decisions pending at various forums/authorities. Management is hopeful of successful outcome in the appellate proceedings.

(ii) Includes counter guarantees for availing metal gold loans amounting to ₹ 500 millions (2019: ₹ 750 millions, 2018: ₹1,250)

**Note 31 - Employee benefit plans**

**(a) Defined Contribution Plan**

Particulars	₹ in millions		
	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Provident fund	150.72	164.31	162.47
Employee state insurance	16.63	26.61	34.68
<b>Total</b>	<b>167.35</b>	<b>190.92</b>	<b>197.15</b>

(b) Defined Benefit Plans:

Gratuity

The Company has not funded its gratuity obligations. The following table sets out the status of the defined benefit schemes and the amount recognised in the financial information as per the Actuarial Valuation done by an Independent actuary:

Reconciliation of opening and closing balances of Defined benefit obligation

₹ in millions

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Defined Benefit Obligation at beginning of the year	253.18	208.80	110.90
Current service cost	44.77	42.05	21.92
Past service cost	-	-	0.08
Interest cost	16.78	14.78	7.13
Actuarial (Gain) / Loss	10.18	(4.87)	74.56
Benefits paid	(18.43)	(7.58)	(5.79)
<b>Defined Benefit Obligation at the year end</b>	<b>306.48</b>	<b>253.18</b>	<b>208.80</b>

Reconciliation of opening and closing balances of fair value of plan assets

₹ in millions

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Fair value of Plan Assets at beginning of the year	-	-	-
Employer contributions	18.43	7.58	5.79
Benefits paid	(18.43)	(7.58)	(5.79)
<b>Fair value of Plan Assets at the year end</b>	<b>-</b>	<b>-</b>	<b>-</b>

Expenses recognised during the year

₹ in millions

Particulars	For the period ended March 31, 2020	For the period ended March 31, 2019	For the period ended March 31, 2018
<b>In Income Statement</b>			
Current service cost	44.77	42.05	21.92
Past service cost	-	-	0.08
Interest on net defined benefit liability/ (asset)	16.78	14.78	7.13
<b>Net Cost</b>	<b>61.55</b>	<b>56.83</b>	<b>29.13</b>
<b>In Other Comprehensive Income</b>			
Actuarial (Gain) / Loss	10.18	(4.87)	74.56
<b>Net (Income)/ Expense For the period Recognised in OCI</b>	<b>10.18</b>	<b>(4.87)</b>	<b>74.56</b>

The current service cost and the net interest expense for the year/period are included in the 'Employee benefits expense' line item in the restated statement of profit and loss.

The remeasurement of the net defined liability is included in other comprehensive income.

Actuarial assumptions

Particulars	For the period ended March 31, 2020	For the period ended March 31, 2019	For the period ended March 31, 2018
Discount rate (per annum)	5.94%	6.88%	7.21%
Rate of escalation in salary (per annum)	6.00%	6.00%	6.00%
Attrition rate (per annum)	21.00%	24.00%	22.00%

The retirement age of employees of the Company is 58 years.

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary. The mortality rates considered are as per the published rates in the Indian Assured Lives Mortality (2006-08) Ult table.

Sensitivity analysis

The key actuarial assumptions to which the defined benefit plans are particularly sensitive to are discount rate and full salary escalation rate. The sensitivity analysis below, have been determined based on reasonably possible changes of the assumptions occurring at end of the reporting period, while holding all other assumptions constant. The result of Sensitivity analysis is given below:

₹ in Millions

Particulars	Discount rate	Salary escalation rate
<b>As at March 31, 2020</b>		
Defined benefit obligation on plus 50 basis points	300.34	313.56
Defined benefit obligation on minus 50 basis points	312.88	299.63
<b>As at March 31, 2019</b>		
Defined benefit obligation on plus 50 basis points	248.78	258.36
Defined benefit obligation on minus 50 basis points	257.74	248.14
<b>As at March 31, 2018</b>		
Defined benefit obligation on plus 50 basis points	204.79	213.50
Defined benefit obligation on minus 50 basis points	212.98	204.25

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Maturity profile of defined benefit obligation

₹ in millions

Particulars	For the period ended March 31, 2020	For the period ended March 31, 2019	For the period ended March 31, 2018
<b>Expected total benefit payments</b>			
Within 1 year	58.84	53.20	38.54
1 year to 2 years	55.44	50.38	37.47
2 years to 3 years	47.86	44.63	35.36
3 years to 4 years	40.62	36.89	31.78
4 years to 5 years	34.40	30.06	26.67
5 years to 10 years	103.78	81.65	76.70

**Kalyan Jewellers India Limited**  
**Notes to Special Purpose Restated Standalone Financial Information**

**Note 32 - Related party disclosure**

**a. Names of related parties and description of relationships**

List of related parties where control exists and also related parties with whom transactions have taken place and relationships

<b>(a) Subsidiary</b>	Kalyan Jewellers FZE, UAE Kalyan Jewellers LLC, UAE Kalyan Jewellers For Golden Jewelry Company, W.L.L. Kalyan Jewellers LLC, Qatar Kalyan Jewellers LLC,Oman Kenouz Al Sharq Gold Ind.LLC,UAE Kalyan Jewelers, Inc., USA. Kalyan Jewellers Bahrain W.L.L.* Enovate Lifestyles Private Limited
<b>(b) Key management personnel</b>	T.S. Kalyanaraman (Chairman and Managing Director) T.K. Seetharam (Whole-time Director) T.K. Ramesh (Whole-time Director ) V. Swaminathan (Chief Financial Officer) Jishnu R.G. (Company Secretary) Sanjay Raghuraman (Appointed as Chief Executive Officer w.e.f July 01, 2020) <b>Non - Executive Directors</b> Ramaswamy M (Independent Director) A D M Chavali (Independent Director) Kishori Jayendra Udeshi (Independent Director) Akshaykumar Narendrasinhji Chudasama (ceased to be independent director w.e.f 26th Jul 2018) Trikkur Sitaraman Anantharaman (Independent Director) Anil Nair (Appointed as Independent director w.e.f May 29, 2020) Salil S Nair (Appointed as Non Executive Director w.e.f May 29, 2020) Anish Kumar Saraf (Nominee director)
<b>(c) Companies under the significant influence of Key Managerial Personnel</b>	M/s Kalyan Textile M/s Kalyan Developers

\* (In the process of incorporation)

**(b) Transactions with related parties are set out in the table below**

₹ in millions

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Transactions during the year</b>			
<b>Sales</b>			
T.S.Kalyanaraman	1.41	-	-
T.K.Seetharam	6.55	-	-
T.K.Ramesh	6.24	-	-
Kalyan Jewellers L.L.C, Qatar	-	-	27.33
Enovate Lifestyles Pvt.Ltd.	36.58	-	-
<b>Staff welfare items purchased</b>			
M/s Kalyan Textile	28.36	22.02	22.08
<b>Remuneration paid</b>			
T.S.Kalyanaraman	105.00	100.00	90.00
T.K.Seetharam	105.00	100.00	90.00
T.K.Ramesh	105.00	100.00	90.00
Sanjay Raghuraman	8.91	9.02	8.99
V. Swaminathan	15.23	15.47	15.86
Jishnu R.G	1.21	0.40	-
<b>Sitting fees</b>			
Ramaswamy M	0.50	0.40	0.30
A D M Chavali	0.50	0.40	0.30
Akshaykumar Narendrasinhji Chudasama	-	-	0.10
Trikkur Sitaraman Anantharaman	0.50	0.10	-
Kishori Jayendra Udeshi	0.50	0.30	0.10
<b>Commission paid</b>			
Ramaswamy M	0.50	0.60	-
A D M Chavali	0.50	0.60	-
Trikkur Sitaraman Anantharaman	0.50	-	-
Kishori Jayendra Udeshi	0.50	0.60	-

₹ in millions

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
<b><u>Reimbursement of expenses</u></b>			
Kalyan Jewellers LLC, UAE	51.01	50.25	55.43
T.S.Kalyanaraman			0.15
T.K.Seetharam	0.19	1.33	0.25
T.K Ramesh	1.84	3.51	3.09
Sanjay Raghuraman	0.87	1.22	1.66
V. Swaminathan	0.12	0.08	0.01
<b><u>Loan repaid/ written off</u></b>			
Kalyan Jewelers, Inc. USA	11.13	-	-
<b><u>Interest on Loan Accrued but not Due</u></b>			
Kalyan Jewellers FZE, UAE	264.44	218.73	122.46
Kalyan Jewelers, Inc. USA	-	0.51	-
Enovate Lifestyles Private Limited	1.35	1.28	1.18
<b><u>Loans and advances to subsidiaries given</u></b>			
Kalyan Jewellers FZE, UAE	417.98	813.57	1,713.53
Kalyan Jewelers, Inc., USA	-	10.40	-
Enovate Lifestyles Private Limited	7.50	-	11.63
<b><u>Investments in Equity Share Capital</u></b>			
Kalyan Jewellers FZE, UAE	-	-	-
Enovate Lifestyles Private Limited	60.00	69.76	85.50

₹ in Millions

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
<b><u>Investment</u></b>			
Kalyan Jewellers FZE, UAE	2,515.43	2,515.43	2,515.43
Enovate Lifestyles Private Limited	215.26	155.26	85.50
<b><u>Receivables(net) from related parties</u></b>			
Kalyan Jewellers FZE, UAE	4,930.50	4,122.91	3,534.90
Kalyan Jewellers LLC, UAE	-	14.99	61.11
Kalyan Jewelers, Inc., USA	-	10.91	-
Enovate Lifestyles Private Limited	32.01	13.84	12.69
<b><u>Payables (net) to related parties</u></b>			
Kalyan Jewellers LLC, UAE	34.78	-	-
T.S Kalyanaraman	-	5.30	4.85
T.K Seetharam	-	5.30	4.85
T.K Ramesh	-	5.30	4.85
Sanjay Raghuraman	-	0.69	0.77
V. Swaminathan	-	0.79	1.04
Jishnu R.G	-	0.09	-

The remuneration of directors and other members of key managerial personnel during the year was as follows:

₹ in Millions

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Short-term employee benefits	342.35	301.20	279.79
Post-employment benefits	-	-	0.69

**Kalyan Jewellers India Limited**  
**Notes to Special Purpose Restated Standalone Financial Information**

**Note 33 - Financial instruments**

**33.1 Capital management**

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern
- to create value for shareholders by facilitating the meeting of long term and short term goals of the Company.

The Company determines the amount of capital required on the basis of annual business plan coupled with long term and short term strategic expansion plans. The funding needs are met through equity, cash generated from operations, long term and short term bank borrowings.

The Company monitors the capital structure on the basis of net debt to equity ratio and maturity profile of the overall debt portfolio of the Company. Net debt includes interest bearing borrowings less cash and cash equivalents and other bank balances (including non-current earmarked balances)

The table below summarises the capital, net debt and net debt to equity ratio (Gearing ratio) of the Company

Particulars	₹ in millions		
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Net debts	14,854.01	12,542.22	9,518.09
Total equity	21,573.70	19,986.95	19,584.64
<b>Net gearing ratio (times)</b>	<b>0.69</b>	<b>0.63</b>	<b>0.49</b>

**33.2 Categories of Financial Instruments**

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments. The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, and financial liability are disclosed in Note 2(xvii)

**A. Financial assets and liabilities**

The accounting classification of each category of financial instruments, and their carrying amounts, are set out below:

Particulars	₹ in millions					
	As at March 31, 2020		As at March 31, 2019		As at March 31, 2018	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
<b>Financial assets</b>						
<u>Measured at amortised cost</u>						
Investments (unquoted)	2,730.69	2,730.69	2,670.74	2,670.74	2,600.98	2,600.98
Others financial assets - non current	587.40	587.40	743.36	743.36	370.79	370.79
Trade receivables	20.72	20.72	50.32	50.32	7.27	7.27
Cash and bank balances	4,645.38	4,645.38	4,676.35	4,676.35	6,894.34	6,894.34
Others financial assets - current	5,654.88	5,654.88	4,493.77	2,193.44	3,928.22	3,928.22
<b>Total financial assets measured at amortised cost (a)</b>	<b>13,639.07</b>	<b>13,639.07</b>	<b>12,634.54</b>	<b>10,334.21</b>	<b>13,801.60</b>	<b>13,801.60</b>
<b>Total financial assets (a + b)</b>	<b>13,639.07</b>	<b>13,639.07</b>	<b>12,634.54</b>	<b>10,334.22</b>	<b>13,801.60</b>	<b>13,801.60</b>
<b>Financial liabilities</b>						
<u>Measured at amortised cost</u>						
Borrowings	19,062.29	19,062.29	16,406.87	16,406.87	15,394.55	15,394.55
Metal gold loan	6,021.55	6,021.55	9,417.48	9,417.48	13,985.92	13,985.92
Lease liabilities	7,120.55	7,120.55	7,595.59	7,595.59	6,522.90	6,522.90
Trade payables	2,992.19	2,992.19	2,843.48	2,843.48	5,213.74	5,213.74
Others financial liabilities	592.27	592.27	944.99	885.04	1,635.39	1,126.18
<b>Total financial assets measured at amortised cost (a)</b>	<b>35,788.87</b>	<b>35,788.86</b>	<b>37,208.41</b>	<b>37,148.46</b>	<b>42,752.50</b>	<b>42,243.29</b>
<u>Mandatorily measured at FVTPL (b)</u>						
Derivative instruments in designated hedge accounting relationships	-	-	-	59.95	-	509.21
<b>Total financial liabilities (a + b)</b>	<b>35,788.87</b>	<b>35,788.87</b>	<b>37,208.41</b>	<b>37,208.41</b>	<b>42,752.50</b>	<b>42,752.50</b>

The management assessed that fair values of cash and cash equivalents, trade receivables, other financial assets, trade payables and other financial liabilities recorded at amortised cost is considered to be a reasonable approximation of fair value.

The following methods and assumptions were used to estimate the fair values:

- i) Fair values of the Company's interest-bearing borrowings are determined by using EIR method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at March 31, 2020 was assessed to be insignificant..

**Note 33 - Financial instruments**

**33.1 Capital management**

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern
- to create value for shareholders by facilitating the meeting of long term and short term goals of the Company.

The Company determines the amount of capital required on the basis of annual business plan coupled with long term and short term strategic expansion plans. The funding needs are met through equity, cash generated from operations, long term and short term bank borrowings.

The Company monitors the capital structure on the basis of net debt to equity ratio and maturity profile of the overall debt portfolio of the Company. Net debt includes interest bearing borrowings less cash and cash equivalents and other bank balances (including non-current earmarked balances)

**B. Fair value hierarchy**

The Company uses the following hierarchy for determining and/or disclosing the fair value of financial instruments by valuation techniques. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

**Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

**Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**Quantitative disclosures fair value measurement hierarchy**

The derivative instruments in designated hedge accounting relationships is measured at fair value at level 1, with valuation technique being use of market available inputs such as gold prices and foreign exchange rates.

**33.3 - Financial risk management objective**

The Company's activities expose it to a variety of financial risks. The Company's primary focus is to foresee the unpredictability of such risks and seek to minimize potential adverse effects on its financial performance.

The Company has a robust risk management process and framework in place. This process is coordinated by the Board, which meets regularly to review risks as well as the progress against the planned actions. The Board seeks to identify, evaluate business risks and challenges across the Company through such framework. These risks include market risks, credit risk and liquidity risk.

The risk management process aims to:

- improve financial risk awareness and risk transparency
- identify, control and monitor key risks
- identify risk accumulations
- provide management with reliable information on the Company's risk situation
- improve financial returns

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements:

Risk	Exposure arising from	Risk management
Market risk - prices	Gold price fluctuations	Used as a hedging instrument for gold inventory or through Metal gold loan facilities.
Market risk - foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (₹)	Periodic review by management
Market risk - interest rate	Borrowings at variable rates	Mix of borrowings taken at fixed and floating rates
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments and other financial assets	Bank deposits, diversification of asset base, credit limits and collateral.
Liquidity risk	Borrowings and other liabilities	Availability of committed credit lines and borrowing facilities

**Market risk - price risk**

The Company is exposed to fluctuations in gold price (including fluctuations in foreign currency) arising on purchase/ sale of gold. The Company's business objective includes safeguarding its earnings against adverse price movements of gold as well as foreign exchange risks.

The Company has adopted a structured risk management process to hedge all these risks within an acceptable risk limit and an approved hedge accounting framework which allows for fair value hedges/cash flow hedges, as designated at the inception of the hedge. The risk management strategy against gold price fluctuation also includes procuring gold on loan basis, with a flexibility to fix price of gold at any time during the tenor of the loan.

The table below shows the position of hedging as of the balance sheet date.

Commodity price risk and currency risk	As at	Quantity (Kgs)	₹ in Millions	
			Carrying amount	Maturity date
Probable forecast sales and currency forward	March 31, 2020	-	-	Nil
Probable forecast sales and currency forward	March 31, 2019	1854	(59.95)	Range - within 6 months
Probable forecast sales and currency forward	March 31, 2018	5351	(509.21)	Range - within 6 months

The line items in the Balance Sheet that include the above hedging instruments are other financial assets/(liabilities).

The table below shows the position of metal gold loans as on the balance sheet date.

As at	₹ in Millions	
	Quantity (Kgs)	Amount
March 31, 2020	1,385	6,021.55
March 31, 2019	2,979	9,417.48
March 31, 2018	4,588	13,985.92



**Note 33 - Financial instruments**

**33.1 Capital management**

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern
- to create value for shareholders by facilitating the meeting of long term and short term goals of the Company.

The Company determines the amount of capital required on the basis of annual business plan coupled with long term and short term strategic expansion plans. The funding needs are met through equity, cash generated from operations, long term and short term bank borrowings.

The Company monitors the capital structure on the basis of net debt to equity ratio and maturity profile of the overall debt portfolio of the Company. Net debt includes interest bearing borrowings less cash and cash equivalents and other bank balances (including non-current earmarked balances)

**Market risk - Foreign exchange**

The Company is exposed to foreign exchange risk arising from foreign currency transactions with subsidiaries, primarily with respect to Arab Emirates Dirhams (AED). Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the Company's functional currency. Exposures to foreign currency balances are periodically reviewed to ensure that the results from fluctuating currency exchange rates are appropriately managed.

Foreign currency sensitivity analysis

The following table details the Company's sensitivity to a 10% increase and decrease in the ₹ against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit where the ₹ strengthens 10% against the relevant currency will increase the profit and equity by ₹ 466.61 millions. For a 10% weakening of the ₹ against the relevant currency, there would be an equal and opposite impact on profit and equity.

**Market risk - Interest rate**

**(i) Liabilities:**

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. As at March 31, 2020, the Company is exposed to changes in market interest rates through bank borrowings at variable interest rates. Below is the overall exposure of the Company to interest rate risk:

Particulars	₹ in millions		
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Variable rate borrowing	19,062.29	16,406.87	15,394.55
Fixed rate borrowing	-	-	-
<b>Total borrowings</b>	<b>19,062.29</b>	<b>16,406.87</b>	<b>15,394.55</b>

Interest rate sensitivity analysis:

The sensitivity analyses below have been determined based on the exposure to interest rates for non derivative instruments at the reporting date. For floating rate borrowings, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's profit for the year ended March 31, 2020 would impacted by ₹ 128.10 millions (For the year ended March 31, 2019: ₹ 139.65 millions, March 31, 2018: ₹ 144.98 millions).

**(ii) Assets:**

The Company's financial assets are carried at amortised cost and are at fixed rate only. They are, therefore, not subject to interest rate risk since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

**Credit Risk**

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or pay amounts due to the Company causing financial loss. It arises from cash and cash equivalents, deposits with banks and financial institutions, security deposits, loans given and principally from credit exposures to customers relating to outstanding receivables. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at reporting date.

In respect of trade and other receivables, the Company is not exposed to any significant credit risk exposure to any single counterparty or any company of counterparties having similar characteristics. Credit risk on receivables is limited as the nature of the business is cash and carry except for related parties and other large number of individual customers in various geographical areas. The Company has very limited history of customer default, and considers the credit quality of trade receivables that are not past due or impaired to be good.

Therefore, the Company does not expect any material risk on account of non performance by any of the Company's counterparties.

The credit risk for cash and cash equivalents, bank deposits, security deposits and loans is considered negligible, since the counterparties are reputable organisations with high quality external credit ratings.

**Liquidity risk**

The Company requires funds both for short-term operational needs as well as for long-term expansion programmes. The Company remains committed to maintaining a healthy liquidity ratio, deleveraging and strengthening the balance sheet. The Company manages liquidity risk by maintaining adequate support of facilities from its holding company, and by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

The Company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management.

The Company's financial liability is represented significantly by long term and short term borrowings from banks and trade payables. The maturity profile of the Company's short term and long term borrowings and trade payables 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.

March 31, 2020	₹ in millions			
	Less than 1 year	1-3 year	More than 3 year	Total
Borrowings	18,687.22	375.07	-	19,062.29
Metal gold loan	6,021.55	-	-	6,021.55
Lease liabilities	635.92	2,417.45	4,067.18	7,120.55
Trade payable	2,992.19	-	-	2,992.19
Other financial liabilities	592.27	-	-	592.27
<b>Total</b>	<b>28,929.15</b>	<b>2,792.52</b>	<b>4,067.18</b>	<b>35,788.86</b>
<b>March 31, 2019</b>				
Borrowings	15,607.59	799.28	-	16,406.87
Metal gold loan	9,417.48	-	-	9,417.48
Lease liabilities	475.04	2,207.46	4,913.09	7,595.59
Trade payable	2,843.48	-	-	2,843.48
Other financial liabilities	944.99	-	-	944.99
<b>Total</b>	<b>29,288.58</b>	<b>3,006.74</b>	<b>4,913.09</b>	<b>37,208.41</b>
<b>March 31, 2018</b>				
Borrowings	13,746.70	1,647.85	-	15,394.55
Metal gold loan	13,985.92	-	-	13,985.92
Lease liabilities	506.43	1,827.70	4,188.77	6,522.90
Trade payable	5,213.74	-	-	5,213.74
Other financial liabilities	1,635.39	-	-	1,635.39
<b>Total</b>	<b>35,088.18</b>	<b>3,475.55</b>	<b>4,188.77</b>	<b>42,752.51</b>

**Kalyan Jewellers India Limited**  
**Notes to Special Purpose Restated Standalone Financial Information**

**Note 34 - Business combination - Kalyan Jewellers Mini Stores Private Limited:**

The company obtained approval from Regional Director of Ministry of Corporate Affairs under Section 233 of the Companies Act, 2013 on August 7, 2019, for the merger of the wholly owned subsidiary Kalyan Jewellers Mini Stores Private Limited (KJMSPL) with effect from April 01, 2018. For the purpose of this Special Purpose Restated Standalone Financial Information, the effective date considered is April 01, 2017.

As per Appendix C of Ind AS 103, in the company's financial Information, the assets, liabilities and reserves of KJMSPL has been recorded at their existing carrying amounts and in the same form as at the effective date of the merger. The balance of the Profit and Loss Account and retained earnings of KJMSPL has been aggregated with the corresponding balance of the company, The details of such assets, liabilities and reserves are given below:

Component	₹ in Millions
<b>Assets</b>	
Property, plant and equipment	62.36
Other non-current assets	0.28
Other current financial assets	52.79
Current assets	134.73
<b>Total</b>	<b>250.16</b>
<b>Equity &amp; Liabilities:</b>	
Equity (eliminated against the investments in KJMSPL of the company)	0.50
Other equity	(250.62)
Other financial liabilities	490.67
Other current liabilities	9.61
<b>Total</b>	<b>250.16</b>

**Note 35 - Leases**

Effective April 01, 2019, the Company adopted Ind AS 116 - "Leases", which sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires Leases to account for leases in a manner similar to accounting for finance leases under erstwhile Ind AS 17. The Company adopted Ind AS 116 using the modified retrospective approach. Accordingly the comparative figures for each of the years presented in these restated standalone financial information have been adjusted in accordance with the policy mentioned in Note 2.2.(v) of Notes to Special Purpose Standalone Financial Information. The cumulative adjustment on application of this Standard has been adjusted to retained earnings as at April 01, 2017.

- (i) The Company has applied a single discount rate to a portfolio of leases with reasonably similar characteristics
- (ii) The Company has treated the leases with remaining lease term of less than 12 months as if they were "short term leases". Expense relating to such short term leases recognised in Profit & Loss account amounts to ₹ 353.17 million (2019: ₹ 367.43 millions, 2018: ₹ 399.90 millions)
- (iii) The Company has not applied the requirements of Ind AS 116 for leases of low value assets.
- (iv) The Company has used hindsight, in determining the lease term if the contract contains options to extend or terminate the lease.

On transition to Ind AS 116, the Company recognised right-of-use assets amounting to ₹ 4,880.49, lease liabilities amounting to ₹ 6,029.42 million and ₹ 751.31 million (debit) in retained earnings (net of taxes) as at April 1, 2017. The Company has discounted lease payments using the applicable incremental borrowing rate as at April 1, 2017, which is 11.85% for measuring the lease liability.

**35.1** During the year ended March 31, 2017, rental expense from operating leases were generally recognised on a straight-line basis over the term of the relevant lease. The disclosures pertaining to non cancellable leases for previous year are given below. The below amount does not include non cancellable leases for which short term lease exemption has been availed by the company under Ind AS 116.

**(i) Minimum lease payments during the previous year.**

₹ in Millions

Particulars	For the year ended March 31, 2017
Minimum lease payments	898.18

**(ii) Leasing arrangements**

The Company has entered into operating lease arrangements for certain facilities and office premises. The leases are non-cancellable and are for a period of 0 to 180 months and are renewable based on mutual agreement of the parties. The lease agreements provide for an increase in the lease payments by 5% to 20% every 1 to 3 years.

**(iii) Non-cancellable operating lease commitments**

The total of future minimum lease payments in respect of premises taken on lease under non-cancellable operating leases are as follows:

₹ in Millions

Particulars	For the year ended March 31, 2017
For a period not later than one year	1,091.35
For a period later than one year but not later than five years	5,518.34
For a period later than five years	8,422.66
	<b>15,032.35</b>

Kalyan Jewellers India Limited  
Notes to Special Purpose Restated Standalone Financial Information

Note: 36.1 - Reconciliation of audited total comprehensive income and restated total comprehensive income:

Particulars	₹ in millions		
	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Net profit after tax as per audited financial statements:	1,563.51	499.77	1,375.90
<b>Restatement adjustments:</b>			
(i) On account of merger of Kalyan Jewellers Mini Stores Private Limited (Refer note (ii) below)	-	(50.43)	(43.41)
(ii) On account of Ind AS 116 Adjustments (Refer note (i) below):			
Reversal of rent expenses recognised under Other expenses	-	1,375.42	1,095.25
Finance cost (interest) on lease liability	-	(816.58)	(692.24)
Depreciation on Right-of-use assets	-	(839.02)	(667.55)
Tax impact on the above	-	(62.90)	91.55
<b>Restated Total Comprehensive Income</b>	<b>1,563.51</b>	<b>106.26</b>	<b>1,159.50</b>

Note: 36.2 - Reconciliation of audited total equity and restated total equity:

Particulars	As at March 31, 2018						Total equity
	Equity Share Capital	Compulsorily convertible preference shares	Reserves & Surplus		Other Comprehensive Income		
			Securities premium reserve	Retained earnings	Hedging instruments in cash flow hedge	Employee defined benefit plan	
Equity as per audited financial statements	8,392.42	1,190.48	9,208.10	2,410.47	(332.97)	(65.52)	20,802.97
Cumulative impact on account of adoption of Ind AS 116 (net of tax) (Refer note (i) below)	-	-	-	(924.30)	-	-	(924.30)
On account of merger of Kalyan Jewellers Mini Stores Private Limited (Refer note (ii) below)	-	-	-	(294.03)	-	-	(294.03)
<b>Total equity, as restated</b>	<b>8,392.42</b>	<b>1,190.48</b>	<b>9,208.10</b>	<b>1,192.13</b>	<b>(332.97)</b>	<b>(65.52)</b>	<b>19,584.64</b>

Particulars	As at March 31, 2019						Total equity
	Equity Share Capital	Compulsorily convertible preference shares	Reserves & Surplus		Other Comprehensive Income		
			Securities premium reserve	Retained earnings	Hedging instruments in cash flow hedge	Employee defined benefit plan	
Equity as per audited financial statements	8,392.42	1,190.48	9,208.10	2,910.24	(40.09)	(62.35)	21,598.79
Cumulative impact on account of adoption of Ind AS 116 (net of tax) (Refer note (i) below)	-	-	-	(1,267.38)	-	-	(1,267.38)
On account of merger of Kalyan Jewellers Mini Stores Private Limited (Refer note (ii) below)	-	-	-	(344.46)	-	-	(344.46)
<b>Total equity, as restated</b>	<b>8,392.42</b>	<b>1,190.48</b>	<b>9,208.10</b>	<b>1,298.40</b>	<b>(40.09)</b>	<b>(62.35)</b>	<b>19,986.95</b>

Particulars	As at March 31, 2020						Total equity
	Equity Share Capital	Compulsorily convertible preference shares	Reserves & Surplus		Other Comprehensive Income		
			Securities premium reserve	Retained earnings	Hedging instruments in cash flow hedge	Employee defined benefit plan	
Equity as per audited financial statements	8,392.42	1,190.48	9,208.10	2,861.90	-	(79.20)	21,573.70
Cumulative impact on account of adoption of Ind AS 116 (net of tax) (Refer note (i) below)	-	-	-	-	-	-	-
On account of merger of Kalyan Jewellers Mini Stores Private Limited (Refer note (ii) below)	-	-	-	-	-	-	-
<b>Total equity, as restated</b>	<b>8,392.42</b>	<b>1,190.48</b>	<b>9,208.10</b>	<b>2,861.90</b>	<b>-</b>	<b>(79.20)</b>	<b>21,573.70</b>

**Notes:**

(i) Effective April 01, 2019, the Company adopted Ind AS 116 - "Leases", which sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires Leases to account for leases in a manner similar to accounting for finance leases under erstwhile Ind AS 17. The Company adopted Ind AS 116 using the modified retrospective approach. Accordingly as per The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended, the comparative figures for each of the years presented in these restated standalone financial information have been adjusted in accordance with the policy mentioned in Note 2.2.(v) of Notes to Special Purpose Standalone Financial Information. The cumulative adjustment and consequential deferred tax impact on application of this Standard has been adjusted to retained earnings as at April 01, 2017.

(ii) The company obtained approval from Regional Director of Ministry of Corporate Affairs under Section 233 of the Companies Act, 2013 on August 7, 2019, for the merger of the wholly owned subsidiary Kalyan Jewellers Mini Stores Private Limited (KJMSPL) with effect from April 01, 2018. For the purpose of this Special Purpose Restated Standalone Financial Information, as per The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended, the comparative figures for each of the years presented in these restated standalone financial information have been adjusted in accordance with Appendix C of Ind AS 103 and the retained earnings of KJMSPL are adjusted with the retained earnings of the company as at April 01, 2017.

**Kalyan Jewellers India Limited**

**Notes to Special Purpose Restated Standalone Financial Information**

**Note 37 - Impact of COVID-19 (Global pandemic):**

In March 2020, the World Health Organization (WHO) declared COVID-19 to be pandemic. The Company's operations were impacted from third week of March 2020 till the first week of May 2020 as all its stores and offices were closed. The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the financial information of the Company. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial information has used internal and external sources of information. The company has performed an analysis on the assumptions used and based on current estimates expects the carrying amount of its assets will be recovered. The impact of COVID-19 on the Company's financial information may differ from that estimated as at the date of approval of these financial information. As on date of approval of these financial information, significant part of stores are opened and others are in the process of reopening.

**Note 38** - 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 39** - On April 01, 2018 the Company adopted Ind AS 115 "Revenue from Contracts with Customers". Refer note 2.2.(iv) for the accounting policies followed pursuant to adoption of Ind AS 115. The adoption of Ind AS 115 did not have any impact.

**Note 40 - Subsequent event:**

The Company had entered a share purchase agreement 'SPA' & and share subscription cum shareholders agreement 'SSHA' with Enovate Lifestyle Private Limited - an e-commerce Company on April 24, 2017 to purchase shares of the Company on different tranches and the Company had acquired 55,040 shares from Mr. Rupesh Jain on June 24, 2020 for a consideration of ₹ 120.00 Million.

**Note 41 - Approval of Special Purpose Restated Standalone Financial Information**

The Special Purpose Restated Standalone Financial Information were approved for issue by the board of directors on August 20, 2020.

**For and on behalf of the Board of Directors**

**T.S. Kalyanaraman**  
Managing Director  
(DIN: 01021928)

**T.K. Ramesh**  
Director  
(DIN: 01021868)

**T.K. Seetharam**  
Director  
(DIN: 01021898)

**Sanjay Raghuraman**  
Chief Executive Officer

**V. Swaminathan**  
Chief Financial Officer

**Jishnu R.G**  
Company Secretary

Place: Thrissur  
Date: August 20, 2020

## OTHER FINANCIAL INFORMATION

The accounting ratios derived from Restated Consolidated Financial Information required to be disclosed under the SEBI ICDR Regulations are set forth below:

Particulars	As at		
	March 31, 2020	March 31, 2019	March 31, 2018
Basic Earnings / (loss) per Equity Shares (in ₹)	1.70	(0.04)	1.70
Diluted Earnings / (loss) per Equity Shares (in ₹)	1.49	(0.04)	1.51
Return on net worth (in %)	6.63	(0.18)	7.23
Net asset value per Equity Share (in ₹)	25.71	23.84	23.45
EBITDA (₹ in million)	7,602.70	5,803.37	7,327.49

Notes:

(1) The ratios on the basis of Restated Consolidated Financial Information have been computed as below:

Basic Earnings per share (₹)	=	$\frac{\text{Net profit/(loss) as restated, attributable to Shareholders}}{\text{Weighted average number of Equity Shares outstanding during the year}}$
Diluted Earnings per share (₹)	=	$\frac{\text{Net profit/(loss) as restated, attributable to Shareholders}}{\text{Weighted average number of diluted Equity Shares outstanding during the year}}$
Return on net worth (%)	=	$\frac{\text{Net profit/(loss) as restated, attributable to Shareholders (excluding exceptional items)}}{\text{Net worth at the end of the year}}$
Net asset value (NAV) per Equity Share (₹)	=	$\frac{\text{Net worth, as restated at the end of the year}}{\text{Number of Equity Shares outstanding during the year}}$
EBITDA	=	Profit before tax - Other income + Finance cost + Depreciation and amortisation expense

(2) Earnings per share calculations are done in accordance with Indian Accounting Standard (Ind AS) 33 on Earnings per Share as notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014.

(3) 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 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 for all periods presented by giving effect to bonus and subdivision subsequent to the balance sheet date.

(4) "Net worth" means the aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account and debit balance of non controlling interest.

(5) The above ratios have been computed on the basis of the Restated Consolidated Financial Information.

(6) "EBITDA" means earnings before interest, tax, depreciation and amortization. It has been calculated as follows: profit before tax – other income + finance cost + depreciation and amortization expense.

Certain accounting ratios derived from Special Purpose Restated Standalone Financial Information are set forth below:

Particulars	As at		
	March 31, 2020	March 31, 2019	March 31, 2018
Basic Earnings / (loss) per Equity Shares (in ₹)	1.86	0.13	1.38
Diluted Earnings / (loss) per Equity Shares (in ₹)	1.63	0.11	1.23
Return on net worth (in %)	7.25	0.53	5.92
Net asset value per Equity Share (in ₹)	25.71	23.82	23.34
EBITDA (₹ in million)	6,361.32	4,619.47	6,228.47

Notes:

(1) The ratios on the basis of Restated Consolidated Financial Information have been computed as below:

Basic Earnings per share (₹)	=	$\frac{\text{Net profit/(loss) as restated, attributable to equity shareholders}}{\text{Weighted average number of Equity Shares outstanding during the year}}$
Diluted Earnings per share (₹)	=	$\frac{\text{Net profit/(loss) as restated, attributable to equity shareholders}}{\text{Weighted average number of diluted Equity Shares outstanding during the year}}$
Return on net worth (%)	=	$\frac{\text{Net profit/(loss) as restated, attributable to equity shareholders (excluding exceptional items)}}{\text{Net worth at the end of the year}}$
Net asset value (NAV) per Equity Share (₹)	=	$\frac{\text{Net worth, as restated at the end of the year}}{\text{Number of Equity Shares outstanding during the year}}$
EBITDA	=	Profit before tax - Other income + Finance cost + Depreciation and amortisation expense

- (2) *Earnings per share calculations are done in accordance with Indian Accounting Standard (Ind AS) 33 on Earnings per Share as notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014.*
- (3) *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 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 for all periods presented by giving effect to bonus and subdivision subsequent to the balance sheet date.*
- (4) *“Net worth” means the aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account.*
- (5) *The above ratios have been computed on the basis of the Special Purpose Restated Standalone Financial Information.*
- (6) *“EBITDA” means earnings before interest, tax, depreciation and amortization. It has been calculated as follows: profit before tax – other income + finance cost + depreciation and amortization expense.*

## CAPITALISATION STATEMENT

The following table sets forth our Company's capitalization as at March 31, 2020, on the basis of our Restated Consolidated Financial Information, and as adjusted for the Offer. This table should be read in conjunction with the sections "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Financial Statements" and "Risk Factors" on pages 298, 200 and 25, respectively.

(₹ in million, except ratios)

Particulars	Pre-Offer as at March 31, 2020	As adjusted for the proposed Offer*
<b>Total Borrowings</b>		
Current borrowings	23,382.09	[●]
Metal gold loan	11,671.43	[●]
Non-current borrowings (including current maturities)	1,349.58	[●]
<b>Total Borrowings (A)</b>	<b>36,403.10</b>	<b>[●]</b>
<b>Total Equity</b>		
Equity share capital	8,392.42	[●]
Compulsorily convertible preference share capital	1,190.48	[●]
Other Equity	12,028.20	[●]
Non-controlling interest	(30.31)	[●]
<b>Total Equity (B)</b>	<b>21,580.79</b>	<b>[●]</b>
<b>Ratio: Non-Current Borrowings/Total Equity</b>	<b>0.06</b>	<b>[●]</b>
<b>Ratio: Total Borrowings/ Total Equity</b>	<b>1.69</b>	<b>[●]</b>

\* To be updated upon finalization of the Offer Price.

Note:

1. The above has been derived from the Restated Consolidated Financial Information.

The following table sets forth our Company's capitalization as at March 31, 2020, on the basis of our Special Purpose Restated Standalone Financial Information, and as adjusted for the Offer. This table should be read in conjunction with the sections "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Financial Statements" and "Risk Factors" on pages 298, 200 and 25, respectively.

(₹ in million, except ratios)

Particulars	Pre-Offer as at March 31, 2020	As adjusted for the proposed Offer*
<b>Total Borrowings</b>		
Current borrowings	18,687.22	[●]
Metal gold loan	6,021.55	[●]
Non-current borrowings (including current maturities)	812.17	[●]
<b>Total Borrowings (A)</b>	<b>25,520.94</b>	<b>[●]</b>
<b>Total Equity</b>		
Equity share capital	8,392.42	[●]
Compulsorily convertible preference share capital	1,190.48	[●]
Other Equity	11,990.80	[●]
<b>Total Equity (B)</b>	<b>21,573.70</b>	<b>[●]</b>
<b>Ratio: Non-Current Borrowings/Total Equity</b>	<b>0.04</b>	<b>[●]</b>
<b>Ratio: Total Borrowings/ Total Equity</b>	<b>1.18</b>	<b>[●]</b>

\* To be updated upon finalization of the Offer Price.

Note:

1. The above has been derived from the Special Purpose Restated Standalone Financial Information.

## FINANCIAL INDEBTEDNESS

Our Company avails credit facilities in the ordinary course of business for purposes such as, *inter alia*, meeting our working capital requirements, capital expenditure for expansion of showrooms and procurement of gold to be used in the manufacturing of jewellery.

Our Company has obtained the necessary consents required under the relevant loan documentation for undertaking activities in relation to the Offer, including effecting a change in our capital structure, change in our shareholding pattern, change in our constitutional documents, change in the composition of our Board, and lock-in of the Equity Shares held by our Shareholders (including our Promoters) in connection with or post the Offer.

For details regarding the resolution passed by our Shareholders on August 17, 2020 authorizing the borrowing powers of our Board, see “*Our Management – Board of Directors – Borrowing Powers of our Board*” on page 175.

As on March 31, 2020, we had outstanding borrowings of ₹ 36,403.10 million on a consolidated basis, and a brief summary of such borrowings is set forth below:

Category of borrowing	Sanctioned amount (₹ million) <sup>#</sup>	Outstanding amount as on March 31, 2020 (₹ million) <sup>^</sup>
<b>I. Borrowings of our Company*</b>		
<b>Term loans</b>		
Secured	3,000.00	812.17
Unsecured	Nil	Nil
<b>Working capital demand loans/Cash credit facilities<sup>(1)</sup></b>		
Secured	20,262.10	18,687.22
Unsecured	Nil	Nil
<b>Metal gold loans</b>		
Secured	7,287.90	6,021.55
Unsecured	Nil	Nil
<b>Bank Guarantee</b>	500.00	Nil
<b>Total (A)</b>	<b>31,050.00</b>	<b>25,520.94</b>
<b>Borrowings of our Subsidiaries</b>		
<b>Term loans</b>		
Secured	838.04	537.41
Unsecured	Nil	Nil
<b>Working capital demand loans/Cash credit facilities</b>		
Secured	5,048.68	4,694.87
Unsecured	Nil	Nil
<b>Metal gold loans</b>		
Secured	5,774.30	5,649.88
Unsecured	Nil	Nil
<b>Total (B)</b>	<b>11,661.02</b>	<b>10,882.16</b>
<b>Total (A) + (B)</b>	<b>42,711.02</b>	<b>36,403.10</b>

<sup>#</sup>This table does not include: (i) the amounts aggregating up to ₹ 1,320 million, sanctioned under the loans granted by the Bank of Baroda and State Bank of India to our Company on May 7, 2020 and May 27, 2020, respectively, and (ii) the amounts aggregating up to ₹ 4,685.18 million granted as loans by our Company to Enovate Lifestyle Private Limited and KJFZE, certain of our Subsidiaries, which were outstanding as on March 31, 2020. Our Board has, subject to the receipt of necessary regulatory approvals, approved the proposal for conversion of the loan extended by our Company to KJFZE into equity shares of KJFZE, pursuant to its resolution dated July 1, 2020. For details, see “Risk Factors” on page 25 and “Management’s Discussion and Analysis of Financial Condition and Results of Operations –



Liquidity and Capital Resources” on page 314.

<sup>^</sup> As certified by M/s Krishnamoorthy & Krishnamoorthy, Chartered Accountants, pursuant to their certificate dated August 22, 2020.

\* As on March 31, 2020, besides the cash collateral kept with banks, the total collateral provided for the borrowings of our Company aggregated up to ₹ 63,099.27 million, which comprised of fixed assets provided as collateral aggregating up to ₹ 15,895.84 million, and inventory provided as collateral aggregating up to ₹ 47,203.43 million.

<sup>(1)</sup> Includes bank guarantees sanctioned as sub-limits of working capital demand loans/cash credit facilities.

For details of our outstanding borrowings as on March 31, 2020, see “Financial Statements” on page 200.

#### **Principal terms of the borrowings availed by us:**

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 loans.

The interest rate/ coupon rate for the facilities availed by our Company typically ranges from 3.75% to 11.85% *per annum*.

2. **Tenor/availability period:** The tenor of the term loans availed by our Company is typically five years. The tenor of the cash credit facilities, working capital demand loans and metal gold loans availed by us typically ranges from 180 days to two years. The credit exposure limit facility availed by us enables the booking of gold forward contracts for a maximum period of six months.

3. **Security:** In terms of our borrowings where security needs to be created, we are typically required to:

- (a) Create charge on the stock and inventory receivables and other current assets of our Company;
- (b) Create charge on movable/ immovable fixed assets of our Company;
- (c) Hypothecate aircrafts owned by our Company;
- (d) Create charge on by way of mortgage on certain immovable properties of the Promoters and certain members of our Promoter Group;
- (e) Furnish personal guarantee from our Promoters and certain members of our Promoter Group; and
- (f) Execute guarantee(s) in relation to certain borrowings of certain of our Subsidiaries.

Further, in terms of the gold metal loans and certain facilities availed by us, we are required to maintain margin in the form, manner and quantum stipulated by the relevant lender. 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. **Penal Interest:** The terms of facilities availed by our Company prescribe penalties for delayed payment or default in the repayment of loans, interest or certain specified obligations, which are as laid down in the facility agreements or may be stipulated by the concerned lender, as the case may be. These include, *inter alia*, breach of financial covenants, delayed submission or non-submission of annual financial statements and stock statements, diversion of funds, delay/failure to obtain external credit rating within stipulated timelines, delay or failure to renew insurance policies/or obtain adequate insurance cover of our assets, *etc.* Further, the default interest payable on the facilities availed by our Company typically ranges from 0.25% to five per cent. *per annum* of the outstanding amount or entire loan.
5. **Prepayment:** The terms of facilities availed by our Company typically have prepayment provisions which allow for pre-payment of the outstanding loan amount on giving notice to the concerned lender, subject to such prepayment penalties as laid down in the facility agreements. Further, the prepayment of one of the term loans availed by our Company from certain lender(s) requires prior consent of such lender(s). The prepayment premium for the facilities availed by our Company is typically between two to three per cent. *per annum* of the amount to be prepaid or the outstanding amount or as specified by the lender at the time of prepayment.
6. **Repayment:** The cash credit facilities are typically repayable on demand, while the working capital demand loans and gold metal loans are typically either repayable on their respective due dates within the maximum tenor or in structured installments. The term loans are typically repayable in structured instalments.

7. **Restrictive covenants:** Our Company, under the financing arrangements availed by it, requires the relevant lender's prior written consent for carrying out certain actions, including:
- (a) effecting any change in capital structure, including change in shareholding of our Promoters;
  - (b) effecting any change in ownership and control, including change in management control;
  - (c) effecting any change in constitution, or dissolution /reconstitution;
  - (d) effecting any change in our practice with regard to remuneration or commission, scale of sitting fee, *etc.*;
  - (e) creating or permitting any company to become its subsidiary;
  - (f) investing in/ lending to or give advances to or extend guarantees or comfort to group/ associate/ subsidiary companies;
  - (g) formulating any scheme of merger, consolidation, amalgamation, reconstruction, takeover, acquisition or revaluating assets;
  - (h) implementing any scheme of expansion, undertake any new project or change in the nature of business;
  - (i) amending the charter documents of our Company;
  - (j) investing whether by way of deposits, loans, or investments in share capital or otherwise; and
  - (k) entering into borrowing arrangements.
8. **Events of default:** Borrowing arrangements entered into by our Company contain standard events of default, including:
- (a) Default in repayment of principal sums of loan;
  - (b) Default in payment of interest;
  - (c) Payment default by our Company or our Subsidiaries on any loan or financial assistance availed;
  - (d) Default in performance of covenants under other agreements;
  - (e) Inadequate furnishment of security;
  - (f) Diversion/siphoning of funds;
  - (g) Failure of our Promoters to fulfil their obligations under the relevant loan documentation;
  - (h) Attachment of or restraint on secured properties by court;
  - (i) Occurrence of extra ordinary circumstances having material adverse affect on security interest, business or financial condition of our Company, ability of our Company to perform obligations under borrowing arrangements;
  - (j) Sale, disposal or removal of any land, building, structures, plant and machinery charged to the relevant lender;
  - (k) Appointment of receiver, liquidator, agent, custodian or other similar officer; and
  - (l) Initiation of winding up proceedings against our Company.

This is an indicative list and there may be additional terms that may amount to an event of default under the various borrowing arrangements entered into by us.

9. **Consequences of events of default:** In terms of our borrowing arrangement for the facilities availed by us, the following, among others, are the consequences of occurrence of events of default, our lenders may:
- (a) Consider appropriate action for revitalizing the distressed assets, in terms of guidelines issued by RBI, including restructuring of loan;
  - (b) Shall have the right to convert whole of the outstanding amount of loan or a part thereof into fully paid-up Equity Shares;
  - (c) Terminate or suspend further access by our Company to use or withdrawal of the loan;
  - (d) Require our Company to make immediate repayment of the outstanding balances;
  - (e) Require acceleration of obligations of Shareholders/ Promoters such as making equity and other contributions;
  - (f) Enforce securities created pursuant to the security documents; and
  - (g) Appoint a nominee director on our Board.

For details of financial and other covenants required to be complied with in relation to our borrowings, see “*Risk Factors – The agreements governing our indebtedness contain conditions and restrictions on our operations,*

*additional financing and capital structure” on page 31.*

### **Purchase advance schemes**

We offer various purchase advance schemes from time to time, such as the ‘Kalyan Akshaya’, ‘Kalyan Sowbhagya’ and ‘Kalyan Dhanvarsha’ schemes. Through these schemes, customers can make monthly instalments over a period of up to 11 months, to purchase jewellery within such period as specified in the scheme (not exceeding 365 days from the commencement of the scheme for each customer). Instalment payments made for our purchase advance schemes are not refundable in cash, but can be used as credits at our stores and may be appropriated towards the purchase of our jewellery. We may also issue gold coins against the consolidated value of the instalments depending on the term of the scheme.

The advances received by us from customers under these schemes, against which the customers have not claimed or purchased jewellery within the time specified in the terms and conditions of these schemes, and which were outstanding as at March 31, 2018, March 31, 2019, and March 31, 2020, respectively, aggregated to ₹ 429.34 million, ₹ 458.81 million and ₹ 429.73 million, respectively.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion is intended to convey the management's perspective on our financial condition and results of operations for Fiscals 2018, 2019 and 2020.*

*Unless otherwise stated, the financial information in this section has been derived from the Restated Consolidated Financial Information included in this Draft Red Herring Prospectus. The Restated Consolidated Financial Information are prepared and presented in accordance with Ind AS, in each case restated in accordance with the requirements of Section 26 of the Companies Act, 2013 read with Rule 4 of Companies (Prospectus and Allotment of Securities) Rules 2014, as amended, the SEBI ICDR Regulations and the Guidance Note on "Reports in Company Prospectus (Revised 2019)" issued by the ICAI (the "Guidance Note").*

*Certain key performance indicators for our India operations included in this section are derived from our Special Purpose Restated Standalone Financial Information included in this Draft Red Herring Prospectus.*

*Ind AS differs in certain respects from Indian GAAP, IFRS and U.S. GAAP and other accounting principles with which prospective investors may be familiar. Please also see "Risk Factors—Significant differences exist between Ind AS and other accounting principles, such as Indian GAAP, IFRS and U.S. GAAP, which may be material to investors' assessments of our financial condition, result of operations and cash flows" on page 51.*

*This discussion contains certain forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, such as the risks set forth in the chapters entitled "Risk Factors" and "Forward Looking Statements" on pages 25 and 23, respectively.*

### Overview

We are one of the largest jewellery companies in India based on revenue as of March 31, 2020, according to the Technopak Report. We were established by our founder and one of our Promoters, Mr. T.S. Kalyanaraman, who has over 45 years of retail experience, of which over 25 years is in the jewellery industry. We started our jewellery business in 1993 with a single showroom in Thrissur, Kerala.

We have since expanded to become a pan-India jewellery company, with 107 showrooms located across 21 states and union territories in India, and also have an international presence with 30 showrooms located in the Middle East as of June 30, 2020. All of our showrooms are operated and managed by us. In Fiscal 2020, our revenue from operations was ₹101,009.18 million, of which 78.19% was from India and 21.81% was from the Middle East. Our total showrooms have increased from 77 as of March 31, 2015 to 137 showrooms as of June 30, 2020, and we intend to continue to open additional showrooms as we expect significant opportunity for further penetration in our existing markets as well as in new markets, primarily in India. We also sell jewellery through our online platform at [www.candere.com](http://www.candere.com).

We design, manufacture and sell a wide range of gold, studded and other jewellery products across various price points ranging from jewellery for special occasions, such as weddings, which is our highest-selling product category, to daily-wear jewellery. In Fiscal 2020, 74.77% of our revenue from operations was from the sale of gold jewellery, 23.36% was from the sale of studded jewellery (which includes diamonds and precious stones), and 1.87% was from the sale of other jewellery.

*Hyperlocal Jeweller:* One of our key competitive strengths is our ability to operate as a hyperlocal jewellery company. We endeavour to cater to our customers' unique preferences, which often vary significantly by geography and micro market, through our local market expertise and region-specific marketing strategy and advertising campaigns. We engage local artisans to manufacture jewellery (based on our specifications) that is suited to local tastes in the markets in which we operate and hence endeavour to curate a localised product mix and store experience within each of our showrooms to suit our customers' preferences in the immediate micro market. We believe that it is in large part due to some of these strategies, as well as our ability to operate as a hyperlocal jewellery company, that has enabled us to become one of only the few pan-India jewellery companies, according to the Technopak Report.

*Trusted Jewellery Brand:* We pride ourselves on being a trusted jeweller and have endeavoured to establish a strong brand that our customers associate with trust and transparency. According to the Technopak Report, we

were one of the first jewellery companies in India to voluntarily have all of our jewellery BIS hallmarked as well as accompanied by a detailed pricing tag disaggregating the various components of price to aid transparency to consumers. These initiatives, along with our carefully crafted customer education and awareness campaigns around the lack of transparency historically prevalent in the Indian jewellery industry, have helped build the strength of our brand and enabled us to develop a loyal customer base. We were awarded the Superbrands title of being 'India's most preferred jewellery brand in Fiscal 2020'.

*“My Kalyan” Neighbourhood Centres:* Our grassroots “My Kalyan” customer outreach and service centre network is another key element of our hyperlocal strategy which enables us to be a neighbourhood jeweller and is focused on marketing and customer engagement across urban, semi-urban and rural areas in India. Our “My Kalyan” network consists of multiple service centres that are located in a wide radius around most of our showrooms. We employ dedicated “My Kalyan” personnel at these service centres who engage in door-to-door and other direct marketing efforts within their local communities to promote our brand, showcase our product catalogue, enroll customers in our purchase advance schemes, enrich our customer database and help drive traffic to our showrooms nearest to that area. As of June 30, 2020, we had 761 “My Kalyan” locations and 2,338 dedicated “My Kalyan” employees. Since wedding-related jewellery is our highest-selling product category, “My Kalyan” employees build relationships with various players in the wedding ecosystem such as local marriage halls, astrologers, caterers, event managers, make-up artists and other wedding vendors to identify potential jewellery customers as leads who are likely to purchase our products given the imminence of special occasions within their extended families, in order to target them with tailored offerings and promotions. Through strategies such as these, we endeavour to connect and engage with over 10 million potential customers each year through our “My Kalyan” network. Our “My Kalyan” network contributed 17.02% of our revenue from operations in India and 30.88% of the enrolment to our purchase advance schemes in India in Fiscal 2020. We believe our “My Kalyan” network and strategy is a unique pillar of our business which significantly enhances our distribution footprint in a manner which is difficult for our peers to easily replicate and enables us to access India's large pool of jewellery customers across urban, semi-urban and rural markets.

*Information Technology:* We have built robust information technology and operational management systems for our operations. These systems are specific to our business needs to ensure best-in-class standards of controls and operational efficiency. We particularly regard the implementation of our policies concerning inventory management and the mitigation of gold price fluctuations as critical to the success of our business. Additionally, we consider investments in technology to be a key enabler of our growth and have invested in building various technology platforms, particularly in our “My Kalyan” operations, to support our customer acquisition activities. We also plan to leverage the “near me searches” technology through which we are able to make our “My Kalyan” centres and showrooms discoverable across internet searches and allow our customers to contact a showroom or “My Kalyan” centre closest to them seamlessly.

*Promoters and Management:* We are led by a management team with extensive experience in the jewellery and retail industries and with a proven track record of performance. Our Company was founded by our Chairman, Managing Director and Promoter, Mr. T.S. Kalyanaraman, who has over 45 years of retail experience, of which over 25 years is in the jewellery industry. We are led by our whole-time Directors and Promoters, Mr. T.K. Seetharam and Mr. T.K. Ramesh, who have been involved in our business since our Company's inception and oversee the development of our business strategy. We have built an experienced team of senior management professionals, led by our Chief Executive Officer, Mr. Sanjay Raghuraman who joined our Company in 2012 when we were only present in South India and has been a key figure in our geographical expansion and evolution into a pan-India business. Mr. Raghuraman is supported by a strong and experienced team of cross-functional professionals across senior and middle level management.

*Board of Directors and Shareholders:* We are supported by an experienced board of directors with diversified expertise which actively contributes to and participates in our strategy. Our Board consists of eminent personalities from varied fields such as banking and finance, retail, marketing and regulatory bodies and includes the former CEO of Shoppers Stop, former CEO of L&K Saatchi & Saatchi, the former Deputy Governor of the RBI, as well as former leaders of well-reputed banking institutions such as Catholic Syrian Bank, Indian Overseas Bank and State Bank of Travancore. Furthermore, our shareholders include Highdell, belonging to the Warburg Pincus group.

## **Principal Factors Affecting Our Financial Condition and Results of Operations**

Our financial condition and results of operations are affected by numerous factors and uncertainties, including those discussed in the section titled “Risk Factors” beginning on page 25. The following is a discussion of

certain factors that have had, and we expect will continue to have, a significant effect on our financial condition and results of operations.

#### ***Ability to profitably expand our showroom network and our “My Kalyan” network***

Our results of operations are dependent on the number, size and location of, and sales from, our showrooms. We have expanded our showroom network from 77 showrooms as of March 31, 2015 to 137 showrooms as of June 30, 2020, and the expansion of our network has been a significant factor in our overall sales volume and profitability growth in recent years. Over the past five years, we have expanded at an average rate of 12 showrooms every year. We intend to continue to open additional showrooms as we expect significant opportunity for further penetration in our existing markets as well as in new markets within India.

Our “My Kalyan” network has been a critical tool in boosting the sales of our showrooms and increasing enrolments in our purchase advance schemes. As of June 30, 2020, we had 761 “My Kalyan” locations and 2,338 dedicated “My Kalyan” employees. Through our “My Kalyan” network, we endeavour to connect and engage with over 10 million potential customers each year. We intend to continue leveraging our extensive “My Kalyan” network in markets in which we operate and expand our “My Kalyan” network in tandem with our showroom footprint to help increase customer traffic to our showrooms.

Our ability to profitably expand our showroom network and “My Kalyan” network is dependent on our ability to efficiently manage our corresponding increase in expenditures. Operating new showrooms and “My Kalyan” centres entail additional operational costs, including that of employees and rental expense for leased space. However, our primary investment in new showrooms consists of inventory, which by principally consisting of gold and diamonds, generally does not suffer from obsolescence and can be easily transferred to other showrooms or converted to alternative products, reducing the overall risk inherent in opening new showrooms.

Our showroom expansion efforts also entail incurring marketing and promotional expenses for new showrooms in the relevant new markets that we enter. In the past, while expanding in certain new markets we had opened multiple showrooms on the same day in order to increase the impact of our promotional campaigns in certain regions and to efficiently manage our showroom opening costs. As we further penetrate into markets that we have already entered, we expect to be able to leverage our previously made investments in marketing and corporate overheads towards new showrooms.

We plan to open additional showrooms and “My Kalyan” centres going forward, and the success of our new showrooms is subject to a number of factors, including our ability to secure optimal locations for showrooms and “My Kalyan” centres and to obtain leases on favourable terms.

#### ***Maintaining our brand image and catering to changing consumer preferences***

We derive substantially all of our revenue from sales of jewellery products, which depends significantly on the strength and reputation of our brand. We attribute the strength and reputation of our brand to our historical ability to provide customers with transparency in the purchase process and pricing of jewellery and create a positioning of trust and transparency in the minds of our customers. We strive to appeal to a broad base of customers with a multifaceted localisation strategy, which we implement by endeavouring to understand the local market preferences and trends in the geographies in which we operate and offering a range of jewellery products in our showrooms that are tailored to such tastes. We undertake numerous marketing initiatives to promote our brand image, including efforts through our “My Kalyan” network, engaging in national and regional advertising campaigns and partnering with celebrities and local influencers to serve as brand ambassadors in the specific markets in which we operate. For Fiscals 2020, 2019 and 2018, our expenses for advertising and other marketing costs represented 2.79%, 3.04% and 2.93% of our total revenue from operations for such periods, respectively. We believe that we have built a trusted brand with a high recall value and strive to maintain it through impactful communication via our long-standing associations with marquee national, regional and local brand ambassadors, who communicate the salient aspects of our brand. For further details on our marketing and promotion efforts, see “*Our Business – Marketing and Promotion*” on page 141.

The jewellery industry is subject to shifting consumer preferences and more specifically, jewellery preferences often vary significantly by region within India. In order to compete effectively in our industry, we must be able to identify and respond to shifting consumer demands and preferences as well as variations in preferences by region. For example, India has experienced a significant increase in demand for studded jewellery in recent years according to the Technopak Report. Accordingly, we have adapted our inventory and merchandising

strategy to provide a wider range of studded jewellery items and continue to increase our mix of studded jewellery going forward. Our revenue from studded jewellery on a consolidated basis has increased from 20.65% of our revenue from operations in Fiscal 2018 to 23.36% of our revenue from operations in Fiscal 2020. Being able to adapt to this and other changes in our customers' preferences is an important factor in our operational and financial performance.

Recognizing early the powerful potential of engaging customers online, we invested and acquired a majority stake in Enovate Lifestyles Private Limited and its online platform, [www.candere.com](http://www.candere.com). Through this online platform our customers can purchase a wide variety of jewellery under the Candere and Kalyan brands, and our purchase advance schemes. Our online platform offers us another distribution channel to reach customers and potentially drive further traffic to our showrooms. Revenues from online sales as a percentage of our revenue from operations on a consolidated basis increased from 0.12% in Fiscal 2018 to 0.55% in Fiscal 2020. See “*Our Business – Sales Operations – Online Sales*” on page 141.

### ***Product mix and pricing***

Changes in the relative mix of gold jewellery, studded jewellery and other jewellery products have had and will continue to have an impact on our financial condition and results of operations.

According to the Technopak Report, India has experienced a significant increase in demand for studded jewellery in recent years. Moreover, jewellery preferences often vary by region in India and certain regions in which we have expanded meaningfully in recent years, particularly outside South India, have relatively higher consumer requirements for studded jewellery.

Studded jewellery typically has a higher gross margin profile than gold jewellery. We are focused on increasing the sales of our studded jewellery as a proportion of our overall sales and we expect this trend to continue.

The products in our showrooms generally have a predetermined making charge or value-added charge, although sales staff have some limited discretion to offer customers discounts based on preapproved discounts programmed in our inventory software. Our jewellery prices are programmed directly into our central ERP system and are primarily based on our costs of production, including the costs of raw materials and production costs. Our jewellery prices also reflect applicable taxes as well as general market demands and price trends. The price of the underlying gold component of our jewellery is based on prevailing market rates, accounting for the global market gold price (which is generally quoted in U.S. Dollars) and the relative value of the Indian Rupee (or local currencies in our Middle East operations). Our production charges and margins are determined by our senior management team in consultation with regional management.

### ***Competition***

Kalyan Jewellers is one of only the few pan-India jewellery companies in India, according to Technopak Report. The Indian retail jewellery industry has largely been fragmented and unorganised, according to the Technopak Report. We face competition from multiple competitors at a regional and local level in the markets in which we operate, apart from also competing with Titan (Tanishq) at the national level. Success of our operations depends on our ability to effectively compete, including by continuing to differentiate our brand and products from competition by maintaining our brand perception centred around the values of trust and transparency and also by continuing to localise our product assortment and marketing campaigns to cater to local preferences in the markets in which we operate. For further details, see “*Business – Competition*” on page 143.

### ***Economic conditions in the markets in which we operate***

Our results of operations are dependent on the overall economic conditions in the markets in which we operate. Any slowdown in these economies, including due to a global economic slowdown or changes in interest rates, government policies or taxation, social and civil unrest, pandemics and political, economic or other developments could adversely affect our business and results of operations. Even though there are many factors that affect levels of consumer confidence and spending, demand for jewellery can be relatively inelastic in our markets as it is often purchased for wedding-related, religious, cultural and sentimental reasons.

### ***Critical Accounting Policies***

#### ***Basis of preparation and presentation***

The Restated Consolidated Financial Information comprises the Restated Consolidated Statement of Assets and Liabilities as at March 31, 2020, 2019, and 2018, the Restated Consolidated Statement of Profit and Loss (including other comprehensive income), the Restated Consolidated Statement of Changes in Equity, the Restated Consolidated Statement of Cash Flows for the years ended March 31, 2020, 2019, and 2018, the Summary Statement of Significant Accounting Policies, and other explanatory information as approved by the Board of Directors of the Company at their meeting held on August 20, 2020 for the purpose of inclusion in the Draft Red Herring Prospectus prepared by our Company in connection with its proposed initial public offering prepared in terms of the requirements of:

- Section 26 of Part I of Chapter III of the Companies Act, 2013 (the “Act”);
- SEBI ICDR Regulations; and
- the Guidance Note.

The Restated Consolidated Financial Information have been prepared so as to contain information/disclosures and incorporating adjustments as per Note 38 to the information compiled by the management from audited consolidated Ind AS financial statements as at and for the years ended March 31, 2020, 2019 and 2018, prepared in accordance with 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 meetings held on July 13, 2020, September 24, 2019 and July 26, 2018 respectively and the Restated Consolidated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of approval by the Board of Directors

#### *Statement of compliance*

The Restated Consolidated Financial Information have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 read with section 133 of the Companies Act, 2013. The Restated Consolidated Financial Information have been prepared on accrual basis under the historical cost convention except for the certain financial instruments that are measured at fair values as required by relevant Ind AS: (a) certain financial assets and liabilities (including derivative instruments); (b) defined employee benefit plans - plan assets are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

#### *Basis of Consolidation*

The Restated Consolidated Financial Information incorporate the financial statements of our Company and entities controlled by our Company (its subsidiaries). Control exists when the parent has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity’s returns. Subsidiaries are Restated Consolidated from the date control commences until the date control ceases.

The financial statements of subsidiaries are Restated Consolidated on a line-by-line basis and intra-group balances and transactions including un-realised gain/loss from such transactions are eliminated upon consolidation. The financial statements are prepared by applying uniform policies we use.

The subsidiary companies which are included in the consolidation and our Company’s holdings therein are as under:

Name of the Company	Relationship	Country of Incorporation	Ownership held by	Ownership interest		
				March 31, 2020	March 31, 2019	March 31, 2018
Enovate Lifestyles Private Limited	Subsidiary	India	Kalyan Jewellers India Limited	77%	64.78%	-
Kalyan Jewellers FZE,	Subsidiary	UAE	Kalyan Jewellers India	100%	100%	100%



Name of the Company	Relationship	Country of Incorporation	Ownership held by	Ownership interest		
				March 31, 2020	March 31, 2019	March 31, 2018
UAE			Limited			
Kalyan Jewelers, Inc., USA	Subsidiary	United States	Kalyan Jewelers India Limited	100%	100%	-
Kalyan Jewelers LLC, UAE	Step down subsidiary	UAE	Kalyan Jewelers FZE, UAE	100%	100%	100%
Kalyan Jewelers for Golden Jewelry Company, W.L.L, Kuwait	Step down subsidiary	Kuwait	Kalyan Jewelers LLC, UAE	100%	100%	100%
Kalyan Jewelers LLC, Qatar	Step down subsidiary	Qatar	Kalyan Jewelers LLC, UAE	100%	100%	100%
Kalyan Jewelers LLC, Oman	Step down subsidiary	Oman	Kalyan Jewelers FZE, UAE	100%	100%	100%
Kenouz Al Sharq Gold Ind. LLC, U.A.E	Step down subsidiary	UAE	Kalyan Jewelers LLC, UAE	100%	100%	100%
Kalyan Jewelers Bahrain W.L.L., Bahrain*	Step down subsidiary	Bahrain	Kalyan Jewelers FZE, UAE	100%	-	-

\*Kalyan Jewelers Bahrain W.L.L., Bahrain, is in the process of incorporation and inter alia awaits alia regulatory approvals for its incorporation and commencement of operations

The Restated Consolidated Financial Information prepared by Kalyan Jewelers FZE, UAE includes 100% of the assets, liabilities and results of operations of its following subsidiaries, reflecting its controlling and beneficial equity interest in the subsidiaries through agreement with legal owners:

Name of the Company	Place of registration and operation	Ownership %	Control and beneficial interest %	Principal Activity
Kalyan Jewelers LLC, UAE	Dubai, UAE	49	100	Trading in jewellery, watches and perfumes
Kalyan Jewelers for Golden Jewelry Company, W.L.L., Kuwait	Kuwait	49	100	Trading in jewellery, watches and perfumes
Kalyan Jewelers LLC, Qatar	Doha, Qatar	49	100	Trading in jewellery, watches and perfumes
Kalyan Jewelers LLC, Oman	Oman	70	100	Trading in jewellery, watches and perfumes
Kenouz Al Sharq Gold Ind. LLC, UAE	Sharjah, UAE	49	100	Manufacturing of jewellery
Kalyan Jewelers Bahrain W.L.L., Bahrain*	Bahrain	49	100	Trading in jewellery, watches and perfumes

\*Kalyan Jewelers Bahrain W.L.L., Bahrain, is in the process of incorporation and inter alia awaits regulatory approvals for its incorporation and commencement of operations

The financial statements of the subsidiary companies which are included in the consolidation are drawn upto the same reporting date as that of the Company i.e. March 31, 2020, 2019 and 2018. The financial statements of the subsidiaries included in consolidation are audited except Kalyan Jewelers, Inc.,USA and Kalyan Jewelers Bahrain W.L.L. for the year March 31, 2020.

#### Use of Estimates and Judgments

The preparation of Restated Consolidated Financial Information 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 statements. 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.

- *Useful lives of property, plant and equipment:* Our 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:* We measure 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.

### ***Revenue Recognition***

Revenue is recognised upon transfer of control of promised goods or services to customers in an amount that reflects the consideration we expect to receive in exchange for those goods or services.

- *Sale of goods:* Revenue from the sale of products is recognised at the point in time when control is transferred to the customer. Revenue is measured based on the transaction price, which is the consideration, net of customer incentives, discounts, variable considerations, payments made to customers, 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 us 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.

### ***Hedge accounting***

We designate certain hedging instruments as fair value hedges/cash flow hedges. At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. The use of derivative financial instruments is governed by our policies approved by the Board of Directors, which provide written principles on the use of such instruments consistent with our risk management strategy. Furthermore, at the inception of the hedge and on an ongoing basis, our documents whether the hedging instrument is highly effective in offsetting changes in fair values of the hedged item attributable to the hedged risk.

*Fair value hedges:* Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in statement of profit and loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

*Cash flow hedges:* Derivative financial instruments to manage risks associated with gold price fluctuations relating to certain highly probable forecasted transactions, foreign currency fluctuations relating to certain firm commitments fall under the category of cash flow hedges. We have designated derivative financial instruments taken for gold price fluctuations as cash flow hedges relating to highly probable forecasted transactions.

Hedging instruments are initially measured at fair value, and are re-measured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised in other comprehensive income and accumulated under the heading hedging reserve and the ineffective portion is recognised immediately in the statement of profit and loss. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in hedging reserve is retained until the forecast transaction occurs upon which it is recognised in the statement of profit and loss. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss accumulated in hedging reserve is recognised immediately to the statement of profit and loss. We have designated derivative financial instruments taken for gold price fluctuations as cash flow hedges relating to highly probable forecasted transactions under the previous GAAP. On the transition date to Ind AS, we assessed that all the designated hedging relationship qualifies for hedge accounting under Ind AS 109. Consequently, we continue to apply hedge accounting on and after the date of transition date to Ind AS.

### ***Leases***

Our 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, 2017. We recognise a right-of-use asset and a lease liability at the lease commencement date. 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 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 estimate of the amount expected to be payable under a residual value guarantee, or if we change our 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. We have 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. We recognise the lease payments associated with these leases as an expense over the lease term.

### ***Foreign currencies***

In preparing the Restated Financial Statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised 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.

### ***Employee Benefits***

We participate in various employee benefit plans. Post-employment benefits are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan, our only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks fall on the employee. The expenditure for defined contribution plans is recognised as expense during the period when the employee provides service. Under a defined benefit plan, it is our obligation to provide agreed benefits to the employees. The related actuarial risks fall on us. The present value of the defined benefit obligations is calculated using the projected unit credit method.

- *Short-term employee benefits:* All short-term employee benefits such as salaries, wages, bonus, and other benefits which fall within 12 months of the period in which the employee renders related services which entitles them to avail such benefits and non-accumulating compensated absences are recognised on an undiscounted basis and charged to the statement of profit and loss. A liability is recognised for benefits

accruing to employees in respect of wages and salaries in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

- *Defined contribution plan:* Our contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.
- *Defined benefit plan:* In accordance with the Payment of Gratuity Act, 1972, we provide for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with us. The gratuity fund is unfunded. Our obligation in respect of the gratuity plan, which is a defined benefit plan, is provided for based on actuarial valuation using the projected unit credit method. Actuarial gains or losses are recognised in other comprehensive income. Further, the profit or loss does not include an expected return on plan assets. Instead net interest recognised in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognised as part of re-measurement of net defined liability or asset through other comprehensive income.

Remeasurement, comprising actuarial gains and losses is reflected immediately in the balance sheet with charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected in retained earnings and is not reclassified to the statement of profit and loss.

### **Inventories**

Inventories other than quantities of gold for which the price is yet to be determined with the suppliers (Unfixed gold) are stated at the lower of cost and net realizable value. In respect of gold, cost is determined on first-in-first-out basis, for silver cost is determined on annual weighted average basis and in respect of studded jewellery is determined on specific identification basis. Unfixed gold is valued at the gold prices prevailing on the period closing date. Cost comprises all costs of purchase including duties and taxes (other than those subsequently recoverable by us), freight inwards and other expenditure directly attributable to acquisition. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

### **Summary Results of Operations**

The following table sets forth select financial data from our restated consolidated statement of profit and loss for Fiscals 2020, 2019 and 2018, the components of which are also expressed as a percentage of total income for such periods.

	<b>Fiscal</b>					
	<b>2020</b>		<b>2019</b>		<b>2018</b>	
	<i>(₹ in millions, except percentages)</i>					
Revenue from operations .....	101,009.18	99.21%	97,707.62	99.56%	105,479.48	99.70%
Other Income .....	800.98	0.79%	432.67	0.44%	322.51	0.30%
<b>Total income .....</b>	<b>101,810.16</b>	<b>100%</b>	<b>98,140.29</b>	<b>100%</b>	<b>105,801.99</b>	<b>100%</b>
<b>Expenses</b>						
Cost of sales.....	83,917.67	82.43%	81,983.44	83.54%	88,016.97	83.19%
Excise duty on sale of goods .....	-	-	-	-	219.32	0.21%
Employee benefits expense.....	3,572.26	3.51%	3,814.01	3.89%	3,687.37	3.49%
Finance costs .....	3,803.15	3.74%	3,790.56	3.86%	3,491.81	3.30%
Depreciation and amortisation expense .....	2,391.66	2.35%	2,236.20	2.28%	2,020.28	1.91%
Other expenses.....	5,916.55	5.81%	6,106.80	6.22%	6,228.33	5.89%
<b>Total expenses .....</b>	<b>99,601.29</b>	<b>97.83%</b>	<b>97,931.01</b>	<b>99.79%</b>	<b>103,664.08</b>	<b>97.98%</b>
<b>Restated Profit before tax .....</b>	<b>2,208.87</b>	<b>2.17%</b>	<b>209.28</b>	<b>0.21%</b>	<b>2,137.91</b>	<b>2.02%</b>
<b>Tax Expense</b>						
Current tax.....	591.30	0.58%	204.43	0.21%	753.67	0.71%

	Fiscal					
	2020		2019		2018	
	<i>(₹ in millions, except percentages)</i>					
Deferred tax .....	194.82	0.19%	53.49	0.05%	(25.73)	(0.02)%
<b>Total tax expense .....</b>	<b>786.12</b>	<b>0.77%</b>	<b>257.92</b>	<b>0.26%</b>	<b>727.94</b>	<b>0.69%</b>
<b>Restated Profit/(Loss) for the year ...</b>	<b>1,422.75</b>	<b>1.40%</b>	<b>(48.64)</b>	<b>(0.05)%</b>	<b>1,409.97</b>	<b>1.33%</b>
Owners of the Company .....	1,429.96	1.40%	(36.06)	(0.04)%	1,423.74	1.35%
Non-controlling interests .....	(7.21)	(0.01)%	(12.58)	(0.01)%	(13.77)	(0.01)%
<b>Other comprehensive income</b>						
Items that will not be reclassified to profit or loss						
(a) Remeasurement of employee defined benefit plans.....	(10.18)	(0.01)%	4.87	0.00%	(74.56)	(0.07)%
(b) Income tax on (a) above.....	(6.67)	(0.01)%	(1.70)	0.00%	25.81	0.02%
(c) Effective portion of gain and loss on designated portion of hedging instruments in a cash flow hedge .....	59.95	0.06%	449.27	0.46%	(509.21)	(0.48)%
(d) Income tax on (c) above.....	(19.85)	(0.02)%	(156.39)	(0.16)%	176.24	0.17%
<b>Total restated comprehensive income for the year</b>	<b>1,446.00</b>	<b>1.42%</b>	<b>247.42</b>	<b>0.25%</b>	<b>1,028.25</b>	<b>0.97%</b>
Owners of the Company .....	1,453.21	1.43%	260.00	0.26%	1,042.02	0.98%
Non-controlling interests .....	(7.21)	(0.01)%	(12.58)	(0.01)%	(13.77)	(0.01)%
<b>Earnings per equity share of face value of ₹10/-</b>						
Basic .....	1.70	-	(0.04)	-	1.70	-
Diluted.....	1.49	-	(0.04)	-	1.51	-

## Principal Components of Statement of Profit and Loss

### Income

Our total income comprises revenue from operations and other income. Our revenue from operations primarily consists of revenue from the sale of gold, studded and other jewellery that we manufacture at our own facilities or through third-party contractors in India and the Middle East. Our other income primarily consists of recurring revenue from gains on foreign currency transactions and translations. Our miscellaneous income primarily includes income from subscriptions to Kalyan Matrimony, our online matchmaking website.

### Expenses

Our expenses primarily consist of the cost of materials for manufacturing our products. Primarily, our materials include gold and studded gems that we procure from our suppliers, as well as other ancillary products. We also incur employee benefit expenses which primarily consist of salaries and wages paid to our employees and employee-related benefits. Our expenses also include finance costs which primarily consist of interest expenses related to our borrowings, and depreciation and amortization expense on our tangible and intangible assets. As part of our other expenses, we incur advertising expenses and sales promotion expenses, as well as expenses for travelling and conveyance, repairs and maintenance and lease rentals. Our tax expense consists of current tax and deferred tax. Our miscellaneous expenses primarily includes office administrative expenses.

## Fiscal 2020 Compared to Fiscal 2019

### Income

Our total income increased by 3.74% to ₹101,810.16 million for Fiscal 2020 from ₹98,140.29 million for Fiscal 2019, primarily due to an increase in our revenue from operations in Fiscal 2020 compared to Fiscal 2019.

Our revenue from operations increased by 3.38% to ₹101,009.18 million for Fiscal 2020 from ₹97,707.62 million for Fiscal 2019 primarily due to an increase in gold and studded jewellery sold by us. This was driven primarily by an increase in jewellery sold at our existing showrooms and partially from jewellery sold at the seven new showrooms that we opened during Fiscal 2020. A majority of our revenue for Fiscal 2020 came from our operations in India, which increased by 5.61% to ₹78,979.11 million for Fiscal 2020 from ₹74,786.26

million for Fiscal 2019. However, our revenue in Fiscal 2020 was adversely impacted towards the end of Fiscal 2020 as we had to temporarily close all our showrooms in India and in the Middle East in mid-March 2020 due to government mandated lockdowns in response to COVID-19.

Our other operating revenue also increased by 97.93% to ₹728.44 million in Fiscal 2020 from ₹368.03 million in Fiscal 2019, primarily due to a mark-to-market gain in Fiscal 2020.

Our other income increased by 85.12% to ₹800.98 million for Fiscal 2020 from ₹432.67 million for Fiscal 2019, partially due to a gain from renegotiated favourable lease terms during Fiscal 2020 for some of our showrooms and “My Kalyan” centres.

### ***Expenses***

Our total expenses marginally increased by 1.71% to ₹99,601.29 million for Fiscal 2020 from ₹97,931.01 million for Fiscal 2019, primarily due to an increase in our cost of sales. However, as a percentage of total income our total expenses decreased by 1.96% in Fiscal 2020 compared to Fiscal 2019 as we were able to increase margins across our product lines and proactively rationalise our expenses across several key heads, including employee benefit expenses, advertising and sales promotion expenses and rental costs.

#### ***Cost of Sales***

Our cost of sales marginally increased by 2.36% to ₹83,917.67 million for Fiscal 2020 from ₹81,983.44 million for Fiscal 2019 in line with an increase in gold and studded jewellery sold by us. As a percentage of total income our cost of sales decreased by 1.11% in Fiscal 2020 compared to Fiscal 2019, primarily given our strategic decision to increase margins across our product lines.

#### ***Employee Benefit Expense***

Our employee benefit expense decreased by 6.34% to ₹3,572.26 million for Fiscal 2020 from ₹3,814.01 million for Fiscal 2019, primarily due to proactive cost-saving measures to decrease overall headcount, increase employee productivity and optimise our employee incentivization plans for employees within our showrooms. As a result, we recorded a decrease in salaries and wages and employee benefits expenses in Fiscal 2020 compared to Fiscal 2019.

#### ***Finance Costs***

Our finance costs marginally increased by 0.33% to ₹3,803.15 million for Fiscal 2020 from ₹3,790.56 million for Fiscal 2019.

#### ***Depreciation and Amortisation Expense***

Our depreciation and amortisation expense increased by 6.95% to ₹2,391.66 million for Fiscal 2020 from ₹2,236.20 million for Fiscal 2019, primarily due to additions made to our property, plant and equipment.

#### ***Other Expenses***

Our other expenses decreased by 3.12% to ₹5,916.55 million for Fiscal 2020 compared to ₹6,106.80 million for Fiscal 2019 as we were able to proactively rationalise our expenses in Fiscal 2020. As a result, there was a decrease in our advertisement expenses, sales and promotion costs, power and fuel costs, travelling and conveyance expenses, among others, in Fiscal 2020 compared to Fiscal 2019.

#### ***Tax Expense***

Our current tax expense increased by 189.24% to ₹591.30 million for Fiscal 2020 from ₹204.43 million for Fiscal 2019, primarily due to an increase in our taxable income. In addition, we experienced an increase in our deferred tax during Fiscal 2020, primarily due to a change in the statutory tax rate applicable to some companies in India, including us, during Fiscal 2020.

#### ***Restated Profit for the year***

As a result of the foregoing factors, our profit for Fiscal 2020 increased to ₹1,422.75 million from a loss of ₹48.64 million for Fiscal 2019.

## **Fiscal 2019 Compared to Fiscal 2018**

### ***Income***

Our total income decreased by 7.24% to ₹98,140.29 million for Fiscal 2019 from ₹105,801.99 million for Fiscal 2018, primarily due to a decrease in the revenue from operations in Fiscal 2019 compared to Fiscal 2018.

Our revenue from operations decreased by 7.37% to ₹97,707.62 million for Fiscal 2019 from ₹105,479.48 million for Fiscal 2018 primarily due to a decrease in the gold and studded jewellery sold by us. A majority of our revenue for Fiscal 2019 came from our operations in India, which decreased by 10.04% to ₹74,786.26 million for Fiscal 2019 from ₹83,132.35 million for Fiscal 2018.

The primary factor impacting our revenue from operations in Fiscal 2019 was a decline in revenue from our showrooms, specifically the portion of revenue that was attributable to our “My Kalyan” network. This was largely due to a temporary shift in strategy relating to our “My Kalyan” network. Our grassroots “My Kalyan” customer outreach network consists of multiple service centres that are located in a wide radius around most of our showrooms where we employ dedicated personnel who engage in door-to-door and other direct marketing efforts within their local communities to, amongst other initiatives, help drive traffic to our showrooms. At the beginning of Fiscal 2019, we attempted to institute a new initiative of directly selling jewellery via these “My Kalyan” centres for the first time in an effort to use the existing “My Kalyan” infrastructure as a tool for direct sales in addition to their pre-existing function of directing traffic towards our showrooms. However, this shift in strategy, while resulting in the constitution of a new revenue stream, resulted in a significant decrease in customer traffic to our showrooms as a result of our “My Kalyan” personnel’s bandwidth being constrained given their increased responsibilities, hence detracting from their previous activities. This resulted in a significant decrease in revenues attributable to the “My Kalyan” network in our main showrooms in Fiscal 2019. Our management has since taken the strategic step to discontinue selling jewellery directly through our “My Kalyan” centres and resumed the prior successful strategy. We believe this shift in strategy has benefited us in Fiscal 2020.

Our revenue from operations also decreased in Fiscal 2019 as a result of severe floods in South India in August 2018 which affected customer traffic to our showrooms in the region for approximately 15 days. This period coincided with a festival season in South India, during which sales are typically high.

Our other operating revenue also decreased by 56.90% to ₹368.03 million for Fiscal 2019 from ₹853.89 million for Fiscal 2018, partially due to a decrease in supplier discounts.

Our other income increased by 34.16% to ₹432.67 million for Fiscal 2019 from ₹322.51 million for Fiscal 2018, primarily due to a net gain on foreign currency transactions and translations.

### ***Expenses***

Our total expenses decreased by 5.53% to ₹97,931.01 million for Fiscal 2019 from ₹103,664.08 million for Fiscal 2018, primarily due to a decrease in the cost of sales.

#### ***Cost of Sales***

Our cost of sales decreased by 6.85% to ₹81,983.44 million for Fiscal 2019 from ₹88,016.97 million for Fiscal 2018 in line with a decrease in the sale of gold and studded jewellery.

#### ***Excise duty on sale of goods***

Our excise duty on sale of goods decreased to nil for Fiscal 2019 from ₹219.32 million for Fiscal 2018, primarily due a regulatory change in India where excise duty paid on sale of goods was replaced with a goods and services tax regime.

#### ***Employee Benefit Expense***

Our employee benefit expense increased by 3.43% to ₹3,814.01 million for Fiscal 2019 compared to ₹3,687.37 million for Fiscal 2018, primarily due to an increase in our overall headcount causing an increase in our salaries and wages and employee welfare expenses.

#### *Finance Costs*

Our finance costs increased by 8.56% to ₹3,790.56 million for Fiscal 2019 from ₹3,491.81 million for Fiscal 2018, primarily due to an increase in our overall borrowings.

#### *Depreciation and Amortisation Expense*

Our depreciation and amortisation expense increased by 10.69% to ₹2,236.20 million for Fiscal 2019 from ₹2,020.28 million for Fiscal 2018, primarily due to additions made to our property, plant and equipment.

#### *Other Expenses*

Our other expenses decreased by 1.95% to ₹6,106.80 million for Fiscal 2019 compared to ₹6,228.33 million for Fiscal 2018 as we were able to proactively rationalise our expenses in Fiscal 2019. As a result, there was a decrease in our sales and promotion costs, bank charges and repairs and maintenance expenses, among others, in Fiscal 2019 compared to Fiscal 2018.

#### *Tax Expense*

Our tax expense decreased by 64.57% to ₹257.92 million for Fiscal 2019 from ₹727.94 million for Fiscal 2018, primarily due to a decrease in current taxes paid in Fiscal 2019 and a decrease in our taxable profit for Fiscal 2019.

#### ***Restated Profit/(Loss) for the year***

As a result of the foregoing factors, we had a restated loss of ₹48.64 million for Fiscal 2019 compared to a profit of ₹1,409.97 million for Fiscal 2018.

#### **Key Performance Indicators and Certain Non-GAAP Measures**

In evaluating our business, we consider and use certain non-GAAP financial measures and key performance indicators that are presented below as supplemental measures to review and assess our operating performance. The presentation of these non-GAAP financial measures and key performance indicators are not intended to be considered in isolation or as a substitute for the Restated Consolidated Financial Information and the Special Purpose Restated Standalone Financial Information. We present these non-GAAP financial measures and key performance indicators because they are used by our management to evaluate our operating performance. These non-GAAP financial measures are not defined under Ind AS and are not presented in accordance with Ind AS. The non-GAAP financial measures and key performance indicators have limitations as analytical tools. Further, these non-GAAP financial measures and key performance indicators may differ from the similar information used by other companies, including peer companies, and hence their comparability may be limited. Therefore, these matrices should not be considered in isolation or construed as an alternative to Ind AS measures of performance or as an indicator of our operating performance, liquidity, profitability or results of operation.

#### ***EBITDA and EBITDA Margin***

EBITDA is defined as our profit/loss before tax less other income before finance cost and depreciation and amortisation. Profit/loss before tax margin is defined as profit/loss before tax divided by revenue from operations. EBITDA margin is defined as our EBITDA as a percentage of revenue from operations.

The following table reconciles our profit/loss before tax (an IndAS financial measure) to EBITDA for (i) India on a restated standalone basis, (ii) Middle East and (iii) on a restated consolidated basis for the periods indicated.



EBITDA	Fiscal		
	2020	2019	2018
	(in ₹ millions)		
<b>India (on a restated standalone basis)</b>			
Profit/loss before tax.....	2,353.26	364.18	1,887.47
Less: Other income.....	982.96	584.16	187.48
Add: Finance cost.....	3,131.27	3,094.18	3,029.35
Add: Depreciation and amortisation expense.....	1,859.75	1,745.27	1,499.13
<b>EBITDA.....</b>	<b>6,361.32</b>	<b>4,619.47</b>	<b>6,228.47</b>
<b>Middle East<sup>(1)</sup></b>			
Profit/loss before tax.....	(102.48)	(94.58)	271.73
Less: Other income.....	75.59	66.02	257.62
Add: Finance cost.....	936.04	915.00	584.80
Add: Depreciation and amortisation expense.....	526.82	489.19	520.44
<b>EBITDA.....</b>	<b>1,284.79</b>	<b>1,243.59</b>	<b>1,119.35</b>
<b>Consolidated</b>			
Profit/loss before tax.....	2,208.87	209.28	2,137.91
Less: Other income.....	800.98	432.67	322.51
Add: Finance cost.....	3,803.15	3,790.56	3,491.81
Add: Depreciation and amortisation expense.....	2,391.66	2,236.20	2,020.28
<b>EBITDA.....</b>	<b>7,602.70</b>	<b>5,803.37</b>	<b>7,327.49</b>

(1) includes our subsidiaries in UAE, Kuwait, Qatar, Oman and Bahrain. Financial numbers for Middle East are before elimination of restated figures.

The following table sets forth our profit/loss before tax margin and EBITDA margin for (i) India on a restated standalone basis, (ii) Middle East and (iii) on a restated consolidated basis for the periods indicated.

Profit/loss before tax margin is defined as profit/loss before tax as a percentage of revenue from operations. EBITDA margin is defined as our EBITDA as a percentage of revenue from operations.

EBITDA Margin and Profit Before Tax Margin	Fiscal		
	2020	2019	2018
	(in %)		
<b>India (on a restated standalone basis)</b>			
Profit/loss before tax margin.....	3.00%	0.49%	2.27%
EBITDA margin.....	8.11%	6.20%	7.50%
<b>Middle East<sup>(1)</sup></b>			
Profit/loss before tax margin.....	(0.47)%	(0.41)%	1.22%
EBITDA margin.....	5.83%	5.43%	5.01%
<b>Consolidated</b>			
Profit/loss before tax margin.....	2.19%	0.21%	2.03%
EBITDA margin.....	7.53%	5.94%	6.95%

(1) includes our subsidiaries in UAE, Kuwait, Qatar, Oman and Bahrain. Financial numbers for Middle East are before elimination of restated figures.

### Gross Profit and Gross Margin

Gross profit is defined as revenue from operations less our cost of sales and excise duty on sale of goods. Gross margin is defined as gross profit expressed as a percentage of revenue from operations. The following tables reconciles our revenue from operations (an IndAS financial measure) to gross profit for each of the categories and for the periods indicated.

#### Restated Consolidated Gross Profit and Gross Margin

The following table sets forth our gross profit and gross margin on a restated consolidated basis for the periods indicated.

	Fiscal		
	2020	2019	2018
	<i>(In ₹ in millions except for %)</i>		
Revenue from operations.....	101,009.18	97,707.62	105,479.48
Less: cost of sales.....	83,917.67	81,983.44	88,016.97
Less: excise duty on sale of goods.....	0.00	0.00	219.32
<b>Gross profit.....</b>	<b>17,091.51</b>	<b>15,724.18</b>	<b>17,243.19</b>
<b>Gross margin.....</b>	<b>16.92%</b>	<b>16.09%</b>	<b>16.35%</b>

#### South India and outside South India

The following table sets forth our gross profit and gross margin on a restated standalone basis for South India, outside South India and India. South India comprises Kerala, Tamil Nadu, Andhra Pradesh, Telangana, Karnataka and Pondicherry.

	Fiscal		
	2020	2019	2018
	<i>(In ₹ millions except for %)</i>		
<b>Gross Profit – South India</b>			
Revenue from operations.....	52,719.68	50,543.14	61,127.15
Less: cost of sales.....	45,488.11	43,747.55	52,672.60
Less: excise duty on sale of goods.....	0.00	0.00	161.45
<b>Gross Profit (South India).....</b>	<b>7,231.57</b>	<b>6,795.59</b>	<b>8,293.10</b>
<b>Gross Profit – Outside of South India</b>			
Revenue from operations.....	25,738.58	23,938.52	21,909.52
Less: cost of sales.....	19,060.69	18,483.90	16,677.66
Less: excise duty on sale of goods.....	-	-	57.87
<b>Gross Profit (Outside of South India).....</b>	<b>6,677.89</b>	<b>5,454.62</b>	<b>5,173.99</b>
<b>Gross Profit – India (restated standalone basis)</b>			
Revenue from operations.....	78,458.26	74,481.66	83,036.67
Less: cost of sales.....	64,548.80	62,231.45	69,350.26
Less: excise duty on sale of goods.....	0.00	0.00	219.32
<b>Gross Profit (India).....</b>	<b>13,909.46</b>	<b>12,250.21</b>	<b>13,467.09</b>
<b>Gross Margin</b>			
South India.....	13.72%	13.45%	13.57%
Outside of South India.....	25.95%	22.79%	23.62%
India (restated standalone basis).....	17.73%	16.45%	16.22%

The following table sets forth the percentage of gross profit between South India and outside of South India on both a restated standalone and restated consolidated basis for the periods indicated.

	Fiscal		
	2020	2019	2018
<b>Restated Standalone</b>			
South India.....	51.99%	55.47%	61.58%
Outside of South India.....	48.01%	44.53%	38.42%
<b>Restated Consolidated</b>			
South India.....	42.31%	43.22%	48.09%
Outside of South India.....	57.69%	56.78%	51.91%

### Revenue from Operations by Region

The following table sets forth the percentage of our revenue from operations between South India and outside of South India on both a restated standalone and restated consolidated basis for the periods indicated.

	Fiscal		
	2020	2019	2018
<b>Restated Standalone</b>			
South India.....	67.19%	67.86%	73.61%
Outside of South India .....	32.81%	32.14%	26.39%
<b>Restated Consolidated</b>			
South India.....	52.19%	51.73%	57.95%
Outside of South India .....	47.81%	48.27%	42.05%

### Revenue from Operations by Product Category

We categorise our sales according to three types of products: gold, studded and other jewellery.

#### Consolidated

The following table provides a breakdown of our revenue from operations on a restated consolidated basis by product type for the periods indicated.

Product category sales	Fiscal		
	2020	2019	2018
	<i>(In ₹ millions other than %)</i>		
Gold jewellery .....	75,525.27	72,231.29	81,991.07
Studded jewellery .....	23,599.65	23,765.73	21,777.38
Other jewellery .....	1,884.25	1,710.60	1,711.02
<b>Total .....</b>	<b>101,009.18</b>	<b>97,707.62</b>	<b>105,479.48</b>
<b>% of sales contribution</b>			
Gold jewellery .....	74.77%	73.93%	77.73%
Studded jewellery .....	23.36%	24.32%	20.65%
Other jewellery .....	1.87%	1.75%	1.62%

#### Standalone

The following table provides a breakdown of our revenue from operations in India on a restated standalone basis by product type for the periods indicated.

Product category sales	Fiscal		
	2020	2019	2018
	<i>(In ₹ millions other than %)</i>		
Gold jewellery .....	57,641.39	53,651.09	62,688.03
Studded jewellery .....	19,453.47	19,424.57	18,733.30
Other jewellery .....	1,363.40	1,406.01	1,615.34
<b>Total .....</b>	<b>78,458.26</b>	<b>74,481.66</b>	<b>83,036.67</b>
<b>% of sales contribution</b>			
Gold jewellery .....	73.47%	72.03%	75.49%
Studded jewellery .....	24.79%	26.08%	22.56%
Other jewellery .....	1.74%	1.89%	1.95%

### Revenue from Purchase Advance Scheme

The following table sets forth the revenue from purchase advance scheme on a standalone basis and the percentage contribution of such revenue to our restated standalone revenue from operations in India for the periods indicated.

	Fiscal		
	2020	2019	2018
	<i>(In ₹ millions except for %)</i>		
Revenue from purchase advance scheme (₹ millions) .....	21,124.17	23,339.38	17,300.88
Revenue from purchase advance scheme (in %).....	26.92%	31.34%	20.84%

### **Number of Showrooms by Region**

The following table sets forth our total showrooms in India between South India and outside South India as well as our total showrooms in the Middle East as of the dates indicated.

	As of June 30,	As of March 31,		
	2020	2020	2019	2018
South India .....	65	65	63	62
Outside of South India.....	42	42	40	28
Middle East .....	30	37	34	31
Total .....	137	144	137	121

### **Revenue from Tier-I cities and others in India**

For Fiscal 2020, 48.37% of our revenue from operations on a restated standalone basis was from showrooms located in Tier-I cities within India (cities that have a population of over one million) while 51.63% of our revenue from operations was from showrooms located in other cities within India (cities that are not Tier-I cities).

### **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. As of March 31, 2020, we had ₹1,608.68 million in cash and cash equivalents, ₹5,892.68 million as bank balances, ₹23,382.09 million in current borrowings and ₹1,349.58 million in term loans. As of March 31, 2020, we also had ₹11,671.43 million in outstanding metal gold loans. 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.

In order to reduce the impact of COVID-19 on our operations, we have proactively taken various steps to manage our expenses and liquidity, including reducing our marketing costs; seeking partial rent waivers and discounts under most of our lease agreements for our showrooms, “My Kalyan” centres and offices; temporarily reducing the cash compensation of senior executives; and reducing our administrative overhead expenses. We had also proactively availed a loan of up to ₹1,320 million from State Bank of India and Bank of Baroda to manage any COVID-19 related exigencies and have also availed a moratorium offered by the Reserve Bank of India to defer payments under a few loan agreements. See “*Risk Factor - The recent outbreak of the novel coronavirus disease could have a significant effect on our results of operations and could negatively impact our business, revenues, financial condition and results of operations*” for risks of the COVID-19 outbreak on our operations and financial condition; and see “*Our Business – Impact of COVID-19*” for more details regarding the impact of COVID-19 on our operations.

### **Cash Flows**

The table below summarises the statement of cash flows, as per our restated consolidated cash flow statements, for the periods indicated:

	Fiscal		
	2020	2019	2018
	(₹ in millions)		
Net cash from/(used in) operating activities .....	3,195.02	3,888.94	10,431.09
Net cash from/(used in) investing activities .....	343.25	(1,236.66)	(6,151.04)
Net cash from/(used in) financing activities .....	(3,430.62)	(2,932.98)	(4,503.25)
<b>Net increase in cash and cash equivalents.....</b>	<b>107.65</b>	<b>(280.69)</b>	<b>(223.21)</b>

### *Operating Activities*

Net cash from operating activities for Fiscal 2020 was ₹3,195.02 million, while our operating profit before working capital changes was ₹7,506.31 million. The difference was primarily attributable to an increase in inventories of ₹2,196.46 million and a decrease in metal gold loans of ₹3,292.86 million, which was partially offset by an increase in trade payables of ₹1,386.98 million.

Net cash from operating activities for Fiscal 2019 was ₹3,888.94 million, while our operating profit before working capital changes was ₹5,694.72 million. The difference was primarily attributable to a decrease in trade payables of ₹3,291.48 million and a decrease in metal gold loan of ₹4,564.96 million, which was partially offset by a decrease in inventories of ₹5,213.69 million.

Net cash from operating activities for Fiscal 2018 was ₹10,431.09 million, while our operating profit before working capital changes was ₹6,611.87 million. The difference was primarily attributable to an increase in metal gold loans of ₹11,526.62 million and an increase in trade payables of ₹2,228.10 million. This increase was partially offset by an increase in inventories of ₹8,549.16 million.

### *Investing Activities*

Net cash from investing activities for Fiscal 2020 was ₹343.25 million, primarily due to an increase in bank balances of ₹1,088.32 million, which was partially offset by net cash used in payments for purchase of property, plant and equipment of ₹1,191.53 million.

Net cash used in investing activities for Fiscal 2019 was ₹1,236.66 million, primarily due to an increase in payments for purchase of property, plant and equipment of ₹2,989.10 million, which was partially offset by an increase in bank balances of ₹1,392.90 million.

Net cash used in investing activities for Fiscal 2018 was ₹6,151.04 million, primarily due to a decrease in bank balances of ₹3,493.77 and payments for purchase of property, plant and equipment of ₹2,837.47 million.

### *Financing Activities*

Net cash used in financing activities for Fiscal 2020 was ₹3,430.62 million, and primarily included repayment of borrowings of ₹3,054.60 million and finance costs of ₹2,705.93 million, which was partially offset by net cash from proceeds from borrowings of ₹4,870.53 million.

Net cash used in financing activities for Fiscal 2019 was ₹2,932.98 million, and primarily included finance costs of ₹2,840.18 million and repayment of borrowings of ₹2,484.80 million, which was partially offset by net cash from proceeds from borrowings of ₹4,155.84 million.

Net cash used in financing activities for Fiscal 2018 was ₹4,503.25 million, and primarily included repayment of borrowings of ₹16,811.10 million, which was partially offset by net cash from proceeds from borrowings of ₹11,381.24 million.

### *Indebtedness*

As of March 31, 2020, we had term loans of ₹1,349.58 million, current borrowings of ₹23,382.09 million and metal gold loan of ₹11,671.43 million. Some of our financing agreements include various conditions and covenants that require us to obtain lender consents prior to carrying out certain activities and entering into certain transactions. We cannot assure you that we will be able to obtain these consents and any failure to obtain these consents could have significant adverse consequences for our business. For further information on our agreements governing our outstanding indebtedness, see “*Financial Indebtedness*” on page 294.

We procure gold used in our jewellery from various banks in India and the Middle East for our respective operations in each region, as well as from customers directly. Gold sourced from banks is partially procured through outright purchase and partially procured through metal gold loans, whereby bullion is loaned to us at a specified interest rate. We are required to post security for the metal gold loans equal to the amount of gold loaned along with the applicable margin through cash collateral, bank guarantees, the apportionment of loan facilities and other forms of collateral. The banks with whom we work adjust our loan accounts on a daily basis through a mark-to-market valuation of our outstanding metal gold loans. To the extent there are fluctuations in the price of gold, our posted cash collateral is required to be adjusted upward or downward to reflect daily changes in gold prices. At the time we sell the gold that we had procured through this metal gold loan model, we generally fix the rate of purchase to align the buying and selling rate of the underlying gold.

### Contractual Obligations

The table below sets forth, as of March 31, 2020, our contractual obligations with definitive payment terms. These obligations primarily relate to our borrowings, trade payables and other financial liabilities, which includes current maturities of long-term debt, interest accrued, payables on purchases of fixed assets and derivative hedging instruments.

	Total	Less than 1 year	1 year to 3 years	More than 3 years
	(₹ in millions)			
Borrowings .....	24,230.46	23,791.30	421.68	17.48
Metal gold loan.....	11,671.43	11,671.43	-	-
Lease liabilities.....	7,577.54	903.44	2,555.11	4,118.99
Trade payables.....	5,575.61	5,575.61	-	-
Other financial liabilities .....	656.37	656.37	-	-
Total .....	49,711.41	42,598.15	2,976.79	4,136.47

### Contingent Liabilities

The following table sets forth the principal components of our contingent liabilities as of March 31, 2020 as per the Restated Consolidated Financial Information:

	As of March 31, 2020
	(₹ in millions)
Disputed sales tax demands .....	242.59
Disputed service tax demands .....	10.02
Standby letter of credit to banks .....	2,197.64
Counter-guarantees for availing metal gold loans .....	13,085.07

### Capital Expenditures

Our historical capital expenditures were, and we expect our future capital expenditures to be, primarily for new showroom openings and refurbishing existing showrooms. In Fiscals 2018, 2019 and 2020, our additions in property, plant and equipment and software were ₹2,578.92 million, ₹1,826.74 million and ₹999.77 million, respectively.

The COVID-19 pandemic may require reductions in capital expenditures that are otherwise needed to implement our strategies. See “*Risk Factor - The recent outbreak of the novel coronavirus disease could have a significant effect on our results of operations and could negatively impact our business, revenues, financial condition and results of operations*” for risks of the COVID-19 outbreak on our operations and financial condition.

### Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements, derivative instruments or other relationships with other entities that would have been established for the purpose of facilitating off-balance sheet arrangements.

### Related Party Transactions

We enter into various transactions with related parties. For further information see “*Related Party Transactions*” on page 198.

## **Quantitative and Qualitative Disclosures about Market Risk**

### ***Commodity Price Risk***

We are subject to market risks related to the volatility in the price of gold, and to a lesser extent, diamonds, platinum, silver and other precious stones. It is our belief that the profits generated by the company should be primarily derived from the value-addition the company creates, which reflects the strength of the Kalyan brand, and not from changes in the price of gold. Consequently, we generally employ various techniques to hedge our gold inventory to protect us from price fluctuations, including the use of gold metal loans, as well as forward contracts and options on Indian and international commodity exchanges. The Chief Executive Officer of our Company is responsible for managing and monitoring our hedging policies and portfolio. We have adopted a structured risk management process to hedge commodity price risk, which includes allowing fair value hedges, cash flow hedges and managing the risks of gold price fluctuations by procuring gold on a loan basis, with flexibility to fix the price of gold at any time during the tenor of the loan. Despite this, our financial results can be affected by fluctuations in these prices, which depend on many factors, including demand for these materials, changes in the economy, worldwide production levels, worldwide inventory levels and disruptions in the supply chain. For further discussion on the effect of fluctuations in prices of gold, diamond and other materials, see “*Risk Factors – External Risks Related to Our Business – We may be subject to fluctuations in prices or any unavailability of the raw materials that we use in our products*” on page 46.

We procure gold used in our jewellery from various banks in both India and the Middle East for our respective operations in each area as well as from customers directly. Gold sourced from banks is partially procured through outright purchase and partially procured through gold metal loans, whereby bullion is loaned to us at a specified interest rate. At the time we sell the gold that we had procured through this gold metal loan model, we generally fix the rate of purchase to align the buying and selling rate of the underlying gold.

### ***Exchange Rate Risk***

Changes in currency exchange rates influence our results of operations. The price of gold, diamonds and other raw materials are generally set in U.S. dollars, although we procure such materials and sell our finished products in the local currencies of the markets in which we operate. In particular we are exposed to exchange rate risk with respect to UAE Dirhams, which is the currency for a number of the transactions in our Middle East operations. The exchange rate between the U.S. dollar, Rupee and the other local currencies we utilise in the various Middle East countries (including UAE Dirhams) in which we operate have fluctuated in recent years and may continue to fluctuate in the future. Depreciation of the Rupee and other local currencies we utilise against the U.S. dollar may adversely affect our results of operations.

## **Significant Economic Changes**

Other than as described above under the heading titled “*Our Business – Impact of COVID-19*” and “*Principal Factors Affecting Our Financial Condition and Results of Operations*,” to the knowledge of our management, there are no other significant economic changes that materially affect or are likely to affect income from continuing operations.

## **Unusual or Infrequent Events of Transactions**

Except as described in this Draft Red Herring Prospectus, there have been no other events or transactions that, to our knowledge, may be described as “unusual” or “infrequent”.

## **Known Trends or Uncertainties**

Our business has been affected and we expect will continue to be affected by the trends identified above in the heading titled “*Principal Factors Affecting Our Financial Condition and Results of Operations*” and the uncertainties described in the section titled “*Risk Factors*” beginning on page 25. To our knowledge, except as described or anticipated in this Draft Red Herring Prospectus, there are no known factors which we expect will have a material adverse impact on our revenues or income from continuing operations.

### **Future Relationship between Cost and Income**

Other than as described elsewhere in this Draft Red Herring Prospectus, including disclosure regarding the impact of COVID-19 on our operations, to the knowledge of our management, there are no known factors that might affect the future relationship between costs and revenues.

See “*Risk Factor - The recent outbreak of the novel coronavirus disease could have a significant effect on our results of operations and could negatively impact our business, revenues, financial condition and results of operations*” for risks of the COVID-19 outbreak on our operations and financial condition; and see “*Our Business – Impact of COVID-19*” for more details regarding the impact of COVID-19 on our operations.

### **New Products or Business Segments**

Other than as described elsewhere in this Draft Red Herring Prospectus, there are no new products or business segments in which we operate.

### **Seasonality of Business**

Our sales have historically exhibited certain seasonal fluctuations, reflecting higher sales volumes during the festival period, wedding season and other occasions such as Akshay Trithiya, Durga Puja, Dhanteras, Diwali and Christmas. As a result of such trends, we may experience some fluctuation in our revenues and profits during the course of our fiscal year. See “*Risk Factor – Our income and sales are subject to seasonal fluctuations and lower income in a peak season may have a disproportionate effect on our results of operations.*”

### **Significant Developments after March 31, 2020 that may Affect our Future Results of Operations**

Except as stated in this Draft Red Herring Prospectus, including disclosure regarding the impact of COVID-19 on our operations, to our knowledge, no circumstances have arisen since the date of the Restated Consolidated Financial Information as disclosed in this Draft Red Herring Prospectus which materially and adversely affect or are likely to affect our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next twelve months.

See “*Risk Factor - The recent outbreak of the novel coronavirus disease could have a significant effect on our results of operations and could negatively impact our business, revenues, financial condition and results of operations*” for risks of the COVID-19 outbreak on our operations and financial condition; and see “*Our Business – Impact of COVID-19*” for more details regarding the impact of COVID-19 on our operations.



## SECTION VI: LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*Except as stated in this section, there are no (i) outstanding criminal proceedings (ii) outstanding actions taken by regulatory or statutory authorities; (iii) outstanding claims for any direct or indirect taxes; or (iv) other pending litigation as determined to be material by our Board as per the Materiality Policy, in each case involving our Company, Subsidiaries, Promoters or Directors. Further, except as stated in this section, there are no disciplinary actions including penalties imposed by SEBI or stock exchanges against our Promoters in the last five Fiscals including any outstanding action.*

*For the purposes of (iv) above, in accordance with the Materiality Policy, pending litigation has been considered 'material' if: (a) the aggregate monetary amount of claim by or against our Company, Subsidiaries, Promoters or Directors in any such pending litigation is in excess of 0.5% of the profit after tax (on a consolidated basis) of our Company as per the Restated Consolidated Financial Information for the last completed Fiscal (i.e., Fiscal 2020), which is ₹ 7.11 million, or (b) the outcome of any such litigation proceeding would materially and adversely affect our Company's business, prospects, operations, performance, financial position or reputation, irrespective of the amount involved in such litigation.*

*Further, in accordance with the Materiality Policy, our Company considers such creditors 'material' to whom the amount due by our Company exceeds 1% of the total trade payables (on a consolidated basis) of our Company as at the date of the latest Restated Consolidated Financial Information (i.e., as at March 31, 2020). Accordingly, a creditor has been considered 'material' by our Company if the amount due to such creditor exceeds ₹ 55.76 million.*

*It is clarified that for the purposes of the above, pre-litigation notices from third parties (other than show cause notices issued by statutory/regulatory/tax authorities or notices threatening criminal action) received by our Company, Subsidiaries, Promoters or Directors shall, unless otherwise decided by our Board, not be evaluated for materiality until such time that our Company, Subsidiaries, Promoters and / or Directors, as the case may be, are impleaded as a defendants in proceedings before any judicial / arbitral forum.*

*Unless stated to the contrary, the information provided below is as of the date of this Draft Red Herring Prospectus. All terms defined herein in a particular litigation disclosure pertain to that litigation only.*

#### **Litigation involving our Company**

##### ***Outstanding criminal litigation involving our Company***

##### ***Criminal proceedings against our Company***

1. Mr. Raghavendra Bahini filed a first information report before Pant Nagar Police Station against our Company alleging an offence of carrying out unauthorised work of covering of niche area at our showroom in Ghatkopar, Mumbai without permission as required under the Maharashtra Regional Town and Planning Act, 1966. In this regard, Brihanmumbai Mahanagarpalika sent a requisition of notice (no. N/BF/B-124/75/53(1) MR & TP Act 2015 dated February 2, 2015) which our Company allegedly failed to comply with. Against such failure, Mr. R.O. Baheti (J.E., Brihanmumbai Mahanagarpalika) lodged a complaint on March 18, 2015 with the Pant Nagar Police Station. Further, Mr. Rajendra Krishnrao Bedade (Assistant Engineer (B&F) – III 'N' Ward, Brihanmumbai Mahanagarpalika) granted sanction to prosecute our Company for committing an offence under Section 53(1) read with Section 43 of the Maharashtra Regional Town and Planning Act, 1966. The investigation officer had filed the final report before the 42<sup>nd</sup> Court, Metropolitan Magistrate, Shindewadi, Dadar, Mumbai ("MM, Shindewadi"). The matter is currently pending before the MM, Shindewadi.
2. Mr. Naveen also known as Raman ("Complainant") filed a private complaint before the Judicial Magistrate No. 1, Erode against Mr. T.S. Kalyanaraman, our Company and Mr. Prabhu Ganesan, for offence under Section 420 read with Sections 34 and 506(ii) of the Indian Penal Code, 1860, alleging that the ear ring purchased by the Complainant had iron mixed with gold, the jewellery was adulterated and that our Company was guilty of criminal intimidation. While the matter was on the file of Judicial Magistrate No. II, Erode, Mr. T.S. Kalyanaraman filed a petition for quashing the proceedings in connection with the complaint before the High Court of Madras under Section 482 of the Code of

Criminal Procedure, 1973 (the “**Petition**”). The High Court of Madras stayed all further proceedings in the said complaint on the file of Judicial Magistrate No. II, Erode (C.C. No. 95 of 2016), pending disposal of the Petition. The matter is currently pending.

3. Mr. Tmt Jayabharati, the Village Administrative officer, Ganpathy Village, Coimbatore filed a first information report with the Rathinapuri police station, Coimbatore against Mr. Vibin and Mr. Vijayakumar, employees of our Company (“**Accused**”), for offences under Sections 269 and 270 of the Indian Penal Code, 1860 and Section 3 of the Epidemic Diseases Act, 1897, alleging that the Accused had through acts of negligence, contributed to spreading the Covid-19 virus, which had allegedly resulted in more than 50 employees of our Coimbatore showroom contracting the Covid-19 virus. The matter is currently pending.

#### *Criminal proceedings by our Company*

1. Our Company filed a criminal complaint with the Commissioner of Police, Coimbatore city against Ms. S. Krishnaveni, Mr. K. Soundarrajan, Ms. S. Yasodha, Mr. C. Selvaraj, Ms. L. Maheswari, Ms. N. Poovathal and Mr. N. Dhanasekar (the “**Accused**”), alleging cheating, criminal conspiracy, extortion, criminal intimidation and defamation in relation to purchase of approximately 8.66 acres land near Coimbatore town (the “**Premises**”) by our Company from the opposite parties through three separate sale deeds for which our Company had made payments of ₹ 37.5 million, ₹ 13.95 million and ₹ 5.85 million in 2013. Our Company *inter alia* alleged that the Accused had wrongfully concealed certain decrees obtained by certain parties with respect to part of the Premises and of tactfully causing a complaint to be filed against us, thereby causing defamation to our reputation. Additionally, our Company filed a petition before the Court of the 4th Additional District Judge (Fast Track Court No. 2), Coimbatore (“**Court**”) against Ms. K. Januma Rani and others, praying to the Court to cancel the aforementioned decrees and draw a fresh preliminary decree declaring that our Company is entitled to a part of the Premises and to work out the specific portions with boundaries in the final decree to be passed. The matter is currently pending.
2. Mr. Shankar, zonal manager of our Company, filed a first information report before the Yelahanka Police Station (Crime No. 132/2017 of Yelahanka Police Station) against Mr. Nanda Kumar and Mr. Santosh L.M. for offences punishable under Sections 403, 406, 408, 409, 420 read with 34 of the Indian Penal Code, 1860 alleging that Mr. Nanda Kumar and Mr. Santosh L.M. as branch manager and field executive in the ‘My Kalyan’ service centre at Yelahanka, respectively, had collected more than ₹ 0.58 million from the customers of our Company and misappropriated the same. Thereafter in October, 2017, Mr. Shankar filed an application before the Court of IV Additional Chief Metropolitan Magistrate, Bengaluru under section 154 of the Code of Criminal Procedure, 1973 seeking directions to the investigating officer to hold fair, proper and swift investigation by taking suitable action against the accused at the earliest and submit progress report of the investigation. The matter is currently pending.
3. Mr. Arun Cheriyan, an employee of our Company, filed a first information report on the behalf of our Company before the Police Commissionerate, Jalandhar and a petition under section 36 of the Code of Criminal Procedure, 1973 before the Commissioner of Police, Jalandhar, against Mr. Pardeep Kumar and Ms. Mahima Thakkar along with certain employees of our Company for offences punishable under Sections 408, 420 and 120B of the Indian Penal Code, 1860, alleging that Mr. Pardeep Kumar and Ms. Mahima Thakkar, in collusion with certain employees of our Company were involved in misappropriation, cheating and theft of ornaments amounting to approximately ₹ 60 million from the Jalandhar showroom of our Company. The matter is currently pending.
4. Our Company filed three separate complaints before the Chief Judicial Magistrate’s Court, Thrissur (“**Court**”) against Mr. Bavesh Babu, Mr. Sinto Francis and Mr. Jose KV Jos (Jossuttan) (“**Accused**”) for offences under Sections 499 and 500 of the Indian Penal Code, 1860, alleging that the Accused are spreading defamatory and false rumours about our Company through their respective Facebook accounts, thereby damaging the reputation of our Company. Our Company in each of the complaints has prayed to the Court to issue summons to the Accused and initiate proceedings against them. The matters are currently pending.
5. Our Company filed a complaint before the Court of the Chief Judicial Magistrate, Thrissur (“**Court**”) against Mr V.N. Gopalakrishnan (“**Accused**”) under Section 190 of the Code of Criminal Procedure, 1973 and Sections 138 and 142 of the Negotiable Instruments Act, 1881, alleging that the cheque

issued by the Accused for an amount of ₹ 2.11 million owed by him to our Company was dishonoured. Our Company prayed to the Court to issue process to the Accused and direct him to pay compensation to our Company. The matter is currently pending.

6. Our Company filed a complaint before the Court of the Chief Judicial Magistrate, Thrissur (“**Court**”) against Ms. M. Renuka (“**Accused**”) under Section 190 of the Code of Criminal Procedure, 1973 and Sections 138 and 142 of the Negotiable Instruments Act, 1881, alleging that the cheque issued by the Accused for an amount of ₹ 0.26 million owed by her to our Company was dishonoured. Our Company prayed to the Court to issue process to the Accused and direct him to pay compensation to our Company. The matter is currently pending.
7. Our Company filed a complaint before the Court of the Additional Chief Metropolitan Magistrate, Bengaluru (“**Court**”) against Mr. K. Krishnappa (“**Accused**”) under Section 200 of the Code of Criminal Procedure, 1973 read with Section 138 of the Negotiable Instruments Act, 1881, alleging that the cheque issued by the Accused for an amount of ₹ 0.89 million owed by him to our Company was dishonoured. Our Company prayed to the Court to take cognizance of the offence committed by the Accused and punish the Accused in accordance with Section 138 of the Negotiable Instruments Act, 1881. The matter is currently pending.
8. Mr. C.R. Arjun, an employee of our Company filed a first information report, on the behalf of our Company with the Coimbatore police station against certain unidentifiable individuals (“**Accused**”), under Sections 395 and 397 of the Indian Penal Code, 1860, alleging that the Accused physically assaulted him and another employee and stole our Company’s car along with certain jewels of our Company which he was in the process of transporting to one of our showrooms. The matter is currently pending.
9. Mr. Allumallla Murai Mohan, an employee of our Company filed a first information report, on behalf of our Company with the Vishakhapatnam police station for offences under Section 380 of the Indian Penal Code, 1860, claiming that five pieces of diamond amounting to ₹ 0.35 million were stolen from our branch at Vishakhapatnam and replaced with duplicate replicas. Subsequently, the Sub-Inspector of Police, III Town Crime police station, Vishakhapatnam filed a charge sheet against Mr. Ramou Subash, a former employee of our Company, before the Court of the IVth Additional Chief Metropolitan Magistrate at Vishakhapatnam under Section 381 of the Indian Penal Code, 1860. The matter is currently pending.
10. Mr. Vipin P.C., an employee of our Company filed a first information report, on the behalf of our Company with the Belthangady Circle police station, Dakshina Kannada against Mr. Lawrence, a former employee of our Company in our My Kalyan store in Belthangady (“**Accused**”), for offences under Sections 406, 408, 409 and 420 of the Indian Penal Code, 1860, alleging that the Accused had collected an amount of ₹ 0.17 million on behalf of our Company from certain of our customers who had joined the monthly gold schemes of our Company and had not deposited such amount in our Company’s account. The matter is currently pending.
11. Mr. Santosh P., an employee of our Company filed a first information report, on the behalf of our Company with the Chamrajanagar Town police station, Chamraj Nagar against Mr. Shivarappa, a former employee of our Company in our My Kalyan store in Chamraj Nagar (“**Accused**”), for offences under Sections 406 and 420 of the Indian Penal Code, 1860, alleging that the Accused had collected an amount of ₹ 0.80 million from our customers without issuing receipts and used this amount for his personal purposes. The matter is currently pending.
12. Mr. Sandeep Pawar, an employee of our Company filed a first information report, on the behalf of our Company with the Jehangirabad police station, Bhopal against Mr. Sunil Baghel, a former employee of our Company (“**Accused**”), for an offence under Section 408 of the Indian Penal Code, 1860, alleging that the Accused had purchased jewellery amounting to ₹ 0.25 million in his own name using funds collected from certain customers of our Company. The matter is currently pending.

#### ***Other pending material litigation involving our Company***

##### *Civil proceedings by our Company*

1. Our Company has filed a civil suit (C.S. No. 724 of 2017) against Mr. Jaswanth Chand Bhandari, Satya Rangaiah (HUF) and MVRS Prasad (HUF) (the “**Defendants**”) before the Madras High Court (the “**Court**”) seeking recovery of total amount of ₹ 13.62 million (comprising refundable security deposit of ₹ 12 million and 18% p.a. interest thereon, from July 30, 2017 to the date of filing of the suit) and further interest on refundable security deposit at 18% p.a. from the date of filing of the suit till the date of realisation. Our Company has alleged that the said amount is due and payable to our Company on account of vacation of the premises leased by our Company from the Defendants situated at T. Nagar, Chennai (the “**Premises**”) under an unregistered lease agreement dated March 20, 2015 between our Company and the Defendants (“**Lease Agreement**”), allegedly due to *inter alia* the lack of adequate drainage infrastructure, the order of vacation dated June 25, 2016 by the Corporation of Chennai and receipt of notice from the Tamil Nadu Fire Services Authority classifying the Premises as ‘dangerous for inhabitation’ and inaction of the Defendants.

Further, our Company filed Application No. 5556 of 2017 dated July 26, 2017 in the said civil suit before the Court seeking an order appointing an official receiver to take possession of keys to the Premises or in alternative, permit our Company to deposit the same before the High Court as the Defendants refused to take possession of the Premises and/ or keys thereof.

Thereafter, the Defendants filed a counter affidavit and served the same on our Company, denying the allegations made by our Company and seeking dismissal of the suit. The Defendants alleged that the amount of ₹ 12 million was paid by our Company to the Defendants to carry out suitable alterations in the building and not as a refundable deposit, and an additional sum of ₹ 4 million was spent by them for interior modifications of the building. Further, the Defendants denied the allegation regarding refusal to take possession of the keys of the Premises and expressed their willingness to receive the same, without prejudice to their rights and contentions. Furthermore, the Defendants expressed their intention to file a counter-claim for the abovementioned sum of ₹ 4 million and the alleged rental arrears of ₹ 18.14 million excluding the applicable goods and services tax, as applicable.

Our Company filed a memo dated December 13, 2017 denying the allegations made by the Defendants in the counter-affidavit. Our Company has alleged that the Defendants are not entitled to adjust or appropriate the due amount against any amounts or claims. Further, our Company expressed its intention to hand over the keys of the Premises to the Defendants. Subsequently, Mr. Jaswanth Chand Bhandari filed his written statement to C.S. No. 724 of 2017 in March, 2018, denying the allegations made by the Company and making a counter-claim of ₹ 23.47 million along with interest. Our Company filed its reply statement to the written statement and counter-claim of the Defendants on October 24, 2018, praying to the Court to, *inter alia*, dismiss the counter claim and compel the Defendants to pay to our Company the amount claimed by us. The matter is currently pending.

2. Our Company filed a civil suit before the Madras High Court against Lalithaa Jewellery Mart Private Limited (“**Defendant**”), alleging that the Defendant has been publishing false and disparaging advertisements about our Company in various newspapers, and sought a perpetual injunction against the Defendants from publishing any such false and disparaging advertisements about our Company and its products and damages amounting to ₹ 10 million. The High Court passed an interim order dated September 29, 2015, restraining both our Company and the Defendant from publishing any advertising maligning the other party up to October 27, 2015. The matter is currently pending.
3. Our Company filed a petition before the Court of the IVth Additional District Judge (Fast Track Court No. 2), Coimbatore against Ms. K. Januma Rani along with others, in relation to property dispute over approximately 8.66 acres land near Coimbatore town purchased by our Company. For details, see “–*Litigation involving our Company – Outstanding criminal litigation involving our Company – Criminal proceedings by our Company*” on page 320.
4. Our Company filed a complaint before the World Intellectual Property Organization Arbitration and Mediation Center (“**WIPO**”) against Mr. Antony Adam, alleging that the Mr. Antony Adam has registered the domain name ‘www.kalyanjewellers.com’ (“**Disputed Domain Name**”) in his name in bad faith since the Disputed Domain Name is confusingly similar to the trademarks of our Company. Our Company prayed to the WIPO to transfer the Disputed Domain Name to our Company. Mr. Antony Adam submitted his response before the WIPO, clarifying that the Disputed Domain name is actually registered in the name of Ms. Subha Bharat (“**Respondent**”), and denied the allegations made by our Company. Mr. Antony Adam further claimed that the complaint filed by our Company should

be barred by the Doctrine of Laches since our Company waited almost 16 years before filing its complaint and that the Respondent has rights over and a legitimate interest in the Disputed Domain Name. The response also stated that the Respondent elected to have the dispute decided by a single member administrative panel. Subsequently, our Company filed its rebuttal to the response filed by the Mr. Antony Adam. The matter is currently pending.

#### *Civil proceedings against our Company*

1. Ms. Malakala Padmavathi and Mr. Malakala Surya Rao (“**Plaintiffs**”) filed a plaint (“**Plaint**”) before the Court of the IVth Additional District and Sessions Judge, Kakinada (“**Court**”) against our Company, alleging that our Company has defaulted on the payment of the security deposit amounting to ₹ 3.65 million, arrears on rent amounting to ₹ 1.53 million and its share of the goodwill amount amounting to ₹ 0.75 million due to the Plaintiff in accordance with the lease agreement entered into between the Plaintiffs and our Company and sought the specific performance of the agreement by our Company. The Plaintiffs further alleged that our Company has failed to execute and register the lease deed in spite of continued requests from the Plaintiffs, resulting in the agreement being oral in nature. The Plaintiffs prayed to the Court to, *inter alia*, direct our Company to execute a registered lease agreement and pay the amount due to the Plaintiffs amounting to ₹ 15.87 million, including the monthly rentals as long as our Company continues to be tenants in the leased property. The Plaintiffs also prayed to the Court to direct our Company to pay to the Plaintiffs the balance security deposit amount of ₹ 3.65 million and the goodwill amount of ₹ 0.75 million paid by the Plaintiffs on the behalf of our Company. Our Company filed its reply to the Plaint, claiming that the onus to register the lease deed did not fall on our Company since it was the lessee and that our Company has paid the entire security deposit amount. Our Company prayed to the Court to dismiss the suit filed by the Plaintiffs. Further, our Company also filed a memo before the Court to record that our Company had handed over the keys of the leased property to the Plaintiffs on November 30, 2019. The matter is currently pending.

#### *Actions by statutory or regulatory authorities against our Company*

1. Our Company has received a notice from the Office of Assistant Commissioner of Labour of Kakinada after an inspection of our Kakinada showroom, under the Payment of Gratuity Act, 1972 and the rules formulated by the Government of Andhra Pradesh (“**Gratuity Act**”), alleging *inter alia* (i) failure to determine the gratuity amount payable by our Company and thereafter to give notice to beneficiary of such gratuity and also to the controlling authority specifying the amount of gratuity; (ii) failure to obtain insurance for payment of gratuity; (iii) failure to obtain registration of our Kakinada showroom; (iv) failure to furnish the details of employees insured by our Company; and (v) failure to display abstract of Gratuity Act at a conspicuous place. Our Company has requested extension of time to furnish the documents pursuant to aforementioned notice on June 20, 2015. The matter is currently pending.
2. Our Company has received a notice from the Joint Commissioner of Labour of Madurai under the Employment (Standing Order) Act, 1946 and Tamil-Nadu Industrial Employment (Standing orders) Rules, 1947 requiring our Company to furnish certified standing orders or necessary explanation with respect to our Tuticorin showroom. Our Company submitted its response to the notice on July 6, 2016, claiming that it was in the process of obtaining the standing orders and requested for more time. The matter is currently pending.
3. Our Company has received a notice from the Assistant Provident Fund Commissioner (Compliance), Employees’ Provident Fund Organization, Sub-regional Office, Trichy, under the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952 and the scheme framed thereunder alleging shortage of provident fund contribution for the Fiscal 2016 by our Company with respect to our Karur showroom. Our Company has submitted challans for payment of such contribution for Fiscal 2016 to show due payment of such contributions and administrative charges. The order of the Assistant Provident Fund Commissioner (Compliance) is pending.
4. Our Company has received a notice from the Directorate General, Fire Services, Home Guards & Civil Defence, Odisha under the Orissa Fire Services Act, 1993 read with Odisha Fire Prevention and Fire Safety Rules, 2017 alleging non-adoption of required fire prevention and fire safety measures at our Bhubaneswar showroom. Our Company has apprised the lessor of the showroom regarding the said notice. Our Company submitted a letter with the Chief Fire Officer, Fire Prevention Wing, Odisha Fire

Service Directorate, Cuttack (“**Chief Fire Officer**”) stating that our Company has completed all fire and safety works and that it has also deposited the amount for the same by way of an e-challan. Our Company also requested the Chief Fire Officer to inspect the premises of our Bhubaneswar showroom and grant a no-objection certificate. The inspection by the Fire Services Directorate, Cuttack is pending.

5. Our Company received a notice from Brihanmumbai Mahanagarpalika relating to alleged unauthorised covering of niche area in our showroom situated at Ghatkopar, Mumbai. For details, see “– *Litigation involving our Company – Outstanding criminal litigation involving our Company – Criminal proceedings against our Company*” on page 319.
6. Our Company received a notice of an inquiry report under Section 206 of the Companies Act from the Registrar of Companies on June 28, 2019 (“**Notice**”) pursuant to a complaint filed by Mr. R. Gokul Prasad against our Company, regarding certain charges registered and satisfied by our Company with the Registrar of Companies. The Registrar of Companies directed our Company to provide a reply to the aforementioned complaint along with certain additional explanations / clarifications sought in the notice including, among others, (i) furnishing the details of charges created/ modified, charge-holders, security provided and the balance outstanding as on March 31, 2019 and March 31, 2018 and till date, respectively; (ii) details of all charges satisfied, as on March 31, 2019 and March 31, 2018 and sources from which the amounts were received for such satisfaction; (iii) an explanation on the discrepancy between the number of charges subsisting according to the financial statements of our Company and the number of charges satisfied according to records of the MCA in Fiscal 2018;; and (iv) the details of the Gold scheme introduced by our Company, the amount of deposits accepted by our Company under such scheme, which was alleged by Mr. R. Gokul Prasad to be ₹ 5,997.00 million, number of depositors, period of scheme, rate of interest offered for the scheme, compliance with Section 73 of the Companies Act and details of amount due but not paid. In terms of the Notice, our Company was also directed to furnish the reply for the complaint from Consumer Guidance Society failing which our Company and Directors would be subject to penal action. For details of complaint by Consumer Guidance Society, see “*Outstanding Litigation and Material Developments – Litigation involving our Company – Actions by statutory or regulatory authorities against our Company*” below. Our Company submitted its response with the Registrar of Companies on July 8, 2019, furnishing the information sought by the Registrar of Companies and denying the allegations made by Mr. R. Gokul Prasad. The matter is currently pending.
7. Consumer Guidance Society (“**Complainant**”) filed a complaint before SEBI, MCA, the Regional Director, Chennai against certain jewellery companies, including our Company, alleging designing and implementing gold schemes in violation of provisions under the Companies Act and the rules thereunder with respect to acceptance of deposits and the SEBI Act and regulations notified thereunder with respect to collective investment schemes. Further, the Complainant sought an inquiry into such matter. Our Company submitted its reply with the Regional Director, Chennai and the Registrar of Companies on July 2, 2019, denying the allegations made by the Consumer Guidance Society. There has been no further correspondence in this regard.
8. Our Company has received summons to appear for hearing and an order from Assistant Provident Fund Commissioner, Employees’ Provident Fund Organization, Regional Office, Kochi (“**Assistant Commissioner**”), under the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952 and the scheme framed thereunder alleging that certain payments made by our Company between October 26, 2010 and December 30, 2019 under the aforementioned statutes were late. The Assistant Commissioner stated in the notice that the total penalty and interest on account of such delayed payments made by our Company amount to ₹ 26.21 million and called our Company for a personal hearing before the authority. The personal hearing is pending.
9. The Deputy Commissioner of Labour, Hassan (“**Deputy Commissioner**”) issued an order dated April 27, 2019 against our Company, alleging non-payment of additional wages by our Company to the employees of our branch at Hassan, who have worked on various national holidays and festivals, and directed our Company to deposit an amount of ₹ 0.25 million. Our Company submitted its response on June 24, 2019 claiming that our Company had paid its employees the holiday wages and that the alleged non-payment at the time of the enquiry was due to a clerical error. Our Company prayed to the Deputy Commissioner to withdraw the order issued against our Company. The matter is currently pending.

10. The Labour Officer, Sub-Division-1, Bangalore (“**Labour Officer**”) issued a notice to our Company on October 5, 2019, alleging non-compliance by our Company with provisions of the Equal Remuneration Act, 1976, the Payment of Bonus Act, 1965, the Maternity Benefit Act, 1961, the Karnataka Industrial Establishments (National and Festival Holidays) Act, 1963, the Contract Labour (Regulation and Abolition) Act, 1970 and the rules and regulations framed under these acts. Our Company submitted its response on October 15, 2019, claiming that it was in compliance with all the aforementioned legislations, praying to the Labour Officer to withdraw the proceedings. The matter is currently pending.
11. Mr. Nitin Sharma, an employee of our Company filed an application for settlement of wages – dispute (“**Application**”) before the Court Authority appointed under the Payment of Wages Act, 1936, Ghaziabad (“**Authority**”), against our Company, alleging that our Company has not paid him wages due to him, including holiday wages and overtime wages (“**Wages**”) amounting to ₹ 0.25 million due to him by our Company, praying to the Office of Payment of Wages. Ghaziabad to direct our Company to release his Wages. Mr. Nitin Sharma also filed an application before the Authority seeking a waiver of delay in filing the Application. The Authority and the Deputy Labour Commissioner, Uttar Pradesh issued a notice to us on July 21, 2020, summoning our Company for a hearing on August 26, 2020 along with directions to submit our response. The matter is currently pending.
12. The District Labour Officer, Thodupuzha (“**Officer**”) issued a notice on August 26, 2020 to our Company, directing our Company to file a return in the prescribed manner along with an application for registration for our Thodupuzha showroom, in relation to the cess of 0.1% of the total sales of our Company allegedly payable by our Company for the period from 2010-11 to 2019-20. The Officer alleged that our Company was required to make such payment of the cess and obtain registration in terms of the Kerala Jewellery Workers Welfare Fund Act, 2009 since we sell silver, diamond, gold, and platinum. The matter is currently pending.

#### *Past compounding of RBI compliance matters*

1. Our Company received a notice from the RBI on November 28, 2019 (“**Notice**”), alleging that our Company had contravened Regulations 6(2)(vi) and 15(iii) of the Foreign Exchange Management (Transfer or Issue of Any Foreign Security) Regulations, 2004 owing to delayed submission by our Company of (i) Form ODI-I in relation to certain corporate and personal guarantees; and (ii) APRs for 2015, 2016, and 2017. The RBI further stated that compounding of offences is a voluntary process and if our Company wishes to undertake it, an application should be made for the same within 45 days of the Notice. Our Company submitted its reply to the Notice issued by the RBI on December 30, 2019, stating that there was no delay in the submission of both (i) and (ii), mentioned above by the Company and the delay was on account of technical issues faced by the AD Bank. Subsequently, our Company made an application to the RBI for compounding of the above offences on January 6, 2020. The RBI by way of an order dated July 16, 2020 declared that upon payment of compounding fees of ₹ 0.17 million, the offences of the Company shall be compounded. Our Company paid the compounding fees and intimated the same to the RBI by letter dated July 17, 2020. Our Company has not received any further notices or communication from the RBI since then.

#### **Litigation involving our Promoters**

##### *Outstanding criminal litigation involving our Promoters*

##### *Criminal proceedings against our Promoters*

##### Mr. T.S. Kalyanaraman

1. Mr. Naveen also known as Raman (“**Complainant**”) filed a private complaint in Erode against Mr. T.S. Kalyanaraman, our Company and Mr. Prabhu Ganesan, for offence under Section 420 read with Sections 34 and 506 of the Indian Penal Code, 1860, alleging that the ear ring purchased by the Complainant had iron mixed with gold, the jewellery was adulterated and that our Company was guilty of criminal intimidation. For details, see “– *Litigation involving our Company – Outstanding criminal litigation involving our Company – Criminal proceedings against our Company*” on page 319.

2. The Bengaluru Metropolitan Task Force (“**Complainant**”) filed a first information report before the Bengaluru Metropolitan Task Force police station against Mr. T.S. Kalyanaraman for offences under Sections 441 and 436A of the Karnataka Municipal Corporation Act, 1976 and Section 420 of the Indian Penal Code, 1860, alleging that Mr. T.S. Kalyanaraman displayed certain signs even after the expiry date of the license issued by the Complainant. Further, a charge-sheet has been submitted before the Court of the Chief Municipal Magistrate, Bangalore (“**Court**”) against Mr. T.S. Kalyanaraman. The Court issued summons against Mr. T.S. Kalyanaraman and instituted criminal proceedings against him. Subsequently, Mr. T.S. Kalyanaraman filed a petition before the Karnataka High Court under Section 482 of the Code of Criminal Procedure, 1973, praying to the Karnataka High Court to quash the criminal proceedings instated against him. The Karnataka High Court by way of order dated January 21, 2020 stayed the proceedings against Mr. T.S. Kalyanaraman. The matter is currently pending.

#### *Criminal proceedings by our Promoters*

##### Mr. T.K. Ramesh

1. Mr. T.K. Ramesh filed a criminal complaint before Judicial First Class Magistrate Court No. 1, Thrissur against Mr. Ravi Magal under section 138 of the Negotiable Instruments Act, 1881. Mr. Ravi Magal presented a cheque for ₹ 0.75 million towards repayment of advance made to him and for loss and damages suffered by Mr. T.K. Ramesh, which was subsequently dishonoured. Mr. T.K. had advanced such amount to Mr. Ravi Magal for supply of certain material and goods for interior work in the residence of Mr. T.K. Ramesh, which Mr. Ravi Magal failed to supply. The matter is currently pending.

#### ***Disciplinary action taken against our Promoters in the five Fiscals preceding the date of this Draft Red Herring Prospectus by SEBI or any stock exchange***

No disciplinary action has been taken against our Promoters in the five Fiscals preceding the date of this Draft Red Herring Prospectus by SEBI or any stock exchange.

#### **Litigation involving our Directors**

##### ***Outstanding criminal litigation involving our Directors***

##### *Criminal proceedings against our Directors*

##### Mr. T.S. Kalyanaraman

1. For details, see “– *Litigation involving our Promoters – Outstanding criminal litigation involving our Promoters – Criminal proceedings against our Promoters - Mr. T.S. Kalyanaraman*” on page 325.
2. For details, see “– *Litigation involving our Company – Outstanding criminal litigation involving our Company – Criminal proceedings against our Company*” on page 319.

##### *Criminal proceedings by our Directors*

##### Mr. T.K. Ramesh

1. For details, see “– *Litigation involving our Promoters – Outstanding criminal litigation involving our Promoters – Criminal proceedings by our Promoters - Mr. T.K. Ramesh*” on page 326.

#### **Litigation involving our Subsidiaries**

##### *Civil proceedings by our Subsidiaries*

##### KJLLC UAE (“KJLLC UAE”)

1. KJLLC UAE initiated legal proceedings before courts in Dubai against Infinia Service and Solutions DMCC (“**Infinia**”), alleging that the cheque of AED 0.84 million issued by Infinia to KJLLC UAE for the amount owed by Infinia to KJLLC UAE in terms of the marketing agreement entered into between



them in 2018, was dishonoured. The matter was decided in favour of KJLLC UAE and the amount of AED 0.90 million, which includes the amount owed by Infinia along with the costs and fees related to the legal proceedings, was awarded to KJLLC UAE. Subsequently, KJLLC UAE initiated proceedings before the Dubai Court of First Instance (“**Court**”), praying to the Court to execute the judgement of the previous court. The matter is currently pending.

### Tax proceedings against our Company, Subsidiaries, Promoters and Directors

Set out herein below are details of claims relating to direct and indirect taxes involving our Company, Promoters, Directors and Subsidiaries.

Nature of case	Number of cases	Demand amount involved* (in ₹ million)
<b>Our Company</b>		
Direct tax	1	–
Indirect tax	29	4,339.42 <sup>#</sup>
<b>Promoters</b>		
Direct tax	Nil	–
Indirect tax	Nil	–
<b>Subsidiaries</b>		
Direct tax	Nil	–
Indirect tax	Nil	–
<b>Directors</b>		
Direct tax	Nil	–
Indirect tax	Nil	–

\*To the extent quantifiable

<sup>#</sup>Our Company has already paid ₹ 18.48 million under protest.

### Outstanding due to creditors

As per the Materiality Policy, a creditor of our Company, shall be considered to be material (“**Material Creditors**”) for the purpose of disclosure in this Draft Red Herring Prospectus, if amounts due to such creditor by our Company exceeds 1% of the total trade payables (on a consolidated basis) of our Company as at the date of the latest Restated Consolidated Financial Information (i.e., as at March 31, 2020). Accordingly, a creditor has been considered ‘material’ by our Company if the amount due to such creditor exceeds ₹ 55.76 million as on March 31, 2020.

As of March 31, 2020, outstanding dues to Material Creditors, micro, small and medium enterprises and other creditors were as follows:

Particulars	Number of creditors	Amount involved (in ₹ million)
Micro, small and medium enterprises*	-	-
Material Creditor(s)	22	2,270.85
Other creditors**	1,695	3,304.76
<b>Total</b>	<b>1,717</b>	<b>5,575.61</b>

\* As defined under the Micro, Small and Medium Enterprises Development Act, 2006, as amended.

\*\*Amount includes Outstanding Expenses for ₹370.64 million for which number of cases is taken as Nil.

For details about outstanding dues to Material Creditors as on March 31, 2020 along with the name and amount involved for each such Material Creditor, see [www.kalyanjewellers.net/investors/downloads.php](http://www.kalyanjewellers.net/investors/downloads.php).

*It is clarified that such details available on our Company’s website do not form a part of this Draft Red Herring Prospectus. Anyone placing reliance on any source of information including our Company’s website would be doing so at their own risk.*

### MATERIAL DEVELOPMENTS

There have been no material developments, since the date of the last balance sheet, except as disclosed in “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on page 298.

## GOVERNMENT AND OTHER APPROVALS

*Our Company can undertake the Offer and our Company and Material Subsidiaries can undertake their respective current business activities, including on the basis of the list of material approvals provided below. Other than as stated below, no further material approvals from any regulatory authority are required to undertake the Offer or continue such business activities. In the event that any of the approvals and licenses that are required for our business operations expire in the ordinary course of business, we make applications for their renewal from time to time. For details in connection with the regulatory and legal framework within which our Company and our Material Subsidiaries operate, see section “Key Regulations and Policies” on page 147.*

### ***Approvals relating to the Offer***

For the approvals and authorisations obtained by our Company in relation to the Offer, see “*Other Regulatory and Statutory Disclosures – Authority for the Offer*” on page 332.

### ***Incorporation details of our Company and Material Subsidiaries***

1. Certificate of incorporation dated January 29, 2009 issued by the Registrar of Companies, Tamil Nadu at Coimbatore to our Company.
2. Fresh certificate of incorporation dated February 10, 2009 issued by the Registrar of Companies, Tamil Nadu at Coimbatore to our Company on account of change in our name from Kalyan Jewellers TSK Private Limited to Kalyan Jewellers India Private Limited.
3. Fresh certificate of incorporation dated June 15, 2016 issued by the Registrar of Companies, upon conversion of our Company from a private company to a public company and consequent change of name from Kalyan Jewellers India Private Limited to Kalyan Jewellers India Limited.
4. For incorporation details of our Material Subsidiaries, see “*Our Subsidiaries*” on page 192.

### ***Approvals obtained by our Company in relation to our business and operations***

We require various approvals to carry on our business in India. Some of these may expire in the ordinary course of business and applications for renewal of these approvals are submitted in accordance with applicable procedures and requirements as disclosed below. We have received the following material approvals pertaining to our business:

#### ***1. Tax related approvals***

- (a) Permanent Account Number AADCK6079K, issued by the Income Tax Department, Government of India.
- (b) Tax Deduction Account Number CHNK03681G, issued by the Income Tax Department, Government of India.
- (c) The import export code number is 1007006919, issued by the Director General of Foreign Trade, Government of India.
- (d) 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 and union territories where our showrooms and My Kalyan stores are located.

#### ***2. Labour related approvals***

Our Company has obtained registrations in the ordinary course of business for its showrooms and “My Kalyan” centres across various states in India under the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952 and the Employees’ State Insurance Act, 1948.

#### ***3. Approvals in relation to our operations***

(a) ***Approvals in relation to showrooms***

As of June 30, 2020, our Company owns and/or operates 107 showrooms across India. We require certain material approvals, licenses and registrations under several central or state-level acts, rules and regulations to undertake our operations in the showrooms, including, registrations under the respective shops and commercial establishment acts of those states, trade licenses from the respective municipal authorities of areas where such showrooms are located, registrations under legal metrology laws, certifications from the Bureau of Indian Standards and professional tax registrations, as may be applicable or in force. Certain of these material approvals, licenses and registrations differ on the basis of the location as well as the nature of operations carried out at such locations. Our Company has made renewal applications for such material approvals, licenses and registrations that may have expired in the ordinary course of business.

Stated below is the list of material approvals, licenses and registrations in relation to our material showrooms which have expired as of the date of this Draft Red Herring Prospectus:

S. No.	Showroom	Nature of Approval	Status
<b><i>Application made and renewal not received</i></b>			
1.	Thrissur	Certificate of verification for legal metrology	Application for renewal made on June 8, 2020.
2.	Bhubaneswar	Trade license	Application for renewal made on May 6, 2020.
3.	Dickenson Road, Bengaluru	Bureau of Indian Standards corporate license	Application for renewal made on March 18, 2020.
4.	Vijayawada	Bureau of Indian Standards corporate license	Application for renewal made on March 18, 2020.
5.	South Extension, Delhi	Bureau of Indian Standards corporate license	Application for renewal made on June 5, 2020.
6.	Adoor	Trade license	Application for renewal made on June 12, 2020.
7.	Patna	Certificate of verification for legal metrology	Application for renewal made on June 15, 2020.
8.	Thanjavur	Bureau of Indian Standards corporate license	Application for renewal made on March 18, 2020.
9.		Trade license	Application for renewal made on February 14, 2020.
10.	Karur	Trade license	Application for renewal made on March 18, 2020.
11.	Karol Bagh, Delhi	Bureau of Indian Standards corporate license	Application for renewal made on June 5, 2020.
12.	Coimbatore	Trade License	Application for renewal made on January 29, 2020.

(b) ***Approvals in relation to “My Kalyan” centres***

As of June 30, 2020, our Company operates 761 “My Kalyan” centres across India. We require certain approvals, licenses and registrations under certain central or state-level acts, rules and regulations to undertake our operations in the “My Kalyan” centres, including, registrations under the respective shops and commercial establishment acts of those states, office licenses from the respective municipal authorities of areas where such outlets are located, registrations under legal metrology laws, and professional tax registrations, as may be applicable or in force. Our requirement to obtain certain of these approvals, licenses and/or registrations differ on the basis of the location as well as the nature of operations carried out at such locations. Our Company has made renewal applications for such approvals, licenses and registrations that may have expired in the ordinary course of business.

4. ***Intellectual property approvals***

**Trademarks**

Our Company has obtained and has applied for registrations in respect of the intellectual property created by our Company during the course of its business. As on the date of this Draft Red Herring Prospectus, we have obtained trademarks registrations, including for the logo of our Company under class 14 and other trademarks of our brands, such as “Kalyan Jewellers” under classes 14 and 16, “Kalyan” under Class 14, “Tejasvi” under class 35, “Rang” under class 35, “Antara” under class 35, “Hera” under classes 14 and 35, “Mudhra” under classes 14 and 35, “Nimah” under classes 14 and 35, “Ziah” under classes 14 and 35, “Anokhi” under class 35, *etc.*

Further, as on the date of this Draft Red Herring Prospectus, we have made applications for trademarks registration, including for “Muhurat@Home” under classes 14, 16 and 35, “Dhanvarsha” under class 14, “Sankalp under classes 14, 16 and 35” *etc.*

### **Copyright**

Our Company has obtained a copyright registration for an artistic work titled ‘Kalyan Jewellers’.

### ***Approvals in relation to our Material Subsidiaries***

Our Material Subsidiaries require certain approvals, licenses and/ or registrations under various laws, rules and regulations applicable in each of their respective jurisdictions. Certain of these approvals, licenses and/ or registrations differ on the basis of the location as well as the nature of operations carried out at such locations. Our Material Subsidiaries have obtained material approvals, licenses and registrations from appropriate regulatory and governing authorities required to operate their respective businesses in relevant jurisdictions. Certain approvals, licenses and registrations may have lapsed in their ordinary course and our Material Subsidiaries have either made applications to the appropriate authorities in the relevant jurisdictions for renewal of such licenses and/ or approvals or are in the process of making such applications.

Stated below is the list of key registrations in relation to our Material Subsidiaries, which have expired:

#### **1. UAE**

<b>S. No.</b>	<b>Entity</b>	<b>License/ Registration</b>	<b>Status</b>
<b><i>Application made and renewal not received</i></b>			
1.	Kalyan Jewellers LLC, UAE - Branch (Dubai)	Branch trade license number 713728 issued by Dubai Department of Economic Development	Application for renewal has been made.
2.	Kalyan Jewellers LLC, UAE - Branch (Dubai)	Branch trade license number 788639 issued by Dubai Department of Economic Development	Application for renewal has been made.
3.	Kalyan Jewellers LLC, UAE - Branch 5 (Sharjah)	Sharjah Branch 5 trade license number 770925 issued by Sharjah Department of Economic Development	Application for renewal has been made.
<b><i>Application yet to be made</i></b>			
1.	Kalyan Jewellers LLC, UAE - Branch 1 (Sharjah)	Sharjah Branch 1 trade license number 732935 issued by Sharjah Department of Economic Development	Application for renewal yet to be made.

#### **2. Qatar**

<b>S. No.</b>	<b>Entity</b>	<b>License/ Registration</b>	<b>Status</b>
<b><i>Application made and renewal not received</i></b>			
1.	Kalyan Jewellers LLC, Qatar (Barwa Branch)	Trade Licence for the commercial registration number 67939/1 issued by Qatar Ministry of Commerce and Industry having License No. 109884	Application for renewal has been made.
2.	Kalyan Jewellers LLC, Qatar (Barwa Branch)	Computer Card for the commercial registration number 67939/1 issued by Qatar Ministry of Interior having License No. 14 7756 01	Application for renewal has been made.
3.	Kalyan Jewellers LLC, Qatar (Messilah Branch)	Trade Licence for the commercial registration number 67939/2 issued by Qatar Ministry of Commerce and Industry having License No. 110481	Application for renewal has been made.

<b>S. No.</b>	<b>Entity</b>	<b>License/ Registration</b>	<b>Status</b>
4.	Kalyan Jewellers LLC, Qatar (Messilah Branch)	Computer Card for the commercial registration number 67939/2 issued by Qatar Ministry of Interior having License No. 14 7756 02	Application for renewal has been made.
5.	Kalyan Jewellers LLC, Qatar (Gharrafa Branch)	Trade Licence for the commercial registration number 67939/3 issued by Qatar Ministry of Commerce and Industry having License No. 110380	Application for renewal has been made.
6.	Kalyan Jewellers LLC, Qatar (Gharrafa Branch)	Computer Card for the commercial registration number 67939/3 issued by Qatar Ministry of Interior having License No. 14 7756 03	Application for renewal has been made.
7.	Kalyan Jewellers LLC, Qatar (Gharrafa Branch)	Ministry of Interior approval for the commercial registration number 67939/3 having No. DIA19000457	Application for renewal has been made.
8.	Kalyan Jewellers LLC, Qatar (Safari Mall Branch)	Ministry of Interior approval for the commercial registration number 67939/4 having No. DIA19000370	Application for renewal has been made.

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Offer

#### *Corporate Approvals*

Our Board has authorized the Offer pursuant to its resolution dated July 13, 2020 and our Shareholders have authorized the Fresh Issue pursuant to a special resolution passed on August 17, 2020 under Section 62(1)(c) of the Companies Act.

Our Board has taken on record the Offer for Sale by Highdell and the Promoter Selling Shareholder pursuant to its resolution dated August 24, 2020.

Our Board has approved and adopted this Draft Red Herring Prospectus for filing with SEBI and the Stock Exchanges pursuant to its resolution dated August 24, 2020.

#### *Approvals from the Selling Shareholders*

The Selling Shareholders have severally and not jointly specifically authorized the Offer for Sale of their respective portion of Offered Shares as set out below:

Sr. No.	Name of Selling Shareholders	Date of Board Resolution/ Consent Letter
1.	Highdell	Board resolution dated August 21, 2020
2.	Mr. T.S. Kalyanaraman	Consent letter dated August 22, 2020

#### *In-principle listing approvals*

Our Company has received in-principle approvals from the BSE and NSE for the listing of our Equity Shares pursuant to letters dated [●] and [●], respectively.

### Prohibition by the SEBI, the RBI or Governmental Authorities

Our Company, our Promoters, members of the Promoter Group, our Directors, the Selling Shareholders 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 authority or court.

### Compliance with the Companies (Significant Beneficial Owners) Rules, 2018

Each of our Company, our Promoters, our Promoter Group and each of the Selling Shareholders, severally and not jointly, confirms that it is in compliance with the Companies (Significant Beneficial Owners) Rules, 2018, as amended (“SBO Rules”), to the extent applicable, as on the date of this Draft Red Herring Prospectus.

### Directors associated with the Securities Market

None of our Directors are associated with the securities market in any manner and no action has been initiated by SEBI against our Directors in the five years preceding the date of this Draft Red Herring Prospectus.

### Eligibility for the Offer

Our Company is eligible for the Offer in accordance with the Regulation 6(1) of the SEBI ICDR Regulations, and is in compliance with the conditions specified therein in the following manner:

- Our Company has had net tangible assets of at least ₹ 30 million, calculated on a restated and consolidated basis, in each of the preceding three full years (of 12 months each), of which not more than 50 % are held in monetary assets in Fiscals 2020 and 2019. However, more than 50% of the net tangible assets were held in monetary assets in Fiscal 2018. The excess monetary assets in Fiscal 2018 were utilized in our Company’s business;

- Our Company had an average operating profit of at least ₹ 150 million, calculated on a restated and consolidated basis, during the preceding three years (of 12 months each), with operating profit in each of these preceding three years;
- Our Company had a net worth of at least ₹ 10 million in each of the preceding three full years (of 12 months each), calculated on a restated and consolidated basis; and
- Our Company has not changed its name in the last one year.

Our Company's net tangible assets, monetary assets, monetary assets as a percentage of the net tangible assets, operating profits and net worth, derived from the Restated Consolidated Financial Information included in this Draft Red Herring Prospectus as at, and for the last three Fiscals ended March 31, 2020, 2019 and 2018 are set forth below:

(₹ in million)

	Consolidated		
	Fiscal 2020	Fiscal 2019	Fiscal 2018
Net tangible assets, as restated <sup>(1)</sup>	18,817.52	17,639.45	18,117.72
Monetary assets, as restated <sup>(2)</sup>	7,501.36	8,254.45	10,179.13
Monetary assets, as a percentage of net tangible assets, as restated <sup>(3)</sup>	39.86%	46.80%	56.18%*
Restated pre-tax operating profit <sup>(4)</sup>	5,211.04	3,567.17	5,307.21
Net worth, as restated <sup>(5)</sup>	21,580.79	20,006.44	19,680.64

\* Monetary assets in excess of 50% of the net tangible assets were utilised in the business of our Company.

Notes:

- (1) The restated net tangible assets are defined as sum of total assets excluding right of use assets, goodwill on consolidation, intangible assets, intangible assets under development and deferred tax assets (net) deducted by sum of total liabilities excluding related total lease liabilities, as per the restated consolidated financial information of the Company.
- (2) Restated monetary assets are defined as restated cash and bank balances which includes cash in hand, balance with bank (in current account, funds in transit and fixed deposit), fixed deposited held as margin money against borrowings and guarantees and Balances with banks held as margin money, as per the restated consolidated financial information of the Company. These balances includes balances with banks (including fixed deposits) as margin money relating to borrowings, guarantees and metal gold loan which are not be readily available for utilisation by the Company.
- (3) Percentage of restated monetary assets represents a percentage of the restated net tangible assets divided by restated monetary assets.
- (4) Restated pre-tax operating profit (excluding other income and finance cost) has been calculated as a restated profit before tax excluding finance cost and other income, as per the restated consolidated financial information of the Company. The average restated pre-tax operating profit of the Company for the preceding three fiscals i.e., 2020, 2019 and 2018 is ₹ 4,695.14.
- (5) Net worth means the aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account and debit balance of non controlling interest.

Our Company had operating profits in each of Fiscal 2020, 2019 and 2018 in terms of our Restated Consolidated Financial Information.

Our Company 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, our Company confirms that it is not ineligible to make the Offer in terms of Regulation 5 of the SEBI ICDR Regulations, to the extent applicable. Our Company is in compliance with the conditions specified in Regulation 5 of the SEBI ICDR Regulations, as follows:

- (a) Neither our Company, nor our Promoters, members of our Promoter Group, Directors or any of the Selling Shareholders are debarred from accessing the capital markets by SEBI.
- (b) Neither our Promoters nor our Directors are promoters or directors of companies which are debarred from accessing the capital markets by SEBI.
- (c) Neither our Company, nor any of our Promoters or Directors is declared to be a wilful defaulter by any bank or financial institution or consortium thereof in accordance with the guidelines on wilful defaulters issued by the RBI.
- (d) None of our Promoters or Directors is a fugitive economic offender (as defined under the Fugitive Economic Offenders Act, 2018).
- (e) There are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into, or any other right which would entitle any person any option to receive Equity Shares, as on the date of this Draft Red Herring Prospectus, except for the 119,047,619 CCPS held by

Highdell, which will be converted to Equity Shares prior to filing of the Red Herring Prospectus with the Registrar of Companies.

Each Selling Shareholder, severally and not jointly, confirm that it is in compliance with Regulation 8 of the SEBI ICDR Regulations.

#### **DISCLAIMER CLAUSE OF THE 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 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 LEAD MANAGERS 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. 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 LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGERS HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED AUGUST 24, 2020 IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018.**

**THE FILING OF THIS DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGERS, ANY IRREGULARITIES OR LAPSES IN THIS DRAFT RED HERRING PROSPECTUS.**

#### **Disclaimer from our Company, our Directors and the Lead Managers**

Our Company, our Directors and the Lead Managers accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including website of our Company, *i.e.*, [www.kalyanjewellers.net](http://www.kalyanjewellers.net), or any affiliate of our Company would be doing so at his or her own risk.

The Lead Managers accept no responsibility, save to the limited extent as provided in the Offer Agreement and 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 and the Lead Managers 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.

None among our Company, or any member of the Syndicate shall be liable for any failure in (i) uploading the Bids due to faults in any software/ hardware system or otherwise; or (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.



Bidders who Bid in the Offer will be required to confirm and will be deemed to have represented to our Company, Underwriters 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, 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 Lead Managers and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, the Selling Shareholders and their respective 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 and their respective affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

#### **Disclaimer from our Selling Shareholders**

Each Selling Shareholder accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website, www.kalyanjewellers.net, or the respective websites of our Promoter, Promoter Group or any affiliate of our Company would be doing so at his or her own risk. Each Selling Shareholder, its directors, affiliates, associates, and officers accept no responsibility for any statements made in this Draft Red Herring Prospectus other than those specifically made or confirmed by such Selling Shareholder in relation to itself as a Selling Shareholder and its portion of the Offered Shares.

None among the Selling Shareholders shall be liable for any failure in (i) uploading the Bids due to faults in any software/ hardware system or otherwise; or (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.

Bidders will be required to confirm and will be deemed to have represented to each of the Selling Shareholders 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 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. Each of the Selling Shareholders 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.

#### **Disclaimer in respect of Jurisdiction**

This Offer is being made in India to persons resident in India (who are competent to contract under the Indian Contract Act, 1872, including Indian nationals resident in India, Hindu Undivided Families (“HUFs”), companies, other corporate bodies and societies registered under the applicable laws in India and authorized to invest in equity shares, Indian Mutual Funds registered with the SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to permission from the RBI), systemically important non-banking financial companies or trusts under the applicable trust laws, and who are authorized under their respective constitutions to hold and invest in equity shares, public financial institutions as specified under Section 2(72) of the Companies Act, venture capital funds, permitted insurance companies and pension funds and, to permitted non-residents including Eligible NRIs, Alternative Investment Funds (“AIFs”), Foreign Portfolio Investors registered with SEBI (“FPIs”) and QIBs. This Draft Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby, in any jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) at Mumbai only.

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 our affairs or in the affairs of the Selling Shareholders from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

### **Eligibility and Transfer Restrictions**

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

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

Until the expiry of 40 days after the commencement of this Offer, an offer or sale of Equity Shares within the United States by a dealer (whether or not it is participating in this Offer) may violate the registration requirements of the Securities Act if such an offer for sale is made otherwise than in compliance with Section 4(a)(2) or Rule 144A or another available exemption from registration under the Securities Act.

### ***Equity Shares Offered and Sold within the United States***

Each purchaser that is acquiring the Equity Shares offered pursuant to this Offer within the United States, by its acceptance of this Draft Red Herring Prospectus and of the Equity Shares, will be deemed to have acknowledged, represented to and agreed with the Company, the Selling Shareholders and the Lead Managers that it has received a copy of this Draft Red Herring Prospectus and such other information as it deems necessary to make an informed investment decision and that:

- (1) the purchaser is authorized to consummate the purchase of the Equity Shares offered pursuant to this Offer in compliance with all applicable laws and regulations;
- (2) the purchaser acknowledges that the Equity Shares offered pursuant to this Offer have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and accordingly 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 Securities Act;
- (3) the purchaser (i) is a U.S. QIB, (ii) is aware that the sale to it is being made in a transaction exempt from or not subject to the registration requirements of the Securities Act, and (iii) is acquiring such Equity Shares for its own account or for the account of a U.S. QIB with respect to which it exercises sole investment discretion;
- (4) the purchaser is not an affiliate of the Company or a person acting on behalf of an affiliate;
- (5) if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (A) (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a U.S. QIB in a transaction meeting the requirements of Rule 144A under the Securities Act or (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the Securities Act and (B) in accordance with all applicable laws,

including the securities laws of the states of the United States. The purchaser understands that the transfer restrictions will remain in effect until the Company determines, in its sole discretion, to remove them;

- (6) the Equity Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any such Equity Shares;
- (7) the purchaser will not deposit or cause to be deposited such Equity Shares into any depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility, so long as such Equity Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act;
- (8) the purchaser agrees that neither the purchaser, nor any of its affiliates, nor any person acting on behalf of the purchaser or any of its affiliates, will make any “directed selling efforts” as defined in Regulation S under the Securities Act in the United States with respect to the Equity Shares;
- (9) the purchaser understands that such Equity Shares (to the extent they are in certificated form), unless the Company determines otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

THE EQUITY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON WHOM THE SELLER OR ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT, OR (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

- (10) the Company will not recognize any offer, sale, pledge or other transfer of such Equity Shares made other than in compliance with the above-stated restrictions; and
- (11) the purchaser acknowledges that the Company, the Selling Shareholders, the Lead Managers, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify the Company, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

***All Other Equity Shares Offered and Sold in this Offer***

Each purchaser that is acquiring the Equity Shares offered pursuant to this Offer outside the United States, by its acceptance of this Draft Red Herring Prospectus and of the Equity Shares offered pursuant to this Offer, will be deemed to have acknowledged, represented to and agreed with the Company, the Selling Shareholders and the Lead Managers that it has received a copy of this Draft Red Herring Prospectus and such other information as it deems necessary to make an informed investment decision and that:

- (1) the purchaser is authorized to consummate the purchase of the Equity Shares offered pursuant to this Offer in compliance with all applicable laws and regulations;
- (2) the purchaser acknowledges that the Equity Shares offered pursuant to this Offer have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and accordingly 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 Securities Act;

- (3) the purchaser is purchasing the Equity Shares offered pursuant to this Offer in an offshore transaction meeting the requirements of Rule 903 of Regulation S under the Securities Act;
- (4) the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Equity Shares offered pursuant to this Offer, was located outside the United States at the time (i) the offer for such Equity Shares was made to it and (ii) when the buy order for such Equity Shares was originated and continues to be located outside the United States and has not purchased such Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of such Equity Shares or any economic interest therein to any person in the United States;
- (5) the purchaser is not an affiliate of the Company or a person acting on behalf of an affiliate;
- (6) if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (A) (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a U.S. QIB in a transaction meeting the requirements of Rule 144A or (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the Securities Act and (B) in accordance with all applicable laws, including the securities laws of the States of the United States. The purchaser understands that the transfer restrictions will remain in effect until the Company determines, in its sole discretion, to remove them;
- (7) the purchaser agrees that neither the purchaser, nor any of its affiliates, nor any person acting on behalf of the purchaser or any of its affiliates, will make any “directed selling efforts” as defined in Regulation S under the Securities Act in the United States with respect to the Equity Shares;
- (8) the purchaser understands that such Equity Shares (to the extent they are in certificated form), unless the Company determine otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

THE EQUITY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON WHOM THE SELLER OR ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT, OR (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

- (9) the Company will not recognize any offer, sale, pledge or other transfer of such Equity Shares made other than in compliance with the above-stated restrictions; and
- (10) the purchaser acknowledges that the Company, the Selling Shareholders, the Lead Managers, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify the Company, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

In relation to each Member State of the European Economic Area and the United Kingdom (each a “Relevant State”), no Equity Shares have been offered or will be offered pursuant to the Offering to the public in that Relevant State prior to the publication of a prospectus in relation to the Equity Shares which has been approved

by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation), except that offers of Equity Shares may be made to the public in that Relevant State at any time under the following exemptions under the Prospectus Regulation:

- (a) to any legal entity which is a qualified investor as defined under the Prospectus Regulations;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of the Lead Manager for any such offer; or
- (c) in any other circumstances falling within Article 1(4) of the Prospectus Regulations,

provided that no such offer of Equity Shares shall require the Company, the Selling Shareholders or any Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulations.

For the purposes of this provision, the expression an “offer to the public” in relation to any Equity Shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Equity Shares, and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129.

The Company, the Selling Shareholders, the Lead Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

Bidders are advised to ensure that any Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

#### **Disclaimer Clause of the BSE**

As required, a copy of this Draft Red Herring Prospectus has been submitted to the BSE. The disclaimer clause as intimated by the BSE to us shall be included in the Red Herring Prospectus prior to filing with the RoC.

#### **Disclaimer Clause of NSE**

As required, a copy of this Draft Red Herring Prospectus has been submitted to the NSE. The disclaimer clause as intimated by the NSE to us shall be included in the Red Herring Prospectus prior to filing with the RoC.

#### **Listing**

Applications will be made to the Stock Exchanges for obtaining permission to deal in and for an official quotation of the Equity Shares being issued and sold in the Offer and [●] is the Designated Stock Exchange, with which the Basis of Allotment will be finalized for the Offer.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by the Stock Exchanges, our Company shall forthwith repay, without interest, all monies received from the applicants in pursuance of the Red Herring Prospectus in accordance with applicable law. Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading of Equity Shares at the Stock Exchanges are taken within six Working Days of the Bid/Offer Closing Date or such other period as may be prescribed by the SEBI. If our Company does not allot Equity Shares pursuant to the Offer within six Working Days from the Bid/Offer Closing Date or within such timeline as prescribed by the SEBI, it shall 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. For avoidance of doubt, no liability to make any payment of interest or expenses shall accrue to any Selling Shareholder unless the delay in making any of the payments/refund hereunder or the delay in obtaining listing or trading approvals or any other approvals in relation to the Offer is caused solely by, and is directly attributable to, an act or omission of such Selling Shareholder and to the extent of its portion of the Offered Shares.

#### **Impersonation**

Attention of the Bidders 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 of not less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than ₹ 1 million or 1% of the turnover of the Company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹ 5 million or with both.

### **Consents**

Consents in writing of: (a) the Selling Shareholders, our Directors, the Company Secretary and Compliance Officer, the legal counsels, the bankers to our Company, Technopak, the Lead Managers and Registrar to the Offer have been obtained; and (b) the Syndicate Members, the Monitoring Agency and Bankers(s) to the Offer to act in their respective capacities, will be obtained. Further, such consents shall not be withdrawn up to the time of delivery of this Draft Red Herring Prospectus and the Prospectus with the SEBI.

### **Expert to the Offer and their consents**

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

Our Company has received written consent from our Statutory Auditors, Deloitte Haskins & Sells LLP, Chartered Accountants, to include their name as required under Section 26 of the Companies Act read with the SEBI ICDR Regulations in this Draft Red Herring Prospectus and as an “Expert” defined under Section 2(38) of the Companies Act, in respect of the examination reports of the Statutory Auditors on the Restated Financial Information dated August 20, 2020, and the statement of special tax benefits dated August 22, 2020 included in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. The term “experts” and consent thereof does not represent an expert or consent within the meaning under the Securities Act.

Additionally, our Company has also received consent from Al Anamil Eng. Consultancy LLC, to include their name in this Draft Red Herring Prospectus as an “expert” in terms of the Companies Act 2013 to the extent of and in their capacity as a firm of duly qualified and experienced engineers in relation to their certificate dated July 8, 2020 on manufacturing capacity, production and utilisation of our manufacturing facilities located in UAE and Oman.

### **Particulars regarding public or rights issues during the last five years**

Our Company has not undertaken any public issue or rights issue in the five years preceding the date of this Draft Red Herring Prospectus.

### **Commission or brokerage on previous issues in the last five years**

No sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure public subscription for any of our Equity Shares or CCPS in the five years preceding the date of this Draft Red Herring Prospectus.

### **Capital Issues in the last three years**

Our Company has not made any capital issues in the three years immediately preceding the date of this Draft Red Herring Prospectus.

As on the date of this Draft Red Herring Prospectus, none of our Subsidiaries have their equity shares listed on any stock exchanges in India or overseas.

**Performance vis-à-vis Objects - public/ rights issue of our Company**

Our Company has not undertaken any public or rights issue in the five years immediately preceding the date of this Draft Red Herring Prospectus.

## Price information of past issues handled by the Lead Managers

### Axis Capital Limited

#### 1. Price information of past issues (during the current Fiscal and two Fiscals preceding the current financial year) handled by Axis Capital Limited

Sr. No.	Issue name	Issue size (in ₹ million)	Issue price (in ₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th Calendar day from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th Calendar day from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th Calendar day from listing
1	Rossari Biotech Limited	4,962.50	425.00	July 23, 2020	669.25	+87.25%, [+1.39%]	-	-
2	SBI Cards and Payment Services Limited	103,407.88	755.00 <sup>@</sup>	March 16, 2020	661.00	-33.05%, [-2.23%]	-21.79%, [+8.41%]	-
3	CSB Bank Limited	4,096.77	195.00	December 4, 2019	275.00	+8.36%, [+2.03%]	-12.18%, [-7.51%]	-36.95%, [-20.41%]
4	Sterling And Wilson Solar Limited	28,809.42	780.00	August 20, 2019	706.00	-21.88%, [-1.60%]	-48.63%, [+7.97%]	-64.78%, [+9.95%]
5	Spandana Sphoorty Financial Limited	12,009.36	856.00	August 19, 2019	825.00	-0.56%, [-2.14%]	+52.76%, [+7.61%]	+17.32%, [+9.59%]
6	Polycab India Limited	13,452.60	538.00 <sup>^</sup>	April 16, 2019	633.00	+15.36%, [-5.35%]	+14.70%, [-1.99%]	+23.76%, [-4.09%]
7	Chalet Hotels Limited	16,411.80	280.00	February 7, 2019	294.00	+1.14%, [-0.31%]	+24.41%, [+3.87%]	+10.77%, [-1.87%]
8	Ircon International Limited	4,667.03	475.00 <sup>*</sup>	September 28, 2018	412.00	-27.04%, [-8.24%]	-6.60%, [-1.84%]	-15.71%, [+5.06%]
9	HDFC Asset Management Company Limited	28,003.31	1,100.00	August 6, 2018	1,726.25	+58.04%, [+1.17%]	+30.61%, [-7.32%]	+23.78%, [-4.33%]
10	Sandhar Technologies Limited	5,124.80	332.00	April 2, 2018	346.10	+18.09%, [+5.17%]	+15.95%, [+4.92%]	-4.20%, [+7.04%]

Source: www.nseindia.com

<sup>@</sup> Offer Price was ₹ 680.00 per equity share to Eligible Employees.

<sup>\*</sup> Offer Price was ₹ 465.00 per equity share to Retail Individual Bidders and Eligible Employees.

<sup>^</sup> Offer Price was ₹ 485.00 per equity share to Eligible Employees.

#### Notes:

- Issue Size derived from Prospectus/final post issue reports, as available.
- The CNX NIFTY is considered as the Benchmark Index.
- Price on NSE is considered for all of the above calculations.
- In case 30th/90th/180th day is not a trading day, closing price on NSE of the previous trading day has been considered.
- Since 30 calendar days, 90 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

#### 2. Summary statement of price information of past issues (during the current Fiscal and two Fiscals preceding the current financial year) handled by Axis Capital Limited



Financial year	Total no. of IPOs	Total funds raised (in ₹ million)	Nos. of IPOs trading at discount – 30 <sup>th</sup> calendar day from listing			Nos. of IPOs trading at premium – 30 <sup>th</sup> calendar day from listing			Nos. of IPOs trading at discount – 180 <sup>th</sup> calendar day from listing			Nos. of IPOs trading at premium – 180 <sup>th</sup> calendar day 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%
2020-2021*	1	4,962.50	-	-	-	1	-	-	-	-	-	-	-	-
2019-2020	5	161,776.03	-	1	2	-	-	2	1	1	-	-	-	2
2018-2019	4	54,206.94	-	1	-	1	-	2	-	-	2	-	-	2

\* The information is as on the date of this Draft Red Herring Prospectus.

The information for each of the financial years is based on issues listed during such financial year.

Note: Since 30 calendar days and 180 calendar days, as applicable, from listing date have not elapsed for few of the above issues, data for same is not available.

### **Citigroup Global Markets India Private Limited**

1. Price information of past issues (during the current Fiscal and two Fiscals preceding the current financial year) handled by Citigroup Global Markets India Private Limited

Sr. No.	Issue name	Issue size (in ₹ million)	Issue price (in ₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th Calendar day from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th Calendar day from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th Calendar day from listing
1	Polycab India Limited	13,452.60	538.00	April 16, 2019	633.00	+15.29% [(-)5.35%]	+14.70% [(-)1.99%]	+23.76% [(-)4.09%]
2	Aavas Financiers Limited	16,403.17	821.00	October 8, 2018	750.00	(-)19.32% [+1.76]	+2.42% [+3.66%]	+38.41% [+12.91%]
3	HDFC Asset Management Company Limited	28,003.31	1,100.00	August 6, 2018	1,726.25	+58.04% [+1.17%]	+30.61% [(-)7.32%]	+23.78% [(-)4.33%]
4	TCNS Clothing Co. Limited	11,251.25	716.00	July 30, 2018	716.00	(-)9.29% [+3.70%]	(-)19.74% [(-)11.39%]	(-)1.00% [(-)4.76%]
5	Varroc Engineering Limited	19,549.61	967.00	July 6, 2018	1,015.00	+1.62% [+5.46%]	(-)7.29% [+0.79%]	(-)24.01% [+1.27%]
6	ICICI Securities Limited	35,148.49	520.00	April 4, 2018	435.00	(-)27.93% [+5.44%]	(-)38.63% [+5.64%]	(-)44.39% [+7.92%]

Source: www.nseindia.com

#### **Notes:**

- 1) Nifty is considered as the benchmark index.
- 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) 30th, 90th, 180th calendar day from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30th, 90th, 180th calendar day is a holiday, in which case closing price on the NSE of a trading day immediately prior to the 30th/ 90th/180th day, is considered.

2. Summary statement of price information of past issues (during the current Fiscal and two Fiscals preceding the current financial year) handled by Citigroup Global Markets India Private Limited

Financial year	Total no. of IPOs	Total funds raised (in ₹ million)	Nos. of IPOs trading at discount – 30 <sup>th</sup> calendar day from listing			Nos. of IPOs trading at premium – 30 <sup>th</sup> calendar day from listing			Nos. of IPOs trading at discount – 180 <sup>th</sup> calendar day from listing			Nos. of IPOs trading at premium – 180 <sup>th</sup> calendar day 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%
2021	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2020	1	13,452.60	-	-	-	-	-	1	-	-	-	-	-	1
2019	5	110,355.83	-	1	2	1	-	1	-	1	2	-	1	1

\*As on the date of this Draft Red Herring Prospectus.

**ICICI Securities Limited**

1. Price information of past issues (during the current Fiscal and two Fiscals preceding the current financial year) handled by ICICI Securities Limited

Sr. No.	Issue name	Issue size (in ₹ million)	Issue price (in ₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th Calendar day from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th Calendar day from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th Calendar day from listing
1	Sandhar Technologies Limited	5,124.80	332.00	April 2, 2018	346.10	+18.09%,[+5.17%]	+15.95%,[+4.92%]	-4.20%,[+7.04%]
2	HDFC Asset Management Company Limited	28,003.31	1,100.00	August 6, 2018	1,726.25	+58.04%,[+1.17%]	+30.61%,[+7.32%]	+23.78%,[+4.33%]
3	Creditaccess Grameen Limited	11,311.88	422.00	August 23, 2018	390.00	-21.16%,-[3.80%]	-14.91%,-[8.00%]	-5.71%,-[8.13%]
4	Aavas Financiers Limited	16,403.17	821.00	October 8, 2018	750.00	-19.32%,[+1.76%]	+2.42%,[+3.67%]	+38.82%,[+12.74%]
5	IndiaMart InterMesh Limited	4,755.89	973.00 <sup>(1)</sup>	July 4, 2019	1,180.00	+26.36%,-[7.95%]	+83.82%,-[4.91%]	+65.57%,[+2.59%]
6	Affle (India) Limited	4,590.00	745.00	August 8, 2019	926.00	+12.56%,-[0.78%]	+86.32%,[+8.02%]	+135.49%,[+6.12%]
7	Spandana Sphoorty Financial Limited	12,009.36	856.00	August 19, 2019	824.00	-0.56%,-[2.14%]	+52.76%,[+7.61%]	+17.32%,[+9.59%]
8	Sterling and Wilson Solar Limited	28,496.38	780.00	August 20, 2019	706.00	-21.88%,-[1.60%]	-48.63%,[+7.97%]	-64.78%,[+9.95%]
9	Rossari Biotech Limited	4,962.50	425.00	July 23, 2020	669.25	+87.25%,[+1.39%]	NA*	NA*

\*Data not available.

(1) Discount of Rs. 97 per equity share offered to Eligible Employees. All calculations are based on Issue Price of Rs. 973.00 per equity share.

**Notes:**

1. All data sourced from www.nseindia.com.
2. Benchmark index considered is NIFTY.
3. 30<sup>th</sup>, 90<sup>th</sup>, 180<sup>th</sup> calendar day from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30<sup>th</sup>, 90<sup>th</sup>, 180<sup>th</sup> calendar day is a holiday, in which case we have considered the closing data of the previous trading day.

2. Summary statement of price information of past issues (during the current Fiscal and two Fiscals preceding the current financial year) handled by ICICI Securities Limited

Financial year	Total no. of IPOs	Total funds raised (in ₹ million)	Nos. of IPOs trading at discount – 30 <sup>th</sup> calendar day from listing			Nos. of IPOs trading at premium – 30 <sup>th</sup> calendar day from listing			Nos. of IPOs trading at discount – 180 <sup>th</sup> calendar day from listing			Nos. of IPOs trading at premium – 180 <sup>th</sup> calendar day 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%
2020-21*	1	4,962.50	-	-	-	1	-	-	-	-	-	-	-	-
2019-20	4	49,850.66	-	-	2	-	1	1	1	-	-	2	-	1
2018-19	4	60,843.16	-	-	2	1	-	1	-	-	2	-	1	1

\*As on the date of this Draft Red Herring Prospectus.

**SBI Capital Markets Limited**

1. Price information of past issues (during the current Fiscal and two Fiscals preceding the current financial year) handled by SBI Capital Markets Limited

Sr. No.	Issue name	Issue size (in ₹ million)	Issue price (in ₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th Calendar day from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th Calendar day from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th Calendar day from listing
1	SBI Cards & Payment Services Ltd. <sup>1</sup>	1,03,407.88	755.00	March 16, 2020	661.00	-33.05% [-2.21%]	-21.79% [8.43%]	-
2	Indian Railway Catering and Tourism Corporation Ltd. <sup>2</sup>	6,379.60	320.00	October 14, 2019	626.00	191.53% [5.05%]	186.64% [8.07%]	291.84% [-19.66%]
3	Sterling and Wilson Solar Limited	28,496.38	780.00	August 20, 2019	706.00	-21.88% [-1.60%]	-48.63% [7.97%]	-64.78% [9.95%]
4	Ircon International Limited <sup>3</sup>	4,667.03	475.00	September 28, 2018	412.00	-27.04% [8.24%]	-6.60% [-1.84%]	-15.71% [5.06%]

Sr. No.	Issue name	Issue size (in ₹ million)	Issue price (in ₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th Calendar day from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th Calendar day from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th Calendar day from listing
5	BITES Limited <sup>4</sup>	4,604.40	185.00	July 02, 2018	190.00	34.97% [+6.56%]	33.03% [+2.56%]	49.70% [+1.90%]
6	ICICI Securities Ltd	35,148.49	520.00	April 04, 2018	435.00	-27.93% [+5.44%]	-37.26% [+5.22%]	-44.39% [+7.92%]
7	Mishra Dhatu Nigam Limited <sup>5</sup>	4,328.96	90.00	April 04, 2018	87.00	67.89% [+5.44]	40.44% [+5.22%]	29.50% [+7.92%]

Source: www.nseindia.com

**Notes:**

\* 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.

\* The Nifty 50 index is considered as the Benchmark Index.

1. Price for eligible employees was Rs. 680.00 per equity share.
2. Price for retail individual bidders bidding in the retail portion and to eligible employees was Rs. 310.00 per equity share.
3. Price for retail individual bidders bidding in the retail portion and to eligible employees was Rs. 465.00 per equity share.
4. Price for retail individual bidders bidding in the retail portion and to eligible employees was Rs. 179.00 per equity share.
5. Price for retail individual bidders bidding in the retail portion and to eligible employees was Rs. 87.00 per equity share.

2. Summary statement of price information of past issues (during the current Fiscal and two Fiscals preceding the current financial year) handled by SBI Capital Market Limited

Financial year	Total no. of IPOs <sup>#</sup>	Total funds raised (in ₹ million)	Nos. of IPOs trading at discount – 30 <sup>th</sup> calendar day from listing			Nos. of IPOs trading at premium – 30 <sup>th</sup> calendar day from listing			Nos. of IPOs trading at discount – 180 <sup>th</sup> calendar day from listing			Nos. of IPOs trading at premium – 180 <sup>th</sup> calendar day 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%
2020-21*	0	-	-	-	-	-	-	-	-	-	-	-	-	-
2019-20	3	138,283.86	-	1	1	1	-	-	1	-	-	1	-	-
2018-19	4	48,748.88	-	1	1	1	1	-	-	1	-	-	2	1

\*This information is as on the date of this Draft Red Herring Prospectus.

<sup>#</sup> Date of listing for the issue is used to determine which financial year that particular issue falls into.

**BOB Capital Markets Limited:**

1. Price information of past issues (during the current Fiscal and two Fiscals preceding the current financial year) handled by BOB Capital Markets Limited

Sr. No.	Issue name	Issue size (in ₹ million)	Issue price (in ₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th Calendar day from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th Calendar day from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th Calendar day from listing
1	-	-	-	-	-	-	-	-

2. Summary statement of price information of past issues (during the current Fiscal and two Fiscals preceding the current financial year) handled by BOB Capital Markets Limited

Financial year	Total no. of IPOs	Total funds raised (in ₹ million)	Nos. of IPOs trading at discount – 30 <sup>th</sup> calendar day from listing			Nos. of IPOs trading at premium – 30 <sup>th</sup> calendar day from listing			Nos. of IPOs trading at discount – 180 <sup>th</sup> calendar day from listing			Nos. of IPOs trading at premium – 180 <sup>th</sup> calendar day 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%
2020-2021*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2019-2020	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2018-2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-

\* The information is as on the date of this Draft Red Herring Prospectus.

The information for each of the financial years is based on issues listed during such financial year.

## **Stock market data of the Equity Shares**

This being the initial public offering of the Equity Shares of our Company, the Equity Shares are not listed on any stock exchange as on the date of this Draft Red Herring Prospectus, and accordingly, no stock market data is available for the Equity Shares.

## **Mechanism for redressal of investor grievances**

The Registrar Agreement provides for the 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 BSE, subject to agreement with our Company for storage of such records for longer period, to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

All grievances 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, 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.

The Registrar to the Offer shall obtain the required information from the SCSBs and Sponsor Bank for addressing any clarifications or grievances of ASBA Bidders. Our Company, the Lead Managers and the Registrar to the Offer accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under applicable SEBI ICDR Regulations. Investors can contact our Company Secretary and 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.

Our Company shall obtain authentication on the SCORES and comply with the SEBI circular (CIR/OIAE/1/2013) dated April 17, 2013 in relation to redressal of investor grievances through SCORES.

Anchor Investors are required to address all grievances in relation to the Offer to the Lead Managers.

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.

## **Disposal of investor grievances by our Company**

We estimate that the average time required by our Company and/or the Registrar to the Offer for the redressal of routine investor grievances shall be seven 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.

Our Company has not received any investor grievances during the three years preceding the date of this Draft Red Herring Prospectus and there are no investor complaints pending as on the date of this Draft Red Herring Prospectus.

Our Company has appointed Mr. Jishnu R.G., as the Compliance Officer for the Offer and he may be contacted in case of any pre-Offer or post-Offer related problems. For details, see “*General Information*” on page 69.

Our Company has also constituted a Stakeholders’ Relationship Committee comprising Mr. T.S. Anantharaman, Mr. T.K. Seetharam, and Mr. T.K. Ramesh as members, to review and redress shareholder and investor grievances. For details, see “*Our Management*” on page 168.

## SECTION VII – OFFER RELATED INFORMATION

### TERMS OF THE OFFER

The Equity Shares offered and Allotted in the Offer will be subject to the provisions of the Companies Act, the SEBI ICDR Regulations, the SCRA, the SCRR, the Memorandum of Association, the Articles of Association, the SEBI Listing Regulations, the terms of the Red Herring Prospectus and the Prospectus, the Bid cum Application Form, the Revision Form, the CAN, the abridged prospectus and other terms and conditions as may be incorporated in the Allotment Advice and other documents and certificates that may be executed in respect of the Offer. The Equity Shares will also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to issue and offer for sale and listing and trading of securities, issued from time to time, by the SEBI, GoI, Stock Exchanges, the RoC, the RBI and/or other authorities to the extent applicable or such other conditions as maybe prescribed by such governmental and/or regulatory authority while granting approval for the Offer.

#### Ranking of Equity Shares

The Equity Shares being offered and Allotted in the Offer will be subject to the provisions of the Companies Act, the Memorandum of Association and the Articles of Association and will rank *pari passu* in all respects with the existing Equity Shares of our Company, including in respect of dividends and other corporate benefits, if any, declared by our Company. For more information, see “*Description of Equity Shares and Terms of the Articles of Association*” on page 372.

#### Mode of Payment of Dividend

Our Company will pay dividend, if declared, to our equity shareholders, as per the provisions of the Companies Act, the SEBI Listing Regulations, the Memorandum of Association and the Articles of Association, and any guidelines or directives that may be issued by the GoI in this respect. Any dividends declared after the date of Allotment (including pursuant to the transfer of Equity Shares from the Offer for Sale) in this Offer will be payable to the Allottees, for the entire year, in accordance with applicable law. For more information, see “*Dividend Policy*” and “*Description of Equity Shares and Terms of the Articles of Association*” on pages 199 and 372, respectively.

#### Face Value, Offer Price, Floor Price and Price Band

The face value of each Equity Share is ₹ 10 and the Offer Price is ₹ [●] per Equity Share. At any given point of time there will be only one denomination for the Equity Shares. The Floor Price of the Equity Shares is ₹ [●] and the Cap Price of the Equity Shares is ₹ [●], being the Price Band. The Anchor Investor Offer Price is ₹ [●] per Equity Share.

The Price Band, the Employee Discount, if any, and the minimum Bid Lot will be decided by our Company and the Selling Shareholders, in consultation with the Lead Managers and shall be published at least two Working Days prior to the Bid/Offer Opening Date, in [●] editions of [●], an English national daily newspaper, [●] editions of [●], a Hindi national daily newspaper, and [●] editions of [●], a Malayalam daily newspapers (Malayalam being the regional language of Kerala, where our Registered and Corporate Office is located), and shall be made available to the Stock Exchanges for the purpose of uploading 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 at the website 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 law and our Articles of Association, the equity Shareholders will have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;

- Right to vote on a poll either in person or by proxy or e-voting;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive any surplus on liquidation subject to any statutory and preferential claims being satisfied;
- Right of free transferability of their Equity Shares subject to applicable laws including any rules and regulations prescribed by the RBI; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act, the terms of the SEBI Listing Regulations and our Memorandum of Association and Articles of Association and other applicable laws.

For a detailed description of the main provisions of our Articles of Association relating to voting rights, dividend, forfeiture, lien, transfer, transmission, consolidation and splitting, see “*Description of Equity Shares and Terms of the Articles of Association*” on page 372.

### **Market Lot and Trading Lot and Option to receive Equity Shares in Dematerialized Form**

In terms of Section 29 of the Companies Act, and the SEBI ICDR Regulations, the Equity Shares shall be Allotted only in dematerialized form. Bidders will not have the option of Allotment of the Equity Shares in physical form. As per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form.

Since trading of our Equity Shares shall only be in dematerialized form, the tradable lot is one Equity Share. Allotment in the Offer will be only in electronic form in multiples of [●] Equity Shares, subject to a minimum Allotment of [●] Equity Shares. For the method of Basis of Allotment, see “*Offer Procedure*” on page 357.

### **Joint Holders**

Where two or more persons are registered as the holders of any 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, read with Companies (Share Capital and Debentures) Rules, 2014, the sole or first Bidder, 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, will vest. A nominee entitled to the Equity Shares by reason of the death of the original holder(s), will, in accordance with Section 72 of the Companies Act, be entitled to the same benefits to which he or she will be entitled if he or she were the registered holder of the Equity Shares. 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 the holder’s death during minority. A nomination may be cancelled, or varied by nominating any other person in place of the present nominee, by the holder of the Equity Shares who has made the nomination, by giving a notice of such cancellation or variation to our Company in the prescribed form.

Further, any person who becomes a nominee by virtue of Section 72 of the Companies Act, will, on the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as holder of Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our 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 dividend, interests, 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 form, there is no need to make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the Bidder will prevail. If Bidders want to change their nomination, they are advised to inform their respective Depository Participant.

### **Bid/Offer Period**



<b>BID/OFFER OPENS ON*</b>	[●]
<b>BID/OFFER CLOSES ON**</b>	[●]
<b>FINALIZATION OF BASIS OF ALLOTMENT WITH THE DESIGNATED STOCK EXCHANGE</b>	[●]
<b>INITIATION OF REFUNDS (IF ANY, FOR ANCHOR INVESTORS)/UNBLOCKING OF FUNDS FROM ASBA ACCOUNT</b>	[●]
<b>CREDIT OF EQUITY SHARES TO DEMAT ACCOUNTS OF ALLOTTEES</b>	[●]
<b>COMMENCEMENT OF TRADING OF THE EQUITY SHARES ON THE STOCK EXCHANGES</b>	[●]

\* Our Company and the Selling Shareholders in consultation with the Lead Managers may consider participation by Anchor Investors. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/Offer Opening Date.

\*\* Our Company and the Selling Shareholders in consultation with the Lead Managers, may decide to close the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date.

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 Lead Managers shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking.

**This timetable is indicative in nature and does not constitute any obligation or liability on our Company, the respective Selling Shareholders or the members of the Syndicate. While our Company will use best efforts to ensure that listing and trading of our Equity Shares on the Stock Exchanges commences within six Working Days of the Bid/Offer Closing Date or such other period as may be prescribed by SEBI, the timetable may be subject to change for various reasons, including extension of Bid/Offer Period by our Company and the Selling Shareholders, due to revision of the Price Band, any delays in receipt of final listing and trading approvals from the Stock Exchanges, delay in receipt of final certificates from SCSBs, etc. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges in accordance with applicable law.**

Except in relation to Anchor Investors, Bids and any revision in Bids will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Bid/Offer Period at the Bidding Centers, except that on the Bid/Offer Closing Date (which for QIBs may be a day prior to the Bid/Offer Closing Date for non-QIBs), Bids will be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until (i) 4.00 p.m. (Indian Standard Time) for Bids by QIBs and Non-Institutional Investors ; and (ii) 5.00 p.m. or such extended time as permitted by the Stock Exchanges (Indian Standard Time) in case of Bids by Retail Individual Investors and Eligible Employees Bidding under the Employee Reservation Portion. On the Bid/Offer Closing Date, extension of time may be granted by the Stock Exchanges only for uploading Bids received from Retail Individual Investors, after taking into account the total number of Bids received up to closure of timings for acceptance of Bid cum Application Forms as stated herein and as informed to the Stock Exchanges.

Due to limitation of time available for uploading Bids on the Bid/Offer Closing Date, Bidders are advised to submit Bids one day prior to the Bid/Offer Closing Date and, in any case, no later than 1.00 p.m. (Indian Standard Time) on the Bid/Offer Closing Date. Bidders are cautioned that if a large number of Bids are received on the Bid/Offer Closing Date, as is typically experienced in public issues, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded on the electronic bidding system will not be considered for allocation in the Offer. 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 the SCSBs would be rejected. Our Company, the respective Selling Shareholders and the members of Syndicate will not be responsible or liable for any failure in uploading Bids due to faults in any hardware/software system or otherwise. Bids will be accepted only on Working Days. Bidders may please note that as per letters dated July 3, 2006 and July 6, 2006, issued by the BSE and NSE respectively, Bids and any revisions in Bids shall not be accepted on Saturdays and public holidays as declared by the Stock Exchanges.

Our Company and the Selling Shareholders, in consultation with the Lead Managers, reserves the right to revise the Price Band during the Bid/Offer Period, in accordance with the SEBI ICDR Regulations, provided that the Cap Price will be less than or equal to 120% of the Floor Price and the Floor Price will not be less than the face value of the Equity Shares. Subject to compliance with the foregoing, the Floor Price may move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly.

**In case of revision in the Price Band, the Bid/Offer Period will be extended for at least three additional Working Days after revision of Price Band 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, will be widely disseminated by notification to the Stock Exchanges by issuing a press release and by indicating the change on the websites of the Lead Managers and terminals of the Syndicate Members and will also be intimated to the Designated Intermediaries and the Sponsor Bank.**

In case of discrepancy in data entered in the electronic book *vis-à-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.

### **Minimum Subscription**

If our Company does not receive (i) the minimum subscription of 90% of the Fresh Issue; or (ii) minimum subscription in the Offer as specified under Rule 19(2)(b) of the SCRR, including through devolvement of Underwriters, if any, in accordance with applicable laws, or if the subscription level falls below the thresholds mentioned above after the Bid/Offer Closing Date, on account of 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 being issued or offered under the Red Herring Prospectus, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond the prescribed time, our Company shall pay interest prescribed under the Companies Act, the SEBI ICDR Regulations and applicable law.

In the event of under-subscription in the Offer, the Equity Shares will be Allotted in the following order:

- (i) such number of Equity Shares will first be Allotted by the Company such that 90% of the Fresh Issue portion is subscribed;
- (ii) next, all the Equity Shares held by the Selling Shareholders and offered for sale in the Offer for Sale will be Allotted (in proportion to the Offered Shares by each Selling Shareholder); and
- (iii) once Equity Shares have been Allotted as per (i) and (ii) above, such number of Equity Shares will be Allotted by our Company towards the balance 10% of the Fresh Issue portion;

No liability to make any payment of interest or expenses shall accrue to any Selling Shareholder unless the delay in making any of the payments/refund hereunder or the delay in obtaining listing or trading approvals or any other approvals in relation to the Offer is caused solely by, and is directly attributable to, an act or omission of such Selling Shareholder and to the extent of its 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.

### **Arrangement for Disposal of Odd Lots**

Since our Equity Shares will be traded in dematerialised form only and the market lot for our Equity Shares will be one Equity Share, no arrangements for disposal of odd lots are required.

### **Restriction on Transfer of Shares and Transmission of Equity Shares**

Except for lock-in of the pre-Offer capital of our Company, lock-in of the Promoters; minimum contribution and the Anchor Investor lock-in in the Offer as detailed in “*Capital Structure*” on page 77, and except as provided in the Articles of Association as detailed in “*Description of Equity Shares and Terms of the Articles of Association*” on page 372, there are no restrictions on transfers and transmission of Equity Shares and on their consolidation/ splitting.

## OFFER STRUCTURE

The Offer of up to [●] Equity Shares for cash at a price of ₹ [●] per Equity Share (including a share premium of ₹ [●] Equity Share), aggregating up to ₹ 17,500 million, comprising a Fresh Issue of up to [●] Equity Shares aggregating up to ₹ 10,000 million and an Offer for Sale of up to [●] Offered Shares aggregating up to ₹ 7,500 million (comprising up to [●] Offered Shares aggregating up to ₹ 2,500 million by the Promoter Selling Shareholder and up to [●] Offered Shares aggregating up to ₹ 5,000 million by the Investor Selling Shareholder). The Offer includes a reservation of up to [●] Equity Shares aggregating to ₹ 20 million for subscription by Eligible Employees.

The Offer and the Net Offer will constitute [●]% and [●]%, respectively of the post-Offer paid-up Equity Share capital of our Company.

Our Company, in consultation with the Lead Managers, may consider a Pre-IPO Placement. 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 Net Offer constituting at least [●]% of the post-Offer paid up Equity Share capital of our Company.

The Offer is being made through Book Building Process.

Particulars	QIBs*	Non-Institutional Bidders	Retail Individual Investors	Eligible Employees
Number of Equity Shares available for Allotment/ allocation**	Not more than [●] Equity Shares	Not less than [●] Equity Shares available for allocation or Net Offer less allocation to QIB Bidders and Retail Individual Investors	Not less than [●] Equity Shares available for allocation or Net Offer less allocation to QIB Bidders and Non-Institutional Bidders	Up to [●] Equity Shares aggregating up to ₹ 20 million
Percentage of Offer Size available for Allotment/ allocation	Not more than 50% of the Net Offer size shall be allocated to QIB Bidders. However, 5% of the QIB Portion (excluding the Anchor Investor 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 balance QIB Portion. The unsubscribed portion in the Mutual Fund portion will be available for allocation in the QIB Portion (excluding the Anchor Investor Portion).	Not less than 15% of the Net Offer, or the Net Offer less allocation to QIB Bidders and Retail Individual Investors shall be available for allocation.	Not less than 35% of the Net Offer, or the Net Offer less allocation to QIB Bidders and Non-Institutional Bidders shall be available for allocation.	The Employee Reservation Portion shall constitute up to [●]% of the post-Offer paid-up Equity Share capital of our Company
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 proportionate basis to Mutual Funds only; and (b) [●] Equity Shares	Proportionate	Proportionate, subject to minimum bid lot. The allotment to each Retail Individual Investor shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares if any, shall be allotted on a proportionate basis. For	Proportionate; unless the Employee Reservation Portion is undersubscribed, the value of allocation to an Eligible Employee shall not exceed ₹ 200,000. In the event of undersubscription in the Employee Reservation Portion, the unsubscribed portion may be allocated, on a

Particulars	QIBs*	Non-Institutional Bidders	Retail Individual Investors	Eligible Employees
	shall be available for allocation 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		details see, "Offer Procedure" on page 357	proportionate basis, to Eligible Employees for a value exceeding ₹ 200,000 up to ₹ 500,000 each
Mode of Bidding	Through ASBA process only (other than Anchor Investors)			
Minimum Bid	Such number of Equity Shares and in multiple of [●] Equity Shares, that the Bid Amount exceeds ₹200,000	Such number of Equity Shares and in multiple of [●] Equity Shares that the Bid Amount exceeds ₹200,000	[●] Equity Shares	[●] Equity Shares
Maximum Bid	Such number of Equity Shares and in multiples of [●] Equity Shares not exceeding the size of the Net Offer, subject to applicable limits	Such number of Equity Shares and in multiples of [●] Equity Shares not exceeding the size of the Net Offer (excluding QIB portion), subject to applicable limits	Such number of Equity Shares and in multiples of [●] Equity Shares so that the Bid Amount does not exceed ₹200,000	Such number of Equity Shares and in multiples of [●] Equity Shares so that the maximum Bid Amount by each Eligible Employee in this portion does not exceed ₹ 500,000, less Employee Discount, if any
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***	Public financial institutions (as specified in Section 2(72) of the Companies Act), scheduled commercial banks, Mutual Funds, Eligible FPIs, VCFs, AIFs, FVCIs registered with SEBI, multilateral and bilateral development financial institutions, 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 of India, the insurance funds set up and managed by army, navy or air force	Resident Indian individuals, Eligible NRIs, HUFs (in the name of the karta), companies, corporate bodies, scientific institutions societies and trusts and any individuals, corporate bodies and family offices which are recategorised as category II FPIs and registered with SEBI	Resident Indian individuals, Eligible NRIs and HUFs (in the name of the karta)	Eligible Employees such that the Bid Amount does not exceed ₹ 500,000

Particulars	QIBs*	Non-Institutional Bidders	Retail Individual Investors	Eligible Employees
	of the Union of India, insurance funds set up and managed by the Department of Posts, India and Systemically Important Non-Banking Financial Companies.			
Terms of Payment	<p><b>In case of Anchor Investors:</b> Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids****</p> <p><b>In case of all other Bidders:</b> Full Bid Amount shall be blocked by the SCSBs in the bank account of the ASBA Bidder that is specified in the ASBA Form at the time of submission of the ASBA Form, or through the UPI mechanism (only for Retail Individual Investors)</p>			

\* Our Company and the Selling Shareholders may, in consultation with the Lead Managers, allocate up to 60% of the QIB Portion to Anchor Investors at the price at which allocation is made to Anchor Investors, on a discretionary basis, subject to there being (i) a maximum of two Anchor Investors, where allocation in the Anchor Investor Portion is up to ₹ 100 million, (ii) minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹ 100 million but up to ₹ 2,500 million under the Anchor Investor Portion, subject to a minimum Allotment of ₹ 50 million per Anchor Investor, and (iii) in case of allocation above ₹ 2,500 million under the Anchor Investor Portion, a minimum of five Anchor Investors and a maximum of 15 Anchor Investors for allocation up to ₹ 2,500 million, and an additional 10 Anchor Investors for every additional ₹ 2,500 million or part thereof will be permitted, subject to minimum allotment of ₹ 50 million per Anchor Investor. An Anchor Investor will make a minimum Bid of such number of Equity Shares, that the Bid Amount is at least ₹ 100 million. One-third of the Anchor Investor Portion will be reserved for domestic Mutual Funds, subject to valid Bids being received at or above the Anchor Investor Allocation Price.

\*\* The Offer is being made in terms of Rule 19(2)(b) of the SCRR read with Regulation 45 of the SEBI ICDR Regulations. The Offer is being made through the Book Building Process, in compliance with Regulation 6(1) of the SEBI ICDR Regulations, where not more than 50% of the Net Offer will be Allotted on a proportionate basis to QIBs, provided that the Anchor Investor Portion may be allocated on a discretionary basis, 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 to Mutual Funds only and the remainder of the QIB 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 Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35% of the Net Offer shall be available for allocation to Retail Individual Investors, in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. Under-subscription, if any, in any category except the QIB Portion, would be met with spill-over from any other category or categories, as applicable, at the discretion of our Company and the Selling Shareholders in consultation with the Lead Managers and the Designated Stock Exchange, subject to applicable laws. Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories in accordance with the SEBI ICDR Regulations. Eligible Employees Bidding in the Employee Reservation portion can Bid up to a Bid Amount of ₹500,000. However, a Bid by an Eligible Employee in the Employee Reservation Portion will be considered for allocation, in the first instance, for a Bid Amount of up to ₹200,000. In the event of undersubscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹500,000. Further, an Eligible Employee Bidding in the Employee Reservation Portion can also Bid in the Net Offer and such Bids will not be treated as multiple Bids subject to applicable limits. The unsubscribed portion if any, in the Employee Reservation Portion shall be added back to the Net Offer. In case of under-subscription in the Net Offer, spill-over to the extent of such under-subscription shall be permitted from the Employee Reservation Portion.

\*\*\*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 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. All communications may be addressed to such first Bidder and may be dispatched to his or her address as per the Demographic Details received from Depositories.

\*\*\*\*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 360 and having 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.

Bidders will be required to confirm and will be deemed to have represented to our Company, the respective 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.

## Employee Discount

Employee Discount, if any, will be offered to Eligible Employees bidding in the Employee Reservation Portion, and, at the time of making a Bid. Eligible Employees bidding in the Employee Reservation Portion at a price within the Price Band can make payment based on Bid Amount net of Employee Discount, at the time of

making a Bid. Eligible Employees bidding in the Employee Reservation Portion at the Cut-Off Price have to ensure payment at the Cap Price, less Employee Discount, at the time of making a Bid.

### **Withdrawal of the Offer**

The Offer shall be withdrawn in the event the requirement of the minimum subscription as prescribed under Regulation 45 of the SEBI ICDR Regulations is not fulfilled. Our Company and the Selling Shareholders, severally and not jointly, in consultation with the Lead Managers, reserve the right not to proceed with the Offer 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. The Lead Managers, through the Registrar to the Offer, shall notify the SCSBs and the Sponsor Bank to unblock the bank accounts of the ASBA/ RIIs Bidding using the UPI Mechanism within one Working Day from the date of receipt of such notification. Our Company shall also inform the same to the Stock Exchanges on which the Equity Shares are proposed to be listed.

If our Company or the Selling Shareholders, withdraw the Offer at any stage, including after the Bid/ Offer Closing Date and thereafter determine that they will proceed with public offering 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 the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and filing of the Prospectus with the RoC.

## OFFER PROCEDURE

*All Bidders should read the General Information Document for Investing in Public Offers 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 Lead Managers. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer.*

*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; (v) issuance of Confirmation of Allocation Note (“CAN”) and Allotment in the Offer; (vi) general instructions (limited to instructions for completing the Bid cum Application Form); (vii) designated date; (viii) disposal of applications; (ix) submission of Bid cum Application Form; (x) other instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds); (xi) applicable provisions of Companies Act relating to punishment for fictitious applications; (xii) mode of making refunds; and (xiii) interest in case of delay in Allotment or refund.*

*SEBI through the UPI Circulars has proposed to introduce an alternate payment mechanism using Unified Payments Interface (“UPI”) and consequent reduction in timelines for listing in a phased manner. UPI has been introduced in a phased manner as a payment mechanism in addition to ASBA for applications by Retail Individual Investors through intermediaries from January 1, 2019. The UPI Mechanism for Retail Individual Investors applying through Designated Intermediaries, in phase I, was effective along with the prior process and existing timeline of T+6 days (“UPI Phase I”), until June 30, 2019. Subsequently, for applications by Retail Individual Investors through Designated Intermediaries, the process of physical movement of forms from Designated Intermediaries to SCSBs for blocking of funds has been discontinued and RIIs submitting their ASBA Forms through Designated Intermediaries (other than SCSBs) can only use UPI Mechanism with existing timeline of T+6 days until further notice pursuant to SEBI circular (SEBI/HO/CFD/DIL2/CIR/P/2020/50) dated March 30, 2020 (“UPI Phase II”). The final reduced timeline will be made effective using the UPI Mechanism for applications by Retail Individual Investors (“UPI Phase III”), as may be prescribed by SEBI. The Offer will be made under UPI Phase II of the UPI Circular, subject to any circulars, clarification or notification issued by the SEBI from time to time.*

*Further, our Company, the respective Selling Shareholders and the Syndicate 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 Equity Shares that can be held by them under applicable law or as specified in the Red Herring Prospectus and the Prospectus.*

*Our Company and the Syndicate are not liable for any adverse occurrences consequent to the implementation of the UPI Mechanism for application in this Offer.*

### **Book Building Procedure**

The Offer is being made through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations wherein not more than 50% of the Net Offer shall be available for allocation to QIBs on a proportionate basis, provided that our Company and the Selling Shareholders in consultation with the Lead Managers 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 them at or above the Anchor Investor Allocation Price. Further, in the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion. 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (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 Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer shall be available for allocation to Retail Individual Investors in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. Furthermore, up to [●] Equity

Shares, aggregating up to ₹ 20 million shall be made available for allocation on a proportionate basis only to Eligible Employees Bidding in the Employee Reservation Portion, subject to valid Bids being received at or above the Offer Price, net of Employee Discount, if any.

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 and the Selling Shareholders in consultation with the Lead Managers and the Designated Stock Exchange subject to applicable laws.

The Equity Shares, on Allotment, shall be traded only in the dematerialized segment of the Stock Exchanges.

**Bidders should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialized form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including the DP ID and the Client ID and the PAN and UPI ID (for Retail Individual Investors Bidding through the UPI Mechanism), shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form.**

### **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 relevant Bidding Centers and at our Registered and Corporate Office. The Bid cum Application Forms will also be available for download on the websites of the NSE ([www.nseindia.com](http://www.nseindia.com)) and the BSE ([www.bseindia.com](http://www.bseindia.com)) at least one day prior to the Bid/Offer Opening Date.

For Anchor Investors, the Bid cum Application Forms will be available at the offices of the Lead Managers.

All Bidders (other than Anchor Investors) must compulsorily use the ASBA process to participate in the Offer. Anchor Investors are not permitted to participate in this Offer through the ASBA process.

Bidders (other than Anchor Investors and Retail Individual Investors Bidding using the UPI Mechanism) must provide bank account details and authorisation by the ASBA account holder to block funds in their respective ASBA Accounts in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that does not contain such details are liable to be rejected.

Retail Individual Investors submitting their Bid cum Application Form to any Designated Intermediary (other than SCSBs) shall be required to Bid using the UPI Mechanism and must provide the UPI ID in the relevant space provided in the Bid cum Application Form. Bids submitted by Retail Individual Investors with any Designated Intermediary (other than SCSBs) without mentioning the UPI ID are liable to be rejected. Retail Individual Investors 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.

Further, ASBA Bidders shall ensure that the Bids are submitted at the Bidding Centres only on ASBA Forms bearing the stamp of a Designated Intermediary (except in case of electronic ASBA Forms) and ASBA Forms not bearing such specified stamp maybe liable for rejection. Bidders, using the ASBA process to participate in the Offer, must ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Bid Amount can be blocked therein.

The prescribed colour of the Bid cum Application Forms for various categories is as follows:

<b>Category</b>	<b>Colour of Bid cum Application Form*</b>
Resident Indians including resident QIBs, Non-Institutional Investors, Retail Individual Investors and Eligible NRIs applying on a non-repatriation basis	[●]
Non-Residents including FPIs, Eligible NRIs applying on a repatriation basis, FVCIs and registered bilateral and multilateral institutions	[●]
Anchor Investors	[●]
Eligible Employees Bidding in the Employee Reservation Portion	[●]

\* Excluding electronic Bid cum Application Forms

Notes:

(1) Electronic Bid cum Application forms will also be available for download on the website of the NSE ([www.nseindia.com](http://www.nseindia.com)) and the BSE ([www.bseindia.com](http://www.bseindia.com)).

(2) Bid cum Application Forms for Anchor Investors will be made available at the office of the Lead Managers.

(3) Bid cum Application Forms for Eligible Employees shall be available at the Registered and Corporate Office of the Company



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

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

In case of ASBA Forms, the relevant Designated Intermediaries shall upload the relevant Bid details in the electronic bidding system of the Stock Exchanges. Designated Intermediaries (other than SCSBs) shall submit/deliver the ASBA Forms (except Bid cum Application Forms submitted by Retail Individual Investors Bidding using the UPI Mechanism) to the respective SCSB, where the Bidder has a bank account and shall not submit it to any non-SCSB bank or any Escrow Collection Bank(s). For Retail Individual Investors using the UPI Mechanism, the Stock Exchanges shall share the Bid details (including UPI ID) with the Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate a UPI Mandate Request to such Retail Individual Investors for blocking of funds.

**Participation by Promoters, Promoter Group, the Lead Managers, associates and affiliates of the Lead Managers and the Syndicate Members and the persons related to Promoters, Promoter Group, Lead Managers and the Syndicate Members**

The Lead Managers and the Syndicate Members shall not be allowed to purchase the Equity Shares in any manner, except towards fulfilling their underwriting obligations. However, the respective associates and affiliates of the Lead Managers and the Syndicate Members may purchase Equity Shares in the Offer, either in the QIB Portion or in the Non-Institutional Category 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 respective associates or affiliates of the Lead Managers and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Except for Mutual Funds, AIFs or FPIs other than individuals, corporate bodies and family offices sponsored by entities which are associates of the Lead Managers or insurance companies promoted by entities which are associates of the Lead Managers, no Lead Manager or its respective associates can apply in the Offer under the Anchor Investor Portion.

Further, an Anchor Investor shall be deemed to be an “associate of the Lead Manager” if: (i) 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 (ii) either of them, directly or indirectly, by itself or in combination with other persons, exercises control over the other; or (iii) there is a common director, excluding nominee director, amongst the Anchor Investors and the Lead Managers.

Further, the Promoters and members of the Promoter Group shall not participate by applying for Equity Shares in the Offer, except in accordance with the applicable law. Furthermore, persons related to the Promoters and the Promoter Group shall not apply in the Offer under the Anchor Investor Portion. It is clarified that a qualified institutional buyer who has rights under a shareholders’ agreement or voting agreement entered into with any of the Promoters or members of the Promoter Group of our Company, veto rights or a right to appoint any nominee director on our Board, shall be deemed to be a person related to the Promoters or Promoter Group of our Company.

**Bids by Mutual Funds**

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with

the Bid cum Application Form. Failing this, the Company and the Selling Shareholders 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 may be made in respect of each scheme of a Mutual Fund registered with the SEBI and such Bids in respect of more than one scheme of a Mutual Fund will not be treated as multiple Bids, provided that such Bids clearly indicate the scheme for which the Bid is submitted.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific scheme. 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 offices of the Designated Intermediaries. Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRIs applying on a repatriation basis should authorise their SCSBs or confirm or accept the UPI Mandate Request (in case of Retail Individual Investors Bidding through the UPI Mechanism) to block their Non-Resident External Accounts (“**NRE Account**”), or Foreign Currency Non-Resident Accounts (“**FCNR Account**”), and Eligible NRIs bidding on a non-repatriation basis should authorise their SCSBs or confirm or accept the UPI Mandate Request (in case of Retail Individual Investors Bidding through the UPI Mechanism) to block their Non-Resident Ordinary (“**NRO**”) accounts for the full Bid amount, at the time of submission of the Bid cum Application Form. Participation of Eligible NRIs in the Offer shall be subject to the FEMA regulations. NRIs applying in the Offer through the UPI Mechanism are advised to enquire with the relevant bank, whether their account is UPI linked, prior to submitting a Bid cum Application Form.

Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents ([●] in colour).

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents ([●] in colour).

For details of restrictions on investment by NRIs, see “*Restrictions on Foreign Ownership of Indian Securities*” on page 372.

### **Bids by HUFs**

Bids by 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 applicable FEMA Rules and the SEBI FPI Regulations, investments by FPIs in the Equity Shares is subject to certain limits, *i.e.*, the individual holding of an FPI (including its investor group (which means multiple entities registered as foreign portfolio investors and directly or indirectly, having common ownership of more than 50% or common control)) shall be below 10% of our post-Offer Equity Share capital 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.

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 reserve 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).

To ensure compliance with the above requirement, SEBI, pursuant to its circular dated July 13, 2018, has directed that at the time of finalisation of the Basis of Allotment, the Registrar shall (i) use the PAN issued by the Income Tax Department of India for checking compliance for a single FPI; and (ii) obtain validation from Depositories for the FPIs who have invested in the Offer to ensure there is no breach of the investment limit, within the timelines for issue procedure, as prescribed by SEBI from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI is permitted to issue, subscribe to, or otherwise deal in offshore derivative instruments, directly or indirectly, only if it complies with the following conditions:

- (a) such offshore derivative instruments are issued only by persons registered as Category I FPIs;
- (b) such offshore derivative instruments are issued only to persons eligible for registration as Category I FPIs;
- (c) such offshore derivative instruments are issued after compliance with the 'know your client' norms as specified by SEBI; and
- (d) such other conditions as may be specified by SEBI from time to time.

An FPI is required to ensure that the transfer of an offshore derivative instruments issued by or on behalf of it, is subject to (a) the transfer being made to persons which fulfil the criteria provided under Regulation 21(1) of the SEBI FPI Regulations (as mentioned above from points (a) to (d)); and (b) prior consent of the FPI is obtained for such transfer, except in cases, where the persons to whom the offshore derivative instruments are to be transferred, are pre-approved by the FPI.

Bids by following FPIs, submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs shall not be treated as multiple Bids:

- FPIs which utilise the multi investment manager structure;
- 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.

Participation of FPIs in the Offer shall be subject to the FEMA Rules.

#### **Bids by SEBI registered Alternative Investment Funds, Venture Capital Funds and Foreign Venture Capital Investors**

The Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended (the

“**SEBI AIF Regulations**”) prescribe, amongst others, the investment restrictions on AIFs. Post the repeal of the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, venture capital funds which have not re-registered as AIFs under the SEBI AIF Regulations shall continue to be regulated by the SEBI (Venture Capital Funds) Regulations, 1996 until the existing fund or scheme managed by the fund is wound up and such fund shall not launch any new scheme after the notification of the SEBI AIF Regulations. The Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended (“**SEBI FVCI Regulations**”) prescribe the investment restrictions on FVCIs.

The category I and II AIFs cannot invest more than 25% of their investible funds in one investee company. A category III AIF cannot invest more than 10% of its investible funds in one investee company. A VCF registered as a category I AIF, cannot invest more than one-third of its investible funds, in the aggregate, in certain specified instruments, including by way of subscription to an initial public offering of a venture capital undertaking. An FVCI can invest only up to 33.33% of its investible funds, in the aggregate, in certain specified instruments, which includes subscription to an initial public offering of a venture capital undertaking or an investee company (as defined under the SEBI AIF Regulations) whose shares are proposed to be listed.

Participation of AIFs, VCFs and FVCIs shall be subject to the FEMA Rules.

**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.**

#### **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 and the Selling Shareholders reserve 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 is required to be attached to the Bid cum Application Form, failing which our Company and the Selling Shareholders reserve the right to reject any Bid without assigning any reason thereof, 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, as per the last audited balance sheet or a subsequent balance sheet, 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 would be permitted to invest in excess of 10% but not exceeding 30% of the paid-up share capital of such investee company if: (a) 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, provided that the bank is required to submit a time-bound action plan for disposal of such shares (in this sub-clause (b)) 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 SCSBs**

SCSBs participating in the Offer are required to comply with the terms of the circulars dated September 13, 2012 and January 2, 2013 issued by the SEBI. 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 Bids.

### **Bids by insurance companies**

In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Bid cum Application Form. Failing this, the Company and the Selling Shareholders reserve the right to reject any Bid without assigning any reason thereof. The exposure norms for insurers are prescribed under Regulation 9 of the Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016 (“**IRDA Investment Regulations**”), and are 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 IRDA Investment Regulations for specific investment limits applicable to them.

### **Bids by Systemically Important Non-Banking Financial Companies**

In case of Bids made by NBFC-SI, a certified copy of the certificate of registration issued by the RBI, a certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor(s), must be attached to the Bid-cum Application Form. Failing this, our Company and the Selling Shareholders reserve the right to reject any Bid, without assigning any reason thereof. NBFC-SI participating in the Offer shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

### **Bids under Power of Attorney**

In case of Bids made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, eligible FPIs, AIFs, Mutual Funds, insurance companies, NBFC-SI, 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 laws) 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 and the Selling Shareholders reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company and Selling Shareholders in consultation with the Lead Managers, 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 such terms and conditions that our Company and Selling Shareholders in consultation with the Lead Managers, may deem fit.

### **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 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 and the Selling Shareholders reserve the right to reject any Bid, without assigning any reason therefor.

### **Bids by Eligible Employees**

Bids under Employee Reservation Portion by Eligible Employees shall be:

- (a) Made only in the prescribed Bid cum Application Form or Revision Form (*i.e.* [●] colour form).
- (b) The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter so as to ensure that the Bid Amount payable by the Eligible Employee does not exceed ₹500,000. However, a Bid by an Eligible Employee in the Employee Reservation Portion will be considered for allocation, in the first instance, for a Bid amounting up to ₹200,000 (which will be less Employee Discount). In the event of any under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees, who have bid in excess of ₹200,000, provided however that the maximum Bid in this category by an Eligible Employee cannot exceed ₹500,000 (which will be less Employee Discount).
- (c) Eligible Employees should mention their employee number at the relevant place in the Bid cum Application Form.

- (d) Only Eligible Employees (as defined in this Draft Red Herring Prospectus) would be eligible to apply in this Offer under the Employee Reservation Portion and the Bidder.
- (e) Bids by Eligible Employees in the Employee Reservation Portion and in the Net Offer portion shall not be treated as multiple Bids. Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories.
- (f) Only those Bids, which are received at or above the Offer Price net of Employee Discount, if any, would be considered for Allotment under this category.
- (g) Eligible Employees can apply at Cut-off Price.
- (h) In case of joint bids, the First Bidder shall be an Eligible Employee.
- (i) If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Offer Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
- (j) Eligible Employees bidding in the Employee Reservation Portion shall not Bid through the UPI mechanism.

In case of under-subscription in the Net Offer, spill over to the extent of under-subscription shall be permitted from the Employee Reservation Portion subject to the Net Offer constituting 10% of the post-Offer share capital of our Company. If the aggregate demand in this category is greater than [●] Equity Shares at or above the Offer Price, the allocation shall be made on a proportionate basis.

**The above information is given for the benefit of the Bidders. Our Company, the respective Selling Shareholders and the Lead Managers are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus, when filed. 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 laws or regulation and as specified in the Red Herring Prospectus, when filed.**

**In accordance with RBI regulations, OCBs cannot participate in the Offer.**

#### **Information for Bidders**

The relevant Designated Intermediary will enter a maximum of three Bids at different price levels opted in the Bid cum Application Form and such options are not considered as multiple Bids. It is the Bidder's responsibility to obtain the acknowledgment slip from the relevant Designated Intermediary. The registration of the Bid by the Designated Intermediary does not guarantee that the Equity Shares shall be allocated/Allotted. Such Acknowledgement Slip will be non-negotiable and by itself will not create any obligation of any kind. When a Bidder revises his or her Bid, he /she shall surrender the earlier Acknowledgement Slip and may request for a revised acknowledgment slip from the relevant Designated Intermediary as proof of his or her having revised the previous Bid.

In relation to electronic registration of Bids, the permission given by the Stock Exchanges to use their network and software of the electronic bidding system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the Lead Managers are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements, nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus or the Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

#### **Pre-Offer Advertisement**

Subject to Section 30 of the Companies Act, our Company will, after filing the Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in [●] editions of [●], an English national daily newspaper, [●] editions of [●], a Hindi national daily newspaper, and [●]

editions of [●], a Malayalam daily newspapers (Malayalam being the regional language of Kerala, where our Registered and Corporate Office is located). Our Company shall, in the pre-Offer advertisement state the Bid/Offer Opening Date, the Bid/Offer Closing Date and the QIB Bid/Offer Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, shall be in the format prescribed in Part A of Schedule X of the SEBI ICDR Regulations.

### **Signing of Underwriting Agreement and filing of Prospectus with the RoC**

Our Company and the Selling Shareholders intend to enter into an Underwriting Agreement with the Underwriters on or after the determination of the Offer Price. After signing the Underwriting Agreement, the Company will file the Prospectus with the RoC. The Prospectus would have details of the Offer Price, Anchor Investor Offer Price, Offer size and underwriting arrangements and would be complete in all material respects.

### **General Instructions**

Please note that QIBs and Non-Institutional Investors 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. Retail Individual Investors and Eligible Employees Bidding in the Employee Reservation Portion can revise or withdraw their Bid(s) until the Bid/ Offer Closing Date. Anchor Investors are not allowed to withdraw or lower the size of their Bids after the Anchor Investor Bidding Date.

#### ***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;
2. Ensure that you have Bid within the Price Band;
3. Ensure that you have mentioned the correct ASBA Account number (for all Bidders other than Retail Individual Investors Bidding using the UPI Mechanism) in the Bid cum Application Form and such ASBA account belongs to you and no one else. Retail Individual Investors using the UPI Mechanism must mention their correct UPI ID and shall use only his/her own bank account which is linked to such UPI ID;
4. Retail Individual Investors Bidding using the UPI Mechanism shall ensure that the bank, with which they have their bank account, where the funds equivalent to the application amount are available for blocking is UPI 2.0 certified by NPCI before submitting the ASBA Form to any of the Designated Intermediaries;
5. Retail Individual Investors Bidding using the UPI Mechanism shall make Bids only through the SCSBs, mobile applications and UPI handles whose name appears in the list of SCSBs which are live on UPI, as displayed on the SEBI website.. An application made using incorrect UPI handle or using a bank account of an SCSB or bank which is not mentioned on the SEBI website is liable to be rejected;
6. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;
7. Ensure that the details about the PAN, DP ID, Client ID and UPI ID (where applicable) are correct and the Bidders depository account is active, as Allotment of the Equity Shares will be in dematerialized form only;
8. 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;
9. In case of joint Bids, ensure that first Bidder is the ASBA Account holder (or the UPI-linked bank account holder, as the case may be) and the signature of the first Bidder is included in the Bid cum Application Form;
10. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;
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;

12. Bidders should ensure that they receive the Acknowledgment slip or the acknowledgement number duly signed and stamped by a Designated Intermediary, as applicable, for submission of the Bid cum Application Form;
13. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the Bid cum Application Form under the ASBA process to any of the Designated Intermediaries;
14. Ensure that you submit revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;
15. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, (ii) 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, and (iii) any other category of Bidders, including without limitation, multilateral/ bilateral institutions, which 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 to ensure proper upload of your Bid in the electronic Bidding system of the Stock Exchanges;
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 outside India should be in compliance with applicable foreign and Indian laws;
21. Retail Individual Investors Bidding using the UPI Mechanism, should ensure that they approve the UPI Mandate Request generated by the Sponsor Bank to authorise blocking of funds equivalent to application amount and subsequent debit of funds in case of Allotment, in a timely manner;
22. Note that in case the DP ID, UPI ID (where applicable), Client ID and the PAN mentioned in their Bid cum Application Form and entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as the case may be, do not match with the DP ID, UPI ID (where applicable), Client ID and PAN available in the Depository database, then such Bids are liable to be rejected;
23. Ensure that you have correctly signed the authorization /undertaking box in the Bid cum Application Form, or have otherwise provided an authorization to the SCSB or the 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 at the time of submission of the Bid;
24. Retail Individual Investors Bidding using the UPI Mechanism shall ensure that details of the Bid are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorise the UPI Mandate Request using his/her UPI PIN. Upon the authorization of the mandate using his/her UPI PIN, the Retail Individual Investor shall be deemed to have verified the attachment



containing the application details of the Retail Individual Investor Bidding using the UPI Mechanism in the UPI Mandate Request and have agreed to block the entire Bid Amount and authorized the Sponsor Bank to issue a request to block the Bid Amount mentioned in the Bid Cum Application Form in his/her ASBA Account;

25. Retail Individual Investors Bidding using the UPI Mechanism should mention valid UPI ID of only the Bidder (in case of single account) and of the first Bidder (in case of joint account) in the Bid cum Application Form;
26. Retail Individual Investors Bidding using the UPI Mechanism, who have revised their Bids subsequent to making the initial Bid, should also approve the revised UPI Mandate Request generated by the Sponsor Bank to authorise blocking of funds equivalent to the revised Bid Amount in his/her account and subsequent debit of funds in case of allotment in a timely manner;
27. Bids by Eligible NRIs, HUFs and any individuals, corporate bodies and family offices, which are reclassified as category II FPI and registered with SEBI, 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; and
28. Ensure that Anchor Investors submit their Bid cum Application Forms only to the Lead Managers.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

**Don'ts:**

1. Do not Bid for lower than the minimum Bid size;
2. Do not Bid/revise Bid Amount to less than the Floor Price or higher than the Cap Price;
3. Do not Bid on another Bid cum Application Form after you have submitted a Bid to a Designated Intermediary;
4. Do not pay the Bid Amount in cash, by money order, cheques or demand drafts or by postal order or by stock invest;
5. Do not send Bid cum Application Forms by post, instead submit the same to the Designated Intermediary only;
6. Anchor Investors should not Bid through the ASBA process;
7. Do not submit the ASBA Forms to any non-SCSB bank or to our Company or at a location other than the Bidding Centers;
8. Do not submit the ASBA Forms to any Designated Intermediary that is not authorised to collect the relevant ASBA Forms or to our Company;
9. Do not Bid on a physical Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;
10. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);
11. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Offer/Issue size and/ or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of this Red Herring Prospectus;
12. Do not submit your Bid after 3.00 pm on the Bid/Offer Closing Date;
13. If you are a QIB, do not submit your Bid after 3.00 p.m. on the QIB Bid/Offer Closing Date;

14. Do not Bid for a Bid Amount exceeding ₹ 200,000 (for Bids by Retail Individual Investors) and ₹ 500,000 for Bids by Eligible Employees Bidding in the Employee Reservation Portion;
15. Do not submit the General Index Register (GIR) number instead of the PAN;
16. Do not submit incorrect details of the DP ID, Client ID, PAN and UPI ID (where applicable) or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer;
17. Do not submit the Bid without ensuring that funds equivalent to the entire Bid Amount are available for blocking in the relevant ASBA Account or in the case of Retail Individual Investors Bidding using the UPI Mechanism, in the UPI-linked bank account where funds for making the Bid are available;
18. 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 Investor. Retail Individual Investors and Eligible Employees Bidding in the Employee Reservation Portion can revise or withdraw their Bids until the Bid/Offer Closing Date;
19. 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 Bidder;
20. Do not link the UPI ID with a bank account maintained with a bank that is not UPI 2.0 certified by the NPCI in case of Bids submitted by Retail Individual Investors using the UPI Mechanism;
21. 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;
22. 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);
23. Do not submit more than one Bid cum Application Form per ASBA Account. If you are a Retail Individual Investor Bidding using the UPI Mechanism, do not submit Bids through an SCSB and/or mobile application and/or UPI handle that is not listed on the website of SEBI;
24. Do not submit a Bid using UPI ID, if you are not a Retail Individual Investor;
25. Do not submit a Bid cum Application Form with third party UPI ID or using a third party bank account (in case of Bids submitted by Retail Individual Investors using the UPI Mechanism); and
26. 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.**

In case of any pre-Offer or post Offer related issues regarding demat credit/refund orders/unblocking etc., investors shall reach out to the Company Secretary and Compliance Officer, and the Registrar. For details of the Company Secretary and Compliance Officer and the Registrar, see “*General Information*” on page 69.

#### **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 Lead Managers 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 offered through the Offer through the offer document 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 1% of the net offer to public may be made for the purpose of making allotment in minimum lots.

The allotment of Equity Shares to applicants other than to the Retail Individual Investors and Anchor Investors shall be on a proportionate basis within the respective investor categories and the number of securities allotted shall be rounded off to the nearest integer, subject to minimum allotment being equal to the minimum application size as determined and disclosed.

The allotment of Equity Shares to each Retail Individual Investor shall not be less than the minimum bid lot, subject to the availability of shares in Retail Individual Investor category, and the remaining available shares, if any, shall be allotted on a proportionate basis.

### **Payment into Escrow Account**

Our Company and the Selling Shareholders, in consultation with the Lead Managers, in their absolute discretion, will decide the list of Anchor Investors to whom the Allotment Advice 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. Anchor Investors are not permitted to Bid in the Offer through the ASBA process. Instead, Anchor Investors should transfer the Bid Amount (through direct credit, RTGS, NACH or NEFT) to the Escrow Accounts. The payment instruments for payment into the Escrow Accounts should be drawn in favour of:

- (i) In case of resident Anchor Investors: “[●]”
- (ii) 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, the Syndicate, the Bankers to the Offer and the Registrar to the Offer to facilitate collections from Anchor Investors.

### **Depository Arrangements**

The Allotment of the Equity Shares in the Offer shall be only in a dematerialised form, (*i.e.*, not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). In this context, tripartite agreements had been signed among our Company, the respective Depositories and the Registrar to the Offer:

- Tripartite Agreement dated September 11, 2014 among NSDL, our Company and the Registrar to the Offer.
- Tripartite Agreement dated July 18, 2018 among CDSL, our Company and Registrar to the Offer.

### **Undertakings by our Company**

Our Company undertakes the following:

- (i) that the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;
- (ii) that if the 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, failing which interest will be due to be paid to the Bidders at the rate prescribed under applicable law for the delayed period;
- (iii) that all steps will be taken 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 within six Working Days of the Bid/Offer Closing Date or such other time as may be prescribed;
- (iv) that funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;
- (v) 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;

- (vi) that if our Company does not proceed with the Offer after the Bid/Offer Closing Date but prior to Allotment, the reason thereof shall be given as a public notice within two days of the Bid/Offer Closing Date. The public notice shall be issued in the same newspapers where the pre-Offer advertisements were published. The Stock Exchanges on which the Equity Shares are proposed to be listed shall also be informed promptly;
- (vii) that if our Company and the Selling Shareholders, in consultation with the Lead Managers, withdraw the Offer after the Bid/Offer Closing Date, our Company shall be required to file a fresh draft offer document with the SEBI, in the event our Company and/or any of the Selling Shareholders subsequently decides to proceed with the Offer thereafter;
- (viii) that adequate arrangements shall be made to collect all Bid cum Application Forms submitted by Bidders and Anchor Investor Application Form from Anchor Investors; and
- (ix) that, except as disclosed in “*Capital Structure*” on page 77, no further issue of Equity Shares shall be made until the Equity Shares issued or offered through the Red Herring Prospectus are listed or until the Bid monies are refunded/unblocked in the ASBA Accounts on account of non-listing, under-subscription etc.

#### **Undertakings by each Selling Shareholder**

Each Selling Shareholder, severally and not jointly, undertakes the following in respect of itself as a Selling Shareholder and its respective portion of the Offered Shares:

- (i) that its portion of the Offered Shares are eligible for being offered in the Offer for Sale in terms of Regulation 8 of the SEBI ICDR Regulations and are in dematerialised form;
- (ii) that it is the legal and beneficial owner of, and has clear and marketable title to, its portion of the Offered Shares;
- (iii) that it shall provide all reasonable co-operation as requested by our Company in relation to the completion of allotment and dispatch of the Allotment Advice and CAN, if required, and refund orders to the extent of its portion of the Offered Shares;
- (iv) that it shall not have recourse to the proceeds of the Offer for Sale of its portion of the Offered Shares which shall be held in escrow in its favour, until final listing and trading approvals have been received from the Stock Exchanges; and
- (v) that it will provide such reasonable support and extend such reasonable cooperation as may be required by our Company and the Lead Managers in redressal of such investor grievances that pertain to its portion of the Offered Shares.

#### **Utilisation of Offer Proceeds**

Our Board certifies that:

- all monies received out of the Offer 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;
- details of all monies utilized out of the Fresh Issue shall be disclosed, and continue to be disclosed till the time any part of the Offer proceeds remains unutilized, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilized; and
- details of all unutilized 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 unutilized 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. The responsibility of granting approval for foreign investment under the FDI Policy and FEMA has been entrusted to the concerned ministries / departments.

The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases. The Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry (formerly Department of Industrial Policy and Promotion), Government of India (“**DPIIT**”) issued the Consolidated Foreign Direct Investment Policy notified by the D/o IPP F. No. 5(1)/2017-FC-1 dated August 28, 2017, with effect from August 28, 2017 (“**FDI Policy**”), which consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect prior to August 28, 2017. The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that: (i) the activities of the investee company are under the automatic route under the foreign direct investment policy and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI. For details, see “*Key Regulations and Policies*” on page 147.

In terms of Press Note 3 of 2020, dated April 17, 2020, issued by the DPIIT, the FDI Policy has been recently amended to state that 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 an investment into India is situated in or is a citizen of any such country will require prior approval of the Government of India. 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. Furthermore, on April 22, 2020, the Ministry of Finance, Government of India has also made similar amendment to the FEMA Rules.

As per the FDI policy, FDI in companies engaged in manufacturing sector is permitted up to 100% of the paid-up share capital of such company under the automatic route.

For details of the aggregate limit for investments by NRIs and FPIs in our Company, see “*Offer Procedure – Bids by Eligible NRIs*” and “*Offer Procedure – Bids by FPIs*” on page 360.

As per the existing policy of the Government of India, OCBs cannot participate in this Offer.

For further details, see “*Offer Procedure*” on page 357.

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

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

## SECTION VIII – DESCRIPTION OF EQUITY SHARES AND TERMS OF THE ARTICLES OF ASSOCIATION

*Capitalised terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company.*

*The Articles of Association of our Company comprise of two parts, Part A and Part B, which parts shall, unless the context otherwise requires, co-exist with each other. In case of inconsistency between Part A and Part B, the provisions of Part B shall prevail. However, Part B shall automatically terminate and cease to have any force and effect from the date of receipt of final approval for listing and trading of equity shares of our Company on the recognized stock exchanges in India subsequent to an initial public offering of the equity shares of our Company without any further action by our Company or by our Shareholders and Part A shall continue to be in effect.*

### I. PRELIMINARY

#### 1. APPLICABILITY OF TABLE F

Subject as hereinafter provided and in so far as these presents do not modify or exclude them, the regulations contained in Table 'F' of Schedule I of the Companies Act, 2013, as amended from time to time, shall apply to the Company only so far as they are not inconsistent with any of the provisions contained in these Articles or modification thereof or are not expressly or by implication excluded from these Articles.

### PART A

### II. DEFINITIONS AND INTERPRETATIONS

#### 2. In these Articles:

- 2.1 Unless the context otherwise requires, words or expressions contained in these Articles shall bear the same meaning as in the Act or any statutory modifications thereof in force at the date at which the Articles become binding on the Company. In these Articles, all capitalized items not defined herein below shall have the meanings assigned to them in the other parts of these Articles when defined for use.

"**Act**" means the Companies Act, 2013, and the rules and regulations prescribed thereunder, as now enacted or as amended from time to time and shall include any statutory replacement or re-enactment thereof;

"**Alternate Director**" shall have the meaning ascribed to such term in Article 126;

"**Articles**" shall mean the articles of association of the Company as amended from time to time;

"**Auditors**" means independent, external statutory auditors of the Company;

"**Board of Directors**" or "**Board**" shall mean the board of directors of the Company, as constituted from time to time;

"**Company**" shall mean Kalyan Jewellers India Limited, a public company limited by shares incorporated under the Companies Act, 1956;

"**Director**" means a director for the time being of the Company and includes any person appointed as a director of the Company in accordance with these Articles and the provisions of the Act, from time to time;

"**Equity Share Capital**" means in relation to the Company, its equity share capital within the meaning of Section 43 of the Act, as amended from time to time;

"**Equity Shares**" shall mean the equity shares of the Company having a face value as prescribed under the Memorandum of Association;

"**General Meetings**" shall mean any duly convened meeting of the Shareholders of the Company and includes an extra-ordinary general meeting;

**"Governmental Authority"** means any governmental, regulatory or statutory authority, government department, agency, commission, board, tribunal or court or other entity authorized to make Laws, rules or regulations or pass directions, orders or awards, having or purporting to have jurisdiction or any state or other subdivision thereof or any municipality, district or other subdivision thereof having jurisdiction pursuant to applicable Laws;

**"Key Managerial Personnel"** in relation to the Company, means collectively, the chief executive officer/managing director/manager, the company secretary, the whole-time directors, the chief financial officer, such other officer, not more than one level below the Directors who is in whole-time employment, designated as key managerial personnel by the Board and such other officer as maybe prescribed and declared by the Company to be a key managerial personnel;

**"Law"** shall mean:

- (i) in relation to the Persons domiciled or incorporated in India, all applicable statutes, enactments, acts of legislature or Parliament, Laws, ordinances, rules, by-Laws, regulations, notifications, guidelines, policies, directions, directives and orders of any Governmental Authority, various governmental agencies, statutory and/or regulatory authorities or any stock exchange(s) in India or in any jurisdiction but applicable to such Persons domiciled or incorporated in India; and
- (ii) in relation to Persons domiciled or incorporated overseas, all applicable statutes, enactments, acts of legislature, Laws, ordinances, rules, by-Laws, regulations, notifications, guidelines, policies, directions, directives and orders of any Governmental Authority, various governmental agencies, statutory and/or regulatory authorities or any stock exchange(s) of the relevant jurisdiction of such Persons;

**"Lien"** means any mortgage, pledge, charge, assignment, hypothecation, security interest, title retention, preferential right, option (including call commitment), trust arrangement, any voting rights, right of set-off, counterclaim or banker's lien, privilege or priority of any kind having the effect of security, any designation of loss payees or beneficiaries or any similar arrangement under or with respect to any insurance policy;

**"Member"** means a member of the Company within the meaning of Clause (55) of Section 2 of the Act, as amended from time to time;

**"Memorandum of Association"** shall mean the memorandum of association of the Company, (as from time to time amended, modified or supplemented);

**"Original Director"** shall have the meaning ascribed to such term in Article 126;

**"Person"** shall mean any natural person, limited or unlimited liability company, body corporate or corporation, limited liability partnership, partnership (whether limited or unlimited), proprietorship, voluntary association, joint venture, unincorporated organization Hindu undivided family, trust, union, association, government or any agency or political subdivision thereof or any other entity that whether acting in an individual, fiduciary or other capacity may be treated as a person under applicable Law;

**"Preference Share Capital"** means in relation to the Company, its preference share capital within the meaning of Section 43 of the Act, as amended from time to time;

**"Shares"** means a share in the Share Capital of the Company and includes stock.

**"Shareholder(s)"** shall mean such Person(s) who are holding Share(s) in the Company at any given time;

**"Share Capital"** means Equity Share Capital and Preference Share Capital;

- 2.2 The terms "writing" or "written" include printing, typewriting, lithography, photography and any other mode or modes (including electronic mode) of representing or reproducing words in a legible and non-transitory form permitted under Law.

- 2.3 The headings hereto shall not affect the construction hereof.
- 2.4 Notwithstanding anything contained in these Articles, any reference to a “person” in these Articles shall, unless the context otherwise requires, be construed to include a reference to a body corporate or an association, any individual, company, partnership, joint venture, firm, trust or body of individuals (whether incorporated or not).
- 2.5 Any reference to a particular statute or provisions of the statute shall be construed to include reference to any rules, regulations or other subordinate legislation made under the statute and shall, unless the context otherwise requires, include any statutory amendment, modification or re-enactment thereof.
- 2.6 Any reference to an agreement or other document shall be construed to mean a reference to the agreement or other document, as amended or novated from time to time.

### **III. PUBLIC COMPANY**

3. The Company is a public company as defined in clause (71) of Section 2 of the Act.

### **IV. SHARE CAPITAL AND VARIATION OF RIGHTS**

4. The authorized Share Capital of the Company shall be as per Clause V of the Memorandum of Association with the power to increase or reduce or re-classify such capital from time to time in accordance with the Articles and the legislative provisions for the time being in force in this regard and with the power also to divide the Shares in the capital for the time being into Equity Share Capital and Preference Share Capital and to attach thereto respectively any preferential, qualified or special rights, privileges or conditions, in accordance with the provisions of the Act and these Articles.
5. Subject to the provisions of the Act and these Articles, the Shares in the capital of the Company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such Persons, in such proportion and on such terms and conditions and either at a premium or at par or subject to the compliance with Section 53 of the Act, at a discount as they may, from time to time think fit and proper and with the sanction of the Company in the General Meeting. The Company may give to any Person or Persons the option or right to call for any Shares either at par or at a premium during such time and for such consideration as the Directors think fit, and may also issue and allot Shares in the capital of the Company on payment in full or part payment 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 be so allotted may be issued as fully paid up Shares and if so issued shall be deemed to be fully paid up Shares, provided that the 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.
6. A further issue of Shares may be made in any manner whatsoever as the Board may determine including by way of preferential offer or private placement, subject to and in accordance with the Act. Save as otherwise provided herein, the Company shall be entitled to treat the registered holder of any Share as the absolute owner thereof and accordingly shall not, except as ordered by a court of competent jurisdiction, or as by Law required, be bound to recognize any equitable or other claim to or interest in such Shares on the part of any other Person.
7. The Company may issue the following kinds of Shares in accordance with these Articles, the Act and other applicable Laws:
- (i) Equity Share Capital:
    - (a) with voting rights; and / or
    - (b) with differential rights as to dividend, voting or otherwise; and
  - (ii) Preference Share Capital
8. Further, the Board shall be entitled to issue, from time to time, subject to applicable Law, any other securities, including securities convertible into shares, exchangeable into shares, or carrying a warrant, with or without any attached securities, carrying such terms as to coupon, returns, repayment, servicing,



as may be decided by the terms of such issue.

9. Except as otherwise provided by the conditions of issue of the Shares or by these Articles, any capital raised by creation of new Shares shall be considered as part of the existing Share Capital and shall be subject to the provisions of these Articles and the Act with reference to payment of calls and instalments, transfer, transmission, forfeiture, lien, surrender, voting rights and otherwise.
10. Subject to the provisions of the Section 55 of Act, any Preference Shares may be issued on the terms that they are, or at the option of the Company are, liable to be redeemed on such terms and in such manner as the Company before the issue of the Shares may, by special resolution determine.
11. Subject to the provisions of the Act and these Articles, the Company shall have the power to issue Preference Share Capital carrying a right of redemption out of profits which would otherwise be available for dividend or out of the proceeds of a fresh issue of Shares made for the purpose of such redemption or liable to be redeemed at the option of the Company, and the Board may, subject to the provisions of the Act, exercise such power in such manner as it may think fit. The period of redemption of such Preference Shares shall not exceed the maximum period for redemption provided under Section 55 of the Act.
12. 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 of the Act, 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. To every such separate General Meeting of the holders of the Shares of that class, the provisions of these Articles relating to General Meetings shall *mutatis mutandis* apply.
13. 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.
14. Subject to the provisions of the Act, the Company may issue bonus Shares to its Members out of (i) its free reserves; (ii) the securities premium account; or (iii) the capital redemption reserve account, in any manner as the Board may deem fit.
15. Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise, if permissible under the Act, and may be issued on the condition that they shall be convertible into Shares of any denomination and with any privileges and conditions as to redemption, surrender, drawings, allotment of Shares, attending (but not voting) at General Meetings, appointment of Directors and otherwise. Debentures with the rights to conversion into or allotment of Shares shall not be issued except with the sanction of the Company in General Meeting by a special resolution and subject to the provisions of the Act.
16. Subject to the provisions of the Act, the Company shall have the power to make compromise or make arrangements with creditors and Members, consolidate, demerge, amalgamate or merge with other company or companies in accordance with the provisions of the Act and any other applicable Laws.

## **V. BUY-BACK OF SHARES**

17. Notwithstanding anything contained in these Articles but subject to the provisions of Sections 68 to 70 of the Act and other applicable provisions of the Law, the Company shall have the power to buy-back its own Shares or other securities, as it may consider necessary.

## **VI. FURTHER ISSUE OF SHARES**

18. (1) Where at any time, it is proposed to increase the subscribed capital of the Company by allotment of further Shares either out of the unissued or out of the increased Share capital then such Shares shall be offered –
  - (a) to the persons who, on the date specified under applicable law, are holders of the Shares of the Company, in proportion, as near 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 shall be made by a notice to such holders of Shares specifying the number of Shares offered and limiting a time not less than fifteen (15) days and not exceeding thirty (30) days or such other timeline as may be prescribed under applicable Laws 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 clause (i) hereof shall contain a statement of this right; provided that the Directors may decline, without assigning any reason to allot any Shares to any person in whose favour any member may, renounce the Shares offered to him.
  - (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 Shareholders and the Company.
- (b) to employees under a scheme of employees' stock option, subject to special resolution passed by the Company and subject to such conditions as prescribed in the Act and the rules thereunder; or
  - (c) to any persons, if its authorised by a special resolution, whether or not those persons include the persons referred to in clause (a) or clause (b) either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer, subject to the compliance with the applicable provisions of Chapter III of the Act and any other conditions as may be prescribed in the Act and the rules thereunder:
- (2) The notice referred to in sub-clause (i) of clause (a) of sub-article (1) shall be dispatched through registered post or speed post or through electronic mode or courier or any other mode having proof of delivery to all the existing Shareholders at least 3 (three) days before the opening of the issue or such other timeline as may be prescribed under applicable Laws. Nothing in such notice 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.
  - (3) Nothing in this Article shall apply to the increase of the subscribed capital of a Company caused by the exercise of an option attached to the debentures issued or loan raised by the Company to convert such debentures or loans into shares in the Company (whether such option is conferred in these Articles or otherwise);  
  
Provided that the terms of issue of such debentures or the terms of such loans containing such option have been approved before the issue of such debentures or the raising of loan by a special resolution passed by the Company in general meeting.
  - (4) Notwithstanding anything contained in sub-clause (3) above, where any debentures have been issued or loan has been obtained from any Government by the Company, and if that Government considers it necessary in the public interest so to do, it may, by order, direct that such debentures or loans or any part thereof shall be converted into shares in the Company on such terms and conditions as appear to the Government to be reasonable in

the circumstances of the case even if terms of the issue of such debentures or the raising of such loans do not include a term for providing for an option for such conversion.

Provided that where the terms and conditions of such conversion are not acceptable to the Company, it may, within sixty days from the date of communication of such order or such other timeline as may be prescribed under applicable Laws, appeal to the Tribunal which shall after hearing the company and the Government pass such order as it deems fit.

- (5) In determining the terms and conditions of conversion under sub-clause (4), the Government shall have due regard to the financial position of the Company, the terms of issue of debentures or loans, as the case may be, the rate of interest payable on such debentures or loans and such other matters as it may consider necessary.
- (6) Where the Government has, by an order made under sub-clause (4), directed that any debenture or loan or any part thereof shall be converted into shares in the Company and where no appeal has been preferred to the Tribunal under sub-clause (4) or where such appeal has been dismissed, the Memorandum of Association of the Company shall, where such order has the effect of increasing the authorized Share Capital of the Company, be altered and the authorized share capital of the Company shall stand increased by an amount equal to the amount of the value of shares which such debentures or loans or part thereof has been converted into.

#### **VII. COMMISSION**

19. The Company may exercise the powers of paying commissions conferred by sub-Section (6) of Section 40 or the Act (as amended from time to time), provided that the rate per cent or amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that Section and rules made thereunder.
20. The rate or amount of the commission shall not exceed the rate or amount prescribed under the rules made under sub-section (6) of Section 40 of the Act.
21. The commission may be satisfied by the payment of cash or the allotment of fully or partly paid Shares or partly in the one way and partly in the other.

#### **VIII. SHARES AND SHARE CERTIFICATES**

22. The Company shall cause to be kept a register of Members in accordance with Section 88 of the Act. The Company shall be entitled to maintain in any country outside India a "foreign register" of Members or debenture holders resident in that country.
23. Subject to applicable Law, every Person whose name is entered as a Member in the register of members shall be entitled to receive:
  - (i) one (1) or more certificates in marketable lots for all the Shares of each class or denomination registered in his name, without payment of any charge; or
  - (ii) several certificates, if the Board so approves (upon paying such fee as the Board so determines, subject to a maximum of twenty rupees), each for one (1) or more of such Shares, and the Company shall complete and have ready for delivery such certificates within 2 (two) months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within 1 (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.
24. Every certificate shall be under the seal, if any, and shall specify the number and distinctive numbers of the Shares to which it relates and the amount paid-up thereon, shall be signed by two Directors or one Director and the company secretary and shall be in such form as prescribed under sub-section (3) of Section 46 of the Act.
25. In respect of any Share or Shares held jointly by several persons, the Company shall not be bound to

issue more than 1 (one) certificate, and delivery of a certificate for a Share to 1 (one) or several joint holders shall be sufficient delivery to all such holders. Subject to the provisions of the Act, any Member of the Company shall have the right to sub-divide, split or consolidate the total number of Shares held by them in any manner and to request the Company to provide certificate(s) evidencing such sub-division, split or consolidation.

26. If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer or in case of sub-division or consolidation of Shares, 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 Board deems adequate, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under this Article shall be issued without payment of fees if the Board so decides, or on payment of such fees (not exceeding INR 50 (Rupees fifty)) as the Board shall prescribe. Provided that no fee shall be charged for issue of new certificates 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 or in case of sub-division or consolidation of Shares. Notwithstanding the foregoing provisions of this Article, the Board shall comply with applicable Law including the rules or regulations or requirements of any stock exchange, or the rules made under the Securities Contracts (Regulation) Act, 1956, or any statutory modification or re-enactment thereof, for the time being in force.
27. Subject to the provisions of the Act, the provisions of the foregoing Articles relating to issue of certificates shall *mutatis mutandis* apply to issue of certificates for any other securities including debentures of the Company.
28. If any Share stands in the names of 2 (two) or more persons, the person first named in the register of Members of the Company shall as regards voting at meetings of the Company, service of notice and all or any matters connected with the Company, except the transfer of Shares and any other matters herein otherwise provided, be deemed to be sole holder thereof but joint holders of the Shares shall be severally as well as jointly liable for the payment of all deposits, instalments and calls due in respect of such Shares and for all incidents thereof according to the Company's Articles.
29. Except as required by law, no person shall be recognised 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 recognise (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 Articles 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.

#### **IX. CALLS ON SHARES**

30. Subject to the provisions of the Act, the Board may, from time to time, make calls upon the Members in respect of any money 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 1 (one) month from the date fixed for the payment of the last preceding call.
31. Each Member shall, subject to receiving at least 14 (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.
32. A call may be revoked or postponed at the discretion of the Board.
33. 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 instalments.
34. The joint-holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.
35. 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 thereof from the day appointed for payment thereof to the time of actual payment at 10 % (ten per cent) per annum or at such lower rate, if any, as the Board

may determine.

36. The Board shall be at liberty to waive payment of any such interest wholly or in part.
37. Any sum which by the terms of the 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 Articles, be deemed to be a call duly made and payable on the date on which by the terms of issue, such sum becomes payable. In case of non-payment of such sum, all the relevant provisions of these Articles 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.
38. 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, whole or any part of the moneys due upon the Shares held by him beyond the sums actually called for and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the Shares in respect of which such advance has been made, the Company may pay interest at such rate as determined by the Board and the Member paying such sum in advance agree upon, not exceeding 12 (twelve) percent per annum, unless the Members in a General Meeting direct otherwise, provided that 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. The Member shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable. The provisions of these Articles shall *mutatis mutandis* apply to any calls on debentures of the Company.
39. Where any calls for further Share Capital are made on the Shares of a class, such calls shall be made on a uniform basis on all Shares falling under that class. For the purposes of this Article, Shares of the same nominal value on which different amounts have been paid-up shall not be deemed to fall under the same class.

#### **X. DEMATERIALIZATION OF SHARES**

40. Notwithstanding anything contained in the Articles, the Company shall be entitled to dematerialize its Shares, debentures and other securities and offer such Shares, debentures and other securities in a dematerialized form pursuant to the Depositories Act, 1996 and the regulations made thereunder.
41. Notwithstanding anything contained in the Articles, and subject to the provisions of the Law for the time being in force, the Company shall on a request made by a beneficial owner, re-materialize the Shares, which are in dematerialized form.
42. Every Person subscribing to the Shares offered by the Company shall have the option to receive Share certificates or to hold the Shares with a depository. Where Person opts to hold any Share with the depository, the Company shall intimate such depository of details of allotment of the Shares to enable the depository to enter in its records the name of such Person as the beneficial owner of such Shares. Such a Person who is the beneficial owner of the Shares can at any time opt out of a depository, if permitted by the Law, in respect of any Shares in the manner provided by the Depositories Act, 1996 and the regulations made thereunder and the Company shall in the manner and within the time prescribed, issue to the beneficial owner the required certificate of Shares. In the case of transfer of Shares or other marketable securities where the Company has not issued any certificates and where such Shares or securities are being held in an electronic and fungible form, the provisions of the Depositories Act shall apply.
43. If a Person opts to hold his Shares with a depository, the Company shall intimate such depository the details of allotment of the Shares, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the Shares.
44. All Shares held by a depository shall be dematerialized and shall be in a fungible form.
  - (a) Notwithstanding anything to the contrary contained in the Act or the Articles, a depository shall be deemed to be the registered owner for the purposes of effecting any transfer of ownership of Shares on behalf of the beneficial owner.

- (b) Save as otherwise provided in (a) above, the depository as the registered owner of the Shares shall not have any voting rights or any other rights in respect of Shares held by it.
- 45. Every person holding Shares of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be the owner of such Shares and shall also be deemed to be a Shareholder of the Company. The beneficial owner of the Shares shall be entitled to all the liabilities in respect of his Shares which are held by a depository. The Company shall be further entitled to maintain a register of Members with the details of Members holding Shares both in material and dematerialized form in any medium as permitted by Law including any form of electronic medium.
- 46. Notwithstanding anything in the Act or the Articles to the contrary, where Shares 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 disks, drives or any other mode as prescribed by Law from time to time.
- 47. Nothing contained in the Act or the Articles regarding the necessity to have distinctive numbers for securities issued by the Company shall apply to securities held with a depository.

## **XI. LIEN**

- 48. The Company shall have a first and paramount Lien on: (a) every Share or debenture (not being a fully paid-up Share or debenture) registered in the name of each Member or holder, respectively (whether solely or jointly with others) to the extent of monies called or payable in respect thereof, and upon the proceeds of sale thereof for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of such Share or debenture; and (b) on all Shares or debentures (not being fully paid Shares or debentures) standing registered in the name of a single Person, for all monies presently payable by him or his estate to the Company; and no equitable interest in any Share or debenture shall be created except upon the footing and condition that this Article will have full effect. Fully paid-up Shares shall be free from all Liens and in case of partly paid-up Shares, the Company's Lien shall be restricted to moneys called or payable at a fixed time in respect of such shares.  
  
Provided that the Board may at any time declare any Shares or debentures wholly or in part to be exempt from the provisions of this Article.
- 49. The Company's Lien, if any, on a Share shall extend to all dividends and bonuses declared and payable by the Company from time to time in respect of such Shares.
- 50. The Company's Lien, if any, on a debenture shall extend to the interest payable from time to time in respect of such debentures.
- 51. The Company may sell, in such manner as the Board thinks fit, any Shares or debenture 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;
  - (b) until the expiration of 14 (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 Member or holder for the time being of the Share or debenture, or the Person entitled thereto by reason of his death or insolvency.
- 52. Unless otherwise agreed, the registration of a transfer of Shares or debentures shall operate as a waiver of the Company's Lien, if any, on such Shares or debentures.
- 53. The following shall apply to any sale of Shares referred to in Article 51 above:
  - (a) The Board may authorise some person to transfer the Shares or debentures sold to the purchaser thereof;
  - (b) The purchaser shall be registered as the holder of the Shares or debentures that are the subject of any such transfer;

- (c) 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;
  - (d) 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;
  - (e) The residue, if any, shall, subject to a like Lien for sums not presently payable as existed upon the Shares or debentures before the sale, be paid to the person entitled to the Shares or debentures at the date of the sale.
54. A Member shall not exercise any voting rights in respect of the Shares in regard to which the Company has exercised the right of Lien.

## **XII. TRANSFER OF SHARES**

55. The securities or other interest of any Member shall be freely transferable, provided that any contract or arrangement between 2 (two) or more persons in respect of transfer of securities shall be enforceable as a contract. The instrument of transfer of any Share in the Company shall be duly executed by or on behalf of both the transferor and transferee. 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. A common form of transfer shall be used in case of transfer of Shares. The instrument of transfer shall be in writing and all the provisions of Section 56 of the Act and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfers of Shares and the registration thereof.
56. Subject to the provisions of the Act, these Articles and any other applicable Law for the time being in force, the Directors may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of Shares, not being a fully paid share, to a Person of whom they do not approve, and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the Company but in such cases, the Directors shall within 30 (thirty) days from the date on which the instrument of transfer was lodged with the Company or such other period prescribed under applicable Law, send to the transferee and transferor notice of the refusal to register such transfer provided that registration or 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 when the Company has a lien on the shares. 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.
57. The Board may decline to recognize 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 of the Act;
  - (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.

Provided that the registration of 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.

58. On giving not less than 7 (seven) days or such other period as may be prescribed under applicable Laws previous notice in accordance with the Act or any other time period as may be specified by Law, 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 30 (thirty) days or such other period as may be prescribed under applicable Laws at any one time or for more than 45 (forty five) days in the aggregate in any year or such other period as may be prescribed under applicable Laws.
59. No fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document.

### **XIII. TRANSMISSION OF SHARES**

60. On the death of a Member, the survivor or survivors where the Member was a joint holder of the Shares, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only person(s) recognised by the Company as having any title to his interest in the Shares. Nothing in these Articles shall release the estate of the deceased joint holder from any liability in respect of any Share, which had been jointly held by him with other persons.
61. Any person becoming entitled to a Share in consequence of the death or insolvency of a Member may, upon such evidence being produced as the Board may from time to time require, and subject as hereinafter provided, elect, either:
- (a) to be registered as holder of the Share; or
  - (b) to make such transfer of the Share as the deceased or insolvent Member could have made.
62. 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.
63. If the person so becoming entitled shall elect to be registered as holder of the Shares, such person shall deliver or send to the Company a notice in writing signed by him stating that he so elects.
64. If the person aforesaid shall elect to transfer the Share, he shall testify his election by executing an instrument of transfer in accordance with the provisions of these Articles relating to transfer of Shares.
65. All the limitations, restrictions and provisions contained in these Articles 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.
66. 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 the General 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 90 (ninety) days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Share, until the requirements of the notice have been complied with.

### **XIV. FORFEITURE OF SHARES**

67. If a Member fails to pay any call, or instalment 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 instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.
68. The notice issued under Article 67 shall:
- (a) name a further day (not being earlier than the expiry of 14 (fourteen) days or such other period as may be prescribed under applicable Laws 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 will be liable to be forfeited.
69. If the requirement of any such notice as aforesaid is 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.
70. A forfeited Share may be sold or otherwise disposed off on such terms and in such manner as the Board



thinks fit.

71. At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.
72. 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 the person to the Company in respect of the Shares.
73. 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.
74. 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.
75. 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 otherwise disposed off.
76. The transferee shall there upon be registered as the holder of the Share.
77. The transferee shall not be bound to ascertain or confirm the application of the purchase money, if any, nor shall his title to the Share be affected by any irregularity to invalidity in the proceedings in reference to the forfeiture, sale or disposal of the Share.
78. The provision of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a Share, become payable at a fixed time, whether on account of the nominal value of the Share or by way of premium, as the same had been payable by virtue of a call duly made and notified.

#### **XV. ALTERATION OF SHARE CAPITAL**

79. Subject to these Articles and the provisions of Section 61 of the Act, 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.
80. Subject to the provisions of the Act, the Company may from time to time by ordinary resolution, undertake any of the following:
  - (a) consolidate or divide, all or any of the Share Capital into Shares of larger or smaller amount than its existing Shares;
  - (b) convert all or any of its fully paid-up Shares into stock, and re-convert that stock into fully paid-up Shares of any denomination;
  - (c) sub-divide its existing Shares or any number of them into Shares of smaller amount than is fixed by the Memorandum of Association of the Company, so however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced Share shall be the same as it was in the case of the Share from which the reduced Share is derived; or
  - (d) 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 and diminish the amount of Share Capital by the amount of the Shares so cancelled. A cancellation of Shares in pursuance of this Article shall not be deemed to be a reduction of Share Capital within the meaning of the Act.
81. Subject to the provisions of the Act, the Company may, from time to time, by special resolution reduce in any manner and with, and subject to, any incident authorised and consent required under applicable Law:
  - (a) the Share Capital;

- (b) any capital redemption reserve account; or
- (c) any Share premium account.

## **XVI. CONVERSION OF SHARES INTO STOCK**

82. 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 Article under which, the Shares from which the stock arose might before the conversion have been transferred, or as near there to 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 the stock which would not, if existing in Shares, have conferred that privilege or advantage; and
- (c) such of the Articles, as are applicable to paid-up Shares shall apply to stock and the words “Share”, “Shareholder” and “Member” in those Articles shall include “stock” and “stock holder” respectively.

## **XVII. GENERAL MEETINGS**

83. An annual General Meeting shall be held each calendar year within the timeline prescribed under Applicable Law. Not more than 15 (fifteen) months or such other period as may be prescribed under applicable Laws shall elapse between the date of one annual General Meeting of the Company and that of the next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the registrar under the provisions of Section 96 of the Act to extend the time within which any annual General Meeting may be held. Every annual General Meeting shall be called during business hours on a day that is not a national holiday, and shall be held either at the registered office or at some other place within the city in which the registered office of the Company is situate, as the Board may determine.
84. All General Meetings, other than the annual General Meeting, shall be extra-ordinary General Meetings.
85. The Board may, whenever it thinks fit, call an extraordinary general meeting.
86. The Board shall on the requisition of such number of Members of the Company as is specified in Section 100 of the Act, forthwith proceed to call an extra-ordinary General Meeting of the Company and in respect of any such requisition and of any meeting to be called pursuant thereto, all other provisions of Section 100 of the Act shall for the time being apply.
87. A General Meeting of the Company may be convened by giving not less than clear 21 (twenty-one) days’ notice either in writing or through electronic mode in such manner as prescribed under the Act, provided that a General Meeting may be called after giving a shorter notice if consent, in writing or by electronic mode, is accorded thereto—
- (i) in the case of an annual general meeting, by not less than ninety-five per cent. of the Members entitled to vote thereat; and
  - (ii) in the case of any other general meeting, by Members of the Company holding, majority in number of Members entitled to vote and who represent not less than ninety-five per cent. of such part of the paid-up share capital of the Company as gives a right to vote at the meeting;

Provided further that where any Member of the Company is entitled to vote only on some resolution or resolutions to be moved at a General Meeting and not on the others, those Members shall be taken into account for the abovementioned purposes, in respect of the former resolution or resolutions and not in respect of the latter.

Notice of every General Meeting shall be given to the Members and to such other Person or Persons as required by and in accordance with Section 101 and 102 of the Act and it shall be served in the manner authorized by Section 20 of the Act.

#### **XVIII. PROCEEDINGS AT GENERAL MEETINGS**

88. No business shall be transacted at any General Meeting, unless a quorum of Members is present at the time when the meeting proceeds to transact business. Save as otherwise provided herein, the quorum for the General Meetings shall be as provided in Section 103 of the Act.

89. Notwithstanding anything contained elsewhere in these Articles, the Company:

(a) shall, in respect of such items of business as the Central Government may, by notification, declare or which are under any other applicable Law required to be transacted only by means of postal ballot; and

(b) may, in respect of any item of business, other than ordinary business and any business in respect of which Directors or auditors have a right to be heard at any meeting, transact by means of postal ballot, in such manner as may be prescribed, instead of transacting such business at a General Meeting and any resolution approved by the requisite majority of the Shareholders by means of such postal ballot, shall be deemed to have been duly passed at a General Meeting convened in that behalf and shall have effect accordingly.

Provided that any item of business required to be transacted by means of postal ballot under clause (a) above, may be transacted at a General Meeting by the Company which is required to provide the facility to Members to vote by electronic means under Section 108 of the Act, in the manner provided in that Section.

90. Directors may attend and speak at General Meetings, whether or not they are Shareholders.

91. A body corporate being a Member shall be deemed to be personally present if it is represented in accordance with Section 113 of the Act and the Articles.

92. The chairperson, if any, of the Board shall preside as chairperson at every General Meeting of the Company. If there is no such chairperson or if he is not present within 15 (fifteen) minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the Directors present shall choose one of the Directors present to be chairperson of the meeting.

93. If at any General Meeting no Director is willing to act as chairperson or if no Director is present within 15 (fifteen) minutes after the time appointed for holding the General Meeting, the Members present shall choose one of the Members to be chairperson of such General Meeting.

94. The chairperson may, with the consent of Members at any General Meeting at which a quorum is present, and shall, if so directed by the General Meeting, adjourn the General Meeting from time to time and from place to place.

95. In the event a quorum as required herein is not present within 30 (thirty) minutes of the appointed time, then subject to the provisions of Section 103 of the Act, the General Meeting shall stand adjourned to the same place and time 7 (seven) days later, provided that the agenda for such adjourned General Meeting shall remain the same. The said General Meeting if called by requisitionists under Article 86 herein read with Section 100 of the Act shall stand cancelled.

96. In case of an adjourned meeting or of a change of day, time or place of meeting, the Company shall give not less than 3 (three) days' notice to the Members either individually or by publishing an advertisement in the newspapers (one in English and one in vernacular language) which is in circulation at the place where the registered office of the Company is situated.

97. No business shall be transacted at any adjourned General Meeting other than the business left unfinished at the General Meeting from which the adjournment took place.

98. 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.
99. 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 General Meeting.
100. The required quorum at any adjourned General Meeting shall be the same as that required at the original General Meeting.
101. If at the adjourned meeting too a quorum is not present within 30 (thirty) minutes from the time appointed for holding such meeting, the Members present shall be the quorum and may transact the business for which the meeting was called.
102. Any act or resolution which, under the provision of these Articles or of the Act, is permitted shall be sufficiently so done or passed if effected by an ordinary resolution unless either the Act or these Articles specifically require such act to be done or such resolution passed by a special resolution or by a unanimous approval of all the Members.

#### **XIX. VOTING RIGHTS**

103. 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 1 (one) vote; and
  - (b) on a poll, the voting rights of Members shall be in proportion to their share in the paid-up Equity Share Capital.
104. The chairperson at any General Meeting shall not have a second or casting vote.
105. At any General Meeting, a resolution put to vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the voting on any resolution on show of hands) demanded by any Member or Members present in person or by proxy, in accordance with applicable Law.
106. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.
107. A Member may exercise his vote at a meeting by electronic means in accordance with Section 108 and shall vote only once. The Company shall also provide E-voting facility to the Shareholders of the Company in terms of the provisions of Act and the Companies (Management and Administration) Rules, 2014 or any other Law, if applicable to the Company.
108. In case of joint holders, the vote of the senior who tenders a vote, whether in person or proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names are stated in the register of Members of the Company.
109. A Member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction, 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.
110. No Member shall be entitled to exercise any voting rights either personally or by proxy at any General Meeting or meeting of a class of Shareholders either upon a show of hands or upon a poll in respect of any Shares registered in his/her name on which any calls or other sums presently payable by him in respect of Shares in the Company have not been paid.
111. No objection shall be raised to the qualification of any voter except at the General Meeting or adjourned General Meeting at which the vote objected to is given or tendered, and every vote not disallowed at such General Meeting and whether given personally or by proxy or otherwise shall be deemed valid for all purpose.
112. Any such objection made in due time shall be referred to the chairperson of the General Meeting whose

decision shall be final and conclusive.

## XX. PROXY

113. Subject to the provisions of the Act and these Articles, any Member of the Company entitled to attend and vote at a General Meeting of the Company shall be entitled to appoint a proxy to attend and vote instead of himself and the Proxy so appointed shall have no right to speak at the meeting.
114. The proxy shall not be entitled to vote except on a poll.
115. 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 (forty eight) 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 (twenty four) hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.
116. An instrument appointing a proxy shall be in the form as prescribed under the Act and the rules framed thereunder.
117. 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 the adjourned meeting at which the proxy is used.

## XXI. BOARD OF DIRECTORS

118. Subject to the provisions of the Act, the number of Directors shall not be less than 3 (three) and more than 15 (fifteen), provided that the Company may appoint more than 15 (fifteen) directors after passing a special resolution. The Company shall have such minimum number of independent Directors on the Board of the Company, as may be required in terms of the provisions of applicable Law. Further, the appointment of such independent Directors shall be in terms of, and subject to, the aforesaid provisions of applicable Law.
119. Highdell Nominee Director:
  - (a) Subject to approval of the Shareholders, by way of a special resolution, post listing of the Equity Shares, until such time that Highdell Investment Ltd (“**Highdell**”) continues to hold at least five percent (5%) of the Equity Share Capital of the Company on a fully diluted basis, Highdell shall have the right but not an obligation to nominate one (1) Director on the Board (“**Highdell Nominee Director**”). The Highdell Nominee Director shall be a Person whose office is not capable of being vacated by retirement or by rotation.
  - (b) Subject to the provisions of the Act, in the event that Highdell proposes to appoint an alternate Director (“**Highdell Alternate Director**”) to the Highdell Nominee Director, the Board shall, upon receipt of notice to that effect from Highdell, appoint a Highdell Alternate Director in place of such Highdell Nominee Director. Upon the appointment of the Highdell Alternate Director, the Company shall ensure compliance with the provisions of the Act, including by filing necessary forms with the registrar. Subject to the provisions of the Act, Highdell shall also have a right to withdraw its Highdell Alternate Director and nominate another Highdell Alternate Director in its place. The Highdell Alternate Director shall be entitled to receive notice of all meetings and to attend and vote at such meetings in place of the Highdell Nominee Director and generally to perform all functions of the Highdell Nominee Director in the absence of such Highdell Nominee Director.
  - (c) In the event of a casual vacancy arising with respect to the position of the Highdell Nominee Director for any reason, Highdell shall be entitled to nominate another person, in accordance with (a) above and applicable Law, to be appointed as the Highdell Nominee Director to fill such vacancy.

- (d) Highdell may remove the Highdell Nominee Director by a written notice issued to the Company and following which the Company undertakes to do such things as required under the applicable Law to facilitate such removal.
120. Subject to the provisions of the Act, two-thirds of the total number of Directors of the Company (other than independent Directors) shall be persons whose period of office is liable to determination by retirement of directors by rotation, subject to the below conditions.
- (a) At every annual General Meeting of the Company, one-third of such of the Directors for the time being as are liable to retire by rotation pursuant to applicable Law or if their number is not three or a multiple of three, the number nearest to one-third shall retire from office.
- (b) Subject to Section 152(6)(d) of the Act, the Directors to retire by rotation at every annual General Meeting shall be those who have been longest in office since their last appointment, but as between Persons who become Directors on the same day, those who are to retire, shall, in default of and subject to any agreement amount themselves, be determined by lot.
- (c) A retiring Director shall be eligible for re-election.
- (d) Subject to Sections 152(6)(e) and 152(7)(a) of the Act and these Articles, the Company at the General Meeting at which a Director retires in a manner aforesaid may fill up the vacated office by electing a Person thereto.
- (e) If the place of the retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a national holiday, till the next succeeding day which is not a national holiday, at the same time and place.
- (f) If at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, then the retiring Director shall be deemed to have been reappointed at the adjourned meeting, unless:-
- (i) at that meeting or at the previous meeting a resolution for the reappointment of such Director has been put to the meeting and lost;
- (ii) the retiring Director has, by a notice in writing addressed to the Company or its Board, expressed his unwillingness to be so reappointed;
- (iii) the retiring Director is not qualified or is disqualified for appointment; or
- (iv) a resolution whether special or ordinary is required for the appointment or reappointment by virtue of any applicable provisions of the Act.
121. Subject to Section 197 and other applicable provisions of the Act, the remuneration of Directors may be a fixed sum by way of monthly payment or a percentage of the net profits or partly by one way and partly by the other.
122. Subject to the provisions of the Act, every Director shall be paid out of the funds of the Company such sum as the Board may from time to time determine for attending every meeting of the Board or any committee of the Board, subject to the ceiling prescribed under the Act.
123. In addition to the remuneration payable to them in pursuance of the Act, the Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meeting of the Board or any committee thereof or General Meetings of the Company and any other expenses properly incurred by them in connection with the business of the Company. If authorized by the Board, the Directors may also be remunerated for any extra services done by them outside their ordinary duties as Directors, subject to the applicable provisions of the Act.
124. A Director shall not be required to hold any qualification shares in the Company.
125. Subject to the provisions of the Act, the Board shall have power at any time, and from time to time, to appoint any other person as an additional director provided that the number of the Directors and additional Directors together shall not at any time exceed the maximum number fixed as above and any person so

appointed as an additional Director shall retain his office only up to the date of the next annual General Meeting or last date on which the annual General Meeting should have been held, whichever is earlier, but shall then be eligible for re-appointment as Director of the Company.

126. In the event that a Director is absent for a continuous period of not less than 3 (three) months or such other period as prescribed under applicable Laws from India (an “**Original Director**”), subject to these Articles and the provisions of the Act, the Board may appoint another person (an “**Alternate Director**”) for and in place of the Original Director. The Alternate Director shall be entitled to receive notice of all meetings and to attend and vote at such meetings in place of the Original Director and generally to perform all functions of the Original Director in the Original Director’s absence. No Person shall be appointed as an Alternate Director to an independent Director unless such Person is qualified to be appointed as an independent Director of the Company. Any person so appointed as Alternate Director shall not hold office for a period longer than that permissible to the Original Director and shall vacate the office if and when the Original Director returns to India
127. The office of a Director shall automatically become vacant, if he is disqualified under any of the provisions of the Act or the rules framed thereunder. Further, subject to the provisions of the Act, a Director may resign from his office at any time by giving a notice in writing addressed to the Board and the Company shall intimate the registrar and also place the fact of such resignation in the report of Directors laid in the immediately following General Meeting. Subject to the Act, such Director may also forward a copy of his resignation along with detailed reasons for the resignation to the registrar within 30 (thirty) days or such other period as may be prescribed under applicable Laws of resignation. The resignation of a Director shall take effect from the date on which the notice is received by the Company or the date, if any, specified by the Director in the notice, whichever is later. The Company may, subject to the provisions of Section 169 and other applicable provisions of the Act and these Articles remove any Director before the expiry of his period of office.
128. At any annual General Meeting at which a Director retires, the Company may fill up the vacancy by appointing the retiring Director who is eligible for re-election or some other person if a notice for the said purpose has been left at the office of the Company in accordance with the provisions of the Act.
129. If the office of any Director appointed by the Company in General Meeting is vacated before his term of office expires in the normal course, the resulting casual vacancy may, be filled by the Board of Directors at a meeting of the Board which shall be subsequently approved by Members in the immediate next General Meeting. Provided any person so appointed shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if it had not been vacated.
130. In the event of the Company borrowing any money from any financial corporation or institution or government or any government body or a collaborator, bank, Person or Persons or from any other source, while any money remains due to them or any of them, the lender concerned may have and may exercise the right and power to appoint, from time to time, any Person or Persons to be a Director or Directors of the Company and the Directors so appointed, shall not be liable to retire by rotation, subject however, to the limits prescribed by the Act. Any Person so appointed may at any time be removed from the office by the appointing authority who may from the time of such removal or in case of death or resignation of such Person, appoint any other or others in his place. Any such appointment or removal shall be in writing, signed by the appointee and served on the Company. Such Director need not hold any qualification shares.

## **XXII. PROCEEDINGS OF THE BOARD**

131. The Board may meet for the conduct of business and may adjourn and otherwise regulate its meetings, as it thinks fit.
132. A Director may and the manager or secretary on the requisition of a Director shall, at any time, summon a meeting of the Board.
133. Subject to requirements under applicable Law, a minimum number of 4 (four) Board meetings shall be held every year in such a manner that not more than 120 (one hundred and twenty) days shall intervene between 2 (two) consecutive meetings of the Board, in accordance with the provisions of the Act.
134. Subject to the provisions of the Act and the rules framed thereunder, all or any of the Directors or

members of any committee of the Board may participate in a meeting of the Directors or such committee through video conferencing or other audio visual means.

135. No business shall be conducted at any meeting of the Directors unless a quorum is present. The quorum for the meeting of the Board shall be one third of its total strength or 2 (two) Directors, whichever is higher, and the participation of the Directors by video conferencing or by other audio-visual means or any other means (to the extent permitted under the Act and the rules framed thereunder or otherwise provided by the Ministry of Corporate Affairs), in each case from time to time, shall also be counted for the purposes of quorum under this Article, provided that where at any time the number of interested Directors is equal to or exceeds two-thirds of the total strength of the Board, the number of remaining Directors, that is to say the number of Directors who are not interested and present at the meeting being not less than 2 (two), shall be the quorum during such time.
136. If quorum is found to be not present within 30 (thirty) minutes from the time when the meeting should have begun or if during the meeting, valid quorum no longer exists, the meeting shall be reconvened at the same time and at the same place 7 (seven) days later. At the reconvened meeting, the Directors present and not being less than 2 (two) persons shall constitute the quorum and may transact the business for which the meeting was called and any resolution duly passed at such meeting shall be valid and binding on the Company.
137. 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.
138. Subject to the provisions of the Act and the rules framed thereunder allowing for shorter notice periods, a meeting of the Board shall be convened by giving not less than 7 (seven) days' notice in writing to every Director. Each notice of a Board meeting shall:
  - (a) specify a reasonably detailed agenda. Unless waived in writing by all Directors, any item not included in the agenda of a meeting shall not be considered or voted upon at that meeting of the Board;
  - (b) be accompanied by any relevant supporting papers; and
  - (c) be sent by: (i) courier if sent to an address in India; (ii) by e-mail or facsimile transmission if sent to an address outside India; or by hand delivery.
139. Save as otherwise expressly provided in the Act or these Articles, questions arising at any meeting of the Board shall be decided by a majority of votes.
140. The Directors may from time to time elect a chairperson who shall preside at the meetings of the Directors and determine the period for which he is to hold office. The same individual may be appointed as the chairperson of the Company as well as the managing Director and/or the chief executive officer of the Company. If no such chairperson is elected, or if at any meeting the chairperson is not present within 5 (five) minutes after the time appointed for holding the meeting, the Directors present may choose one of their number to be the chairperson of the meeting.
141. The Chairperson of the Board, if any, shall not have any second or casting vote.
142. Subject to these Articles and Sections 175, 179 and other applicable provisions of the Act, a circular resolution in writing, executed by or on behalf of a majority of the Directors or members of a committee, shall constitute a valid decision of the Board or committee thereof, as the case may be, as if it had been passed at a meeting of the Board or committee, duly convened and held, provided that a draft of such resolution together with the information required to make a fully-informed good faith decision with respect to such resolution and appropriate documents required to evidence passage of such resolution, if any, was sent to all of the Directors or members of the committee (as the case may be) at their addresses registered with the Company in India by hand delivery or by post or by courier, or through such electronic means as may be prescribed under the Act, and has been approved by a majority of the Directors or members who are entitled to vote on the resolution.



143. The Board shall constitute the statutory committees in accordance with applicable Law. Subject to provisions of the Act, the Board may delegate any of its powers to committees consisting of such Director or Directors as it thinks fit
144. 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.
145. Subject to applicable Law and these Articles, a committee may elect a chairperson of its meetings.
146. If no such chairperson is elected, or if at any meeting the chairperson is not present within 5 (five) minutes after the time appointed for holding the meeting, the Directors present may choose one of themselves to be the chairperson of the meeting.
147. A committee may meet and adjourn as it thinks fit.
148. Questions arising at any meeting of a committee shall be determined by a majority of votes of the Directors present. The chairperson of the committee, if any, shall not have any second or casting vote.
149. Every Director shall at the first meeting of the Board in which he participates as a Director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the disclosures already made, then the first meeting held after such change, disclose his concern or interest in any company, companies or bodies corporate, firms or other associations of individuals which shall include the shareholding in such manner as may be prescribed under the Act and the rules framed thereunder.
150. Subject to the provisions of the Act, no Director shall be disqualified by his office from contracting with the Company nor shall any such contract entered into by or on behalf of the Company in which any Director shall be in any way interested be avoided, nor shall any Director contracting or being so interested be liable to account to the Company for any profit realized by any such contract by reason only of such Director holding that office or of the fiduciary relations thereby established provided that every Director who is in any way whether directly or indirectly concerned or interested in a contract or arrangement, entered into or to be entered into by or on behalf of the Company, shall disclose the nature of his concern or interest at a meeting of the Board and shall not participate in such meeting as required under Section 184 and other applicable provisions of the Act, and his presence shall not count for the purposes of forming a quorum at the time of such discussion or vote.
151. 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.
152. 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.
153. Minutes of each meeting of the Board shall be circulated to all Directors.

### **XXIII. POWERS OF DIRECTORS**

154. The business of the Company shall be vested in the Board of Directors and the Board shall be responsible for the overall direction and management of the Company. Subject to the provisions of the Act, the Board shall have the right to delegate any of their powers to such committee of Directors, managing director, managers, agents or other persons as they may deem fit and may at their own discretion revoke such powers.
155. Subject to the provisions of the Act and these Articles, the Board shall be entitled to exercise all such powers, and to do all such acts and things as the Company is authorized to exercise and do; provided that the Board shall not exercise any power or do any act or thing which is directed or required, whether by the Act, or any other statute or by the Memorandum of Association of the Company or by these Articles or otherwise, to be exercised or done by the Company in a General Meeting; provided further that in exercising any such power or doing any such act or thing, the Board shall be subject to the provisions in that behalf contained in the Act or any other statute or in the Memorandum of Association of the

Company or in these Articles, or in any regulations not inconsistent therewith and duly made thereunder, including regulations made by the Company in General Meeting, but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

156. The Board of Directors shall, or shall authorize persons in their behalf, to make necessary filings with Governmental Authorities in accordance with the Act and other applicable Law, as may be required from time to time.
157. The Directors shall have the power to open and close bank accounts and operate the same generally, to sign cheques on behalf of the Company and to receive payments, make endorsements, draw and accept negotiable instruments, hundies and bills or may authorize any other person or persons to exercise such powers.

#### **XXIV. MANAGING/WHOLE-TIME DIRECTORS AND KEY MANAGERIAL PERSONNEL**

158. Subject to the provisions of the Act, the Board may from time to time appoint one or more Directors to be the managing Director/ whole-time Director of the Company on such remuneration and terms and conditions as the Board may think fit, and for a fixed term or without any limitation as to the period for which he is to hold such office and from time to time and subject to the provisions of any contract between him and the Company, remove or dismiss him from office and appoint another in his place. Subject to the provisions of the Act, in particular to the prohibitions and restrictions contained in Section 179 thereof, the Board may, from time to time, entrust to and confer upon the managing Director / whole-time Director, for the time being, such of the powers exercisable hereunder by the Board, as it may think fit, and may confer such powers, for such time and be exercised for such objects and purposes, and upon such terms and conditions and with such restrictions as it thinks fit, and the Board may confer such power, either collaterally with or to the exclusion of, and in substitution for any of the powers of the Board in that behalf and may, from time to time, revoke, withdraw, alter or vary all or any of such powers.
159. Subject to the provisions of any contract between him and the Company, the managing Director/ whole-time director, shall be subject to the same provisions as to resignation and removal as the other Directors and shall ipso facto and immediately cease to be the managing Director if he ceases to hold the office of Director for any cause.
160. Subject to the provisions of the Act, the managing Director/whole-time Director shall, in addition to the remuneration payable to him as a Director of the Company, receive such remuneration as may be sanctioned by the Board from time to time and such remuneration may be fixed by way of salary or bonus or commission or participation in profit, or perquisites and benefits or by some or all of these modes.
161. Subject to the provisions of the Act, a chief executive officer, manager, company secretary or chief financial officer or any other key managerial personnel not more than one level below the Board and in the whole time employment of the Company and designated as a key managerial personnel may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary, chief financial officer or any other Key Managerial Personnel so appointed may be removed by means of a resolution of the Board.
162. A Director may be appointed as chief executive officer, manager, company secretary or chief financial officer.
163. Any provision of the Act or these Articles requiring or authorising a thing to be done by or to a Director and managing director, 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, managing director, chief executive officer, manager, company secretary or chief financial officer.

#### **XXV. BORROWING POWERS**

164. Subject to the provisions of the Act, the Board may from time to time, at their discretion raise or borrow or secure the payment of any sum or sums of money for and on behalf of the Company. Any such money

may be raised or the payment or repayment thereof may be secured in such manner and upon such terms and conditions in all respect as the Board may think fit by promissory notes or by opening loan or current accounts or by receiving deposits and advances at interest with or without security or otherwise and in particular by the issue of bonds, perpetual or redeemable debentures of the Company charged upon all or any part of the property of the Company (both present and future) including its uncalled capital for the time being or by mortgaging or charging or pledging any lands, buildings, machinery, plant, goods or other property and securities of the Company or by other means as the Board deems expedient.

165. The Board of Directors shall not except with the consent of the Company by way of a special resolution, borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceeds the aggregate of paid up capital of the Company, its free reserves and securities premium.
166. Subject to the Act and the provisions of these Articles, any bonds, debentures, debenture-stock or other securities issued or to be issued by the Company shall be under the control of the Board, who may issue them upon such terms and conditions and in such manner and for such consideration as the Board shall consider to be for the benefit of the Company.

#### **XXVI. THE SEAL**

167. The Board of Directors may select a seal for the Company and shall provide by resolution for the safe custody and affixing thereof.
168. The seal, if any, shall not be affixed to any instrument except by the authority of a resolution of the Board or a committee of the Board authorised by it in that behalf, and except in the presence of such persons as the Board may authorise for the purpose and as may be required under applicable Law.

#### **XXVII. DIVIDENDS AND RESERVES**

169. The Company in a General Meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board. No dividend shall be payable except out of the profits of the Company or any other undistributed profits.
170. Subject to the provisions of Section 123 of the Act, the Board may from time to time pay to the Members such dividends including interim dividends as appear to it to be justified by the profits of the Company.
171. 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 equalising 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, think fit. The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.
172. 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.
173. No amount paid or credited as paid on a Share in advance of calls shall be treated for the purpose of these Articles as paid on the Share.
174. 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.
175. 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.

176. Any dividend, interest or other monies payable in cash in respect of Shares may be paid by electronic mode or 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 of the Company, or to such person and to such address as the holder or joint holders may in writing direct.
177. Every such cheque or warrant shall be made payable to the order of the Person to whom it is sent.
178. Any one of two or more joint holders of a Share may give effectual receipts for any dividends, bonuses or other payments in respect of such Share.
179. Notice of any dividend, whether interim or otherwise, that may have been declared shall be given to the Persons entitled to share therein in the manner mentioned in the Act.
180. No dividend shall bear interest against the Company.
181. Nothing herein shall be deemed to prohibit the capitalization of profits or reserves of the Company for the purpose of issuing fully paid-up bonus Shares or paying up any amount for the time being unpaid on any Shares held by the Members of the Company.
182. The Company shall comply with the provisions of the Act in respect of any dividend remaining unpaid or unclaimed with the Company. Where the Company has declared a dividend but which has not been paid or claimed within 30 (thirty) days from the date of declaration, the Company shall, within 7 (seven) days from the date of expiry of the 30 (thirty) day period, transfer the total amount of dividend which remains so unpaid or unclaimed, to a special account to be opened by the Company in that behalf in any scheduled bank, to be called "Unpaid Dividend Account of Kalyan Jewellers India Limited". Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of 7 (seven) years or such other period as prescribed under applicable Law from the date of such transfer, shall be transferred by the Company to the Investor Education and Protection Fund established under the Act. No unclaimed or unpaid dividend shall be forfeited by the Board before claim on such dividend becomes barred by applicable Law.

### **XXVIII. CAPITALISATION OF PROFITS**

183. The Company in a 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 Article 184 amongst the Members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.
184. The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in these Articles below, 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; or
  - (c) Partly in the way specified in sub-Article (a) and partly in that specified in sub-Article (b) above.
  - (d) A securities premium account and a capital redemption reserve account may, for the purposes of this Article, be applied in the paying up of unissued Shares to be issued to Members of the Company as fully paid bonus Shares.

- (e) The Board shall give effect to the resolution passed by the Company in pursuance of this Article.
185. 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.
186. The Board shall have power to:
- (a) make such provision, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of Shares or debentures becoming distributable in fractions; and
  - (b) 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.
187. Any agreement made under such authority shall be effective and binding on such Members.

#### **XXIX. INDEMNITY**

188. Subject to the provisions of the Act, every Director, secretary and the other officers for the time being of the Company acting in relation to any of the affairs of the Company shall be indemnified out of the assets of the Company from and against all suits, proceedings, cost, charges, losses, damage and expenses which they or any of them shall or may incur or sustain by reason of any act done or committed in or about the execution of their duty in their respective office except such suits, proceedings, cost, charges, losses, damage and expenses, if any that they shall incur or sustain, by or through their own willful neglect or default respectively.
189. The Company may take and maintain any insurance as the Board may think fit on behalf of its present and/or former Directors and key managerial personnel for indemnifying all or any of them against any liability for any acts in relation to the Company for which they may be liable but have acted honestly or reasonably.

#### **XXX. ACCOUNTS**

190. Subject to the provisions of the Act, the Company shall keep at its registered office, proper books of accounts and other relevant books and papers and financial statement for every financial year which give a true and fair view of the state of the affairs of the Company, including that of its branch office or offices, if any, and explain the transactions effected both at the registered office and its branches and such books shall be kept on accrual basis and according to the double entry system of accounting, provided that all or any of the books of account aforesaid may be kept at such other place in India as the Board may decide and when the Board so decides the Company shall, within 7 (seven) days of the decision or such other period prescribed under applicable Law file with the registrar a notice in writing giving the full address of that other place, provided further that the Company may keep such books of accounts or other relevant papers in electronic mode in such manner as provided in Section 128 of the Act and the rules framed thereunder.
191. 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 or books or documents of the Company, or any of them, shall be open to inspection by the Members not being Directors subject to provisions of the Act and these Articles. Each Director shall be entitled to examine the books, accounts and records of the Company, and shall have free access, at all reasonable times and with prior written notice, to any and all properties and facilities of the Company. The Company shall provide such information relating to the business, affairs and financial position of the Company as any Director may reasonably require.
192. 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.

193. The books of accounts of the Company relating to a period of not less than 8 (eight) years immediately preceding the current year or such other period prescribed under applicable Laws together with the vouchers relevant to any entry in such books of account shall be preserved in good order.

#### **XXXI. AUDIT**

194. The statutory auditors of the company shall be appointed, their remuneration shall be fixed, rights, duties and liabilities shall be regulated and their qualifications and disqualifications shall be in accordance with the provisions of Sections 139 to 148 (both inclusive) of the Act.
195. The Directors may fill up any casual vacancy in the office of the auditors within 30 (thirty) days subject to the provisions of Sections 139 and 140 of the Act and the rules framed thereunder.
196. The remuneration of the auditors shall be fixed by the Company in the annual General Meeting or in such a manner as the Company in the annual General Meeting may determine except that, subject to the applicable provisions of the Act, remuneration of the first or any auditor appointed by the Directors may be fixed by the Directors.
197. The Company shall also appoint a reputed accounting firm as the internal auditor to conduct internal audit of the functions and activities of the Company in accordance with the provisions of the Act.

#### **XXXII. SECRECY**

198. Subject to the provisions of the Act, no Member shall be entitled to visit or inspect any work of the Company without the permission of the Directors, managing directors or secretary or to require inspection of any books of accounts or documents of the Company or any discovery of any information or any detail of the Company's business or any other matter, which is or may be in the nature of a trade secret, mystery of secret process or which may relate to the conduct of the business of the Company and which in the opinion of the Directors or the managing Director will be inexpedient in the collective interests of the Members of the Company to communicate to the public or any Member.
199. Every Director, manager, secretary, auditor, trustee, member of committee, officer, servant, agent, accountant or other person employed in the business of the Company will be upon entering his duties pledging himself to observe strict secrecy in respect of all matters of the Company including all transaction with customers, state of accounts with individual and other matters relating thereto and to not reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by any meeting or by a court of Law and except so far as may be necessary in order to comply with any of the provisions in these Articles and the provisions of the Act.
200. Post listing of the Equity Shares, at the request of any Shareholder, the Company shall provide to such Shareholder: (i) annual reports; (ii) annual, semi-annual, quarterly and other periodic financial statements and reports; (iii) any other interim or extraordinary reports; and (iv) prospectuses, registration statements, offering circulars, offering memoranda and other document relating to any offering of securities by the Company, provided, in each case, that (a) the Company has, prior to providing any Shareholder with such information, made such information available to the public; and (b) the Company is not prohibited under any applicable Law from providing such information to such Shareholder.

#### **XXXIII. WINDING UP**

201. The Company may be wound up in accordance with the Act and the Insolvency and Bankruptcy Code, 2016 (to the extent applicable).

#### **XXXIV. GENERAL AUTHORITY**

202. Wherever in the Act, it has been provided that the Company shall have any right, privilege or authority or that the Company cannot carry out any transaction unless the Company is so authorized by its

Articles then in that case, these Articles hereby authorize and empower the Company to have such rights, privilege or authority and to carry out such transaction as have been permitted by the Act.

**PART B\***

**DEFINITIONS AND INTERPRETATION**

1. In these articles of association, unless inconsistent with the context thereto: (i) capitalized terms defined by inclusion in quotations and/or parenthesis shall have the meanings so ascribed; and (ii) the following words and expressions, shall mean the following:

“**Accounts**” shall mean the consolidated and stand-alone audited financial statements of the Company and each of the Subsidiaries, including the balance sheet, profit and loss account, cash flow statements, together with all such documents which are required to be annexed to such audited financial statements under Applicable Law, Indian GAAP and the relevant GAAP applicable to the Subsidiaries, as the case may be.

“**Act**” shall mean the Companies Act, 1956 and the Companies Act, 2013 (as the case may be and to the extent applicable), as may be amended, modified, supplemented or re-enacted thereof from time to time.

“**Additional Reserved Matters**” shall mean the following:

- (a) Any new store opening by any member of the Company Group;
- (b) Incurring of any capital expenditure by any member of the Company Group;
- (c) Incurring of any indebtedness by any member of the Company Group;
- (d) Investing in or advancing loans or providing any form of credit support to any member of the Company Group in respect of indebtedness incurred; and
- (e) Declaring or paying any dividend or other distribution (whether in cash, securities, property or other assets) to the Promoter Group and/or their Affiliates.

“**Adjustment Event**” means any share split, bonus issue, stock dividend, recapitalization or recombination affecting Equity Securities and any other transaction having the effect of any of the foregoing.

“**Affiliate**” shall mean, (i) when used in relation to any Person, any other Person which shall be, at that time, directly or indirectly, in Control of, Controlled by, or under common Control with such Person and (ii) in addition, in the case of any Person that is a natural Person, shall include any other Person who is a ‘Relative’ of such Person. In relation to the Investor, the term ‘Affiliate’ shall also include entities which are directly or indirectly wholly owned, Controlled or managed by the Investor, any of its Affiliates or by the general partner or investment manager of the Investor, provided that the Company and other portfolio companies of the Investor or its Affiliates shall not be an Affiliate of the Investor.

“**Anti-Corruption Laws**” shall mean all applicable laws and regulations relating to anti-bribery or anti-corruption (including, without limitation, the United States Foreign Corrupt Practices Act of 1977, the (Indian) Prevention of Corruption Act, 1988, applicable rules, regulations and guidelines issued by the U.S. Office of Foreign Assets Control and the UK Bribery Act 2010).

“**Applicable Law**” shall mean, to the extent it applies to a Person, all applicable provisions of all (a) constitutions, treaties, statutes, laws (including the common law), codes, rules, regulations, ordinances or orders of any Governmental Authority, (b) Governmental Approvals and (c) orders, decisions, injunctions, judgments, awards and decrees of or agreements with any Governmental Authority.

“**Articles**” shall mean these articles of association of the Company.

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\* Restated by *inter alia* amending existing Articles 1,73, 106, 107,116 and 126; inserting new Article 108A after the existing Article 108; and by substituting existing Articles 132, 133, 134, 135 and 136 with new Articles, pursuant to the approval of the Members at the Extraordinary General Meeting held on the May 12, 2017, by passing a Special Resolution.



“**Big Four Accounting Firms**” shall mean any of the Indian or overseas affiliates or associates, as the case may be, of: (a) Deloitte Touche Tohmatsu; (b) KPMG; (c) Price Waterhouse Coopers and (d) EY (formerly, Ernst & Young).

“**Board**” shall mean the board of Directors of the Company as constituted from time to time.

“**Business**” shall mean the business of designing, manufacturing, marketing and selling of jewellery in and outside India

“**Business Day**” shall mean any day other than a Saturday, Sunday or any day on which banks in Thrissur, India, New York or Mauritius are permitted to be closed.

“**Cash and Cash Equivalents**” shall mean the aggregate amount of: (i) cash on hand, demand deposits and time deposits with banks of the Company less the aggregate amount of all outstanding cheques written against such amounts and (ii) liquid assets that are readily and immediately convertible into cash such as commercial paper, treasury bills, short term government bonds, marketable securities including mutual fund holdings and money market holdings.

“**Charter Documents**” means, collectively, the memorandum of association and articles of association of the Company, as amended from time to time.

“**Chief Financial Officer**” shall mean the person holding the position of chief financial officer of the Company from time to time.

“**Company**” means Kalyan Jewellers India Limited, a company incorporated under the provisions of the Companies Act, 1956.

“**Company Group**” shall mean the Company and its Subsidiaries.

“**Competitor**” shall mean any Person, who is primarily engaged in the Business and shall include any Affiliate of such Person, provided that a Financial Investor will not be a Competitor.

“**Completion Date**” shall mean October 17, 2014.

“**Control**” including with its grammatical variations such as “**Controlled by**”, “**that Controls**” and “**under common Control with**”, when used with respect to any Person, shall mean and include the possession, directly or indirectly, of, acting alone or together with another Person, the ability to direct the management and policies of such Person, whether (i) through the ownership of fifty one per cent (51%) or more of the voting equity of such Person; (ii) through the power to appoint half or more than half of the members of the board of directors or similar governing body of such Person; or (iii) pursuant to Applicable Law or contractual arrangements.

“**Debt**” shall mean, without duplication: (a) all obligations of the Company Group for borrowed money or with respect to deposits or advances of any kind including advances received by the Company Group towards the sales of jewellery by the Company Group, (b) all obligations of the Company Group evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of the Company Group in respect of any gold/bullion on lease arrangements entered into between the Company Group and a banking company or financial institution; and (d) all obligations of the Company Group upon which interest charges are customarily paid.

“**Deed of Adherence**” shall mean the deed of adherence as set forth in Schedule 1 to the Articles.

“**Director**” shall mean a director of the Company in office at the applicable time.

“**DRHP**” shall mean the draft red herring prospectus filed by the Company with SEBI in relation to an IPO.

“**Encumbrance**” shall mean (i) any mortgage, charge (whether fixed or floating), claim, pledge, lien, hypothecation, assignment, deed of trust, security interest or other encumbrance of any kind securing, or conferring any priority of payment in respect of, any obligation of any Person, including any right

granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under applicable law; or (ii) any voting agreement, option, right of first offer, refusal or any transfer restriction (including non-disposal undertaking with an attached power of attorney which entitles the holder thereof to sell the relevant asset), in favour of any Person.

“**Equity Securities**” shall mean the Company’s equity capital, including the Equity Shares, the Second Tranche Subscription Securities and any options, warrants, convertible shares, convertible bonds or other securities that are directly or indirectly convertible into, or exercisable or exchangeable for, Equity Shares or other equity capital of the Company.

“**Equity Shares**” shall mean equity shares of the Company having a par value of Rs. 10 (Rupees ten) per equity share and one vote per equity share.

“**Financial Investor**” shall mean any of the following: (a) a banking company within the meaning of the Banking Regulation Act, 1949; (b) foreign banks regulated by a banking supervisory authority in the country of their incorporation; (c) financial institutions including non-banking financial companies, incorporated in India, which are in the business of lending or investing; (d) foreign institutional investors and their sub-accounts registered with the Securities and Exchange Board of India; (e) pension funds, investment funds (including mutual funds, venture capital, hedge funds, private equity, buy-out or any other investment style); and/or (f) investment companies Controlled by such entities referred to in (a), (b), (c), (d) and (e).

“**Financial Year**” shall mean the period, which begins on 1st of April of a calendar year and ends on the 31st of March of the immediately succeeding calendar year.

“**GAAP**” shall mean the generally accepted accounting principles, standards and practices as applicable in the relevant jurisdiction.

“**Governmental Approvals**” shall mean any consent, approval or waiver from any Governmental Authority.

“**Governmental Authority**” shall mean any entity, authority or body exercising executive, legislative, judicial, regulatory, statutory or administrative functions of, or pertaining to, the government, including any government authority, agency, department, board, commission or instrumentality of India or any political subdivision thereof, or of any other jurisdiction relevant to the Company, its Business or the transactions contemplated under the Articles, any court, tribunal or arbitrator and any securities exchange or body or authority regulating such securities exchange.

“**Indian GAAP**” shall mean, the generally accepted accounting principles, standards and practices as applicable in India.

“**Insolvency Event**” shall mean with respect to a Person, if such Person (a) is unable to pay its debts when due or has admitted in writing of its inability to pay its debts when due; or (b) makes an assignment for the benefit of creditors, or files, or consents to, any petition for bankruptcy or for reorganization under any bankruptcy or insolvency law, or for the appointment of a receiver or trustee for a substantial portion of its property, with respect to any winding up or bankruptcy proceedings or (c) effects a composition or seeks an extension of time to pay its debts; or (d) commences proceedings for or takes any corporate action authorizing or providing for its winding up or liquidation; or (e) is subject to a receiver or trustee being appointed over a substantial part of the property of such Person, pursuant to any winding up or bankruptcy proceedings; or (f) is subject to a petition in bankruptcy or insolvency or liquidation under Applicable Law.

“**Intellectual Property**” shall mean all trademarks, trade names, service marks, internet domain name registrations, logos, patents and copyrights (including any registrations or pending applications for registration of any of the foregoing), trade secrets, confidential information, inventions, processes, formulae, technology, technical data, information and know-how, and all licenses or other rights relating to any of the foregoing used by the Company Group for or in relation to the Business.

“**Investor**” means Highdell Investment Ltd, a company incorporated under the laws of Mauritius and having its registered office at C/o Warburg Pincus Asia Ltd., 8th Floor, Newton Tower, Sir William Newton Street, Port Louis, Mauritius or its successors and permitted assigns.

“**Investor Special Rights**” shall mean the rights of the Investor as set out in Article 28 (*Transfer of Equity Securities by the Promoter Group*), Articles 29 to 35 (*Investor Tag Along Right*), Articles 41 to 43 (*Reserved Matters*), Article 51 and Article 52 (*Quorum for Shareholders Meetings*), Articles 53 to 83 (*Board of Directors*), Article 90 (*Chief Financial Officer*), Article 100 (*Investor Access Rights*), Articles 102 to 115 (*Initial Public Offering*) and Articles 116 to 118 (*Investor Exit Options*).

“**Investor Securities**” shall mean, at a given point in time, all of the Equity Securities that are held by the Investor and its Affiliates at such time.

“**IPO**” shall mean an initial public offering of Equity Shares by the Company pursuant to which the Equity Shares shall be listed on either of the Recognized Stock Exchanges.

“**IRR**” shall mean the cash on cash internal rate of return of a specified percentage per annum, on the Second Tranche Subscription Consideration, calculated commencing on the Second Tranche Completion Date. For the avoidance of doubt it is hereby clarified that IRR shall be calculated in accordance with the ‘XIRR’ function in Microsoft Excel (or if such program is no longer available, such other software program for calculating IRR acceptable in writing between the Investor and the Promoters).

“**Networth**” shall have the meaning set out in the Act and shall be computed as per the consolidated Accounts of the Company.

“**Net Debt**” shall mean the total amount being the Debt less Cash and Cash Equivalents.

“**Net Profit**” shall mean the net profit for a Financial Year as set out in the consolidated Accounts of the Company, provided that, in determining the Net Profit, any extraordinary income (including without limitation, income from any sale of capital assets and revaluation of fixed assets) and extraordinary expenses shall not be taken into account. Such Net Profit amount shall be adjusted for quantifiable qualifications, if any, and shall be certified by the statutory auditor of the Company without any non-quantifiable qualifications on such certificate.

“**Ordinary Course of Business**” shall mean carrying on the business of the Company Group, in the normal and ordinary course, consistent with past practices.

“**Other Shareholders**” means each of Mrs. N.V. Ramadevi, Mrs. T.K. Radhika, Mrs. Maya Ramakrishnan and Mrs. Deepa Harikrishnan.

“**Ownership**” shall mean the legal and beneficial ownership of the Equity Securities held by such Person, on a fully diluted basis.

“**Party**” shall mean the Company, the Investor and the Promoter Group and all of them collectively shall mean the “**Parties**”.

“**Person**” shall mean any natural person, corporation, firm, company, joint venture, trust, association, organization, partnership or proprietorship or other entity (whether or not having separate legal personality).

“**Promoters**” means each of Mr. T.S. Kalyanaraman, Mr. T.K. Seetharam and Mr. T.K. Ramesh.

“**Promoter Group**” shall mean the Promoters and the Other Shareholders.

“**Proposed Independent Directors**” shall mean at least 9 persons, the names and the details of who shall be proposed by the Promoters in writing to the Investor within 24 (twenty four) months of the Completion Date and who may be appointed as independent directors on the Board, applying the requirements of Clause 49 of the Listing Agreement of the Recognized Stock Exchanges or the

Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as may be applicable.

“**Permitted Affiliate**” shall mean any Person, who is an Affiliate of a Competitor solely on account of being under the common Control with such Competitor.

“**Recognized Stock Exchanges**” shall mean the National Stock Exchange of India Limited or the BSE Limited or such other reputed national or international stock exchange as may be mutually agreed in writing between the Promoters, the Company and the Investor.

“**Related Party**” shall mean: (i) any director of the Company or any director of a Subsidiary or any Affiliate of such director(s); (ii) any Person belonging to the Promoter Group; (iii) any Affiliate of any member of the Promoter Group; or (iv) any Person in which any of the Promoter Group or their respective Affiliates is/are a director or partner or member or a beneficiary.

“**Relative**” shall mean, with reference to any Person who is an individual, each of the father, mother, husband, wife, brother, brother’s wife, sister, sister’s husband, son, son’s wife, daughter and daughter’s husband.

“**Reserved Matters**” shall mean the matters set out below each of which shall be applicable to each member of the Company Group:

- (a) Any change in capital structure of the Company Group, including by way of issuance, repurchase, redemption, buy-back or cancellation of any equity securities or equity linked securities and any rights attached thereto or otherwise permitting any change in the class rights for any equity securities or equity linked securities, undertaking any stock splits or stock consolidations, or modifying or adopting any employee stock option plan, except for issuance of any Equity Securities in relation to an IPO;
- (b) Any member of the Company Group incurring or assuming any capital expenditure: (i) if in the ordinary course of business, where the amount involved exceeds, in a Financial Year, 10% of the Networth for the immediately preceding Financial Year as per the Accounts of the such Financial Year; or (ii) which is not in the ordinary course of business;
- (c) Any member of the Company Group selling or otherwise disposing of any capital assets, where the amount involved exceeds INR 10,00,00,000 (Rupees Ten Crores) in a Financial Year;
- (d) Any member of the Company Group providing any loan to any Person or issuing any guarantee on behalf of any Person, except for: (i) trade credit in the Ordinary Course of Business or (ii) to any Subsidiary;
- (e) Any member of the Company Group entering into any arrangement, contract or agreement with any Related Party (other than a Subsidiary);
- (f) Dissolving, liquidating or winding up any member of the Company Group, whether or not pursuant to any voluntary proceedings or any reorganisation or restructuring which has a similar effect or taking any steps to commence such proceedings;
- (g) Declaring or paying any dividend or other distribution (whether in cash, securities, property or other assets) on any class of Equity Securities of the Company, except as provided under the Articles;
- (h) Causing or permitting any member of the Company Group to cease carrying on a material part of its business;
- (i) Undertaking any business not being the Business;
- (j) Making any change in the accounting policies of any member of the Company Group, except as required under Applicable Law or Indian GAAP or the applicable GAAP, as the case may be;

- (k) Change in the composition of the Board of the Company and/or the board of directors of the Subsidiaries other than: (i) the appointment or removal of any Promoter Director; or (ii) appointment or removal of any independent director;
- (l) Amendments to the memorandum of association of the Company, the Articles and any constitutional documents of any Subsidiary, except for the purposes of undertaking an IPO;
- (m) Incorporation of a new Subsidiary, selling or otherwise disposing of any equity securities of any Subsidiary, amending the rights of the Company in any Subsidiary, entering into any joint venture agreements or profit sharing agreements;
- (n) Appointment and any change in the auditor of the Company or any Subsidiary;
- (o) Any scheme of merger, amalgamation, consolidation or arrangement involving any member of the Company Group; and
- (p) Enter into any legally binding agreement to take any of the foregoing actions.

In the event, the Investor is unable to exercise its right set out in Article 118, then the Reserved Matters shall mean the items set out in paragraphs (a) to (p) above as well as the Additional Reserved Matters.

“**Rupees**” or “**Rs**” or “**INR**” shall mean Indian Rupees, the lawful currency of the Republic of India.

“**Sale Price**” shall mean INR 75.26 (Rupees Seventy Five and Twenty Six Paisa).

“**Share Capital**” shall mean the issued and fully paid-up equity share capital of the Company, on a fully diluted basis.

“**Shareholder**” shall mean the Investor, the Promoter Group and any Person who becomes a shareholder of the Company upon executing a Deed of Adherence, in each case, for so long as such Person remains a shareholder of the Company, and shall be deemed to include the estate of any Shareholder that is a natural Person and the executor, conservator, committee or other similar legal representative of any Shareholder that is a natural Person or such Shareholder’s estate following the death or incapacitation of such Shareholder.

“**Shareholders’ Agreement**” shall mean the shareholders’ agreement dated August 28, 2014 amongst the Company, the Investor and the Promoter Group, as amended and supplemented from time to time, including pursuant to the Share Subscription Agreement dated March 31, 2017, Amendment Agreement dated October 23, 2018\* and Amendment Agreement dated November 08, 2019\*\* amongst the Company, the Investor and the Promoters.

“**Shareholding Percentage**” shall mean the percentage of the paid-up Share Capital of which a Shareholder has Ownership.

“**Subscription Securities**” shall mean 20,00,00,000 (Twenty Crores) compulsorily convertible preference shares, each having a face value of INR 10 (Rupees Ten) and issued at a premium of INR 25 (Rupees Twenty Five) and issued and allotted to the Investor on the Completion Date.

“**Second Tranche Completion Date**” shall mean May 12, 2017.

“**Second Tranche Subscription Consideration**” shall mean INR 4,999,999,998 (Rupees Four Billion Nine Hundred Ninety Nine Million Nine Hundred Ninety Nine Thousand Nine Hundred Ninety Eight).

“**Second Tranche Subscription Securities**” shall mean 119,047,619 (One Hundred Nineteen Million Forty Seven Thousand Six Hundred Nineteen) compulsorily convertible preference shares, each having a face value of INR 10 (Rupees Ten) and issued at a premium of INR 32 (Rupees Thirty Two), and

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\* Inserted pursuant to approval of members at the Extraordinary General Meeting held on March 14, 2019 by passing a Special Resolution.

\*\* Inserted pursuant to approval of members at the Extraordinary General Meeting held on December 20, 2019 by passing a Special Resolution.

issued and allotted in accordance with the terms as set out in Articles 132 to 136 to the Investor on the Second Tranche Completion Date.

“**Subsidiary**” shall mean: (i) a subsidiary of the Company within the meaning of Section 2(87) of the Act; and (ii) any joint venture of any of the members of the Company Group, wheresoever incorporated (including but not limited to Kalyan Jewellers LLC).

“**Tag Along Consideration**” shall mean an amount equal to the number of Tag Along Securities multiplied by the Tag Along Price.

“**Transaction Document**” shall have the meaning set out in the Shareholders’ Agreement.

“**Transfer**” shall mean to sell, gift, give, assign, transfer, transfer of any interest in trust, mortgage, alienation, hypothecate, pledge, encumber, grant a security interest in, amalgamate, merge or suffer to exist (whether by operation of law or otherwise) any Encumbrance on, any Equity Securities or any right, title or interest therein or otherwise dispose of in any manner whatsoever voluntarily or involuntarily, but shall not include transfer by way of testamentary or intestate successions.

#### **APPLICATION OF TABLE F**

2. The Regulations contained in Table ‘F’ in the First Schedule to the Companies Act, 2013, shall apply to the Company in the same manner as if all such Regulations of Table F are specifically contained in these Articles, subject to the modifications set out herein, unless they are inconsistent with any of the provisions contained in these Articles. To the extent of any inconsistency between the provisions of Table F and these Articles, the provisions of Table F shall be deemed to be modified or excluded, as the case may be.

#### **GENERAL**

3. The Company is a public company within the meaning of Section 2(71) of the Act with such minimum paid up capital as maybe prescribed under the Act.
4. The Authorised Share Capital of the Company is as stated in the Memorandum of Association.
5. The shares shall be under the control of the Directors who may allot or otherwise dispose off the same or any of them to such persons, either at premium or at par or at a discount, each in accordance with the provisions of the Act and the Articles and at such times as the Directors may think fit, and with power to issue any shares as fully paid up in consideration of services rendered for the Company in its formation on such terms and conditions as the Board of Directors in their discretion deem fit but subject always to the provisions contained in Article 3.

#### **CALLS ON SHARES AND FORFEITURE**

6. The Board of Directors may from time to time make such calls upon its members in respect of all moneys unpaid on their shares as it may deem fit. A call may be made by giving such notice and for such amount not exceeding one fourth of the nominal value of the share, and shall be deemed to have been made at the time when the resolution of the Board of Directors authorizing such call was passed.
7. If any member fails to pay the amount called on the day appointed for payment thereof, the Board of Directors may at any time thereafter serve a notice on him requiring him to pay the amount called together with interest, if any, accrued thereon, at 10 percent per annum or at such lower rate as the Board may deem fit. The notice shall name a further day not earlier than the expiration of 14 days from the date of the notice on or before which the payment is required by the notice to be made and shall state that in the event of non payment on or before the time appointed, the share in respect of which the call was made will be liable to be forfeited.
8. If the requirement of any notice is not complied with by a member, any share of such member, in respect of which a notice on him has been given, may at any time thereafter be forfeited by resolution of the Board of Directors to that effect.

9. A forfeited or surrendered share may be sold or otherwise disposed of, on such terms and in such manner as the Directors may decide, and at any time before a sale or disposition, the forfeiture may be cancelled on such terms as the Directors may think fit.

#### **ALTERATION OF CAPITAL**

10. The Company in its general meeting may from time to time increase its capital by the creation of new shares of such amount as may be deemed expedient and to attach thereto any special rights, privileges or conditions as may be determined in accordance with the provisions of the Act and the Articles.
11. Subject to the confirmation of the Court or the Central Government and the Articles, the Company may, from time to time, by special resolution and in any manner authorized by the law, reduce its share capital in any way and may, in particular and without prejudice:
- a. Extinguish or reduce the liability on any of its share capital not paid up.
  - b. Either with or without extinguishing or reducing liability on any of its shares, cancel the paid up capital which is in excess of the wants of the Company, and may, if and so far as is necessary, alter its memorandum by reducing the amount of its share capital and of its shares accordingly.

#### **REDEEMABLE PREFERENCE SHARE CAPITAL**

12. Subject to the provisions of Section 55 of the Act and in accordance with these Articles, the Company shall have the power to issue preference shares, whether cumulative or non-cumulative, or convertible or non-convertible, which are liable to be redeemed and the resolution authorizing such issue shall prescribe the manner, terms and conditions of redemption.

#### **BONUS ISSUE**

13. Subject to Article 41, the Company may in a general meeting, decide to issue fully paid-up bonus shares to the members out of (i) free reserves, (ii) the securities premium account and (iii) the capital redemption reserve account, if so recommended by the Board of Directors and in compliance with the provisions of Section 63 and other applicable provisions of the Act, and rules made thereunder.

#### **BORROWING AND FINANCIAL MATTERS**

14. Subject to the Articles, the Directors may, from time to time, at their discretion, raise or borrow or secure the payment of any sum or sum of money for the purpose of the Company's business and may secure the payment or repayment of such money by mortgage or charge upon the whole or any part of the assets and property of the Company (present and future), including its uncalled and unpaid capital.
15. Subject to the Articles, any bonds, debentures/stock or other securities issued by the Company shall be under the control of the Directors who may issue them upon terms and conditions and in such manner and for such consideration as they shall consider to be for the benefit of the Company.
16. The Company shall ensure that the Company Group shall not incur or assume any Debt such that immediately after incurring or assuming such Debt, the ratio of the Net Debt to Networth of the Company Group (on a consolidated basis) for the Financial Years ended March 31, 2015, March 31, 2016 and March 31, 2017 is greater than such ratio as may be specified in any written agreement between the Company, the Investor and the Promoter Group.
17. The Company shall make best efforts to ensure that, at all points in time, it shall have bank facilities which are sanctioned but undrawn (and available for drawdown at its own discretion), in accordance with any written agreement between the Company, the Investor and the Promoter Group.

#### **FURTHER ISSUE OF CAPITAL**

18. Subject to Article 41, if the Company proposes to issue any Equity Securities to any Person ("**Proposed Issuance**"), then the Company shall first offer the Shareholders the right to acquire such number of Equity Securities to maintain their respective Shareholding Percentage following the

completion of the Proposed Issuance in accordance with the provisions of this Article 18 before offering such Securities to any other Person (each a “**Pre-emption Offer**”, and collectively, the “**Pre-emption Offers**”).

- a) The Company shall deliver a written notice to each Shareholder (“**Pre-emption Notice**”) setting out the following details in respect of the Pre-emption Offers: (i) the Company’s bona fide intention to undertake the Proposed Issuance; (ii) the reasons for undertaking the Proposed Issuance and the use of proceeds of the Proposed Issuance; (iii) the number and types of Equity Securities proposed to be issued under the Proposed Issuance (the “**Additional Securities**”); (iv) the number of Additional Securities that may be subscribed to by each of the Shareholders pursuant to this Article 18 to maintain their respective Shareholding Percentage following the completion of the Proposed Issuance (“**Entitlement Securities**”); and (v) the terms and conditions of the Proposed Issuance including the aggregate consideration at which the Additional Securities are proposed to be issued.
  - b) Each Shareholder shall, within 15 (fifteen) Business Days following delivery of the Preemption Notice, issue a written notice to the Company specifying the number of Entitlement Securities proposed to be subscribed to by such Shareholder. Failure by a Shareholder to give such notice within 15 (fifteen) Business Days shall be deemed a waiver by the Shareholder of its rights under this Article 18 with respect to such Proposed Issuance. Each Shareholder may assign to its respective Affiliate, the right to acquire the Entitlement Securities pursuant to this Article 18, subject to such Affiliate executing a Deed of Adherence.
  - c) Any Entitlement Securities that have not been subscribed to by the respective Shareholder in accordance with Article 18 b) shall be offered by the Board to any Person on terms that are not more favourable than the Pre-emption Offer and subject to such Person executing a Deed of Adherence.
  - d) If the Proposed Issuance is not completed within 90 (ninety) days of the Pre-emption Notice, then the process set out in this Article 18 shall be repeated.
19. The provisions of Article 18 shall not apply to: (i) issuance of any Equity Securities under any employee stock option plan of the Company approved by the Investor in accordance with Article 41; and (ii) the issuance of any Equity Securities in relation to an IPO.

### **TRANSFER OF EQUITY SECURITIES**

20. No Shareholder shall Transfer or attempt to Transfer any Equity Securities or any right, title or interest therein or thereto, except as expressly permitted by Articles 20 to 40. Any Transfer or attempt to Transfer Equity Securities in violation of Articles 20 to 40 shall be null and void *ab initio*, and the Company shall not register any such Transfer.

#### Transfer Procedure

21. No Transfer may be made pursuant to Articles 20 to 40 unless: (i) the transferee of Equity Securities has executed a Deed of Adherence; (ii) the Transfer complies in all respects with the other applicable provisions of the Articles; and (iii) the Transfer complies in all respects with Applicable Laws. In the event that any transferee of Equity Securities does not enter into and deliver a duly executed Deed of Adherence to the Parties, such transferee of Equity Securities shall not be entitled to any rights available to the transferor of the Equity Securities.

#### Indirect Transfers

22. The Parties agree that the Transfer restrictions in these Articles shall not be capable of being avoided by the holding of Equity Securities indirectly through a company or other Person that can itself be sold in order to dispose of an interest in the Equity Securities free of such restrictions.

#### Permitted Transfers to Affiliates



23. Any Transfer by the Investor to an Affiliate may be made at any time without compliance with the provisions of Articles 20 to 40, subject to such Affiliate executing a Deed of Adherence. For the avoidance of doubt, the rights of the Investor and its Affiliates shall be exercised through either the Investor or any one Affiliate of the Investor. Notwithstanding the Transfer of Equity Securities by a the Investor to a Permitted Transferee in accordance with this Article 23, the Investor shall continue to remain liable in accordance with the terms of the Articles as if the Investor continues to be the holder of such transferred Equity Securities. A member of the Promoter Group will be entitled to Transfer any Equity Securities without compliance with the provisions of Articles 20 to 40 only to an Affiliate which is wholly owned and Controlled by a member of the Promoter Group or to any member of the Promoter Group, subject to such Affiliate executing a Deed of Adherence. Notwithstanding the Transfer of Equity Securities by a member of the Promoter Group to a Permitted Transferee in accordance with this Article 23, such transferor member of the Promoter Group shall continue to remain liable in accordance with the terms of the Articles as if such transferor member of the Promoter Group continues to be the holder of such transferred Equity Securities.
24. An Affiliate who is a transferee of the Equity Securities from the Investor or the Promoter Group as described in Article 23 is hereinafter referred to as a “**Permitted Transferee**” of the Investor or the Promoter Group. In the event of such Permitted Transferee of a Shareholder, (a) ceasing to be a Permitted Transferee of such Shareholder, or (b) becoming insolvent or bankrupt or entering into or resolving to enter into winding up proceedings, or an arrangement, composition or compromise with or assignment for the benefit of its creditors, in such a case, subject to any restrictions under Applicable Law, the relevant Shareholder shall cause such Permitted Transferee to Transfer all but not less than all of the Equity Securities held by the Permitted Transferee to another Permitted Transferee of such Shareholder or to the Shareholder itself, notwithstanding that such Permitted Transferee has executed a Deed of Adherence.

#### Depositories

25. In the event the Equity Securities of the Company are dematerialized, the Company, the Promoters and the Investor shall issue appropriate instructions to the depository not to Transfer the Equity Securities of any Shareholder except in accordance with the Articles. The Company shall cause the Shareholders to direct their respective depository participants not to accept any instruction slip or delivery slip or other authorisation for Transfer contrary to the terms of the Articles.

#### Promoter Lock-In

26. None of the Promoter Group or a Permitted Transferee shall, without the prior written consent of the Investor, directly or indirectly, Transfer any Equity Securities held by it in the Company to any Person, until the earlier of: (i) the completion of an IPO; and (ii) expiry of the time period within which the Investor is entitled to an exit in terms of Articles 116 to 118 and the provisions of Clause 10.5 of the Shareholders’ Agreement and has chosen not to exercise its option to exit in accordance with Articles 116 to 118 and the provisions of Clause 10.5 of the Shareholders’ Agreement (“**Lock In Period**”).

#### Pre-IPO Promoter Sale

27. Notwithstanding the provisions of Article 26, the Promoter Group shall have the right to sell to any Person, the lower of: (a) such number of Equity Securities which result in an aggregate sale consideration of up to Rs. 1000,00,00,000 (Rupees One Thousand Crores); or (b) such number of Equity Securities constituting up to 10% of the Share Capital (“**Pre-IPO Promoter Sale Share Right**”). Upon the exercise of the Pre-IPO Promoter Sale Share Right by the Promoter Group and simultaneous with the sale of the Equity Securities by the Promoter Group set out herein, the Investor shall have the right to sell the equivalent number of Investor Securities to the same purchaser on the same terms. Such sale of the Investor Securities shall be in the manner set out in Articles 29 to 34. The Company shall file a DRHP no later than 3 (three) months from the completion of the sale of Equity Securities and the Investor Securities, if applicable.

#### Transfer of Equity Securities by the Promoter Group

28. The Promoter Group and / or their Affiliates shall not be entitled to create any Encumbrance over any or all of the Equity Securities held by any of them.

### Investor Tag Along Right

29. Transfer Notice. In the event that a member of the Promoter Group and/or its Affiliates receives a bona fide offer to acquire Equity Securities or proposes to make a Transfer of Equity Securities to any Person (“**Proposed Transferee**”) and such member of the Promoter Group and/or its Affiliate has received the approval of the Investor in respect of such Transfer in accordance with Article 26 (*Promoter Lock-In*), such member of the Promoter Group and/or its Affiliate shall give notice to the Investor (“**Transfer Notice**”), setting forth: (i) the name, address and identity of the Proposed Transferee; (ii) the number of Equity Securities proposed to be Transferred to the Proposed Transferee (the “**Promoter Sale Securities**”); (iii) the price per Promoter Sale Security to be paid by the Proposed Transferee for such Transfer (“**Tag Along Price**”); (iv) any other terms and conditions with respect to such Transfer; and (v) a confirmation that the Proposed Transferee has been informed of the Tag Along Right (*as defined hereinafter*).
30. Tag-Along Right. The Investor shall have the right, but not the obligation (“**Tag Along Right**”) to require the relevant member of the Promoter Group to cause the Proposed Transferee to purchase from the Investor and/or its Affiliates at the Tag Along Price and on the same terms and conditions as agreed between the relevant member of the Promoter Group and/or its Affiliates and the Proposed Transferee (except that the Investor and its Affiliates will not be required to make any representations or warranties except as provided in Article 33 or otherwise be liable for any indemnification (except in respect of their own breach), up to such number of Investor Securities as is equal to the Promoter Sale Securities multiplied by a fraction, the numerator of which is the total number of Equity Securities held by the Investor and its Affiliates and the denominator of which is the total number of Equity Securities held by the Promoter Group and its Affiliates, (in each case calculated on a fully diluted basis). In the event that the Promoter and / or its Affiliates propose to make a Transfer to the Proposed Transferee, following the receipt of a written consent of the Investor in accordance with the provisions of Article 26 (*Promoter Lock-In*), such that the aggregate Ownership of the Promoter Group together with its Affiliates would fall below 50.1% of the Share Capital, simultaneously with the Transfer of Promoter Sale Securities, the Investor and its Affiliates shall be entitled to sell to the Proposed Transferee, up to all the Investor Securities.
31. Tag Acceptance Response. Within a period of 21 (twenty one) Business Days following the receipt of the Transfer Notice, in the event the Investor and/or its Affiliates elects to exercise its Tag-Along Right, it shall issue a written notice of such election to the relevant member of the Promoter Group and/or its Affiliates (“**Tag Acceptance Response**”) specifying the number of Investor Securities that the Investor and its Affiliates proposes to Transfer to the Proposed Transferee (“**Tag Along Securities**”). Such notice shall be irrevocable and shall constitute a binding agreement by the Investor and/or its Affiliates to sell the Tag Along Securities on the terms and conditions set forth in the Tag Acceptance Response.
32. Non-Consummation. Where the Investor and/or its Affiliates has exercised its Tag Along Right in accordance with Articles 30 and 31 and the Proposed Transferee fails to purchase the Tag Along Securities from the Investor and/or its Affiliates, the relevant member of the Promoter Group and/or its Affiliates, shall not Transfer any Promoter Sale Securities to the Proposed Transferee and if such Transfer is purported to be made, such Transfer shall be void and the Company shall not register any such Transfer of Equity Securities.
33. Closing. The closing of any Transfer of the Tag Along Securities shall occur within 30 (thirty) days from the date of the Tag Acceptance Response, failing which the process set out in Articles 29 to 34 shall be repeated. The closing for the Transfer of the Tag Along Securities shall take place simultaneously with the closing of the purchase of the Promoter Sale Securities by the Proposed Transferee from the relevant member of the Promoter Group and its Affiliates or at such other time and place as the relevant member of the Promoter Group, the Investor and the Proposed Transferee may agree in writing. At such closing, the Investor shall deliver certificates representing the Tag Along Securities to the Proposed Transferee, accompanied by duly executed instruments of transfer or duly executed transfer instructions to the relevant depository participant, as the case may be. Such Tag Along Securities shall be free and clear of any Encumbrance (other than Encumbrances arising hereunder) and, if requested by the Proposed Transferee, the Investor shall represent and warrant that it is the sole legal and beneficial owner of such Tag Along Securities, free from all Encumbrances (other than Encumbrances arising hereunder). The Investor shall not be required to make any representations, warranties or covenants with respect to the business or operations of the Company to such Proposed

Transferee. At such closing, all of the parties to the transaction shall execute such additional documents as may be necessary or appropriate to effect the sale of the Promoter Sale Securities and the Tag Along Securities to the Proposed Transferee and the Proposed Transferee shall execute a Deed of Adherence pursuant to such Transfer.

34. Government Approvals. Where the Investor and/or its Affiliates or the relevant member of the Promoter Group and/or its Affiliates or the Proposed Transferee requires any Governmental Approval for the Transfer of the Promoter Sale Securities and/or the Tag Along Securities pursuant to Articles 29 to 34, then such Party shall only be obliged to Transfer such Equity Securities upon receipt of such Governmental Approval. Any period within which the Transfer of the Promoter Sale Securities or Tag Along Securities has to be completed shall exclude the time period between filing of an application to obtain any Governmental Approval for such sale up to a maximum of 120 (one hundred and twenty) days calculated from the date of the Tag Acceptance Response or if no such Tag Acceptance Response is issued, 120 (one hundred and twenty) days calculated from the expiry of the period of 21 (twenty one) Business Days referred to in Article 31.
35. Survival of Tag Along Right. If the Investor continues to hold at least 5% of the Share Capital following the completion of an IPO, the Investor's Tag Along Right in accordance with Articles 29 to 34 shall subsist even after completion of the IPO.

#### Transfer of Investor Special Rights.

36. Subject to an Investor Transferee duly and validly executing and delivering a Deed of Adherence to the Company, the Investor and the Promoters, the Investor shall be entitled to Transfer all the Investor Securities to the Investor Transferee along with all its rights and obligations under the Articles and any written agreement between the Company, the Investor and the Promoter Group. For the purposes of Articles 36 to 39, an "**Investor Transferee**" shall mean any Person to whom the Investor has transferred the Investor Securities in accordance with the provisions of the Articles and any written agreement between the Company, the Investor and the Promoter Group.
37. The exercise of Investor Special Rights shall be subject to the Investor or at least 1 (one) Investor Transferee having Ownership of a minimum of 5% of the Share Capital. Notwithstanding anything stated in Article 36, the Investor shall be entitled to transfer the Investor Special Rights under the Articles only to an Investor Transferee having Ownership of at least 5% of the Share Capital.
38. The assignment and transfer of the Investor Special Rights to any such Investor Transferee shall be subject to the following conditions: (i) such assignment of the Investor Special Rights to the Investor Transferee shall not result in a multiplication of such assigned Investor Special Rights between the Investor and any Investor Transferee, and (ii) pursuant to such assignment of Investor Special Rights, each of the Investor Special Rights shall only be exercised against the Promoter Group and the Company by either any one Investor Transferee or the Investor. Upon the assignment of the Investor Special Rights to the Investor Transferee pursuant to Articles 36 to 39, the Investor shall not be entitled to any of the Investor Special Rights.
39. It is clarified that while the Investor Special Rights in respect of Articles 29 to 35 (*Investor Tag Along Right*) and Articles 116 to 118 (*Investor Exit Options*) shall only be exercised either by the Investor Transferee or the Investor in accordance with Article 37, the Investor Special Rights for the purposes of Articles 29 to 35 (*Investor Tag Along Right*), Articles 102 to 115 (*Initial Public Offering*) and Articles 116 to 118 (*Investor Exit Options*) shall be exercisable *qua* all the Investor Securities regardless of the ownership of the Investor Securities.

#### No Transfers to Competitors

40. Notwithstanding anything contained in Articles 20 to 40 but save as set out in Article 108, the Investor and/or its Affiliates shall not Transfer any Equity Securities to any Competitor.

### **RESERVED MATTERS**

41. Notwithstanding anything contained in these Articles but save as provided in Article 43, Article 124(a) and Article 137, no action or decision relating to any of the Reserved Matters in respect of the Company or a Subsidiary shall be taken (whether by the Board, any Committee, the Shareholders or

any of the employees, officers or managers of the Company or its Subsidiaries) without the prior written consent of the Investor. In this regard, the Company shall obtain the prior written consent of the Investor before any Reserved Matter is taken up for discussion at a meeting of the Board, Committee or at a meeting of the shareholders of the Company Group.

42. The Promoters and the Company shall ensure that any Reserved Matter pertaining to a Subsidiary shall be mandatorily referred to the Board for its consent and no decision on such Reserved Matter pertaining to the Subsidiary shall be taken without the prior written consent of the Investor in accordance with the provisions of Article 41. The Company shall (i) exercise (at meetings of shareholders of a Subsidiary) and (ii) cause its nominee directors on the Subsidiary Board or its committee to exercise, their respective voting rights with respect to such Reserved Matter, in accordance with this Article 42.
43. The provisions of Articles 41 and 42 (*Reserved Matters*), and any rights of the Investor under Articles 44 to 52 (*Proceedings at General Meetings*), or Articles 53 to 83 (*Board of Directors*) shall not apply in relation to any decision of the Company, the Board or any committee thereof, or the shareholders of the Company, in relation to the Transfer of any property in accordance with any written agreement between the Company, the Investor and the Promoter Group.

## **PROCEEDINGS AT GENERAL MEETINGS**

### Notice

44. At least 21 (twenty one) days prior written notice of every general meeting shall be given to all Shareholders of any meeting of the Shareholders. Provided that, such notice period: (i) shall not apply in the case of an adjourned meeting pursuant to Article 52; and (ii) subject to Applicable Law, may be reduced with the written consent of a majority of the Shareholders, provided, however, that such majority shall include the Promoters and the Investor.
45. Every notice convening a meeting of the Shareholders shall set out the agenda with details of the business to be transacted, and matters to be voted on, at such meeting and no item or business shall be transacted at such meeting unless the same has been stated in the notice convening the meeting, unless otherwise agreed in writing by the Promoters and the Investor. Subject to the provisions of Articles 41 to 43, if any Reserved Matter is proposed to be placed or discussed at a meeting of the Shareholders, then the agenda shall specifically state that a Reserved Matter is proposed to be so placed or tabled. A copy of any documents to be reviewed or discussed at such meeting shall accompany such notice.

### Chairperson

46. The chairman of the Board shall also act as the chairman of all general meetings. The chairman shall not have a casting vote at any meetings of the Shareholders.

### Voting, Proxy and Resolutions

47. Subject to any rights or restriction for the time being attached to equity shares, on a poll, every member holding any shares in the equity capital of the Company shall have voting right in proportion to his shares in the paid up capital of the Company.
48. If two or more persons are jointly registered as holders of any one shares, any of such persons may vote at any meeting either personally or by proxy or attorney as if he were solely entitled thereto, and if more than one of such joint holders be present at a meeting personally or by proxy or attorney; one of such persons so present whose name stands first in the Register of Members in respect of such share shall alone be entitled to vote. In respect of several executors or administrators of deceased member in whose name the share stands, they shall for the purposes of this Article be deemed to be joint holders.
49. A Shareholder shall be entitled to exercise its right to vote at general meetings by proxy and/or by an authorized representative, and such proxy or authorized representative need not be a Shareholder. The proxy so appointed shall not have any right whatsoever to speak at the meeting and shall not be entitled to vote except on a poll. Every notice convening a meeting of the Company shall state that a member entitled to attend and vote is entitled to appoint one or more proxies and that the proxy need not be a member of the Company.

50. Subject to Applicable Law and Articles 41 to 43, all decisions of the Shareholders shall be made by ordinary or special resolutions, as required under the Act.

#### Quorum

51. Subject to the provisions of the Act, the quorum for all general meetings of the Company shall not be less than 5 (five) Shareholders at the beginning and throughout the meetings, provided that, at least 1 (one) representative of the Investor and 1 (one) representative of the Promoters shall be present throughout each Shareholder meeting.
52. If a valid quorum is not present for a meeting of the Shareholders within 30 (thirty) minutes of the time specified for the meeting, in such a case, the meeting will be adjourned to a date that is 7 (seven) Business Days after the original meeting and at the same time and place as the original meeting (“**First Adjourned Shareholders Meeting**”). The quorum requirement set out in Article 51 shall also be applicable at such First Adjourned Shareholders Meeting. If no quorum is present at the First Adjourned Shareholders Meeting within 30 (thirty) minutes of the time specified for the First Adjourned Shareholders Meeting, the Shareholders present at the First Adjourned Shareholders Meeting, shall, subject to Applicable Law, constitute quorum for matters to be discussed at such meeting, provided that no decision with respect to any Reserved Matter shall be taken at such First Adjourned Shareholders Meeting in the absence of the representative of the Investor at such First Adjourned Shareholders Meeting.

#### **BOARD OF DIRECTORS**

53. Subject to the provisions of the Articles, any written agreement between the Company, the Investor and the Promoter Group and the Act, the Board shall be responsible for the management, supervision, direction and control of the Company.
54. The first Directors of the Company shall be as mentioned below:
- a) Mr. T.S. Kalyanaraman
  - b) Mr. T.K. Seetharam
  - c) Mr. T.K. Ramesh

#### Composition of the Board and Appointment of Directors

55. The Board shall comprise of a maximum of 5 (five) Directors or such higher number of Directors as may be determined by the Board in accordance with the provisions of these Articles.

*Provided that*, 5 (five) or such number of the Proposed Independent Directors, as required applying the requirements of Clause 49 of the Listing Agreement of the Recognized Stock Exchange, shall be appointed as independent directors to the Board, subject to the written approval of the Investor.

*Provided further that*, subject to the written approval of the Investor, such higher number of Directors may be appointed to meet the composition requirements prescribed under the Act.

56. The Directors shall not be required to hold any qualification shares.
57. The Promoters shall have the right to nominate 4 (four) Directors to the Board (“**Promoter Directors**”).
58. The Investor shall have a right to nominate 1 (one) Director (“**Investor Director**”) to the Board. The Investor Director shall be a Person who is not disqualified from being appointed as a director under the provisions of the Act and whose office is not capable of being vacated by retirement or by rotation. The Investor Director shall be a non- executive Director on the Board and shall not be involved in the day-to-day management and operations of the Company. The Investor Director shall not be entitled to receive any sitting fees from the Company. In addition to the right of the Investor to appoint the Investor Director, the Investor shall also have a right to nominate 1 (one) director on the board of

directors or 1 (one) member of any governing body (“**Subsidiary Board**”), as the case may be, of each Subsidiary (“**Subsidiary Director(s)**”).

59. The right of the Investor to nominate the Investor Director in accordance with Article 58 shall survive completion of an IPO if the Investor continues to hold at least 5% of the Share Capital following such IPO.
60. The Investor shall ensure that at the time of appointment of the Investor Director or Subsidiary Director under these Articles and for so long as the Investor Director or Subsidiary Director continues to act as a Director or Subsidiary Director, the Investor Director or the Subsidiary Director, as the case may be, shall not be a director, observer or employee of any Competitor. For the purposes of this Article 60, the term “**Competitor**” shall not include a Permitted Affiliate.
61. The Investor Director and the Subsidiary Director shall be bound by confidentiality obligations with respect to the information provided by the Company Group to the Investor Director or the Subsidiary Director, as the case may be, and if required by the Company, shall be required to execute appropriate confidentiality agreements with the Company.
62. The Central Government or any State Government or any public financial institution granting loans to or participating in the share capital of the Company shall be entitled so long as the Company is indebted to such institution or such institution holds shares in the Company, to nominate and from time to time to substitute in place of such nominee one or more individuals as Director on the Board of the Company and while holding such office such nominee shall not be liable to retirement by rotation.

#### Alternate Director

63. The Board of Directors shall have the power to appoint Alternate Director(s) in the manner stated in Section 161 of the Act and the Articles.
64. Subject to the provisions of the Act, in the event that the Promoters or the Investor propose to appoint an alternate Director (“**Alternate Director**”) to any Director nominated by any of them (“**Original Director**”), the Board shall, upon receipt of notice to that effect from the relevant Party, appoint an Alternate Director in place of such Original Director. Each Party shall also have a right to withdraw its nominated Alternate Director and nominate another Alternate Director in its place. The Alternate Director shall be entitled to receive notice of all meetings and to attend and vote at such meetings in place of the Original Director and generally to perform all functions of the Original Director in the absence of such Original Director.

#### Additional Director

65. Subject to the provisions of these Articles, the Board shall have power to appoint one or more individuals to be additional directors. The additional directors shall vacate their office at the next following Annual General Meeting.

#### Casual Vacancy

66. In the event of a casual vacancy arising on the Board on account of the resignation of a Director or the office of a Director becoming vacant for any reason, the Shareholder who has appointed such Director shall be entitled to nominate another person, in accordance with Applicable Law, to be appointed as a Director to fill such vacancy, and the other Shareholders shall exercise their rights to ensure the appointment of the individual nominated as aforesaid.

#### Removal, Replacement and Retirement of Directors

67. Each Shareholder may remove a Director nominated by it by a written notice issued to the Company and the other Shareholders. Each Shareholder shall exercise its vote in relation to the Equity Shares controlled by it for the removal of a Director upon the written request of the Shareholder that nominated such Director.
68. In the event of retirement of a nominee Director by rotation in accordance with Applicable Law and if such nominee is being nominated again by the Party concerned, each Party shall exercise its vote in

relation to the Equity Shares controlled by it for the re-appointment of such Person as a Director upon the request of the Party that nominated such Director.

#### Frequency of Board Meetings

69. The Board shall meet at such frequency as may be necessary to discharge its duties, provided that, the Board shall meet at least once every calendar quarter (unless a higher frequency is prescribed by Applicable Law, in which case, the Board shall meet at such frequency).

#### Chairperson of Board Meeting

70. Any one of the Promoter Directors shall be the chairperson of all meetings of the Board and the committees of the Board. Such chairperson shall preside at all meetings of the Board and committees of the Board. The chairperson shall not have a casting vote.

#### Notice for Board Meetings

71. A meeting of the Board may be called by the chairperson of the Board or any other Director by giving notice in writing to the company secretary of the Company specifying the date, time and agenda for such meeting. Any notice for a Board meeting shall include an agenda, in writing, identifying in reasonable detail the matters to be discussed at the Board meeting together with copies of any relevant papers to be discussed at the Board meeting. Such written notice shall be given at the usual residential address of the Director in India and in case of Directors not ordinarily residing in India or currently out of India, the same shall be given at such address as notified by the concerned Director as a valid address for the service of notices for the time being. Notices may also be provided by electronic mail at such address notified by the concerned Director to the Company.
72. The Board shall not take up or discuss any matter in any meeting of the Board that is not expressly specified in the agenda for such meeting unless a majority of the Directors present at such meeting, which shall include the Investor Director, agree to discuss and vote on such matter at such meeting. If any Reserved Matter is proposed to be placed or tabled before the Board, then the agenda shall specifically state that a Reserved Matter is proposed to be so placed or tabled.
73. At least 14 (fourteen) Business Days' prior written notice shall be given to each of the Directors of any meeting of the Board. Provided that, such notice period: (i) shall not apply in the case of an adjourned meeting pursuant to Article 75; and (ii) subject to Applicable Law, may be reduced with the written consent of a majority of the Directors, provided, however, that such majority shall include a Promoter Director and an Investor Director. The notice of any meeting of the Board or a Committee shall also provide confirmation to the Directors regarding availability of participation through video conference and provide necessary information to enable the Directors to effectively use such video conferencing facility.

#### Quorum for Board Meetings

74. Subject to the provisions of the Act, the quorum for all Board meetings shall be 2 (two) Directors or one third of the total number of Directors on the Board at any given time, whichever is higher, provided that, at least 1 (one) Promoter Director and 1 (one) Investor Director shall be required to be present throughout the meeting.
75. If, within 30 (thirty) minutes of the time specified for a Board meeting, a quorum is not present as per Article 74, the Board meeting shall be adjourned and reconvened to the date that falls 7 (seven) Business Days after the original meeting and at the same time and place as the original meeting ("**First Adjourned Board Meeting**"). The quorum requirement set out in Article 74 above shall also be applicable at such First Adjourned Board Meeting. If, within 30 (thirty) minutes of the time specified for the First Adjourned Board Meeting, a quorum is not present as per Article 74, then notwithstanding the quorum requirement under Article 74, the Directors present at the First Adjourned Meeting shall, subject to Applicable Law, constitute quorum for matters to be discussed at such meeting, provided that no decision with respect to any Reserved Matter shall be taken at such First Adjourned Board Meeting in the absence of the Investor Director at such First Adjourned Board Meeting.

#### Voting at Board Meetings

76. Each Director shall be entitled to cast 1 (one) vote at any Board or committees of the Board meeting. Subject to the provisions of Articles 41 to 43, the adoption of any resolution of the Board shall require the affirmative vote of a majority of the Directors present at a duly constituted meeting of the Board or committees of the Board.

#### Circular Resolutions of the Board

77. Subject to Articles 41 to 43, the Board or a committee thereof may act either in a meeting or through written circular resolution, or in any other legally permissible manner, on any matter, except matters, which pursuant to the requirements of Applicable Law are required to be acted upon only at a Board meeting or exclusively at a meeting of the Shareholders. A written circular resolution passed shall be as valid and effectual as if it had been passed at the meeting of the Board or committee, duly convened and held. Subject to Applicable Laws and the provisions of Articles 41 to 43, no written circular resolution shall be deemed to have been duly passed by the Board or a committee thereof, unless the resolution has been approved in writing by a majority of Directors. The said resolution shall, unless otherwise stated therein, be deemed to have been passed on the date of the Director signing last.

#### Telephonic and Video Participation at Board Meetings

78. The Directors may participate in Board meetings by telephone conferencing, video conferencing or any other means of audio – visual communication in accordance with the provisions of the Act, provided that each Director must acknowledge his presence for the purpose of the meeting and any Director not doing so shall not be entitled to speak or vote at the meeting. The quorum and other requirements applicable to Board meetings shall also apply to such meetings undertaken by audio – video participation. The Company shall provide participation for the Directors at meetings of the Board and the committees of the Board through video conference and provide necessary information to enable the Directors to effectively use such video conferencing facility for the meeting of the Board and the committees of the Board.

#### Committees

79. The Board may constitute such committees as it may deem fit and proper to assist with the management of specific aspects of the business of the Company. The Investor shall have the right to nominate the Investor Director as a member on each such committee of the Board.
80. The meetings of each committee of the Board shall be convened at such frequency as the members of such committee of the Board may decide from time to time. No decision with respect to any Reserved Matter shall be taken by any committee of the Board.

#### Directors' and Officers' Insurance

81. The Company shall obtain and maintain at all times an appropriate directors' and officers' liability insurance policy for the Directors ("**D&O Policy**").
82. The D&O Policy shall: (i) be on terms and conditions which are commensurate with industry standards and practices of companies that are of a similar size and involved in similar scale of operations as the Company and (ii) be obtained from a reputable insurance company in India.
83. Subject to the provisions of Section 197(13) of the Act and Articles 81 and 82, every officer of the Company shall be indemnified out of the assets of the Company against any costs and expenses incurred by him in defending any proceedings, whether civil or criminal, brought against him in his capacity as a director, officer or key managerial personnel of the Company, and in which judgment is given in his favour or in which he is acquitted.

## **MANAGEMENT AND GOVERNANCE**

#### Business Practices



84. The Company Group shall comply with all applicable Anti-Corruption Laws. The Company shall adopt and implement a policy with respect to Anti-Corruption Laws for the Company Group in consultation with the Investor within 45 (forty five) days of the Completion Date.
85. In addition to the requirements of Article 84, each member of the Company Group, their Affiliates and the Directors shall not and shall not authorize any of its directors, officers, employees, or other Persons, directly or indirectly to:
- (a) offer, make or authorise the making of any contribution, bribe, payoff, influence payment, kickback, or any other fraudulent payment in any form, whether in money, assets, properties or services, or giving anything of value to any public servant, government official or any other Person in violation of any Anti-Corruption Laws, including in order: (A) to influence and/or obtain favourable treatment in respect of the Business, including securing or retaining business or directing business to the Company and/or a Subsidiary; (B) to pay for favourable treatment for business secured; or (C) to obtain special concessions or for special concessions already obtained; or (D) inducing such Person to use his influence with a Governmental Authority to affect or influence any such action or decision of the Governmental Authority, in each case which shall be in violation of any Applicable Law, including Anti- Corruption Laws;
  - (b) establish or maintain any fund, assets or properties in which the Company Group, directly or indirectly, shall have proprietary rights that shall not be recorded in the books and records of the Company Group;
  - (c) take any action that would result in a violation by such persons of any provision of Anti-Corruption Laws to the extent applicable; or
  - (d) be a party to, (A) the use of any of the assets of the Company Group, for unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity; (B) making any direct or indirect unlawful payment to Governmental Authorities or employees from any of the assets of the Company Group; (C) the establishment or maintenance of any unlawful or unrecorded fund of monies or other assets; (D) making any false or fictitious entries in the books or records of the Company Group; or (E) making any unlawful or undisclosed payment which would be in violation of any Anti- Corruption Laws.
86. None of the members of the Company Group shall be engaged in any business activities with any Governmental Authorities or commercial enterprises of Cuba, North Korea, Syria, Sudan, Iran and Libya. Each member of the Company Group shall not be engaged in business activities with any Governmental Authorities or commercial enterprises that are subject to trade sanctions and economic embargo programs enforced by the Treasury Department's Office of Foreign Asset Control, including any "Specially Designated Nationals and Blocked Persons", and the list of which can be found at: <http://www.ustreas.gov/offices/enforcement/ofac/sdn/t11sdn.pdf> or any Governmental Authorities or commercial enterprises of any other country with respect to which U.S. persons, as defined in sanctions administered by the Office of Foreign Assets Control of the United States Treasury Department, are prohibited from doing business.

#### Compliance with Applicable Law

87. The Company Group shall take the necessary steps to ensure that the Business will be conducted in compliance with the Applicable Laws. Without prejudice to the generality of the foregoing, the Company shall satisfy the stipulated criteria and conditions under Applicable Law, including the Foreign Exchange Management Act, 1999 and the rules, regulations and guidelines issued thereunder ("FEMA") such that the investment by the Investor in the Company does not require any Governmental Approvals under FEMA.
88. The Company or its Indian Subsidiaries shall, at all times, undertake the business of manufacturing jewellery and sale thereof and shall not undertake any business or activity that shall constitute 'retail' trading as per the provisions of FEMA. The jewellery that is sold by the Company or its Indian Subsidiaries as part of its Business shall, at all times, be manufactured by the Company as per any written agreement between the Company, the Investor and the Promoter Group.

89. Without prejudice to any of the rights of the Investor under the Articles and any written agreement between the Company, the Investor and the Promoter Group, in the event that any part of the Business or manner of conducting the Business is in violation of FEMA, the Company shall take all necessary steps to remedy such violation.

Chief Financial Officer

90. The Company shall have a Chief Financial Officer who shall be appointed in the manner set out in any written agreement between the Company, the Investor and the Promoter Group.

Insurance

91. The Company shall procure that the Company Group maintains adequate insurance cover in respect of its material assets and to protect against material liabilities for such amount and in such manner as may be determined by the Board or required under any contract executed by member of the Company Group or under Applicable Law.

Related party transactions

92. Any transaction between the Company Group on the one hand and any Related Party on the other, shall be entered into in accordance with the provisions of Articles 41 to 43 (*Reserved Matters*). All transactions between the Company Group and any Related Party shall be entered into on an arm's length basis.

Intellectual Property

93. The Company shall take necessary steps to own and protect all Intellectual Property of the Company Group in relation to the Business, including the brand "Kalyan Jewellers", and the logo of the Company. The Company Group shall take necessary steps in this regard in accordance with Applicable Law including making timely applications for registration of Intellectual Property of the Company Group in the name of the respective entity of the Company Group in all relevant jurisdictions in which the Business is conducted or proposed to be conducted. The Company shall take necessary steps in relation to initiating and contesting opposition claims to protect the Intellectual Property of the Company Group. All Intellectual Property Rights in relation to the Business shall be owned only by the Company.

Hedging of the inventory

94. On the Completion Date and at all times thereafter, the Company Group shall take all necessary steps to ensure that the inventory of gold of the Company Group shall be hedged against gold price fluctuation risk in accordance with any written agreement between the Company, the Investor and the Promoter Group. Such hedging shall be undertaken in accordance with good industry standards and practices and other hedging practices that are customarily adopted by participants in the relevant markets in the relevant commodities.

Increase in authorised share capital

95. The Company shall take steps as may be necessary to increase its authorized share capital as shall be sufficient for the issuance of the Equity Shares on the conversion of the Second Tranche Subscription Securities, including, without limitation, obtaining the requisite shareholder approval(s) for any necessary amendment to the Charter Documents, so that the Company can issue the Equity Shares on the conversion of the Second Tranche Subscription Securities to the Investor on the Conversion Date (as defined in Article 135).

**ACCOUNTS AND AUDITORS**

96. The Company shall prepare its Accounts in accordance with Applicable Law and Indian GAAP and shall ensure that each of the Subsidiaries shall prepare its Accounts in accordance with Applicable Law and applicable GAAP.

97. Subject to Articles 41 to 43, the Company shall appoint any 1 (one) of the Big Four Accounting Firms as its statutory auditor and shall ensure that each of the Subsidiaries shall appoint any 1 (one) of the Big Four Accounting Firms as its statutory auditor.

#### **DIVIDEND**

98. The Company shall, subject to Applicable Law and the availability of Net Profits as per the Accounts of each Financial Year, declare an annual dividend payable to the Shareholders in proportion to the respective Equity Shares held by them on a fully diluted basis.

*Provided that*, such dividend shall be the higher of: (a) an aggregate of Rs. 40,00,00,000 (Rupees Forty Crores) or (b) 5% (five per cent) of the Net Profits as per the Accounts for that Financial Year (“**Dividend**”).

#### **INFORMATION AND INSPECTION**

99. Subject to Applicable Law, the Investor, and the Investor Director shall, in addition to such information that any Director of the Company is entitled to obtain, be entitled to receive from the Company the following information:

- a) audited Accounts, together with the auditor’s report thereon within 120 (one hundred twenty) days from the end of each Financial Year for the immediately preceding Financial Year;
- b) unaudited annual accounts of the Company Group within 90 (ninety) days after the end of each Financial Year for the immediately preceding Financial Year;
- c) unaudited quarterly accounts of the Company Group within 30 (thirty) days after the end of each financial quarter for the immediately preceding financial quarter;
- d) the minutes of board meetings and general meetings of the Company Group within 15 (fifteen) days of the relevant meeting or immediately upon finalization of the same in accordance with Applicable Law;
- e) monthly management information reports (in a format mutually agreed in writing between the Promoters and the Investor) within 15 (fifteen) calendar days from the end of each month;
- f) copies of material legal notices or material notices from Governmental Authorities, received by the Company Group, within 15 (fifteen) days of such receipt and copies of any reports or correspondence filed by the Company with any Governmental Authority in this regard;
- g) any other information relating to the Business or the Promoter Group, as may be reasonably requested in writing by the Investor within 15 (fifteen) days of such request by the Investor; and
- h) any projected or unaudited consolidated accounts of the Company and any projected or unaudited net profit determined by the Company based on such projected or unaudited consolidated accounts of the Company within 2 (two) business days from the date of being prepared.

#### **ACCESS RIGHTS TO INVESTOR**

100. The Company shall give access to the Investor and its authorized representatives to the books, accounts, records, properties and facilities of the Company Group during the reasonable business hours of the Company and/or the Subsidiaries, as the case may be, upon a prior written notice of not less than 3 (three) Business Days having been provided to the Company, provided that the request for information and access does not unreasonably affect the operations and business of the Company in an adverse manner. The Company and the Promoters shall provide the necessary co- operation and support to the Investor and its authorized representatives in this regard. All costs incurred in connection with any such access or inspection, as the case may be, shall be borne by the Investor.

#### **SUBSIDIARIES**

101. To the extent permitted under Applicable Law, the Company shall hold the entire share capital of the Subsidiaries. The Company and the Promoters shall take all necessary steps to ensure consolidation of the financial statements of each Subsidiary in accordance with Applicable Law and GAAP resulting in the recognition of the entire economic interest of the operations and assets of each Subsidiary.

### INITIAL PUBLIC OFFERING

102. The Promoters and the Company shall, in good faith, take commercially reasonable steps to undertake an IPO, prior to the expiry of 3 (three) years from the Completion Date (“**IPO Due Date**”).
103. In the event that an IPO as contemplated under Article 102 is not undertaken by the IPO Due Date due to reasons attributable to general market, economic, financial or political conditions, the Company and the Promoters shall continue to, in good faith, take commercially reasonable steps to undertake such IPO prior to the expiry of [6 (six)\*]\*\* years from the Completion Date (“**Extended IPO Due Date**”).
104. The Investor shall at all times exercise its voting rights in the Company in a manner that enables the Company to comply with its obligations under Articles 102 and 103.
105. The Investor shall not in any manner block or restrict the IPO from being undertaken for any reason attributable to the price per Equity Share at which such IPO is proposed to be undertaken and in the event of a breach by the Investor of this Article 105, the Investor shall not be entitled to any of its rights under Articles 116 to 118 (*Investor Exit Options*).
106. The Subscription Securities shall be converted into Equity Shares, immediately prior to filing the red herring prospectus with the Registrar of Companies with respect to the IPO or such later date as may be permitted under Applicable Law (“**Initial Public Offering Conversion Date**”). Notwithstanding anything contained in Articles 102 to 115, in the event that an IPO is undertaken prior to March 31, 2017 (“**Early IPO**”), the Subscription Securities shall be converted into Equity Shares on the Initial Public Offering Conversion Date. In the event that such Early IPO is completed at a pre-money valuation of equity of the Company that is equal to or greater than INR 18000,00,00,000 (Rupees Eighteen Thousand Crores), the Investor will transfer to the Promoter Group such Equity Shares, and at such value, in each case as specified in any written agreement between the Company, the Investor and the Promoter Group, upon the expiry of any applicable regulatory lock-in period. If an Early IPO is not completed for any reason whatsoever after the Subscription Securities have been converted into Equity Shares as outlined in this Article 106, and if the aggregate Net Profit for the Financial Years ending on March 31, 2015, March 31, 2016 and March 31, 2017, on a consolidated basis, is higher than INR 1800,00,00,000 (Rupees One Thousand Eight Hundred Crores Only), the Investor will promptly transfer to the Promoter Group such Equity Shares, and at such value, in each case as specified in any written agreement between the Company, the Investor and the Promoter Group.
107. In the event that (i) a pre- IPO Promoter Sale is completed prior to March 31, 2017 at a pre-money valuation of equity of the Company that is equal to or greater than INR 18000,00,00,000 (Rupees Eighteen Thousand Crores); and (ii) the Investor has been provided an option to sell at least such number of Equity Shares aggregating to a cash sale consideration to the Investor of INR 1000,00,00,000 (Rupees One Thousand Crores) with no obligations owed by the Investor to the transferee pursuant to such sale, then the Subscription Securities shall be converted into Equity Shares on the Initial Public Offering Conversion Date.
108. If Equity Shares are not listed on a Recognised Stock Exchange prior to the Extended IPO Due Date for any reason whatsoever (other than due to a breach by the Investor of its obligation under Article 105), the provisions of Article 40 (*No Transfer to Competitors*) shall not apply to the Investor.

#### 108A Other provisions applicable with respect to the Second Tranche Subscription Securities

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\* ‘4 (four)’ was substituted with ‘5 (five)’ pursuant to the approval of the Members at the Extraordinary General Meeting held on March 14, 2019, by passing a Special Resolution.

\*\* ‘5 (five)’ was substituted with ‘6 (six)’ pursuant to the approval of the Members at the Extraordinary General Meeting held on December 20, 2019 by passing a Special Resolution.

- i. The Promoters and the Company shall, in good faith, take commercially reasonable steps to undertake an IPO, prior to the expiry of 18 (eighteen) months from the Second Tranche Completion Date (“**Initial Public Offering Due Date**”).
- ii. Subject to the provisions of Article 108A(iii), the Second Tranche Subscription Securities shall be converted into Equity Shares immediately prior to filing the red herring prospectus (“**RHP**”) with the RoC with respect to the IPO (“**IPO Conversion Date**”), in a manner acceptable to the Investor, such that the Investor will receive such number of Equity Shares which will provide the Investor with an IRR of 30% (thirty percent) on the Second Tranche Subscription Consideration at the upper end of the price band in respect of the IPO, determined by the Company, the Investor, the Promoters and the lead managers to the IPO. It is clarified that such conversion of the Second Tranche Subscription Securities shall be in accordance with the terms and conditions as set out in Article 135. If the IPO is undertaken by the Company in accordance with the terms of the Shareholders’ Agreement at a price per Equity Share which is lower than the upper end of the price band (at which price the Investor converts the Second Tranche Subscription Securities into Equity Shares, in accordance with the terms of Article 135), then the Promoters shall compensate the Investor for the value loss arising pursuant to such price difference. The manner and process for such compensation shall be mutually determined by the Investor and the Promoters.
- iii. Notwithstanding anything to the contrary contained in these Articles or the Shareholders’ Agreement, if the conversion of the Second Tranche Subscription Securities in accordance with Article 135 is likely to result in the Investor acquiring more Equity Shares than the disclosure in this regard set out in the DRHP in respect of the IPO and the Investor is not able to convert the Second Tranche Subscription Securities into such number of Equity Shares as contemplated above for any reason whatsoever, the Investor shall have the right to require the Company and the Promoters to take such steps to ensure that the conversion of the Second Tranche Subscription Securities takes place only in accordance with Article 135, including requiring the Company to withdraw the DRHP or the RHP, as the case may be. Following any such withdrawal, if any, the Company shall promptly re-file the DRHP or the RHP (as the case may be) and take steps to complete the IPO in accordance with the terms of these Articles and the Shareholders’ Agreement. The revised DRHP shall set out such disclosures of the revised number of Equity Shares to be issued to the Investor upon conversion of the Second Tranche Subscription Securities that the Investor is entitled to in accordance with Article 135. The Parties agree that the provisions of Article 105 will not apply in respect of, and following, the exercise by the Investor of any of its rights under this Article 108A(iii).

#### IPO Related Covenants

109. The Company and the Promoters shall take all such steps, and extend all such necessary co-operation to each other and the lead managers, underwriters and others as may be required for the purpose of undertaking the IPO including (i) preparing and signing the relevant offer documents; (ii) conducting road shows with the necessary participation of senior management; (iii) entering into appropriate and necessary agreements; (iv) providing all information and documents necessary to prepare the offer documents; (v) making the relevant filings with appropriate Governmental Authorities; and (vi) obtaining any Governmental Approvals or other approvals as may be required for the purposes of undertaking the IPO.
110. All matters with respect to the IPO (including, the timing of undertaking such IPO, offer price per Equity Share, the mode of the issue, the size of the issue, the merchant bankers, underwriters and the legal counsel to be appointed and such related matters) in relation to the IPO shall be determined by the Board. Any IPO undertaken by the Company pursuant to Articles 102 to 115 shall be by way of a combination of a fresh issue and an offer for sale, of Equity Shares, and the Promoters and the Company shall take all necessary steps to ensure that the Investor shall have the right (but not the obligation), exercisable at its sole discretion, to, offer up to: (i) 50% (fifty per cent) of all of the Investor Securities in the IPO, in the event that the price per Equity Share at which such IPO is proposed to be undertaken is equal to or above the Sale Price and (ii) all of the Investor Securities in the IPO, in the event that the price per Equity Share at which such IPO is proposed to be undertaken below the Sale Price. The right of the Promoters and any other Shareholders to offer their Equity Securities in an IPO, shall be subject to the right of the Investor to first offer up the Investor Securities in an IPO in accordance with this Article 110, subject to Article 113. The provisions of this Article 110

shall prevail in case of any inconsistency or conflict with any written agreement between the Company, the Investor and the Promoter Group in this regard.

111. As part of the IPO, if any Equity Shares of the Company are required to be locked-in or required to be subject to any Encumbrance as applicable to ‘promoters’ in respect of any IPO, the Promoter Group shall be responsible for meeting such lock-in and/or Encumbrance requirements and the Investor and its Affiliates shall not be required to offer or make available Equity Securities held by them in the Company for the purposes of any mandatory lock-in as applicable to ‘promoters’ in respect of any IPO. The Investor and any of its Affiliates shall not be named as a ‘promoter’ or part of the ‘promoter group’ of the Company in the offer documents or any other documents related to an IPO nor shall any declaration be made by the Company or the Promoter Group to this effect.
112. Subject to Applicable Law, all fees and expenses required to be paid in respect of the IPO including statutory filings, approvals and registration fees, and fees payable to merchant banker, underwriters, book-runners, issue registrars or other intermediaries involved in any manner in relation to the IPO shall be borne and paid for by the Company.
113. The Investor shall not be required to give any representation, warranty or indemnity in connection with the IPO, other than in case of any offer for sale of Equity Shares held by the Investor in such IPO, such customary representations and warranties that may be required to be provided by the Investor including in relation to (i) the Equity Shares, if any, offered for sale by the Investor in the IPO being free from Encumbrances and that the Investor has legal and valid title to such Equity Shares; and (ii) the authority and capacity of the Investor to participate in such offer for sale.
114. In case of any offer for sale of Equity Shares held by the Investor in such IPO, the Investor shall: (i) enter into necessary agreements with the Company and the lead managers and underwriters for such IPO; and (ii) provide all such information and documents as may be necessary to prepare the offer documents for such IPO.

#### Reinstatement of rights

115. Notwithstanding anything provided elsewhere in these Articles, in the event that:
  - a) A DRHP which, prior to such filing, has necessitated the alteration of the Investor Securities and/or the rights attaching to any of the Investor Securities under these Articles, as the case may be (such alterations being, collectively, the “Conforming of Rights”); and
  - b) If by September 30, 2021 (“Listing Cut-off Date”), the IPO does not complete such that the entire issued, paid-up and subscribed Share Capital is not Listed on the Recognized Stock Exchange or such other date at which the Board (including any committee constituted by the Board thereof) decides to abandon or cancel or discontinue or withdraw or postpone the DRHP/IPO, whichever is earlier;

then the Promoter and the Company shall undertake all necessary actions as may be required by the Investor to ensure the reinstatement of rights of the Investor under any Transaction Document as were existing immediately prior to the Conforming of Rights. The Company and Promoter undertake and covenant to the Investor that they shall, within 10 (ten) Business Days of the Listing Cut-off Date (if the IPO has not closed by that date) or, if earlier, from the date on which the IPO process is abandoned or cancelled or discontinued or withdrawn or postponed, take all such actions as may be required by the Investor to reinstate such rights, including causing the alteration of the Articles to include the rights of the Investor immediately prior to the Conforming of Rights and entering into arrangements necessary in this regard.

#### **INVESTOR EXIT OPTIONS**

116. In the event that an IPO has not been undertaken by the Extended IPO Due Date or the Initial Public Offering Due Date, whichever is later, then in accordance with the provisions of the Shareholders’ Agreement, the Investor shall be entitled to exit in accordance with terms and conditions laid down in Clause 10 of the Shareholders’ Agreement.

117. In the event, the Investor exercises its right to exit in accordance with the provisions of Clause 10.5 of the Shareholders' Agreement, the Company and the Promoters shall inform the Investor the manner in which the purchase of the Investor Securities will be undertaken, whether by way of one or more of the following means: (i) a buy-back of such Investor Securities to be undertaken by the Company; (ii) a purchase of such Investor Securities by the Promoters or any Affiliate of the Promoters; and/or (iii) a purchase of such Investor Securities by any third party identified by the Promoters. The procedure in relation to the transfer of Investor Securities shall be in accordance with the provisions of Clause 10.5 of the Shareholders' Agreement.
118. If the Investor is unable to exercise its right to exit on account of the conditions set out in Clause 10.7 of the Shareholders' Agreement, then the consequences set out in Clause 10.7.1 to Clause 10.7.5 shall apply and the Reserved Matters shall automatically include the Additional Reserved Matters in accordance with the provisions of Clause 10.7.3 of the Shareholders' Agreement.

#### EVENT OF DEFAULT

119. The occurrence of any of the following events shall be event of default by the Promoter or the Company, as the case may be:
- a) any information given by the Promoters and/or the management of the Company in relation to the reports and other information furnished by the Promoters and/or the management of the Company to the Investor or any of the representations, warranties of the Company and/or the Promoters being misleading or incorrect in any respect; or
  - b) any breach of Article 18 and 19 (*Further Issue of Capital*), Article 26 (*Promoter Lock-in*), Articles 29 to 34 (*Investor Tag Along Right*), Articles 41 and 42 (*Reserved Matters*), Articles 102 to 115 (*Initial Public Offering*) or any breach of Clauses 6, 12 and 15 of the Shareholders' Agreement or any other material breach of any warranties, obligations or covenants by the Promoter and/or the Company Group under the Articles or the Shareholders' Agreement; or
  - c) the Company or any of the Promoters being subject to an Insolvency Event; or
  - d) any fraud, wilful misconduct or gross negligence committed by the Promoters, directly or indirectly, with respect to the affairs of the Company Group.
120. Upon the occurrence of an event of default under Article 119 ("**Event of Default**"), the Investor shall issue a written notice to the Company and the Promoters, setting out the details of such Event of Default ("**Event of Default Notice**"). The Company and the Promoters shall have a period of 45 (forty five) days from the date of receipt of the Event of Default Notice to remedy such Event of Default, if it is capable of being remedied and shall provide evidence to the Investor of having cured such Event of Default ("**Cure Notice**").
121. In the event that the Cure Notice is not delivered within the 45 (forty five) day period or the Event of Default is not remedied to the satisfaction of the Investor, the Investor shall issue a notice to the Company and the Promoters stating that the Event of Default has not been satisfactorily remedied, following which:
- a) all the obligations and restrictions imposed on the Investor under the Articles and any written agreement between the Company, the Investor and the Promoter Group shall automatically lapse without the requirement of any further action required by any Party;
  - b) the restrictions on the Company and the Promoters, and the rights of the Investor under the Articles and any written agreement between the Company, the Investor and the Promoter Group shall continue in full force and effect in accordance with the provisions of the Articles and such agreement, respectively; and
  - c) the Investor shall be entitled to seek indemnification from the Company and the Promoters pursuant to the provisions of any written agreement between the Company, the Investor and the Promoter Group with respect to any Loss suffered or incurred by the Investor, insofar as such Losses arise out of or result from such Event of Default.

122. The occurrence of any of the following events shall be event of default by the Investor:
- a) any breach of Article 40 by the Investor; or
  - b) the Investor being subject to an Insolvency Event.
123. Upon the occurrence of an event of default by the Investor as set out in Article 122 (“**Investor Event of Default**”), Mr. T.S. Kalyanaraman, or his successors, executors, heirs or permitted assigns, as the case may be (“**Principal Promoter**”), shall issue a written notice to the Investor, setting out the details of such Investor Event of Default (“**Investor Event of Default Notice**”). The Investor shall have a period of 45 (forty five) days from the date of receipt of the Investor Event of Default Notice to remedy such Investor Event of Default, if it is capable of being remedied and shall provide evidence to the Principal Promoter of having cured such Investor Event of Default (“**Investor Cure Notice**”).
124. In the event that the Investor Cure Notice is not delivered within the 45 (forty five) day period or the Investor Event of Default is not remedied to the satisfaction of the Principal Promoter, the Principal Promoter shall issue a notice to the Investor stating that the Investor Event of Default has not been satisfactorily remedied, following which:
- a) all the obligations and restrictions imposed on the Company and the Promoters under the Articles and any written agreement between the Company, the Investor and the Promoter Group shall automatically lapse without the requirement of any further action required by any Party;
  - b) the restrictions on the Investor, and the rights of the Company and the Promoters under the Articles and any written agreement between the Company, the Investor and the Promoter Group shall continue in full force and effect in accordance with the provisions of the Articles and such agreement, respectively; and
  - c) the Company and the Promoters shall be entitled to seek indemnification from the Investor pursuant to the provisions of any written agreement between the Company, the Investor and the Promoter Group with respect to any Loss suffered or incurred by the Investor, insofar as such Losses arise out of or result from such Event of Default.

#### **DISPUTE RESOLUTION**

125. The Parties shall make endeavours to settle by mutual conciliation any claim, dispute, or controversy (“**Dispute**”) arising out of, or in relation to, the Articles, including any Dispute with respect to the existence or validity hereof, the interpretation hereof, the activities performed hereunder, the duties or obligations of the Parties or the breach hereof.
126. Any Dispute which cannot be settled by mutual conciliation as aforesaid within 15 (fifteen) days of consultation or such further period as the Parties may agree, shall be submitted to arbitration at the request of any Party to the Dispute upon written notice to that effect to the other Parties to the Dispute and such arbitration shall be conducted in accordance with the (Indian) Arbitration and Conciliation Act, 1996 (“**Arbitration Act**”) as per the Rules of the Rules of the Singapore International Arbitration Centre, India , before a sole arbitrator appointed by the Singapore International Arbitration Centre, India.
127. All arbitration proceedings shall be conducted in the English language and the venue and seat of arbitration shall be New Delhi, India. The arbitrator shall decide any Dispute strictly in accordance with the laws of India. Judgment upon any arbitral award rendered hereunder may be entered in any court having jurisdiction, or application may be made to such court for a judicial acceptance of the award and an order of enforcement, as the case may be.
128. The costs and expenses of the arbitration, including the fees of the arbitration shall be borne equally by each Party to the Dispute and each Party shall pay its own fees, disbursements and other charges of its counsel, except as may be determined in the arbitral award.



129. Each Party agrees that no Party shall have any right to commence or maintain any suit or legal proceedings in any court of competent jurisdiction with respect to any Dispute, other than for (i) interim reliefs with respect to the arbitration proceedings under Articles 125 to 131; or (ii) for enforcement of any arbitral award rendered in the arbitration pursuant to Articles 125 to 131.
130. Subject to the provisions of Articles 125 to 131, the Parties agree to be subject to the exclusive jurisdiction of the courts in New Delhi.
131. The Parties agree that the award of the arbitrator shall be final and binding upon the Parties.

#### **TERMS OF SECOND TRANCHE SUBSCRIPTION SECURITIES**

132. **Face value and premium**

Face value of INR 10 (Rupees ten) each and premium of INR 32 (Rupees Thirty Two).

133. **Rank**

- (a) The Second Tranche Subscription Securities will rank *pari passu* among themselves without any preference of one over the other by reason of priority of the date of issue or currency of payment or otherwise.
- (b) The Equity Shares allotted on conversion of the Second Tranche Subscription Securities in terms hereof shall be subject to the provisions of these Articles, shall rank *pari passu* in all respects with the then existing Equity Shares of the Company, and shall be issued free and clear of all Encumbrances.

134. **Dividend**

- (a) The Second Tranche Subscription Securities, outstanding from time to time, shall be entitled to an annual dividend which shall be:
- (i) 0.001% per annum of the aggregate face value of such Second Tranche Subscription Securities; and
- (ii) the dividend payable in proportion to the total number of Equity Shares on an as converted basis.
- (b) The dividend applicable to the Second Tranche Subscription Securities shall accrue on a cumulative basis, annually.
- (c) The dividend payable on the Second Tranche Subscription Securities shall be paid to the Investor within 21 (twenty one) days from the date the Board approves the accounts for that financial year.
- (d) All dividend payable on the Second Tranche Subscription Securities shall be paid for the full financial year, irrespective of whether or not the Second Tranche Subscription Securities have been held for the full financial year.

135. **Conversion**

- (a) The Second Tranche Subscription Securities shall be compulsorily convertible into Equity Shares in accordance with Paragraph 4.2 below, within a period that is the earlier of: (i) the 10<sup>th</sup> (tenth) anniversary of the date of issue of the Second Tranche Subscription Securities; (ii) 30 (thirty) days from the issuance of a Conversion Notice (*as defined below*); or (iii) on the IPO Conversion Date (each a “**Conversion Date**”).
- (b) On the Conversion Date, each Second Tranche Subscription Security shall convert into 1 (one) Equity Share, provided however that, if the Conversion Date is the IPO Conversion Date, the total number of Equity Shares (“**Conversion Shares**”) into which the Second Tranche Subscription Securities shall convert into shall not exceed the following:

## Second Tranche Subscription Consideration / A

Where:

- ‘/’ means ‘divided by’.
- $A=B/(1+0.3)^N$ 
  - o ‘B’ is the upper end of the price band for the IPO of the Company, determined in accordance with the Shareholders’ Agreement.
  - o ‘N’ is the time period between the Second Tranche Completion Date to the IPO Conversion Date computed in years (including any part of a year).
  - o ‘/’ means ‘divided by’.

(c) If the Company undertakes any Adjustment Event, the above conversion of the Second Tranche Subscription Securities shall be equitably adjusted for any such Adjustment Event.

(d) The Investor shall have the right at any time after the Initial Public Offering Due Date to issue a written notice to the Company and the Promoter stating that it wishes to convert the Second Tranche Subscription Securities into Conversion Shares (“**Conversion Notice**”).

(e) On the Conversion Date, the Investor shall hand over the share certificate representing the Second Tranche Subscription Securities to the Company.

(f) On the Conversion Date, the Company shall, at its expense:

- (i) issue a duly stamped certificate evidencing the Conversion Shares to the Investor; and
- (ii) register the name of the Investor as the legal and beneficial owner of the Conversion Shares in the register of equity shareholders.

(g) Within 15 (fifteen) days of the issuance of the Conversion Shares, the Company shall file all relevant documents and forms with the Registrar of Companies or any other Governmental Authority, as may be required under Applicable Law in relation to the conversion of the Second Tranche Subscription Securities and the allotment and issuance of the Conversion Shares, including the Form FC-GPR, along with all supporting documents with the Company’s authorised dealer.

(h) It is hereby clarified that in any conversion of the Second Tranche Subscription Securities hereunder, no fractional Equity Shares shall be issued. In the event that the number of Equity Shares to be issued to the Investor upon conversion of the Second Tranche Subscription Securities, results in a fraction, then:

- (i) in case the fraction is up to 0.49 (zero point four nine), then the number of Equity Shares to be issued upon conversion of the Second Tranche Subscription Securities shall be rounded off to the lower number; and
- (ii) in case the fraction is 0.5 (zero point five) or more, then the number of Equity Shares to be issued upon conversion of the Second Tranche Subscription Securities shall be rounded off to the higher number.

### 136. **Transferability**

The Second Tranche Subscription Securities shall be transferable by the Investor in accordance with and subject to the terms and conditions of the Articles.

## **TERMINATION OF INVESTOR RIGHTS**

137. Notwithstanding anything contained in these Articles, but subject to the provisions of Article 35 and Article 59, all rights of the Investor under these Articles, other than those available to all shareholders of the Company, shall cease to be effective upon the earlier of: (i) termination of the Shareholders' Agreement pursuant to a mutual written agreement between the Company, the Investor and the Promoter Group; (ii) upon the Investor ceasing to be a shareholder of the Company; and (iii) upon the listing of the Equity Shares on a Recognized Stock Exchange following the completion of an IPO. Provided, however, that nothing contained in this Article shall affect any rights of the Investor which have vested or accrued prior to the Investor's rights ceasing or terminating in accordance with this Article.

#### **THE SEAL**

138. The Board shall provide for the safe custody of the seal.
139. 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 authorized by it in that behalf, and unless otherwise required under the Act or rules framed thereunder, in the presence of any one director or the secretary or such other person as the Board may appoint for the purpose; and the director or secretary or other person as aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence. The Directors shall have power to destroy the same and substitute a new seal in lieu thereof from time to time.

#### **SECRECY CLAUSE**

140. Every Director, manager, company secretary, auditor, member of committee, officer, servant agent, accountant or any other person employed in the business or dealing with the Company, shall observe strict secrecy in respect of all transactions of the Company with individuals and in matters relating thereto, and shall not reveal any of the matters which may come to his knowledge during the course of his/her employment with the Company except when required so to do by the Directors, by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these Articles contained.

#### **WINDING UP**

141. Subject to Articles 41 to 43, Regulation 90 of the Table F shall apply.

**SCHEDULE 1 – FORM OF DEED OF ADHERENCE**

This Deed of Adherence (“**Deed**”) is made this \_\_\_day of \_\_\_\_\_.

BETWEEN

\_\_\_\_\_, hereinafter called “**the Covenantor**” which expression shall, unless repugnant to the meaning or context thereof be deemed to include its successors and permitted assigns) to whom the Equity Securities of Kalyan Jewellers India Limited (hereinafter referred to as “**the Company**”) have been transferred by [•] and / or its Permitted Transferee (“**Transferor**”);

AND

The Company

AND

\_\_\_\_\_(“**Continuing Shareholders**”)

THIS DEED IS SUPPLEMENTAL to the shareholders’ agreement executed on the 28th day of August, 2014 by and amongst the Company, Highdell Investment Ltd and the Persons listed in Schedule 1 thereof, as amended from time to time (the “**Agreement**”).

NOW THEREFORE THIS DEED OF ADHERENCE WITNESSETH AS FOLLOWS:

In consideration of the Transferor having transferred its Equity Securities to the Covenantor and in consideration of having agreed to such transfer, the Covenantor, the Company and the Continuing Shareholders hereby agree and undertake as follows:

1. The Covenantor hereby confirms that a copy of the Agreement and the Articles have been made available to it and hereby covenants with the Continuing Shareholders and the Company to observe, perform and be bound by all the terms, obligations, and liabilities of the Transferor and be entitled to all the rights and benefits of the Transferor with effect from the date of Transfer of Equity Securities to the Covenantor and the Covenantor shall be deemed to be a Party to the Agreement.
2. The Covenantor hereby covenants that it shall do nothing that derogates from the provisions of the Agreement or the Articles, unless the same is expressly provided in the Deed.
3. The Company and the Continuing Shareholders shall be entitled to enforce the Agreement against the Covenantor and the Covenantor shall be entitled to all the rights and benefits that the Transferor was entitled to under the Agreement.
4. The Company and the Continuing Shareholders covenant that they shall do nothing that derogates from the provisions of the Agreement or the Articles.
5. The Covenantor understands that this Deed of Adherence is in all respects supplemental to the Agreement and that at no time shall the provisions of this Deed of Adherence or any other agreement among the parties to the Agreement, be used to contravene, derogate or detract from the same, unless the same is expressly provided in the Deed.
6. For the purposes of Clause 23.1 (Notice) of the Agreement, the address and facsimile number of the Covenantor are:

**Covenantor:**

Address: [•]

Facsimile: [•]

Attention: [•]

Email : [•]

7. Arbitration

7.1 The Parties shall make endeavours to settle by mutual conciliation any claim, dispute, or controversy (“**Dispute**”) arising out of, or in relation to, this Deed or the Agreement, including any Dispute with respect to the existence or validity hereof, the interpretation hereof or thereof, the activities performed hereunder or thereunder, the duties or obligations of the Parties or the breach hereof or thereof.

7.2 Any Dispute which cannot be settled by mutual conciliation as aforesaid within 15 days of consultation or such further period as the Parties may agree, shall be submitted to arbitration at the request of any Party to the Dispute upon written notice to that effect to the other Parties to the Dispute and such arbitration shall be conducted in accordance with the (Indian) Arbitration and Conciliation Act, 1996 (“**Arbitration Act**”) as per the Rules of the Singapore International Arbitration Centre, India, before a sole arbitrator appointed by the Singapore International Arbitration Centre, India.

7.3 All arbitration proceedings shall be conducted in the English language and the venue and seat of arbitration shall be New Delhi, India. The arbitrators shall decide any such Dispute strictly in accordance with the governing law specified in Clause 19 (*Governing Law*) of the Agreement. Judgment upon any arbitral award rendered hereunder may be entered in any court having jurisdiction, or application may be made to such court for a judicial acceptance of the award and an order of enforcement, as the case may be.

7.4 The costs and expenses of the arbitration, including the fees of the arbitration shall be borne equally by each Party to the dispute or claim and each Party shall pay its own fees, disbursements and other charges of its counsel, except as may be determined in the arbitral award.

7.5 The Parties agree to be subject to the exclusive jurisdiction of the courts in New Delhi. Each Party agrees that no Party shall have any right to commence or maintain any suit or legal proceedings in any court of competent jurisdiction with respect to any Dispute, other than for (a) interim reliefs with respect to the arbitration proceedings under Clause 20 (*Dispute Resolution*) of the Agreement or (b) for enforcement of any arbitral award rendered in the arbitration pursuant to Clause 20 (*Dispute Resolution*) of the Agreement.

The Parties agree that the award of the arbitrators shall be final and binding upon the Parties.

Executed as a DEED the day and year first before written.

For the **Covenantor**

\_\_\_\_\_  
By: Title:

For the **Continuing Shareholders**

\_\_\_\_\_  
By: Title:

For the **Company**

\_\_\_\_\_  
By: Title:

## SECTION IX – OTHER INFORMATION

### MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company and/or our Subsidiaries) which are, or may be deemed material, have been entered or to be entered into by our Company and/or our Subsidiaries. These contracts, copies of which will be attached to the copy of the Red Herring Prospectus filed with the RoC, and also the documents for inspection referred to hereunder may be inspected at our Registered and Corporate Office, from 10.00 a.m. to 4.00 p.m. on Working Days from the date of the Red Herring Prospectus until the Bid/Offer Closing Date (except for such agreements executed after 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 August 24, 2020 entered into among our Company, the Selling Shareholders and the Lead Managers.
2. Registrar Agreement dated August 23, 2020 entered into among our Company, the Selling Shareholders and the Registrar to the Offer.
3. Escrow and Sponsor Bank Agreement dated [●] entered into among our Company, the Selling Shareholders, the Lead Managers, the Syndicate Members, Public Offer Account Bank(s), Escrow Collection Bank(s), Refund Bank(s), Sponsor Bank and the Registrar to the Offer.
4. Share Escrow Agreement dated [●] entered into among the Selling Shareholders, our Company and the Share Escrow Agent.
5. Syndicate Agreement dated [●] entered into among the members of the Syndicate, our Company, the Selling Shareholders and the Registrar to the Offer.
6. Underwriting Agreement dated [●] entered into among our Company, the Selling Shareholders, the Lead Managers, the Registrar to the Offer and Syndicate Members.
7. Monitoring Agency Agreement dated [●] between our Company and Monitoring Agency.

#### *Other Material Contracts in relation to our Company*

1. Subscription and share purchase agreement dated August 28, 2014 entered into amongst our Company, Highdell, our Promoters and certain members of our Promoter Group; shareholders' agreement dated August 28, 2014 entered into amongst our Company, Highdell, our Promoters and certain members of our Promoter Group, as amended by amendment agreements dated December 5, 2016, October 23, 2018, November 8, 2019, and the amendment cum termination agreement dated August 23, 2020; and the share subscription agreement dated March 31, 2017 entered into amongst our Company, Highdell and our Promoters.
2. Amended and restated share subscription cum shareholders agreement, share purchase agreement each dated April 24, 2017 and voting rights agreement dated June 9, 2017 entered into amongst our Company, Enovate Lifestyles Private Limited, Mr. Rupesh Jain, Mr. Brijesh Chandwani and Mr. Subram Kapoor.
3. Business purchase agreements executed by our Company with Kalyan Jewellers Madurai, Kalyan Jewellers Tuticorin, Kalyan Jewellers Kollam and Erode and Kalyan Jewellers Salem each dated March 31, 2013, November 30, 2013, March 31, 2014 and March 31, 2014, respectively.

### ***Material Documents***

1. Certified copies of our Memorandum of Association and Articles of Association as amended until date.
2. Certificates of incorporation dated January 29, 2009, February 10, 2009 and June 15, 2016, respectively.
3. Board resolution dated July 13, 2020, authorizing the Offer and other related matters.
4. Shareholders' resolution dated August 17, 2020, authorizing the Fresh Issue and other related matters.
5. Resolution passed by the board of directors of Highdell on August 21, 2020 in relation to the Offer for Sale of its Offered Shares.
6. Consent letter dated August 22, 2020 from the Promoter Selling Shareholder authorizing the Offer for Sale of its portion of the Offered Shares.
7. Copies of annual reports for the last five Fiscals, *i.e.*, Fiscals 2016, 2017, 2018, 2019 and 2020.
8. Consent of our Statutory Auditors, Deloitte Haskins & Sells LLP, Chartered Accountants for inclusion of their name as experts, and in respect of their (i) examination reports dated August 20, 2020 on our Restated Consolidated Financial Information and Special Purpose Restated Standalone Financial Information; and (ii) report dated August 22, 2020 on statement of special tax benefits.
9. The examination report dated August 20, 2020 of our Statutory Auditors, Deloitte Haskins & Sells LLP, Chartered Accountants on our Restated Consolidated Financial Information and examination report dated August 20, 2020 of our Statutory Auditors, Deloitte Haskins & Sells LLP, Chartered Accountants on our Special Purpose Restated Standalone Financial Information.
10. Statement of special tax benefits dated August 22, 2020 from the Statutory Auditors.
11. Consent from Al Anamil Eng. Consultancy LLC, to include their name in this Draft Red Herring Prospectus as an "expert" in terms of the Companies Act 2013 to the extent of and in their capacity as a firm of duly qualified and experienced engineers in relation to their certificate dated July 8, 2020 on manufacturing capacity, production and utilisation of our manufacturing facilities located in UAE and Oman.
12. Consents of Bankers to our Company, the Lead Managers, the Syndicate Members, Registrar to the Offer, Monitoring Agency, Banker(s) to the Offer, bankers to our Company, legal counsels, Technopak, our Directors, Company Secretary and Compliance Officer, Chief Financial Officer as referred to act, in their respective capacities.
13. In-principle listing approvals dated [●] and [●] from BSE and NSE, respectively.
14. SEBI observation letter dated [●].
15. Tripartite Agreement dated September 11, 2014 among our Company, NSDL and the Registrar to the Offer.
16. Tripartite Agreement dated July 18, 2018 among our Company, CDSL and the Registrar to the Offer.
17. Due diligence certificate dated August 24, 2020 to SEBI from the Lead Managers.
18. Employment letter dated August 14, 2019 in respect of employment of Mr. T.S. Kalyanaraman as the Chairman and Managing Director.
19. Employment letter dated August 14, 2019 in respect of employment of Mr. T.K. Seetharam as a Whole-time Director.

20. Employment letter dated August 14, 2019 in respect of employment of Mr. T.K. Ramesh as a Whole-time Director.
21. Resolutions passed by our Board on June 20, 2019 and July 1, 2020 fixing and revising the remuneration of Mr. T.S. Kalyanaraman, Mr. T.K. Seetharam and Mr. T.K. Ramesh, our Executive Directors.
22. Resolutions passed by our Shareholders on August 14, 2019 and August 17, 2020, fixing and revising the remuneration of Mr. T.S. Kalyanaraman, Mr. T.K. Seetharam and Mr. T.K. Ramesh, our Executive Directors.
23. Resolutions passed by our Shareholders on April 25, 2018, respectively resolving that Mr. T.S. Kalyanaraman, Mr. T.K. Seetharam and Mr. T.K. Ramesh shall be liable to retire by rotation.
24. Appointment letter dated June 8, 2020 in respect of appointment of Mr. Anil Sadasivan Nair as an Independent Director.
25. Appointment letter dated June 8, 2020 in respect of appointment of Mr. Salil Nair as a Non-Executive Director.
26. Appointment letter dated December 15, 2018 in respect of appointment of Mr. T.S. Anantharaman as an Independent Director.
27. Personal guarantee agreement dated April 27, 2019 entered into between Mr. T.S. Kalyanaraman and the Bank of Baroda, Dubai.
28. Deed of guarantee dated June 16, 2020 executed by Mr. T.S. Kalyanaraman, Mr. T.K. Seetharam, Mr. T.K. Ramesh and certain members of our Promoter Group in favour of State Bank of India.
29. General form of guarantee dated June 26, 2020 entered into amongst Mr. T.S. Kalyanaraman, Mr. T.K. Seetharam, Mr. T.K. Ramesh, certain members of our Promoter Group and Bank of Baroda.
30. Personal guarantee issued by Mr. T.S. Kalyanaraman on May 15, 2019 in favour of Commercial Bank of Dubai.
31. Personal guarantee issued by Mr. T.S. Kalyanaraman on March 3, 2016 in favour of Doha Bank Q.S.C.
32. Personal guarantee issued by Mr. T.S. Kalyanaraman, Mr. T.K. Seetharam and Mr. T.K. Ramesh on June 20, 2019 in favour of National Bank of Fujairah PJSC.
33. Deed of guarantee dated March 19, 2020 entered into amongst Mr. T.S. Kalyanaraman, Mr. T.K. Seetharam, Mr. T.K. Ramesh, certain members of our Promoter Group and SBICAP Trustee Company Limited, acting as trustee for the benefit of a consortium of lenders, i.e., State Bank of India, Axis Bank Limited, Bank of Baroda, Bank of India, Canara Bank, HDFC Bank Limited, IDBI Bank Limited, Indian Overseas Bank, the erstwhile Syndicate Bank (which has since amalgamated into Canara Bank) and the South Indian Bank Limited, pursuant to an amended and restated working capital consortium agreement dated March 19, 2020.
34. Deed of guarantee of term loans dated February 11, 2016 entered into amongst Mr. T.S. Kalyanaraman, Mr. T.K. Seetharam, Mr. T.K. Ramesh, certain members of our Promoter Group and the erstwhile State Bank of Travancore (which has since amalgamated into State Bank of India).
35. Deed of guarantee for overall limit dated March 19, 2016 entered into amongst Mr. T.S. Kalyanaraman, Mr. T.K. Seetharam, Mr. T.K. Ramesh, certain members of our Promoter Group and State Bank of India.
36. Shareholders' agreement dated September 28, 2014 entered into between Mr. Mohammed Hamza Mustafa Mohammed Ahli and KJFZE; dividend instruction letter dated September 28, 2014 executed by Mr. Mohammed Hamza Mustafa Mohammed Ahli and KJLLC UAE; and power of attorney dated October 19, 2014 executed by Mr. Mohammed Hamza Mustafa Mohammed Ahli.



37. Shareholders' agreement dated January 25, 2016 entered into by and between Mr. Nasser Darwish A Mashhadi and KJLLC UAE, promise to sell agreement dated January 25, 2016 entered into by and between Mr. Nasser Darwish A Mashhadi and KJLLC UAE and adherence agreement dated January 25, 2016 executed by KJLLC Qatar, Mr. Nasser Darwish A Mashhadi and KJLLC UAE.
38. Shareholders' agreement dated July 13, 2017 entered into by and between Mr. PNC Menon and KJFZE.
39. Joint venture agreement dated November 24, 2014 entered into by and between KJLLC UAE and Mr. Bader Nasser Turki Al-Otaibi ("**First Kuwait Nominee**"), parts purchase agreement dated November 24, 2014 entered into by and between KJLLC UAE and First Kuwait Nominee, assignment of rights agreement dated November 24, 2014 by and between KJLLC UAE and First Kuwait Nominee, nominee agreement dated November 24, 2014 entered into by and between KJLLC UAE and First Kuwait Nominee, partners agreement dated November 24, 2014 by and between KJLLC UAE and First Kuwait Nominee, management services agreement dated November 24, 2014 by and amongst KJLLC UAE, KJWLL Kuwait and First Kuwait Nominee, license agreement dated November 24, 2014 by and amongst KJWLL Kuwait, KJLLC UAE and First Kuwait Nominee, and pledge against parts agreement dated November 24, 2014 by and between KJLLC UAE and First Kuwait Nominee.
40. Shareholders' agreement dated January 13, 2019 among KJLLC UAE, First Kuwait Nominee and Mr. Sheikh Dawood Salman Al Sabah.
41. Shareholders' agreement dated August 27, 2019 entered into by and between Mr. Mohammed Hamza Mustafa Ahli and KJFZE, and addendum to the shareholders' agreement dated February 18, 2020 entered into by and between Mr. Mohammed Hamza Mustafa Ahli and KJFZE.

## DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. We further certify that all statements in this Draft Red Herring Prospectus are true and correct.

### SIGNED BY THE DIRECTORS AND CHIEF FINANCIAL OFFICER OF OUR COMPANY

\_\_\_\_\_  
**Mr. T.S. Kalyanaraman**  
(Chairman and Managing Director)

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**Mr. T.K. Seetharam**  
(Whole-time Director)

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**Mr. T.K. Ramesh**  
(Whole-time Director)

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**Mr. Anish Kumar Saraf**  
(Non-Executive, Nominee Director)

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**Mr. Salil Nair**  
(Non-Executive Director)

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**Mr. Agnihotra Dakshina Murty  
Chavali**  
(Independent Director)

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**Mr. Mahalingam Ramaswamy**  
(Independent Director)

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**Mr. T.S. Anantharaman**  
(Independent Director)

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**Ms. Kishori Jayendra Udeshi**  
(Independent Director)

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**Mr. Anil Sadasivan Nair**  
(Independent Director)

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**Mr. V. Swaminathan**  
(Chief Financial Officer)

**Date:** August 24, 2020

**Place:** Thrissur

### **DECLARATION BY MR. T.S. KALYANARAMAN**

Mr. T.S. Kalyanaraman hereby confirms that all statements and undertakings specifically made or confirmed by him in this Draft Red Herring Prospectus, specifically about or in relation to himself, as a Promoter Selling Shareholder and his portion of the Offered Shares, are true and correct. Mr. T.S. Kalyanaraman assumes no responsibility for any other statements, disclosures and undertakings, including any and all statements made or confirmed by, about or relating to, the Company, its business, the other Selling Shareholders or any other person(s) in this Draft Red Herring Prospectus.

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**Name:** Mr. T.S. Kalyanaraman

**Date:** August 24, 2020

## **DECLARATION BY HIGHDELL INVESTMENT LTD**

Highdell Investment Ltd hereby confirms that all statements and undertakings specifically made or confirmed by it in this Draft Red Herring Prospectus, specifically about or in relation to itself, as the Investor Selling Shareholder and its portion of the Offered Shares, are true and correct. Highdell Investment Ltd assumes no responsibility for any other statements, disclosures and undertakings, including any and all statements made or confirmed by, about or relating to, the Company, its business, the other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

**For and on behalf of Highdell Investment Ltd**

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**Name:** Sharmila Baichoo

**Designation:** Director

**Date:** August 24, 2020