

Issue highlights

- Go Fashion (India) Limited (“Go Fashion”) was incorporated on September 9, 2010. Go Fashion is among the largest women’s bottom-wear brands in India, with a market share of approximately 8% in the branded women’s bottom-wear market in Fiscal 2020. They are engaged in the development, design, sourcing, marketing and retailing a range of women’s bottom-wear products under the brand, ‘Go Colors’. They are among the few apparel companies in India to have identified the market opportunity in women’s bottom-wear and have acted as a ‘category creator’ for bottom-wear. They have leveraged their first-mover advantage to create a direct-to-consumer brand with a diversified and differentiated product portfolio of premium quality products at competitive prices.
- The company offers one of the widest portfolios of bottom-wear products among women’s apparel retailers in India in terms of colours and styles. **As of September 30, 2021, they sold bottom-wear in over 50 styles in more than 120 colours.**
- Go Fashion serves their customers primarily through their extensive network of 459 exclusive brand outlets (“EBOS”) (including 12 kiosks operated on a “company owned and company operated” (“COCO”) model and 11 franchise stores) that are spread across 23 states and union territories in India, as of September 30, 2021.
- In addition, their distribution channels include large format stores (“LFSs”) including Reliance Retail Ltd, Central, Unlimited, Globus Stores Pvt Ltd and Spencer's Retail among others. As of September 30, 2021, they have 1,270 LFSs. In addition, they sell their products through their own website and online marketplaces and through multi-brand outlets (“MBOs”).
- The efforts of their design and merchandising team are supplemented by their extensive sourcing network and the manufacturing network undertaken through 73 suppliers and 42 job-workers spread across 11 states and union territories, as of September 30, 2021.

Brief Financial Details*

(₹ In Cr)

| | As at Jun' 30, | | As at Mar' 31, | | |
|---------------------------|----------------|-----------|----------------|----------|----------|
| | 2021(03) | 2020(03) | 2021(12) | 2020(12) | 2019(12) |
| Equity Share Capital | 30.00 | 30.00 | 30.00 | 30.00 | 30.00 |
| Share Capital# | 79.00 | 79.00 | 79.00 | 79.00 | 79.00 |
| Reserves | 184.91 | 198.72 | 203.94 | 207.31 | 149.34 |
| Net worth as stated | 263.90 | 277.71 | 282.94 | 286.30 | 228.33 |
| Revenue from Operations | 31.00 | 10.31 | 250.67 | 392.01 | 285.25 |
| Revenue Growth (%) | 200.68% | - | (36.06)% | 37.43% | - |
| EBITDA as stated | (5.92) | (15.21) | 46.35 | 126.51 | 79.99 |
| EBITDA (%) | (19.10)% | (147.58)% | 18.49% | 32.27% | 28.04% |
| Profit/Loss Before Tax | (18.37) | (24.52) | (3.14) | 68.29 | 42.21 |
| Net Profit for the period | (19.00) | (8.60) | (3.54) | 52.63 | 30.94 |
| Net Profit (%) | (61.29)% | (83.41)% | (1.41)% | 13.43% | 10.85% |
| EPS (₹) | (3.64)^ | (1.65)^ | (0.68) | 10.08 | 5.93 |
| Return on Net Worth (%) | (7.20)%^ | (3.10)% | (1.25)% | 18.38% | 13.55% |
| NAV (₹) | 50.56 | 53.20 | 54.21 | 54.85 | 43.73 |
| ROCE (%) | (2.94)% | (4.41)% | 3.47% | 18.14% | 14.36% |

Source: RHP *Restated Statement, ^ not annualised; # includes pref share capital; EPS and NAV calculated on increased share capital.

Issue Details

Fresh Issue of Equity shares aggregating up to ₹ 125 Cr and Offer for sale of 12,878,389 Equity shares

Issue summary

Issue size: ₹ 969-1,014 Cr
No. of shares('000) 14,787 - 14,690 Shares
Face value: ₹ 10/-

Price band : ₹ 655 - 690
Bid Lot: 21 Shares and in multiple thereof

Post Issue Implied Market Cap = ₹ 3,544 – 3,727 Cr

BRLMs: JM Financial, DAM Capital, ICICI Securities

Registrar: KFin Technologies Pvt. Ltd.

Issue opens on: Wednesday, 17th Nov'2021

Issue closes on: Monday, 22nd Nov'2021

Indicative Timetable

| Activity | On or about |
|------------------------------------|-------------|
| Finalisation of Basis of Allotment | 25-11-2021 |
| Refunds/Unblocking ASBA Fund | 26-11-2021 |
| Credit of equity shares to DP A/c | 29-11-2021 |
| Trading commences | 30-11-2021 |

Issue break-up

| | No. of Shares ('000) | | ₹ In Cr | | % of Issue |
|--------------|----------------------|---------------|------------|--------------|-------------|
| | @Lower | @upper | @Lower | @upper | |
| QIB | 11,090 | 11,017 | 726 | 760 | 75% |
| NIB | 2,218 | 2,203 | 145 | 152 | 15% |
| RET | 1,479 | 1,469 | 97 | 101 | 10% |
| Total | 14,787 | 14,690 | 969 | 1,014 | 100% |

Listing: BSE & NSE

Shareholding (No. of Shares)

| Pre issue | Post issue~ | Post issue^ |
|------------|-------------|-------------|
| 52,197,390 | 54,105,787 | 54,008,984 |

~@Lower price Band ^@ Upper Price Band

Shareholding (%)

| | Pre-Issue | Post-Issue |
|-------------------------------|----------------|----------------|
| Promoters | 57.47% | 52.78% |
| Public – Investor Selling S/h | 42.53% | 20.02% |
| Public – Others | 0.00% | 27.20% |
| Total | 100.00% | 100.00% |

BACKGROUND

Company and Directors

The Company was incorporated as 'Go Fashion (India) Private Limited' on September 9, 2010. The company was promoted by Prakash Kumar Saraogi, Gautam Saraogi, Rahul Saraogi, PKS Family Trust and VKS Family Trust. Currently the Promoters hold in aggregate 29,999,940 Equity Shares, which constitutes 57.47% of the pre-Offer issued Equity Share capital (on a fully diluted basis) of the company.

Brief Biographies of Directors

Prakash Kumar Saraogi is the Managing Director of the company. He is a promoter of the company and has over 28 years of experience in garment manufacturing, fashion industry and retail industry.

Gautam Saraogi is the Executive Director and the Chief Executive Officer of the company. He is a promoter of the company and has over 10 years of experience in consumer retail, marketing, brand building and garment manufacturing.

Rahul Saraogi is the Non-Executive Director of the company. He is a promoter of the company and has over 10 years of experience in the garment industry.

Ravi Shankar Ganapathy Agraharam Venkataraman is the Non-Executive Nominee Director of the company. He has over 15 years of experience in private equity funds. Previously, he was associated with McKinsey & Company, Inc. Presently, he is associated with Sequoia Capital India LLP, where he acts as the managing partner.

Srinivasan Sridhar is the Chairperson of the Board and an Independent Director of the company. He has over 38 years of experience in commercial and development banking and is an associate of the Indian Institute of Bankers.

Rohini Manian is the Independent Director of the company. She has over 8 years of experience in real estate and management space.

Dinesh Madanlal Gupta is the Independent Director of the company. He has over 37 years of experience in the transport and manufacturing industry.

Key Managerial Personnel

R Mohan is the Chief Financial Officer of the company. He has been associated with the company since April 16, 2019.

Gayathri Venkatesan is the Company Secretary and Compliance Officer of the company. She has been associated with the company since October 25, 2019.

OBJECTS OF THE ISSUE

| Objects | Amount (₹ Cr) |
|--|---------------|
| • Funding roll out of 120 new EBOs | 33.73 |
| • Funding working capital requirements | 61.40 |
| • General Corporate Purposes | [•] |
| Total | [•] |

OFFER DETAILS

| The Offer | No. of Shares |
|--|--|
| Fresh Issue (₹ 125 Cr) | Upto 1,908,397 [~] - 1,811,594 [^] Equity Shares |
| Offer for Sale | Upto 12,879,389 Equity Shares |
| PKS Family Trust – Promoter Selling Shareholder | Upto 745,676 Equity Shares |
| VKS Family Trust – Promoter Selling Shareholder | Upto 745,676 Equity Shares |
| Sequoia Capital India - The Investor Selling Shareholders | Upto 7,498,875 Equity Shares |
| India Advantage Fund S4 I - The Investor Selling Shareholders | Upto 3,311,478 Equity Shares |
| Dynamic India Fund S4 US I - The Investor Selling Shareholders | Upto 576,684 Equity Shares |

([~] at lower price band and [^] upper price band)

SHAREHOLDING PATTERN

| Shareholders | Pre-offer | | No. of Shares offered | Post-offer | |
|--|-------------------------|---------------------------------|-----------------------|-------------------------|---------------------------------|
| | Number of Equity Shares | % of Total Equity Share Capital | | Number of Equity Shares | % of Total Equity Share Capital |
| Promoter and Promoters Group | | | | | |
| Promoter | 29,999,940 | 57.47% | 1,491,352 | 28,508,588 | 52.78% |
| Promoters Group | 60 | 0.00% | - | 60 | 0.00% |
| Total for Promoter and Promoter Group | 30,000,000 | 57.47% | 1,491,352 | 28,508,648 | 52.79% |
| Public – Investor Selling Shareholders | 22,197,390 | 42.53% | 11,387,037 | 10,810,353 | 20.02% |
| Public - Other | 0 | 0.00% | - | 14,689,983 | 27.20% |
| Total for Public Shareholder | 22,197,390 | 42.53% | 11,387,037 | 25,500,336 | 47.21% |
| Total Equity Share Capital | 52,197,390 | 100.00% | 12,878,389 | 54,008,984 | 100.00% |

BUSINESS OVERVIEW

Go Fashion (India) Limited (“Go Fashion”) is among the largest women’s bottom-wear brands in India, with a market share of approximately 8% in the branded women’s bottom-wear market in Fiscal 2020. They are engaged in the development, design, sourcing, marketing and retailing a range of women’s bottom-wear products under the brand, ‘Go Colors’. They are among the few apparel companies in India to have identified the market opportunity in women’s bottom-wear and have acted as a ‘category creator’ for bottom-wear. They have leveraged their first-mover advantage to create a direct-to-consumer brand with a diversified and differentiated product portfolio of premium quality products at competitive prices.

The share of organized retailing within women’s apparel has increased from 19% in Fiscal 2015 to 27% in Fiscal 2020 and is expected to reach 42% by Fiscal 2025. This rapid growth is attributable to a growing female population, increasing number of working women, evolving fashion trends, and rising spending power of consumers. In particular, women’s bottom-wear is the fastest growing category in the women’s apparel segment market and contributes to ₹ 13,547 crore in Fiscal 2020 and is expected to grow at a CAGR of 12.35% to reach ₹ 24,315 crore by Fiscal 2025. The organised share of women’s bottom-wear market is expected to reach ₹ 9,240 crore with a share of 38% in Fiscal 2025 growing at a CAGR of 24.3% until 2025. The women’s clothing market in India has evolved in the past decade from the traditional one-piece apparel, like the saree, to a two-piece and mix-and-match apparel, with bottom-wear becoming an essential category that caters to basic and functional needs of consumers. Today, bottom-wear has become a must-have that provides comfort as well as style and is a round-the-year universal category that is not subject to seasonal trends. Historically, the bottom-wear market, being highly unorganized, has had limited options for consumers to access branded products of consistent quality.

The company offered one of the widest portfolios of bottom-wear products among women’s apparel retailers in India in terms of colours and styles, as of July 2021. Their bottom-wear products, which include churidars, leggings, dhotis, harem pants, patiala, palazzos, culottes, pants, trousers and jeggings, are sold across multiple categories such as ethnic wear, western wear, fusion wear, athleisure, denims, plus sizes and girls wear making their portfolio ‘universal’ and for every occasion. **As of September 30, 2021, they sold bottom-wear in over 50 styles in more than 120 colours.** They design their products to cater to women across all age groups and girls and fits that are suitable to various body types and physiques. These factors, coupled with the lack of seasonality, ensure that their portfolio is resistant to redundancy from fashion trends.

The company endeavours to provide their customers with premium quality products and at a price range that caters across all income segments and the price range of their products ranges from ₹ 225 to ₹ 1,599 while the average selling price of their products at exclusive brand outlets (“EBOs”) in Fiscal 2021 was ₹ 584.02 and was ₹ 619.05 in the 3 months ended June 30, 2021..

Go Fashion serves their customers primarily through their extensive network of 459 exclusive brand outlets (“EBOs”) (including 12 kiosks operated on a “company owned and company operated” (“COCO”) model and 11 franchise stores) that are spread across 23 states and union territories in India, as of September 30, 2021. Their cluster-based approach to opening and operating EBOs allows them to pursue the COCO model which results in better operational control and greater store profitability. In their experience, retailing through EBOs creates better brand recall. Their EBOs are located in high streets, malls, residential market areas in major metros, large cities and other tier II and tier III cities and at airports. In addition, their distribution channels include large format stores (“LFSS”) including **Reliance Retail Ltd, Central, Unlimited, Globus Stores Pvt Ltd and Spencer's Retail** among others.

Their LFSs have grown from 925 LFSs, as of March 31, 2019 to 1,419 LFSs, as of March 31, 2020 and further increased to 1,267 LFSs, as of March 31, 2021 while as of September 30, 2021 they operated in 1,270 such stores. In addition, they sell their products through their own website and online marketplaces and through multi-brand outlets (“MBOs”).

The number of stores and the revenues generated from the EBOs, LFSs and online sales:

| | As of / for the 3 months ended June 30, | | | As of / for the year ended March 31, | | | | | | | | |
|-----------------|---|---------------|----------------|--------------------------------------|---------------|----------------|--------------|---------------|----------------|--------------|---------------|----------------|
| | 2021 | | | 2021 | | | 2020 | | | 2019 | | |
| | No of Stores | Amount (₹ Cr) | % to Total | No of Stores | Amount (₹ Cr) | % to Total | No of Stores | Amount (₹ Cr) | % to Total | No of Stores | Amount (₹ Cr) | % to Total |
| EBOs | 446 | 24.25 | 78.24% | 449 | 172.76 | 68.92% | 448 | 266.71 | 68.04% | 333 | 185.92 | 65.18% |
| LFSs | 1,353 | 4.17 | 13.44% | 1,267 | 55.16 | 22.00% | 1419 | 103.02 | 26.28% | 925 | 76.39 | 26.78% |
| Online | 10 | 2.00 | 6.45% | 13 | 11.94 | 4.76% | 9 | 3.82 | 0.97% | 7 | 3.60 | 1.26% |
| MBOs and Others | 48 | 0.58 | 1.87% | 48 | 10.81 | 4.31% | 50 | 18.47 | 4.71% | 64 | 19.34 | 6.78% |
| Total | 1857 | 31.00 | 100.00% | 1,777 | 250.67 | 100.00% | 1,926 | 392.01 | 100.00% | 1,329 | 285.25 | 100.00% |

Note: EBO includes kiosks and franchise stores; MBOs and others include sales through multi-brand outlets and garment fairs, exhibitions, events, etc. and scrap sales

The performance indicators of the EBOs:

| | EBOs | | | | |
|---|---|----------|--------------------------------------|-----------|-----------|
| | As of / for the three months ended June 30, | | As of / for the year ended March 31, | | |
| | 2021 | 2020 | 2021 | 2020 | 2019 |
| New stores opened during the Fiscal | 2 | 4 | 42 | 133 | 130 |
| New closed opened during the Fiscal | 5 | 2 | 41 | 18 | 15 |
| Stores | 446 | 452 | 449 | 448 | 333 |
| Cities | 115 | 111 | 114 | 110 | 88 |
| Same Store Sales Growth | 183.84% | (88.98)% | (36.75)% | 11.37% | 19.97% |
| Average Store Area (sq.ft) | 382.50 | 349.66 | 379.64 | 348.89 | 306.29 |
| Sales per Square Feet (₹) | 1,442.33 | 529.53 | 10,135.26 | 17,063.83 | 18,174.10 |
| - Mature Stores Sales per Sq Ft | 1,505.12 | 609.84 | 10,525.10 | 21,871.34 | 24,737.11 |
| Revenue per Store (₹ million) | 0.55 | 0.19 | 3.85 | 5.95 | 5.57 |
| - Mature Stores (₹ million) | 0.55 | 0.20 | 3.84 | 7.19 | 7.43 |
| Average Capital Expenditure per Store (₹ million) | 2.40 | 1.68 | 1.72 | 1.44 | 1.23 |

Their in-house design and merchandising team; designs and develops bottom-wear products across categories. The efforts of their design and merchandising team are supplemented by their extensive sourcing network and the manufacturing network undertaken through 73 suppliers and 42 job-workers spread across 11 states and union territories, as of September 30, 2021.

Go Fashion manages their inventory and logistics as well as their entire supply chain for all their channels from their 99,100 square foot warehouse in Tirupur, Tamil Nadu and are capable of handling complex SKU mixes.

Go Fashion is led by a management team that has extensive industry experience. Their Promoters, Prakash Kumar Saraogi, Managing Director and Gautam Saraogi, Executive Director and Chief Executive Officer, have been instrumental in the growth of their business. Prakash Kumar Saraogi has over 3 decades of experience in the apparel industry while Gautam Saraogi has over 10 years of experience in garment manufacturing, sourcing, marketing and brand building. The experience of the management team in garment sourcing, manufacturing, retailing and exports has helped them grow their operations. Their experience in exporting garments has helped the company consistently procure quality fabrics at competitive prices. They have a committed and large senior management team that has extensive experience in the retail and fashion industry, which positions them well to capitalize on future growth opportunities. Their heads of functional groups, such as marketing and e-commerce, sourcing and supply chain, finance and accounts, product development and design, operations and sales, enhance the quality of their management with their specific and extensive industry experience. The company has grown their operations with capital infusion from reputed investors such as funds managed or advised by **ICICI Venture** and **Sequoia Capital** in Fiscal 2018 and Fiscal 2014, respectively.

Disaggregated Revenue from Operations

(₹ in Cr)

| | For the 3 months period ended June'30, | | For the year ended March 31, | | |
|---|--|--------------|------------------------------|---------------|---------------|
| | 2021 | 2020 | 2021 | 2020 | 2019 |
| Sale of products | | | | | |
| Gross Retail Sale | 33.26 | 11.36 | 269.19 | 406.14 | 293.13 |
| Less: Discount Provided/Gift vouchers | (2.39) | (1.07) | (19.16) | (15.53) | (9.41) |
| Net Retail Sale | 30.87 | 10.29 | 250.03 | 390.61 | 283.71 |
| - Exclusive brand outlets ('EBO') | 24.25 | 8.35 | 172.76 | 266.71 | 185.92 |
| - Large format stores ('LFS') | 4.17 | 0.09 | 55.16 | 103.02 | 76.39 |
| - Others - Online, distributor and franchisee | 2.46 | 1.86 | 22.11 | 20.88 | 21.41 |
| Other Operating Revenue | | | | | |
| Scrap Sale | 0.12 | 0.01 | 0.64 | 1.39 | 1.55 |
| Export Incentives | - | - | - | 0.01 | (0.02) |
| Total Revenue from Operations | 31.00 | 10.31 | 250.67 | 392.01 | 285.25 |

GEOGRAPHICAL SPREAD

The company sell their products under "Go Colors" brand across India and through multiple sales channels. The geographic spread of their retail network across states in India, as of September 30, 2021:



Design Process

In order to offer new and varied products to their customers, the company focuses on creating innovative designs and optimizing fit and sizing combined with an emphasis on quality. As of September 30, 2021, their design team had 10 employees. They seek to periodically update their product offerings by successively introducing new products in various colours and sizes. Go Fashion has carried out significant market research to develop differing sizes across the products, organized in different thematic collections, catering to the requirements of their customers across multiple occasions.

COVID-19 – IMPACT ON BUSINESS

Company's operations and sales were impacted as retail outlets were not operational on account of various lockdowns imposed by the GoI and relevant state governments. While lockdowns imposed initially impacted their revenues, however, the demand for their products from online channels continued to remain strong. In their experience, the work-from-home culture has led to an increase in demand for loungewear and the increased awareness towards health and fitness has led to a growth in the demand for athleisure. The sale of their products

increased by 17.26% from 2.18 million units sold during the year ended March 31, 2020 to 2.56 million units sold during the year ended March 31, 2021 and 0.71 million units were sold in the 3 months ended June 30, 2021.

Brands and consumers alike have adapted to the changes due to COVID-19. The women apparel industry has seen a decrease in formal wear but has seen an increase in casual wear for a more practical work from home life. The sleepwear, loungewear and athleisure categories are on the rise. The already increasing sale in this category just got triggered post-COVID-19 as people are looking for comfort in their clothing.

PRODUCT PORTFOLIO

| Product Type | Product Portfolio | Typical Range of Offering: Maximum Retail Prices |
|--------------|---|--|
| Ethnic Wear | Churidar, Patiala, kurta-pants, salwar, Silk Pant and dhoti | From ₹ 549 to ₹ 1,049 |
| Western Wear | Leggings, Cropped Jegging, Jeans, Cargo Pants, Trousers, Ponte Pants, Track Pants, Culottes, Treggings and Shorts | From ₹ 499 to ₹ 1,499 |
| Fusion Wear | Jeggings, Palazzos, Pants and Harem Pants | From ₹ 699 to ₹ 1,299 |
| Athleisure | Leggings, Track Pants and Joggers | From ₹ 549 to ₹ 999 |
| Denims | Jeggings, Joggers, Jeans, Denim Palazzos, Pants, Denim Culottes and Capris | From ₹ 1,049 to ₹1,499 |
| Lounge Wear | Lounge Pants, Lounge Knit Pants, Lounge Capris and Lounge Shorts. | From ₹ 449 to ₹ 749 |
| Go Plus | Churidars, Leggings, Jeggings, Pants and Palazzos. | From ₹ 599 to ₹ 1,599 |
| Girl's wear | Leggings, Jeggings, Palazzos, Pants, Shorts and Harem Pants. | From ₹ 225 to ₹ 999 |

KEY STRENGTH

- Women's bottom-wear brand in India with well-diversified product portfolio**

As of September 30, 2021, Go Fashion retail 50 bottom-wear styles in a range of over 120 colours under the brand 'Go Colors'. They are among the few women's apparel retailers that offer bottom-wear products across all categories, including ethnic, western wear, fusion and denims and have one of the largest bottom-wear product offerings in women's apparel.

Go Fashion is among the first companies to launch a bottom-wear brand in the organized market that has led to a significant first mover advantage for the company and have been recognized as a category creator for bottom-wear in India. Bottom-wear mirrors basic categories in their universality of appeal and functional need that drives repeat purchase. In addition, given that bottom-wear is a 'core essential', demand for their products is consistent across regions where their products are sold.

- Multi-channel pan-India distribution network with a focus on EBOs, enhancing brand visibility**

Go Fashion has a multi-channel retail presence across India. They retail their products directly to consumers primarily through their network of EBOs and as of September 30, 2021 they operated 459 EBOs across 118 cities in 23 states and union territories across India. As of March 31, 2021, they had the largest network of EBOs among key women's apparel brands in India.

Further, as of September 30, 2021, they also retailed their products through 1,270 LFSs, such as Reliance Retail Ltd, Central, Unlimited, Globus Stores Pvt Ltd and Spencer's Retail among others, across 499 cities spanning the entire country covering 31 states and union territories. They also sell their products through online marketplaces and through their own website.

The details of the EBOs and LFSs across various regions:

| | As of June 30, | | | | As of March 31, | | | | | |
|--------------|----------------|--------------|------------|--------------|-----------------|--------------|------------|--------------|------------|------------|
| | 2021 | | 2020 | | 2021 | | 2020 | | 2019 | |
| | EBOs | LFSs | EBOs | LFSs | EBOs | LFSs | EBOs | LFSs | EBOs | LFSs |
| South | 191 | 658 | 190 | 725 | 191 | 626 | 189 | 725 | 151 | 470 |
| West | 118 | 154 | 121 | 186 | 120 | 153 | 124 | 186 | 86 | 141 |
| North | 96 | 307 | 94 | 317 | 97 | 282 | 94 | 317 | 66 | 188 |
| East | 41 | 234 | 39 | 191 | 41 | 206 | 41 | 191 | 30 | 126 |
| Total | 446 | 1,353 | 444 | 1,419 | 449 | 1,267 | 448 | 1,419 | 333 | 925 |

The EBOs and LFSs across Top 2 Cities, Next 6 Cities, balance Tier I, Tier II and tier III and tier IV cities:

| | As of June 30, | | | | As of March 31, | | | | | |
|-------------------------|----------------|--------------|------------|--------------|-----------------|--------------|------------|--------------|------------|------------|
| | 2021 | | 2020 | | 2021 | | 2020 | | 2019 | |
| | EBOs | LFSs | EBOs | LFSs | EBOs | LFSs | EBOs | LFSs | EBOs | LFSs |
| Top 2 Cities | 94 | 93 | 94 | 122 | 95 | 98 | 95 | 123 | 70 | 98 |
| Next 6 Cities | 170 | 326 | 170 | 342 | 173 | 298 | 171 | 341 | 137 | 257 |
| Remaining Tier I Cities | 37 | 97 | 37 | 92 | 38 | 90 | 35 | 92 | 24 | 63 |
| Tier II Cities | 63 | 188 | 67 | 168 | 62 | 171 | 69 | 167 | 45 | 122 |
| Tier III Cities | 65 | 323 | 61 | 298 | 64 | 299 | 63 | 291 | 47 | 219 |
| Tier IV Cities | 17 | 326 | 15 | 397 | 17 | 311 | 15 | 405 | 10 | 166 |
| Total | 446 | 1,353 | 444 | 1,419 | 449 | 1,267 | 448 | 1,419 | 333 | 925 |

They primarily follow the COCO model of retailing to ensure efficiency and offer customers a standardized experience and service. They have grown their EBO store network at a CAGR of 16.12% between Fiscals 2019 and 2021 while the revenue from operations through sales at the EBO stores grew by 43.45% from ₹ 185.92 crore in Fiscal 2019 to ₹ 266.71 crore in Fiscal 2020 and was ₹172.76 crore in Fiscal 2021 and were ₹ 24.25 crore in the 3 months ended June 30, 2021. As of September 30, 2021, 58.39% of EBOs, i.e., 268 EBOs were across 8 cities in India, i.e. Ahmedabad, Bengaluru, Chennai, Delhi NCR, Hyderabad, Kolkata, Mumbai and Pune. As of September 30, 2021, they operate 297 EBOs in high street stores and 162 stores in malls.

Also, retailing through the EBOs also enhances the brand equity and recall value of the 'Go Colors' brand and has allowed them to undertake line extensions, as the shelf space on each EBO is controlled by them. They have strategically undertaken brand-building initiatives to gain visibility with prudent use of resources while incurring limited branding and marketing expenses.

The details of advertisement and sales promotion spend, the spend as a percentage of revenues and revenue per rupee spend on advertising for key women's apparel brands in India:

| Name of Brand | Fiscal 2020 | | |
|-------------------------------------|--------------------------------|--|---------------------------------|
| | Advertisement Spend (₹ Crores) | Advertisement Spend as a Percentage of Revenue | Revenue/Advertisement Spend (₹) |
| Retail Led Brands | | | |
| Go Colors | 7.1 | 1.8% | 55.4 |
| Aditya Birla Fashion Retail Ltd | 358.9 | 4.7% | 24.0 |
| Biba | 30.2 | 4.0% | 25.1 |
| FabIndia | 36.7 | 3.9% | 34.6 |
| Global Desi and AND (HOAD) | 16.0 | 4.0% | 24.7 |
| Levi's | NA | NA | NA |
| Soch | 21.2 | 7.5% | 13.3 |
| Trent | 49.3 | 1.8% | 64.9 |
| W, Aurelia, Wishful, Elleven (TCNS) | 41.2 | 3.6% | 27.9 |
| Distribution Led Brands | | | |
| Lux Industries | 89.2 | 3.0% | 13.5 |
| Page Industries (Jockey) | 97.5 | 3.3% | 30.2 |
| Rupa and Company | 68.9 | 7.3% | 13.6 |

Data as of July 6, 2021; Fiscal 2021 not considered as will not depict the correct picture due to COVID-19 impact.

- Strong unit economics with an efficient operating model**

Go Fashion has a standardized and scalable development model for their EBOs based on their know-how and experience. Their ability to identify and determine the optimum location and size of a store as well as manage rental costs and the marketing leverage of their EBOs are critical to ensuring visibility among target customers and sustainability of store profitability, resulting in the company having one of the highest sales per square feet among key women's apparel companies and in particular among EBOs in India in Fiscal 2021. They opened 305 new stores in the EBO format and more than 400 new stores in the LFS format in the last 3 Fiscals across 507 tier I/ II / III / IV cities in India.

- Extensive procurement base with highly efficient and technology-driven supply chain management**

Go Fashion offers customers premium quality products at affordable prices and in Fiscal 2021, more than 88.32% of their products were retailed at a price lower than ₹ 1,049. They have been able to achieve their value proposition to customers through low procurement and operating costs. They outsource the manufacture of their products and

thereby do not incur manufacturing costs. As of September 30, 2021, they have a network comprising over 120 suppliers and job-workers across India many of whom they have longstanding relationship with their suppliers and job-workers. They work closely with their suppliers and their sourcing team closely monitors and provides strict quality assurance analysis that allows them to consistently maintain their quality for their customers.

They have automated their entire procurement and supply chain operation through their ERP system, which allows them to maintain flexibility and enables them to meet their requirements in an efficient manner without relying on any one vendor, supplier or factory. They manage their inventory and logistics as well as their entire supply chain for all their channels from their warehouse in Tirupur.

- ***In-house expertise in developing and designing products***

The company develop products in-house based on demand for such products and the sale of similar products that they track and monitor through their ERP system. They design their products keeping in mind trends in fashion, fabric, textiles, wearability, stitch and pricing. Their products are designed for every occasion and are available in over 120 colours. They have a skilled team of in-house designers and merchandisers that focuses on creating quality products with innovative designs and optimal fit and sizing. They also undertake concept development and trend forecasting to develop and design new styles and products and regularly participate in fairs or exhibitions in India or abroad to understand the trends.

- ***Demonstrated track record of strong financial performance***

Go Fashion has organically grown their operations and have demonstrated an increase in their revenues and profitability, other than in Fiscal 2021 where their operations were impacted on account of COVID-19. Their revenue from operations grew by 37.43% from ₹ 285.25 crore in Fiscal 2019 to ₹ 392.01 crore in Fiscal 2020 while they were ₹ 250.67 crore in Fiscal 2021 and were ₹ 309.96 million in the three months ended June 30, 2021. The Gross Margins were ₹ 170.33 crore, ₹ 234.48 crore, ₹ 146.69 crore and ₹ 17.41 crore or 59.71%, 59.81%, 58.52% and 56.18% in Fiscals 2019, 2020, 2021 and in the three months ended June 30, 2021, respectively. Their EBITDA and EBITDA Margin was the highest among key women's apparel players in India in Fiscal 2020.

KEY GROWTH STRATEGIES

- ***Leverage leadership position in women's bottom-wear market and focus on additional product launches and Same Store Sales Growth***

The women's bottom-wear market in India accounted for 8.3% of women's apparel market and stood at ₹ 13,547 crore in Fiscal 2020 and is expected to grow at a CAGR of 12.35% to reach ₹ 24,315 crore by Fiscal 2025. The organised women's bottom-wear market is expected to reach ₹ 9,240 crore or 38% in Fiscal 2025 growing at a CAGR of 24.3% from Fiscal 2020.

Company's diverse product portfolio available in varied price ranges, styles and colours ensures that they are well positioned to cater to the needs of women of varied ages, economic backgrounds and segments and address the growing demand in this segment. Company's existing portfolio coupled with their ability to launch new products that address the requirements of women's bottom-wear ensures that they were better equipped to offset any adverse impact.

- ***Continue to expand retail network with a focus on EBOs***

Go Fashion has, in the past, expanded their stores through a cluster-based expansion model and intend to continue to expand their presence by setting up EBOs. They intend to follow the COCO model that will ensure better operational control over their stores. As part of their growth strategy, they intend to expand their EBO network in other regions across India. By having their products be reasonably priced and essential, they hope to increase their footprint and scale of operations across India.

They expect to leverage their existing extensive store network and their ability to expand their store network, and in particular their EBOs, to tap this growth opportunity. They will also look at selectively expand their presence across LFSs as their LFS partners grow their presence across India. They also intend to add additional stores in the north and east regions in India where they are focused on developing their presence.

- ***Grow sales through online channel***

Factors such as increased internet penetration, increased usage of smart phones, convenience provided by e-retailing in terms of payment and return policies as well as discounts offered, coupled with a low base effect is enabling e-retailing's sharp growth in the recent years. E-retail in India has witnessed rapid growth and is expected to reach 9.9% (or ₹ 780,000 crore) of the total retail market by Fiscal 2025. Between Fiscal 2015 and Fiscal 2020,

ecommerce sales have grown at CAGR of 44%. It is estimated that in Fiscal 2020, e-tail's share in apparel and accessories was over 17.5% and this share is expected to reach to approximately 22% by Fiscal 2025.

Company's revenue from operations from online channels have however, grown significantly at a CAGR of 82.21% from ₹ 3.60 crore in Fiscal 2019 to ₹ 11.94 crore in Fiscal 2021 and was ₹ 2 crore in the 3 months ended June 30, 2021, as a result of increased focus on online channels. They continue to focus on further strengthening their online sales channels to benefit from evolving customer trends in the market. The company proposes to make investments in digital channels to build an omni-channel engagement experience for their customers and have a dedicated team for their e-commerce operations.

- **Leverage technology to bring cost efficiency and enhance customer experience**

The company intends to further improve their operating efficiency and ensure efficient supply chain management through global best practices. Among the measures that they intend to undertake include investing further in their IT infrastructure to improve productivity and time savings. They will look to expand and upgrade their warehouse to optimize their inventory and supply management. They intend to also undertake data analytics that will allow them to better understand customer preferences improve sales and help scale their operations.

COMPETITION

The Indian women's apparel industry, particularly for ethnic and non-western apparel, is highly fragmented with several regional brands and retailers present in local markets across the country. Company's products compete with local retailers, non-branded products, economy brands and products of other established brands. The branded womenswear segment in India is dominated by certain large national and regional players like **TCNS** (with brands such as W, Aurelia, Elleven, and Wishful), **BIBA, Global Desi, AND, H&M, Zara, M&S, Fabindia, Soch and Twin Birds**. They also face competition from private in-house label brands launched by large format stores.

INDUSTRY OVERVIEW

Competitive Landscape

| Brands | Brand-Style Mix | | | | | SKUs Womens Bottom Wear |
|--------------------------------|-----------------|---------|------------|--------|-------|----------------------------------|
| | Ethnic | Western | Athleisure | Fusion | Denim | |
| Retail Led Brands | | | | | | |
| Go Colors | ✓ | ✓ | ✓ | ✓ | ✓ | 728 |
| Allen Solly | | ✓ | ✓ | | ✓ | 516 |
| AND | | ✓ | ✓ | | ✓ | 255 |
| Aurelia | ✓ | | | ✓ | ✓ | 500 |
| BIBA | ✓ | | ✓ | ✓ | ✓ | 343 |
| CK | | ✓ | | | ✓ | - |
| Elleven | ✓ | | | ✓ | | 269 |
| Fabindia | ✓ | ✓ | | ✓ | | 673 |
| Forever 21 | | ✓ | ✓ | | ✓ | 280 |
| Forever New | | ✓ | | | ✓ | 97 |
| Global Desi | ✓ | | | ✓ | ✓ | 239 |
| H&M | | ✓ | | | ✓ | 656 |
| Levis | | ✓ | | | ✓ | 200 |
| Mango | | ✓ | | | ✓ | 139 |
| Marks & Spencer | | ✓ | | | ✓ | 600 |
| Soch | ✓ | ✓ | | ✓ | ✓ | 213 |
| Tommy Hilfiger | | ✓ | | | ✓ | 88 |
| Vero Moda | | ✓ | | | ✓ | 435 |
| W | ✓ | | | ✓ | ✓ | 700 |
| Zara | | ✓ | | | ✓ | 800 |
| Distribution Led Brands | | | | | | |
| Jockey | | ✓ | ✓ | | | 183 |
| Lux | ✓ | | | ✓ | | 185 |
| Prisma | | ✓ | | ✓ | ✓ | 198 |
| Rupa & Co | ✓ | | | ✓ | | 53 |

Number of Stores (EBOs) and Percentage Store split by city type for Key Apparel Brands

| | Total Stores | Top 2 Cities | Next 6 Cities | Tier 1 | Tier 2 | Tier 3 |
|------------------------|--------------|--------------|---------------|--------|--------|--------|
| Domestic Brands | | | | | | |
| Go Colors | 450 | 95 | 173 | 38 | 62 | 82 |
| AND | 117 | 28 | 39 | 29 | 13 | 8 |
| Aurelia | 213 | 36 | 50 | 56 | 39 | 32 |
| BIBA | 346 | 76 | 90 | 90 | 55 | 35 |
| Fabindia | 307 | 69 | 90 | 70 | 37 | 41 |
| Forever 21 | 21 | 4 | 9 | 6 | 2 | 0 |
| Global Desi | 117 | 29 | 39 | 27 | 14 | 8 |
| Soch | 131 | 9 | 68 | 24 | 22 | 8 |
| W | 301 | 42 | 51 | 39 | 90 | 79 |
| Foreign Brands | | | | | | |
| Forever New | 40 | 14 | 12 | 9 | 5 | 0 |
| H&M | 48 | 17 | 16 | 10 | 5 | 0 |
| Levis | 366 | 64 | 67 | 113 | 64 | 58 |
| Marks & Spences | 92 | 28 | 35 | 18 | 11 | 0 |
| Vero Moda | 49 | 14 | 16 | 16 | 3 | 0 |
| Zara | 21 | 10 | 7 | 4 | 0 | 0 |

Brand presence across formats

| Brands | EBOs | LFS | MBOs | Online |
|--------------------------------|------|-----|------|--------|
| Retail Led Brands | | | | |
| Go Colors | ✓ | ✓ | ✓ | ✓ |
| Allen Solly | ✓ | ✓ | ✓ | ✓ |
| AND | ✓ | ✓ | ✓ | ✓ |
| Aurelia | ✓ | ✓ | ✓ | ✓ |
| BIBA | ✓ | ✓ | ✓ | ✓ |
| Fabindia | ✓ | | | ✓ |
| Forever 21 | ✓ | | | ✓ |
| Forever New | ✓ | | | ✓ |
| Global Desi | ✓ | ✓ | ✓ | ✓ |
| H&M India | ✓ | | | ✓ |
| Levis | ✓ | ✓ | ✓ | ✓ |
| Marks & Spencer | ✓ | | | ✓ |
| Soch | ✓ | ✓ | ✓ | ✓ |
| Vero Moda | ✓ | | ✓ | ✓ |
| W | ✓ | ✓ | ✓ | ✓ |
| Zara | ✓ | | | |
| Distribution Led Brands | | | | |
| Jockey | ✓ | ✓ | ✓ | ✓ |
| Lux | ✓ | ✓ | ✓ | ✓ |
| Prisma | ✓ | | ✓ | ✓ |
| Rupa & Co | ✓ | ✓ | ✓ | ✓ |

Split of Revenue Across Formats for Key Players

| Revenue Source | Revenue Share | | | | |
|----------------|---------------|------|----------|------|------------|
| | Go Colors | TCNS | Fabindia | Soch | Zara India |
| EBOs | 69% | 44% | 95% | 72% | 85% |
| MBOs | 4% | 4% | 0% | 6.5% | 0% |
| LFSs | 22% | 42% | 0% | 6.5% | 0% |
| Online | 5% | 10% | 5% | 15% | 15% |

COMPARISON WITH LISTED INDUSTRY PEERS (AS ON 31ST MARCH 2021)

| Name of the Company | Consolidated/ Standalone | Face Value | Total Income (₹ Cr) | EPS (Basic) | NAV [^] | P/E [~] | RoNW (%) |
|-----------------------------------|-----------------------------|---------------|---------------------------|----------------|--------------------|------------------|----------------|
| Go Fashion (India)Ltd | Restated | 10 | 282.25 | (0.68) | 54.21 | [•] | (1.25)% |
| Page IndustriesLtd | Consolidated | 10 | 2,852.43 | 305.35 | 793.34 | 130.17 | 38.5% |
| Trent Ltd | Consolidated | 1 | 2,794.66 | (4.11) | 66.32 | NA | (7.7)% |
| Bata IndiaLtd | Consolidated | 5 | 1,802.67 | (6.95) | 136.74 | NA | (5.1)% |
| Aditya Birla Fashion & Retail Ltd | Consolidated | 10 | 5,322.32 | (8.23) | 29.24 [^] | NA | (27.5)% |
| TCNS Clothing Co Ltd | Consolidated | 2 | 684.53 | (8.85) | 99.47 | NA | (9.2)% |

Source: RHP; P/E Ratio has been computed based on the closing market price of the equity shares on BSE on November 9, 2021.

For the purpose of the NAV calculation for Aditya Birla Fashion and Retail Ltd, the number of shares as of March 31, 2021 have been calculated as the number of fully paid up equity shares (84,76,21,159) plus 75% (basis the calls made as of March 31, 2021) of the number of partly paid up shares outstanding (9,02,77,042)

AXIS CAPITAL LIMITED

Axis House, 1st Floor, Level-1, C-Wing, C-2, Wadia International Center, Pandurang Budhkar Marg, Worli, Mumbai 400 025.
Tel: +91 22 4325 2525; Fax: +91 22 4325 3000

www.axiscapital.co.in

This document has been prepared by Axis Capital Limited. Affiliates of Axis Capital Limited may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating and target price of the Affiliates research report.

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent.

This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient.

Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options and other derivatives as well as non-investment grade securities - involve substantial risk and are not suitable for all investors.

Axis Capital Limited has not independently verified all the information given in this document. Accordingly, no representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document.

The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval.

Axis Capital Limited, its affiliates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document.

This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of Axis Capital Limited. The views expressed are those of the analyst and the Company may or may not subscribe to all the views expressed therein.

This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. Neither this document nor any copy of it may be taken or transmitted into the United State (to U.S. Persons), Canada, or Japan or distributed, directly or indirectly, in the United States or Canada or distributed or redistributed in Japan or to any resident thereof.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject Axis Capital Limited to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information.

Copyright in this document vests exclusively with Axis Capital Limited.