

Please note that this document is for information purposes only, without regard to specific objectives, financial situations and needs of any particular person. These materials summarize certain points related to the Offer and they are not a comprehensive summary. Investors are requested to refer to the red herring prospectus dated January 22, 2022 ("Red Herring Prospectus"/ "RHP") along with Addendum to the RHP dated January 27, 2022 for details regarding the Offer, the Issuer Company and the risk factors before taking any investment decision. Please note that investments in securities are subject to risks including loss of principal amount and past performance is not indicative of future performance. ICICI Securities Limited does not accept any liability whatsoever direct or indirect that may arise from the use of the information herein. The information contained herein does not constitute an offer or an invitation for an offer to invest. You understand that under no circumstances may these materials or any part thereof be provided to persons outside India.



Initial Public Offer of VEDANT FASHIONS LIMITED

Offer Opens on February 4th, 2022 | Offer Closes on: February 8th, 2021

Price Band: Rs. 824 to Rs. 866 per share

Minimum Bid Lot of 17 shares; Bids in multiples of 17 shares thereafter






Initial public offering of up to 36,364,838 equity shares of face value of ₹1 each ("Equity Shares") of the Company for cash at a price of ₹866 per Equity Share ("Offer Price") aggregating up to ₹31,492 million ("Offer"). The Offer comprises of an offer for sale of up to 36,364,838 Equity Shares ("Offered Shares") aggregating up to ₹31,492 million, comprising of up to 17,459,392 Equity Shares aggregating up to ₹15,120 million by Rhine Holdings Limited, up to 723,014 Equity Shares aggregating up to ₹626 million by Kedaara Capital Alternative Investment Fund-Kedaara Capital AIF 1 and up to 18,182,432 Equity Shares aggregating up to ₹15,746 million by Ravi Modi Family Trust (acting through its trustee, Modi Fiduciary Services Private Limited) (together the "Selling Shareholders" and such offer, the "Offer For Sale"). The offer shall constitute 15.0% of the post-offer paid-up Equity Share capital of the Company.

Assuming aggregate shares, amounts and/or percentage calculated at upper end of the Price Band of Rs. 866

Overview of the Company

Vedant Fashions Limited (Vedant) is the largest company in India in the men's Indian wedding and celebration wear segment in terms of revenue, OPBDIT and profit after tax for FY20. Its 'Manyavar' brand is a category leader in the branded Indian wedding and celebration wear market with a pan-India presence. It has established a multi-channel network and introduced brands by identifying gaps in the under-served and high growth Indian wedding and celebration wear category. It focuses on spreading India's vibrant culture, traditions and heritage through its aspirational yet value for money brands at a diverse range of price points. It offers a one-stop destination with a wide-spectrum of product offerings for every celebratory occasion and aim to deliver an aristocratic yet seamless purchase experience to its customers through its aesthetic franchisee-owned exclusive brand stores. In FY19, FY20, FY21 and the six months ended September 30, 2021 (H1FY22), 92.20%, 91.14%, 90.14% and 88.09% of Customer Sales, respectively, was generated by franchisee-owned EBOs, with the remaining by MBOs, LFSs and online platforms, including its website (www.manyavar.com) and mobile application.

The table below sets forth its brands as per their respective year of launch or acquisition (as applicable), the relevant positioning in the market, the price spectrum of the product mix of each brand and the distribution channel through which each brands' products are available in the market.


Brand	Year	Brand Positioning	Price Spectrum	Distribution Channel
	1999*	Men's and boys' flagship brand	Mid-premium	EBOs, MBOs, LFS, e-commerce
	2015	Women's flagship brand	Mid-premium	EBOs and e-commerce
	2017**	Men's, women's and kids' brands for the South Indian market	Mid-premium to premium	EBOs
	2018#	Men's value brand	Value	MBOs, LFS, e-commerce
	2019	Men's premium brand	Premium	EBOs





* The brand 'Manyavar' commenced operations through a predecessor entity in 1999.

**The brand 'Mebaz' commenced operations in 2002 and was acquired by the Company in financial year 2018.

Large scale operations commenced following a refreshed launch in 2018.

The table below sets forth details of its core product portfolio by brand, as of September 30, 2021:

Brand	Product Portfolio
	Kurtas, Indo-westerns, Sherwanis, jackets and accessories. Kids wear – kurta set, jacket set, Indo-westerns, accessories.

	Lehengas, sarees gowns and accessories.
	Menswear – Kurtas, Indo-westerns, Sherwanis, jackets, suits and accessories. Womenswear – Lehengas, sarees, stitched suits and kurtis. Kids wear – Lehengas, gowns, frocks, kurtas, suits and accessories.
	Kurtas.
	Kurta sets, Sherwanis, Indo-westerns, suits and accessories.

Vedant is asset-light in respect of plant, property and equipment, enabling it to achieve a high return on capital employed, primarily due to the nature of its sourcing and manufacturing operations, with a substantial majority of its sales being generated through franchisee-owned EBOs. The success of its franchisee-based model is proven by the fact that as of September 30, 2021, approximately 73% of its franchisees have operated its stores for three or more years, and 65% of Customer Sales by its franchisee owned EBOs is derived from franchisees having two or more stores. It has a network of over 300 franchisees. As of September 30, 2021, it had a retail footprint of 1.2 million square feet covering 535 EBOs (including 58 shop-in-shops) spanning across 212 cities and towns in India, and 11 EBOs overseas across the United States, Canada and the UAE, which are countries with a large Indian diaspora. In addition to offline retail presence, consumers also have the option of placing orders through its website (www.manyavar.com), mobile application and through leading lateral e-commerce platforms. To achieve a deeper connect with consumers, it utilizes targeted marketing campaigns through digital and social media, billboards, multiplex cinemas, television advertisement and live events. The Company believes it has developed a strong brand identity through effective brand advertising and distinct marketing campaigns for its brands.

Headquartered in Kolkata, Vedant is led by its founder, Chairman and Managing Director, Mr. Ravi Modi, a first-generation entrepreneur who has proven his flair for the art of brand building and retailing with the success of Vedant's brands. Mr. Modi is supported by an experienced management team whose achievements have been recognized by a number of industry awards including the Global Award for Retail Excellence, 2020, India's Retail Champions (Speciality Retail), 2020, and Best Men's Ethnic Wear Brand (East), 2019. Since 2017, Vedant has also benefited from the support, guidance and expertise of marquee investor, Kedaara Capital, through Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF 1 and Rhine Holdings Limited.

In the six months ended September 30, 2021, 44.76% of the Sales of Customers was generated by its franchisee owned EBOs from Tier I cities, 38.64% from Tier II cities and 13% from Tier III cities. The remaining 3.59% of franchisee owned EBO revenues were generated from international markets. For FY19, FY20, FY21 and the six months ended September 30, 2020 and 2021, revenue from operations was ₹ 8,007.42 million, ₹ 9,155.49 million, ₹ 5,648.16 million, ₹ 717.05 million and ₹ 3,598.43 million, respectively. Similarly, profit / (loss) for the year for Financial Years 2019, 2020 and 2021 and the six months ended September 30, 2020 and 2021 was ₹ 1,764.27 million, ₹ 2,366.37 million and ₹ 1,329.03 million, ₹ (176.47) million and ₹ 984.07 million, respectively. EBITDA for Financial Years 2019, 2020 and 2021 and the six months ended September 30, 2020 and 2021 was ₹ 3,379.54 million, ₹ 3,987.65 million, ₹ 2,817.05 million, ₹ 293.48 million and ₹ 1,759.53 million, respectively, and ROCE for Financial Years 2019, 2020 and 2021 and the six months ended September 30, 2020 and 2021 was 48.24%, 47.80% and 34.07%, (2.76)% and 22.16% respectively.

The Indian wedding and celebration wear apparel market is expected to grow at a 15% to 17% CAGR over FY20-FY25, reaching ₹1,325 billion to 1,375 billion by FY25. The branded market is expected to grow at 18% to 20% between FY20-FY25.

Source: Report titled "Assessment of the apparel industry with a special focus on Indian wedding and celebration wear market in India" dated September 2021, as updated by the addendum dated December 2021, prepared by CRISIL Limited ("CRISIL Report")

Market leader in the Indian celebration wear market with a diverse portfolio of brands catering to the aspirations of the entire family

'Manyavar' brand is a category leader in the branded Indian wedding and celebration wear market with a pan-India presence, as of FY20. The Company is now focused on further enhancing its leadership position and establishing dominance in the premium and value segments of the men's Indian wedding and celebration wear market through its brands, Twamev and Manthan. It is also focused on expanding its presence in the women's Indian wedding and celebration wear market through its brand, Mohey. Its diverse portfolio of leading and differentiated brands, including its acquisition of Mebaz, enables it to better cater to the needs of its customers and increase the range and diversity of its products, thereby achieving its goal of catering to aspirations of the entire family. As of Financial Year 2021, Mebaz has a strong presence in the states of Andhra Pradesh and Telangana.

Large and growing Indian wedding and celebration wear market driven by an increased spending on such wear

The Indian wedding and celebration wear market is large and continues to consistently grow, driven by over 9.5 million to 10 million weddings taking place each year, and the average expenditure on weddings in urban India ranges between ₹1 million to ₹2 million for a single-day function. There has also been a significant increase in consumer-spending on Indian wedding and celebration wear, with a growing consumer appetite for celebration wear at occasions preceding and following the wedding ceremony (such as the engagement ceremony, haldi, mehndi, sangeet and the wedding reception) and extending not only to the bride, the groom and their immediate family members but also to their close friends and relatives. Dressing in Indian wedding and celebration wear (as opposed to western formals and casuals attire) is now a common trend not only at wedding celebrations but also country-wide festivals such as Diwali, Navratri, Rakhi and Eid and regional festivals such as Durga Puja, Pongal, and other occasions such as birthday parties and wedding-anniversary celebrations, among other celebrations. The Indian wedding and celebration wear market is relatively less price sensitive as compared to casual wear.

The men's Indian wedding and celebration wear market was estimated to be worth approximately ₹ 133 billion as of FY20, and is projected to increase to ₹ 170 billion – ₹ 180 billion by FY25. In comparison, the women's Indian wedding and celebration wear market is significantly larger, estimated to be worth approximately ₹ 735 billion as of FY20, and is projected to increase to ₹ 950 billion – to ₹ 1,000 billion by FY25. Moreover, the branded market estimated to grow at a faster rate due to an increase in availability of Vedant's brands and several regional brands, consistent

Strengths

quality merchandize with attractive and contemporary designs, uniform pricing and the delivery of an enhanced customer experience.

Differentiated business model combining the strengths of retailing with branded consumer play

The Company aims to deliver a uniform country-wide experience to its customers through a combination of its strong retailing proposition supported by its omni-channel network and the strength of its brands. Given its season-agnostic designs and aspirational brand appeal, it employs consistent pricing of its creations across India. The Company has not offered any end-of-season sales or discounts for its Manyavar brand. As sales are primarily channeled through EBOs, the Company is able to collect secondary sales data that it utilizes to analyse consumer buying behaviour. This helps it develop a better understanding of evolving consumer preferences in the various micro-markets in which it operates and drive its supply chain and merchandise mix in an efficient manner.

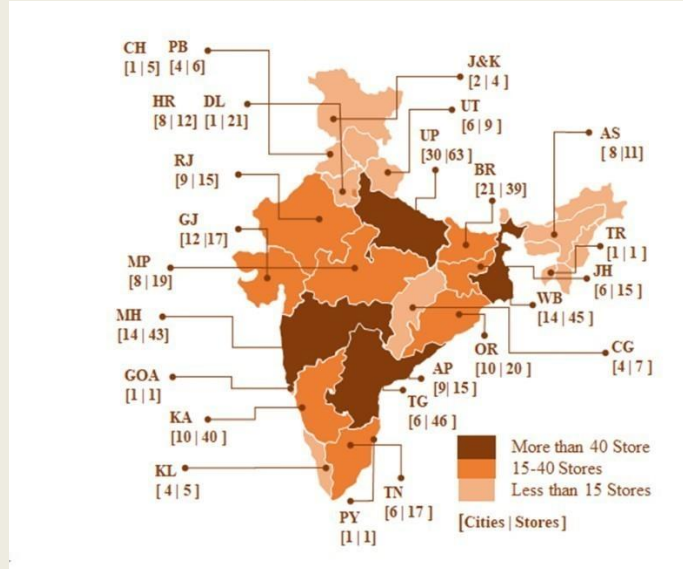
In the six months ended September 30, 2021, over 88.09% of Customer Sales was generated by EBOs, with over 7.35% by MBOs and shop-in-shops, 0.88% by LFS and over 3.68% by online channels. The Company has grown significantly over the last five years with an overall EBO retail space of approximately 1.1 million square feet in 193 cities in India and 8 cities internationally, as of March 31, 2021, as compared to a retail space of approximately 0.50 million square feet, as of March 31, 2016. It has also expanded its presence overseas with 11 stores across the United States, Canada and UAE, as of September 30, 2021.

In the six months ended September 30, 2021, 44.76% of the Sales of Customers was generated by franchisee owned EBOs from Tier I cities, 38.64% from Tier II cities and 13.00% from Tier III cities The remaining 3.59% of franchisee owned EBO revenues were generated from international markets. The Company believes it has developed a strong brand identity through effective brand advertising with distinct targeted marketing campaigns through a variety of media such as digital and social media, billboards, multiplex cinemas, television and live events. For such marketing campaigns, its brand ambassadors have included leading individuals from the sporting and film industries.

Omni-channel network with the seamless integration of online and offline channels.

The Company operates an omni-channel network and engages with its customers through an integrated platform serviced by its online and offline channels. Customers have the ability to place orders through its website (www.manyavar.com), mobile application and leading lateral e-commerce platforms and the flexibility to research products online with the option to visit its stores for trials and fittings. As the pricing of its products is uniform across online and offline channels across India, customers have the flexibility to purchase products online or offline through its stores. The Company has also adopted modules for communication at EBOs whereby EBOs can place orders for any products not in stock and requested for by customers, and as a result, can service customers' orders at short notice at the EBO of their choice. As of September 30, 2021, it had a total retail space (across EBOs and shop-in-shops) aggregating to over 1.2 million square feet across 212 cities and towns in India and 8 cities internationally, and a retail footprint of 535 EBOs in India (including 58 shop-in-shops) and 11 EBOs overseas across the United States, Canada and the UAE, which are countries with a large Indian diaspora.

The map below sets forth the geographic distribution of its EBO retail network across India, as of September 30, 2021:



Technology-based strong supply chain and inventory replenishment systems driven by system wide data analytics, strong processes and longstanding vendor relationships

The Company's business model is driven by the strength of its system-driven technology infrastructure, its established systems and processes and its longstanding relationships with its vendors. Its entire supply chain and inventory management process is system-driven and algorithmically managed with every stage in its supply and distribution chain driven through data analysis and automation, including the procurement of materials, warehouse inventory management, store replenishment and new store opening fill.

As its integrated secondary sales network is supervised by the Company, it is able to utilise sales data to track and manage inventory on a real-time basis and analyse consumer buying behaviour, which it can utilise to better understand the preferences of its consumers and backward integrate into its supply chain. Its algorithm-based inventory management system provides a real-time view of store inventory and the ability to effectively monitor and manage inventory levels at EBOs, thereby minimizing dead stock. As a result, the Company has visibility of products as they are sold at its stores, and it synchronises inventory levels at its stores and warehouses periodically.

The Company has longstanding relationships with its vendors from whom it procures fabrics and other materials. Its centralized, system-driven supply chain is integrated with its sales network, thereby assisting its procurement process based on consumer preferences and trends. It has access to a large number of artisans across India, and controls its manufacturing activities through dedicated job workers. As a result, it has a well-developed, reliable supply chain and is able to achieve economies of scale in production. It also has designer team responsible for developing authentic, concept-based, impressionable designs and products catering to the differing choices and tastes of a wide range of ages and ethnicities,

based on market research and trends identified using analytics on consumer sales data on a daily basis. Maintaining control over its design and manufacturing through streamlined operations helps the Company ensure a high quality of finished products and thereby increasing repeat customers, which results in contributing to higher profit margins.

Experienced and professional founder-led leadership team.

The Company is led by Mr. Ravi Modi, Company's founder, who has proven his flair for the art of brand building and retailing with the success of Vedant's brands, and has led the Company since inception. Mr. Modi is supported by an experienced management team with rich functional experience in the consumer, apparel and retail industry, and which includes members that have been associated with the Group since inception. Under its founder and management team's leadership, the Company has developed a capital efficient business with a disciplined research-driven process-oriented approach, along with an extensive marketing and retail network. Its Chairman and Managing Director, and other management personnel have significant experience in various aspects of the business and have demonstrated an ability to manage and grow its operations and expand its distribution and retail network. Since 2017, the Company has also benefited from the support, guidance and expertise of marquee investor Kedaara Capital, through Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF 1 and Rhine Holdings Limited.

Source: CRISIL report

Strategies

- **Expansion of footprint within and outside India**
- **Scaling up emerging brands through increased up-selling and cross-selling initiatives**
- **Enhancement of brand appeal through targeted marketing initiatives**
- **Significant potential and space for growth of emerging brands**
- **Disciplined approach towards acquisitions**

Major Shareholders

S.No.	Shareholder	No: of Equity Shares	Percentage of the pre-Offer Equity Share Capital on a fully diluted basis (%)
Promoter and Promoter Group			
1.	Ravi Modi Family Trust	181,024,186	74.59%
2.	Ravi Modi HUF	38,881,422	16.02%
3.	Shilpi Modi	2,656,104	1.09%
Others			
1.	Rhine Holdings Limited	17,459,392	7.19%
Total Equity Shareholding of the Major Shareholders		240,021,104	98.90%

The following table highlights certain key performance indicators as of and for the periods indicated:

Key Performance Indicators*	Units	For the financial year ended			For the six months period ended	
		March 31,			September 30,	
		2019	2020	2021	2020	2021
Revenue from operations	Rs. mn	8,007.42	9,155.49	5,648.16	717.05	3,598.43
EBITDA	Rs. mn	3,379.54	3,987.65	2,817.05	293.48	1,759.53
EBITDA Margin	%	42.21%	43.55%	49.88%	40.93%	48.90%
Profit / (loss)	Rs. mn	1,764.27	2,366.37	1,329.03	(176.47)	984.07
RoE	%	20.00%	22.21%	12.19%	(1.88)% ⁽²⁾	11.46% ⁽²⁾
RoCE	%	48.24%	47.80%	34.07%	(2.76)%	22.16%
Net Asset value per share (in ₹)	Rs.	35.25	42.56	44.03	37.95	35.45
Basic Earnings per share ⁽¹⁾	Rs.	7.04	9.45	5.36	(0.71) ⁽²⁾	4.01 ⁽²⁾
Diluted Earnings per share ⁽¹⁾	Rs.	7.04	9.45	5.36	(0.71) ⁽²⁾	4.01 ⁽²⁾

Key Financials and Operational Information

*For detailed definitions refer RHP

(1) Pursuant to a resolution of shareholders dated July 16, 2021, each equity share of the Company of face value of ₹ 2 was sub-divided into 2 equity shares of face value of ₹ 1 each. All per share data has been calculated after giving effect to such sub-division in accordance with principles of Ind AS 33- "Earnings per share".

(2) Not annualised

The following table sets Customer Sales Contribution from each channel.

	Units	For the financial year ended			For the six months
		March 31,			period ended
		2019	2020	2021	September 30,
		2019	2020	2021	2021
EBOs	%	92.20%	91.14%	90.14%	88.09%
MBOs and LFS	%	7.07%	7.86%	7.63%	8.23%
E-commerce	%	0.73%	1.00%	2.23%	3.68%
Total	Rs. mn	11,355	12,652	8,362	4,727

The table below sets forth certain operational details for the Company's brands:

	Brand	Customer Sales (₹ in million) and as a percentage of total Customer Sales			
		FY19	FY20	FY21	H1FY22
	Manyavar	9,354; 82.38%	10,357; 81.86%	7,041; 84.20%	3,900; 82.51%
	Mohey	748; 6.58%	899; 7.11%	625; 7.47%	303; 6.41%
	Other brands (Twamev, Manthan and Mebaz)	1,254; 11.04%	1,396; 11.04%	696; 8.33%	524; 11.08%
	Total	11,356; 100.00%	12,652; 100.00%	8,362; 100.00%	4,727; 100%
Board of Directors	<ol style="list-style-type: none"> 1) Ravi Modi, Chairman and Managing Director 2) Shilpi Modi, Whole-time Director 3) Sunish Sharma, Nominee Director 4) Manish Mahendra Choksi, Independent Director 5) Abanti Mitra, Independent Director 6) Tarun Puri, Independent Director 				
Key Management Personnel	<ol style="list-style-type: none"> 1) Ravi Modi, Chairman and Managing Director 2) Shilpi Modi, Whole-time Director 3) Rahul Murarka, Chief Financial Officer 4) Navin Pareek, Company Secretary and Compliance Officer 5) Amar Sethia, Chief Product Officer 6) Siddhartha Saraf, Chief - Strategy & Investments 7) Ajay Modi, Chief Supply Chain Officer 8) S. Arif Raza, Chief of Retail Business Development and Projects 9) Sushil Kumar Agarwal, Chief Information Officer 10) Vedant Modi, Chief Marketing Officer 11) Kanchan Banerjee, Chief Human Resources Officer 				
Objects of the Offer	<p>The objects of the Offer are</p> <ul style="list-style-type: none"> • to carry out the Offer for Sale of up to INR 31,492 Mn by the Selling Shareholders • achieve the benefits of listing Equity Shares on the Stock Exchanges 				

The Red Herring Prospectus and Addendum to the RHP can be accessed at <https://www.icicisecurities.com>