SPENCER'S RETAIL LIMITED

Spencer's Retail Limited (the "**Company**" or our "**Company**") was incorporated as RP-SG Retail Limited, a public limited company under the Companies Act, 2013 in Kolkata, West Bengal, India, pursuant to a certificate of incorporation dated February 8, 2017 issued by the Registrar of Companies, West Bengal at Kolkata ("**RoC**"). Subsequently, the name of our Company was changed to its present name, Spencer's Retail Limited, pursuant to the order of the National Company Law Tribunal, Kolkata Bench dated March 28, 2018 approving the Scheme of Arrangement, and subsequently a fresh certificate of incorporation pursuant to change of name was issued by the RoC on December 13, 2018. Our Company's retail business was earlier undertaken by the erstwhile Spencer's Retail Limited since November 22, 2000, which was incorporated under the Companies Act, 1956. Pursuant to the Scheme of Arrangement, the Retail Undertaking 2 (as defined hereinafter) of the erstwhile Spencer's Retail Limited, was demerged into our Company with effect from the appointed date of October 1, 2017 in accordance with Sections 230 to 232 and other applicable provisions of the Companies Act, 2013. For more information regarding change in name and registered office of our Company and the Scheme of Arrangement, see "*History and Other Corporate Matters*" on page 122.

Corporate Identity Number: L74999WB2017PLC219355
Registered Office: Duncan House, 31, Netaji Subhas Road, Kolkata - 700 001; **Telephone:** +91 33 6625 7600
Corporate Office: RPSG House, 2/4 Judges Court Road, Kolkata 700 027; **Telephone:** +91 33 2487 1091
Contact Person: Rama Kant, Company Secretary and Compliance Officer
E-mail: spencers.secretarial@rpsg.in; **Website:** www.spencersretail.com

OUR PROMOTERS: SANJIV GOENKA AND RAINBOW INVESTMENTS LIMITED

FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF SPENCER'S RETAIL LIMITED

ISSUE OF UP TO [•]% EQUITY SHARES OF FACE VALUE OF ₹5 EACH OF OUR COMPANY (THE "RIGHTS EQUITY SHARES") FOR CASH AT A PRICE OF ₹[•] PER RIGHTS EQUITY SHARE OF OUR COMPANY FOR AN AMOUNT AGGREGATING UP TO ₹ 8,000 LAKHS, ON A RIGHTS BASIS TO THE EXISTING ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF [•] RIGHTS EQUITY SHARES FOR EVERY [•] FULLY PAID-UP EQUITY SHARE(S) HELD BY THE EXISTING ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON [•], 2020 (THE "ISSUE"). FOR FURTHER DETAILS, SEE "TERMS OF THE ISSUE" ON PAGE 248.

GENERAL RISKS

Investment in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, Investors must rely on their own examination of our Company and the Issue including the risks involved. The Equity Shares being offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**") nor does SEBI guarantee the accuracy or adequacy of this Draft Letter of Offer. Specific attention of investors is invited to "*Risk Factors*" on page 20.

OUR COMPANY'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Letter of Offer contains all information with regard to our Company and the Issue, which is material in the context of the Issue, that the information contained in this Draft Letter of Offer 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 Letter of Offer as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The existing Equity Shares are listed on the BSE Limited ("**BSE**"), Calcutta Stock Exchange Limited ("**CSE**") and the National Stock Exchange of India Limited ("**NSE**" and together with BSE and CSE, the "**Stock Exchanges**"). Our Company has received in-principle approval from the BSE, CSE and the NSE for listing the Equity Shares proposed to be issued pursuant to the Issue pursuant to their letters dated [•], 2020, [•], 2020 and [•], 2020, respectively. For the purposes of the Issue, [•] is the Designated Stock Exchange. For details of the material contracts and documents available for inspection from the date of this Draft Letter of Offer up to the Issue Closing Date, see "*Material Contracts and Documents for Inspection*" on page 295.

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
ICICI Securities Limited ICICI Centre H.T. Parekh Marg, Churchgate Mumbai – 400 020 Maharashtra, India **Telephone**: +91 22 2288 2460 **E-mail**: srl.rights@icicisecurities.com **Website**: www.icicisecurities.com **Investor grievance e-mail**: customercare@icicisecurities.com **Contact Person**: Sameer Purohit / Arjun A Mehrotra **SEBI Registration No**: INM000011179	**Link Intime India Private Limited** C-101, 247 Park Lal Bahadur Shastri (LBS) Marg, Vikhroli (West) Mumbai – 400 083 Maharashtra, India **Telephone**: +91 22 4918 6200 **Facsimile**: +91 22 4918 6195 **Email**: spencersretail.rights@linkintime.co.in **Investor grievance e-mail**: spencersretail.rights@linkintime.co.in **Website**: www.linkintime.co.in **Contact Person**: Sumeet Deshpande **SEBI Registration No**: INR000004058

ISSUE PROGRAMME

ISSUE OPENS ON	ISSUE CLOSES ON
[•], 2020	**[•], 2020**

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SECTION I - GENERAL

DEFINITIONS AND ABBREVIATIONS

In this Draft Letter of Offer, unless the context otherwise indicates or implies, or unless specified, the terms defined, and abbreviations expanded herein below shall have the same meaning as stated in this section. The words and expressions used in this document but not defined herein shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, SEBI ICDR Regulations, the SCRA, the Depositories Act or the rules and regulations made thereunder. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments and modifications notified thereto. The following list of capitalised terms used in this document is intended for the convenience of the reader/prospective investor only and is not exhaustive.

Notwithstanding the foregoing, terms used in "Statement of Tax Benefits", "Financial Information", "Main Provisions of the Articles of Association", "Outstanding Litigation and Material Developments" and "Regulations and Policies" on pages 70, 158, 274, 235 and 118, respectively, shall have the meaning ascribed to such terms in these respective sections.

General Terms

Term	Description
"our Company", "the Company" or "the Issuer"	Spencer's Retail Limited, a company incorporated under the Companies Act, 2013, and having its registered office at Duncan House, 31, Netaji Subhas Road, Kolkata 700 001 and corporate office at RPSG House, 2/4 Judges Court Road, Kolkata 700 027
"we", "us", or "our"	Unless the context otherwise indicates or implies, our Company together with its Subsidiaries, on a consolidated basis

Company related terms

Term	Description
"AGM"	Annual General Meeting
"Articles of Association/ Articles / AoA"	The articles of association of our Company, as amended
"Audit Committee"	The audit committee of our Board, as described in *"Our Management"* on page 129
"Auditor" / "Statutory Auditor"	The current statutory auditors of our Company, M/s S. R. Batliboi & Co. LLP, Chartered Accountants
"Board" or "Board of Directors"	Board of Directors of our Company including any committees thereof
"Corporate Office"	The corporate office of our Company is located at RPSG House, 2/4 Judges Court Road, Kolkata -700 027
"Corporate Social Responsibility Committee"	The corporate social responsibility committee of our Board, as described in *"Our Management"* on page 129
"Director(s)"	The director(s) on the Board of our Company, unless otherwise specified
"Equity Share(s)"	Equity shares of our Company having a face value of ₹5 each, unless otherwise specified in the context thereof
"ESOP 2019"	Employee Stock Option Scheme 2019 of our Company. For details, see "*Capital Structure*" on page 55
"Executive Director"	Whole-time director of our Company
"Financial Period 2018"	The period of our Company's first audited financial statements i.e. from February 8, 2017 to March 31, 2018
"Financial Year" / "Fiscal" / "Fiscal Year" / "FY"	Any period of twelve months ended March 31 of that particular year, unless otherwise stated
"Group Companies"	Companies (other than our Promoters and Subsidiaries) with which there were related party transactions as derived from the Restated Financial Statements as covered under the applicable accounting standards, and also other companies as considered material by our Board of Directors and as disclosed in "*Group Companies*" on page 148
"Independent Director(s)"	Independent director(s) on our Board
"Key Managerial Personnel"	Key management/managerial personnel of our Company in terms of the SEBI ICDR Regulations and the Companies Act, 2013 and as disclosed in *"Our Management"* on page 129
"Non-Executive Directors"	A Director not being an Executive Director

Term	Description
"Nomination and Remuneration Committee"	The nomination and remuneration committee of our Board, as described in *"Our Management"* on page 129
"MoA"/ "Memorandum of Association"	The memorandum of association of our Company, as amended
"Natures Basket/ NBL"	Natures Basket Limited
"Omnipresent"	Omnipresent Retail India Private Limited
"Promoter Group"	Persons and entities constituting the promoter group of our Company in accordance with Regulation 2(1)(pp) of the SEBI ICDR Regulations. For further details, see "*Our Promoters and Promoter Group*" on page 143
"Promoter(s)"	The Promoters of our Company, namely: Sanjiv Goenka and Rainbow Investments Limited
"Registered Office"	The registered office of our Company is located at Duncan House, 31, Netaji Subhas Road, Kolkata - 700 001
"Registrar of Companies"/ "RoC"	The Registrar of Companies, West Bengal at Kolkata
"Restated Financial Statements"	Our restated Ind AS consolidated summary statement of assets and liabilities as at December 31, 2019 and as at March 31, 2019 and March 31, 2018, and restated Ind AS consolidated summary statement of profit and loss, restated Ind AS consolidated summary statement of changes in equity and restated Ind AS consolidated summary statement of cash flows for nine month period ended December 31, 2019 and year ended March 31, 2019 and Financial Period 2018, together with the annexures, notes and other explanatory information thereon, derived from the interim audited consolidated financial statements as at and for the nine month period ended December 31, 2019 prepared in accordance with Ind AS 34 and annual audited consolidated financial statements as at and for year ended March 31, 2019 and for the Financial Period 2018 prepared in accordance with Ind AS notified under Section 133 of the Companies Act 2013, read with Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016, as amended and restated in accordance with Section 26 of Part 1 of Chapter III of the Companies Act, 2013, the SEBI ICDR Regulations and the Guidance Note on "Reports in Company Prospectuses (Revised 2019)" issued by the ICAI.
"Retail Undertakings"	Collectively Retail Undertaking 1 and Retail Undertaking 2
"Retail Undertaking 1"	Means and includes all the business, undertakings, properties, investments and liabilities of whatsoever nature and kind and where so ever situated, of CESC Limited, in relation to and pertaining to the retail business on a going concern basis, as on the appointed date of the Scheme of Arrangement, together with all its assets and liabilities
"Retail Undertaking 2"	Means and includes all the business, undertakings, properties, investments and liabilities of whatsoever nature and kind and where so ever situated, of erstwhile Spencer's Retail Limited (excluding the retail business in the state of Gujarat and investments), in relation to and pertaining to the retail business on a going concern basis, as on the appointed date of the Scheme of Arrangement, together with all its assets and liabilities
"Rights Issue Committee"	The rights issue committee of our Board, constituted on February 11, 2020
"Scheme of Arrangement"	Scheme of amalgamation amongst CESC Infrastructure Limited, erstwhile Spencer's Retail Limited, Music World Retail Limited, Spen Liq Private Limited, New Rising Promoters Private Limited, CESC Limited, Haldia Energy Limited, CESC Ventures Limited (formerly known as RP-SG Business Process Services Limited), Crescent Power Limited, and our Company and their respective shareholders, under Sections 230 and 232 and other applicable provisions of the Companies Act, 2013
"Shareholders"	The holders of the Equity Shares from time to time.
"Stakeholder's Relationship Committee"	The stakeholder's relationship committee of our Board, as described in *"Our Management"* on page 129
"Subsidiaries"	The subsidiaries of our Company, as on the date of this Draft Letter of Offer, namely: (i) Omnipresent Retail India Private Limited; and (ii) Natures Basket Limited

Issue related terms

Term	Description
"2020 SEBI Circular"	The SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020.
"Abridged Letter of Offer/ ALOF"	The abridged letter of offer to be sent to the Eligible Equity Shareholders of our Company with respect to this Issue in accordance with SEBI ICDR Regulations and the Companies Act

Term	Description
"Allot"/ "Allotted" / "Allotment"	Unless the context requires, the allotment of Equity Shares pursuant to the Issue
"Allotment Account"	The account opened with the Banker(s) to the Issue, into which the amounts blocked by Application Supported by Blocked Amount in the ASBA Account, with respect to successful Applicants will be transferred on the Transfer Date in accordance with Section 40(3) of the Companies Act
"Allotment Date"	Date on which Allotment shall be made pursuant to the Issue
"Allottee(s)"	Person(s) who are Allotted Rights Equity Shares pursuant to the Allotment
"Applicant(s)" / "Investor(s)"	Eligible Equity Shareholder(s) and/or Renouncee(s) who are entitled to apply or have applied for Rights Equity Shares under the Issue, in terms of the Letter of Offer, as the case maybe
"Application Money"	Aggregate amount payable in respect of the Rights Equity Shares applied for in the Issue at the Issue Price
"Application Supported by Blocked Amount" / "ASBA"	Application (whether physical or electronic) used by an Investor to make an application authorizing the SCSB to block the Application Money in an ASBA account maintained with the SCSB. The application (whether physical or electronic) used by an Investor to make an application authorising the SCSB to block the amount payable on application in their specified bank account
"Application"	Unless the context otherwise requires, refers to an application for Allotment of Rights Equity Shares in this Issue
"ASBA Account"	Account maintained by an Investor with an SCSB which will be blocked by such SCSB to the extent of the amount payable on application in the ASBA Account
"Bankers to the Issue"	[●]
"Banker to the Issue Agreement"	Agreement to be entered into by and among our Company, the Registrar to the Issue, the Lead Manager and the Bankers to the Issue for collection of the Application Money from Applicants/Investors, transfer of funds to the Allotment Account and where applicable, refunds of the amounts collected from Applicants/Investors, on the terms and conditions thereof
"Common Application Form"/ "CAF"	The form used by an Investor to make an application for the Allotment of Equity Shares in the Issue, in accordance with the 2020 SEBI Circular
"Controlling Branches"/ "Controlling Branches of the SCSBs"	Such branches of the SCSBs which coordinate with the Lead Manager, the Registrar to the Issue and the Stock Exchanges, a list of which is available on the website of SEBI and/or such other website(s) as may be prescribed by the SEBI from time to time
"Depositories Act"	The Depositories Act, 1996
"Depository Participant" / "DP"	A depository participant as defined under the Depositories Act
"Depository"	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, in this case being NSDL and CDSL
"Designated Branches"	Such branches of the SCSBs which shall collect CAFs used by Investors and a list of which is available on the website of SEBI and/or such other website(s) as may be prescribed by the SEBI / Stock Exchange(s) from time to time
"Designated Stock Exchange"	[●]
"Draft Letter of Offer "	This draft letter of offer dated May 12, 2020 filed with SEBI, in accordance with the SEBI ICDR Regulations
"Eligible Equity Shareholder(s)"	The holders of Equity Shares as on the Record Date i.e. [●]
"Entitlement Letter"	The letter to be sent to the Eligible Equity Shareholders along with the Abridged Letter of Offer and the CAF, in accordance with the 2020 SEBI Circular, which shall include the details of their respective Rights Entitlements, based on their shareholding as on the Record Date
"Equity Shareholder(s)"	The holders of Equity Shares of our Company
"Escrow Collection Bank"	Banks which are clearing members and registered with SEBI as banker to an issue and with whom the Escrow Accounts will be opened, in this case being [●]
"Investor(s)"	Eligible Equity Shareholders and/or Renouncees applying in the Issue
"Issue Agreement"	Issue agreement dated May 12, 2020 between our Company and the Lead Manager, pursuant to which certain arrangements are agreed to in relation to the Issue.
"Issue Closing Date"	[●], 2020
"Issue Opening Date"	[●], 2020
"Issue Period"	The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants/Investors can submit their Applications, in accordance with the SEBI ICDR Regulations

Term	Description
"Issue Price"	₹ [●] per Equity Share
"Issue Proceeds" / "Gross Proceeds"	Gross proceeds of the Issue
"Issue Size"	The issue of [●] Equity Shares aggregating up to ₹ 8,000.00 lakhs
"Issue"/ "Rights Issue"	Issue of up to [●]% Equity Shares of face value of ₹ 5 each of our Company (the "Rights Equity Shares") for cash at a price of ₹ [●] per Rights Equity Share of our Company for an amount aggregating up to ₹ 8,000.00 lakhs, on a rights basis to the Existing Eligible Equity Shareholders of our Company in the ratio of [●] Rights Equity Shares for every [●] fully paid-up Equity Share(s) held by the Existing Eligible Equity Shareholders on the Record Date
"Lead Manager"	ICICI Securities Limited
"Letter of Offer "	The final Letter of Offer to be filed with the Stock Exchanges after incorporating the observations received from the SEBI on this Draft Letter of Offer
"Listing Agreement"	The uniform listing agreement entered into between the Company and the Stock Exchanges
"Mutual Fund" / "MF"	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
"Net Proceeds"	The Issue Proceeds less the Issue related expenses. For further details, see "*Objects of the Issue*" on page 63
"Record Date"	Designated date for the purpose of determining the Shareholders eligible to apply for Rights Equity Shares in the Issue, to be decided prior to filing of the Letter of Offer
"Refund Bank"	[●]
"Registrar Agreement"	Agreement dated April 3, 2020 entered into among our Company and the Registrar in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue
"Registrar to the Issue" / "Registrar and Transfer Agent"	Link Intime India Private Limited
"Renouncee(s)"	Any person(s) who has/have acquired Rights Entitlements, in accordance with the 2020 SEBI Circular
"Renunciation Period"	The period during which the Investors can renounce or transfer or sell their Rights Entitlements, which shall commence from the Issue Opening Date and shall end at least four days prior to the Issue Closing Date, i.e., [●] (both days inclusive)
"Rights Entitlement" / "RE"	The number of Rights Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to the number of Equity Shares held by the Eligible Equity Shareholder on the Record Date, in accordance with the SEBI ICDR Regulations read with the 2020 SEBI Circular
"Rights Equity Shares"	Equity Shares of our Company to be Allotted pursuant to this Issue
"SCSB(s)"	A Self Certified Syndicate Bank, registered with SEBI, which acts as a banker to the Issue and which offers the facility of ASBA. A list of all SCSBs is available at website of SEBI and/or such other website(s) as may be prescribed by SEBI from time to time
"Stock Exchanges"	BSE, CSE and NSE, where the Equity Shares are presently listed
"Transfer Date"	The date on which the amount held in the escrow account(s) and the amount blocked in the ASBA Account will be transferred to the Allotment Account, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange
"Wilful Defaulter"	Company or person categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India and includes any company whose director or promoter is categorised as such
"Working Day"	All days on which commercial banks in Mumbai are open for business; provided however, with reference to (a) Issue Period, "Working Day" shall mean all days, excluding all Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business; and (b) the time period between the Issue Closing Date and the listing of the Equity Shares on the Stock Exchanges, "Working Day" shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, as per the circulars issued by SEBI

General Terms / Abbreviations

Term	Description
" ₹" / "Rs." / "Rupees"/ "INR"	Indian Rupees
"2020 SEBI Circular"	The SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020

Term	Description
“AIF”	Alternative Investment Fund as defined in and registered with SEBI under the Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
“Bps”	Basis points
“BSE”	BSE Limited
“CAGR”	Compounded Annual Growth Rate being annualised average year-over-year growth rate over a specific period of time
“Calendar Year”	The 12-month period ending December 31
“CARO”	Companies (Auditor’s Report) Order 2016
“CCI”	Competition Commission of India
“CDSL”	Central Depository Services (India) Limited
“Central Government”	Central Government of India
“CEO”	Chief Executive Officer
“CIN”	Corporate identity number
“Companies Act”	The Companies Act, 2013
“CSE”	The Calcutta Stock Exchange Limited
“Depositories Act”	Depositories Act, 1996
“Depository/DP”	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018
“DIN”	Director Identification Number
“DIPP”	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India
“DP ID”	Depository Participant Identification
“DPII”	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India
“EBITDA”	Earnings before interest, taxes, depreciation and amortisation
“EGM”	Extraordinary General Meeting
“EPS”	Earnings Per Share
“FCCB”	Foreign Currency Convertible Bonds
“FDI Policy”	Consolidated Foreign Direct Investment Policy notified by the DIPP vide circular no. D/o IPP F. No. 5(1)/2017- FC-1 dated August 28, 2017
“FDI”	Foreign Direct Investment
“FEM Rules”	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
“FEMA Act” / “FEMA”	Foreign Exchange Management Act, 1999, including the regulations framed thereunder
“FIs”	Financial Institutions
“FPI(s)”	Foreign Portfolio Investor as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, registered with SEBI under applicable laws in India
“FVCI”	Foreign Venture Capital Investors as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000 registered with SEBI under applicable laws in India
“GDP”	Gross Domestic Product
“GoI”	Government of India
“GST”	Goods and Services Tax
“HUF”	Hindu Undivided Family
“ICAI Guidance Note”	The Guidance Note on Reports in Company Prospectuses (revised), 2019, as issued by the ICAI
“ICAI”	Institute of Chartered Accountants of India
“ICRA”	ICRA Limited
“ICSI”	Institute of Company Secretaries of India
“ICWAI”	Institute of Cost and Works Accountants of India
“IFRS”	International Financial Reporting Standards
“IFSC”	Indian Financial System Code
“Ind AS”	Indian Accounting Standards notified by the Ministry of Corporate Affairs *vide* Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended
“Indian GAAP”	The accounting principles generally accepted in India, including the Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014
“ISIN”	International Securities Identification Number
“MCLR”	Marginal Cost of Fund Based Lending Rate
“NCLT”	National Company Law Tribunal
“NACH”	National Automated Clearing House

Term	Description
“NAV”	Net Asset Value
“NBFC”	Non-Banking Financial Company
“NEFT”	National Electronic Funds Transfer
“NR”	Non-Resident
“NRE Account”	Non Resident external account
“NRE”	Non-Resident External Account
“NRI(s)”	Non-Resident Indian(s)
“NRO Account”	Non Resident ordinary account
“NRO”	Non-Resident Ordinary Account
“NSDL”	National Securities Depository Limited
“NSE”	National Stock Exchange of India Limited
“OCB”	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Issue
“p.a.”	Per Annum
“PAN”	Permanent Account Number
“PAT”	Profit After Tax
“RBI”	Reserve Bank of India
“Registered Foreign Portfolio Investors / Foreign Portfolio Investors”	Foreign portfolio investors as defined under the SEBI FPI Regulations
“Regulation S”	Regulation S of the Securities Act
“RTGS”	Real Time Gross Settlement
“SEBI Act”	Securities and Exchange Board of India Act, 1992
“SEBI AIF Regulations”	The SEBI (Alternative Investment Fund) Regulations, 2012
“SEBI FPI Regulations”	The SEBI (Foreign Portfolio Investors) Regulations, 2019
“SEBI FVCI Regulations”	The SEBI (Foreign Venture Capital Investors) Regulations, 2000
“SEBI ICDR Regulations”	The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018
“SEBI Listing Regulations”	The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
“SEBI Takeover Regulations”	The SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
“SEBI VCF Regulations”	Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 as repealed pursuant to the SEBI AIF Regulations
“SEBI”	Securities and Exchange Board of India
“Securities Act”	U.S. Securities Act of 1933
“State Government”	The government of a state in India
“STT”	Securities Transaction Tax
“U.S.” / “US” / “USA”	Unites States of America
“USD”/”US$”	United States Dollar
“VCF(s)”	Venture capital funds as defined in and registered with SEBI under the SEBI VCF Regulations or the SEBI AIF Regulations, as the case may be
“WCDL”	Working Capital Demand Loan

Industry related terms

Term	Description
“ARS”	Auto Replenishment System
“APMC”	Agricultural Produce Market Committee
“B2B”	Business-to-Business
“B&M”	Brick-and-Mortar
“BPS”	Basis Points
“CBD”	Central Business District
“CRM”	Customer Relationship Management
“DC”	Distribution Centre
“DCRC”	Distribution Centre and Packing Centre
“DRTV”	Direct Response Television
“DTH”	Direct-To-Home
“EBITDAR”	Earnings Before Interest, Taxes, Depreciation, Amortisation, and Rent
“EBO”	Exclusive Brand Outlet

Term	Description
“EDI”	Electronic Data Interchange
“EMI”	Equated Monthly Installment
“FMCG”	Fast Moving Consumer Goods
“IT”	Information Technology
“LED”	Light Emitting Diode
“LPG”	Liberalisation, Privatisation and Globalisation
“LTL”	Like-to-Like
“MBO”	Multi-Brand Outlet
“MRP”	Maximum Retail Price
“ORP”	Organised Retail Penetration
“OTB”	Open To Buy
“OTC”	Over-The-Counter
“PFCE”	Private Final Consumption Expenditure
“SEC”	Socio Economic Class
“SKU”	Stock Keeping Unit
“SSSG”	Same-Store Sales Growth
“WMS”	Warehouse Management System
“YVM”	Your Views Matter

NOTICE TO INVESTORS

The distribution of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer or CAF and issue of the Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer, Letter of Offer, the Abridged Letter of Offer or CAF may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch the Letter of Offer /the Abridged Letter of Offer and CAF only to such Eligible Equity Shareholders who have provided an Indian address to our Company. Those overseas Eligible Equity Shareholders who do not update our records with their Indian address or the address of their duly authorised representative in India, prior to the date on which we propose to dispatch the Letter of Offer /the Abridged Letter of Offer and CAF, shall not be sent the Letter of Offer /the Abridged Letter of Offer and CAF.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that this Draft Letter of Offer was filed with SEBI for observations. Accordingly, the Rights Entitlements or Rights Equity Shares may not be offered or sold, directly or indirectly, and this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer or any offering materials or advertisements in connection with the Issue may not be distributed, in whole or in part, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer or the Abridged Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Draft Letter of Offer, Letter of Offer and the Abridged Letter of Offer must be treated as sent for information only and should not be acted upon for subscription to the Rights Equity Shares and should not be copied or redistributed. Accordingly, persons receiving a copy of this Draft Letter of Offer, the Letter of Offer or the Abridged Letter of Offer should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send this Draft Letter of Offer, the Letter of Offer or the Abridged Letter of Offer in or into any jurisdiction where to do so, would or might contravene local securities laws or regulations. If this Draft Letter of Offer, Letter of Offer or the Abridged Letter of Offer is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlements referred to in this Draft Letter of Offer, Letter of Offer and the Abridged Letter of Offer. Envelopes containing the CAF should not be dispatched from the jurisdiction where it would be illegal to make an offer and all the person subscribing for the Rights Equity Shares in the Issue must provide an Indian address.

Any person who makes an application to acquire the Rights Entitlements or the Rights Equity Shares offered in the Issue will be deemed to have declared, represented, warranted and agreed that he is authorised to acquire the Rights Entitlements or the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in his jurisdiction.

We, the Registrar, the Lead Manager or any other person acting on behalf of us reserve the right to treat any CAF as invalid where we believe that such CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements and we shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such CAF.

Neither the delivery of this Draft Letter of Offer, Letter of Offer, the Abridged Letter of Offer nor any sale hereunder, shall, under any circumstances, create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Draft Letter of Offer, Letter of Offer and the Abridged Letter of Offer or the date of such information.

The contents of this Draft Letter of Offer should not be construed as legal, tax or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of the offer of Rights Equity Shares or Rights Entitlement. As a result, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of Rights Equity Shares. In addition, neither our Company nor the Lead Manager is making any representation to any offeree or purchaser of the Rights Equity Shares regarding the legality of an investment in the Rights Equity Shares by such offeree or purchaser under any applicable laws or regulations.

NO OFFER IN THE UNITED STATES

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the Securities Act, or any U.S. state securities laws and may not be offered, sold, resold or otherwise transferred within the United States of America or the territories or possessions thereof ("**United States**" or "**U.S.**") or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act). The offering to which this Draft Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlement for sale in the United States or as a solicitation therein of an offer to buy any of the Rights Equity Shares or Rights Entitlement. There is no intention to register any portion of the Issue or any of the securities described herein in the United States or to conduct a public offering of securities in the United States. Accordingly, this Draft Letter of Offer, Letter of Offer/Abridged Letter of Offer and the CAF should not be forwarded to or transmitted in or into the United States at any time. In addition, until the expiry of 40 days after the commencement of the Issue, an offer or sale of Rights Entitlements or Rights Equity Shares within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the Securities Act.

Neither our Company nor any person acting on our behalf will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company or any person acting on our behalf has reason to believe is, either a U.S. Person or otherwise in the United States when the buy order is made. Envelopes containing a CAF should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer. No payments for subscribing to the Rights Equity Shares shall be made from US bank accounts and all persons subscribing to the Rights Equity Shares in the Issue and wishing to hold such Rights Equity Shares in registered form must provide an address for registration of these Rights Equity Shares in India. Our Company is making the Issue on a rights basis to Eligible Equity Shareholders and the Letter of Offer /the Abridged Letter of Offer and the CAF will be dispatched only to Eligible Equity Shareholders who have provided an Indian address to our Company. Any person who acquires Rights Entitlements and the Rights Equity Shares will be deemed to have declared, represented, warranted and agreed, by accepting the delivery of this Draft Letter of Offer, the Letter of Offer, that, (i) it is not and that at the time of subscribing for such Rights Equity Shares or acquiring the Rights Entitlements, it will not be, in the United States; (ii) it is not a U.S. Person and does not have a registered address (and is not otherwise located) in the United States when the buy order is made; and (iii) it is authorised to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations.

Our Company reserves the right to treat any CAF as invalid which: (i) does not include the certification set out in the CAF to the effect that the subscriber is not a U.S. Person and does not have a registered address (and is not otherwise located) in the United States and is authorised to acquire the Rights Equity Shares or Rights Entitlement in compliance with all applicable laws and regulations; (ii) appears to us or our agents to have been executed in or dispatched from the United States; (iii) appears to us or our agents to have been executed by a U.S. Person; (iv) where a registered Indian address is not provided; or (v) where our Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements; and our Company shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such CAF. Our Company is informed that there is no objection to a United States shareholder selling its Rights Entitlements in India. However, Rights Entitlements may not be transferred or sold to any person in the United States.

CERTAIN CONVENTIONS, PRESENTATION OF FINANCIAL, EXCHANGE RATE AND MARKET DATA

Certain Conventions

Unless otherwise specified or the context otherwise requires, all references in this Draft Letter of Offer to (i) the 'US' or 'U.S.' or the 'United States' are to the United States of America and its territories and possessions; (ii 'India' are to the Republic of India and its territories and possessions; and the 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, Central or State, as applicable. In this Draft Letter of Offer, references to the singular also refer to the plural and one gender also refers to any other gender, where applicable.

Financial Data

Unless otherwise indicated or required by context, the financial data in this Draft Letter of Offer is derived from our Restated Financial Statements. The Restated Financial Statements as at and for the nine months period ended December 31, 2019, the Financial Year ended March 31, 2019 and for the Financial Period 2018 have been prepared in terms of the requirements of Section 26 of Part I of Chapter III of the Companies Act, 2013, SEBI ICDR Regulations, and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India, as amended from time to time.

Our Company was incorporated on February 8, 2017 and accordingly, in accordance with the Companies Act, 2013, our Company's first audited financial statements were prepared for the Financial Period 2018 i.e. from February 8, 2017 to March 31, 2018. Further, for the Financial Period 2018, business operations only commenced from October 1, 2017 upon the Scheme of Amalgamation being effective. Accordingly, our financial information for the nine months period ended December 31, 2019, the Financial Years ended March 31, 2019 and as at for the Financial Period 2018 are not comparable.

Our Company's audited financial statements for the Financial Period 2018 and Fiscal 2019 were audited by the predecessor auditor, namely, Batliboi, Purohit & Darbari, Chartered Accountants. For details, see "*General Information*" on page 49.

Certain non-GAAP measures such as net worth, return on net worth, net asset value per equity share, ratio of total borrowings/ total equity and earnings before interest, taxes, depreciation and amortization, disclosed in this Draft Letter of Offer, are not measures of operating performance or liquidity defined by Indian GAAP and may not be comparable to similarly titled measures presented by other companies.

The Statutory Auditors have neither audited, reviewed nor examined the prospective working capital related financial information of our Company and working capital projections of our Company as disclosed in "*Objects of the Issue*" on page 63.

In this Draft Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off and unless otherwise specified, all financial numbers in parenthesis represent negative figures.

Unless stated otherwise, throughout this Draft Letter of Offer, all figures have been expressed in Rupees in lakhs.

Currency and Units of Presentation

All references to:
- "Rupees" or " ₹" or "INR" or "Rs." are to Indian Rupee, the official currency of the Republic of India;
- "USD" or "US$" are to United States Dollar, the official currency of the United States; and

Our Company has presented certain numerical information in this Draft Letter of Offer in "lakh" units.

Please note:
- One million is equal to 10,00,000/10 lakhs;
- One billion is equal to 1,000 million; and
- One lakh is equal to 100 thousand.

Exchange Rates

This Draft Letter of Offer contains conversion of certain other currency amounts into Indian Rupees. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between Rupee and US$ (in Rupees per US$);

(Amount in ₹, unless otherwise specified)

Currency	**As at**		
	December 31, 2019	**March 31, 2019***	**March 31, 2018****
1US$	71.27	69.17	65.04

Source: www.fbil.org and www.rbi.org.in

* *Exchange rate as on March 29, 2019, as FBIL reference rate is not available for March 30, 2019 and March 31, 2019 being a Saturday and Sunday, respectively.*

** *Exchange rate as on March 28, 2018, as RBI reference rate is not available for March 31, 2018, March 30, 2018 and March 29, 2018 being a Saturday and public holidays, respectively.*

Industry and Market Data

Unless stated otherwise, certain information in "*Industry Overview*" and "*Our Business*" on pages 77 and 108, respectively, of this Draft Letter of Offer has been obtained or derived from the report titled "*Retailing Annual Review*" dated February 2020 prepared by CRISIL.

The CRISIL Research reports contain the following disclaimer:

"*CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this report titled "Retailing Annual Review" (Report) dated February 2020 based on the Information obtained by CRISIL from sources which it considers reliable (Data). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report. This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. CRISIL especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of this Report. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. Spencer's Retail Limited will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division / CRISIL Risk and Infrastructure Solutions Ltd (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL's Ratings Division / CRIS. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval*"

Although we believe that the industry and market data used in this Draft Letter of Offer is reliable, it has not been independently verified by us or the Lead Manager and neither our Company nor the Lead Managers make any representation as to the accuracy of that 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. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "*Risk Factors*" on page 20. Accordingly, investment decisions should not be based solely on such information.

The extent to which the market and industry data used in this Draft Letter of Offer 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 the business of our Company is conducted, and methodologies and assumptions may vary widely among different industry sources.

FORWARD LOOKING STATEMENTS

Certain statements in this Draft Letter of Offer are not historical facts but are "forward-looking" in nature. Forward looking statements appear throughout this Draft Letter of Offer, including, without limitation, under the sections titled "*Risk Factors*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Industry Overview*" and "*Our Business*". Forward-looking statements include statements concerning our Company's plans, objectives, goals, strategies, future events, future revenues or financial performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, our Company's competitive strengths and weaknesses, our Company's business strategy and the trends our Company anticipates in the industries and the political and legal environment, and geographical locations, in which our Company operates, and other information that is not historical information.

Words such as "aims", "anticipate", "believe", "could", "continue", "estimate", "expect", "future", "goal", "intend", "is likely to", "may", "plan", "predict", "project", "seek", "should", "targets", "would" and similar expressions, or variations of such expressions, are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

By their nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved.

These risks, uncertainties and other factors include, among other things, those listed under "*Risk Factors*", as well as those included elsewhere in this Draft Letter of Offer. Prospective investors should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors *inter alia* include, but are not limited, to:

- Inability to continue to as per our brand objective "Makes fine living affordable" and offer products and prices pursuant to our brand strategy
- Outbreak of COVID-19 and its impact on our business
- Expansion of stores
- Competition
- Inability to understand prevailing global trends or to forecast changes

For a further discussion of factors that could cause the actual results to differ, see "*Risk Factors*" on page 20. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither we, nor the Lead Manager make any representation, warranty or prediction that the result anticipated by such forward looking statement will be achieved, and such forward looking statements represent, in each case, only one of the many possible scenarios and should not be viewed as the most likely or standard scenario. Neither we, nor the Lead Manager nor any of their affiliates or advisors have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI and Stock Exchanges' requirements, our Company and the Lead Manager shall ensure that the Eligible Equity Shareholders in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges for the Rights Equity Shares.

SUMMARY OF THE OFFER DOCUMENT

The following is a general summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Draft Letter of Offer, including, the sections entitled *"Risk Factors", "Objects of the Issue", "Our Business" and "Terms of the Issue"* on pages 20, 63, 108 and 248 respectively.

<table>
<tr><td>Primary business of our Company</td><td>Spencer's is one of the leading multi-format omni-channel retailer in India, catering to the needs of the upmarket urban consumers for daily fresh food to world food and ingredients. We operate retail stores (primarily in food and grocery) across various formats, selling products in various categories including food, fashion, general merchandise, homeware, consumer durables and electrical. Pursuant to our philosophy, "Makes Fine Living Affordable", we cater to aspirational segments of the Indian population across various socio-economic classes ("SEC") by providing them with a wide range of quality merchandise at competitive prices. The key tenet of our merchandising strategy is to offer differentiated products in food and non-food categories at fair-market prices. We make global products locally available and local products conveniently available. In effect, we endeavor to be a one-stop-shop for our customers and their families. Customer service also is key to our offering, and we aspire to provide best-in-class instore customer experience.</td></tr>
<tr><td>Industry in which our Company operates</td><td>We operate in the retail industry. For details see, "Industry Overview" on page 77.</td></tr>
<tr><td>Names of the Promoter</td><td>Sanjiv Goenka and Rainbow Investments Limited</td></tr>
<tr><td>Issue size</td><td>Issue of up to [●] Rights Equity Shares for cash at price of ₹ [●] per Equity Share aggregating up to ₹ 8,000.00 lakhs.</td></tr>
<tr><td>Objects of the Issue</td><td>The Net Proceeds are currently expected to be deployed in accordance with the schedule set forth below:
(in ₹ lakh)
<table>
<tr><th>Particulars#</th><th>Total Estimated Cost</th><th>Amount already incurred as on March 31, 2020</th><th>Amount which will be financed from Net Proceeds</th><th>Estimated Utilisation of Net Proceeds Fiscal 2021</th></tr>
<tr><td>To meet working capital requirements#</td><td>6,000.00</td><td>-</td><td>6,000.00</td><td>6,000.00</td></tr>
<tr><td>General corporate purpose*</td><td>[●]</td><td>-</td><td>[●]</td><td>[●]</td></tr>
<tr><td>Total</td><td>[●]</td><td>-</td><td>[●]</td><td>[●]</td></tr>
</table>
* To be finalised upon determination of Issue Price and updated in the Letter of Offer prior to filing with the Stock Exchanges. The amount shall not exceed 25% of the Gross Proceeds.
# As certified by M/S B.K. Dutta & Co., Chartered Accountants by way of their certificate dated May 9, 2020.</td></tr>
<tr><td>Aggregate pre-Issue shareholding of our Promoters and Promoter Group as percentage of our paid-up Equity Share capita</td><td>The aggregate pre-Issue shareholding of our Promoters and Promoter Group as a percentage of the pre-Issue paid-up Equity Share capital of the Company, as on December 31, 2019, is set out below:
<table>
<tr><th>Sr. No.</th><th>Name of shareholder</th><th>Number of Equity Shares</th><th>% of total pre-Issue paid-up Equity Share capital</th></tr>
<tr><td colspan="4">(A) Promoters</td></tr>
<tr><td colspan="2">Sanjiv Goenka</td><td>80,876</td><td>0.10</td></tr>
<tr><td colspan="2">Rainbow Investments Limited</td><td>3,80,32,979</td><td>47.82</td></tr>
<tr><td colspan="2">Total (A)</td><td>3,81,13,855</td><td>47.92</td></tr>
<tr><td colspan="4">(B) Promoter Group</td></tr>
<tr><td colspan="2">Avarna Jain</td><td>300</td><td>0.00</td></tr>
<tr><td colspan="2">Preeti Goenka</td><td>15,133</td><td>0.02</td></tr>
<tr><td colspan="2">Shashwat Goenka</td><td>66,844</td><td>0.08</td></tr>
<tr><td colspan="2">Alipore Towers Private Limited</td><td>Nil</td><td>Nil</td></tr>
<tr><td colspan="2">ACE Applied Software Services Private Limited</td><td>Nil</td><td>Nil</td></tr>
<tr><td colspan="2">APA Services Private Limited</td><td>Nil</td><td>Nil</td></tr>
<tr><td colspan="2">Best Apartments Private Limited</td><td>Nil</td><td>Nil</td></tr>
<tr><td colspan="2">Brabourne Investments Limited</td><td>Nil</td><td>Nil</td></tr>
<tr><td colspan="2">Castor Investments Limited</td><td>12,00,584</td><td>1.51</td></tr>
<tr><td colspan="2">CESC Limited</td><td>Nil</td><td>Nil</td></tr>
<tr><td colspan="2">CESC Ventures Limited</td><td>Nil</td><td>Nil</td></tr>
</table></td></tr>
</table>

Composure Services Private Limited	Nil	Nil
Devise Properties Private Limited	Nil	Nil
Dotex Merchandise Private Limited	24,801	0.03
Duncan Brothers & Co. Limited	Nil	Nil
Dynamic Success Projects Private Limited	Nil	Nil
Eastern Aviation and Industries Private Limited	Nil	Nil
Easy Fincorp Limited	Nil	Nil
Esgee Apex Trust	Nil	Nil
Esgee Estates Trust	Nil	Nil
Esgee Family Trust	Nil	Nil
Esgee Growth Trust	Nil	Nil
Esgee Holdings Trust	Nil	Nil
Esgee Legacies Trust	Nil	Nil
Harrisons Malayalam Limited	Nil	Nil
Highway Apartments Private Limited	Nil	Nil
Indent Investments Private Limited	Nil	Nil
Integrated Coal Mining Limited	6,45,218	0.81
Kolkata Metro Networks Limited	1,71,000	0.22
Kutub Properties Private Limited	Nil	Nil
Organised Investments Limited	Nil	Nil
Phillips Carbon Black Limited	10,11,718	1.27
Phillips Carbon Black Cyprus Holdings Limited	Nil	Nil
Phillips Carbon Black Vietnam Joint Stock Company	Nil	Nil
Rubberwood Sports Private Limited	Nil	Nil
RPG Hospitex Limited	Nil	Nil
RPG Industries Private Limited	Nil	Nil
RPG Resorts Limited	Nil	Nil
RPG Power Trading Company Limited	Nil	Nil
Shaft Investments Private Limited	Nil	Nil
Sarala Real Estate Limited	Nil	Nil
Sanjiv Goenka (HUF)	7,377	0.01
Saregama India Limited	7,55,992	0.95
Spencer & Company Limited	Nil	Nil
Shree Krishna Chaitanya Trading Co. Private Limited	Nil	Nil
Shreeya Warehousing and Logistics Private Limited	Nil	Nil
Stel Holdings Limited	14,96,082	1.88
Style File Events Limited	Nil	Nil
Trade Apartments Limited	Nil	Nil
Tinnevelly Tuticorin Investments Limited	Nil	Nil
Woodlands Multispecialty Hospital Limited	Nil	Nil
Total (B)	**53,95,049**	**6.78**
Total (A+B)	**4,35,08,904**	**54.70**

Select Financial Information

The details of our Equity Share capital, net worth, the net asset value per Equity Share and total borrowings as at December 31, 2019, March 31, 2019, March 31, 2018 derived from the Restated Financial Statements are as follows:

(*in ₹ lakhs*)

Particulars	As at December 31, 2019	As at March 31, 2019	As at March 31, 2018
Equity Share capital	3,976.71	3,976.71	-
Equity Share capital Suspense*	-	-	3,976.71
Net worth	(24,042.55)	(3,040.75)	(1,997.99)
Net asset value per Equity Share	40.35	50.96	119.67

Total borrowings (as per balance sheet)	21,060.86	-	-

Issued pursuant to the Scheme of Arrangement and pending for allotment

For further details, please see "*Other Financial Information*" on page 201.

The details of our total income, earnings/(loss) per Equity Share (basic and diluted) and total comprehensive income/loss for the nine months period ended December 31, 2019 and for the Financial Year 2019 and for the Financial Period 2018 derived from the Restated Financial Statements are as follows:

(*in ₹ lakhs, except per share data*)

Particulars	For the nine months period ended December 31, 2019	For Financial Year 2019	For Financial Period 2018
Total income	2,01,943.88	2,21,532.98	1,02,110.37
Profit/(loss) for the period	(8,436.00)	(903.63)	(1,989.02)
Earnings per Share			
Basic	(10.61)	(1.14)	(5.73)
Diluted	(10.61)	(1.14)	(5.73)
Total comprehensive income/ (loss) for the period	(8,440.16)	(1,042.76)	(2,018.46)

For further details, please see "*Other Financial Information*" on page 201.

Qualifications in the audit reports which have not been given effect to the Restated Financial Statements

There were no qualifications in the audit reports which require corrective adjustments and which have not been given effect to in the Restated Financial Statements.

Summary table of the outstanding litigations as on date of this Draft Letter of Offer and cross reference to the relevant disclosures

Litigation involving our Company

Type of Proceeding	Number of cases	Amount, to the extent quantifiable/ determinable (in ₹ lakhs)*
Material civil proceedings	1	2,852.32
Criminal proceedings	72	-*
Regulatory/ statutory proceedings	4	131.43
Taxation proceedings	22	1,262.15

Not quantifiable/ determinable

Litigation involving our Promoters

Type of Proceeding	Number of cases	Amount, to the extent quantifiable/ determinable (in ₹ lakhs)*
Material civil proceedings	1	2,852.32
Criminal proceeding	1	-*
Tax Proceedings	2	235.73

Not quantifiable/ determinable

Litigation involving our Directors

Type of Proceeding	Number of cases	Amount, to the extent quantifiable/ determinable (in ₹ lakhs)*
Material civil proceedings	1	2,852.32
Criminal proceeding	1	-*
Tax Proceedings	2	235.73

Not quantifiable/ determinable

For further details, see *"Outstanding Litigations and Material Developments"* on page 235.

Summary table of the contingent liabilities as per Ind AS 37 and a cross references to the contingent

Contingent Liabilities and Commitments

(*in ₹ lakhs*)

Particulars	As at December 31, 2019	As at March 31, 2019
Sales tax / value added tax (VAT) demands under appeal	1,161.02	1,027.87

<table>
<tr><td>liabilities of the issuer as derived from the Restated Financial Statements</td><td>
<table>
<tr><td>Service tax demands under appeal</td><td>553.89</td><td>553.89</td></tr>
<tr><td>Claims against the group not acknowledged as debt</td><td>4,700.14</td><td>4,612.40</td></tr>
</table>
For details of the contingent liabilities of the Company as per Ind AS 37, see “Financial Information” on page 158.</td></tr>
<tr><td>Risk Factors</td><td>For details of the risks applicable to us, see “Risk Factors” on page 20.</td></tr>
<tr><td>Summary of related party transactions as per Ind AS 24 for the last three years</td><td>A summary of related party transactions entered into by our Company with our Subsidiaries, Key managerial personnel and other related parties are as follows:
(₹ in lakhs)
<table>
<tr><th>Particulars</th><th>For the nine months period ended December 31, 2019</th><th>Financial Year 2019</th><th>Financial Period 2018</th></tr>
<tr><td colspan="4">Transaction with Entity under same Control</td></tr>
<tr><td>Sale of goods</td><td>276.90</td><td>110.36</td><td>51.68</td></tr>
<tr><td>Purchases of stock-in-trade</td><td>311.25</td><td>288.38</td><td>106.21</td></tr>
<tr><td>Rendering of services</td><td>845.75</td><td>801.59</td><td>66.48</td></tr>
<tr><td>Electricity expenses</td><td>162.75</td><td>170.14</td><td>60.06</td></tr>
<tr><td>Payable for purchases of property and other assets</td><td>-</td><td>-</td><td>4.68</td></tr>
<tr><td>Recovery of expenses incurred</td><td>20.91</td><td>458.88</td><td>318.67</td></tr>
<tr><td>Rent expenses</td><td>595.26</td><td>677.29</td><td>329.97</td></tr>
<tr><td>Security deposits paid</td><td>4.59</td><td>1.82</td><td>107.94</td></tr>
<tr><td>Security deposits received</td><td>-</td><td>1.93</td><td>61.67</td></tr>
<tr><td colspan="4">Key Managerial Personnel</td></tr>
<tr><td>Short term employee benefits</td><td>810.38</td><td>171.86</td><td>-</td></tr>
<tr><td>Retirement benefits</td><td>23.66</td><td>16.86</td><td>-</td></tr>
<tr><td>Reimbursement of expenses</td><td>24.58</td><td>7.01</td><td>-</td></tr>
<tr><td>Sitting fees to directors</td><td>36.00</td><td>8.00</td><td>-</td></tr>
</table>
For details of the related party transactions of our Company as per Ind AS 24, see “Related Party Transactions” on page 156.</td></tr>
<tr><td>Details of all financing arrangements whereby our Promoters, members of the Promoter Group, directors of the corporate Promoters, 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 by a financing entity during the period of six months immediately preceding the date of this Draft Letter of Offer</td><td>Our Promoters, members of our Promoter Group, our Directors and their relatives have not financed the purchase by any other person of securities of our Company other than in the normal course of the business by a financing entity during the period of six months immediately preceding the date of this Draft Letter of Offer.</td></tr>
<tr><td>Average cost of acquisition of shares for Promoters</td><td>The average cost of acquisition of Equity Shares held by our Promoters is as follows:
<table>
<tr><th>Name of Promoter</th><th>Average cost of acquisition per Equity Share (in ₹)#</th></tr>
<tr><td>Sanjiv Goenka</td><td>N/A*</td></tr>
<tr><td>Rainbow Investments Limited</td><td>10.48</td></tr>
</table></td></tr>
</table>

	**Allotment made vide a Scheme of Arrangement.* *# As certified by M/s B.K. Dutta & Co., Chartered Accountants by way of their certificate dated May 9, 2020.*
Size of pre-IPO placement and allottees, upon completion of the placement	Not Applicable.
Any issuances of Equity Shares made in the last one year for consideration other than cash	Our Company has not issued any Equity Shares in the last one year for consideration other than cash.
Any split/consolidation of Equity shares in the last one year	Our Company has not split or consolidated the face value of the Equity Shares in the last one year.

SECTION II - RISK FACTORS

An investment in Equity Shares involves a high degree of risk. Investors should carefully consider all the information in this Draft Letter of Offer, including the risks and uncertainties described below, before making an investment in the Equity Shares. The risks described below are not the only risks relevant to our Company's business, operations or the Equity Shares, but also to the industry and segments in which we operate or propose to operate. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may also impair our business, results of operations, cash flows and financial condition. If any of the following risks, or other risks that are not currently known or are currently deemed immaterial, actually occur, our business, results of operations, cash flows and financial condition could be adversely affected, the trading price of the Equity Shares could decline, and investors may lose all or part of their investment. To obtain a complete understanding of our Company, prospective investors should read this section in conjunction with "Our Business", "Industry Overview" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 108, 77 and 204, respectively, as well as the financial, statistical and other information contained in this Draft Letter of Offer. In making an investment decision, investors must rely on their own examination of us and our business and the terms of the Issue including the merits and risks involved. Potential investors should consult their tax, financial and legal advisors about the particular consequences of investing in the Issue.

This Draft Letter of Offer also contains certain forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Letter of Offer. For further information, see "Forward-Looking Statements" on page 14.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section. Unless otherwise indicated or the context requires otherwise, the financial information included herein is derived from our Restated Financial Statements included in this Draft Letter of Offer. For further information, see "Financial Information" on page 158.

Unless otherwise indicated, industry and market data used in this section has been derived from industry publications and other publicly available information, including, in particular, the report "Retail Annual Review" prepared and issued by CRISIL Limited. Neither we, nor the Lead Manager, nor any other person connected with the Issue has independently verified this information.

INTERNAL RISK FACTORS

1. ***If we are unable to continue to as per our brand objective "Makes fine living affordable" and offer products and prices pursuant to our brand strategy, we risk losing our distinct advantage and a substantial portion of our customers which will adversely affect our business, financial condition, cash flows and results of operations.***

   One of our key strengths has been our ability to offer our customers affordable fine living and consequently greater savings. This has been possible in part due to our strong supplier relationships and our pricing strategies. However, there are instances, when we face supply and pricing challenges, for reasons mostly beyond our control, such as supply shortages by the manufacturer, monopoly of products and competition in retail sector. While we try to reduce our margins in such instances, there are commercial limitations to this approach and we may not always be able to offer our products at price points which represent value for money, a key attraction for a majority of our target customer base. Moreover, our competitors may have a significant pricing advantage in specific markets owing to various factors including differing scales of operations and the sizes of their distribution centres.

   There can be no assurance that supply shortages and price hikes will not take place in the future. If we are unable to maintain our competitive pricing and are not able to effectively respond to competition from existing retailers and prospective entrants, it will adversely affect our business, cash flows, results of operations and financial condition.

2. ***Our business could be materially and adversely affected by the outbreak of COVID-19 virus.***

   Our business could be materially and adversely affected by the outbreak of COVID-19, commonly known as novel coronavirus in India. India has already confirmed several cases of COVID-19 virus. The World

Health Organization has declared the COVID-19 outbreak a health emergency of international concern and has categorised the COVID-19 virus outbreak as a pandemic. In order to contain the spread of COVID-19 virus, the Government of India has declared a lockdown of the country, which includes severe travel and transport restriction and directive to all citizens to not move out of their respective houses unless essential. Whilst the lockdown excludes certain essentials such as grocery shops, it has caused disruption in relation to availability, supply and transportation of products in our stores, operation of our stores by staff amidst lockdown and transportation restriction, foot-fall of customers in our stores and maintenance of demand-supply balance. Further, our store employees and other operations staff would run the risk of getting affected by COVID-19 through exposure to public in store. This in turn is likely to adversely affect our business, financial condition and results of operations.

The Company has made initial assessment of likely adverse impact on economic environment in general, and financial risks on account of COVID-19. The Company is in the business of organised retail which majorly deals with an essential service as emphasised by the Government. With the lockdown in force in the country, the ability of customers to reach the company's stores is limited, in response of which the company has launched alternate means and platforms for its customers to place orders and purchase their requirements, in addition to its online presence.

Further, the lockdown has also led to companies like ours asking our employees to work from home. While every effort is being made to ensure normal operations of our Company, no assurance can be made that our technological systems will function smoothly while our employees work from home. If such a situation continues for extended period to time in future, reduced physical contact with customers and/or inadequacy of technological systems to support all normal operations under work from situation may adversely impact our business operations. There is no assurance that the present lockdown will not be extended, which will further adversely affect our business, cash flows, financial condition and results of operations.

The COVID-19 outbreak is ongoing and the actual extent of the outbreak and its impact on the economy globally in general and in India, in particular remains uncertain at this point in time and may turn severe in future. 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. If the outbreak of any of these epidemics or other severe epidemics, continues for an extended period, occur again and/or increases in severity, it could have an adverse effect on economic activity worldwide, including India, and could materially and adversely affect our business, cash flows, financial condition and results of operations and the trading price of the Equity Shares and other securities. Similarly, any other future public health epidemics or outbreak of avian or swine influenza or other contagious disease in India could also materially and adversely affect our business, cash flows, results of operations and financial condition.

3. We have incurred losses in the past, which may adversely impact our business and the value of the Equity Shares.

We have in the past incurred losses. For the period nine months ended December 31, 2019 and Financial Period 2018, our loss for the period was ₹ (8,436.00) lakhs and ₹ (1,989.02) lakhs, respectively. Our net losses for the period nine months ended December 31, 2019 have been primarily on account of overall slowdown of the economy and increase in expenses pertaining to acquisition of Natures Basket Limited. Our ability to operate profitably depends upon a number of factors, some of which are beyond our direct control. These factors include, but are not limited to, competition, customer taste and preferences. If we continue to incur losses, our business and the value of the Equity Shares could be adversely affected. Further, we have not been able to make dividend payments in the past and our ability to pay dividends in the future will depend upon various factors. There can be no assurance that we will, or have the ability to, declare and pay any dividends on the Equity Shares in the near future. The declaration, payment and amount of any future dividends are subject to the discretion of the Board and will depend upon a number of factors, including our Company's results of operations, future earnings, profitability, capital requirements and surplus, general financial conditions, contractual restrictions, applicable Indian law restrictions and other factors considered relevant by our Board. For more details, see "*Dividend Policy*" on page 157.

4. ***If we are unable to enter into new leasehold or rental agreements for locations suitable for expansion of our stores or distribution centres, or we may be unable to renew our existing leasehold or rental agreements for our current stores and distribution centres, it may adversely affect our expansion and growth plans.***

As of December 31, 2019, we have 196 stores across 11 states, one union territory and 42 cities. As we expand our store network, we will be exposed to various challenges, including those relating to identification of potential markets and suitable locations for our new stores, obtaining leases for such stores, competition, different cultures and customer preferences, regulatory regimes, business practices and customs. As a new store location should satisfy various parameters to make an attractive commercial proposition, finalisation of location and property acquisition for our new stores is an evolving process which may not progress at the same pace as in the past or at the expected pace. If we are unable to identify and obtain suitable locations for our expansion and enter into leasehold or rental agreements on terms commercially beneficial to us, or at all, it may adversely affect our expansion and growth plans.

We do not own any of the premises in which our stores and distribution centres are situated, and these are operated on a leasehold/ leave and license basis. Our office premises are also on leasehold basis. Such leasehold/ leave and license basis arrangements may require renewal or escalations in rentals/ license fee from time to time during the lease/ license period. If we are unable to renew the relevant lease/ leave and license agreements on favourable terms, or at all, we may be required to relocate operations and incur additional costs in such relocation. We may also face the risk of being evicted in the event that our landlords allege a breach on our part of any terms under these lease/ leave and license agreements and there is no assurance that we will be able to identify suitable locations to re-locate our operations. In past, we have been involved in litigations relating to leasehold/ licensed premises including for eviction. These may cause a disruption in our operations or result in increased costs, or both, which may materially and adversely affect our business, results of operations, cash flows and financial condition.

5. ***In case we are not able to maintain optimum levels of inventory in our stores, it may impact our operations adversely.***

We estimate our sales based on the forecast, demand and requirements for the forthcoming season. In general, the orders are placed well in advance before the actual delivery of products in the stores. An optimal level of inventory is important to our business as it allows us to respond to customer demand effectively and to maintain a full range of products at our stores. We currently function on inventory levels *akin* to the market standard. To improve our line capability, we try to stock our inventory in our distribution centres due to limitations of space in our stores. Ensuring shelf availability of our products requires prompt turnaround time and a high level of coordination across suppliers, distribution centres or stores and staff.

Natural disasters such as earthquakes, floods or droughts, or natural conditions such as pandemic, crop disease, pests or soil erosion, may adversely impact the supply of fresh products and local transportation leading to temporary disruption in the business. The present COVID 19 pandemic has affected our supply chain across all locations of our operation. We do not have long term agreements with our suppliers, and we obtain products based on purchase orders. Should our supply of products be disrupted, we may not be able to procure an alternate source of supply of products in time to meet the demands of our customers, or we may not be able to procure products of equal quality or on equally competitive terms, or at all. Such disruption to supply would materially and adversely affect our business, profitability, customer confidence and expectation and reputation. In addition, disruptions to the delivery of products to our distribution centres and stores may occur for reasons such as poor handling, transportation bottlenecks, or labour or transport strikes, which could lead to delayed or lost deliveries or damaged products and disrupt supply of products. Further, for some of our merchandise and apparel, we have limited distribution centres for supply to our stores. If operations at such distribution centres are affected for any reason, our supply chain for all our stores in respect of such merchandise will be adversely affected.

Although there are checks to avoid under-stocking and over-stocking, our estimates and forecasts are not always accurate. If we over-stock inventory, our capital requirements will increase and we will incur additional financing costs. If we under-stock inventory, our ability to meet customer demand and our operating results may be adversely affected. Any mismatch between our planning and actual consumer consumption could lead to potential excess inventory or out-of-stock situations, either of which could have an adverse effect on our business, cash flows, financial condition and results of operation.

6. ***We depend on third parties for our logistics and transportation needs. Any disruptions in the same may adversely affect our operations, business, cash flows and financial condition.***

We do not have an in-house transportation facility and we rely on third party transportation and other logistic facilities at every stage of our business activity including for procurement of products from our suppliers and for transportation from our distribution centres to various stores. We have entered into agreements with third party transport service providers and depend on them for supply of goods. Although we have insurance for transit of goods, and typically the transportation agreements have provision for damages, since the cost of our goods carried by third party transporters is typically much higher than the consideration paid for transportation, it may be difficult for us to recover damages for damaged, delayed or lost goods.

Our operations and profitability are dependent upon the availability of transportation and other logistic facilities in a time and cost-efficient manner. Accordingly, our business is vulnerable to increased transportation costs, transportation strikes and lock-outs, shortage of labour, delays and disruption of transportation services for events such as weather related problems and accidents. Further, movement of goods encounters additional risks such as accidents, pilferage, spoilage, shrinkage and our inability to claim insurance may adversely affect our operations, results of operations and financial condition.

Although we have not experienced any material logistics and transport related disruptions in the past, any prolonged disruption or unavailability of such facilities in a timely manner could result in delays or non-supply or may require us to look for alternative sources which may not be cost-effective, thereby adversely affecting our operations, results of operations, cash flows and financial condition,.

7. ***The strategic location of our stores is one of the means of attracting customers. Any development impairing the success and viability of our stores could adversely affect our business, financial condition and results of operations.***

Our stores are typically located in densely populated residential areas and neighbourhoods, keeping in mind accessibility and potential for future development. Sales are derived, in part, from the volume of footfalls in these locations. Store locations may become unsuitable and our sales volume and customer traffic may be adversely affected by various factors such as, changes in primary occupancy in a particular area from residential to commercial, competition from nearby retailers and unorganised kirana shops, changing customer demographics, fast changing lifestyle of customers, change in choices, taste and preference of customers in a particular market and the popularity of other businesses located near our stores. This could result in material and adverse effect on our business, cash flows, results of operations and financial condition.

8. ***If we are unable to effectively manage the growth associated with the expansion and setting up of new stores, our business and profitability may be adversely affected.***

Our business and operations have grown in recent years. We expanded our retail network to 196 stores as of December 31, 2019 across 11 states, one union territory and 42 cities, and we intend to open more stores in clusters within our existing geographies i.e. north, south and east India, in the future as part of our strategy. As of December 31, 2019, we have 14 distribution centres. Our revenue from operations have increased by 116.11% from the Financial Period 2018 to Fiscal 2019.

Our Company entered into a share purchase agreement dated May 17, 2019, as amended on July 4, 2019, with Godrej Industries Limited and Natures Basket Limited ("**NBL SPA**"). Pursuant to the NBL SPA, our Company acquired 44,58,30,000 fully paid up equity shares of NBL comprising 100% of its equity shareholding, from Godrej Industries Limited, for such consideration as disclosed in the NBL SPA. The acquisition was completed on July 4, 2019. Pursuant to the acquisition, NBL became a wholly owned subsidiary of our Company. As on December 31, 2019, Natures Basket Limited operates with 33 stores with trading area of 90,969 square feet having differentiated and premium stores, which gave our Company access to western India market. NBL may not be profitable and may have unidentified issues not discovered in our due diligence process including hidden liabilities and legal contingencies or may not achieve sales levels and profitability that justify the investments made. Although we believe that NBL does not have any hidden liabilities/ contingencies, however, it may exist. There may be difficulty in integrating, retaining or separating personnel and financial and other systems, and negative impacts on existing business relationships with suppliers and customers. If we fail to successfully source, execute and integrate investments or acquisitions, our overall growth could be impaired, and our business, results of operations, cash flows and financial condition could be adversely affected.

9. As we expand our store network, we will be exposed to various challenges, including those relating to identification of potential markets, different cultures and customer preferences, regulatory regimes and business practices.

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 significant 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. There can also be no assurance that our increased distribution centre capacity will be sufficient to meet the increased requirements of our expanded retail network. In addition, as we enter new markets, we face competition from both organised and unorganised retailers, who may have an established local presence, and may be more familiar with local customers' preferences and needs.

Our location strategy is to expand the store presence in clusters within our existing geographies i.e. north, south and east India.

Successful operation of our new stores depends on a number of factors, including:

- our ability to position our new stores to successfully establish a foothold in new markets and to execute our business strategy in new markets;
- our ability to successfully integrate the new stores with our existing operations and achieve related synergies;
- our ability to introduce an optimal mix of merchandise which successfully meets local customer preferences at attractive prices;
- our ability to negotiate and obtain favourable terms from our suppliers;
- the effectiveness of our marketing campaigns;
- our ability to hire, train and retain skilled personnel;
- the competition that we face from incumbent and new retailers in the region; and
- any government development or construction plans around our planned sites which could have an impact on the external traffic flow to our stores and the timely implementation of such changes.

While we have closed some of our stores due to commercial considerations in the past, if any of our new stores do not break even or achieve the expected level of profitability within our expected timeframe, or at all, our expansion plans and our results of operations, cash flows, financial condition and profitability may be materially and adversely affected and we may decide to close some of our stores. Finally, if we are forced to close any of our stores, we may not be able to realise our investment cost since our stores are custom-built for our business.

Furthermore, setting up of new stores, can also be subject to schedule overrun beyond our control, which can both lead to additional costs and loss of time.

Our historic growth rates or results of operations are not indicative of 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. An inability to effectively manage our expanded operations or pursue our growth strategy may lead to operational and financial inefficiencies, which could have a material adverse effect on our business prospects, cash flows, results of operations and financial condition.

10. Our inability to understand prevailing global trends or to forecast changes well in time or to identify and respond to such emerging trends in consumer preferences, may adversely affect our business.

We offer a wide variety of products within our broad product categories, namely, foods, non-foods and general merchandise, electrical and electronics and apparel to our customers. The markets for some of our products such as home and personal care and apparel are characterised by frequent changes, particularly customer preferences, new products and product variant introductions. We plan our products based on the forecast of customer buying patterns as well as on forecasted trends and customer preferences in the forthcoming seasons. Any mismatch between our forecasts, our planning and the actual purchase by customers can impact us adversely, leading to excess inventory or under- stocking, impacting us adversely.

Customer preferences in the markets we operate in are difficult to predict and changes in those preferences or the introduction of new products by our competitors could put our products at a competitive disadvantage.

In relation to several of our products such as apparel, we depend substantially on our ability to carry new products or those in line with recent trends, to expand our operations and market share. Before we can introduce a new product, we must successfully execute a number of steps, including market research, obtaining registrations for our private brands and merchandising, customer acceptance of our new products, while scaling our vendor and infrastructure networks to increase or change the nature of our inventory. We likewise depend on the successful introduction of new production and manufacturing processes by our vendor partners to create innovative products, achieve operational efficiencies and adapt to technological advances in, or obsolescence of their technology while ensuring that such products continue to remain affordable.

Our continued success depends on our ability to timely anticipate, gauge and react to changes in customer tastes for our products, as well as to where and how customers shop for those products. We must continually work to stock and retail new products, maintain and enhance the recognition of our brands, achieve a favourable mix of products, and refine our approach as to how and where we market and sell our products. While we try to introduce new products or variants, we recognise that customer tastes cannot be predicted with certainty, and that there is no certainty that these will be commercially viable or accepted by our customers. If we are unable to foresee or respond effectively to the changes in market conditions, there may be a decline in the demand for our products, thereby reducing our market share, which could adversely affect our business, results of operations, cash flows and financial condition.

11. We generated a majority of our sales from our stores in West Bengal and any adverse developments affecting our operations in West Bengal could have an adverse impact on our revenue and results of operations.

For the year ended March 31, 2019 and for the period nine month ended December 31, 2019, our stores in West Bengal together substantially contributed towards our total revenue from operations. We may continue to open more stores in West Bengal. Existing and potential competitors to our businesses may increase their focus on West Bengal, which could reduce our market share. For example, our competitors may intensify their efforts in West Bengal to capture a larger market share by launching aggressive promotional campaigns. The concentration of our operations in West Bengal heightens our exposure to adverse developments related to competition, as well as economic, political, demographic and other changes, which may adversely affect our business prospects, financial conditions and results of operations. Any adverse development that affects the performance of West Bengal or distribution centres located in West Bengal could have a material adverse effect on our business, results of operations, cash flows and financial condition. Our past store sales may not be comparable to or indicative of future sales.

12. If we are unable to maintain and enhance the "Spencer's" and "Nature's Basket" brands or our brand reputation falls, our sales may suffer which may adversely affect our business, results of operations, cash flows and financial condition.

We believe that our brands, have over the years, significantly contributed to the success of our business. We depend to a significant extent, upon brand recognition and the goodwill associated with our brands "Spencer's" and "Nature's Basket". The trademarks and brand names are key assets of our Company and maintaining their reputation is critical. Substantial erosion in the value of our Company's brand names could occur due to product recalls, customer complaints, adverse publicity, legal action or other factors, which could have a material adverse effect on our Company's sales and business, results of operation, cash flows and financial condition.

In addition, any unauthorized or inappropriate use of our brand, trademarks and other related intellectual property rights by others in their corporate names or product brands or otherwise could harm our brand image, competitive advantages and business and dilute or harm our reputation and brand recognition. Moreover, we might also be harmed by the actions of or negative press relating to entities which have similar names. Further, if a dispute arises with respect to any of our intellectual property rights or proprietary information, we will be required to produce evidence to defend or enforce our claims, and we may become party to litigation, which may strain our resources and divert the attention of our management. Our Company believes that it has taken appropriate steps to protect our Company's trademark and other intellectual property rights (including those that are pending) but cannot be certain that such steps will be sufficient or that third parties will not infringe or challenge such rights. We cannot assure you that any other infringement claims that are material will not arise in the future or that we will be successful in defending such claims when they arise. Our failure to adequately protect our brand, trademarks and other related intellectual property rights may adversely affect our business, financial condition, results of operations and cash flows.
Maintaining and enhancing our private brands may require us to make substantial investments in areas such as outlet operations, employee training, marketing and advertising, and these investments may not be successful. If our marketing and advertising campaigns are poorly executed, or customers lose confidence in our brand for any reason, it could harm our ability to attract and retain customers.

We anticipate that as our business expands into new markets and as our markets become increasingly competitive, maintaining and enhancing our brands may become increasingly difficult and expensive. Since we have various brands which span different price points, we may not be able to focus or have the resources to market all our brands. Additionally, our presence across various price points would require us to expend efforts and make investments on marketing multiple brands thereby increasing our costs. If we are unable to enhance the visibility of our brands, it would have an adverse effect on our business, competition, results of operation, cash flows and financial condition.

13. Our Company has applied for registration of certain trademarks in its name. Until such registrations are granted, we may not be able to prevent unauthorised use of such trademarks by third parties, which may lead to the dilution of our goodwill.

We have filed applications for registration of certain trademarks, under the Trade Marks Act, 1999 , which is currently pending approval from the Registrar of Trademarks. There can be no assurance that our trademark applications will be accepted and the trademarks will be registered. Pending the registration of these trademarks we may have a lesser recourse to initiate legal proceedings to protect our private labels. Further, some of our applications for the registration of certain trademarks have been opposed by third parties, and we may have to incur significant cost in relation to these oppositions. In the event we are not able to obtain registrations due to opposition by third parties or if any injunctive or other adverse order is issued against us in respect of any of our trademarks for which we have applied for registration, we may not be able to avail the legal protection or prevent unauthorised use of such trademarks by third parties, which may adversely affect our goodwill and business.

14. We are subject to risks associated with expansion into new geographic regions.

Expansion in future into new geographic regions, if any, shall subject us to various challenges, including those relating to our lack of familiarity with the culture, legal regulations and economic conditions of these new regions, language barriers, difficulties in staffing and managing such operations, and the lack of brand recognition and reputation in such regions. The risks involved in entering new geographic markets and expanding operations, may be higher than expected, and we may face significant competition in such markets.

We could be subject to additional risks associated with establishing and conducting operations, including:

- compliance with a wide range of laws, regulations and practices, including uncertainties associated with changes in laws, regulations and practices and their interpretation;
- uncertainties with new local business partners;

- ability to understand consumer preferences and local trends in such new regions;
- exposure to expropriation or other government actions; and
- political, economic and social instability.

By expanding into new geographical regions, we may be exposed to significant liability and could lose some or all of our investment in such regions, as a result of which our business, results of operation, cash flows and financial condition could be adversely affected.

15. We have significant power requirements for continuous running of our operations and business. Any disruption to our operations on account of interruption in power supply or any irregular or significant hike in power tariffs may have an adverse effect on our business, results of operations, cash flows and financial condition.

Our stores and distribution centres have significant electricity requirements and any interruption in power supply to our stores or distribution centres may disrupt our operations. Any significant hike in power tariffs and/or disruption in operations may have an adverse effect on our business, results of operations, cash flows and financial condition.

We depend on third parties for our power requirements. Further, we have limited options in relation to maintenance of power back-ups such as diesel generator sets and any increase in diesel prices will increase our operating expenses which may adversely impact our business margins.

Since we have significant power consumption, any unexpected or significant increase in its tariff can increase the operating cost of our stores and distribution centres. In majority of the markets we operate in, there are limited number of electricity providers due to which in case of a price hike we may not be able to find a cost-effective substitute, which may negatively affect our business, results of operation, cash flows and financial condition.

16. We do not have definitive agreements or fixed terms of trade with most of our suppliers. Failure to successfully leverage our supplier relationships and network or to identify new suppliers could adversely affect us.

One of the prime reasons we are able to offer affordable retailing to our customers is our strong relationships with our suppliers. Our growth as a business depends on our ability to attract and retain high quality and cost efficient suppliers to our network. In order to maintain flexibility in procurement options, we do not have any long-term supply agreements with our suppliers and we procure our products on a purchase order basis. If we are unable to continue to procure supplies at competitive prices, our business will be adversely affected.

Furthermore, the success of our supplier relationships depends significantly on satisfactory performance by our suppliers and their fulfilment of their obligations. If any of our suppliers fails for any reason to deliver the products in a timely manner or at all, it may affect our ability to manage our inventory levels, which in turn, may result in unavailability of the product thereby adversely affecting our customer shopping experience and our reputation.

While we intend to continue to enter into new supplier relationships as a part of our business strategy, we may not be able to identify or conclude appropriate or viable arrangements in a timely manner or at all. Further, there can be no assurance that our relationships with new suppliers in the future will necessarily contribute to a better experience for our customers or to our profitability. If we fail to successfully leverage our existing and new relationships with suppliers, our business operations, results of operations, cash flows and financial condition could be adversely affected.

17. ***Revenue generated from the foods category including FMCG and staples and others constitutes a majority of our sales revenue. Any sudden fall in the revenues from this category may adversely affect our financial condition and profitability*.**

Revenue generated from the sale of our foods product category including FMCG and staples groceries, fruits and vegetables, snacks and processed foods, dairy and frozen products, beverages and confectionery constituted more than 80% of the revenue from operations of our Company for the financial year ended March 31, 2019 and nine month period ended December 31, 2019, respectively. We believe that we have been successful in this category due to our deep knowledge of product assortment, pricing dynamics and strong supplier relationships. Due to a change in customer preferences, competition or any other factors, whether within or beyond our control, our revenue and profitability from this category may decrease and this may result in an adverse effect on the financial condition and cash flows of our Company.

18. ***Seasonal variations result and could continue to result in fluctuations in our results of operations*.**

Seasonal variations, including due to increased consumption patterns of some products or derivatives in the summer and/or monsoon seasons in India or during run up to religious festivals could cause significant changes in our performance throughout the year. For example, a major portion of the sales of dry fruits occur between November and January in India and sales of cold beverages increase in the summer months. As a result, a substantial share of the income we derive from these products is received during these periods. Because of these seasonal fluctuations, our sales and results of operations may vary by fiscal quarter, and the sales and results of operations of any given fiscal quarter may not be relied upon as indicators of the sales or results of operations of other fiscal quarters or of our future performance.

19. ***There have been instances in the past of litigation due to perceived deficiency in the products we sell, and we may face potential liabilities in the future from lawsuits or claims from third parties, should they perceive any deficiency in our products, which may adversely impact our business and financial condition.***

We believe in providing quality products and due care is taken to mitigate the associated risks which may happen due to factors beyond our control. We may face the risk of legal proceedings and claims being brought against us by customers on account of sale of any defective product. Further, we could also face liabilities should our customers face any loss or damage due to any unforeseen incident or accident, in our stores, which could cause financial and other damage to them. This may result in lawsuits and /or claims against our Company, which may materially and adversely affect the results of our operations and may also result in loss of business and reputation. We have had in past and continue be involved in litigations under the prevention of food adulteration law, food standards and safety law and the consumer protection law, in relation to issues such as adulterated products, substandard products, misbranding and deficient products. As on date of the Draft Letter of Offer, we are involved in 34 consumer cases pending before various consumer protection adjudication forums at different levels of adjudication. For details in relation to litigations under the prevention of food adulteration and food standards and safety laws, see "*Outstanding Litigation and Material Developments*" on page 235.

The packaging, marketing, distribution and sale of food products entail an inherent risk of contamination or deterioration, which could potentially lead to product liability, product recall and resultant adverse publicity. Such products may contain contaminants that could, in certain cases, cause illness, injury or death to consumers. Since our Company is not involved in manufacturing, it does not have control over the actual packaging of the products it sells (other than products sold under its own brands), even in relation to third party re-packers. Under the food safety and standards laws retailers are also directly liable in case of improper storage of and selling of products not properly labelled. Even an inadvertent shipment of contaminated products may lead to an increased risk of exposure to product liability claims. Further, in relation to the products that are sold under our brand, defects or deficiencies, if any, in our products could require us to undertake service actions or product recalls or could expose us to claims by the customers. As such, there can be no assurance that product liability claims will not be asserted against our Company in the future or that our Company will not be obligated to undertake significant product recalls.

Concerns regarding the safety of products offered at our stores or the safety and quality of our supply chain could cause shoppers to avoid purchasing certain products from us, or to seek alternative sources, even if the basis for the concern is outside of our control. Adverse publicity about these concerns, whether or not ultimately based on fact, could discourage customers from buying our product and have a material and adverse effect on our turnover and results of operations. In addition, we cannot guarantee that our operational controls and employee training will be effective in preventing food-borne illnesses, food tampering and other food safety issues that may affect our operations. We cannot assure you that there will not be incidents of contaminated products or ingredients in the future which may result in product liability claims, product recall and negative publicity.

If a material product liability claim is successful, our Company's insurance may not be adequate to cover all liabilities it may incur, which may have adverse impact on our business, results of operation, cash flows and financial condition. Further, these actions could require us to expend considerable resources in correcting these problems and could adversely affect demand for our products and reputation. Management resources and significant time could also be diverted from our business towards defending such claims. Even if a product liability claim is not successful or is not fully pursued, the publicity surrounding any alleged contamination or deterioration of the products sold by our Company could have a material adverse effect on our Company's, goodwill, reputation, brand and image.

Although we have not been subject to any material product liability claims, we cannot assure you that we will not be subject to such claims in the future. Further, even if we successfully defend ourselves against a claim, or successfully claim back compensation from others, we may need to spend a substantial amount of money and time in defending such a claim and in seeking compensation.

20. Some of our loan agreements contain restrictive covenants. Inability to effectively service our borrowings, comply with or obtain waivers of applicable loan covenants, as the case may be, may adversely affect our business, results of operations, cash flows and financial conditions.

We are subject to usual and customary restrictive covenants in agreements that we have executed with banks for short term loan and long term borrowings. The restrictive covenants may require us to seek prior intimation or consent from the lender banks for various activities, including amongst others to, effect any change in the capital structure, alter the constitutional documents or change the shareholding pattern of the Company or pre-paying outstanding loans.

We cannot assure you that we will be able to comply with all such restrictive covenants in the future. A failure to observe the covenants under our debt financing agreements including such restrictive covenants and covenants on repayment/prepayment, to obtain necessary consents required thereunder may lead to the termination of our credit facilities, levy of default interest and acceleration of all amounts due under such facilities and the enforcement of any security provided in relation thereto. Any acceleration of amounts due under such debt financing agreements may also trigger cross-default or cross-acceleration provisions under our other debt financing agreements. Inability to effectively service our borrowings, comply with or obtain waivers of applicable loan covenants, as the case may be, may adversely affect our business, results of operations, cash flows and financial conditions.

If the obligations under any of our debt financing agreements are accelerated, we may have to dedicate a substantial portion of our cash flow from operations to make payments under such debt financing agreements, thereby reducing the availability of cash for our working capital requirements and other general corporate purposes. Further, during any period in which we are in default, we may be unable to raise further financing. In addition, in such eventuality, other third parties may have concerns over our financial position. Any of these circumstances could adversely affect our business, credit ratings, prospects, results of operations, cash flows and financial condition. Moreover, any such action initiated by our lenders could result in the price of the Equity Shares being adversely affected.

Further, one of our Subsidiaries, NBL, has availed of certain unsecured debt facilities the terms of which allows the lender to cancel the facilities, in part or full, at any time. If NBL is unable to repay such loans at the time they are recalled for any reason whatsoever, an event of default could occur under the respective loan agreement.

21. ***We are dependent on third parties for the manufacturing, production and supply of all the products we sell. Any failure of such third parties to adhere to the relevant statutory and other quality standards may have a negative effect on our reputation, business and financial condition.***

We are engaged in the retail business and do not manufacture any of the products we sell. We engage with suppliers for supply of products sold in our stores. For our products sold under our brands, we depend on third party manufacturers. We rely on suppliers, third party manufacturers, transport service providers and other logistic and service providers for our business. We are exposed to the risk of these suppliers, third party manufacturers and service providers failing to adhere to the standards set for them by us and statutory and/ or regulatory bodies in respect of factors such as quality, quantum of production, weights and measures and safety standards and non-compliance of relevant rules and regulations, and any consequent action by such statutory and/ or regulatory bodies or otherwise, could adversely affect our business operations, results of operations, cash flows and financial condition, due to reasons such as shortage of supply, product liability claims and product recalls. This may also result in lost confidence on the part of our customers and adversely affect our reputation. Further, any delay or failure on the part of the third party manufacturers to deliver the products in a timely manner or to meet our quality standards by such third party manufacturers, would result in adverse effect on our business operations, results of operation, cash flows and financial condition. Any litigation involving such third parties may cause a material adverse effect on our reputation.

In addition, certain of our suppliers, third party manufacturers, transport service providers and other logistic and service providers are retained on a non-exclusive basis and may engage with our competitors for supply of products or services at more favourable commercial terms and for better quality of products and services.

22. ***Our Company depends on the knowledge and experience of our Directors and Key Management Personnel for our growth. The loss of their services may have a material adverse effect on our business operations.***

Our Company depends on the management skills and guidance of our Directors for development of business strategies, monitoring its successful implementation and meeting future challenges. Our Key Management Personnel and other senior managerial personnel complement the vision of our Directors and perform a crucial role in conducting our day-to-day operations and execution of our strategies. Our Key Management Personnel and other senior managerial personnel collectively have several years of experience and are difficult to replace. Competition for senior management in the industry in which we operate is intense, and we may not be able to recruit and retain suitable replacements in a timely manner or at all. In the event we are unable to attract and retain our Key Management Personnel and other senior managerial personnel, and they join our competitors or form competing companies, our ability to conduct efficient business operations may be impaired. The loss of the services of such personnel and our inability to hire and retain additional qualified personnel may have an adverse effect on our business operations.

23. ***Our Company has in the past entered into related party transactions and may continue to do so in the future.***

We have entered into and may in the course of our business continue to enter into transactions specified under "*Related Party Transactions*" on page 156. While we believe that all such transactions have been conducted on an arm‘s length basis and in the ordinary course of business, 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. There can be no assurance that such transactions, individually or in the aggregate, will not have a material adverse effect on our financial condition, cash flows and results of operations.

24. ***We face significant competition in the retail industry and any increase in competition may adversely affect our business and financial condition.***

The Indian retail industry is highly competitive. Competition is characterized by many factors, including assortment, advertising, price, quality, service, location, reputation and credit availability and availability of retail space. Our Company faces competition from existing retailers, both organized and un-organised, and potential entrants to the retail industry that may adversely affect our competitive position and our profitability. We expect competition could increase with new entrants coming into retail industry, who may have more flexibility in responding to changing business and economic conditions, and existing players consolidating their positions. Some of our competitors may have access to significantly greater resources, including the ability to spend more on advertising and marketing and hence the ability to compete more effectively. Competitors may, whether through consolidation or growth, present more credible integrated or lower cost solutions than we do, which may have a negative effect on our sales. Moreover, the foreign investment restrictions in the Indian retail sector have been progressively liberalised giving our domestic competitors easier access to greater pools of capital and investment. Further, our competitors may set up stores in the vicinity of our existing stores and may offer their products at competitive prices, resulting in a decreasing of sales of our projects.

We face competition across our business activities from varied peers. We face competition from other organized retail supermarket chains including D-Mart, Big Bazaar, Reliance Retail, More, Spar and Star Bazaar on one hand, and unorganised retail kirana shops on the other. Further, we face competition from e-tailing companies such as Big Basket, Amazon pantry and Grofers.

We cannot assure you that we can continue to compete effectively with our competitors. Our failure to compete effectively, including any delay in responding to changes in the industry and market, together with increased spending on advertising, may affect the competitiveness of our products, which may result in a decline in our revenues and profitability.

25. We have contingent liabilities as per Ind AS 37 as at December 31, 2019 and March 31, 2019. Further, our Company may be subject to certain penalty proceedings in respect of ongoing tax litigations. If any of these actually occur, they may adversely impact our profitability and may have a material adverse effect on our results of operations and financial condition.

The following are the contingent liabilities as per Ind AS 37 as at March 31, 2019 and December 31, 2019. If any of these actually occur, they may adversely impact our profitability and may have a material adverse effect on our results of operations, cash flows and financial condition:

(₹ in lakhs)

Particulars	As at December 31, 2019	As at March 31, 2019
Sales tax / value added tax (VAT) demands under appeal	1,161.02	1,027.87
Service tax demands under appeal	553.89	553.89
Claims against the group not acknowledged as debt	4,700.14	4,612.40

For details of the contingent liabilities of the Company as per Ind AS 37, see *"Financial Information"* on page 158. Further, liabilities may arise in the future as our Company is party to certain tax litigations pending before various appellate forums. Our Company may be subject to imposition of demands, if any, in case of adverse orders by the tax department of the Government in relation to such litigations which may have a material adverse effect on our results of operations, cash flows and financial condition.

26. Our online business platform www.spencers.in, operated by our Subsidiary, Omnipresent, is not doing as well as expected. If we are unable to improve our online operations, our business and financial condition may be adversely affected.

Our subsidiary, Omnipresent has developed and owns the e-commerce platform which is deployed by us for our customers to order online and get their food and grocery products delivered at their doorstep. Our Company has expanded its online services in Hyderabad, Gorakhpur, Chennai and Visakhapatnam apart from the existing clusters in Kolkata, Delhi, Gurgaon, Noida and Ghaziabad. The e-commerce platform has over 20,000 articles listed and is available to customers through web and mobile app platforms. Omnipresent handles execution of the orders from the Company's stores through their own fulfilment team. Presently, our online retail business is incurring losses due to reasons beyond our control such as competition from e-tailing companies. Given the extensive existing competition in the online retails pace, there is no assurance that Omnipresent will be able to break-even and generate profits. If the Company continues to make such losses in future, it will impact the consolidated profitability of our Company.

The e-tailing business is highly competitive with companies having a wide variety of products at different price points. Further, many of our competitors have longer operating histories and greater financial resources than us and have more experience in managing internet based businesses, such as Amazon, Flipkart, BigBasket and Grofers. E-commerce has witnessed intense competition in India with deep discounts and regular promotions offered by several e-tailers. We may be unsuccessful in competing against present and future competitors, ranging from large and established companies to emerging start-ups, both Indian and large, multi-national, e-commerce companies operating in India. There can be no assurance that we will be able to improve our online product assortment in future by offering a wider ranging of products.

Our services pertaining to the e-tailing division are technology driven and any breakdown in our technical systems could adversely affect our business. Such breakdown could come as a result of regular maintenance, upgrades, service failure or cyber-attack. Any failure to circumvent our e-tailing business' vulnerability to cyber-attack could lead to breach of security and both our and customer privacy, which could result in us becoming subject to customer claims and regulatory action, which could also adversely affect our business.

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

We could face liabilities or otherwise suffer losses should any unforeseen incident such as fire, flood, and accidents affect our stores and distribution centres or in the regions/areas where our stores and distribution centres are located. Although we maintain insurance coverage in relation to fire and other natural and accidental risks at our facilities, money and fidelity insurance and stock insurance, there are possible losses, which we may not have insured against or covered or wherein the insurance cover in relation to the same may not be adequate. Any damage suffered by us in excess of such limited coverage amounts, or in respect of uninsured events, not covered by such insurance policies will have to be borne by us. For details in relation to insurance, see "*Our Business – Insurance*" on page 117.

Further, while there has been no past instance of inadequate insurance coverage for any loss, there can however be no assurance that the terms of our insurance policies will be adequate to cover any damage or loss suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim. A successful enforcement of one or more claims against us that exceeds our available insurance coverage or changes in our insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect our business, financial condition, cash flows and results of operations. For details in relation to insurance, see "*Our Business – Insurance*" on page 117.

28. If we are unable to establish and maintain an effective system of internal controls and compliances our business and reputation could be adversely affected.

We manage regulatory compliance by monitoring and evaluating our internal controls, and ensuring that we are in compliance with all relevant statutory and regulatory requirements. However, there can be no assurance that deficiencies in our internal controls and compliances will not arise, or that we will be able to implement, and continue to maintain, adequate measures to rectify or mitigate any such deficiencies in our internal controls, in a timely manner or at all. As we continue to grow, there can be no assurance that there will be no other instances of such inadvertent non-compliances with statutory requirements, which may subject us to regulatory action, including monetary penalties, which may adversely affect our business and reputation.

29. Accidents could result in the slowdown or stoppage of our operations and could also cause damage to life and property.

We endeavour to meet necessary safety standards in relation to our operations. However, certain accidents or mishaps may be unavoidable or may occur on account of negligence or human error in complying with the prescribed safety standards or for other reasons. Such accidents or mishaps may result in, amongst others, an action of tort being initiated against us. Therefore, although we take steps to ensure safety, accidents, including human fatalities, may occur and there can be no assurance that our safety measures and the precautions undertaken will be completely effective or sufficient. Further, if we fail to maintain adequate insurance cover in relation to the foregoing, a claim filed by us with our insurer is rejected, a loss occurs, which does not fall under the insurance cover maintained by us, or our claim is subject to any deductible or delay in settlement, amongst other things, our exposure will increase. Any accident may have an adverse impact on our business operations, cash flows, results of operation and financial condition.

30. We have not independently verified certain third party and industry related data in this Draft Letter of Offer, which might have certain limitations.

We have not independently verified the industry data included in the report titled "Retailing Annual Review" dated February 2020 prepared by CRISIL Research, contained in this Draft Letter of Offer and although we believe the sources mentioned in the report to be reliable, we cannot assure you that they are complete or reliable. Such data may also be produced on a different basis from comparable information compiled with regards to other countries. Therefore, discussions of matters relating to India, its economy or the industries in which we operate that is included herein are subject to the caveat that the statistical and other data upon which such discussions are based have not been verified by us and may be incomplete, inaccurate or unreliable. Due to incorrect or ineffective data collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced elsewhere and should not be unduly relied upon. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy, as the case may be, elsewhere.

31. Our registered office is not owned by our Company.

Our registered office is situated at Duncan House, 31, Netaji Subhas Road, Kolkata - 700 001, West Bengal, India. The premises on a leave and licensee basis from Alipore Towers Limited ("**Licensor**"). In terms of the license arrangement, the Licensor has the right to cancel the license arrangement at any point of time without any notice. Accordingly, upon termination, there is no assurance that we may be able to find a suitable alternative premises for our registered office at commercially reasonable terms, or at all.

32. Our Company, Directors, Subsidiaries and Promoter are involved in certain legal proceedings and potential litigations. Any adverse decision in such proceedings may adversely affect our business and results of operations.

Our Company, Subsidiaries, Directors and Promoter 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 as on date in relation to criminal matters, tax matters and actions by regulatory/ statutory authorities against our Company, Subsidiaries, Directors and Promoter, as applicable, have been set out below. Further, the summary also includes other outstanding legal proceedings based materiality threshold as determined by our Board.

Litigation involving our Company

(in ₹ lakh)

Type of proceeding	Number of cases	Amount involved, to the extent quantifiable/ determinable
Material civil proceedings	1	2,852.32
Criminal proceedings	72	-*
Regulatory/ statutory proceedings	4	131.43
Taxation proceedings	22	1,262.15

** Not quantifiable/ determinable*

Litigation involving our Directors

(in ₹ lakh)

Type of proceeding	Number of cases	Amount involved, to the extent quantifiable/ determinable
Material civil proceedings	1	2,852.32
Criminal proceeding	1	-*
Tax Proceedings	2	235.73

*******Not quantifiable/ determinable*

Litigation involving our Promoters

(in ₹ lakh)

Type of proceeding	Number of cases	Amount involved, to the extent quantifiable/ determinable
Material civil proceedings	1	2,852.32
Criminal proceeding	1	-*
Tax Proceedings	2	235.73

**Not quantifiable/ determinable*

In relation to the outstanding litigation matters mentioned above, while the amounts involved in these matters have been disclosed, the interest involved in such litigations may not be ascertainable or quantifiable at this stage and hence are not disclosed

For further details, see "*Outstanding Litigation and Material Developments"* on page 235.

Decisions in any of the aforesaid proceedings adverse to our interests may have a material adverse effect on our business, results of operations, cash flows, financial condition and/ or prospects. Further, such legal proceedings could divert management's time and attention and consume financial resources. If the courts or tribunals rule against us or our Company, Directors, Promoters and Subsidiaries, we may face monetary and/or reputational losses and may have to make provisions in our financial statements, which could increase our expenses and our liabilities.

33. Our business is manpower intensive and a high proportion of our total staff comprises of employees on contract. Our business may be adversely affected if we are unable to obtain employees on contract or at commercially attractive costs.

Our success depends on our ability to attract, hire, train and retain skilled customer and sales personnel. In the retail 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 could adversely impact our reputation, business prospects and results of operations.

Our business is manpower intensive and our continued growth depends in part on our ability to recruit and retain suitable staff. As we expand our network, we will need experienced manpower that has knowledge of the local market and the retail industry to operate our stores. Typically, the retail industry suffers from high attrition rates especially at the store level. We have faced increasing competition for management and skilled personnel with significant knowledge and experience in the retail sector in India. There can be no assurance that attrition rates for our employees, particularly our 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, cash flows and financial condition. We cannot assure you that we will be able to find or hire personnel with the necessary experience or expertise to operate our retail stores in our existing markets or new markets that we are entering into. In the event that we are unable to hire people with the necessary knowledge or the necessary expertise, our business may be severely disrupted, financial condition, cash flows and results of operations may be adversely affected.

Additionally, we have seen an increasing trend in manpower costs in India, which has had a direct impact on our employee costs and consequently, on our margins. Further, the minimum wage laws in India may be amended leading to upward revisions in the minimum wages payable in one or more states in which we currently operate or are planning to expand to. We may need to increase compensation and other benefits in order to attract and retain key personnel in the future and that may materially affect our costs and profitability. We cannot assure you that as we continue to grow our business in the future, our employee costs coupled with operating expenses will not significantly increase.

34. Certain of our Directors hold Equity Shares in our Company and are therefore interested in our Company's performance in addition to their remuneration and reimbursement of expenses.

Certain of our Directors (including our individual Promoter) are interested in our Company, in addition to regular remuneration or benefits and reimbursement of expenses, to the extent of their shareholding or the shareholding of their relatives in our Company. There can be no assurance that our Directors will exercise their rights as Shareholders to the benefit and best interest of our Company. For further details, see "*Related Party Transactions*" and "*Our Management*" on pages 156 and 129, respectively.

35. Inability to manage losses due to fraud, employee negligence, theft or similar incidents may have an adverse impact on us.

Our business and the industry we operate in are vulnerable to the problem of product shrinkage. Shrinkage at our stores or our distribution centres may occur through a combination of shoplifting by customer, pilferage by employee, damage, obsolescence and expiry, employee negligence and error in documents and transactions that go un-noticed. The retail industry also typically encounters some inventory loss on account of employee theft, shoplifting, vendor fraud, credit card fraud and general administrative error. An increase in product shrinkage levels at our existing and future stores or our distribution centres may force us to install additional security and surveillance equipment, which will increase our operational costs and may have an adverse impact on our profitability. Further, we cannot assure you whether these measures will successfully prevent product shrinkage. Furthermore, although we have cash management procedures and controls in place, there are inherent risks in cash management including, theft and robbery, employee fraud and the risks involved in transferring cash from our stores to banks. Finally, there have been instances of employee dishonesty in the past and we cannot assure you that we will able to completely prevent such incidents in the future.

Additionally, in case of losses due to theft, fraud or damage, there can be no assurance that we will be able to recover from our insurer the full amount of any such loss in a timely manner, or at all. 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.

36. Some of our investments in debt instruments are unsecured or carry interest rate lower than the market rate.

Some of our unsecured investments include investments in interest/ dividend bearing liquid debt instruments including investments in debt mutual funds and other financial products, such as principal protected funds, listed debt instruments, rated debentures or deposits with banks/ other entities. Some of our unsecured investments carry interest rate which is lower than the prevailing market. Market interest rates in India fluctuate on a regular basis. Consequently, some of our investments may continue to carry interest rate lower than the market rate in the future.

37. Our business relies on the performance of our information technology systems and any interruption in the future may have an adverse impact on our business operations and profitability.

Our Company has Enterprise Resource Planning software which integrates and collates data of, inter alia, purchase, sales, reporting, accounting and inventory, distribution centre management, project system and human resource management from all the 196 stores and 14 distribution centres. Our Company utilises its information technology systems to monitor all aspects of its businesses and relies to a significant extent on such systems for the efficient operation of its business, including, the monitoring of inventory levels, the allocation of products to our stores and budget planning, supplemental front-end billing software connected in a batch. Our sales across different stores are reconciled on a daily basis after close of business.

Our Company's information technology systems may not always operate without interruption and may encounter temporary abnormality or become obsolete, which may affect its ability to maintain connectivity with our stores and distribution centres. We cannot assure that we will be successful in developing, installing, running and migrating to new and updated software systems or systems as required for its overall operations. Even if we are successful in this regard, significant capital expenditures may be required, and it may not be able to benefit from the investment immediately. All of these may have a material adverse impact on our operations and profitability.

In addition, we cannot guarantee that the level of information security the software presently maintains is adequate or it can withstand intrusions from or prevent improper usage by third parties. Our failure to continue its operations without interruption due to any of these reasons may adversely affect our business, cash flows, financial condition and results of operations.

38. Increase in bank charges for usage of electronic data capture machine may adversely affect our results of operation and financial condition.

Our operations require usage of electronic data capture machine in all our stores for collecting payments from the customers which comes at a cost as well as a yearly charge by the banks. We also provide unified payments interface based payment options to our customers. Increase in bank charges or charges by wallet service providers in this regard may have an adverse effect on our business, results of operation, cash flows and financial condition, since we may not be able to pass on the cost to our customers.

***39. Our Company requires significant amount of capital for continued growth. Our inability to meet our capital requirements may have an adverse effect on our results of operations*.**

Our business requires a significant amount of capital for leasehold improvement/fitment of stores and maintenance of inventory levels and for working capital purposes.

We intend to continue growing by setting up additional stores. We may need to obtain additional financing in the normal course of business from time to time as we expand our operations. We may not be successful in obtaining additional funds in a timely manner and/or on favourable terms including rate of interest, primary security cover, collateral security, terms of repayment, or at all. If we do not have access to additional capital, we may be required to delay, scale back or abandon some or all of our plans or growth strategies or reduce capital expenditures and the size of our operations, which will adversely affect our business, financial condition, cash flows and results of operation.

Our operations require adequate amount of working capital. We are required to obtain and/or maintain adequate cash flows and funding facilities, from time to time, in order to, inter-alia, finance the purchase of raw materials, products and components, upgrade and maintain our manufacturing facilities. Our inability to obtain and/or maintain sufficient cash flow, credit facilities and other sources of funding, in a timely manner, or at all, to meet our requirement of working capital, could adversely affect our operations, financial condition, cash flows and profitability.

Our inability to maintain sufficient cash flow, credit facility and other sources of fund, in a timely manner, or at all, to meet the requirement of working capital, could adversely affect our financial condition.

40. We will continue to be controlled by our Promoters and Promoter Group after the completion of the Issue.

As of the date of this Draft Letter of Offer, our Promoters and certain members of our Promoter Group hold 54.70% of the issued, subscribed and paid-up Equity Share capital of our Company. Upon completion of the Issue, our Promoters and certain members of our Promoter Group will own [●]% of our Equity Share capital, which will allow them to continue to control the outcome of matters submitted to our Board or shareholders for approval. After the Issue, our Promoters and certain members of our Promoter Group will continue to exercise significant control or exert significant influence over our business and major policy decisions. Accordingly, the interests of our Promoters and certain members of our Promoter Group in capacity as Shareholders of our Company may conflict with your interests and the interest of other shareholders of our Company.

We are a part of the RP-SG Group. Accordingly, the Group has, and will continue to have, the ability to influence the Company's business. We cannot assure you that we will continue to receive the same degree of support from the RP-SG Group in the future. There can be no assurance that the RP-SG Group will not take positions with which our Company or the holders of the Equity Shares do not agree, and such positions could have an adverse effect on our Company or the holders of the Equity Shares. Any unexpected diminution in our relationship with the RP-SG Group may adversely affect our business.

41. There may be a potential conflict of interest if our Promoters or Directors are involved with one or more ventures which may be in the same line of activity or business as that of the Company.

Our Company is a part of the RP-Sanjiv Goenka Group, which is controlled by Sanjiv Goenka, our Promoter and his family. The RP-SG Group or our Directors may consider operating retail stores and setting up businesses catering to retail customers, not necessarily through our Company or our Subsidiaries. There can be no assurance that these potential retail undertakings will not directly or indirectly compete with our Company's business or limit future opportunities for our Company to grow its business. It is possible that the RP-SG Group may undertake additional projects or ventures that could compete directly or indirectly with businesses in which the Company and our Subsidiaries are engaged.

42. We are required to obtain and maintain certain regulatory approvals in respect of our operations. Failure to obtain or maintain licenses, registrations, consents, permits and approvals may adversely affect our business and results of operations.

We are governed by various laws and regulations for our business and operations. We are required, and will continue to be required, to obtain and hold relevant licenses, approvals, consents and permits at the local, state and central government levels for undertaking our business. The approvals, licenses, registrations and permits obtained by us may contain conditions, some of which could be onerous. Additionally, we will need to apply for renewal of certain approvals, licenses, registrations and permits, which expire or seek fresh approvals, from time to time, as and when required in the ordinary course of our business. For further details, including details of pending material approvals, see "*Government and Other Approvals*" on page 240.

We cannot assure you that we will be able to timely apply for, whether fresh or renewal, all approvals, consents, permits, registrations and clearances required for undertaking our business from time to time. There can be no assurance that the relevant authority will issue an approval or renew expired approvals within the applicable time period or at all. Any delay in receipt or non-receipt of such approvals, could result in cost and time overrun, imposition of penalties, or result in the interruption of our operations, which could adversely affect our related operations.

Our operations are subject to stringent health and safety laws as our products are for human consumption and are therefore subject to various industry specific regulations. We may incur additional costs and liabilities related to compliance with these laws and regulations that are an inherent part of our business. We are subject to various central, state and local food safety, consumer goods, health and safety and other laws and regulations. These relate to various issues, including food safety, food ingredients, and food packaging requirements, and the investigation. These laws and regulations governing us are increasingly becoming stringent and may in the future create substantial compliance or liabilities and costs. While we endeavour to comply with applicable regulatory requirements, it is possible that such compliance measures may restrict our business and operations, result in increased cost and onerous compliance measures, and an inability to comply with such regulatory requirements may attract penalty.

Furthermore, we cannot assure you that the approvals, licenses, registrations, consents and permits issued to us will not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action, and we may be subject to penalty and other statutory and regulatory actions, which may and may have a material adverse effect on our business and operations, financial condition, cash flows and results of operations. Any suspension or revocation of any of the approvals, licenses, registrations and permits that has been or may be issued to us may adversely affect our business and results of operations.

43. We may be unable to enforce our rights under some of our agreements with counterparties on account of insufficient stamping and non-registration or other reasons.

We enter into agreements with third parties, in relation to lease/ licensee of land or retail space for our retail stores and distribution centres and for transportation of goods. Some of the agreements executed by us may be inadequately stamped or not registered or may not otherwise be enforceable. Inadequately stamped documents may be impounded by the appropriate authority. Such inadequately stamped or not registered documents may not be admissible in evidence in a court of law until the applicable stamp duty, with penalty, has been paid and registered, which could, therefore, impact our ability to enforce our rights under the agreements in a timely manner or at all. We cannot assure you that we would be able to enforce our rights under such agreements. This could impair our business operations and adversely affect our cash flows, results of operation and financial condition.

44. Our funding requirements and the proposed deployment of Net Proceeds have not been appraised by a public financial institution or a scheduled commercial bank and our management will have broad discretion over utilization of the Net Proceeds.

Our Company proposes to utilize the Net Proceeds for working capital requirements and general corporate purposes. Our proposed deployment of Net Proceeds has not been appraised by a public financial institution or a scheduled commercial bank and is based on management estimates. Our management will have broad discretion to use the Net Proceeds. Various risks and uncertainties, including those set forth in this section including inability to obtain necessary approvals for undertaking proposed activities, may limit or delay our efforts to use the Net Proceeds to achieve profitable growth in our business. We cannot assure you that use of the Net Proceeds to meet our future capital requirements, fund our growth and for other purposes identified by our management would result in actual growth of our business, increased profitability or an increase in the value of our business and your investment.

45. We have experienced negative cash flows in the past. Sustained negative cash flows could impact our growth and business.

We experienced negative cash flows from some activities as per the periods indicated below as per our Restated Financial Statements:

(*₹ in lakh*)

Particulars	**Nine month period ended December 31, 2019**	**For the Year ended March 31, 2019**	**For the period February 8, 2017 to March 31, 2018**
Net cash generated /(used in) operating activities	9,736.30	7,226.92	(837.02)
Net cash generated /(used in) investing activities	(10,579.72)	2,183.41	(18,939.49)
Net cash generated /(used in) financing activities	660.06	(8,524.28)	(157.92)

If we continue to experience negative cash flows from operations in the future, it could adversely affect our business, results of operations and financial condition. For further details, see "*Financial Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 158 and 204, respectively.

EXTERNAL RISK FACTORS

Risks Relating to India

1. The occurrence of natural or man-made disasters could adversely affect our results of operations, cash flows and financial condition. Hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect the financial markets and our business.

The occurrence of natural disasters, including cyclones, storms, floods, earthquakes, tsunamis, tornadoes, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, could adversely affect our results of operations, cash flows or financial condition. Terrorist attacks and other acts of violence or war may adversely affect the Indian securities markets. In addition, any deterioration in international relations, especially between India and its neighbouring countries, may result in investor concern regarding regional stability which could adversely affect the price of the Equity Shares. In addition, India has witnessed local civil disturbances in recent years, and it is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse effect on our business. 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 market price of the Equity Shares.

2. Political instability or changes in the Government in India or in the Government of the states where we operate could cause us significant adverse effects.

The Central Government has traditionally exercised, and continues to exercise, a significant influence over many aspects of the economy. Further, our business is also impacted by regulation and conditions in the various states in India where we operate. Our business, and the market price and liquidity of our Equity Shares may be affected by interest rates, changes in central or state Government policies, taxation and other political, economic or other developments in or affecting India. Since 1991, successive Central Governments have pursued policies of economic liberalisation and financial sector reforms. Any slowdown in these demand drivers or change in Government policies may adversely impact our business and operations. Generally, a significant adverse change in the Central Government's policies could adversely affect our business, financial condition and results of operations and could cause the trading price of our Equity Shares to decline.

3. If there is a change in policies related to tax, duties or other such levies applicable to us, it may affect our results of operations.

New or revised accounting policies or policies related to tax, duties or other such levies promulgated from time to time by relevant tax authorities may adversely affect our results of operations. We cannot assure you as to what action current or future Governments will implement regarding tax incentives or excise duty benefits. We may not be able to comply with the obligations and stipulations that would allow us to avail ourselves of such benefits or concessions, and consequently, we may lose such benefits and concessions.

4. We may be affected by competition law in India and any adverse application or interpretation of the Competition Act could adversely affect our business.

The Competition Act regulates practices having an appreciable adverse effect on competition in the relevant market in India. Under the Competition Act, any formal or informal arrangement, understanding or action in concert, which causes or is likely to cause an appreciable adverse effect on competition is considered void and results in the imposition of substantial monetary penalties. Further, any agreement among competitors which directly or indirectly involves the determination of purchase or sale prices, limits or controls production, supply, markets, technical development, investment or provision of services, shares the market or source of production or provision of services by way of allocation of geographical area, type of goods or services or number of customers in the relevant market or directly or indirectly results in bid-rigging or collusive bidding is presumed to have an appreciable adverse effect on competition. The Competition Act also prohibits abuse of a dominant position by any enterprise.

The Competition Act aims to, among others, prohibit all agreements and transactions which may have an appreciable adverse effect on competition 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 India if such agreement, conduct or combination has an appreciable adverse effect on competition in India. However, we cannot predict the impact of the provisions of the Competition Act on the agreements entered into by us 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, results of operations and prospects.

5. It may not be possible for you to enforce any judgment obtained outside India against us, our management or any of our respective affiliates in India, except by way of a suit in India on such judgment.

We are incorporated under the laws of India and a majority of our Directors and executive officers reside in India. A substantial majority of our assets, and the assets of our Directors and officers, are also located in India. As a result, you may be unable to:

- effect service of process outside of India upon us and such other persons or entities; or

- enforce in courts outside of India judgments obtained in such courts against us and such other persons or entities.

Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Civil Procedure Code, on a statutory basis. Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon between the same parties or parties litigating under the same title, 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 recognize the law of India in cases in 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; or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. However, Section 44A of the Civil Procedure Code provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any jurisdiction outside India which the Government has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a competent court in India. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards.

Among other jurisdictions, the United Kingdom of Great Britain and Northern Ireland, United Arab Emirates, Republic of Singapore and Hong Kong have been declared by the Government to be reciprocating territories for the purposes of Section 44A of the Civil Procedure Code, but the USA has not been so declared. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be brought in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy of India. Further, any judgment or award in a foreign currency would be converted into Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered, and any such amount may be subject to income tax in accordance with applicable laws.

6. A third party could be prevented from acquiring control of us because of anti-takeover provisions under Indian law.

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

7. Any downgrading of India's debt rating by an international rating agency could adversely affect our business and the price of our Equity Shares.

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect our business, our future financial performance, our shareholders' funds and the price of our Equity Shares.

Risks Relating to the Equity Shares and this Issue

8. The trading price of our Equity Shares may be subject to volatility and you may not be able to sell your Equity Shares at or above the Issue Price.

The trading price of our Equity Shares may fluctuate after this Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, volatility in the Indian and global securities market, performance of our competitors, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments. In addition, if the stock markets in general experience a loss of investor confidence, the trading price of our Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could adversely affect the price of our Equity Shares.

9. Investors may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares.

Under current Indian tax laws, unless specifically exempted capital gains arising from the sale of the Equity Shares are generally taxable in India. Any gain realized on the sale of the Equity Shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if the securities transaction tax has been paid on the transaction (subject to section 112A of the Income Tax Act, 1961). The securities transaction tax will be levied on and collected by an Indian stock exchange on which the Equity Shares are sold. Any gain realized on the sale of the Equity Shares held for more than 12 months, which are sold other than on a recognized stock exchange and on which no securities transaction tax has been paid, will be subject to capital gains tax in India. Further, any gain realized on the sale of the Equity Shares held for a period of 12 months or less will be subject to capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. 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.

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 have been notified on December 10, 2019, however these amendments will come into effect from July 1, 2020.

10. Investors will not have the option of getting the allotment of Equity Shares in physical form.

In accordance with the SEBI ICDR Regulations, the Equity Shares shall be issued only in dematerialized form. Investors will not have the option of getting the allotment of Equity Shares in physical form. The Equity Shares Allotted to the Applicants who do not have demat accounts or who have not specified their demat details, will be kept in abeyance till receipt of the details of the demat account of such Applicants. For details, see "*Terms of the Issue*" on page 248. This may impact the ability of our shareholders to receive the Equity Shares in the Issue.

11. ***We will not distribute the Letter of Offer, Abridged Letter of Offer and CAF to overseas Shareholders who have not provided an address in India for service of documents.***

We will dispatch the Letter of Offer, Abridged Letter of Offer and CAF (the "**Issue Materials**") to the shareholders who have provided an address in India for service of documents. The Issue Materials will not be distributed to addresses outside India on account of restrictions that apply to circulation of such materials in overseas jurisdictions. However, the Companies Act requires companies to serve documents at any address, which may be provided by the members as well as through e-mail.

Presently, there is lack of clarity under the Companies Act and the rules made thereunder with respect to distribution of Issue Materials in overseas jurisdictions where such distribution may be prohibited under the applicable laws of such jurisdictions. While we have requested all the shareholders to provide an address in India for the purposes of distribution of Issue Materials, we cannot assure you that the regulator or authorities would not adopt a different view with respect to compliance with the Companies Act and may subject us to fines or penalties

12. ***Fluctuations in the exchange rate between the Rupee and the U.S. dollar could have an adverse effect on the value of our Equity Shares, independent of our operating results.***

Our Equity Shares are quoted in Rupees on the Stock Exchanges. Any dividends in respect of our Equity Shares will be paid in Rupees and subsequently converted into U.S. dollars for repatriation. Any adverse movement in exchange rates during the time it takes to undertake such conversion may reduce the net dividend to investors. In addition, any adverse movement in exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares, may reduce the net proceeds received by shareholders. The exchange rate between the Rupee and the U.S. dollar has changed substantially in the last two decades and could fluctuate substantially in the future, which may have an adverse effect on the value of our Equity Shares and returns from our Equity Shares, independent of our operating results.

13. ***You may not receive the Equity Shares that you subscribe in the Issue until 15 days after the date on which this Issue closes, which will subject you to market risk.***

The Equity Shares that you may be allotted in the Issue may not be credited to your demat account with the depository participants until approximately 15 days from the Issue Closing Date. You can start trading such Equity Shares only after receipt of the listing and trading approval in respect thereof. There can be no assurance that the Equity Shares allocated to you will be credited to your demat account, or that trading in the Equity Shares will commence within the specified time period, subjecting you to market risk for such period.

14. ***There is no guarantee that our Equity Shares will be listed, or continue to be listed, on the Indian stock exchanges in a timely manner, or at all, and prospective investors will not be able to immediately sell their Equity Shares on a Stock Exchange.***

In accordance with Indian law and practice, final approval for listing and trading of our Equity Shares will not be applied for or granted until after our Equity Shares have been issued and allotted. Such approval will require the submission of all other relevant documents authorizing the issuance of our Equity Shares. Accordingly, there could be a failure or delay in listing our Equity Shares on the NSE, BSE and CSE, which would adversely affect your ability to sell our Equity Shares.

15. ***Foreign investors are subject to foreign investment restrictions under Indian law that limits our ability to attract foreign investors, which may adversely affect the trading price of our Equity Shares.***

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the requirements specified by the RBI. If the transfer of shares is not in compliance with such requirements or falls under any of the specified exceptions, then prior approval of the RBI will be required. In addition, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no-objection or tax clearance certificate from the income tax authority. Additionally, the Indian government may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Indian government experiences extreme difficulty in stabilizing the balance of payments or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the Indian government's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

16. Any future issuance of Equity Shares by us or sales of our Equity Shares by any of our significant shareholders may adversely affect the trading price of our Equity Shares.

Any future issuance of our Equity Shares by us could dilute your shareholding. Any such future issuance of our Equity Shares or sales of our Equity Shares by any of our significant shareholders may also adversely affect the trading price of our Equity Shares, and could impact our ability to raise capital through an offering of our securities. We cannot assure you that we will not issue further Equity Shares or that the shareholders will not dispose of, pledge or otherwise encumber their Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares.

SECTION III - INTRODUCTION

SUMMARY OF FINANCIAL INFORMATION

The following tables set forth summary financial information derived from our Restated Financial Statements.

The summary financial information presented below should be read in conjunction with our Restated Consolidated Summary Financial Statements, the notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 204.

Restated Consolidated Summary Statement of Assets and Liabilities of our Company

(₹ in lakhs)

Particulars	As at December 31, 2019	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	21,397.49	16,706.17	14,244.78
Capital work-in-progress	549.80	105.71	15.04
Right-of-use assets	52,673.68	38,926.24	36,853.06
Goodwill	15,651.78	-	-
Other intangible assets	20,685.04	9,566.82	9,626.51
Financial assets			
(i) Investments	1,928.95	1,276.21	685.16
(ii) Loans	5,367.54	3,362.17	2,984.98
(iii) Other financial assets	326.62	175.23	17,030.90
Non-current tax assets (net)	1,500.84	826.19	289.21
Other non-current assets	223.66	74.85	46.84
Total non-current assets (A)	**1,20,305.40**	**71,019.59**	**81,776.48**
Current assets			
Inventories	26,634.28	26,982.13	24,249.13
Financial assets			
(i) Investments	9,959.81	983.39	-
(ii) Trade receivables	7,864.86	4,476.99	3,720.68
(iii) Cash and cash equivalents	2,643.59	2,826.95	1,940.90
(iv) Bank balances other than (iii) above	2.00	19,162.56	8,059.79
(v) Loans	359.24	-	0.93
(vi) Other financial assets	180.43	143.39	703.78
Current tax assets (net)	-	11.37	7.44
Other current assets	3,436.70	2,368.61	1,803.53
Total current assets (B)	**51,080.91**	**56,955.39**	**40,486.18**
TOTAL ASSETS (A+B)	**1,71,386.31**	**1,27,974.98**	**1,22,262.66**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	3,976.71	3,976.71	-
Equity share capital suspense	-	-	3,976.71
Other equity	28,114.58	36,554.74	37,597.50
Total equity (C)	**32,091.29**	**40,531.45**	**41,574.21**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	9,224.29	-	-
(ii) Lease liabilities	57,294.97	45,279.29	43,670.45
(iii) Other financial liabilities	91.03	85.47	78.04
Deferred tax liabilities (net)	3,476.76	-	-
Provisions	927.32	822.73	824.73
Total non-current liabilities (D)	**71,014.37**	**46,187.49**	**44,573.22**
Current liabilities			
Contract liabilities	1,165.63	393.82	362.41
Financial liabilities			
(i) Borrowings	9,813.45	-	-

Particulars		As at December 31, 2019	As at March 31, 2019	As at March 31, 2018
(ii)	Lease liabilities	9,412.94	5,620.76	4,381.99
(iii)	Trade payables			
	• Total outstanding dues of Micro enterprise and small enterprises	304.88	67.50	-
	• Total outstanding dues of creditors other than Micro enterprise and small enterprises	40,836.51	31,137.46	28,021.99
(iv)	Other financial liabilities	3,682.70	2,134.94	1,465.75
Other current liabilities		1,493.07	480.36	386.67
Provisions		1,571.47	1,421.20	1,496.42
Total current liabilities (E)		**68,280.65**	**41,256.04**	**36,115.23**
TOTAL EQUITY AND LIABILITIES (C+D+E)		**1,71,386.31**	**1,27,974.98**	**1,22,262.66**

Restated Consolidated Summary Statement of Profit and Loss of our Company

(₹ in lakhs)

Particulars	For the nine months ended December 31, 2019	For the year ended March 31,2019	For the period February 8, 2017 to March 31, 2018
Income			
Revenue from operations	200,022.37	218,718.04	101,208.02
Other income	1,921.51	2,814.94	902.35
Total Income (I)	**201,943.88**	**221,532.98**	**102,110.37**
Expenses			
Cost of materials consumed	550.01	687.07	475.93
Purchases of Stock-in-Trade	156,352.13	174,284.57	80,622.31
Changes in inventories of finished goods and Stock-in-Trade	426.17	(2,705.81)	(430.31)
Employee benefits expense	14,225.54	14,757.69	7,602.21
Other expenses	23,543.06	21,999.65	9,330.18
Depreciation and amortization	9,503.88	8,357.17	4,046.64
Finance costs	5,791.51	4,877.75	2,452.43
Total Expenses (II)	**2,10,392.30**	**2,22,258.09**	**1,04,099.39**
Profit / (loss) before tax (I)-(II)	**(8,448.42)**	**(725.11)**	**(1,989.02)**
Tax expense			
Current tax	-	178.52	-
Deferred Tax (Net)	(12.42)	-	-
Profit / (loss) for the period (III)	**(8,436.00)**	**(903.63)**	**(1,989.02)**
Other Comprehensive Income			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement of defined benefit plans [net of tax of ₹ Nil (31st March 2019 : ₹ 37.18 lakhs) (31st March 2018 : Nil)]	(4.16)	(139.13)	(29.44)
Other Comprehensive Income for the period (IV)	**(4.16)**	**(139.13)**	**(29.44)**
Total Comprehensive Income for the period [(III)+(IV)]	**(8,440.16)**	**(1,042.76)**	**(2,018.46)**
Earnings per share - Basic and Diluted (Not annualised)	**(10.61)**	**(1.14)**	**(5.73)**
[Nominal value per equity share ₹ 5 (31st March 2019: ₹ 5) (31st March 2018: ₹ 5)]			

Restated Consolidated Summary Cash Flow Statement of our Company

(₹ in lakhs)

Particulars	For the nine months ended December 31 2019	For the year ended March 31,2019	For the period February 8, 2017 to March 31, 2018
OPERATING ACTIVITIES			
Restated profit / (loss) before tax	**(8,448.42)**	**(725.11)**	**(1,989.02)**

Particulars	For the nine months ended December 31 2019	For the year ended March 31,2019	For the period February 8, 2017 to March 31, 2018
Adjustments :			
Depreciation and amortization	9,503.88	8,357.17	4,046.64
Impairment Allowance (allowance for bad and doubtful debts)	494.84	94.24	84.11
Bad debts / irrecoverable balances written off	18.46	-	-
Provision for decommissioning liability	17.58	53.62	-
Provision for obsolete stocks	312.11	222.71	246.84
Interest on preference shares	5.56	-	-
Finance cost	5,768.37	4,177.83	2,073.62
Fair value gain on investments	(571.56)	(247.04)	-
Gain on sale of investments	(155.95)	(100.92)	(62.41)
Interest income	(624.62)	(1,828.76)	(813.47)
(Gain) / loss on sale of property, plant and equipment	(9.02)	(27.28)	3.48
Gain on cancellation/termination of lease	(72.36)	-	-
Cash generated from operations before working capital changes	**6,238.87**	**9,976.46**	**3,589.79**
Working capital changes:			
(Increase)/decrease in inventories	2,547.94	(2,955.71)	(643.14)
(Increase)/decrease in trade receivables	(3,474.99)	(850.55)	1,273.63
(Increase)/decrease loans	(793.23)	(376.26)	153.14
Decrease in other financial assets	144.10	757.10	366.90
(Increase)/decrease in other assets	449.60	(1,946.18)	(247.86)
Increase/(decreases) in trade payables	5,555.69	3,182.97	(1,646.86)
Increase/(decreases) in financial liabilities	(1,032.36)	160.41	(3,289.83)
Increase in other current liabilities	30.33	93.69	16.21
Increase/(decreases) in contract liabilities	771.81	31.41	(45.84)
(Decrease) in provisions	(112.21)	(305.51)	(66.51)
Cash flow used in operating activities	**10,325.55**	**7,767.83**	**(540.37)**
Income taxes paid	(589.25)	(540.91)	(296.65)
Net cash generated/(used in) operating activities (A)	**9,736.30**	**7,226.92**	**(837.02)**
INVESTING ACTIVITIES			
Purchase of property, plant and equipments, including intangible assets, capital work in progress and capital advances	(3,521.59)	(4,581.38)	(750.97)
Proceeds from sale of property, plant and equipments	32.82	65.41	8.45
Payment towards acquisition of a subsidiary acquired in a business combination	(17,636.36)	-	-
Investments in alternative investment fund	(202.50)	(375.00)	(375.00)
Proceeds from alternative investment fund	14.31	29.06	-
Purchase of mutual fund units	(46,806.00)	(18,418.07)	(15,355.29)
Proceeds from sale of mutual fund units	38,131.81	17,537.53	15,962.40
Investments in bank deposits	(20.50)	(34,424.80)	(59,991.87)
Redemption / maturity of bank deposits	19,039.59	40,329.41	40,995.77
Interest received	388.70	2,021.25	567.02
Net cash generated/(used in) from investing activities (B)	**(10,579.72)**	**2,183.41**	**(18,939.49)**
FINANCING ACTIVITIES			
Proceeds from issue of share capital	-	-	5.00
Repayment of lease liabilities (principle)	(3,947.53)	(4,381.99)	(1,868.91)
Proceeds from Non-Current Borrowings	3,000.00	-	-
Repayment of Non-Current Borrowings	(549.01)	-	-
Proceeds from Current Borrowings	8,316.55	-	3,797.00

Particulars	For the nine months ended December 31 2019	For the year ended March 31,2019	For the period February 8, 2017 to March 31, 2018
Repayment of Current Borrowings	(517.50)	-	-
Interest paid	(5,642.45)	(4,142.29)	(2,091.01)
Net cash generated / (used in) financing activities (C)	**660.06**	**(8,524.28)**	**(157.92**
Net (decrease) / increase in cash and cash equivalents (A+B+C)	**(183.36)**	**886.05**	**(19,934.43)**
Cash and cash equivalents acquired pursuant to the Scheme	-	-	21,875.33
Cash and cash equivalents at the beginning of the period	2,826.95	1,940.90	-
Cash and cash equivalents at the end of the period	**2,643.59**	**2,826.95**	**1,940.90**
Components of cash and cash equivalents :			
Balance with banks in current accounts	1,479.12	1,384.90	1,168.67
Balance with credit card, e-wallet companies and others	607.11	777.31	405.99
Cash on hand	557.36	664.74	366.24
Total cash and cash equivalents	**2,643.59**	**2,826.95**	**1,940.90**

THE ISSUE

The following is a summary of the Issue. This summary should be read in conjunction with more detailed information in section titled "*Terms of the Issue*" on page 248.

Equity Shares being offered by the Company pursuant to the Issue	Up to [●] Equity Shares
Rights Entitlement	[●] Equity Shares for every [●] fully paid-up Equity Share(s) held on the Record Date
Record Date	[●], 2020
Face Value per Equity Share	₹ 5 per Equity Share
Issue Price per Equity Share	₹ [●] per Equity Share
Issue Size	Up to ₹ 8,000 lakhs
Equity Shares issued, subscribed and paid-up prior to the Issue	7,95,34,226 Equity Shares
Equity Shares outstanding after the Issue (assuming full subscription for and allotment of the Rights Entitlement)	Up to [●] Equity Shares
Security Codes for the Equity Shares	ISIN: INE020801028 BSE: 542337 CSE: Not applicable NSE: SPENCERS
Terms of the Issue	For further details, see "*Terms of the Issue*" on page 248
Use of Issue Proceeds	For details, see "*Objects of the Issue*" on page 63

GENERAL INFORMATION

Our Company was incorporated as RP-SG Retail Limited, a public limited company under the Companies Act, 2013 in Kolkata, West Bengal, India, pursuant to a certificate of incorporation dated February 8, 2017 issued by the RoC. Subsequently, the name of our Company was changed to its present name, Spencer's Retail Limited, pursuant to the order of the National Company Law Tribunal, Kolkata Bench dated March 28, 2018 approving the Scheme of Arrangement, and subsequently a fresh certificate of incorporation pursuant to change of name was issued by the RoC on December 13, 2018. Our Company's retail business was earlier undertaken by the erstwhile Spencer's Retail Limited since November 22, 2000, which was incorporated under the Companies Act, 1956. Pursuant to the Scheme of Arrangement, the Retail Undertaking 2 of the erstwhile Spencer's Retail Limited, was demerged into our Company with effect from the appointed date of October 1, 2017 in accordance with Sections 230 to 232 and other applicable provisions of the Companies Act, 2013. For more information regarding change in name and registered office of our Company and the Scheme of Arrangement, see "*History and Other Corporate Matters- Scheme of Arrangement*" on page 125.

Corporate Identification Number: L74999WB2017PLC219355

RoC Registration Number: 219355

Registered Office of our Company

The address and certain other details of our registered office are as follows:

Duncan House,
31 Netaji Subhas Road,
Kolkata - 700 001
Telephone: +91 33 6625 7600
Email: spencers.secretarial@rpsg.in
Website: www.spencersretail.com

Corporate Office of our Company

RPSG House
2/4 Judges Court Road
Kolkata -700 027
Telephone: +91 33 2487 1091

Address of the Registrar of Companies

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

Registrar of Companies, West Bengal at Kolkata
Nizam Palace
2nd MSO Building 2nd Floor,
234/4, A.J.C.B. Road
Kolkata – 700 020
Telephone: +91 33 2287 7390

Board of Directors

The following table sets out the details of the Board of Directors as on the date of this Draft Letter of Offer:

Name	Designation	DIN	Address
Sanjiv Goenka	Chairman and Non-Executive Director	00074796	19, Belvedere Road, Alipore, Kolkata 700 027
Devendra Chawla	Managing Director and CEO	03586196	B-401, Oberoi Splendor, JVLR, Andheri (East), Opposite Majas Bus Depot, Mumbai 400 060
Rahul Nayak	Whole time Director	06491536	EMP -21- 204, Evershine Mellinium Paradise, Thakur Village, Kandivali East, Mumbai – 400 101
Shashwat	Non-Executive Non-	03486121	19, Belvedere Road, Alipore, Kolkata 700 027

Name	Designation	DIN	Address
Goenka	Independent Director		
Debanjan Mandal	Non-Executive Independent Director	00469622	93/3A/2, Acharya Prafulla Chandra Road, Raja Ram Mohan Sarani, Kolkata – 700 009
Pratip Chaudhari	Non-Executive Independent Director	00915201	H – 1591, Chittaranjan Park, New Delhi - 110 019
Rekha Sethi	Non-Executive Independent Director	06809515	32, Uday Park, First Floor, New Delhi 110 049
Utsav Parekh	Non-Executive Independent Director	00027642	2/3, Sarat Bose Road, PO – Elgin Road, Kolkata – 700 020

For brief profiles and further details in respect of our Directors, see "*Our Management*" on page 129.

Company Secretary and Compliance Officer

Rama Kant is the Company Secretary and Compliance Officer of our Company. His contact details are as follows:

Address: RPSG House
2/4, Judges Court Road
Kolkata - 700 027
Telephone: +91 33 2487 1091
Email: rama.kant@rpsg.in

Investor Grievances

Investors may contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre-Issue/post-Issue related matters such as non-receipt of letter of Allotment, non-credit of Allotted Rights Equity Shares in the respective beneficiary account or non-receipt of Refund Orders and such other matters. All grievances relating to the Issue may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Rights Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSB where the CAF, or the plain paper application, as the case may be, was submitted by the Investors.

Lead Manager to the Issue

ICICI Securities Limited
ICICI Centre
H.T. Parekh Marg, Churchgate
Mumbai – 400 020
Maharashtra, India
Telephone: +91 22 2288 2460
E-mail: srl.rights@icicisecurities.com
Website: www.icicisecurities.com
Investor grievance e-mail:
customercare@icicisecurities.com
Contact Person: Sameer Purohit / Arjun A Mehrotra
SEBI Registration No: INM000011179

Issue Schedule

Issue Opening Date:	[●], 2020
Issue Closing Date:	[●], 2020
Date of Allotment (on or about):	[●], 2020
Date of credit (on or about):	[●], 2020
Date of listing (on or about):	[●], 2020

Statement of responsibility of the Lead Manager

ICICI Securities Limited is the sole Lead Manager to the Issue. The details of responsibilities of the Lead Manager, is as follows:

S. No.	Activity
1.	Capital structuring with the relative components and formalities such as type of instrument, number of instruments to be issued, etc.
2.	Drafting and design of this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer, CAF, etc. and memorandum containing salient features of the Letter of Offer.
3.	Selection of various agencies connected with the Issue, namely Registrar to the Issue, printers, advertisement agencies and credit rating agency.
4.	Drafting and approval of all publicity material including statutory advertisement, corporate advertisement, etc.
5.	Post-Issue activities, which shall involve essential follow-up steps including follow-up with Bankers to the Issue and the SCSBs to get quick estimates of collection and advising the Company about the closure of the Issue, based on correct figures, finalisation of the basis of Allotment or weeding out of multiple applications, 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 Issue, Bankers to the Issue, SCSBs, etc.

Legal Counsel to the Issue

Khaitan & Co
One Indiabulls Centre
10th and 13th Floor, Tower 1
841, Senapati Bapat Marg
Mumbai - 400 013
Telephone: +91 22 6636 5000
Facsimile: +91 22 6636 5050

Registrar to the Issue

Link Intime India Private Limited
C-101, 247 Park
Lal Bahadur Shastri (LBS) Marg, Vikhroli (West)
Mumbai – 400 083
Maharashtra, India
Telephone: +91 22 4918 6200
Facsimile: +91 22 4918 6195
Email: spencersretail.rights@linkintime.co.in
Investor grievance e-mail: spencersretail.rights@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Sumeet Deshpande
SEBI Registration No: INR000004058

Bankers to the Issue

[•]

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process is provided on https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time. Further, details relating to designated branches of SCSBs collecting the CAFs are available at the above-mentioned link. On Allotment, the amount would be unblocked and the account would be debited only to the extent required to pay for the Rights Equity Shares Allotted.

Please note that in accordance with Regulation 76 of the SEBI ICDR Regulations, all Applicants/Investors are mandatorily required to use the ASBA process to make an application in the Issue.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Rights Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSB where the CAF was submitted. For details see "*Terms of the Issue*" on page 248.

Statutory Auditors of our Company

S.R. Batliboi & Co LLP, Chartered Accountants
22, Camac Street
Block – B, 3rd Floor
Kolkata – 700016
Telephone: +91 33 6615 3400
Email: srbc@srb.in
Firm Registration Number: 301003E/E300005
Peer Review Number: 011170

Changes in the auditors

Except as stated below, there has been no change in the statutory auditors during the three years immediately preceding the date of this Draft Letter of Offer:

Particulars	Date of Change	Reason for Change
S.R. Batliboi & Co LLP, Chartered Accountants	November 14, 2019	Appointment as statutory auditors of our Company
Batliboi, Purohit & Darbari, Chartered Accountants	November 14, 2019	Resignation as statutory auditors of our Company

Bankers to our Company

Axis Bank Limited
Large Corporate, Corporate Banking
1, Shakespeare Sarani, AC Market Building
4th Floor, Kolkata 700 001
Telephone: +91 98300 72896
Email: joydeep.chatterjee@axisbank.com
Contact Person: Joydeep Brata Chatterjee
Website: www.axisbank.com

ICICI Bank Limited
3A, Gurusaday Road
Kolkata 700 019
Telephone: +91 33 4424 8519
Email: prakash.bagla@icicibank.com
Contact Person: Prakash Bagla
Website: www.icicibank.com

RBL Bank Limited
PS Aracadia Central
4A Camac Street
Kolkata 700 016
Telephone: +91 98301 64858
Email: himanshu.kandoi@rblbank.com
Contact Person: Himanshu Kandoi
Website: www.rblbank.com

Experts

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

Our Company has received written consent dated May 12, 2020 from the Statutory Auditors namely, S. R. Batliboi & Co. LLP, Chartered Accountants, to include their name as required under the SEBI ICDR Regulations in this

Draft Letter of Offer and as an "expert" defined under Section 2(38) of the Companies Act, to the extent and in their capacity as a statutory auditor and in respect of their (i) examination report, dated May 11, 2020on our Restated Financial Statements; (ii) report dated May 12, 2020 on the statement of possible tax benefits available to Spencer's Retail Limited and its shareholders under the applicable laws in India included in this Draft Letter of Offer and such consent has not been withdrawn as on the date of this Draft Letter of Offer. However, the term "expert" shall not be construed to mean an "expert" as defined under the Securities Act.

Our Company has received written consent dated May 12, 2020 from the statutory auditors of NBL namely, B S R & Co. LLP, Chartered Accountants, to include their name as required under the SEBI ICDR Regulations in this Draft Letter of Offer and as an "expert" defined under Section 2(38) of the Companies Act, in respect to the report dated May 8, 2020 on the statement of possible special tax benefits available to NBL and its shareholders under the applicable laws in India, included in this Draft Letter of Offer and such consent has not been withdrawn as on the date of this Draft Letter of Offer. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

Credit Rating

As the Issue is of Equity Shares, there is no requirement to obtain credit rating for the Issue.

Debenture Trustee

As the Issue is of Equity Shares, the appointment of a debenture trustee is not required.

Appraising Entity

None of the purposes for which the Net Proceeds are proposed to be utilised have been financially appraised by any banks or financial institution or any other independent agency.

Monitoring Agency

Since the Issue size does not exceed ₹ 10,000 lakhs, there is no requirement to appoint a monitoring agency in relation to the Issue.

Book Building Process

As the Issue is a rights issue, the Issue shall not be made through the book building process.

Minimum Subscription

As per temporary relaxations prescribed under SEBI circular no. SEBI/HO/CFD/CIR/CFD/DIL/67/2020 dated April 21, 2020 if our Company does not receive the minimum subscription of 75% of the Issue, or the subscription level falls below 75% after the Issue Closing Date, our Company shall refund the entire subscription amount received within 15 days from the Issue Closing Date. However, if our Company receives subscription between 75% to 90%, of the Issue Size, at least 75% of the Issue Size shall be utilized for the Objects of this Issue other than general corporate purpose.

In the event that there is a delay in making refunds beyond such period as prescribed by applicable laws, our Company shall pay interest for the delayed period at rates prescribed under applicable laws. The above is subject to the terms mentioned under "*Terms of the Issue - Basis of Allotment*" on page 266.

Underwriting

This Issue shall not be underwritten.

Filing of this Draft Letter of Offer and the Letter of Offer

This Draft Letter of Offer has been filed (vide email) with SEBI for its observations, at L & T Chambers, 3rd Floor, Camac Street, Kolkata – 700 017 and through the SEBI intermediary portal at https://siportal.sebi.gov.in in terms of the circular (No. SEBI/HO/CFD/DIL1/CIR/P/2018/011) issued by the SEBI, and with the Stock Exchanges.

After SEBI gives its observations, the final Letter of Offer will be filed with SEBI and the Stock Exchanges as per the provisions of the SEBI ICDR Regulations.

CAPITAL STRUCTURE

The Equity Share and Preference Share capital of our Company, as of the date of this Draft Letter of Offer, is set forth below:

(In ₹, except share price data)

	Particulars	Aggregate nominal value (in ₹)	Aggregate value at Issue Price* (in ₹)
A	**AUTHORISED SHARE CAPITAL**		
	2,99,01,00,000 Equity Shares of face value of ₹ 5 each	14,95,05,00,000	-
	5,00,000 Preference Shares of face value of ₹ 100 each	5,00,00,000	-
	Total	**15,00,05,00,000**	-
B	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE ISSUE** (1)		
	7,95,34,226 Equity Shares of face value of ₹ 5 each	3,976.71	-
	5,00,000 Preference Shares of face value of ₹ 100 each	500.00	
C	**PRESENT ISSUE IN TERMS OF THIS DRAFT LETTER OF OFFER**		
	Issue of up to [●] Equity Shares of ₹ 5 each (2)	Up to [●]	Up to [●]
D	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THE ISSUE**		
	[●] Equity Shares of ₹ 5 each	[●]	-
	5,00,000 Preference Shares of face value of ₹ 100 each	5,00,00,000	
F	**SHARE PREMIUM ACCOUNT**		
	Before the Issue	Nil	
	After the Issue	[●]	

**To be updated upon finalisation of the Issue Price.*
Note: The Issue has been authorised by the Board of Directors on February 11, 2020, pursuant to Section 62 of the Companies Act, 2013. In terms of the requirements of the SEBI Listing Regulations, our Company has intimated the Stock Exchanges regarding the resolution of the Board of Directors passed on February 11, 2020 through its letter dated February 11, 2020.

Notes to the Capital Structure

1. **History of the share capital of our Company**

(a) The following is the history of the Equity Share capital of our Company:

Date of allotment	Number of Equity Shares	Face value per Equity Share (₹)	Issue price per Equity Share(₹)	Nature of consideration	Reason/Nature for allotment	Cumulative number of Equity Shares	Cumulative paid-up equity share capital (₹)
February 8, 2017	50,000	10	10	Cash	Subscription to the Memorandum of Association (1)	50,000	50,000
November 14, 2018	7,95,34,226	5	5	Consideration other than cash	Allotment pursuant to the Scheme of Arrangement(2)	7,95,84,226	39,81,71,130
November 14, 2018	(50,000)	10	-	-	Cancellation of initial share capital pursuant to the Scheme of Arrangement	7,95,34,226	39,76,71,130
Total	**7,95,34,226**					**7,95,34,226**	**39,76,71,130**

Notes:
(1) Allotment of 49,994 Equity Shares to CESC Limited and one Equity Share each to Rabi Chowdhury, Aniruddha Bash, Gautam Ray,

Rajarshi Banerjee, Rajendra Jha, Subrata Talukdar, being nominees of CESC Limited, pursuant to subscription to the Memorandum of Association.

(2) *Allotment of 7,95,34,226 Equity Shares to the eligible shareholders of CESC Limited pursuant to the Scheme of Arrangement*

(b) Details of Equity Shares allotted for consideration other than cash:

Date of allotment	**Name of allottees**	**Number of equity shares allotted**	**Face value (₹)**	**Issue price per Equity Share (₹)**	**Reasons for allotment**	**Benefits accrued to our Company**
November 14, 2018	Please see note 2 above under point (a)	7,95,34,226	5	5	Allotment pursuant to the Scheme of Arrangement	To reorganise and segregate the shareholdings of CESC Limited in the retail business, to unlock value for the shareholders and enable enhanced focus for exploiting opportunities.

(c) The following is the history of the Preference Share capital of our Company:

Date of allotment	**Number of Preference Shares**	**Face value per Preference Share (₹)**	**Issue price per Preference Share (₹)**	**Nature of consideration**	**Reason/Nature for allotment**	**Cumulative number of Preference Shares**	**Cumulative paid-up Preference Share capital (₹)**
November 14, 2018	5,00,000	100	100	Consideration other than cash	Allotment pursuant to the Scheme of Arrangement(3)	5,00,000	5,00,000
Total	**5,00,000**					**5,00,000**	**5,00,000**

Notes:

(1) *Allotment of 5,00,000 Preference Shares to CESC Limited*

2. Our Company has not issued any Equity Shares out of revaluation reserves since its incorporation. Further, our Company has not revalued its assets since incorporation.

3. Our Company has not issued any Equity Shares in the last one year immediately preceding the date of this Draft Letter of Offer.

4. Other than as disclosed herein, our Company has not issued any Preference Shares since incorporation.

5. Our Company has not made any issue of specified securities at a price lower than the Issue Price during the preceding one year from the date of filing of this Draft Letter of Offer.

6. **Shares allotted in terms of any scheme approved under Section 230-232 of the Companies Act, 2013**

Except for 7,95,34,226 Equity Shares and 5,00,000 Preference Shares issued and allotted pursuant to the Scheme of Arrangement, our Company has not issued or allotted any Equity Shares or Preference Shares in terms of any scheme approved under Section 230-232 of the Companies Act, 2013.

For further details of the Scheme of Arrangement, see "*Capital Structure – Details of Equity Shares allotted for consideration other than cash*" and "*History and Other corporate matters – Scheme of Arrangement*" on page 56 and 125, respectively.

7. **History of build-up of Promoters' shareholding**

As on the date of this Draft Letter of Offer, our Promoters collectively hold 3,81,13,855 Equity Shares, constituting, i.e., 47.92% of the issued, subscribed and paid-up Equity Share capital of our Company. The details of the build-up of our Promoter's shareholding in our Company is as follows:

1. Sanjiv Goenka

Date of allotment/ transfer	Nature of allotment/ Details of transfer	Number of Equity Shares	Nature of consideration	Face value (₹)	Issue / transfer price per Equity Share (₹)	Percentage of the pre- Issue paid-up capital (%)	Percentage of the post- Issue paid-up capital* (%)	Percentage of pledged shares
November 14, 2018	Allotment pursuant to Scheme of Arrangement	80,876	Other than cash	5	-	0.10	[●]	-
Total		**80,876**				0.10	[●]	-

2. Rainbow Investments Limited

Date of allotment/ transfer	Nature of allotment/ Details of transfer	Number of Equity Shares	Nature of consideration	Face value (₹)	Issue / transfer price per Equity Share (₹)	Percentage of the pre- Issue paid-up capital (%)	Percentage of the post- Issue paid-up capital* (%)	Percentage of pledged shares
November 14, 2018	Allotment pursuant to Scheme of Arrangement	3,52,77,979	-	5	-	44.36	[●]	-
February 18, 2019	Market purchase	2,00,000	Cash	5	127.72	0.25	[●]	-
February 19, 2019	Market purchase	7,00,000	Cash	5	139.18	0.88	[●]	-
February 20, 2019	Market purchase	4,55,000	Cash	5	140.82	0.57	[●]	-
February 21, 2019	Market purchase	10,00,000	Cash	5	143.41	1.26	[●]	-
February 22, 2019	Market purchase	4,00,000	Cash	5	170.47	0.50	[●]	-
Total		**3,80,32,979**				**47.82**	[●]	-

All the above Equity Shares were fully paid-up at the time of allotment or transfer, as the case may be.

None of the Equity Shares held by our Promoters are pledged or otherwise encumbered, as on date of this Draft Letter of Offer.

8. **Details for subscription of Issue by Promoters and Promoter Group**

Our Promoters and Promoter Group have undertaken to subscribe, on their own account, to the full extent of their rights entitlement in the Issue. Our Promoters and Promoter Group have confirmed that they intend to subscribe to the Equity Shares offered in the Issue that remain unsubscribed.

Any such subscription for Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding in the Company. Our Promoters have confirmed that the subscription to Equity Shares in this Issue by the Promoters and members of the Promoter Group will not attract open offer requirements under the SEBI Takeover Regulations. Further, the allotment of Equity Shares of the Company subscribed by the Promoters and other members of the Promoter Group of the Company in this Issue shall be exempt from open offer requirements in terms of Regulation 10(4)(a) and 10(4)(b) of the SEBI Takeover Regulations since (A) the Promoters and Promoter Group shall be subscribing to the full extent of their rights entitlement in the Issue and (B) the Issue Price shall not be higher than the ex-rights price of the Equity Shares determined in accordance with Regulation (10)(4)(b)(ii) of the SEBI Takeover Regulations and (C) the Issue shall not result in a change of control of the management of our Company in accordance with provisions of the SEBI Takeover Regulations.

9. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue.

10. The Lead Manager and its respective associates (determined as per the definition of 'associate company' under the Companies Act, 2013 and as per definition of the term 'associate' under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992) do not hold any Equity Shares as on the date of this Draft letter of Offer. The Lead Manager and its respective affiliates may engage in transactions with and perform services for our Company in the ordinary course of business or may in the future engage in commercial banking and investment banking transactions with our Company, for which they may in the future receive customary compensation.

11. **Shareholding of our Promoter and Promoter Group**

The members of our Promoter and Promoter Group together hold 4,35,08,904 Equity Shares, which is equivalent to 54.70% of the total equity share capital of our Company.

12. **Shareholding pattern of our Company**

The table below presents the shareholding pattern of our Company as of December 31, 2019:

Category of Shareholder (II)	Number of Share-holders (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)	Shareholding 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+C2)	Number of locked in shares (XII)		Number of shares pledged or otherwise encumbered (XIII)		Number of Equity Shares held in dematerialised form (XIV)
							No of voting rights									
							Class - Equity	Total	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)	
Promoters and Promoter Group (A)	13	4,35,08,904	-	-	4,35,08,904	5,47,046	4,35,08,904	-	4,35,08,904	-	54.70		-	-	-	4,35,08,904
Public (B)	49,735	3,60,25,322	-	-	3,60,25,322	4,52,954	3,60,25,322	-	3,60,25,322	-	45.30		-	-	-	3,52,20,774
Non-Promoter Non-Public (C)	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-
Shares underlying DRs (C) (1)	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-
Shares held by Employee Trusts (C) (2)	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-
Total (A)+(B)+(C)	**49,748**	**7,95,34,226**	**-**	**-**	**7,95,34,226**	**10,00,000**	**7,95,34,226**	**-**	**7,95,34,226**	**-**	**100.00**		**-**	**-**	**-**	**7,87,29,678**

13. **Shareholding of the directors of our corporate Promoter**

None of the directors of our corporate Promoter hold any Shares in our Company.

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

Except as disclosed below, none of the Directors of our Company hold any Equity Shares as on the date of this Draft Letter of Offer:

Name of Director	No. of Equity Shares	Percentage of the pre-Issue paid up share capital (%)	Percentage of the post-Issue paid up share capital (%)
Sanjiv Goenka	80,876	0.10	[●]
Shashwat Goenka	66,844	0.08	[●]

None of the Key Managerial Personnel of our Company hold any Equity Shares as on the date of this Draft Letter of Offer**.**

15. **Major shareholders**

The list of the major shareholders of our Company and the number of Equity Shares held by them is provided below:

a) The details of the Shareholders of our Company holding 1% or more of the paid-up Equity Share capital of our Company as on the end of the last week before date of this Draft Letter of Offer is set forth below:

Sr. No.	Name of the Shareholder	No. of Equity Shares held	Percentage of the equity share capital (%)
1.	Rainbow Investments Limited	3,80,32,979	47.82
2.	India Insight Value Fund	24,84,000	3.12
3.	BNK Capital Markets Limited	17,41,508	2.19
4.	Radhakishan S. Damani	16,61,324	2.09
5.	STEL Holdings Limited	14,96,082	1.88
6.	Life Insurance Corporation of India	13,26,769	1.67
7.	Castor Investments Limited	12,00,584	1.51
8.	Phillips Carbon Black Limited	10,11,718	1.27
Total		**4,89,54,964**	**61.55**

b) The details of the Shareholders of our Company who held 1% or more of the paid-up Equity Share capital of our Company ten days prior to the date of this Draft letter of Offer is set forth below:

Sr. No.	Name of the Shareholder	No. of Equity Shares held	Percentage of the equity share capital (%)
1.	Rainbow Investments Limited	3,80,32,979	47.82
2.	India Insight Value Fund	24,84,000	3.12
3.	BNK Capital Markets Limited	17,41,508	2.19
4.	Radhakishan S. Damani	16,61,324	2.09
5.	STEL Holdings Limited	14,96,082	1.88
6.	Life Insurance Corporation of India	13,26,769	1.67
7.	Castor Investments Limited	12,00,584	1.51
8.	Phillips Carbon Black Limited	10,11,718	1.27
Total		**4,89,54,964**	**61.55**

c) The details of the Shareholders of our Company who held 1% or more of the paid-up Equity Share capital of our Company one year prior to the date of this Draft letter of Offer is set forth below:

Sr. No.	Name of the Shareholder	No. of Equity Shares held	Percentage of the equity share capital (%)
1.	Rainbow Investments Limited	3,76,32,979	47.32
2.	BNK Capital Markets Limited	16,58,714	2.08
3.	HDFC Trustee Company Limited - HDFC Equity Fund	15,51,413	1.95
4.	STEL Holdings Limited	14,96,082	1.88
5.	Life Insurance Corporation of India	13,26,769	1.67
6.	Canara Robeco Mutual Fund A/C Canara Robeco Emerging Equities	11,67,451	1.47
7.	Phillips Carbon Black Limited	10,11,718	1.27
8.	Franklin Templeton Mutual Fund A/C Franklin India Prima Fund	9,77,402	1.23
9.	Reliance Capital Trustee Company Limited A/C Reliance Growth Fund	8,16,870	1.03
10.	Rochdale Emerging Markets (Mauritius)	8,11,612	1.02
11.	Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Equity Fund	8,01,600	1.01
Total		**4,92,52,610**	**61.93**

d) The details of the Shareholders of our Company who held 1% or more of the paid-up Equity Share capital of our Company two years prior to the date of this Draft letter of Offer is set forth below:

Sr. No.	Name of the Shareholder	No. of Equity Shares held	Percentage of the equity share capital (%)
1.	CESC Limited	50,000*	100
Total		**50,000**	**100**

**This includes six shares held by the nominees of CESC Limited*

16. As on date of the last beneficiary position dated May 8, 2020 available before filing of the Draft Letter of Offer, our Company has a total of 68,395 Shareholders.

17. The Issue being a rights issue of Equity Shares, the requirement of minimum of promoter's contribution and lock-in are not applicable.

18. None of the members of our Promoter Group and/or directors of our Promoter and/or our Directors and their relatives have purchased or sold any Equity Shares during the period of six months immediately preceding the date of this Draft Letter of Offer.

19. Our Company, our Directors and the Lead Manager have not entered into any buy-back, safety net and/or standby arrangements for purchase of specified securities of our Company, including the Equity Shares to be issued pursuant to the Issue.

20. No person connected with the Issue, including but not limited to, our Company, the members of the Syndicate, our Directors, our Promoters or the members of the Promoter Group, or our Group Companies, shall offer in any manner whatsoever any incentive, whether direct or indirect, whether in cash or kind or services or otherwise to any person for making an application in the Issue, except for fees and/or commission for services rendered in relation to the Issue.

21. The Equity Shares issued pursuant to the Issue shall be fully paid up at the time of Allotment. Further, there are no partly paid up Equity Shares as on the date of this Draft Letter of Offer. For further details on the terms of the Issue, see "*Terms of the Issue*" on page 248.

22. Except pursuant to the Scheme of Arrangement, our Company has not made any public issue or rights issue of any kind or class of securities since the date of its incorporation.

23. As on the date of this Draft Letter of Offer, there are no outstanding warrants, options or rights to convert debentures, loans or other convertible instruments into Equity Shares or any other right, which would entitle any person any option to receive Equity Shares.

24. Our Company shall not make any further issue of specified securities in any manner, whether by way of issue of bonus shares, preferential allotment, qualified institutional placement, rights issue or public issue or in any other manner which will/may affect the equity capital of our Company, during the period commencing from the filing of the Draft Letter of Offer with SEBI to the date on which the Equity Shares allotted pursuant to the Issue are listed or application moneys refunded on account of the failure of the Issue, as the case maybe.

25. Our Company has no intention to alter the Equity capital structure by way of split/consolidation of the denomination of the Equity Shares, or issue of specified securities on preferential basis or issue of bonus or rights or public issue of Equity Shares or qualified institutional placement or by a further public offer for a period of six months within the Issue Opening Date.

26. At any given time, there shall be only one denomination of the Equity Shares of our Company, unless otherwise permitted by law.

27. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

28. Our Company shall ensure that any transaction in the Equity Shares by the Promoters and the Promoter Group during the period between the date of filing this Draft letter of Offer and the date of closure of the Issue shall be reported to the Stock Exchanges within 24 hours of such transaction.

29. There are no financing arrangements whereby the members of our Promoter Group, the directors of our Promoters, our Directors and their relatives have financed the purchase by any other person of the Equity Shares, other than in the normal course of the business of the financing entity, during the period of six months immediately preceding the date of filing of this Draft Letter of Offer with SEBI.

30. The ex-rights price of the Equity Shares as per regulation 10(4)(b)(ii) of the Takeover Regulations is ₹ [●].

31. The Promoters and members of our Promoter Group will not receive any proceeds from the Issue.

32. Pursuant to the resolution passed by our Board on May 17, 2019, and special resolution of our Shareholders dated July 19, 2019 our Company has instituted the ESOP 2019 for grant of options to eligible employees which may result in the issue of up to 39,76,711 Equity Shares under the ESOP 2019. The objective of the scheme is to (a) encourage ownership of the Company’s equity shares by the employees on an ongoing basis; (b) to align employee compensation with performance of the Company; (c) to benefit the Company by enabling the attraction and retention of the best available talent by enabling them to contribute and share in the growth of the Company and (d) to provide existing Employees an opportunity for investment in the Company’s Common Stock in recognition of their efforts to grow and build the Company. As on the date of this Draft Letter of Offer, no options have been granted under the ESOP 2019.

OBJECTS OF THE ISSUE

The Net Proceeds from the Issue are proposed to be utilised by our Company for the following objects (collectively referred to as "**Objects**"):

1. To meet working capital requirements; and
2. General corporate purposes

The main objects clause and objects incidental or ancillary to the main objects as set out in the Memorandum of Association enables our Company to undertake its existing activities and the activities for which funds are being raised by our Company through the Issue.

Net Proceeds

The details of the proceeds of the Issue are summarised in the table below:

(in ₹ lakhs)

Particulars	Estimated amount
Gross Proceeds from the Issue*	[●]
(Less) Issue related expenses#	[●]
Net Proceeds	**[●]**

**Assuming full subscription and Allotment of the Rights Entitlement*
 # To be finalised upon determination of the Issue Price and updated in the Letter of Offer prior to filing with SEBI and the Stock Exchanges

Utilization of Net Proceeds and schedule of implementation and deployment

The Net Proceeds are currently expected to be deployed in accordance with the schedule set forth below:

(in ₹ lakh)

Particulars	Total estimated cost	Amount already incurred as on March 31, 2020	Amount which will be financed from Net Proceeds	Estimated utilisation of Net Proceeds in Fiscal 2021
To meet working capital requirements#	6,000.00	-	6,000.00	6,000.00
General corporate purpose *	[●]	-	[●]	[●]
Total	[●]	-	[●]	[●]

** To be finalised upon determination of Issue Price and updated in the Letter of Offer prior to filing with SEBI and the Stock Exchanges. The amount shall not exceed 25% of the Gross Proceeds.*
 # As certified by M/s B.K. Dutta & Co., Chartered Accountants by way of their certificate dated May 11, 2020.

Given the dynamic nature of our business, we may have to revise our funding requirements and deployment on account of a variety of factors such as our financial condition, business strategy and external factors such as market conditions, competitive environment, interest or exchange rate fluctuations, taxes and duties, working capital margin and other external factors which may not be within the control of our management. This may entail rescheduling or revising the planned expenditure and funding requirements, including the expenditure for a particular purpose, at the discretion of our management. Subject to applicable law, if the actual utilisation towards working capital requirement is lower than the proposed deployment, the balance will be used towards general corporate purposes to the extent that the total amount to be utilized towards general corporate purposes will not exceed 25% of the gross proceeds. In case of a shortfall in raising requisite capital from the Net Proceeds towards meeting the Objects, business considerations may require us to 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. To the extent our Company is unable to utilise any portion of the Net Proceeds towards the aforementioned objects, per the estimated scheduled of deployment specified above, our Company shall deploy the Net Proceeds in subsequent Fiscals towards the aforementioned objects.

The above fund requirements are based on our current business plan, internal management estimates and have not been appraised by any bank or financial institution. These are based on current conditions and are subject to revisions in light of changes in external circumstances or costs, or our financial condition, business or strategy. For further details of factors that may affect these estimates, see "*Risk Factors - Our funding requirements and the proposed deployment of Net Proceeds have not been appraised by a public financial institution or a scheduled commercial bank and our management will have broad discretion over utilization of the Net Proceeds.*" on page 38.

Details of the Objects of the Issue

1. **Working capital requirements**

Our Company requires additional working capital for funding its working capital requirements in the Financial Year 2021. The funding of the working capital requirements of our Company will lead to a consequent increase in our profitability.

Basis of estimation of working capital requirement

The details of our Company's working capital as at December 31, 2019, March 31, 2019 and March 31, 2018 and source of funding of the same are provided in the table below:

(in ₹ lakhs)

Sr. No.	Particulars	Amount (As at March 31, 2018)*	Holding period (no of days) in Financial Period 2018	Amount (As at March 31, 2019)*	Holding period (no of days) in Fiscal 2019	Amount (As at December 31, 2019)*	Holding period (no of days) for period ending on September 30, 2019*
I	**Current Assets**						
	Inventories	24,249.13	52	26,982.13	57	23,946.02	46
	Sundry Debtors	3,720.68	8	4,567.77	10	7,145.38	14
	Cash and Bank Balances	1,928.13	4	2,802.52	6	1,429.96	3
	Other Current Assets	10,336.39	23	22,426.45	48	12,570.38	25
	Total Current Assets (A)	**40,234.20**	**87**	**56,778.87**	**121**	**45,091.78**	**87**
II	**Current Liabilities**						
	Sundry creditors	27,954.09	60	31,244.51	66	34,799.98	66
	Other Current liabilities	2,073.53	4	2,957.15	6	3,980.42	8
	Provisions	1,496.25	3	1,421.11	3	1,389.91	3
	Borrowings	-	-	-	-	8,316.55	16
	Total Current Liabilities (B)	**31,523.87**	**68**	**35,622.77**	**76**	**48,486.86**	**92**
III	**Working Capital Requirements (A-B)**	**8,710.33**	**19**	**21,156.10**	**45**	**(3,395.12)**	**(6)**
IV	**Means of Finance**						
	Short-term borrowings	-		-		-	
	Internal Accruals	8,710.33		21,156.10		-	
	Total Means of Finance	**8,710.33**		**21,156.10**		**-**	

**Pursuant to the certificate dated May 11, 2020, issued by M/s B.K. Dutta & Co., Chartered Accountants.*

On the basis of the existing working capital requirements of the Company and the incremental and proposed working capital requirements, the details of our Company's expected working capital requirements, as approved by the Board of Directors, for the Fiscal 2021 and Fiscal 2022 and funding of the same are as provided in the table below:

(in ₹ lakhs)

S. No.	Particulars	Estimated amount as on March 31, 2021*	Holding period (no of days) in Fiscal 2021*	Estimated amount as on March 31, 2022*	Holding period (no of days) in Fiscal 2022*
I	***Current Assets***				
	Inventories	31,783	42	37,423	42
	Sundry Debtors	7,098	9	7,677	9
	Cash and Bank Balances	7,518	11	13,914	16
	Other Current Assets	16,726	24	17,328	19
	Total Current Assets (I)	**63,126**	**85**	**76,342**	**86**
II	***Current Liabilities***				
	Sundry creditors	37,420	57	46,789	57

S. No.	Particulars	Estimated amount as on March 31, 2021*	Holding period (no of days) in Fiscal 2021*	Estimated amount as on March 31, 2022*	Holding period (no of days) in Fiscal 2022*
	Other Current liabilities	13,817	19	13,817	16
	Provisions	1,888	3	1,888	2
	Total Current Liabilities (II)	53,124	79	64,493	75
III	**Total Working Capital Requirements (I - II)**	**10,002**	**6**	**11,846**	**11**
IV	**Funding pattern**				
	Working capital funding from banks	**4,000**	-	**4,000**	-
	Net Proceeds from the Fresh Issue	**6,000**	-	**6,000**	-
	Internal Accruals	**2**	**6**	**1,846**	**11**
	Total	**10,002**	**6**	**11,846**	**11**

**Pursuant to the certificate dated May 11, 2020, issued by M/s B.K. Dutta & Co., Chartered Accountants.*

(in ₹ lakhs)

Particulars	Estimated amount for Fiscal 2021*
Incremental working capital requirement	**6,000**
Funding Pattern	
Working Capital funding from banks	-
Internal Accruals	-
Net Proceeds from the Fresh Issue	**6,000**
Total	**6,000**

**Pursuant to the certificate dated May 11, 2020, issued by M/s B.K. Dutta & Co., Chartered Accountants*

Assumptions for working capital requirements*

Sr. No.	Particulars	Assumptions
1.	Inventory	Increase in inventory on account of sales growth in both food and non-food. Company have focusing on higher growth on non-food category and planning to grow double from the current mix. The said changes will increase the value of inventory.
2.	Accounts receivables	The value of receivable will increase in line with the increase in business
3.	Creditors	Value of accounts payable will increase in line with the increase in business.

**Pursuant to the certificate dated May 11, 2020, issued by M/s B.K. Dutta & Co., Chartered Accountants*

2. **General Corporate Purposes**

Our Company intends to deploy any balance Net Proceeds towards general corporate purposes, not exceeding 25% of the Gross Proceeds, in compliance with the SEBI ICDR Regulations. The allocation or quantum of utilisation of funds towards the specific purposes will be determined by our Board, based on our business requirements and other relevant considerations, from time to time.

General corporate purposes may include, but are not restricted to, the following:

a) strategic initiatives;
b) funding growth opportunities;
c) strengthening marketing capabilities and brand building exercises;
d) meeting ongoing general corporate contingencies;
e) meeting fund requirements of our Company, in the ordinary course of its business;
f) meeting expenses incurred in the ordinary course of business; and
g) any other purpose, as may be approved by the Board, subject to applicable law.

Means of Finance

Paragraph 9(C) of Part A of Schedule VI of the SEBI ICDR Regulations (which requires firm arrangements of finance to be made through verifiable means towards at least 75% of the stated means of finance for the project proposed to be funded from issue proceeds, excluding the amount to be raised through the Issue), is not applicable.

Issue Related Expenses

The total expenses of the Issue are estimated to be ₹ [●] lakhs. The break-up for the Issue expenses is as follows:

Activity	Estimated amount (in ₹ lakhs) (1)	As a % of total estimated Issue expenses (1)	As a % of Issue size (1)
Fees payable to:			
Lead manager(s) fees	[●]	[●]	[●]
Brokerage, selling commission and upload fees	[●]	[●]	[●]
Registrars to the Issue	[●]	[●]	[●]
Legal counsel to the Issue	[●]	[●]	[●]
Advertising and marketing expenses	[●]	[●]	[●]
Regulators including stock exchanges	[●]	[●]	[●]
Printing and distribution of issue stationary	[●]	[●]	[●]
Expenses relating to advertising, printing, distribution, marketing and stationery expenses	[●]	[●]	[●]
Miscellaneous	**[●]**	[●]	[●]
Total estimated Issue expenditure	**[●]**	[●]	[●]

(1) Assuming full subscription and Allotment of the Rights Entitlement. In case of any difference between the estimated Issue related expenses and actual expenses incurred, the shortfall or excess shall adjusted with the amount allocated towards general corporate purposes.

Interim use of Net Proceeds

Our Company, in accordance with the policies of established by the Board, from time to time, will have the flexibility to deploy the Net Proceeds. Pending utilisation for the purposes described above, we undertake to temporarily invest the funds from the Net Proceeds in deposits with one or more scheduled commercial banks included in the Second Schedule of Reserve Bank of India Act, 1934, for the necessary duration. Such investments will be approved by our Board from time to time. Our Company confirms that it shall not use the Net Proceeds for any buying, trading, or otherwise dealing in the shares of any other listed company or for any investment in the equity markets or providing inter-corporate deposits to any related parties. Additionally, in compliance with Regulation 66 of the SEBI ICDR Regulations, our Company confirms that it shall not use the Net Proceeds for financing or for providing loans to or for acquiring shares of any person who is part of the Promoter Group or Group Companies. Further, our Company confirms that the borrowings proposed to be repaid from the Net Proceeds have not been utilised towards any payments, repayment/refinancing of any loans availed form the Promoter Group or Group Companies.

Bridge financing facilities and other financial arrangements

Our Company has not raised any bridge loans or entered into any other similar financial arrangements from/with any bank or financial institution as on the date of this Draft Letter of Offer, which are proposed to be repaid from the Net Proceeds.

Monitoring of Utilisation of Funds

As the size of the Issue does not exceed ₹ 10,000 lakhs, in terms of Regulation 82 of the SEBI ICDR Regulations, our Company is not required to appoint a monitoring agency for the purposes of this Issue. Our Board and Audit Committee shall monitor the utilization of the Net Proceeds.

Pursuant to Regulation 18(3) of 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 funds utilised for purposes other than those stated in this Draft Letter of Offer and place it before our Audit Committee. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full. The statement shall be certified by the Statutory Auditors of our Company. Further, in accordance with Regulation 32 of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the utilisation of the Net proceeds from the Objects, as stated above; and (ii) details of category wise variations in the utilisation of the Net Proceeds from the Objects, as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results of our Company, after placing such information before our Audit Committee.

Appraising Agency

None of the Objects for which the Net Proceeds will be utilised, require appraisal from any agency in terms of applicable law.

Other Confirmations

No part of the Net Proceeds will be utilised by our Company as consideration to our Promoters, members of the Promoter Group, Directors, Group Companies or Key Management Personnel. Our Company has not entered into nor is planning to enter into any arrangement/agreements with Promoters, members of the Promoter Group, Directors, Key Management Personnel or our Group Companies in relation to the utilisation of the Net Proceeds. Further, except in the ordinary course of business, there is no existing or anticipated interest of such individuals and entities in the Objects, as set out above.

BASIS OF ISSUE PRICE

The Issue Price has been determined by our Company in consultation with the Lead Manager on the basis of assessment of market conditions and on the basis of the following qualitative and quantitative factors. Some of the information presented in this section for the nine months period ended December 31, 2019 and for the Fiscal 2019 and Financial Period 2018 are derived from the Restated Financial Statements.

The face value of the Rights Equity Shares is ₹ 5 per Equity Share and the Issue Price is [●] of the face value.

QUALITATIVE FACTORS

We believe that the following business strengths allow us to successfully compete in the industry:

1. Our heritage and early mover advantage;
2. Makes fine living affordable with differentiated offering of fresh foods and proprietary products;
3. Best in class instore customer services;
4. Supply chain efficiency;
5. Efficient operations;
6. Asset light business model and competitive lease rentals; and
7. Strong promoter background and an experienced and entrepreneurial management team

For details, see "*Our Business – Our Competitive Strengths*" on page 109.

QUANTITATIVE FACTORS

Some of the information presented in this section is derived from the Restated Financial Statements of our Company. For more details on the financial statements, see "*Financial Information*" on page 158.

(a) Basic and Diluted Earnings/Loss Per Share ("EPS"):

Derived from Restated Financial Statements:

Period	Basic		Diluted	
	EPS (₹)	**Weight**	**EPS (₹)**	**Weight**
For Financial Period 2018	(5.73)	1	(5.73)	1
For Fiscal 2019	(1.14)	2	(1.14)	2
Weighted Average	**(2.67)**		**(2.67)**	
For the nine months period ended December 31, 2019 (Not Annualized)	(10.61)		(10.61)	

Note: Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders of our Company by the weighted average number of Equity Shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the parent company and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(b) Return on Net Worth ("RoNW")

Derived from Restated Financial Statements:

Period	RoNW (%)	Weight
For Financial Period 2018	(99.55)	1
For Fiscal 2019	(29.72)	2
Weighted Average	(53.00)	
For the nine months period ended December 31, 2019 (Not Annualised)	(35.09)	

Note: Return on Net worth %: Profit/ (loss) for the period attributable to equity shareholders of the parent divided by Net worth as attributable to equity shareholders of the parent at the end of the year/period.

(c) Net Asset Value ("NAV") per Equity Share of face value of ₹5 each

Period	Consolidated (in ₹)
For Financial Period 2018	119.67
For Fiscal 2019	50.96
For the nine months period ended December 31, 2019	40.35
Conversion Price	[●]
Issue Price	[●]
After the Issue and conversion	[●]

Note: Net assets value per equity share (₹):Net assets at the end of the year/period divided by weighted average number of equity share outstanding during the year/ period.

(d) ***Industry Peer Group P/E ratio***

Based on the peer group information (excluding our Company) given below in this section highest P/E ratio is 172.96, the lowest P/E ratio is 5.89, the average P/E ratio is 65.01.

Comparison with Listed Industry Peers

Name of the company	Revenue from Operations (₹ in lakhs)	Face value per Equity Share (₹)	P/E	EPS (Basic) (₹)	RoNW (%)	NAV (₹)
Shoppers Stop	3,57,793.15	5	25.39	7.38	7.10%	103.96
Raymond	6,58,228.34	10	8.81	27.37	8.58%	331.83
ABFRL	8,11,772.00	10	27.88	4.15	22.48%	4.15
Bata	2,93,110.30	5	53.29	25.6	18.89%	25.60
Trent	2,63,024.00	10	172.96	2.92	5.77%	2.85
Titan	19,77,852.00	1	61.30	15.82	22.82%	15.64
D-Mart	20,00,452.00	10	164.58	14.46	16.15%	14.46
Future Retail	20,33,258.00	2	5.89	14.47	18.90%	14.47

Source: Annual report March 31,2019
Market price of Thursday, April 30,2020 has been considered for determining P/E ratio

The Issue Price of ₹ [•] has been determined by our Company, in consultation with the Lead Manager and is justified based on the above accounting ratios. 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 Information*" on pages 20, 108, 204 and 158, respectively.

STATEMENT OF TAX BENEFITS

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA

The Board of Directors
Spencer's Retail Limited
Duncan House,
31, Netaji Subhas Road,
Kolkata - 700001

Dear Sirs,

Statement of Possible Tax Benefits available to Spencer's Retail Limited and its shareholders under the Indian tax laws

1. We hereby confirm that the enclosed Annexure 1 and 2 (together "the Annexures"), prepared by Spencer's Retail Limited ('the Company'), provides the possible tax benefits available to the Company and to the shareholders of the Company under the Income-tax Act, 1961 ('the Act') as amended by the Finance Act 2019, i.e. applicable for the Financial Year 2019- 20 relevant to the assessment year 2020-21, the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 ("GST Act"), the Customs Act, 1962 ("Customs Act") and the Customs Tariff Act, 1975 ("Tariff Act") as amended by the Finance Act 2019, i.e., applicable for the Financial Year 2019-20 relevant to the assessment year 2020-21, presently in force in India(together, the" Tax Laws"). Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company and / or its shareholders to derive the tax benefits is dependent upon their fulfilling such conditions which, based on business imperatives the Company faces in the future, the Company or its shareholders may or may not choose to fulfil.

2. The benefits discussed in the enclosed Annexures are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that these Annexures are only intended to provide information to the investors and are neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed rights issue.

3. We do not express any opinion or provide any assurance as to whether:

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

4. The contents of the enclosed Annexures are based on information, explanations and representations obtained from the Company and on the basis of their understanding of the business activities and operations of the Company.

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

Per Kamal Agarwal
Partner
Membership Number: 058652
UDIN: 20058652AAAAAU2760

Place of Signature: Kolkata
Date: May 12, 2020

Annexure 1

STATEMENT OF TAX BENEFITS AVAILABLE TO SPENCER'S RETAIL LIMITED (THE "COMPANY") AND ITS SHAREHOLDERS

I. **UNDER THE INCOME-TAX ACT, 1961 (hereinafter referred to as 'the Act')**

1. <u>Special tax benefits available to the Company under the Act</u>

There are no special tax benefits available to the Company.

2. <u>Special tax benefits available to the shareholders under the Act</u>

There are no special tax benefits available to the shareholders of the Company.

Notes:

1. The above Statement 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.

2. The above statement covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law.

3. The above statement of possible tax benefits is as per the current direct tax laws relevant for the assessment year 2020 – 21. Several of these benefits are dependent on the Company or its shareholder fulfilling the conditions prescribed under the relevant tax laws.

4. Pursuant to The Taxation Laws (Amendment) Bill, 2019, the effective tax rates have changed to 25.168% subject to certain conditions with effect from April 01, 2019.The Company is in the process of evaluating the option to opt for lower tax rate and has considered the rate existing prior to the Ordinance in its balance sheet for the period ended December 31, 2019.

5. This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.

6. 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 changes from time to time. We do not assume responsibility to update the views consequent to such changes.

Annexure 2

STATEMENT OF TAX BENEFITS AVAILABLE TO SPENCER'S RETAIL LIMITED (THE "COMPANY") AND ITS SHAREHOLDERS

I. **The Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 ("GST Act"), the Customs Act, 1962 ("Customs Act") and the Customs Tariff Act, 1975 ("Tariff Act")** *(collectively referred to as "indirect tax")*

1. <u>Special indirect tax benefits available to the Company</u>

There are no indirect tax benefits available to the Company.

2. <u>Special indirect tax benefits available to Shareholders</u>

There are no indirect tax benefits applicable in the hands of the shareholders for investing in the shares of the Company.

Notes:

1. Our comments are based on our understanding of the specific activities carried out by the Company from April 2019 till the date of this Annexure as per the documents provided to us and the discussions held with the representatives of the Company. Any variation in the understanding could require our comments to be suitably modified.

2. These comments are based upon the provisions of the specified Indirect tax laws, and judicial interpretation thereof prevailing in the country, as on the date of this Annexure.

3. We have been given to understand by the audit team that during the period April 2019 till the date of this Annexure, the Company has:

    - not claimed any exemption / benefit under the GST law on outward supplies of goods and services made by them except to the extent the supply of goods which were chargeable at 'Nil' rates as per the applicable Tariff;

    - availed input tax credit in respect of procurement of goods and services in so far the same were attributable to taxable outward supply of goods and / or services in accordance with the provisions of GST Law;

    - not exported any goods or services;

    - imported services on payment of IGST at the applicable rates as per the applicable Tariff;

    - not claimed any incentive under any State Incentive Policy.

4. The above statement covers only above-mentioned tax laws benefits and does not cover any income tax law benefits or benefit under any other law.

5. This Annexure is solely for the information and use of the statutory auditors of the Company. The Annexure may not be used for any other purpose, or distributed to any other party, without our prior written consent. Any party other than the statutory auditors of the Company should not rely on this Annexure without seeking prior professional advice.

6. The firm has no responsibility to update this Annexure for events or circumstances occurring after this date, unless specifically requested by the statutory auditors of the Company.

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS OF NATURES BASKET LIMITED

The Board of Directors
Natures Basket Limited
2nd Floor, Spencer Building,
30 Fortjett Street,
Grant Road (west)
Mumbai – 400007
Maharashtra

Date: 8 May 2020

Subject: **Statement of possible special tax benefits ("the Statement") available to Natures Basket Limited ("the Company") and its shareholder prepared in accordance with the requirement under Schedule VI – Part A - Clause (9) (L) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("the ICDR Regulations")**

This report is issued in accordance with the Engagement Letter dated 28 March 2020.

We hereby report that the enclosed Annexure II prepared by the Company, initialed by us for identification purpose, states the possible special tax benefits available to the Company and its shareholder, under direct and indirect taxes (together "**the Tax Laws**"), presently in force in India as on the signing date, which are defined in Annexure I. These possible special tax benefits are dependent on the Company and its shareholder fulfilling the conditions prescribed under the relevant provisions of the Tax Laws, as applicable. Hence, the ability of the Company or its shareholder to derive these possible special tax benefits is dependent upon their fulfilling such conditions, which is based on business imperatives the Company may face in the future and accordingly, the Company or its shareholder may or may not choose to fulfill.

The benefits discussed in the enclosed Annexure II cover the possible special tax benefits available to the Company and its shareholder and do not cover any general tax benefits available to the Company and its shareholder. Further, the preparation of the enclosed Annexure II and its contents is the responsibility of the Management of the Company. We were informed that the Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed rights issue of equity shares by the parent entity, Spencer's Retail Limited ("Rights issue") particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the possible special tax benefits, which an investor can avail. Neither we are suggesting nor advising the investors to invest money based on the Statement

We conducted our examination in accordance with the "Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)" (the "**Guidance Note**") issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by the Institute of Charted Accountants of India.

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.

We do not express any opinion or provide any assurance as to whether:
(i) the Company or its shareholder will continue to obtain these possible special tax benefits in future; or
(ii) the conditions prescribed for availing the possible special tax benefits where applicable, have been/would be met with.

The contents of the enclosed Annexures are based on the information, explanation and representations obtained from the Company, and on the basis of our understanding of the business activities and operations of the Company. Our views expressed herein are based on the facts and assumptions indicated to us. 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 the Tax Laws and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to the Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this Statement, except as per applicable law.

We hereby give consent to include this Statement in the Draft Letter of Offer and Letter of Offer of Spencer's Retail Limited and in any other material used in connection with the Rights Issue, and it is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **B S R & Co. LLP**

Chartered Accountants
ICAI Firm's Registration No: 101248W/W-100022

Rishabh Kumar
Partner
Membership number: 402877
ICAI UDIN: 20402877AAAABL3297

Place: Mumbai
Date: 8 May 2020

ANNEXURE I

LIST OF DIRECT AND INDIRECT TAX LAWS (“TAX LAWS”)

Sr. No:	Details of Tax Laws
1.	Income-tax Act, 1961 and Income-tax Rules, 1962
2.	Central Goods and Services Tax Act, 2017
3.	Integrated Goods and Services Tax Act, 2017
4.	State Goods and Services Tax Act, 2017

ANNEXURE II

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO NATURES BASKET LIMITED ("THE COMPANY") AND ITS SHAREHOLDER UNDER THE APPLICABLE DIRECT AND INDIRECT TAXES ("TAX LAWS")

Outlined below are the Possible Special Tax Benefits available to the Company and its shareholder under the Tax Laws. These Possible Special Tax Benefits are dependent on the Company and its shareholder fulfilling the conditions prescribed under the Tax Laws. Hence, the ability of the Company and its shareholder to derive the Possible Special Tax Benefits is dependent upon fulfilling such conditions, which are based on business imperatives it faces in the future, it may or may not choose to fulfill.

UNDER THE TAX LAWS

A. ***Special tax benefits available to the Company***

There are no special tax benefits available to the Company under the Tax Laws.

B. ***Special tax benefits available to Shareholders***

There are no special tax benefits available to the Shareholders under the Tax Laws.

C. ***Special tax benefits available to material subsidiaries***

The Company does not have any Material Subsidiary either in India or in Overseas.

NOTES:

1. The above is as per the prevalent Tax Laws as on date.

2. The above Statement of possible special tax benefits sets out the provisions of Tax Laws in a summary manner only and is not a complete analysis or listing of all the existing and potential tax consequences of the purchase, ownership and disposal of equity shares of the Company.

3. This Statement does not discuss any tax consequences in any country outside India of an investment in the equity shares of the Company. The shareholders / investors in any country outside India are advised to consult their own professional advisors regarding possible income tax consequences that apply to them under the laws of such jurisdiction.

SECTION IV - ABOUT US

INDUSTRY OVERVIEW

*Unless noted otherwise, the information in this section is obtained or extracted from "Retailing Annual Review" dated February 2020 (the "**CRISIL Report**") prepared and issued by CRISIL Research, a division of CRISIL Limited, on our request. Neither we nor any other person connected with the Issue have independently verified such information. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, adequacy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. 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. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. The recipient should not construe any of the contents in this report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction.

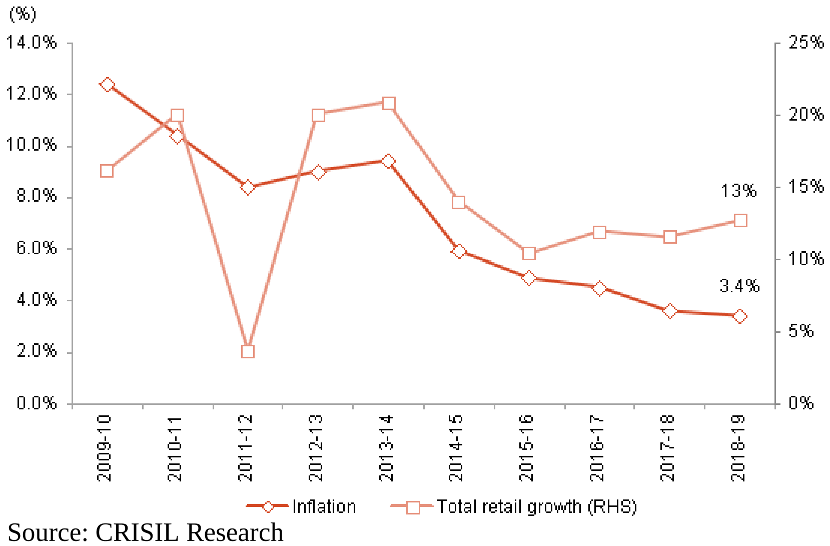
Overall retailing

Slight moderation in retail growth likely in fiscal 2020

The fortunes of the Rs 60 trillion (in 2018-19) Indian retail industry are contingent on disposable income, affordability, and consumer sentiment. Low inflation, lower interest rates, favourable economic growth positively influences consumer disposable income and sentiment, which improves retail spending.

Weak sentiments post demonetisation and disruption due to GST led retail to grow at a slower pace of ~11% in 2017-18.

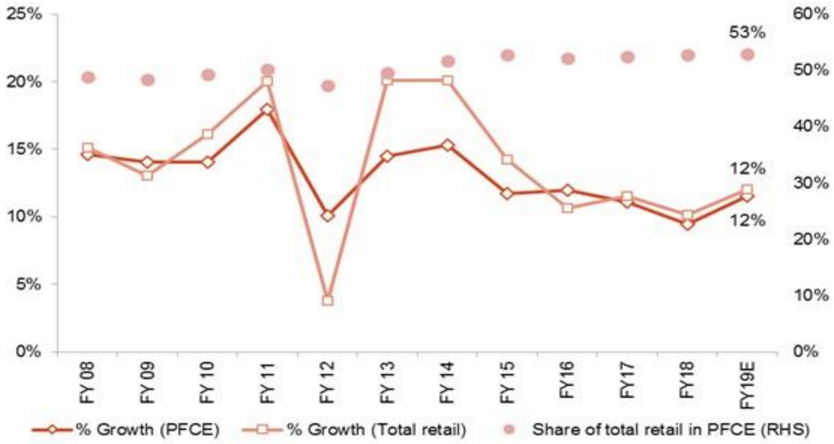
Inflation vs growth in retail



Source: CRISIL Research

A rise in non-farm incomes as rural employment and wages increased as a result of proposed government measures lifted rural consumption demand and thus benefited retail in fiscal 2019. GDP in fiscal 2019 grew by 6.8% with growth slowing in the second half of the fiscal after an excellent first half. A third straight year of normal and fairly reasonably distributed monsoon, ironing out of Goods and Services Tax-related issues, fading of demonetisation impact, budgetary support to the rural economy, and a low-base effect augured well for retail consumption and GDP growth in fiscal 2019. Food & grocery and apparel are the segments which propelled growth for retail during the fiscal. Thus, retail grew by ~12% in fiscal 2019.

Retailing growth vs PFCE growth



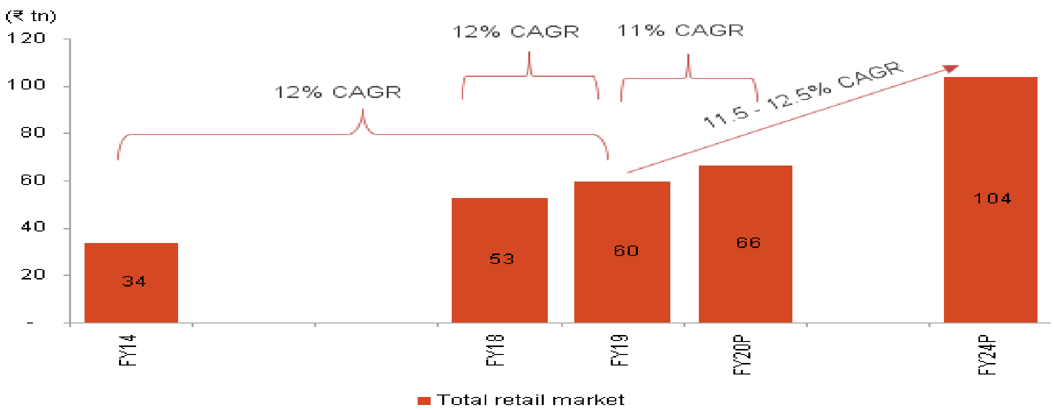
Note: E: Estimated 1) PFCE: Private final consumption expenditure 2) It is estimated on trend analysis and available quarterly data.

Source: CRISIL Research

With the Indian economy caught in crosswinds, gross domestic product (GDP) is expected to grow at a slower pace of 6.9% in fiscal 2020. The slowdown would be pronounced in the first half, while the second half should find support from monetary easing, consumption and statistical low-base effect. According to RBIs consumer confidence survey, one year ahead perception and expectation on spending has come down from 77.6% in November 2018 to 74.7% in May 2019. Within this, spending on non-essential items has come down from 44.5% to 39.4% while on essential items, it has come down from 84.1% to 80.7% during the same period. In cautious spending scenario, segments such as consumer durables, gems & jewellery and apparel are expected to be impacted the most while the impact will be lower on segments such as food & grocery and pharmacy. Thus, we expect overall retail to grow at a slower pace of ~11% in fiscal 2020.

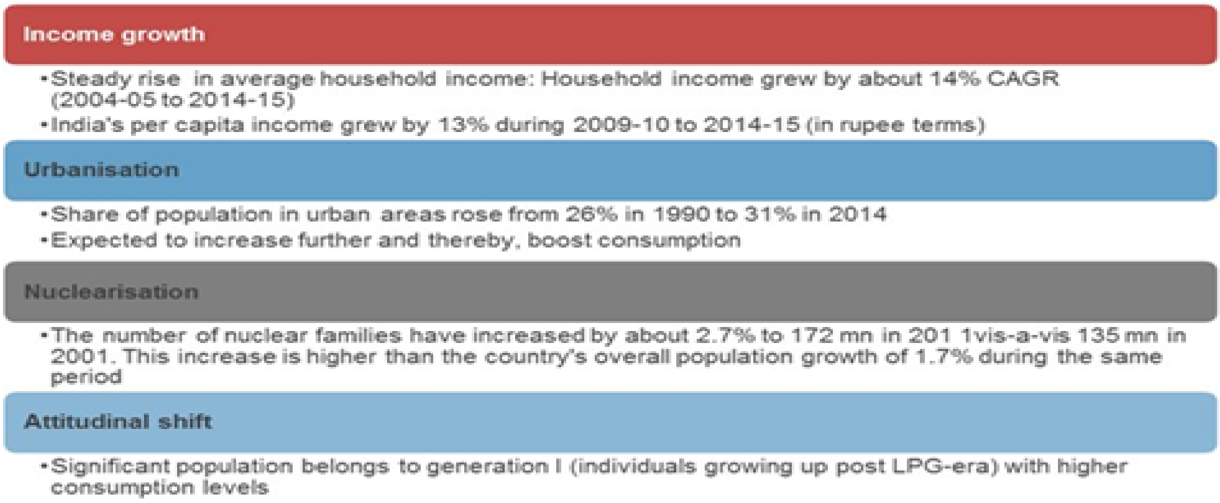
In the long run, we believe growth will accelerate at a 11.5-12.5% compound annual growth rate (CAGR), as economic activity picks up and inflation remains in low to moderate range. Pent up demand along with better economic outlook will boost consumer sentiment and drive up discretionary spending. Improved investment by the large retailers will further propel retail growth. Also, we expect the implementation of Seventh Pay Commission recommendations to boost consumer spending, as the middle class will have more cash (higher disposable income) in hand. Upon the finalisation of the Sixth Pay Commission recommendations, consumption expenditure grew at an 18% CAGR (fiscal 09-fiscal 11) compared with 14% CAGR over the previous three years. Consumption expenditure on clothing grew at a significant 28% CAGR, while that on food and groceries grew at about 15% CAGR.

Retailing industry market size



Note: P: Projected
Source: CRISIL Research

Factors impacting growth in overall retailing in India



Note: LPG: Liberalisation, privatisation and globalisation, which India adopted in 1991.
Source: Industry, CRISIL Research

Organised retailing

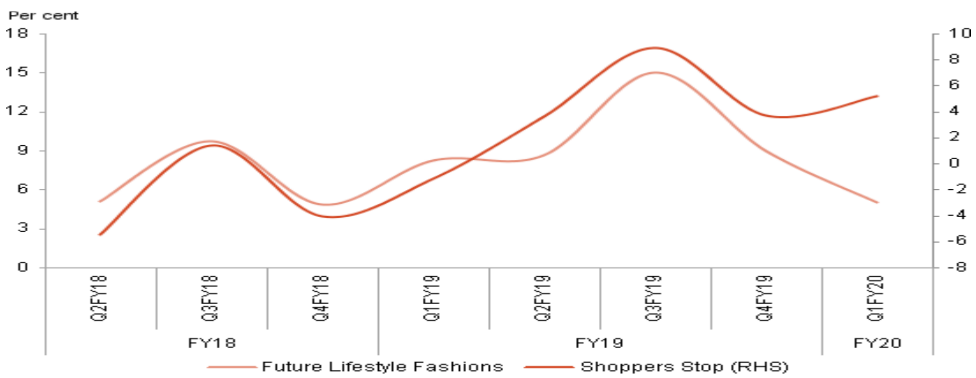
Growth in organised retailing to moderate by 400 bps in FY20; however long term growth outlook seems healthy

Organised retailing grew at a break-neck 30% compound annual growth rate (CAGR) between fiscal 06 and fiscal 11. According to CRISIL Research, organised retail typically means large-scale chain stores which are corporatised, apply modern management techniques and have relatively higher level of self-service in nature. E-retail is a part of organised retail while traditional retail includes only brick-and-mortar (B&M).

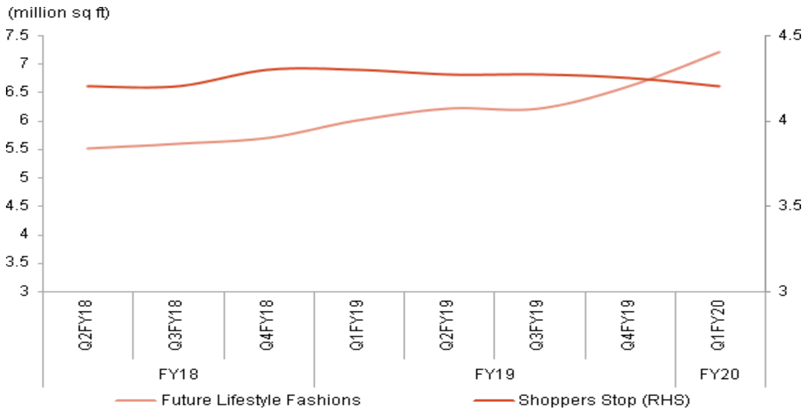
In the past, organised retail grew at a relatively slower 16% CAGR from fiscals 2013 to 2017 as a tepid economy put the brakes on disposable income from 2012 to 2015. This blip lowered consumer spending to a low of 15% in fiscal 2015. Growth rebounded the next year and organised retailing expanded at 17% on-year in fiscal 2016. However, growth of the organised retail industry slowed to 15% in fiscal 2017 with demonetisation putting temporary brake on consumer spending.

Moving on, the first quarter of 2017-18 saw improved growth, with customers preponing their purchases across verticals on account of expected price hike post GST. Further, the discounts offered by retailers provided further push to sales. However, this preponed purchase affected second quarter with shops witnessing lower footfalls. During the second half, as the situation stabilised and consumer sentiments improved growth picked up.

Same store sales growth



Source: Source: Company reports
Retail space for major retailers



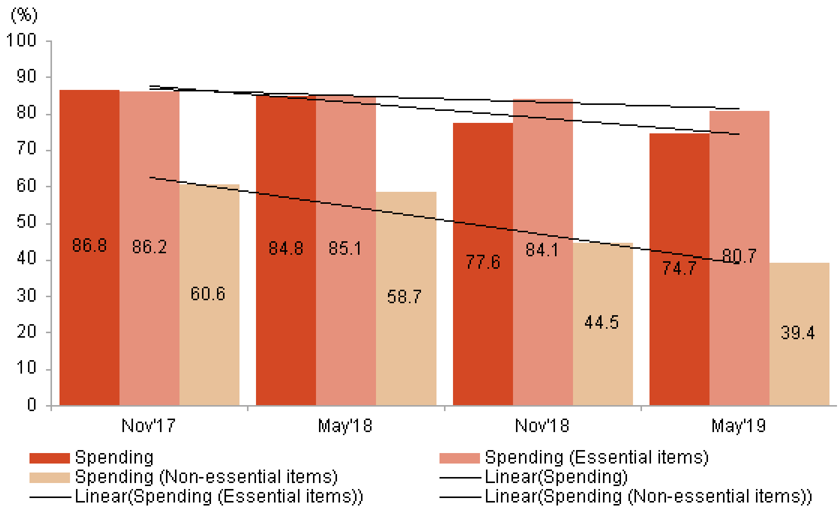
Source: Company reports

Increased aggression shown by online players and increasing investments by organised retailers into new stores further led to growth in fiscal 2018. Further, GST also led to growth for organised players, as the cost of doing business increased for unorganised players. Thus organised retail grew at ~20% on-year in fiscal 2018. Going forward, GST is expected to continue demand shift towards organised.

Though the first quarter of fiscal 2019 saw organised retail grow at a slower pace on account of a high base, they performed well in the second quarter. Shift of festive season to the third quarter improved demand during the third quarter. However, with consumer sentiment tapering down towards the last quarter of the fiscal, demand too was relatively slower. Overall, organised retail grew by ~21% on-year in fiscal 2019 with brick & mortar players registering a growth of ~18%.

Of late, with consumer sentiment tapering down, growth in organised retail is expected to take a beating in the short term. According to RBIs consumer confidence survey, one year ahead perception and expectation on spending has come down from 77.6% in November 2018 to 74.7% in May 2019. Within this, spending on non-essential items has come down from 44.5% to 39.4% while on essential items, it has come down from 84.1% to 80.7% during the same period. Interaction with apparel manufacturers indicated that lower inventory orders are being placed by retailers. In cautious spending scenario, segments such as consumer durables, gems & jewellery and apparel are expected to be impacted the most while the impact will be lower on non-discretionary segments such as food & grocery and pharmacy.

Perceptions and Expectations on Spending: One year ahead Expectation of increment

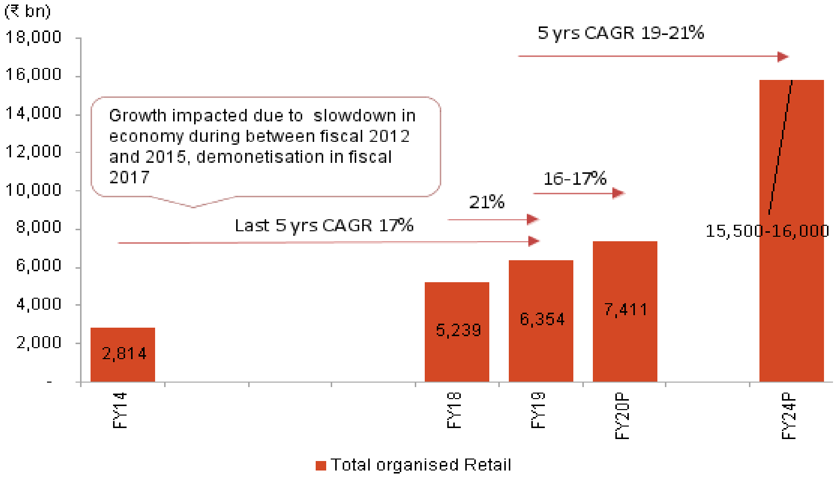


Source: Reserve Bank of India

The growth may pick up in the second half of the fiscal supported by softer interest rates and budgetary measures that support consumption.

New store roll-outs as well as increasing penetration into tier-II&III cities apart from metros and tier-I will propel growth in longer term. Governments decision to permit 100% foreign direct investment (FDI) in single-brand retail under the automatic route from 49% earlier and relaxation in sourcing norms will boost growth in the longer term. Further, with pick-up in macro and improved consumer spending in the longer term, organised retailers could clock 19-21% CAGR over fiscals 2019 to 2024, reaching Rs 15.5-16 trillion.

Organised retail to grow at 19-21% CAGR in long term

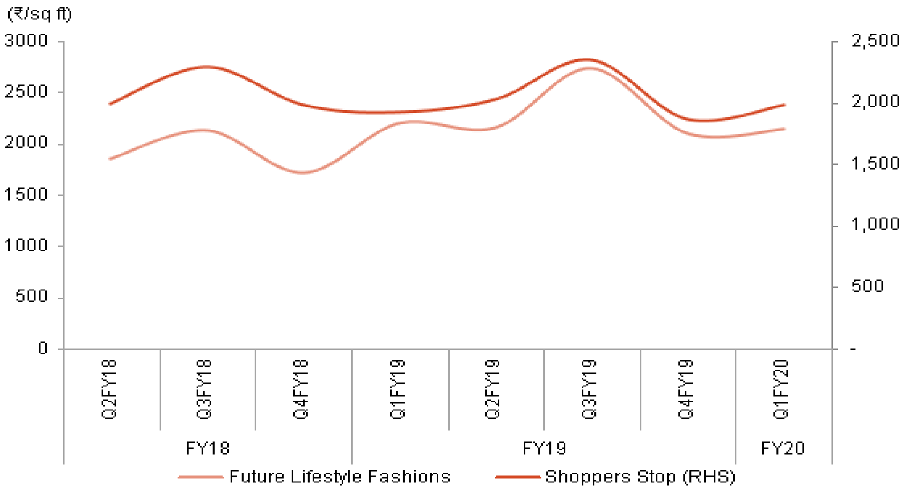


P: Projected
Source: CRISIL Research

Within organised retail, the growth trajectory of B&M retailers will be steady at 16-18% CAGR over the five-year period, with e retailers growing at a faster 27-32%. Increasing preference by consumers to make purchases from large organised outlets will drive demand for B&M retailers. Growing internet penetration and industry focus towards consumer stickiness will drive growth for online players.

Higher disposable incomes and better economic outlook are likely to spur consumer spend, enthusing retailers to open more stores.

Sales per square feet



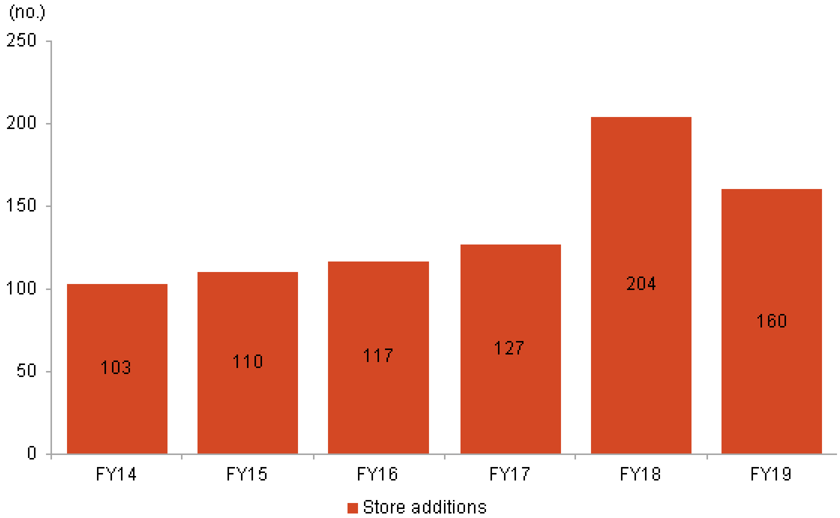
Source: Company reports

Investment by brick and mortar retailers gaining traction; focus on new store additions in tier 2/3 cities

Over the last 2 fiscals, increasing retail spends on the back of improvement in consumer sentiments, better economic outlook and improvement in profitability as well as gearing is leading to revival in investments.

Expansion data from 8 major retail formats showed that after cumulative store addition of around 350 stores in the previous three fiscals till fiscal 2017, the cumulative store additions increased to over 360 stores in the next two fiscals till fiscal 2019. Although, the store addition may witness slight slowdown in fiscal 2020 owing to consumption slowdown, the trend of increasing store addition is expected to continue post that over the next few years as more and more players look to increase their retail space additions. Expansion plans of retailers indicate that investments will happen in tier-II&III cities too along with tier-I.

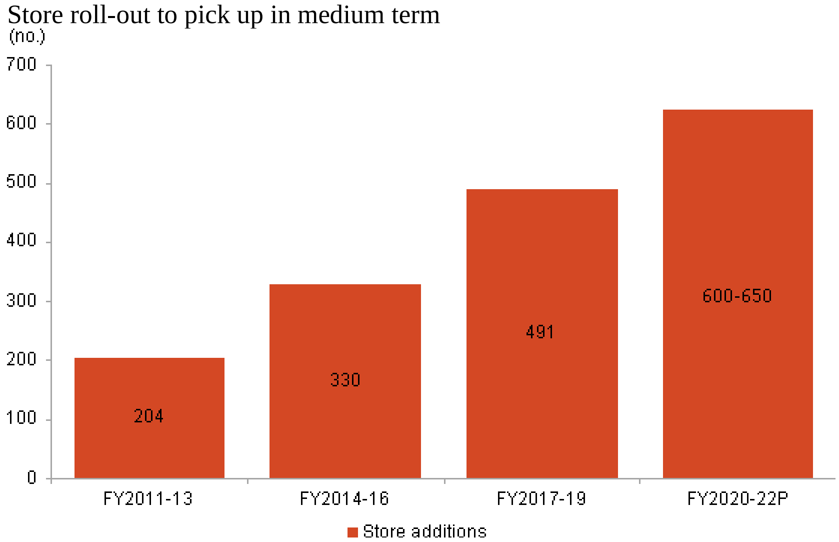
Store additions increased over past two years



Note: The data is aggregate for Shoppers Stop, Pantaloons, D-Mart, Big Bazaar, Westside, V-Mart, Central and Brand factory forming ~15% of organised B&M retail

Source: Company reports

Store roll-out to pick up in medium term

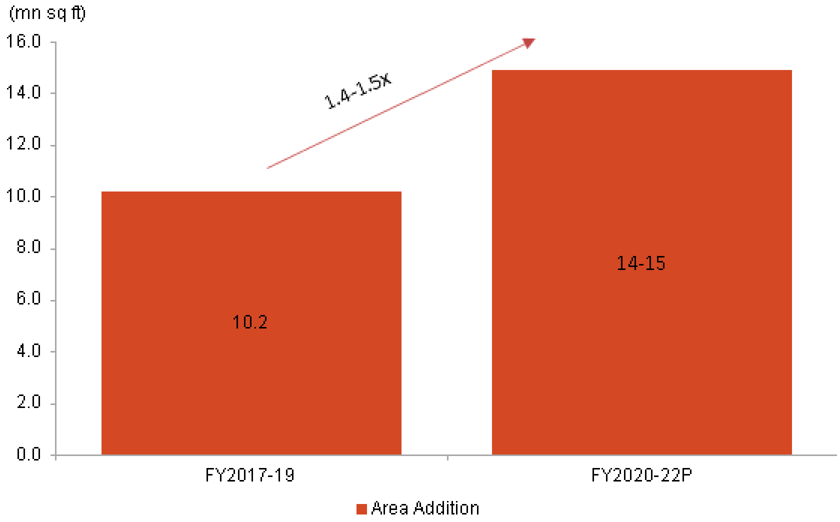


Note: The data is aggregate for Shoppers Stop, Pantaloons, D-Mart, Big Bazaar, Westside, V-Mart, Central and Brand factory forming ~15% of organised B&M retail; P: Projected

Source: Company reports, CRISIL Research

Retail space addition data of the aforementioned formats shows that ~10 mn. sq. ft. area was added between fiscal 2017 and fiscal 2019. Going forward, with increased store addition, we expect retail space to increase by 1.4-1.5 times with the aforementioned players expected to add 14-15 mn. sq. ft between fiscal 2020 and fiscal 2022.

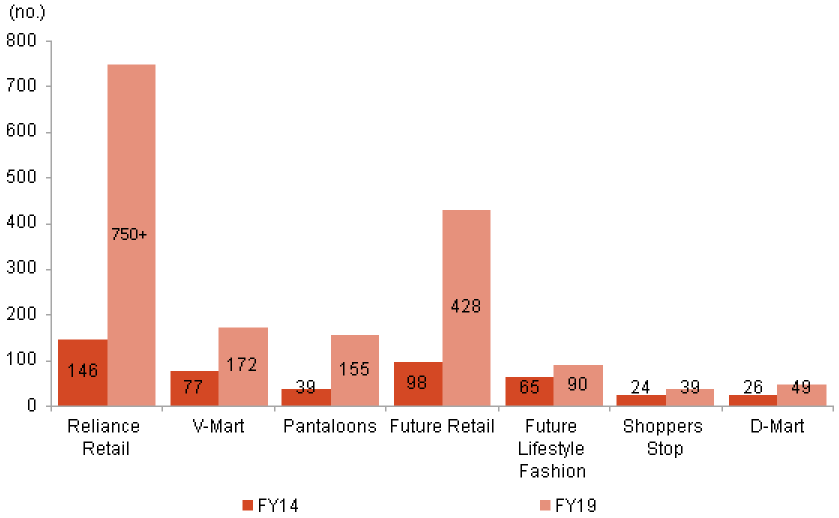
Retail space addition to grow by 1.4-1.5x over the medium term



Note: The data is aggregate for Shoppers Stop, Pantaloons, D-Mart, Big Bazaar, Westside, V-Mart, Central and Brand factory forming ~15% of organised B&M retail; P: Projected
Source: Company reports, CRISIL Research

Apart from tier-I cities, players have been setting up stores in tier-II&III cities as well which can be seen from their increasing presence across cities over the past few years. Further, expansion plans of retailers indicate that investments will happen in tier-II&III cities too along with tier-I.

Players expanded their reach over the years across cities



Note: The data for D-Mart is for fiscal 2015
Source: Industry

Structural reforms by the government to provide impetus to organised retail growth

GST to provide further impetus to organised retail growth

The implementation of GST has likely spawned structural changes in the supply chain and logistics networks in India. Companies are expected to have migrated from the current strategy of multiple warehousing to the hub and spoke model as tax treatment across India will be uniform. Organised retailers too are expected to benefit from rationalisation of logistics costs because of flexibility in procurement and seamless movement of goods across states. Besides, GST will also likely drive market share gains for organised players, as the tax arbitrage which used to help unorganised players will be reduced.

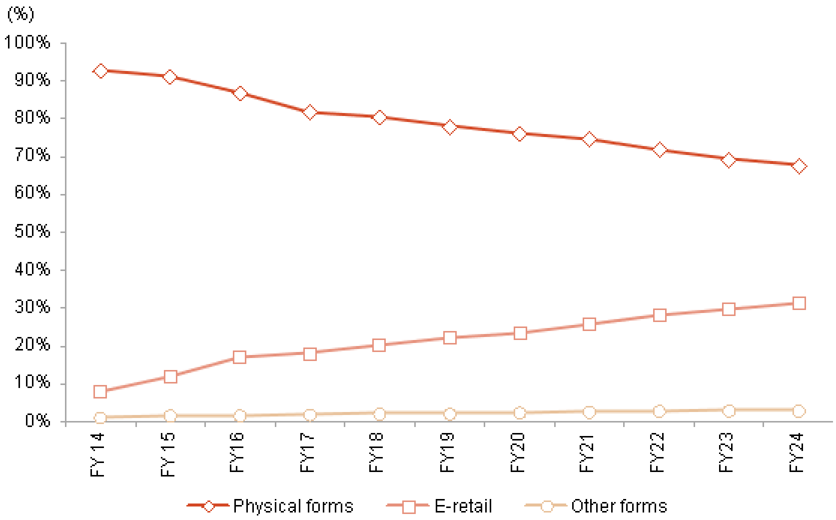
New single-brand retail rules to further drive growth in medium to long term

The governments decision to permit 100% foreign direct investment (FDI) in single-brand retail under the automatic route from 49% earlier along with relaxation in sourcing norms is further expected to drive growth for organised retail. While FDI approval under the automatic route will lower the time to commence business, the relaxation of 30% local sourcing norms for the first five years by allowing inclusion of incremental sourcing for global operations will provide sufficient time for new entrants to set up and stabilise their sourcing base. Although this will mean more competition from new and existing players, more foreign retailers, faced with growth headwinds in their key operating geographies, are expected to expand in the domestic market. This could also lead to sharper focus on, and improvements in, supply chain efficiencies, which will benefit the organised retail sector over the medium term.

Organised retail penetration to reach 15% by fiscal 2024

Organised retail penetration is likely to reach approximately 15% in fiscal 2024 from 10.6% in fiscal 2019. This is owing to urban consumers moving up the economic ladder, increasing preference for branded products, and the youth becoming more aspirational. Further, GST is also likely drive market share gains for organised players, as tax arbitrage which used to help unorganized will be reduced. On the supply side, store expansions by existing players and entry of new players would support growth.

Share of each segment in organised retail



Note: Data from FY20 to FY24 are projections
Source: CRISIL Research

Growing value proposition

CRISIL Research has outlined the demand- and supply-side factors that will create value for the organised retailing space.

Demand-side factors

- Growing number of youth and working women
- Rising income levels and increasing disposable income. The disposable income per household has grown about 13% from fiscals 2010 to 2015
- Increasing brand consciousness
- Changing consumer preferences and growing urbanisation
- Increasing number of high net-worth individuals

Supply-side factors

- Rapid real estate infrastructure development

- Easier access to credit: For example, Future Group has entered into a strategic partnership with Bajaj Finance for easy EMIs to buy goods ranging from apparel and grocery to high-end consumer durables
- Increased efficiency due supply chain improvement

Regulatory challenges impacting the growth of organised retail players

In the recent past, the government has made several attempts to streamline regulations for the industry. However, a lot remains to be done. Some operational barriers the players face are as follows;

Multiple laws, regulations and clearances required for operations

- Absence of single-window clearance. Multiple approvals need to be taken at the central, state and local levels.
- Large number of complex laws such as APMC Act, Essential Commodities Act, etc., restrict expansion.
- Restrictive zoning laws, rent controls, and protected tenancies result in high rentals and scarcity of real estate.
- Challenging labour laws such as minimum wage law and work hour laws for women employees impact the flexibility required for seasonal retail business.

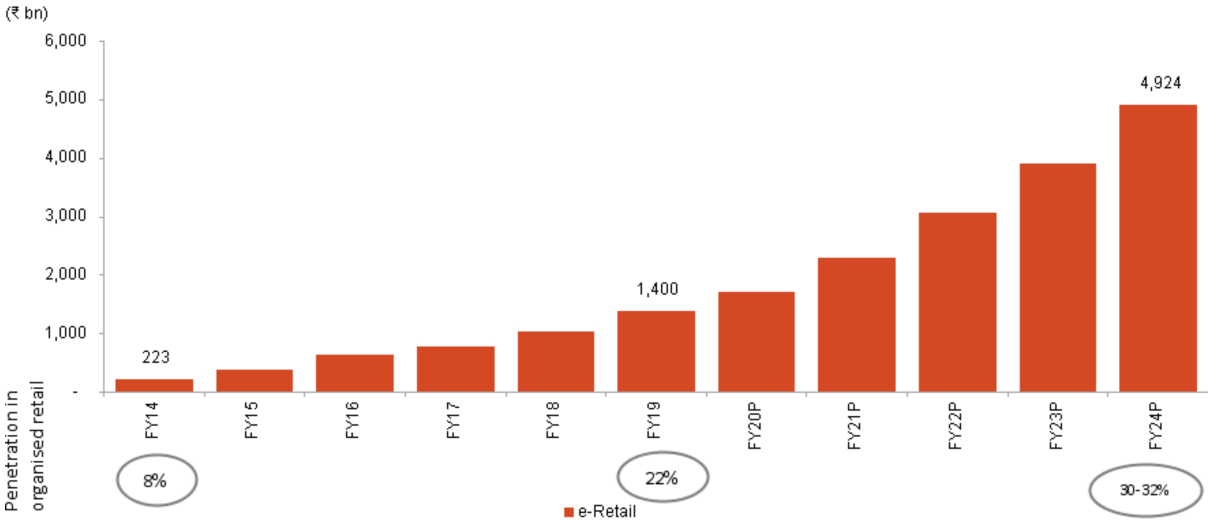
Foreign direct investment (FDI)

- For e-commerce, 100% FDI is allowed in the market-place model and business-to-business (B2B) segment. However, the same is not allowed in the inventory-based model.

E-retail to post healthy growth, albeit slower than earlier

Organised retailing has been dominated by the physical format of delivery. Online shopping accounted for less than 1% of the industry at the beginning of the 21st century. However, the scenario has changed rapidly as the ecosystem for e-retailing has evolved since the advent of India's largest e-retailer, Flipkart, in 2007. The e-retail industry, which stood at ~Rs 1.4 trillion during fiscal 2019, has grown almost 3 times since fiscal 2016. The format accounted for about 26% of the organised retailing market in fiscal 2019.

Focused funding, rationalisation of operations to normalise growth for online



P: Projected
Source: CRISIL Research

The Department of Industrial Policy & Promotions recent clarification on foreign direct investment (FDI) policy by e-retailers restricts equity ownership in sellers; caps percentage procurement for sellers from e-marketplaces; and puts curbs on marketplaces mandating exclusive partnership with brands or on providing favourable services to a few vendors.

With these policy changes initiated to create a level playing field for all sellers, discounts are likely to come down which can result in slower growth in the near term. The top two e-retailers, accounting for about 70% of the e-retail industry revenue, generate more than half of their sales through group companies. Following the restriction on equity ownership in sellers, e retailers will need to make changes in their supply chain and may alter business model in several ways which is expected to take time of around 6-8 months. Thus, CRISIL Research expects online retail to grow at a slower pace of 20-25% in fiscal 2020.

The online retail segment is expected to clock a healthy CAGR of 27-32% in the long term, but it will still be slower than the past five years on account of higher base, more focused funding, players shifting focus from improving topline through discounts to increasing operational efficiency and improving profitability. E-retailers will account for 30-32% of the organised market at the end of the period.

The e-retail market could see healthy growth due to:

- Increasing number of internet users: The number of internet user have grown at 25% CAGR (fiscals 2013 to 2018) to reach ~500 million in fiscal 2018. This number is expected to cross 800 million by fiscal 2023.
- Greater usage of smartphones
- Lower cost of connectivity and improved quality
- Expanded reach in lower tier cities and rural areas, backed by investments in network infrastructure

Customers are generally attracted to e-retail as the industry offers a superior value proposition across several parameters:

- Wider selection of products
- Higher discounts
- Greater convenience of shopping (including door-step delivery)
- Payment channels (including cash-on-delivery, mobile wallets)

Government's clarification on marketplace model provided respite to B&M retailers

On March 29, 2016, the Department of Industrial Policy and Promotion came up with a clarification on FDI in online marketplaces. It stated money raised from foreign entities by e-commerce players such as Amazon, Snapdeal, Flipkart, etc., can be used to serve consumers rather than routing their business through their holding companies as a B2B activity. In addition, it also stipulated some restrictive conditions for the marketplace model. First is that marketplace will not source more than 25% of its sales from a single vendor. Secondly, e-commerce entities providing marketplace will not directly or indirectly influence sales price of goods and services and shall maintain a level-playing field.

Aggressive discounting by e-commerce players had hurt the profitability of B&M retailers. To combat competition, these retailers are adopting various omni-channel strategies (mobile app, online platform), increasing private labels, and sharpening focus on Tier II and III cities, thereby improving the overall operating efficiency.

Tata group has entered into an e-commerce venture by launching Tata Cliq (a marketplace for in-house and partner companies to sell apparel and electronics). Joining the bandwagon are Reliance Retail, which launched Ajio.com, that will offer private labels for women, Aditya Birla Retail's abof.com, which offers brands of Aditya Birla Group as well as other companies, and Mahindra and Mahindra's M2ALL.com, which will offer the entire range of Mahindra products and services.

Meanwhile, Shoppers Stop Ltd and Future Group, which runs chains such as Big Bazaar and Central, have rolled out their omni-channel strategies to have an online presence. Shoppers Stop is selling products and brands online via a tie-up with leading online e-commerce portals apart from its own online platform.

Lifestyle brand Van Huesen opened its first digitally immersive flagship store in 2016 where customers are greeted by a 42 inch digital display called Todays Briefing that offers the look of the day, informs whats new in-store, and shares styling tips and updates on fashion trends. Looking to connect with a younger audience, Raymond launched a flagship store in Bangalore that boasts of a double height live facade with LED curtains displaying digital content.

It allows its customer to click Trial on the iPad and have the selection appear in the desired size inside the trial room. Online furniture player Pepperfry has launched a concept store named as 'Studio Pepperfry' which allows customers to interact and consult with interior designers and architects.

Online players venturing offline

Many e-commerce firms are going offline to connect with their customers. Recently, Amazon took 5% stake in Shoppers Stop. Myntra opened its first physical retail store in March 2017 for its private label, Roadster, in Bengaluru. The firm plans to open 100 stores across cities for its other private labels by 2020. Online furniture market place Pepperfry decided to go offline with a concept store in Hyderabad in June 2016. Currently, the firm has 65 physical stores and plans to expand it to 120 by fiscal 2020. Cosmetic firm Nykaa which currently has 41 stores is planning to increase it to 180 stores over the next five years. Many of these firms creating an offline presence are not looking at it from a sales perspective, but from a pure-play experience perspective. For other firms, physical retail stores help them gain trust and showcase their finished goods before the delivery is done.

Vertical-wise growth

Organised food and grocery retail to be one of the fastest growing segment in the medium term

Of the total organised retail industry, the food and grocery segment accounts for about 19% share (value terms), but remains the most under-penetrated segment at an estimated 3.6%, with unorganised players (such as mom-and-pop kirana stores, cart vendors and wet markets) still dominating the market. Unorganised players have lower overheads (as they are either self-owned or self-managed), and thus compete fiercely with organised players by offering customers the convenience of home delivery, credit, favourable location, etc.

The low organised retail penetration (ORP) in the segment signals tremendous opportunity for organised players; however, managing supply chain along with achieving economies of scale remains a challenge due to the products' perishable nature.

Fiscal 2018 fared well for the segment and apart from initial disruptions from vendors for coming to terms with GST. CRISIL Research estimates the food and grocery segment to have grown ~26% on-year in 2017-18. Fiscal 2019 also saw healthy growth of ~29% on-year with offline players focussing on expanding stores while online players moving aggressively in the segment. Going forward, the segment is expected to witness healthy growth driven by new store additions by players. D-Mart is planning to add 24 stores annually over the next few years. Future retail is planning on adding 10000 small convenience stores over the next few years. Growth is further expected to be driven by like-to-like (LTL) sales. Future group has upped the ante with its Har Din Low Prices strategy. Further, Reliance Fresh and D-Mart are also providing grocery online. In the medium term, the segment is poised to grow at CAGR of 28-30%.

Also, the growing presence of online grocery players will improve ORP in the food and grocery segment. Amazon has already forayed into this segment by launching Amazon Pantry. In 2017, it got the nod from the centre to invest $500 million in the retail of food products in India. Flipkart, which launched its own grocery delivery arm, Nearby in 2015 only to shut it down in February re-entered the segment in 2017 with soft launch of grocery service Supermart. With Walmart acquiring stake in Flipkart, enhanced thrust is expected on the online grocery segment thus further heating up competition in the segment. Further, existing players such as BigBasket and Grofers are also looking to expand their presence.

Total stores by major players

Players	2016-17	2017-18	2018-19
Big Bazaar	235	285	292
Dmart	131	155	176
Star Market	12	20	32

Source: Company Reports, Industry

Apparel, consumer durables and lifestyle accessories continue to dominate verticals

Organised retailers have a significant presence in verticals such as apparel (accounting for 23% of overall retail) with an ORP of around 25%. Rising preference for branded clothing, along with players' ability to differentiate (based on colors, fabric, etc.) helps them improve their reach. Consumer durables (including mobiles and IT devices), footwear and jewellery (including watches and eye care) are other verticals where organised players have a strong foothold.

Food and grocery, apparel and footwear to drive growth in organised retail

Organised Retail	2018-19		2021-22P		
Segments	Market size	ORP	Market size	ORP	3-year CAGR
	Rs Billion	%	Rs Billion	%	%
Food and grocery	1,192	3.6%	2,535	5.5%	28-30%
Apparel	1,444	24.9%	2,063	31.2%	19-21%
Footwear	257	17.6%	407	18.9%	16-18%
Furniture & Furnishing	124	7.1%	213	9.4%	19-21%
Pharmacy	87	7.6%	137	8.7%	15-17%
Consumer durables, mobile & IT	1,547	56.0%	2,578	62.8%	17-19%
Books and music	50	5.7%	50	5.1%	0-1%
Others	1,654	13.2%	2,148	13.3%	14-16%
Total organised retail	**6,354**	**10.6%**	**10,923**	**13%**	**19-21%**

P: Projected; ORP: Organised retail penetration
Source: CRISIL Research

Apparel, consumer durables and footwear to drive growth

The growth of organised retail, valued at around Rs 5.5 trillion, improved to 21% on-year in 2018-19 compared with 20% in 2017-18, with new store additions & aggression showed by online players.

With consumer sentiment tapering down, growth in organised retail is expected to moderate to 16-17% in fiscal 2020. E retailers revenue growth will slow down as they re-engineer their business models to conform to revised regulations. New store roll-outs, increasing penetration into tier-II&III cities apart from metros and tier-I and re-structuring by online players will propel growth in medium term. It is expected to grow at 19-21% to reach 10.5-11 trillion by 2021-22.

Apparel, footwear and consumer durables are expected to drive growth. Due to intensifying competition from digital media, sales in the books and music vertical is expected to drop.

Increased footprint, changing consumer lifestyle to propel growth in apparel

Though the first quarter of fiscal 2019 saw apparel retailers grow at a slower pace on account of a high base, they performed well in the second quarter. Shift of festive season to the third quarter led to significant improvement in demand in the third quarter of the fiscal. Consumption slowdown impacted growth during the last quarter. The apparel segment is estimated to have grown by ~21% in fiscal 2019.

Over 2018-19 to 2021-22, apparel segment is expected to grow at a faster pace of 19-21% compound annual growth rate (CAGR) owing to addition of new stores, rising income levels, changing consumer lifestyle and growing brand awareness. Growth will moderate in fiscal 2020 on account of consumption slowdown, post which it is expected to pick up. With e commerce business also making steady growth, companies such as Shoppers Stop, Reliance Trends, Aditya Birla Fashion & Retail are making focused and substantial investments in new technologies and omni-channel (physical store and online site) infrastructure. For instance, Shoppers Stop has earmarked about Rs 600 million for digitisation of its stores that will offer facilities like contact-less payment as well as a more personalised shopping experience to customers.

Furthermore, presence of various international brands such as H&M, GAP, Forever 21, Aeropostale, etc. will propel the vertical's growth. Zara and H&M are the top two foreign players who have got their pricing strategy right for Indian customers and are expanding fast. Further, rising influence of globalization will continue to lead to robust growth for the international brands. This coupled with rising disposable income means that demand for foreign labels is growing stronger.

Total stores by major players

Players	2016-17	2017-18	2018-19
Indian brands			
Shoppers Stop	80	81	83
Westside	107	125	150
Pantaloons	209	275	308
Reliance Trends	320	458	676
Foreign brands			
Zara	21	21	22
H&M	16	29	42

Source: Company Reports, Industry

Early mover advantage has led to high ORP in consumer durables segment

Consumer durables is one of the vertical where organised players have a strong foothold. For it, the ORP is estimated to be in around 56%. The vertical gained popularity on account of the housing boom, easy access to funding, increasing disposable incomes, changing lifestyle and growing nuclearisation. Offerings in terms of range, display, store ambience, finance availability, presence in prominent areas give an edge to organised players. Further, organised players can out-do smaller retailers in terms of volumes.

Demand growth across all consumer durables improved in fiscal 2019 on account of pent-up demand of the previous two fiscals, reduction in GST rates and increasing consumer spending. CRISIL Research believes that GST rate reduction would have a positive impact on the consumer durables industry due to improved affordability on account of price reduction. Thus, the industry is clocked on-year growth of ~20% in fiscal 2019. Consumer durables, being discretionary in nature, are expected to face purchase deferment in a slowdown scenario in fiscal 2020. Consequently, in fiscal 2020, demand is forecast to grow by~14% on-year.

Over 2018-19 to 2021-22, we expect the vertical to record 17-19% CAGR, primarily led by store additions, enhanced in-store experience and better affordability in terms of instant financing options.

Footwear to clock healthy growth in medium term

We expect the vertical to grow at a CAGR of 16-18% over 2018-19 to 2021-22, as existing players expand their reach and more players (Steve Madden, Clarks, Pavers England, Aldo, Louis Vuitton) enter the vertical. Bata, which currently has around 1,300 stores, plans to add 100 stores annually over the next few years and is eyeing tier-III and tier-IV cities through franchise model. Skechers too currently has 223 stores and is planning to add 80-100 stores in 2019.

The organised pharmacy vertical comprises over 6 lakh outlets with a majority of them having small, independent businesses. However, pharmacy chains are a growing force in this sector. Private hospital Apollo, owns and operates the country's biggest pharmacy chain, with almost 1,700 outlets spread across more than 100 towns and cities in the country's south.

MedPlus, established less than 10 years ago, has emerged as the one of the largest player in the sector, with a store count already in excess of 1,500. With players rolling out new stores, we expect the vertical to record a CAGR of 15-17% in medium term.

Specialty retailers to continue driving growth in niche segments

Niche segments such as home decor comprise furniture and furnishings, of which furniture sales account for about 50% of the total home decor sales.

Some pan-India multi-category retailers, who also sell furniture, have been facing headwinds and are rationalising store formats. However, managing inventories remains a challenge. We expect the segment to register a growth of 19-21% CAGR over the next three years, led by specialty chains combining manufacturing capabilities.

In the furnishings category, we expect shop-in-shop formats in hypermarkets and department stores to drive growth.

Books and music retailers to face stiff competition from e-retailers; likely to shift focus

Presently, consumers find it easy to purchase books and music online, given the proliferation of e-retailing and limited differentiation among products due to the plethora of options and discounts offered by companies. As a result, brick-and-mortar players have not expanded significantly, and are, instead, looking at closing unprofitable stores, rationalising their network or moving to a kiosk-based model to combat competition and reduce high-lease rentals.

Some retailers are foraying into new areas and adding high-margin items such as games, toys, stationery, gift items and accessories to their portfolio. We expect these trends to continue as the heat from e-retailers intensifies further. Hence, we do not foresee strong growth in this vertical.

Profitability margin low in fresh food, high in furnishings

Low ORP has made the food and grocery vertical too big to ignore for organised retailers who have been trying to boost their market share by rolling out convenience stores, supermarkets and hypermarkets. It is, in contrast, one of the most challenging segments as it fetches the lowest gross margin (see table below) and its goods are perishable in nature, resulting in a limited shelf life. Due to the perishable nature of products, players need to invest heavily in supply chain and logistics (including cold storage facilities). Due to players' lower profitability (on poor margins), the segment takes the longest to attain break-even at the store-level.

Indicative gross margins for various verticals

Food and grocery		Other categories	
Category	**Gross margins (%)**	**Category**	**Gross margins (%)**
Fresh	8-10	Clothing	30-35
Staples	10-12	Footwear	30-35
FMCG- Food	10-12	Electronics	12-14
FMCG- Others	10-12	General merchandise	12-14
		Furnishings	35-40

Source: CRISIL Research

Interactions with retailers indicates that the hypermarket format fetches higher margin compared with supermarkets. Hypermarkets offer a wide assortment of goods, including apparel, footwear, etc, which fetch higher margin.

Within the format, players are experimenting with their operating model - opening smaller size stores (compact hypermarkets), altering the product portfolio, etc - in order to improve profitability.

Results corner: Results preview

Result preview (October-December 2019) Key financial indicators

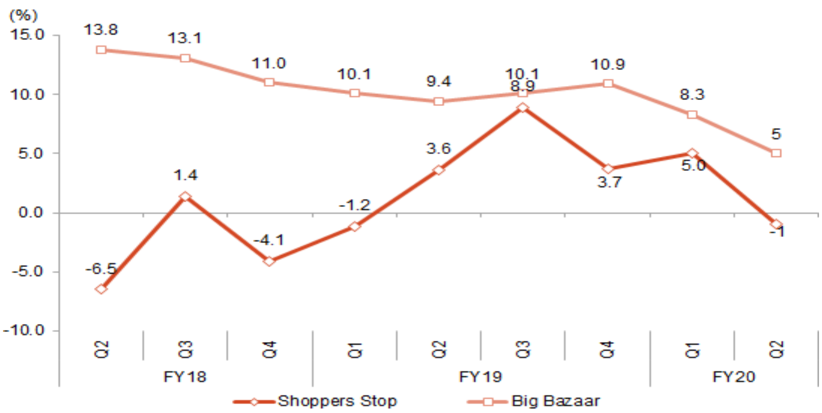
	Q3 FY20E	Q3 FY19	Q2 FY20	Y-o-Y change	Q-o-Q change
Net sales (Rs. bn)	203-206	177.9	179.5	14-16%	13-15%
EBITDA (Rs. bn)	26.3-28.4	14.9	22.5	77-91%	17-26%
EBITDA margin (%)	13.4%	8.4%	12.5%	450-550*	33-133*

E: Estimated Note: EBITDA margin (*) reflects change in bps
Source: CRISIL Research

- CRISIL Research projects 14-16% on-year growth in revenue of retailers to Rs 203-206 billion in the third quarter of fiscal 2020 with festive season bringing some cheer for the retailers

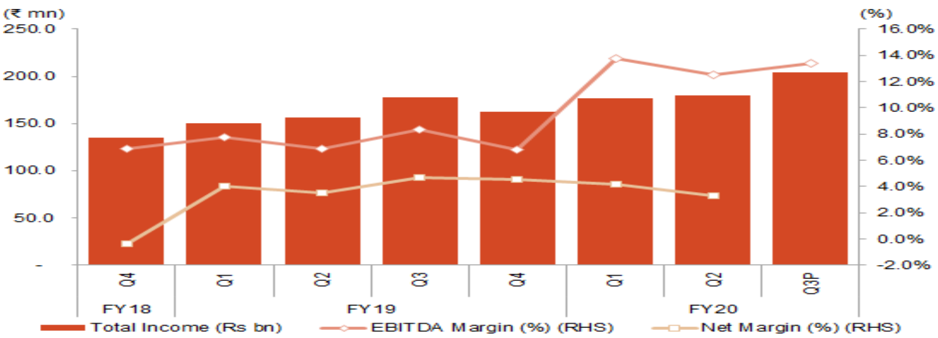
- EBITDA (earnings before interest, taxes, depreciation, and amortisation) margin of the sample set is expected to expand by 450-550 basis points on account of change in accounting standards. In the new Ind AS 116 accounting, there is a shift in reporting from operating lease model (off balance sheet) to finance lease model (on balance sheet). This will result in reduction in rental expense with corresponding increase in depreciation and interest expense. Thus, it will lead to an improvement in EBITDA margins. Marketing spend is expected to increase during the quarter on account of festivals which will put downward pressure on margins. Thus, EBITDAR (earnings before interest, taxes, depreciation, amortisation, and rent) margin is expected to remain flat during the quarter.

SSSG declined for Shoppers Stop in the second quarter of FY20



Note: SSSG - same-store sales growth
Source: CRISIL Research

Margins to expand on-year in third quarter of FY20 on account of accounting changes



E: Estimated
Source: CRISIL Research

Outlook on key industry parameters

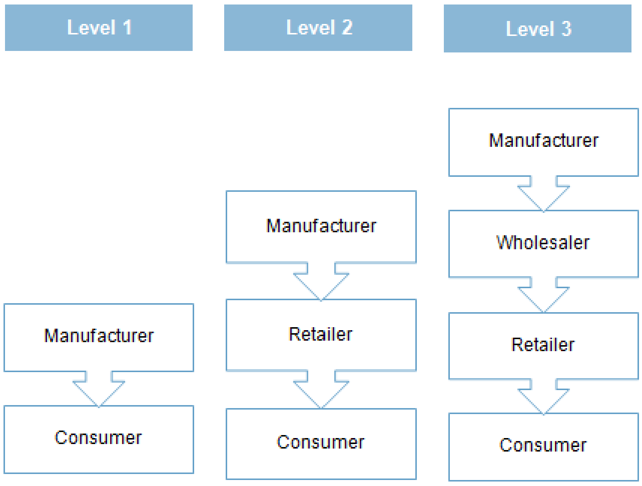
Parameter	Q4 FY19	Q1 FY20	Q2 FY20	Q3 FY20P	FY19	FY20P
Revenue growth (Y-o-Y)	20%	17%	15%	14-16%	18%	14-16%

P: Projected
Source: CRISIL Research

Overview: Introduction

Retailing is a distribution channel through which goods are sold in small quantities to the final consumer. A retailer is typically a reseller, who buys products from a manufacturer/supplier/distributor and sells them to customers, without altering characteristics of the product significantly. Generally, retailers are at the end of the distribution channel. However, a manufacturer may also be a retailer if he sells products directly to customers.

Retail distribution channels

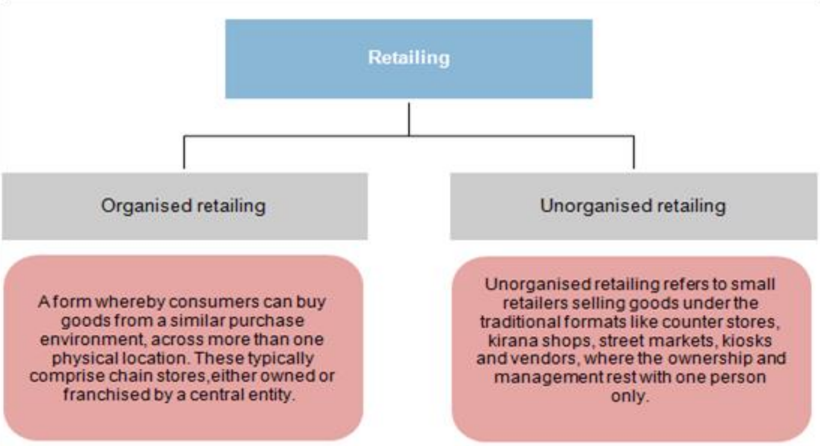


Source: CRISIL Research

Classification of retailing

Retailing is beneficial to both producers and consumers. It helps producers reach their target market, build product demand and receive consumer feedback. It provides consumers the ability to purchase wide variety of products in small quantities from convenient locations.

Organised v/s unorganised retailing



Source: CRISIL Research

According to the Parliamentary Committee Report under the Ministry of External Affairs, Government of India, "organised retailing refers to trading activities undertaken by licensed traders, that is, those who are registered for sales tax, income tax, etc. These include corporate-backed hypermarkets and retail chains, and also the privately owned large retail businesses."

Scope of research

Our research attempts to analyse the structure and outlook for the 'organised retail industry' (excluding tobacco products as they use specialized channels of delivery).

Services like beauty salons, multiplexes, restaurants, etc. have been excluded from this definition, though they may be available at the same location (such as a mall).

The analysis covers different store formats, including single product stores, departmental stores, cash and carry and malls. The analysis of goods retailed includes different product categories such as food, grocery, apparel, consumer durables, footwear, beauty products, home decor and books etc.

Levels of retail

Categorisation within retail outlets

Source: CRISIL Research

Specialty stores cater to a specific type of product and related items. They have an extensive depth of stock in the item that they specialise in.

Two or more segments from Level I come together to form Level II stores. Supermarkets offer a wide variety of food, grocery and household items for sale. Some supermarkets also stock over-the-counter (OTC) drugs. Departmental stores will cover a wide variety of products with a lifestyle proposition and will have branded clothes, footwear, home decor, durables, high-end jewellery, etc. Hypermarket is a superstore combining the products offered at a supermarket as well as a departmental store.

Level III consists of malls and stores both from Level I and II. In addition, malls also have beauty salons, restaurants and food courts, entertainment zones and multiplexes (including huge parking areas), with effective management systems and activities to attract footfalls.

'High Streets' are another type of prime venues for shopping. They are set up at prominent locations within a city, which attract large footfalls due to presence of organised retailers. On account of the prime location and intensifying competition to grab retail presence, these areas command high rentals. Popular high streets in India are Linking Road, Kemps Corner, Colaba Causeway - Mumbai; Khan market, Karol Bagh, Greater Kailash - New Delhi etc.

Other types of retailing

While retailing through the brick-and-mortar channel accounts for a majority share, some of the other sales channels used by retailers include the internet, television, catalogue, and door-to-door sales. Among these alternate channels, the internet is the largest and most significant for retailers on account of the reach and convenience it offers, in addition to its 24*7 availability.

Types of retailing

Source: CRISIL Research

For detailed information on these formats please refer to our section on Formats in retail in Industry Information section.

Overview: Verticals in retail

A few key retail verticals- food and grocery, apparel, footwear, home decor, consumer durables, etc- are sold in various formats such as specialty stores, department stores, hypermarkets, etc.

Retail: Category-wise penetration

Organised Retail	2018-19	
Segments	Market size Rs Billion	ORP %
Food and grocery	1,192	3.6%
Apparel	1,444	24.9%
Footwear	257	17.6%
Furniture, Furnishing, and household equipment	124	7.1%
Pharmacy	87	7.6%
Consumer durables, mobiles and IT	1,547	26.4%
Books and music	50	5.7%
Others	1,654	13.2%
Total organised retail	**6,354**	**10.6%**

Source: CRISIL Research

Food and grocery - Low penetration presents huge growth opportunity

Food and grocery is retail market's largest vertical as it includes the retailing of fresh fruits and vegetables, dairy products, poultry and seafood, staples, cereals, processed foods, ready-to-eat meals, spices and other edible products.

However, despite its large size, this vertical has been primarily dominated by extremely small retailers like mom-and-pop stores (kiranas), cart vendors, paan shops as well as wet markets (mandis), etc. The vertical faces stiff competition from kiranas offering free home delivery services and credit facilities. As a result, the organised retail penetration (ORP) is around 3.6%.

Given the ability to enhance overall shopping environment and offer an extensive choice of products and discounts, apart from the non-discretionary nature of spends, makes the vertical an attractive proposition for players.

While the vertical's ORP is gradually increasing, it is mainly confined to metros, mini-metros and tier-I cities. Indian consumers' preference for fresh produce results in more frequent food and grocery purchases (vis a vis the western world), thereby according 'accessibility' paramount importance in this vertical. Players like Reliance and Aditya Birla Retail have neighbourhood-store formats under the names of 'Reliance Fresh' and 'More', respectively.

Fresh food and private labels - Huge untapped opportunity

In India, on an average, fresh produce purchases are made thrice a week from cart vendors, who in turn buy from wholesalers. Retailers have identified this gap and tried to bridge it with direct farm procurement (wherever possible and feasible), thus shortening the chain (by eliminating middlemen) and passing on the cost savings to the consumer. Modern retailers in the food category also offer value-added products like 'cut vegetables'. Many modern retailers have tried to fill in the gaps existing in products and price points by introducing 'private labels' that are brands owned and sold by retailers at their stores and are priced lower (5-15%) than the existing brands.

Apparel - High margin business for organised retailers

Indian organised retail began with sale of apparel and textile manufacturers such as Raymond and Bombay Dyeing were among the first to set up their own stores for readymade garments and home textiles. Today, apparel accounts for around 12% share of total retail and 23% share of organised retail in India.

Apparel retailing of men's wear has developed at a reasonable pace over the years, with early entrants such as Raymonds, Arvind Brands, Zodiac. Retailers are now looking for opportunities in the women's (particularly ethnic wear and women's western wear) and kids' wear.

Apparels vertical characterised with highest margins; low procurement cost enables competitive pricing for customers and better margins for the retailer. The vertical also offers retailers the opportunity to introduce 'private labels' (product exclusive to a retailer).

Changing fashion trends and rise in consumer incomes are primary demand drivers. The market's profitability depends upon factors such as size of the retail store and spectrum of products provided.

Apparel retail players

Exclusive Men's Apparel	Arrow	Lee	
	Wrangler	Loius Philippe	
	Indus League	Zodiac	
	Johhn players	Peter England	
Exclusive Women's Apparel	Biba	Remanika	
	AND	W brand	
	Les Femme		
Men & Women's Apparel	Ebony	Levis	Westside
	Fabindia	Lifestyle	UCB
	Globus	Pantaloon	Westside
	ITC (Wills Lifestyle)	Pepe Jeans	Reliance Trends
	Lee	Piramyd	Van Huesen
	Shoppers' Stop	Sheetal Design Studio	Allen Solly
	Blackberrys	Tommy Hilfiger	
Kids Apparel	Barbie	Weekender	
	Gini & Jony	Koutons Junior	
	Liliput	Mom & Me	

Source: CRISIL Research

Consumer durables - Early mover advantage resulted in high ORP

Consumer durables is one of the verticals where organised players have a strong foothold. For large household appliances, the ORP is estimated to be in around 27%. The vertical gained popularity on account of the housing boom, easy access to funding, increasing disposable incomes, changing lifestyle and growing nuclearisation. Offerings in terms of range, display, store ambience, finance availability, presence in prominent areas give an edge to organised players. Further, organised players can out-do smaller retailers in terms of volumes. Organised retail players in this vertical include regional multi-brand players such as Vijay Sales and Vivek's; national multi-brand chains like 'E-zone' by the Future Group and 'Croma' by the Tata Group, and exclusive brand outlets like Samsung Plaza, LG Shoppe and Digiworld by the Videocon Group.

However, the vertical is seeing tremendous competition from e-retailers like Flipkart, Amazon, Snapdeal in the recent past. Aggressive pricing and deep discounts offered by e-retailers are eating into organised players' volumes. In such a competitive environment, price points and after-sales service are now becoming key differentiators. For instance, stores such as Vivek's and Vijay Sales provide after-sales services and easy financing, which encourage consumers to opt for a higher ticket size and helps generate repeat purchases.

Consumer durables players

Exclusive brand store	LG India	Sony Electronics
	Videocon	Bang & Olufsen
	Onida	Samsung
Regional players	Agrani Switch	Pai International
	Discount Circuit	Sumaria
	Girias	Vivek's
	Sony Mony	
National players	Big Bazaar	Hypercity
	Reliance Digital	Next
	Croma	Vijay Sales
	Spencer Hyper	Ezone

Source: CRISIL Research

Jewellery and fashion accessories - Largely unorganised market

Jewellery in India is retailed mainly through three formats: national stores, regional stores and local mom- and-pop stores. Unorganised retailers are known to dominate sales but even though the share of organised jewellery retailing is quite small, it is growing rapidly.

In January 2012, the government approved a proposal to make hallmarking (a purity certification) of gold compulsory to protect consumer interests and prevent frauds. This resulted in increased footfalls in organised retail stores.

Organised retail, first began with the launch of the Tata-owned 'Tanishq' brand, offers a wider choice of designs and assures quality, which attracts buyers. Apart from these, national brands such as 'Oyzterbay', 'TBZ', 'Carbon', 'Swaroski', etc. have set up shop in major cities and are gaining popularity. Jewellery is also retailed through department stores.

Fashion accessories, which include trinkets and small gifts, are impulse purchase items. They need to be displayed in retail outlets in such a way that customers pick them up while shopping for other products.

Jewellery players

Jewellery		Jewellery & fashion trinkets	Fashion trinkets
Bhima	D' Damas	Globus	Pantaloon
C Krishnaiah Chetty & Sons	JoyAlukkas group	Westside	Hypercity Retail India Pvt Ltd
Davanam	Khadim's Khazana	Shoppers Stop	Magnet
Ganjam Nagappa & Sons	Sona Khazana	Lifetstyle	Star India Bazaar
Trendsmith	Kirtilal Kalidas & Co		Reliance Hyper
Jewels De Paragon	Mehrasons		Big Bazaar
Cygnus	MP Jewels		Spencers Retail Ltd
Zoya	Notandas		Spar Hypermarket
Kiah	PC Chandra		
Gili	Tanishq		
Orra	TBZ - The Original		
Reliance Jewels			

Source: CRISIL Research

Relatively new furniture, home decor and furnishings segment

Traditionally, carpenter-made household-customised furniture has dominated the market. However, in recent years, readymade furniture has been gaining popularity as the Indian middle class upgrades to a better lifestyle and is willing to spend generously on home decor. Branded furniture retailers such as Gautier, Durian and Godrej were among the first few to launch organised stores in the furniture vertical.

Demand generated during the housing boom widened the market further, paving the way for retailers like Pantaloon Retail and Shoppers Stop, who not only retailed furniture through their hypermarket formats but also set up exclusive shops. Home Town, Home Stop and Sleek Kitchens are three specialty initiatives started by the Future Group, Shoppers Stop and Sleek International, respectively.

IKEA, a Swedish company that designs and sells ready-to-assemble furniture (such as beds, chairs, and desks), appliances, and home accessories, has already received approval from the Investor Promotion Board and Cabinet Committee on Economic Affairs for its Rs 105 billion proposal to set up 25 open stores in the country. It recently announced to increase the number of store to 40. In addition to selling furniture, IKEA has also secured approvals to operate cafes and restaurants in its store. The company has opened its first store in Hyderabad in August 2018. It has also started work on its second store in Mumbai and has also acquired land in Bengaluru for its third store.

Furniture, home decor and furnishing

Exclusive furniture	Living Room	Durian
	Furniturewala	Gautier
	Kian	Godrej
	Tangent	
Exclusive home décor and Furnishings	S Kumar's- Carmichael	Bombay Dyeing
	Himantsingka - Atmosphere	Portico
	Maspar	Welspun Retail
	Abhishek Industries	Season's Furnishing
	Kurl-on	
Furniture, Home décor and Furnishings	Home Stop	@ Home
	Home Town	Home Center

Source: CRISIL Research

Footwear - Early mover advantage leading to high ORP

The Indian footwear industry has witnessed a spurt in activity over the last few years, with the changing consumer attitude towards footwear. Shoes, initially positioned as a value purchase, are now transcending into a lifestyle purchase. As a result, ORP in the Indian footwear segment is increasing gradually.

Organised retailing in this segment commenced with players like Bata and Liberty, who offered value-for-money products. On the other hand, chains such as Metro, Citywalk and Regal catered to the lifestyle segment. With increasing competition, value oriented players such as Bata and Liberty have transformed their formats to lifestyle-oriented retail, although they retained their contemporary Indian brands as well. The ladies and the kids segments in the branded footwear market is growing rapidly and many foreign brands such as Catwalk have set their footprints here.

Other international players like Aldo, Charles and Keith, Pavers England, Clarks, etc. have also forayed into the Indian footwear market. Reebok India, Nike, Adidas and Action are the various other brands available in the sportswear category.

Footwear retail players

Aldo	Metro	Action	Nike
Bata + Hushpuppies	Charles & Keith	Adidas	Puma
Citywalk	Provogue	Catwalk	Reebok
Tashi	Shoe Factory	ID	Liberty
Reliance Footprint	Planet Sports	Kittens	Red Tape
Khadim's	Woodland	Lotto	Crocs

Source: CRISIL Research

Health and pharmaceuticals - Slowly gaining prominence in organised retailing

The size of pharmaceutical products market is estimated at Rs 1.1 trillion, of which organised retail accounts for around Rs 75 billion. The share of ORP in this segment is estimated at 4.6%. Changing disease profiles (from infectious to lifestyle related), growing health awareness, preventive approach to healthcare and longer life expectancy are the main growth drivers.

Several players are entering the organised pharma space given that it's need-based, unlike fashion, and hence, not prone to any sudden demand change. Players offer not just medicines, but also enhanced services, such as home delivery; free medical check-up camps; discounts; free health insurance to regular customers; day-and-night service; prescription reminder service; loyalty programmes with reward points and helplines for queries related to medication that are answered by doctors.

Health & pharma players

Lifeline Pharmacy	98.4 (Global Healthline)
Lifespring (Morepen)	Apollo
Manipal Cure & Care	Aushadi Pharmacy
Medicine Shoppe	Dialforhealth (Zydus Cadilla)
MedPlus	Fortis Healthworld (Ranbaxy)
NewU (H&B Stores) Dabur	Frank Ross (Emami Group)
Planet Health (Pharmaceuticals)	Guardian Pharmacy (Guardian Lifecare)
Reliance Wellness	Health Shoppe
Lifeline Farmacia	Himalaya
Tango (Dr. Morepen)	Lifeken (Lifetime Healthcare)
Trust Chemists	

Source: CRISIL Research

Books and music retailing - Limited to urban areas

The total share of retail market for book and music is less than 1%, with an ORP of 5.7%; penetration is concentrated in urban areas. The differentiating factors for organised formats are ambience, wide assortments of goods and additional services such as book-reading sessions.

Key players include Landmark and Crossword. The segment has been impacted by increased internet usage and mobile phone penetration. Music downloads on phone/internet and growing presence of e-tailers like Amazon are offering stiff competition to book and music retailers, who could also encounter risks in the form of piracy.

Overview: Formats in retail

Value retailing - aimed at the masses

Value retailing is a concept targeted at the masses, especially the middle-income households, where spends revolve around necessities. Value retailers sell goods to consumers at prices lower than the maximum retail price (MRP) by passing on a share of the discounts they receive on bulk purchases. Some value retail formats are convenience stores, supermarkets and hypermarkets. Future Retail became a pioneer in this business with the launch of its Big Bazaar and Food Bazaar formats. The huge opportunity that the segment offers has attracted several other players such as Spencer's Retail, Reliance, Aditya Birla, and Megamart by Arvind Ltd etc.

Convenience / neighbourhood stores

Convenience or neighbourhood stores are small self-service format retail outlets, which provide a limited variety and assortment of merchandise in residential catchments of crowded urban areas. The store area is generally limited to an average 1,000-2,000 square feet. They are the modernised version of the neighbourhood mom-and-pop grocery/general stores. A convenient location and extended operating hours are the key value propositions offered by these stores.

Supermarkets

As compared to convenience stores, supermarkets provide consumers a wider range of food and household merchandise. They are generally spread over 2,000-10,000 sq. ft., primarily catering to a cluster of residential units. They have a self-service format and their offerings focus mainly on the food and grocery segment. Besides residential areas, they are also located in malls, which attract footfalls.

Major players in the supermarket segment

Company Name	Format Name
Aditya Birla Retail	More
Future Group	Food Bazaar
Spencer's Retail	Spencers Supermarket
Reliance Retail	Reliance Fresh

Source: CRISIL Research

Hypermarkets

These are large stores with retail spaces, ranging from 75,000 sq. ft to 150,000 sq. ft or more. In addition to a wide range of products, including food and grocery items available at supermarkets, hypermarkets also sell apparel, electronics, household items and furniture.

Unlike in the US where hypermarkets are located in the periphery of a city, in India, they are typically located in malls as anchor tenants that drive footfalls. Apart from offering a wide range of products, hypermarkets also offer value-for-money to consumers. Owing to their diverse product offerings, hypermarkets earn higher margins than supermarkets.

Margins depend on the product mix, volumes and efficiency at supply chain management. A higher share of food and grocery or household appliances would mean lower margins. On the other hand, a favourable product mix in apparel and furniture could increase margins. In order to improve their margins, hypermarkets sell captive brands.

Hypermarkets are also expanding presence in tier-I and tier-II cities by setting up stores over an average 30,000 - 50,000 sq. ft area, which will help players reduce their operating costs and increase profitability.

Lifestyle retailing - aims at high-end buyers

Although the 'lifestyle retailing' concept targets the high-end consumer, advent of organised retailing has facilitated its reach across different markets and geographies. Changing consumption patterns have also led to a rise in number of players operating in this segment.

Typically, departmental stores and exclusive brand outlets have been channels for retailing apparel, footwear and accessories. Shoppers Stop has been the pioneer in this segment, among organised players. Subsequently, department stores and exclusive brand outlets like Lifestyle, Provogue, Wills Lifestyle, Biba, etc. have also joined the bandwagon.

Department stores

Department stores offer a wide variety of products across categories, such as clothing, home decor, furniture, appliances, toys, accessories and cosmetics, to facilitate easy visual display under a single roof. They are generally spread over 20,000-50,000 sq. ft. They cater primarily to higher income households (where the ticket size of transactions are larger). These stores are gradually gaining popularity, as they offer novelty, variety, an international ambience, entertainment and convenience, all at a single location.

Three different models for procurement are followed by department stores:

1. **Outright sale**: Retailers purchase merchandise for sale to customers, thus bearing the risk of carrying inventories. However, gross margins are the highest for this model.

2. **Consignment**: Retailers order and purchase goods from a vendor. In case the goods are not sold, the vendor bears. the inventory risk. Many department stores have this arrangement with apparel brands. Gross margins in this model are lower than in the outright sale model as the risk is also lower.

3. **Concessionaire**: Retailers operating this model rent out store space to smaller vendors. The concessionaire model is generally used for selling perfumes, jewellery and cosmetic brands. The Future Group's mall format 'Central', operates under this model, wherein space is let out to various apparel and accessory brands.

Departmental stores - Major players

Players
Pantaloon
Lifestyle
Shoppers Stop
Central
Marks & Spencers
Westside
Reliance Trends
Fashion at Big Bazaar
Max

Source: CRISIL Research

Specialty stores

In this retail format, the focus is on one specific vertical, with one or many brands offered under the same roof i.e., an EBO (exclusive brand outlet) or an MBO (multi-brand outlet). These stores provide greater choice to consumers and also enable product comparisons. These stores typically require an area of 2,000-7,000 sq. ft.

Speciality formats: List of players

Verticals	Aditya Birla fashion and Retail	Shoppers Stop	Tata Trent	Reliance	M&M	Landmark Group
Clothing	Pantaloon, Forever21, Planet fashion, People	Shoppers Stop	Westside, Zara	Reliance Trends	-	Lifestyle, Max, Splash
Infant retail	-	Mother Care	-	-	Mom & Me	Babyshop
Footwear	-	-	-	Reliance Footprint	-	Shoemart, Shoexpress
Jewellery & Watches/ Accessories, Cosmetics	-	MAC, Clinique, Bobbi Brown	-	Reliance Jewels	-	-
Furniture	-	Homestop	-	-	-	Homecentre
Electric/electronic equipment	-	-	Croma	Reliance Digital	-	-
Books, Music and Stationery	-	Crossword	Landmark	-	-	-

Source: CRISIL Research

Other formats

In addition to formats mentioned above, organised retailers have ventured into formats catering to a specific set of customers.

Cash and Carry (Wholesale clubs)

These are wholesale formats that operate across an area of 85,000-125,000 sq. ft, targeting retailers (mom & pop stores), hotels, restaurants, caterers and institutions. These stores stock a wide array of brands and private labels across verticals, including food and grocery, apparel, household appliances, household items etc,. made available at wholesale rates. This concept is quite popular in the US and UK. India permits foreign direct investments (FDI) of up to 100% in this format, via the automatic route, which has attracted international players such as Metro and Carrefour.

International players in Cash and Carry in India

Players
Metro
Carrefour
Walmart
Booker Group

Source: CRISIL Research

Luxury retailing

Luxury retailing involves sale of high-end luxury brands to the affluent class. These brands carry a unique appeal and cater to aspirational needs of consumers, such as esteem, status and pride in owning expensive items. The average space occupied by luxury retail shops range between 1,500 sq. ft and 4,000 sq. ft, and major catchment areas are likely to be premium areas in major metros such as South Mumbai, South Delhi, Central Business District regions (CBD) of Chennai and Bangalore.

The FDI policy currently permits 100% investment in single brand retailing. Many international luxury brands are therefore planning to foray into the country on their own or via agreements with domestic partners. Luxury retailers initially confined their presence to five-star hotels, where footfalls were limited. They have now begun operating out of luxury malls being developed in India. For instance, DLF has developed the 'Emporio Mall', spread over a retail space of 320,000 sq. ft, in Delhi. Luxury brand retailers such as Louis Vuitton, Dior, Fendi, Armani, Gucci, Alfred Dunhill, Versace, Hugo Boss, Ermenegildo Zegna, Tod's and Paul Smith are present in this mall.

Luxury brands in India

Verticals	Luxury Brands
Clothing	Gucci, Versace, Kenzo, Giorgio Armani
Jewellery	Tiffany, Cartier, Zales and Harry Winston
Perfumes	Davidoff, Givenchy, Thiery Mugler
Watches	Seiko, Fendi, Rado, Omega, Christian Dior, Tag Heuer
Furniture	Baker and Henredon, Bernhardt and McGuire
Electronics	Bang and Olufsen

Source: CRISIL Research

Airport retailing

Airport retailing is still at a nascent stage in India. Earlier retailing at airports was mainly restricted to categories such as alcohol, chocolates and perfumes. However, expansion and modernization of airports across key cities has resulted in development of quality retail space at these airports. This has resulted in many retailers such as Shoppers Stop, Croma, Satya Paul, Hidesign, Kimaya, Marks & Spencer's, etc. opening up outlets at airports. Airports also provide a conducive environment for luxury retailers, who are otherwise confined to five-star hotels and luxury malls. The increasing passenger traffic is expected to drive the growth of airport retailing in India.

Television home shopping

Television home shopping, popularly known as the Direct Response Television (DRTV), is a retail format in which a customer watches a television program that demonstrates a product and then places an order for the merchandise over phone. TVC Sky Shop Ltd, Telemart Shopping Network Pvt. Ltd. and HomeShop 18 are the few leading television home shopping players present in India.

The three forms of electronic home shopping retailing are:

- Cable channels or DTH services dedicated to television shopping
- Direct-response advertising:- It takes the form of advertisements on TV and radio that describe products and provide an opportunity for consumers to order them.
- Infomercials:- Infomercials are TV programs, typically 30 minute-long, that mix entertainment with product demonstrations and then solicit orders over phone.

Vending machine retailing

This is a non-store format in which merchandise or services are stored in a machine and dispensed to consumers, where they deposit cash or use a credit card. Vending machines are placed at convenient, high-traffic locations, such as workplaces or university campuses, and primarily offer snacks and drinks.

Kiosks

Retail kiosks are located in malls, multiplexes, railway stations and airports where space is at a premium. These outlets mostly engage in categories such as edibles and snacks, newspapers and magazines, fashion accessories, etc. Ice-cream vendors like Baskin Robbins and AMORE, coffee shops, cosmetic retailers like Nyassa, Chambor and food vendors like Brownie Cottage and Moktu are examples of retail kiosks in India.

Catalogues

This too is a non-store retail format in which the merchant sells a wide variety of products through a catalogue. Products are not displayed but the customer selects products from printed catalogues. Today, online retailing has replaced catalogue retailing. For e.g. Amway, Tupperware and Oriflame.

Direct selling

Direct selling is a retail format in which sales people contact customers directly at a convenient location, either at home or work; demonstrate merchandise benefits and/or explain a service; take an order; and deliver merchandise or perform services. Direct selling is a highly interactive form of retailing in which considerable information is conveyed to customers through face to-face discussions with sales people. Companies like Amway, Herbalife, Tupperware, Oriflame, Mary Kay etc retail their products through direct sales.

E-Retailing

E-retailing is a form of retailing where the seller sells products through an online channel. Goods are then delivered to the customer's address. This form of retailing is very convenient for the customers as it is available 24*7. Due to availability of a wider product portfolio, consumers can compare products and also look for deals and discounts offered by sellers.

The e-retailing industry, although nascent in India, is likely to witness robust growth on the back of increase in internet (broadband and 3G) penetration and changing consumer perception towards ecommerce, driven by the success of travel related ecommerce sites in India. Besides, consumers are gradually developing confidence in online transactions, with many e-retailers providing the cash-on-delivery option. Currently, the e-retail segment is highly under penetrated, thus implying tremendous untapped potential.

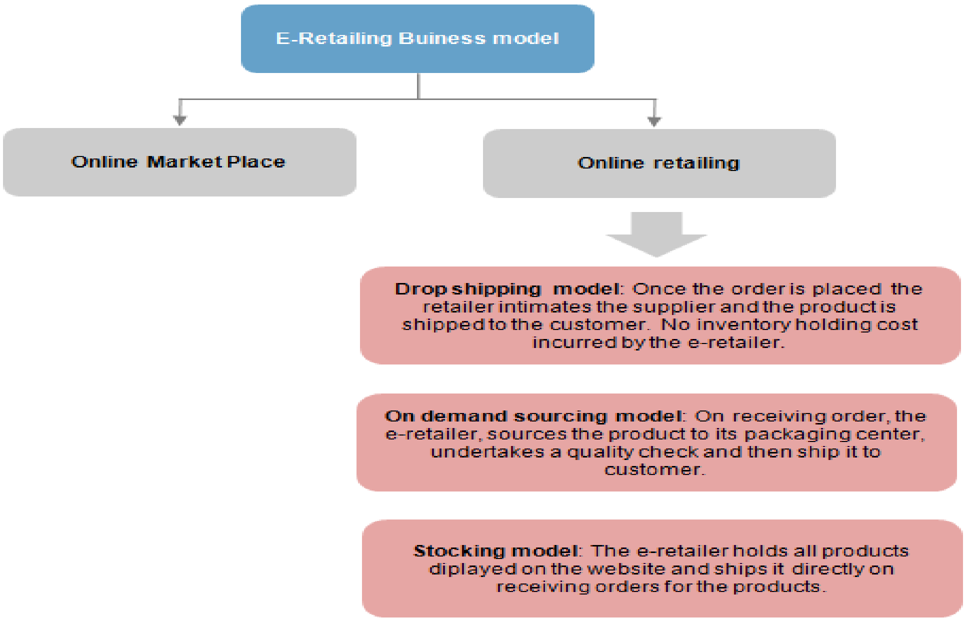
E-retailer follow two types of business models:

- **Online marketplace**: CRISIL Research defines an online marketplace as a website which facilitates commercial transactions between buyers and sellers of a product/ service. Examples include eBay, Snapdeal, Indiatimes, Rediff, Flipkart, and Olx among others.

- **Online retail**: Online retailing model are further classified into three categories:

  - Drop-shopping
  - On-demand sourcing model
  - Stocking model

Online retailing business models:



Source: CRISIL Research

Overview: Retail growth drivers

Rising income levels to drive consumption

Over the years, disposable incomes of Indian consumers and share of households falling in higher income brackets, have both risen significantly and thus, driven up the overall spending power of consumers. These trends have in turn altered consumption patterns, thereby driving growth of the retail industry.

Desire for better standard of living to drive non-food consumption growth

As income levels of Indian consumers increase, demand for products beyond food and clothing also sees a rise. This has led to an increase in non-food expenses, which comprises expenditure on footwear, clothing, home furnishing, fuel and light, consumer durables, etc.

Favourable working age population to influence consumer spending

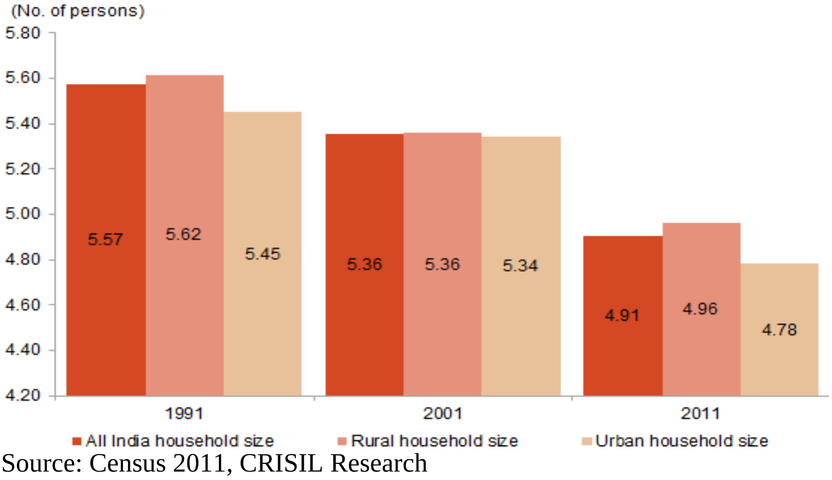
Population in the working age group of 15-54 years are the largest consumers/spenders as far as the retailing industry is concerned. As per Census 2011, more than 50% of India's total population falls under this group, indicating the significant influence wielded by this segment on consumer spending. Moreover, literacy levels in the country have also increased significantly, to 74% in 2011, from 64% in 2001.

According to the United Nations, while US, Europe, Russia and China will see the share of their prime 15-60 (working) age population shrink between 2005 and 2050, India will see an increase in the share of this population, due to its high birth rate.

Nuclearisation of families to drive consumption

Increasing nuclearisation of families is driving up consumption expenditure. In the recent past, the number of nuclear families, as a percentage of total household population, has increased. The average household size of the country has come down to 4.91 in 2011, from 5.57 in 1991.

Decline in size of households to drive overall growth in consumption



Source: Census 2011, CRISIL Research

Growing urban population holds the key to future spending

Urbanisation has been increasing at the rate of 2.7% over the last decade. According to Census 2011, urban population - as a percentage of total population - stood at 31.2%.

India - Increasing urbanisation

	Population- 2001		Population- 2011	
	in crores	%	in crores	%
India	102.9	100	121	100
Rural	74.3	72.2	83.3	68.8
Urban	28.6	27.8	37.7	31.2

Source: Census 2011, CRISIL Research

Change in consumer needs, attitudes and behaviour to determine consumption pattern

Growth of retail is linked to consumer needs, attitudes and behaviour. Rising income levels, education and global exposure have contributed to evolution of the middle class. As a result, there has been a gradual shift in the consumption pattern of Indians. Demand for better quality, convenience and higher value for money have increased demand for branded goods. People are willing to experiment with new products and look different. This has further augmented spends on health and beauty products, apart from apparels, food and grocery items.

Better credit availability, increasing penetration of plastic money to aid spending

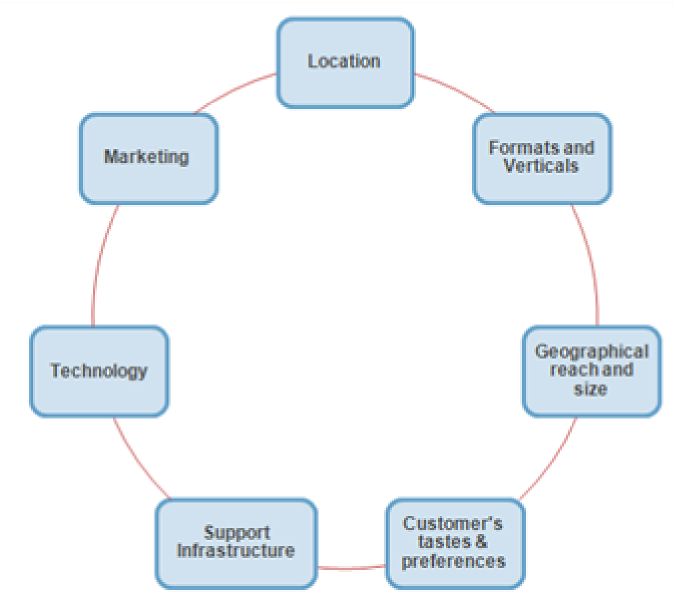
With the easy availability of credit, the market for personal loans has seen significant growth in India, pushing up spends on housing and consumer durables. The ease of making payments with credit and debit cards has led to a sharp increase in consumer spending in recent years.

Overview: Key success factors

The genesis of organised retailing in India can be traced back to the 1990s when regional players like Shoppers Stop, Akbarally's, Spencer's - Foodworld, Vivek's, etc. set up shop. In 1999, India's first mall, 'Crossroads' was set up in Mumbai, Maharashtra, following which the retail sector has consistently gained momentum.

Low penetration of organised retail and potential growth opportunities prompted several domestic industrial houses such as Reliance Industries, Tata Group, Aditya Birla Group and Bharti Group, as well as global majors such as Metro, Carrefour, etc. to set up retail operations in India. Spread of the mall culture has also contributed to the growth of organised retailing in India.

Key success factors in organised retailing



Location and purchasing power

Location is the most important determinant of success and driver of footfalls for a retail store. A retailer should identify the appropriate location where he can set up shop, based on the type of households in the catchment. Identifying the 'purchasing power/behaviour' of households will help retailers decide on the type of format or vertical. This will help him gauge prospective conversions at his store.

Format and vertical

Once the location is identified, the next step is to identify the choice of vertical and retail format. Setting up shop in one vertical would expose the retailer to the risk of cyclicality. Hence, retailers would benefit from presence across verticals. Selecting the right format for a particular location is also a key success factor for the store.

In India, retailers primarily operate under the 'value' and 'lifestyle' formats. Retailers such as Pantaloons, Shoppers Stop and Tata Trent operate in both formats, so as to safeguard themselves from the risk of slowdown in any particular segment.

Attaining geographical reach and size

In order to grow, a retailer needs to think beyond his region of operation and expand across geographies, where potential opportunities are high. These initiatives will yield long-term benefits in the form of economies of scale and lower cost of sourcing from suppliers, in addition to customer loyalty.

Adapting to regional customers' tastes and preferences

A retailer can decide on size of the store and merchandise, based on tastes and preferences of customers in a particular location. The consumption pattern of consumers can help retailers adopt a suitable product mix strategy and also offer services, so as to generate brand loyalty and thereby counter competition.

Improving efficiency in supply chain management

Supply chain is considered the backbone of an organised retail chain. As a retailer increases his scale of operations by penetrating into different geographies, those initiatives must be backed by improving efficiency in supply chain management. The organised retailer integrates backwards to procure directly from the farmer or manufacturer, thus shortening the supply chain. This shortened chain brings about efficiency in procurement, reduction in wastages, improved margins for participants in the chain and low prices for the final consumer. As players integrate backwards, sourcing/logistics costs come down, thus improving profitability for the retailer.

Using technology for sharing information and managing inventory

Technology plays a very crucial role in enhancing efficiency in the chain. Players with deep pockets should always consider benefits of various technologies. Information technology solutions help in timely dissemination of information across all levels, besides aiding sound inventory management. This enables a retailer to deal with stock-out, seasonality of demand, transfer of stocks from one store to another and ensure lower levels of slow-moving or dead stock.

Marketing via different channels to increase brand awareness and drive loyalty

Marketing is essential to create brand awareness and customer loyalty. Players should incorporate various modes such as direct marketing, social marketing through sites such as Facebook, Twitter and telemarketing. They should train their employees to engage customers in conversations that help build rapport and trust, and increase brand awareness and loyalty. This enhances the customer's shopping experience, which will in turn motivate them to shop with the same retailer more often and spend more on each visit. Retailers also need to focus on customer loyalty programmes to ensure repeat purchases from their stores.

OUR BUSINESS

This section should be read in conjunction with the sections "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Financial Statements" beginning on pages 20, 204 and 158, respectively. Our Restated Financial Statements included in this Draft Letter of Offer have been prepared in terms of the requirements of Section 26 of Part I of Chapter III of the Companies Act, 2013, SEBI ICDR Regulations, and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India, as amended from time to time. All figures in this section are on a consolidated basis, unless specified otherwise.

Overview

Our Company is one of the leading multi-format omni-channel retailer in India, catering to the needs of the upmarket urban consumers for daily fresh food to world food and ingredients. We operate retail stores (primarily in food and grocery) across various formats, selling products in various categories including food, fashion, general merchandise, homeware, consumer durables and electrical. Pursuant to our philosophy, "Makes Fine Living Affordable", we cater to aspirational segments of the Indian population across various SEC by providing them with a wide range of quality merchandise at competitive prices. The key tenet of our merchandising strategy is to offer differentiated products in food and non-food categories at fair-market prices. We make global products locally available and local products conveniently available. In effect, we endeavor to be a one-stop-shop for our customers and their families. Customer service also is key to our offering, and we aspire to provide best-in-class instore customer experience.

Having pioneered organized retail in India by setting up India's first organized retail chain, our Company has enjoyed a strong first-mover advantage, which has allowed it to establish a leading position in the retail industry in India. Our first-mover advantage has not only helped us develop a wide network of stores, but has also strengthened the brand equity of our Company. Spencer's have a pan-India presence with a strong focus on northern, eastern and southern India with a footprint of 196 stores as of December 31, 2019. Further, with our recent acquisition of Natures Basket Limited, we have increased our presence in western India. Our stores are spread, over about 1.52 million square feet, and are located in 11 states and one union territory namely Maharashtra, Andhra Pradesh, Telangana, Karnataka, Kerala, Tamil Nadu, West Bengal, Jharkhand, Haryana, Uttar Pradesh, Uttarakhand and Delhi respectively.

All our stores are operated and managed by us. We operate our stores predominantly on an asset light model i.e., leave and license/rental model. We open new stores using a cluster approach on the basis of adjacencies and focusing on an efficient supply chain, targeting densely-populated residential areas with a majority of, middle and aspiring upper-middle class consumers. We operate warehouses, which form the backbone of our supply chain to support our retail store network. As of December 31, 2019, we had 14 distribution centres.

Our stores are supported by IT and operational management systems specific to our business needs. These systems streamline many of our functions including procurement, sales, supply chain and inventory control processes and to support our business. As a result, we are able to procure our merchandise from our distribution centres or directly from our suppliers and manage our inventory levels efficiently to better respond to our customers' changing preferences and needs.

We are a part of the RP – Sanjiv Goenka Group ("**RPSG Group**"). The RPSG Group is a large conglomerate and diversified businesses, of which some, are mentioned below:

1. CESC Limited - Fully integrated private power utility company engaged in coal mining, generation and distribution of electricity
2. Firstsource Solutions Limited- One of the top business process outsourcing players in India
3. Phillips Carbon Black Limited - Largest Indian and 7th largest global carbon black manufacturer
4. Harrisons Malayalam Limited - Largest natural rubber producer in India and 2nd largest tea producer in south India
5. Saregama India Limited – India's largest music company with an archive of over 300,000 tracks
6. Guiltfree Industries Limited (TOO YUMM) - Latest venture in FMCG industry
7. CESC Ventures Limited Engaged in business relating to IT service operations for the power sector

Other businesses of the RPSG Group include infrastructure, education and sports. Our Company espouses the corporate values and principles of the RPSG Group and we believe that our association with the RPSG Group lends us credibility which has assisted us in building long-standing relationships with our vendors and business partners, as well as in hiring and retaining industry talent.

Our Company has been certified to be the “Great Place to Work” by the Great Place to Work Institute.

Our total income, as restated was ₹ 1,02,110.37 lakh in Fiscal 2018 and ₹ 2,21,532.98 lakh in Fiscal 2019. For the nine months period ended December 31, 2019, our total income, as restated, was ₹ 2,01,943.88 lakh.

Our Competitive Strengths

Set forth below are some of the key strengths of our Company:

Our heritage and early mover advantage

The Spencer and Company was incorporated on July 1, 1897 under the Indian Companies Act, 1882. The RPSG Group has leveraged the brand and pioneered the organized retail store chain format in India through our Company. We introduced the concept of hypermarkets to the Indian population by opening the first of such stores in Hyderabad in 2001. Our Company has enjoyed strong first-mover advantage, which has allowed us to establish a leading position in the retail industry in India. It has not only helped us develop a wide network of stores across our targeted regions, but has also helped establish the brand as a leading retail brand in the minds of Indian consumers. Moreover, being an early-mover enabled us to lock in prime locations for our stores at competitive rentals in various cities in India. As of December 31, 2019 our Company has grown to 196 stores (including Natures Basket Limited) throughout India, and is expanding further.

Makes fine living affordable with differentiated offering of fresh foods and proprietary products

We offer a wide range of products across food and groceries, and general merchandise to cater to the needs of all. The assortment includes but is not limited to electrical and electronics, kitchenware, fashion, and linen etc. In food and groceries, we retail fresh fruits and vegetables, fish and meat, staples, organic products, FMCG, food products, personal care and home care items. With more than 50,000 unique SKUs, we offer not only the basic needs of customers but also aspirational products which are otherwise not locally available. We complement our strength in food retail, by offering adjacent non-food categories which have higher margins, and help us to maximize the wallet-share of our customers. We believe in an optimal assortment in the catchments wherein we operate for a high degree of localization in our offerings.

Our key strength is to offer differentiated products which helps to attract and retain customers and provide us with repeat sales. Our unique offerings include international foods from across the world, foods that are ready for consumption or meal solutions for cooking convenience, value added fruits and vegetables, and a variety of cheese and cold cuts. We internally manage our “Fish & Meat” section, a dedicated space to sell fresh non-vegetarian items, be it the finest pre-packaged cold cuts or fresh meat, which can be customized to cater to individual tastes. We also have bakeries in our stores called “Spencer’s Patisserie” which offer a wide range of freshly made bakery and confectionary items. We are one of the few retailers in India to manage our own exclusive section with a wide repertoire of wine and spirits. There is also a large range of private brand products across all categories which add further differentiation. Differentiation is not limited to assortment, but also extends to customer experience. We emphasize on creating the best possible in-store experience and a customer journey through multiple experiential touch points

Best in class instore customer services

We are positioned as a one-stop shop for our target customers comprising of mainly consumers with growing disposable incomes, earning couples having double-income and those who may have migrated into a new location or city. We have developed store atmospherics and planograms to provide standardized store layouts to make shopping easier by creating a sense of familiarity and comfort for the customers. Store designs are carefully articulated to enhance customer experience and increase cross selling, through scientific customer analytics, consumer decision tree analysis and purchasing behaviour.

We ensure optimum shelf availability of products, and undertake price benchmarking to ensure price competitiveness. We have taken several initiatives in-store to improve customer satisfaction.

Supply Chain Efficiency

Our Company employs a hub-and-spoke inventory management model which allows it to provide products to its stores from centrally located distribution centres in key areas where we operate. This reduces delivery times and the need for large inventory at our stores. With the use of technology, we are able to track inventory levels in real-time which allow us to maintain appropriately scaled inventory levels, thereby reducing working capital requirements.

We directly partner with key vendors to develop annual joint business plans and to ensure mutually beneficial cooperation for common development. Purchase orders, and good receipt notes are electronically exchanged. Use of EDI improves speed and accuracy and saves cost.

Efficient operations

Our Company operates efficiently in store management with centralized control ensuring lean operations. We ensure our prices are competitive in the market by price benchmarking process. We assess daily shelf life availability in the store to check and ensure top selling lines are always available. We have installed innovative energy saving devices in our stores. Our store work plan is defined in such a way to ensure standardization across stores, scientific store layout along with category placements to boost cross selling.

Asset light business model and competitive lease rentals

Our ability to find, manage and operate our stores, through optimal sizing in suitable locations on high-street areas and main shopping hubs at low lease rentals has resulted in reduced operational costs. We have set internal parameters in relation to property identification including location and rental costs, which has led to establishment of our brand identity amongst our customers. We operate on an asset light business model which does not require us to invest heavily on physical assets such as land and property. All our stores and distribution centres are on a leasehold or leave or license basis and/or through business conducting agreements. This helps in better cash flow management and lower risk.

Strong promoter background and an experienced and entrepreneurial management team

Our management team consists of a team of professionals with relevant domain expertise and retail oriented functional specializations from FMCG and consumer industry background with professional qualification in their respective fields. The team is led by Sanjiv Goenka, our Promoter and Chairman of the RPSG Group and Shashwat Goenka, our Director. Sanjiv Goenka brings to our Company his vision and leadership, which we believe has been instrumental in our success. Shashwat Goenka specializes in marketing, finance and management and has received the "ET 40 Under 40 - India's Hottest Business Leaders 2018" award. For details on our directors and senior management team, see "*Our Management*" on page 129.

Our management team is complemented by a committed work force that enables us to operate, synergise and integrate our front-end and back-end operations efficiently. Our human resources policies aim to create an engaged and motivated work force, which is essential for success in any service oriented industry such as ours. Our human resources and retention policies, that include training programs, aim to create a motivated work force, which is essential for the retail industry.

Our Strategy

The key elements of our business strategy are as follows:

Profitable growth through the opening of new stores in targeted geographies

Our overall strategy is commensurate for us to take advantage of the expected growth in the organized retail sector in India. The organized retail industry grew at ~18% CAGR between Fiscal 2014 and Fiscal 2019. It is expected to grow at 19-21% CAGR in the long term due to new store roll-outs, increase in penetration in tier 2 and 3 cities and higher disposable income. GST is also expected to bear fruits in the long-term to drive market share gain for organized players. Our Company seeks to capitalize on the confluence of favourable demographics, rising disposable consumer income and the increase in the development of shopping malls and other retail developments in India. To achieve this strategy, we plan to focus on opening more stores to maximize our retail trading area in our chosen geographies. Our location strategy is to expand the store presence in clusters within our existing geographies i.e. north, south and east India. This helps us in achieving local concentration of stores, thereby achieving economies of scale and improving profitability. Our various store formats allow us to provide customers with a complete assortment at affordable price ranges, while competing effectively with the unorganized/organized retail players. We generally prefer locations that have a 360 degree catchment with potential customers who consist of consumers with growing disposable incomes, earning couples having double-income and those who may have migrated into a new location or city.

Natures Basket Limited

In furtherance of this strategy, our Company acquired 100% stake in Natures Basket Limited in July 2019. Natures Basket Limited possess a vast range of imported ingredients and foods from around the world that are premium, authentic and of high quality. It is a one-stop destination for all the customer's multi-cuisine cooking needs. It has better margins business model with high customer stickiness with an aim to redefine India's freshest and finest food experience as a go-to place for 'Daily Food Delights'. As on December 31, 2019, Natures Basket Limited operated with 33 stores with trading area of 90,969 square feet having differentiated and premium stores, which gave our Company access to western India market.

Natures Basket Limited has differentiated business model of international foods with complete offerings in all premium locations. It offers options of products from purest form of natural ingredients to complement healthy lifestyle. Natures Basket Limited, delighting its customers with wonderful hampers all the year and to make gifting an experience.

Growth and margin improvement through optimal product mix and increase revenues from sales of non-food items

As a part of our merchandise mix strategy, we plan to boost our overall margin by increasing the sales of non-food categories (which carry higher margins) namely fashion, general merchandise and electrical. This is done by providing non-food items at larger and strategic locations within the stores, providing customer aligned assortment in the above categories and promotion/cross promotion within categories. We have an active private brand program that encompasses a large number of SKUs across multiple categories. This leverages the strength of the "Spencer's" brand in driving sales of products and providing better margins.

Growing our omni channel presence

Our online business website, www.spencers.in, provides end to end order fulfillment to our customers. Our emphasis is to increase the wallet share of our existing offline customers by increasing the frequency of their shopping trips through online channels. Currently, our e-commerce channel provides approximately 20,000 SKUs for online order and home delivery in the cities of Kolkata, Delhi and NCR, Lucknow, Hyderabad, Vizag, Gorakhpur and Chennai. We also have a mobile application, supporting both iOS and Android operating systems, for the online order of items. All the three critical areas of acquisition, fulfilment and delivery are done inhouse, due to which, the cost per order is substantially lower. We plan to expand the reach of our online platform in all geographies where we have our large format stores.

Increasing customer satisfaction and our base of loyal customers

We believe that understanding the needs of our customers is of prime importance for the continuous growth of our business. In order to provide customer satisfaction, we have an active Digital YVM (Your Views Matter) program which enables us to capture customer feedback and resolve issues, if any, on a real time basis. Through the simplified CRM (Customer Relationship Management) registration method, customers can now become members by just sharing their phone numbers at the billing counters. We send relevant segment based offers to our customers based on their past purchases or based on lookalike modelling.

Expand our product portfolio

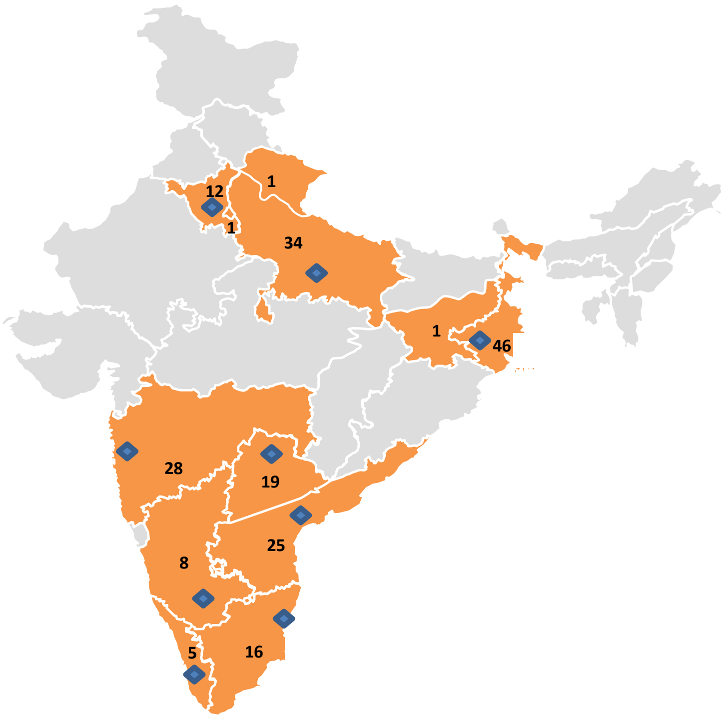
Our formats offer wide range of products to various segments of the consumer spending space in India. With our products offerings, our formats have reached a critical mass and are being accepted amongst consumers. Our operations are closely connected with the consumer preferences and changing choices and accordingly, it is imperative for us to forecast and continuously identify the changing demands of our consumers. Towards this end, we have, and intend to continue to identify and evaluate consumer demand across regions and expand our product portfolio in terms of new brands and new products, in both, value business and home business.

To develop talent and skilled workforce and inculcate good business practices

We believe that the key to our success will be our ability to continue to maintain and grow a team of talented and experienced professionals. We have been successful in building such a team and intend to continue placing special emphasis on managing attrition and attracting, training and retaining our employees. We intend to recruit best available talent across various industries, train them as per our value system and provide them opportunities to learn, experiment and innovate.

We intend to continue to encourage our employees to be enterprising and contribute constructively to our business through effective training and management. Pursuant to our focus on effective training of our employees, we undertake internal training programs to impart skills of planning and decision making, project management, and emotional intelligence among our employees.

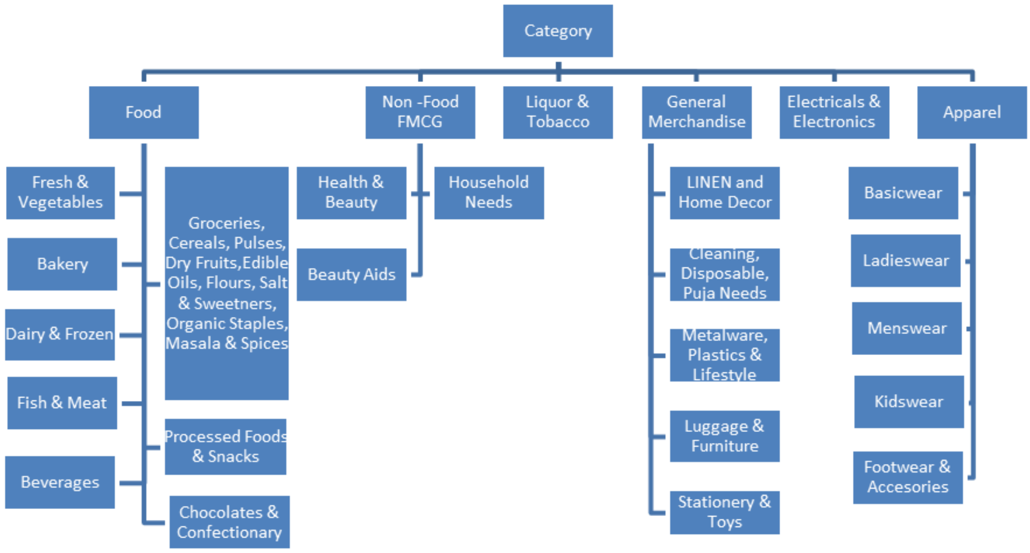
Our Presence



- Location where Distribution Centre is present
- Numbers reflect the number of stores.
- Note: Map not to scale.

Product Description

We offer a wide range of products in each of our product categories, as under:



Our product range specifically caters to the demands and aspirations of the middle and aspiring upper-middle income groups. We constantly monitor the latest trends and local preferences and tastes of our customers across regions to provide a wide range of products and general merchandise.

Our Stores

As of March 31, 2019, and December 31, 2019, we operated the following number of stores in the following states:

Spencer's Retail Limited

Name of State	No. of Stores, as of	
	March 31, 2019	December 31, 2019
West Bengal	44	46
Uttar Pradesh	34	35
Telangana	23	23
Tamil Nadu	15	16
Andhra Pradesh	19	21
Haryana	11	11
Karnataka	3	3
Kerala	5	5
Jharkhand	1	1
Uttarakhand	1	1
Delhi	-	1
Grand Total	**156**	**163**

Natures Basket Limited

Name of State	No. of Stores, as of December 31, 2019
Maharashtra	25
Karnataka	8
Grand Total	**33**

We believe that selection of suitable locations for our stores has been critical to our expansion plans. We aim to be an early mover in our target markets to take advantage of the opportunities and actively search for suitable locations in select geographies. We target densely-populated neighbourhoods and residential areas.

Our stores are supported by an appropriate combination of supplies from our distribution centres or through direct procurement from our suppliers to reduce out-of-stock products and transportation costs and increase the selection of merchandise available to our customers. We source most of our merchandise directly from manufacturers and suppliers in order to obtain the most competitive prices.

As a part of our merchandise mix strategy, we plan to boost our overall margin by increasing the sales of non-food categories (which carry higher margins) namely fashion, general merchandise and electrical and electronics. This is done by providing non-food items at larger and strategic locations within the stores, providing customer aligned assortment in the above categories and promotion/cross promotion within categories. We have an active private brand program that encompasses a large number of SKUs across multiple categories. This leverages the strength of the "Spencer's" brand in driving sales of products and providing better margins.

Merchandising

In relation to the foods category, our procurement is directly from manufacturers or FMCG companies and also through our network of suppliers. In addition to carrying ethnic food brands preferred by regional customers, we retail private brand goods including foods and staples which we buy in bulk quantities and repack and brand after our standard quality checks and inspections. We believe that our merchandising and private brands have helped us differentiate ourselves from our competitors, in addition to achieving good margins.

We also sell groceries and staples, primarily, by weight depending on the availability of space and regional consumer preferences. We carefully select our suppliers to ensure that we sell good quality products and periodically evaluate introduction of new merchandise to enhance our product assortment, offered at our stores. We exercise price benchmarking to ensure price competitiveness. We use a demand driven model for forecasting, improving accuracy and reduction in slow moving inventory.

Spencer's private brand portfolio includes a wide variety of products in the nature of, *inter alia,* dry fruits, bath and beauty products and apparel, under its private brand.

Natures Basket Limited's private brand portfolio are categorised as follows:

1. Healthy Alternatives
2. L'Exclusif selection
3. Nature's

Consumption patterns and consumer behavior suggest that Natures Basket Limited caters to seven different customers and profiles. These segments have their own distinct personalities and purchase objectives while shopping from Natures Basket Limited.

Our strategy to increase share of private brands sales with better margins which will lead us to overall growth of the company.

After Sales Service

We have a call centre set-up supported by associates who advise our customers on calls and on mails. We also have a digital customer grievance portal called YVM (Your Views Matter) where we capture customer feedback real time and resolve them focusing on customer satisfaction. Our call centre is managed by an agency, the responsibilities of which are strictly delineated to ensure adequacy of services. We have always believed that understanding the needs of our customers is of prime importance for the continuous growth of our business. And hence our customer satisfaction rate is one of the best in the industry.

Our Distribution Centres

As of December 31, 2019, we operated the following number of distribution centres in the following states:

Spencer' Retail Limited

State	No. of distribution centres as of December 31, 2019
Uttar Pradesh	1
Telangana	2
West Bengal	3
Kerala	1
Haryana	2
Andhra Pradesh	2
Tamil Nadu	1
Total	12

Our distribution centres have provided us with the following benefits:

- streamline and consolidate certain administrative functions, logistics procedures and human resource requirements from the individual store level into the distribution centre level;
- reduce costs and time by providing centralised procurement for certain products;
- better inventory control with reduced stock shortages in stores due to use of our stock replenishment systems;
- better margins due to efficient supply chain management

Natures Basket Limited

State	No. of distribution centres as of December 31, 2019
Maharashtra	1
Karnataka	1
Total	2

Strategy and Planning

We plan to expand our store network in all our existing geographies. We are interested in opening in new locations, subject to factors like supply chain management, fair rentals and requisite approvals from government authorities. While opening new stores, we consider multiple factors including catchment analysis, population density, potential growth of local population, population density, disposable income of local population, profitability and payback period, estimated on the basis of the expected sales potential, strategic benefits, proximity and performance of competitors in the surrounding area and site characteristics and suitability with the specifications of our building plans.

We have an in-house team, focusing on obtaining properties on lease for our new stores in accordance with our locational needs at reasonable rentals. We have developed store atmospherics and planograms to provide a consistent and predictable store layout to make shopping easier. Store designs are carefully articulated to enhance customer experience and increase cross selling. We believe that the adoption of standard formats for our stores has helped us in establishing our brand in the markets where we operate.

Risk Management

Our risk management framework includes our risk management policy approved by our Board. Monitoring and identification of risks is carried out at regular intervals with the aim of improving the processes and procedures involved and to set appropriate risk limits and controls. After risks have been identified, risk mitigation solutions are determined to bring risk exposure levels in line with risk appetite. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and our business activities. We have a comprehensive risk management system covering various aspects of our business, including operational, legal, treasury, regulatory and financial reporting.

Quality Assurance

We have implemented quality assurance systems and procedures that are aimed at ensuring product quality and consistency. There are clear guidelines for quality which are adhered strictly by the company before listing or accepting the products. The quality assurance process followed in our Company is listed below

- Our growth as a business depends on our ability to attract and retain high quality and cost efficient suppliers to our network. Suppliers are selected through a rigorous and structured vendor selection process to ensure that only good quality products are sold. Suppliers are periodically evaluated with respect to the quality of their products and, those who fail to meet our quality standards are replaced.

- For Food products, purchases are made only from FSSAI licensed manufacturers/ suppliers. All applicable certifications (e.g. Organic certification etc.) are obtained from the suppliers. All stores and distribution centers at our Company obtain FSSAI licenses.

- Our Company also has a robust food (product) recall plan and food safety management system wherein FIFO and shelf life are monitored regularly and, defect prevention and defect identification are focused on. Ambient temperature is maintained for products and for frozen and fresh products required temperature will be maintained as prescribed under FSSAI rules.

- For private brands, repacking centers have dedicated food quality officers to monitor quality of food products. Stringent quality check is performed based on standard quality parameters by professionally qualified or functionally trained personnel. Consignments which pass through the quality check process are only accepted.

- For private brands, vendor/ safety audit is conducted periodically based on well-established parameters to ensure quality products only are accepted.

- Apparel is a private brand for our Company. A dedicated quality team of professionally qualified or functionally trained personnel perform quality check both at the time of vendor selection and acceptance of consignment. Vendor’s social compliances as well as vendor’s quality are ensured before acceptance.

We continue to strive to upgrade and meet our customers' expectations, to have an edge over competitors and to deliver quality products for customer satisfaction. We invest in upgrading our equipment and technology and add new equipment from time to time. We believe that the brand “Spencer’s” is strongly associated with quality and reliability of our products.

Our Subsidiaries

As on the date of this Draft Letter of Offer, our Company has two Subsidiaries namely:

(i) Omnipresent Retail India Private Limited; and
(ii) Natures Basket Limited

For further details of our Subsidiaries see “*Our Subsidiaries*” on page 127.

Awards, Accreditations and Recognitions

Certain of the awards of the Company are as followed:

Sr No	Awards, Accreditations and Recognitions	Year of award
1.	Certified as a Great Workplace by Great Place to Work Institute, India	2020
2.	IMAGES Most Admired Launch of the Year – Nature’s Basket, Kolkata by IMAGES Awards for Excellence in Food and Grocery Retail	2020
3.	IMAGES Most Admired Marketing Campaign of the Year – Black Friday Sales Campaign Spencer’s by IMAGES Awards for Excellence in Food and Grocery Retail	2020
4.	IMAGES Most Admired Large Format Retailer of the Year –Spencer’s by IMAGES Awards for Excellence in Food and Grocery Retail	2020
5.	Winner for Apprenticeship Leader by Nexus Malls Retail Awards 2020	2020

Our Competition

Much of the market which we operate in, is organised retail, online retailers, unorganized and fragmented with many small and medium sized players. We face competition in each of our product categories from multi-national corporations and domestic companies.

Our competition varies for each of our product categories and formats. Overall, our Company's major competitors include Avenue Supermarts, Big Bazaar, More, Reliance Retail, Grofers, Amazon pantry, Big Basket and Spar.

Employees

Our employees contribute significantly to success of our business. We have more than 5,500 permanent employees across all our locations as of December 31, 2019. We conduct training sessions for all of our employees to upgrade their knowledge and skills from time to time. Our Company has been recognised as a 'Great Place to Work' by the Great Place to Work Institute which is considered as the gold standard for defining great workplaces across business, academia and government organisations.

Health, Safety and Environment

We are committed to health and safety of our employees and protection of the environment. Our goal is to provide an injury and accident free work environment by applying leading safety management systems.

Our Intellectual Property

Our Company owns the trade mark for our brand names "Spencer's" and "Nature's Basket" in various classes. We also own certain other trademarks, registered under various classes.

Insurance

We maintain insurance policies customary for our industry to cover certain risks including fire and other natural and accidental risks at our facilities, money and fidelity insurance and stock insurance. Additionally, our Company maintains marine insurance, mediclaim, group term policy, personal accident insurance, and directors and officers liability policy. Our employees are covered under the RPSG Group insurance policies. For risks in relation to insurance, see "*Risk Factors - Our insurance cover may not be adequate or we may incur uninsured losses or losses in excess of our insurance coverage*" on page 32.

Corporate Social Responsibility

CSR is based on the belief that business sustainability is closely connected to the sustainable development of the communities that the business is a part of and the environment in which the business operates. To ensure commitment to CSR at the highest level, our Company has a CSR Committee comprising members of the Board of Directors.

Property

Our registered office is located at Duncan House, 31, Netaji Subhas Road, Kolkata 700 001 which has been taken on license by paying license fees. Our corporate office located at RPSG House, 2/4, Judges Court Road, Kolkata 700 027 which has been taken by the company on common area maintenance charges basis. For details, see "*Risk Factor - Our registered office is not owned by our Company"* on page 33. Our stores are held either on a leasehold or on a leave and license basis.

REGULATIONS AND POLICIES

The following description is a summary of certain sector specific laws and regulations in India, which are applicable to our Company and Natures Basket Limited and their respective businesses. The information detailed in this chapter is based on current provisions of Indian laws which are subject to amendments, changes and modifications by subsequent legislative, regulatory, administrative or judicial decisions. The information stated below is based on the information collected from the public domain. The list of the laws, rules and regulations stated below may not be exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice.

Food Safety and Standards Act, 2006 ("FSSA")

The FSSA was enacted with a view to consolidate the laws relating to food and to establish the Food Safety and Standards Authority of India ("**FSSAI**"), for laying down science based standards for articles of food and to regulate their manufacture, storage, distribution, sale and import, and to ensure availability of safe and wholesome food for human consumption including matters incidental thereto. The standards prescribed by the FSSAI include specifications for ingredients, contaminants, pesticide residue, biological hazards and labels. The FSSA also sets out requirements for licensing and registration of food businesses, general principles of food safety, and responsibilities of the food business operator and liability of manufacturers and sellers, and adjudication by Food Safety Appellate Tribunal.

Further, the FSSAI has also framed the Food Safety and Standards Rules, 2011 ("**FSSR**") which have been operative since August 5, 2011 and have been amended in 2017. FSSR provides the procedure for registration, licensing process for food business and lays down detailed standards for various food products. The FSSR also sets out the enforcement structure such as appointment of 'commissioner of food safety', 'the food safety officer' and 'the food analyst' and procedures of taking extracts, seizure, sampling and analysis.

In order to address certain specific aspects of the FSSA, the FSSAI has framed several regulations such as the following:

- Food Safety and Standards (Contaminants, Toxins and Residues) Regulations, 2011;
- Food Safety and Standards (Food Products Standards and Food Additives) Regulations, 2011;
- Food Safety and Standards (Licensing and Registration of Food Businesses) Regulation, 2011;
- Food Safety and Standards (Packaging and Labelling) Regulations, 2011;
- Food Safety and Standards (Prohibition and Restrictions on Sales) Regulations, 2011;
- Food Safety and Standards (Laboratory and Sampling Analysis) Regulations, 2011;
- Food Safety and Standards (Food or Health Supplements, Nutraceuticals, Food for Special Dietary Purpose, Functional Food and Novel Food) Regulations, 2016;
- Food Safety and Standards (Food Recall Procedure) Regulations, 2017;
- Food Safety and Standards (Import) Regulations 2017;
- Food Safety and Standards (Approval for Non-Specific Food and Food Ingredients) Regulations, 2017;
- Food Safety and Standards (Organic Food) Regulations, 2017;
- Food Safety and Standards (Alcoholic Beverages) Regulations, 2018;
- Food Safety and Standards (Fortification of Food) Regulations 2018;
- Food Safety and Standards (Food Safety Auditing) Regulations, 2018;
- Food Safety and Standards (Recognition and Notification of Laboratories) Regulations, 2018;
- Food Safety and Standards (Advertising and Claims) Regulations, 2018;
- Food Safety and Standards (Packaging) Regulations, 2018; and
- Food Safety and Standards (Recovery and Distribution of Surplus food) Regulations, 2019.

The Essential Commodities Act, 1955

Essential Commodities Act, 1955 gives power to the Government of India, among other things to regulate supply and distribution of certain essential commodities for maintaining or increasing supplies and for securing their equitable distribution and availability at fair prices. Using the powers under it, various ministries/departments of the Government have issued control orders for regulating production, distribution, quality aspects, movement and prices pertaining to the commodities which are essential and administered by them. The State Governments have power to stipulate the price and quantity of the essential commodities and also stipulate the maximum quantity for storage and the appropriate licenses required to be obtained for storage of such essential commodities.

The Legal Metrology Act, 2009 ("Legal Metrology Act")

The Legal Metrology Act was enacted to establish and enforce standards of weights and measures and to regulate trade and commerce in weights and measures and other goods which are sold or distributed by weight, measure or number. Under this Act, all the manufacturers of packaged merchandise are required to obtain a license from Controller, Legal Metrology, Government of India. Further, a company may also nominate a director who would, along with the company, be held responsible for any act resulting in violation of provisions of the Legal Metrology Act.

The key features of the Legal Metrology Act are (i) appointment of government approved test centres for verification of weights and measures; (ii) allowing the companies to nominate a person who will be held responsible for breach of provisions of the Act; and (iii) simplified definition of packaged commodity and more stringent punishment for violation of provisions.

Legal Metrology (Packaged Commodities) Rules, 2011 ("Packaged Commodity Rules")

The Packaged Commodity Rules were framed under Section 52(2) (j) and (q) of the Legal Metrology Act. The Packaged Commodity Rules lay down specific provisions applicable to packages intended for retail sale, wholesale and for export and import. The word "pre-packaged commodity" has been defined under the Legal Metrology Act as a commodity which without the purchaser being present is placed in a package of a pre-determined quantity. The key provisions of the Packaged Commodities Rules are: (i) it is illegal to manufacture, pack, sell, import, distribute, deliver, offer, expose or possess for sale any pre – packaged commodity unless the package is in such standard quantities or number and bears thereon such declarations and particulars as prescribed; (ii) all pre – packaged commodities must conform to the declarations provided thereon as per the requirement of Section 18 (1) of the Legal Metrology Act, 2009; and (iii) no pre – packaged commodity shall be packed with error in net quantity beyond the limit prescribed in the first schedule of the Packaged Commodity Rules.

Bureau of Indian Standards, 2016 ("BIS Act")

The BIS Act was enacted to provide for the establishment of the Bureau of Indian Standards ("**BIS**") for the development of the activities such as standardization, conformity assessment and quality assurance of goods, articles, processes, systems and services and marking and quality certification of goods. Functions of the BIS include, inter alia, (a) recognising 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 to be called the Bureau of Indian Standards Certification 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.

Consumer Protection Act, 2019 ("**COPRA, 2019**")

COPRA, 2019 has replaced the earlier Consumer Protection Act, 1986, in seeking to provide better protection to the interests of consumers, especially in the digital age. The key features of the COPRA, 2019 include wider definition of "consumer", enhancement of pecuniary jurisdiction, flexibility in e-filing complaints, imposition of product liability, wider definition of unfair trade practices, and provision for alternative dispute resolution. Furthermore, it proposes the establishment of a regulatory authority known as the Central Consumer Protection Authority (CCPA), with wide powers of enforcement. The CCPA will have an investigation wing, headed by a Director-General, which may conduct inquiry or investigation into consumer law violations. Further, the CCPA has been granted wide powers to take *suo moto* actions, recall products, order reimbursement of the price of goods/services, cancel licenses and file class action suits, if a consumer complaint affects more than one individual.

Agricultural Produce Market Committee ("APMC")

An APMC is a marketing board established by a state government in India to ensure farmers are safeguarded from exploitation by large retailers, as well as ensuring the farm to retail price spread does not reach excessively high levels. APMC regulates marketing of agricultural, horticultural, livestock products and certain other produce in market areas and establishes market committees for every market area in the state to regulate transactions in agricultural produce. It provides for the organization and composition of committees and their powers and functions which include, granting licenses to operate in the market, provide for necessary facilities in the market area, regulate and control transactions in the market and admissions to the market.

Insecticides Act, 1968

The Insecticides Act, 1968 regulates the import, manufacture, sale, transport, distribution and use of insecticides with a view to prevent risk to human beings or animals, and matters connected therein. Any person who desires to manufacture or sell or exhibit for sale or distribution, any insecticides or undertake commercial pest control operations with the use of insecticides is required to obtain a license issued by the licensing officer, which shall be appointed by the State Government.

Sale of Goods Act, 1930 ("**Sale of Goods Act**")

The Sale of Goods Act governs contracts relating to the sale of goods. The contracts for sale of goods are subject to the general principles of the law relating to contracts. A contract for sale may be an absolute one or based on certain conditions. The Sale of Goods Act contains provisions in relation to the essential aspects of such contracts, including the transfer of ownership of goods, delivery of goods, rights and duties of the buyer and seller, remedies for breach of contract and the conditions and warranties implied under a contract for the sale of goods.

Excise Laws

State governments are empowered to regulate, inter alia, manufacture, import, export, transport, possession, purchase and sale of liquor and other intoxicants. State governments also regulate excise and countervailing duties imposed on alcoholic liquors, grant of liquor licenses and retail supply of alcohol. Any person selling alcoholic liquor is required to obtain appropriate license under the state legislation. Such license is issued and classified based upon the nature and type of alcoholic liquor. In certain states, there exists a complete ban on the sale, consumption, transportation etc. of liquor, while in most states the sale, consumption, and transportation etc. of liquor is permitted subject to certain conditions.

Shops and establishments legislations

Under the provisions of local shops and establishments legislations applicable in the states in which establishments are set up, establishments are required to be registered. Such legislations regulate the working and employment conditions of the workers employed in shops and establishments including commercial establishments and provide for fixation of working hours, rest intervals, overtime, holidays, leave, termination of service, maintenance of shops and establishments and other rights and obligations of the employers and employees. Our stores, distribution centres have to be registered under the shops and establishments legislations of the states where they are located.

Intellectual Property Laws

Certain laws relating to intellectual property rights such trademark protection under the Trade Marks Act, 1999 and as copyright protection under the Copyright Act, 1957 are applicable to us.

The Trade Marks Act, 1999 (the "**Trade Marks Act**") provides for the process for making an application and obtaining registration of trademarks in India. The purpose of the Trade Marks Act is to grant exclusive rights to marks such as a brand, label, heading and to obtain relief in case of infringement for commercial purposes as a trade description. The Trade Marks Act prohibits registration of deceptively similar trademarks and provides for penalties for infringement, falsifying and falsely applying trademarks. The Copyright Act, 1957 (the "**Copyright Act**") governs copyright protection in India. Although copyright registration is not a prerequisite for acquiring or enforcing a copyright in an otherwise copyrightable work, registration under the Copyright Act acts as a prima facie evidence of the particulars entered therein and helps expedite infringement proceedings and reduce delay caused due to evidentiary considerations.

Labour and Employment laws

The various labour and employment related legislation that may apply to our operations, from the perspective of protecting the workers' rights and specifying registration, reporting and other compliances, and the requirements that may apply to us as an employer, would include the following:

- The Child Labour (Prohibition and Regulation) Act, 1986;

- The Contract Labour (Regulation and Abolition) Act, 1970;
- The Employee's Compensation Act, 1923;
- The Employees State Insurance Act, 1948;
- The Employee's Provident Fund and Miscellaneous Provisions Act, 1952 ("**EPF Act**");
- The Maternity Benefit Act, 1961;
- The Payment of Gratuity Act, 1972;
- The Code of Wages, 2019;
- The Rights of Persons with Disabilities Act, 2016; and
- The Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013.

Taxation laws

The tax related laws that are pertinent include the Income tax Act, 1961, the Central Goods and Services Tax Act, 2017 and the relevant state legislations for goods and services tax.

Other Applicable Laws

In the ordinary course of our business of opening retail stores, we enter into various leave and license agreements, lease or sale deeds for which the Transfer of Property Act, 1882, the Registration Act, 1908, and the Indian Stamp Act, 1899 are applicable to us. In addition to the above, our Company is also required to comply with the provisions of the Companies Act and rules framed thereunder and other applicable statutes imposed by the Centre or the State Government and authorities for our day-to-day business and operations.

HISTORY AND OTHER CORPORATE MATTERS

Brief history of our Company

Our Company was incorporated as RP-SG Retail Limited, a public limited company under the Companies Act, 2013 in Kolkata, West Bengal, India, pursuant to a certificate of incorporation dated February 8, 2017 issued by the RoC. Subsequently, the name of our Company was changed to its present name, Spencer's Retail Limited, pursuant to the order of the National Company Law Tribunal, Kolkata Bench dated March 28, 2018 approving the Scheme of Arrangement, and a fresh certificate of incorporation pursuant to change of name was issued by the RoC on December 13, 2018. Our Company's retail business was earlier undertaken by the erstwhile Spencer's Retail Limited since November 22, 2000, which was incorporated under the Companies Act, 1956. Pursuant to the Scheme of Arrangement, the Retail Undertaking 2 of the erstwhile Spencer's Retail Limited, was demerged into our Company with effect from the appointed date of October 1, 2017 in accordance with Sections 230 to 232 and other applicable provisions of the Companies Act, 2013. For details, see "*Scheme of Arrangement*" on page 125.

Change in Registered Office of our Company

The details of the change in our Registered Office since incorporation is provided below:

Effective date	Details of change	Reasons for change
February 11, 2019	The registered office of our company was changed from CESC House, Chowringhee Square, Kolkata 700 001 to Duncan House, 31, Netaji Subhas Road, Kolkata - 700 001	For operational convenience

Change in the name our Company

The details of change in the name of our Company since incorporation are given below:

Effective date	Details of change	Reasons for change
December 13, 2018	The name of our Company was changed from RP-SG Retail Limited to Spencer's Retail Limited	Pursuant to the Scheme of Arrangement.

Main objects as set out in the Memorandum of Association

The main objects contained in the Memorandum of Association are as mentioned below:

1. *To develop and conduct Cash & Carry business in India or such related services without limitation, Hypermarkets and Discount Stores offering wide range of daily house hold goods, groceries, white goods, brown goods, kitchen accessories, Frozen foods, clothing, toiletries/cosmetics etc., and to open, promote, acquire, run, maintain, manage, supervise, purchase or otherwise, take on lease, supermarket chains and warehousing complexes and to develop and set up all infrastructure facilities for the above including membership activities and discount facilities for the members holding membership cards. To develop and conduct retail business in India or abroad and having regard to the laws applicable in India or in any other relevant jurisdiction, to carry on Food Retailing including Cafeteria services, running bakery and such related retail services without limitation, food stores, Supermarkets, Hypermarkets, Discount Stores and Cash & Carry operations for any class of goods including daily house hold goods, groceries, white goods, brown goods, kitchen accessories, frozen foods, clothing, all types of fast moving consumer items, cosmetics and toilet articles, cleaning and personalized products, food items including frozen foods, soft drinks, mineral water, beverages, fruit juices, sweets, ice creams, confectionery items, dry fruits, essences, flavouring materials, cigarettes, tobacco products, liquor, porcelain wares, herbal products, all kinds of baby care items, fancy goods, handicrafts, travel accessories and plastic wears, interior decoration pieces, durable items of all kind, dairy products of all kinds and Music Retailing offering a range of pre recorded audio Cassettes, Blank Music Cassettes, Vinyl records, compact Discs, Laser Discs, CD ROM's allied software products, music Video's, View CD's, Digital Videos, Dry Cell Batteries, Adapters, Head Phones, CD and Music Cassette racks, Music Books, Magazines and all kinds of music items and accessories.*

2. *To carry on the business of designers, consultants, experts, buyers, sellers, renters, assemblers, repairers, exporters, importers, distributors, agents and dealers of all devices and records or other contrivances for*

recording, transmitting and reproducing sounds or vision and to acquire, hold and utilize musical rights of every kind and arrange for their commercial and non-commercial production in any media and to acquire, sell, lease and/or otherwise deal in every manner with musical rights of every description including copyrights and/or other rights relating to voice, songs, lyrics, musical compositions and other musical performances of whatever nature, whether in writing, musical notations, audio, video or other media. To carry on in India or elsewhere the business to manufacture, or render value added services including import or export, forward market and supply and to act as agent, broker, consultant, collaborator, stockists, liaison, middleman, or otherwise to deal in all types of fast moving consumer items, groceries, cosmetics and toilet articles, cleaning and personalized products, good items including frozen foods, edible oils, fruits, vegetables, processed foods, soft drinks, mineral water, beverages, fruit juices, sweets, ice creams, confectionery items, dry fruits, essences, flavouring materials, cigarettes, tobacco products, liquor, porcelain wares, herbal products, all kinds of baby care items, fancy goods, handicrafts, travel accessories and plastic wears, interior decoration pieces, durable items of all kinds.

3. *To carry on trading through web stores by way of e-commerce for any class of goods including Electronic Business (e-business), Electronic Mail (e-mail), Internet and other allied business and also to appoint franchisees for all wholesale/retail services for all kinds of products mentioned in sub-clauses 1 and 2 above and for the business of retailing over the Internet including the facilitation of receiving orders for products and goods and their delivery and for this purpose develop or engage services of consultants for the development of appropriate software for receiving orders, delivery and otherwise conducting the business of e-commerce. To carry on the business of Importers or Exporters, Traders or Agents of consumer durables, Groceries, Personal products, Jewellery, Optical goods, Novelties and any other Consumer Products or other products and to undertake Sales Promotion Campaign and Advertisement Services relating to the various products mentioned in sub-clauses 1 and 2 above either directly or through agents for consideration.*

4. *To offer value added services by entering into concessionaire agreements with people offering specialized products and services so as to retail their products through food stores, supermarkets, music retail stores and hypermarkets and to provide customer services through food courts, entertainment complex, beauty parlours, gymnasium, kids part etc. To carry on the business of manufacturers, dealers, importers of house hold goods, groceries, white goods, brown goods, kitchen accessories, frozen foods, clothing, all types of fast moving consumer items, cosmetics and toilet articles, cleaning and personalized products, food items including frozen foods, soft drinks, mineral water, beverages, fruit juices, sweets, ice creams, confectionery items, dry fruits, essences, flavouring materials, cigarettes, tobacco products, liquor, porcelain wares, herbal products, all kinds of baby care items, fancy goods, handicrafts, travel accessories and plastic wears.*

5. *To amalgamate or collaborate with any companies with or without capital participation enter into franchise arrangement with local or foreign company or enter into partnership or into any arrangement for sharing profits, union of interest, co-operation, joint venture, reciprocal concession or otherwise with any person or company in India or abroad carrying on or engaged in or about to carry on, engage in any business or transaction, capable of being carried on or conducted so as directly or indirectly to benefit this Company and to lend money to or guarantee the contract or otherwise assist any such person or company, take or otherwise acquire shares and securities of any such person or company, and to sell, hold, reissue without guarantee or otherwise deal with the same. To purchase or otherwise acquire and undertake the whole or any part of the business property, rights and liabilities of any person, firm or company, carrying on any business which this Company is authorized to carry on or possessed of property or rights suitable for any of the purposes of the Company and to purchase, acquire, apply for, hold, sell and deal in shares, stock, debentures or debenture stock of any such persons, firm or company, to conduct, make or carry into effect any arrangement in regard to the winding up of the business of any such person firm or Company.*

6. *To acquire and undertake all or any part of the business property and liabilities of any person or company carrying on or proposing to carry on any business which this Company is authorized to carry on or possessed of property suitable for the purpose of the Company or which can be carried on in conjunction therewith or which is capable of being conducted so as directly or indirectly to benefit the Company. To form incorporate or promote any company or companies , whether in India or elsewhere, having amongst its or their objects the acquisition of all or any of the assets or control or development of the Company or any other objects or objects which in the opinion of the Company could or might directly or indirectly assist the Company in the development of the properties or otherwise prove advantageous to the Company and to pay all the costs and expenses incurred in connection with any such promotion or incorporation and to remunerate any person or company in any manner it shall think fit for services rendered or to be rendered in obtaining subscriptions*

for or for guaranteeing the subscriptions of or placing of any shares in the capital of the Company or any bonds, debentures, obligations or securities of the Company.

7. *To acquire by purchase or otherwise for the business of the company in India or elsewhere, any lands, buildings, mills or other things and to develop, reconstruct, adapt buildings and to erect mills and other things found necessary are convenient for the purpose of the company. To enter into negotiations with foreign companies and other persons and acquire by grant, purchase, lease, barter, licence or other terms, formulae, processes and other rights and benefits and to obtain financial and/or technical collaboration, technical information, know-how and expert advice. To enter into partnership or into any arrangement for sharing profits or losses, or for any union of interest, joint-venture, reciprocal concession or co-operation with any person or persons, or Company or Companies, carrying on or engaged in, or about to carry on, or engage in, or being authorized to carry on, or engage in any business or transaction which this Company is authorized to carry on, or engage in or in any business of transaction capable of being conducted so as directly or indirectly to benefit this Company. To pay all the costs, charges and expenses of and incidental to the promotion and formation, registration and establishment of the Company and the issue of its capital.*

Amendments to the Memorandum of Association

The following amendments have been made to the MoA in the ten years preceding the date of this Draft Letter of Offer:

Date	Particulars
December 13, 2018	Clause I of the Memorandum of Association was amended to reflect the change in name, pursuant to the Scheme of Arrangement. The updated Clause I states, "The name of the Company is Spencer's Retail Limited."
October 12, 2018	Clause V of the Memorandum of Association was substituted to reflect the increase in the authorised share capital from ₹.5,00,000 to ₹ 1500,05,00,000, pursuant to Scheme of Arrangement.

Major events and milestones of our Company

The table below sets forth the key events in the history of our Company:

Date	Events and milestones
March 28, 2018	Approval of the Scheme of Arrangement vide the order of the National Company Law Tribunal, Kolkata Bench
November 14, 2018	Allotment of shares by virtue of Scheme of Arrangement
December 13, 2018	The name of our Company was changed from RP-SG Retail Limited to Spencer's Retail Limited
January 25, 2019	Listing of shares of the Company on NSE and BSE
January 30, 2019	Listing of shares of the Company on CSE
July 4, 2019	Acquisition of Natures Basket Limited

Significant financial or strategic partnerships

Our Company does not have any financial and/or strategic partners.

Time or cost overrun

Our Company has not experienced any time or cost overrun in relation to any projects.

Defaults or rescheduling/restructuring of borrowings with financial institutions/banks

No defaults or rescheduling or restructuring have occurred in relation to any borrowings availed by our Company from financial institutions or banks.

Awards, accreditations, certifications or recognitions

Our Company has received the following awards, accreditations, certifications and recognitions recently:

Sr No	Awards, Accreditations and Recognitions	Year of award
1.	Certified as a Great Workplace by Great Place to Work Institute, India	2020
2.	IMAGES Most Admired Launch of the Year – Nature's Basket, Kolkata by IMAGES Awards for Excellence in Food and Grocery Retail	2020
3.	IMAGES Most Admired Marketing Campaign of the Year – Black Friday Sales Campaign Spencer's by IMAGES Awards for Excellence in Food and Grocery Retail	2020
4.	IMAGES Most Admired Large Format Retailer of the Year –Spencer's by IMAGES Awards for Excellence in Food and Grocery Retail	2020
5.	Winner for Apprenticeship Leader by Nexus Malls Retail Awards 2020	2020

Holding company

Rainbow Investments Limited is our parent company.

Other details regarding our Company

Details regarding material acquisition or divestment of business/undertakings, mergers and amalgamation

Except as disclosed below, our Company has not acquired any business or undertaking, and has not undertaken any merger and/or amalgamation in the last 10 years:

Scheme of Arrangement

The National Company Law Tribunal, Kolkata bench, vide its order dated March 28, 2018, approved the composite scheme of arrangement amongst CESC Infrastructure Limited, erstwhile Spencer's Retail Limited, Music World Retail Limited, Spen Liq Private Limited, New Rising Promoters Private Limited, CESC Limited, Haldia Energy Limited, CESC Ventures Limited (formerly known as RP-SG Business Process Services Limited), Crescent Power Limited, and our Company and their respective shareholders, under Sections 230 and 232 and other applicable provisions of the Companies Act, 2013.

Pursuant to the Scheme of Arrangement, the Retail Undertakings of CESC Limited and erstwhile Spencer's Retail Limited, stood transferred as a going concern, to our Company, and consequently vested in our Company with effect from the appointed date i.e., October 1, 2017.

The Scheme of Arrangement provided that in consideration of the transfer and vesting of the Retail Undertaking 1 into the Company, 6 fully paid up equity shares of ₹ 5 each of the Company shall be issued and allotted for every 10 equity shares of CESC Limited held by a shareholder on the Record Date. Further, in consideration of the transfer and vesting of Retail Undertaking 2 into the Company, CESC Limited would be issued and allotted 5,00,000 fully paid up preference shares of ₹ 100 each of the Company for all the equity shares of Spencer's Retail Limited held by CESC Limited.

Acquisition of Natures Basket Limited ("NBL")

Our Company entered into a share purchase agreement dated May 17, 2019, as amended on July 4, 2019, with Godrej Industries Limited and Natures Basket Limited ("**NBL SPA**"). Pursuant to the NBL SPA, our Company acquired 44,58,30,000 fully paid up equity shares of NBL comprising 100% of its equity shareholding, from Godrej Industries Limited, for such consideration as disclosed in the NBL SPA. The acquisition was completed on July 4, 2019. Pursuant to the acquisition, NBL became a wholly owned subsidiary of our Company.

Revaluation of assets

Our Company has not revalued its assets since incorporation, except pursuant to the Scheme of Arrangement.

Shareholders' Agreement and other key agreements

Our Company has not entered into any shareholder's agreement.

Agreements with Key Managerial Personnel, Director, Promoter or any other employee

There are no agreements entered into by a Key Managerial Personnel or Director or Promoter or any other employee of our Company, either by themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of our Company.

Other agreements

Our Company has not entered into any material contract or agreement which is not in the ordinary course of business carried on or intended to be carried on by our Company, other than disclosed in this Draft Letter of Offer.

OUR SUBSIDIARIES

As on the date of this Draft Letter of Offer, our Company has two Subsidiaries:

Subsidiaries:

(i) Omnipresent Retail India Private Limited; and
(ii) Natures Basket Limited

1. Omnipresent Retail India Private Limited

Corporate Information

Omnipresent was incorporated as a private limited company on April 30, 2011 under the Companies Act, 1956 with Registrar of Companies, New Delhi and bearing registration number U51909DL2011PTC218350. Its registered office is situated at A-27/A, 1st Floor, Hauz Khas, New Delhi 110 016 and Corporate Office is situated at Duncan House, 31, Netaji Subhas Road, Kolkata 700 001.

Nature of business

Omnipresent is engaged in the business of setting up, establish, maintain, run, operate and manage retail, wholesale trading Business centre, departmental stores, super markets, shopping malls, speciality stores, shopping outlets and also to act as agents, sub-agents, wholesellers, retailers, representatives, commission agents and dealers of all commercial, industrial, scientific, household, domestic forest and food products.

Capital Structure

The authorised share capital of Omnipresent is ₹ 60,00,00,000 divided into 6,00,00,000 equity shares of ₹10 each. The issued, subscribed and paid up equity share capital of Omnipresent is 56,54,65,690 divided into 5,65,46,569 equity shares of ₹ 10 each.

Shareholding pattern

The shareholding pattern of Omnipresent as on date is as provided below:

Name of the shareholder	No. of equity shares held	Percentage of equity holding (%)
Spencer's Retail Limited	5,65,46,469	99.99
Spencer's Retail Limited jointly with Subhasis Mitra	100	*Negligible*
Total	**5,65,46,569**	**100.00**

2. Natures Basket Limited ("NBL")

Corporate Information

NBL was incorporated as a limited company on May 29, 2008 under the Companies Act, 1956 with the Registrar of Companies, Maharashtra bearing registration number U15310MH2008PLC182816. Its registered office is situated at 2nd Floor, Spencer Building, 30 Forjett Street, Mumbai 400 036 and corporate office is situated at 91, Springboard Vikhroli, Godrej & Boyce, Gate No.2, Plant No.6, LBS Marg, Vikhroli West, Mumbai 400 079.

Nature of business

NBL is engaged in the business of operating retail, franchise, wholesale and management of e-commerce or any other mode of operation or activities that are an integral part of and ancillary to the operations of the business for purchasing, selling, distributing any food or non-food item of any kind and description.

Capital Structure

The authorised share capital of NBL is ₹ 5,00,00,00,000 divided into 50,00,00,000 equity shares of ₹ 10 each. The issued, subscribed and paid up equity share capital of NBL is 4,92,58,00,000 divided into 49,25,80,000 equity shares of ₹10 each.

Shareholding pattern

The shareholding pattern of NBL as on date is as provided below:

Name of the shareholder	No. of equity shares held	Percentage of equity holding (%)
Spencer's Retail Limited	**49,25,79,994**	99.99
Spencer's Retail Limited jointly with Shashwat Jha	1	*Negligible*
Spencer's Retail Limited jointly with Rama Kant	1	*Negligible*
Spencer's Retail Limited jointly with Srikanth Ramachandra Murthy Gopishetty	1	*Negligible*
Spencer's Retail Limited jointly with Navin Kumar Rathi	1	*Negligible*
Spencer's Retail Limited jointly with Ritesh Kumar Agarwal	1	*Negligible*
Spencer's Retail Limited jointly with Manmohan Kothari	1	*Negligible*
Total	**49,25,80,000**	**100.00**

Accumulated profits or losses

There are no accumulated profits or losses of any of our Subsidiaries that have not been accounted for by our Company in the Restated Financial Statements as per applicable accounting standards.

Business interest in our Company

As on the date of this Draft Letter of Offer, none of our Subsidiaries hold Equity Shares in our Company. Furthermore, except as stated "*Our Business"*, and "*Related Party Transactions"* on pages 108, and 156, respectively, none of our Subsidiaries have any business interest in our Company.

Common Pursuits and Business interest in our Company

Other than as mentioned in this section and "*Related Party Transactions*" and "*Our Business*" on page 156 and 108, there are no other common pursuits and business interest of our Subsidiaries in our Company.

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, to the extent applicable.

OUR MANAGEMENT

Board of Directors

As on the date of this Draft Letter of Offer, we have eight Directors on our Board, comprising of two Executive Director, two Non-Executive Directors and four Independent Directors including a woman Independent Director. Our Company is in compliance with the corporate governance norms prescribed under the SEBI Listing Regulations and the Companies Act, 2013, in relation to the composition of our Board and constitution of committees thereof.

The following table sets forth the details of our Board as on the date of this Draft Letter of Offer:

Name, designation, date of birth, address, occupation, term, period of directorship and DIN	Age (years)	Other directorships
Sanjiv Goenka *Designation:* Chairman and Non-Executive Director *Date of birth:* January 29, 1961 *Address:* 19, Belvedere Road, Alipore, Kolkata 700 027 *Occupation:* Industrialist *Term:* Liable to retire by rotation *Period of directorship:* Director since November 14, 2018 *DIN:* 00074796	59	1. CESC Limited; 2. Haldia Energy Limited; 3. Phillips Carbon Black Limited; 4. Saregama India Limited; 5. Spencer International Hotels Limited; 6. Firstsource Solutions Limited; 7. CESC Ventures Limited; and 8. Spencer and Company Limited
Devendra Chawla *Designation:* Managing Director and CEO *Date of birth:* April 13, 1972 *Address:* B-401, Oberoi Splendor, JVLR, Andheri (East), Opposite Majas Bus Depot, Mumbai 400 060 *Occupation:* Service *Term:* Three years with effect from February 11, 2019, i.e. until February 10, 2022 *Period of directorship:* Director since February 11, 2019 *DIN:* 03586196	48	1. Natures Basket Limited
Rahul Nayak *Designation:* Whole time Director *Date of birth:* October 24, 1976 *Address:* EMP -21- 204, Evershine Mellinium Paradise, Thakur Village, Kandivali East, Mumbai – 400 101 *Occupation:* Service *Term:* Three years with effect from November 14, 2018, i.e. until November 13, 2021 *Period of directorship:* Director since November 14, 2018 *DIN:* 06491536	43	Nil
Shashwat Goenka	30	1. CESC Limited;

Name, designation, date of birth, address, occupation, term, period of directorship and DIN	Age (years)	Other directorships
Designation: Non-Executive Non-Independent Director *Date of birth:* April 12, 1990 *Address:* 19 Belvedere Road, Alipore, Kolkata 700 027 *Occupation:* Industrialist *Term:* Liable to retire by rotation *Period of directorship:* Director since November 14, 2018 *DIN:* 03486121		2. CESC Ventures Limited; 3. Firstsource Solutions Limited; 4. Phillips Carbon Black Limited; and 5. Spencer International Hotels Limited
Debanjan Mandal *Designation:* Non-Executive Independent Director *Date of birth:* August 26, 1973 *Address:* 93/3A/2, Acharya Prafulla Chandra Road, Raja Ram Mohan Sarani, Kolkata 700 009 *Occupation:* Advocate *Term:* Five years with effect from February 11, 2019, i.e. until February 10, 2024 *Period of directorship:* Director since February 11, 2019 *DIN:* 00469622	46	1. Anmol Industries Limited; 2. Apeejay Surrendra Park Hotels Limited; 3. Apeejay Tea Limited; 4. Century Plyboards (India) Limited; 5. Edward Food Research and Analysis Centre Limited; 6. Fox and Mandal Consultancy Solutions Private Limited; and 7. Industrial and Prudential Investment Company Limited
Pratip Chaudhari *Designation:* Non-Executive Independent Director *Date of birth:* September 12, 1953 *Address:* H – 1591, Chittaranjan Park, New Delhi 110 019 *Occupation:* Service *Term:* Five years with effect from November 14, 2018, i.e. until November 13, 2023 *Period of directorship:* Director since November 14, 2018 *DIN:* 00915201	66	1. Alchemist Asset Reconstruction Company Limited; 2. Cosmo Films Limited; 3. CESC Limited; 4. Dynamic Drilling and Services Private Limited; 5. Firstsource Solutions Limited; 6. IFFCO Kisan Sanchar Limited; 7. Jagaran Microfin Private Limited; 8. Muthoot Finance Limited; 9. Quess Corp Limited; and 10. Visa Steel Limited
Rekha Sethi *Designation:* Non-Executive Independent Director *Date of birth:* November 4, 1963 *Address:* 32, Uday Park, First Floor, New Delhi 110 049 *Occupation:* Service *Term:* Five years with effect from November 14, 2018, i.e. until November 13, 2023 *Period of directorship:* Director since November 14, 2018 *DIN:* 06809515	55	1. CESC Limited; 2. Hero Steels Limited; 3. Sun Pharmaceuticals Industries Limited; 4. Sun Pharma Distributors Limited; and 5. Sun Pharma Laboratories Limited

Name, designation, date of birth, address, occupation, term, period of directorship and DIN	Age (years)	Other directorships
Utsav Parekh *Designation:* Non-Executive Independent Director *Date of birth:* August 28, 1956 *Address:* 2/3, Sarat Bose Road, PO – Elgin Road, Kolkata 700 020 *Occupation:* Industrialist *Term:* Five years with effect from November 14, 2018, i.e. until November 13, 2023 *Period of directorship:* Director since November 14, 2018 *DIN:* 00027642	63	1. Aar Indamer Technics Private Limited; 2. Bengal Aerotropolis Projects Limited; 3. Indian Chambers of Commerce Calcutta; 4. Lend Lease Company (India) Limited; 5. Nexome Real Estates Private Limited; 6. Smifs Capital Markets Limited; 7. Smifs Capital Services Limited; 8. Texmaco Infrastructure and Holdings Limited; 9. Texmaco Rail and Engineering Limited; 10. Wizcraft International Entertainment Private Limited; and 11. Xpro India Limited

In compliance with Section 152 of the Companies Act 2013, not less than two-thirds of our non-independent Directors are liable to retire by rotation.

Brief profiles of our Directors

Sanjiv Goenka is the chairman of the RP- Sanjiv Goenka Group. He is the former president of the Confederation of Indian Industry and is presently the chairman of the Board of Governors of the Indian Institute of Technology, Kharagpur and the International Management Institute, Delhi, Bhubaneswar and Kolkata. Sanjiv Goenka holds an honorary doctoral degree from Xavier Institute of Management, Bhubaneswar. He is an alumnus and member of the internal quality assessment cell of St Xavier's College, Kolkata.

Devendra Chawla is the Managing Director and CEO of our Company and has been on our Board since February 11, 2019. He holds a bachelor’s degree in engineering and a master’s degree in business administration from the University of Pune. He ranked fourth in order of merit among all candidates appearing for the bachelor’s degree programme. He has been awarded the certificate for completing the certificate program in innovations for leaders conducted by Reliance Retail Limited. He has previously worked with Asian Paints (India) Limited as regional manager – Mumbai, Hindustan Coca Cola Beverages Private Limited where he was nominated for the KO leader’s program for the year 2002, Reliance Retail Limited as Vice President and Future Group as Group President – Food FMCG.

Rahul Nayak is the whole-time Director of our Company and has been on our Board since November 14, 2018. He holds a master’s degree in marketing from the Institute of Technolgy and Management, University of New Hampshire. He has previously been associated with Great Wholesale Club Limited as category manager and Trent Hypermarket Limited as director of operations.

Shashwat Goenka is a Non-Executive Director of our Company and has been on our Board since November 14, 2018. He holds a bachelor’s degree economics from the Wharton Business School, University of Pennsylvania. He has previously served as the President of Indian Chamber of Commerce, Calcutta. He also serves as a director on the board of Retailers Association of India. Mr. Goenka is the head of RP-Sanjiv Goenka Group’s Retail and FMCG sector.

Debanjan Mandal is a Non-Executive Independent Director of our Company and has been on our Board since February 11, 2019. He holds a bachelor’s degree in law from the University of Burdwan, West Bengal. He is a member of the Incorporated Law Society of Calcutta, International Bar Association, U.K. and Bar Council of West Bengal. Presently, he is a partner at Fox & Mandal, Kolkata, where he started his career as an associate in 1999.

Pratip Chaudhari is a Non-Executive Independent Director of our Company and has been on our Board since November 14, 2018. He holds a master’s degree in business management from Punjab University. He has previously held the position of deputy managing director, State Bank of India as well as the chairman of the State Bank of India.

Rekha Sethi is a Non-Executive Independent Director of our Company and has been on our Board since November 14, 2018. She holds a bachelor's degree in arts from the University of Delhi and a master's degree in marketing and advertising from Bhartiya Vidya Bhavan, Bombay. She has previously held the position of Director General of All India Management Association.

Utsav Parekh is a Non-Executive Independent Director of our Company and has been on our Board since November 14, 2018. He holds a bachelor's degree in commerce from the University of Calcutta. He has previously served as a director in companies such as Xpro India Limited, Salveo Life Sciences Limited, Moving Pictures Company (India) Limited, Cable Corporation of India Limited and Sirpur Papers Mills Limited. He is an honorary consul of the Czech Republic in Kolkata.

Family relationships between our Directors and Key Managerial Personnel

Except Sanjiv Goenka, who is the father of Shashwat Goenka, none of our other Directors are related to each other or to any other Key Managerial Personnel.

Details of directorship in companies suspended or delisted

None of our Directors is or was a director of any listed company, whose shares are or were suspended from being traded on any stock exchanges, during the last five years prior to the date of this Draft Letter of Offer, during the term of his/her directorship in such company.

None of our Directors is, or was, a director of any listed company, which has been or was delisted from any stock exchange.

Arrangement or understanding with major shareholders, customers, suppliers or others

None of our Directors have been nominated or appointed or selected, as a director or member of the senior management, pursuant to any arrangement or understanding with any of our major Shareholders, customers, suppliers or others.

Service contracts with Directors

Our Company has not entered into any service contracts with our Directors which provide for benefits upon termination of employment.

Borrowing powers of the Board

In accordance with our Articles of Association and subject to the provisions of the Companies Act, 2013, the Board may, from time to time, at its discretion, by a resolution passed at a meeting of the Board, borrow any sum of money for the purpose of our Company and the Board may secure repayment of such money in such manner and upon such terms and conditions in all respects as it thinks fit. Pursuant to a resolution of the shareholders of our Company dated July 19, 2019, in accordance with Section 180 of the Companies Act, 2013, the Board is authorised to borrow up to an amount ₹ 350,000 lakhs in excess of the aggregate of the paid up capital and free reserves of our Company and to create charge/ provide security for the sum borrowed on the assets of our Company.

Details of remuneration for our Directors

Terms of appointment of our Managing Director and CEO

Devendra Chawla has been appointed as our Managing Director and CEO for a period of three years with effect from February 11, 2019 pursuant to the resolution passed by our Board on February 11, 2019 and our shareholders on July 19, 2019. The details of his remuneration as approved by the Shareholders are as follows:

Sr. No.	Category	Remuneration
1.	Salary	₹ 8.50 lakhs per month
2.	Perquisites and other benefits	(i) house rent allowance of ₹ 4.25 lakhs per month;

Sr. No.	Category	Remuneration
		(ii) special allowance of ₹ 15.00 lakhs along with periodic increment as decided by the nomination and remuneration committee; (iii) contribution to provident fund and superannuation fund; (iv) encashment of leave at the end of the tenure; (v) payment of gratuity at a rate not exceeding half a month's salary for each completed year of service; and (vi) leave on full and allowance as per the rules of the Company.

Terms of appointment of our whole time Director

Rahul Nayak has been appointed as our whole time Director for a period of three years with effect from November 14, 2018 pursuant to the resolution passed by our Board on November 14, 2018 and our shareholders on July 19, 2019. The details of his remuneration as approved by the shareholders are as follows:

Sr. No.	Category	Remuneration
1.	Salary	₹ 3.56 lakhs per month
2.	Perquisites and other benefits	(i) house rent allowance of ₹ 1.78 lakhs per month; (ii) special allowance of ₹ 5.72 lakhs along with periodic increment as decided by the nomination and remuneration committee; (iii) contribution to provident fund and superannuation fund; (iv) encashment of leave at the end of the tenure; (v) payment of gratuity at a rate not exceeding half a month's salary for each completed year of service; and (vi) leave on full and allowance as per the rules of the Company.

Sitting fees and commission to Non-Executive Directors and Non-Executive Independent Directors

Pursuant to a resolution of the Board dated November 14, 2018, our Non-Executive Directors (other than Non-Executive Independent Directors) are entitled to receive sitting fees of ₹ 1.00 lakhs for attending each meeting of our Board and the committees constituted of the Board. Further, our Non-Executive Directors (other than Non-Executive Independent Directors) may be paid commission and reimbursement of expenses as permitted under the Companies Act and the SEBI Listing Regulations.

Pursuant to a resolution of the Board dated November 14, 2018, our Non- Executive Independent Directors are entitled to receive sitting fees of ₹ 1.00 lakhs and ₹ 0.50 lakhs for attending each meeting of our Board and the committees constituted of the Board respectively. Further, our Non-Executive Independent Directors may be paid commission and reimbursement of expenses as permitted under the Companies Act and the SEBI Listing Regulations.

Compensation paid to our Directors

(a) Executive Directors

The table below sets forth the details of the remuneration (including sitting fees, salaries, commission and perquisites) paid to our Executive Directors for the nine month period ended December 31, 2020 and Fiscal 2019:

(in ₹ lakhs)

Sr. No.	Name of the Executive Director	Remuneration paid for Fiscal 2019	Remuneration for the nine month period ended December 31, 2019
1.	Devendra Chawla	41.62	389.89
2.	Rahul Nayak	55.45	124.58

(b) *Non-Executive Directors*

The table below sets forth the details of the sitting fees paid to our Non-Executive Directors for the period ended December 31, 2020 and Fiscal 2019:

(in ₹ lakhs)

Sr. No.	Name of the Non-Executive Director	Remuneration paid for Fiscal 2019	Remuneration for the nine month period ended December 31, 2019
1.	Sanjiv Goenka	1.50	6.50
2.	Shashwat Goenka	1.50	6.50

No commission and reimbursements were paid to the Non-Executive Directors for the Fiscal 2019 and nine months period ended December 31, 2019.

(c) Non-Executive *Independent Directors*

Our Non-Executive Independent Directors were paid sitting fees for attending each meeting of the Board and its committees as under:

(in ₹ lakhs)

Sr. No.	Name of the Non-Executive Independent Director	Remuneration paid for Fiscal 2019	Remuneration for the nine month period ended December 31, 2019
1.	Debanjan Mandal	Nil	4.00
2.	Pratip Choudhuri	2.50	7.00
3.	Rekha Sethi	Nil	3.00
4.	Utsav Parekh	2.50	9.00

Contingent and deferred compensation payable to the Directors

As on the date of this Draft Letter of Offer, there is no contingent or deferred compensation payable to the Directors, which does not form part of their remuneration.

Remuneration paid to our Directors.

Our Company has not entered into any contract appointing or fixing the remuneration of a Director in the last two years.

Shareholding of Directors in our Company

Our Articles of Association do not require our Directors to hold any qualification shares.

Other than as disclosed under "*Capital Structure – Shareholding of our Directors and Key Managerial Personnel in our Company*" on page 60, none of our Directors hold any shares in our Company or the Subsidiaries as on the date of this Draft Letter of Offer.

Remuneration paid or payable to our Directors from Subsidiaries:

No remuneration has been paid to our Directors by any of our Subsidiaries:

Bonus or profit-sharing plan for the Directors

Our Company does not have any performance-linked bonus or profit-sharing plan for our Directors.

Loans to Directors

Our Company and Subsidiaries have not provided any loan to our Directors.

Interest of Directors

All of our Directors may be deemed to be interested to the extent of sitting fees payable to them for attending meetings of our Board and/or committees thereof, the reimbursement of expenses payable to them and to the extent of commission payable to them, if any, each as approved by our Board and/or the relevant committees thereof.

Except Sanjiv Goenka, one of our Promoters, none of our Directors are interested in the promotion or formation of our Company.

Except Devendra Chawla who has been appointed on the board of Natures Basket Limited, none of our Directors are directors on the board of our Subsidiary.

All the Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any company which is promoted by them or in which they hold directorships or any partnership firm in which they are partners.

Our Directors do not have any interest in any property acquired or proposed to be acquired of or by our Company as on the date of this Draft Letter of Offer.

Further, our Directors do not have any interest in any transaction by our Company for acquisition of land, construction of building or supply of machinery since incorporation.

None of our Directors have been or were identified as a wilful defaulter as defined under the SEBI ICDR Regulations.

Except as otherwise stated in this Draft Letter of Offer, our Company has not entered into any contract, agreement or arrangement during the preceding two years from the date of this Draft Letter of Offer, in which any of the Directors are interested, directly or indirectly, and no payments have been made to them in respect of any such contracts, agreements, arrangements which are proposed to be made with them.

Other confirmation

No consideration, either in cash or shares or in any other form have been paid or agreed to be paid to any of our Directors or to the firms, trusts or companies in which they have an interest in, by any person, either to induce any of our Directors to become or to help him qualify as a Director, or otherwise for services rendered by him or by the firm, trust or company in which he is interested, in connection with the promotion or formation of our Company.

Changes in the Board in the last three years

Name	Designation	Date of change	Reason
Sanjiv Goenka	Non-Executive Director**	November 14, 2018*	Appointment
Shashwat Goenka	Non-Executive Director**	November 14, 2018*	Appointment
Rahul Nayak	Whole time Director**	November 14, 2018*	Appointment
Pratip Chaudhuri	Non-Executive Independent Director**	November 14, 2018*	Appointment
Rekha Sethi	Non-Executive Independent Director**	November 14, 2018*	Appointment
Utsav Parekh	Non-Executive Independent Directo**	November 14, 2018*	Appointment
Sunil Bhandari	Non-executive Director	November 14, 2018	Cessation
Gautam Ray	Non-executive Director	November 14, 2018	Cessation
Rajarshi Banerjee	Non-executive Director	November 27, 2018	Cessation
Devendra Chawla	Managing Director and CEO**	February 11, 2019*	Appointment

Name	Designation	Date of change	Reason
Debanjan Mandal	Non-Executive Independent Director**	February 11, 2019*	Appointment

**The Directors were appointed to our Board as additional director of the Companys.*

***Appointment of the Directors has been regularized in the meeting of the shareholders dated July 19, 2019*

Corporate governance

Our Company is in compliance with the requirements of applicable regulations in accordance with the SEBI Listing Regulations, the Companies Act, 2013 and the SEBI ICDR Regulations, in respect of corporate governance including constitution of the Board and committees thereof.

As on date of this Draft Letter of Offer, we have eight Directors on our Board, comprising of two Executive Directors, two Non-Executive Directors and four Non-Executive Independent Directors including a woman Non-Executive Independent Director.

Committees of the Board

In addition to the committees of our Board detailed below, our Board may, from time to time, constitute committees for various functions.

(i) ***Audit Committee***

The members of the Audit Committee are:

1. Utsav Parekh, Chairman;
2. Pratip Chaudhuri;
3. Shashwat Goenka; and
4. Debanjan Mandal.

The Audit Committee was constituted by a meeting of the Board held on November 14, 2018. It was reconstituted on November 14, 2019. The scope and function of the Audit Committee is in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI Listing Regulations, and its terms of reference are as follows:

The role of the Audit Committee shall be as follows:

(a) oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

(b) provide recommendation for appointment, remuneration and terms of appointment of auditors of the Company;

(c) approve payment to statutory auditors for any other services rendered by them;

(d) review with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

  (i) matters required to be included in the Director's Responsibility Statement to be included in the board of directors report in terms of clause (c) of sub Section 3 of Section 134 of the Companies Act, 2013;

  (ii) changes, if any, in accounting policies and practices and reasons for the same;
  (iii) major accounting entries involving estimates based on the exercise of judgment by the management of the Company;

  (iv) significant adjustments made in the financial statements arising out of audit findings;

  (v) compliance with listing and other legal requirements relating to financial statements;

(vi) disclosure of any related party transactions; and

(vii) modified opinion(s) in the draft audit report.

(e) review, with the management, the quarterly and any other partial year period financial statements before submission to the board of directors for their approval;

(f) review, 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 our board of directors to take up steps in this matter;

(g) review and monitor the auditor's independence and performance, and effectiveness of audit process;

(h) approve or subsequently modify 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 Regulations and/or the applicable Accounting Standards and/or the Companies Act, 2013.

(i) scrutinize inter-corporate loans and investments;

(j) provide valuation of undertakings or assets of the Company, wherever it is necessary;

(k) evaluate internal financial controls and risk management systems;

(l) review, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

(m) review 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;

(n) discuss with internal auditors of any significant findings and follow up there on;

(o) review 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;

(p) discuss 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;

(q) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

(r) to review the functioning of the whistle blower mechanism;

(s) approve the appointment of the Chief Financial Officer of the Company (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;

(t) oversee the vigil mechanism established by the Company and the chairman of audit committee shall directly hear grievances of victimisation of employees and directors, who use vigil mechanism to report genuine concerns; and

(u) 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, 2013 or by the SEBI Listing Regulations or by any other regulatory authority.

Further, the Audit Committee shall mandatorily review the following information:

(a) management discussion and analysis of financial condition and results of operations;

(b) statement of significant related party transactions (as defined by the Audit Committee), submitted by the management of the Company;

(c) management letters / letters of internal control weaknesses issued by the statutory auditors of the Company;

(d) internal audit reports relating to internal control weaknesses;

(e) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee; and

(f) statement of deviations in terms of the SEBI Listing Regulations:

    (i) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s); and

    (ii) annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice.

The powers of the Audit Committee shall include the following:

(a) To investigate activity within its terms of reference;

(b) To seek information from any employee of the Company;

(c) To obtain outside legal or other professional advice; and

(d) To secure attendance of outsiders with relevant expertise, if it considers necessary

(ii) ***Nomination and Remuneration Committee***

The members of the Nomination and Remuneration Committee are:

1. Utsav Parekh, Chairman;
2. Pratip Chaudhuri; and
3. Sanjiv Goenka

The Nomination and Remuneration Committee was constituted by a meeting of the Board of Directors held on November 14, 2018. The scope and functions of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI Listing Regulations. The terms of reference of the Nomination and Remuneration Committee are as follows:

(a) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;

(b) Formulation of criteria for evaluation of performance of independent directors and the Board;
(c) Devising a policy on Board diversity;

(d) Identifying persons who are qualified to become directors of the Company and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The Company shall disclose the remuneration policy and the evaluation criteria in its annual report;

(e) Analysing, monitoring and reviewing various human resource and compensation matters;

(f) 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;

(g) Determining remuneration, in whatever form, 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;

(h) Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;

(i) Determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;

(j) Perform 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;

(k) Administering any employee stock option plan ("**Plan**");

(l) Determining the eligibility of employees to participate under the Plan;

(m) Granting options to eligible employees and determining the date of grant;

(n) Determining the number of options to be granted to an employee;

(o) Determining the exercise price under the Plan;

(p) Construing and interpreting the Plan and any agreements defining the rights and obligations of the Company and eligible employees under the Plan, and prescribing, amending and/or rescinding rules and regulations relating to the administration of the Plan;

(q) Framing suitable policies, procedures and systems to ensure that there is no violation of securities laws, as amended from time to time, including:

    (a) the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended;

    (b) and the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, as amended.

(r) Performing 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 the Nomination and Remuneration Committee.

(iii) ***Stakeholders' Relationship Committee***

The members of the Stakeholders' Relationship Committee are:

1. Sanjiv Goenka, Chairperson;
2. Shashwat Goenka;
3. Rahul Nayak; and
4. Utsav Parekh

The Stakeholders' Relationship Committee was constituted by our Board of Directors at their meeting held on November 14, 2018 and was reconstituted on February 11, 2019. The scope and function of the Stakeholders' Relationship Committee is in accordance with Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI Listing Regulations. The terms of reference of the Stakeholders' Relationship Committee are as follows:

(a) Redressal of all security holders' and investors' grievances such as complaints related to transfer of shares, including non-receipt of share certificates and review of cases for refusal of transfer/transmission of shares and debentures, non-receipt of balance sheet, non-receipt of declared dividends, non-receipt of annual reports, etc., and assisting with quarterly reporting of such complaints;

(b) Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;

(c) Giving effect to all transfer/transmission of shares and debentures, dematerialisation of shares and re-materialisation of shares, split and issue of duplicate/consolidated share certificates, compliance with all the requirements related to shares, debentures and other securities from time to time; Overseeing the performance of the registrars and transfer agents of our Company and to recommend measures for overall improvement in the quality of investor services; and

(d) 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.

(iv) ***Corporate Social Responsibility Committee***

The members of the Corporate Social Responsibility Committee are:

1. Sanjiv Goenka, Chairman;
2. Shashwat Goenka; and
3. Utsav Parekh

The Corporate Social Responsibility Committee was constituted by our Board of Directors at their meeting held on November 14, 2018. The terms of reference of the Corporate Social Responsibility Committee of our Company are as per Section 135 of the Companies Act, 2013 and the applicable rules thereunder, and have been set out below:

(a) To formulate and recommend to the board, a corporate social responsibility policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act and the rules made thereunder and make any revisions therein as and when decided by the Board;

(b) To identify corporate social responsibility policy partners and corporate social responsibility policy programmes;

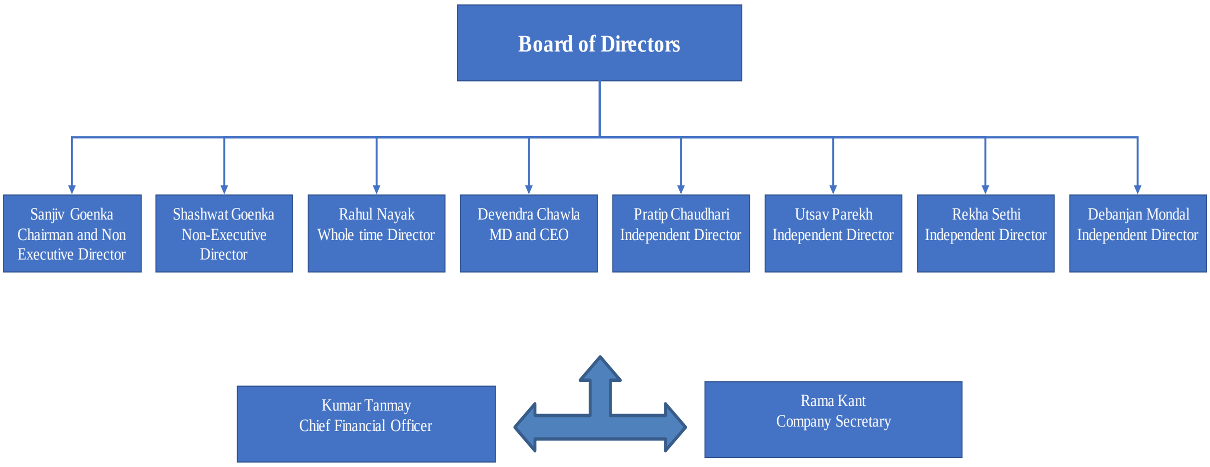
(c) To recommend the amount of expenditure to be incurred for the corporate social responsibility activities and the distribution of the same to various corporate social responsibility programmes undertaken by the Company;

(d) To delegate responsibilities to the corporate social responsibility team and supervise proper execution of all delegated responsibilities;

(e) To review and monitor the implementation of corporate social responsibility programmes and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes; and

(f) To perform such other duties and functions as the Board may require the corporate social responsibility committee to undertake to promote the corporate social responsibility activities of the Company and exercise such other powers as may be conferred upon the CSR Committee in terms of the provisions of Section 135 of the Companies Act, 2013.

Management Organisation Chart



Key Managerial Personnel

In addition to our Managing Director and CEO and whole-time Director, the details of our Key Managerial Personnel are as follows:

Kumar Tanmay is the Chief Financial Officer of our Company since August 14, 2019. He is an associate of the Institute of Chartered Accountants of India. He has over 12 years of experience in finance. He has previously worked with Pepsico India Holdings Private Limited, Yum! Restaurants (India) Private Limited as financial controller and Burger King as chief financial officer. He has not received any remuneration in Fiscal 2019 since he was appointed in Fiscal 2020.

Rama Kant is the Company Secretary and Compliance Officer of our Company since February 11, 2019. He holds a bachelor's degree in commerce from Bhagalpur University and law from Chaudhury Charan Singh University, respectively. He is a fellow member of the Institute of Company Secretaries in India. He has over 12 years of experience in secretarial and legal compliance. He has previously worked with Kohinoor Foods Limited as Company Secretary and general manager (Legal). He has received a remuneration of ₹ 3.72 lakhs in Fiscal 2019.

Family relationships of Directors with Key Management Personnel

None of our Key Managerial Personnel are related to each other or to the Directors of our Company.

Status of Key Managerial Personnel

As on the date of this Draft Letter of Offer, all our Key Managerial Personnel are permanent employees of our Company.

Service Contracts with Key Managerial Personnel

Our Key Managerial Personnel have not entered into any service contracts with our Company which include termination/retirement benefits.

Arrangements or understanding with major shareholders, customers, suppliers or others

None of our Key Managerial Personnel have been selected, as key managerial personnel, pursuant to any arrangement or understanding with any major Shareholders, customers or suppliers of our Company, or others.

Shareholding of Key Managerial Personnel

As on the date of this Draft Letter of Offer, none of the Key Management Personnel hold any Equity Shares of our Company.

Loans taken by Key Managerial Personnel

As on the date of this Draft Letter of Offer, our Company and Subsidiaries have not provided loans to our Key Management Personnel.

Contingent and deferred compensation payable to Key Managerial Personnel

As on the date of this Draft Letter of Offer, there is no contingent or deferred compensation payable to Key Managerial Personnel, which does not form part of their remuneration.

Bonus or profit-sharing plan of the Key Managerial Personnel

Our Company has no bonus or profit-sharing plan for the Key Managerial Personnel.

Interests of Key Managerial Personnel

Our Key Management Personnel do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them in the ordinary course of their service. Our KMPs may be interested to the extent of the Equity Shares that may be granted to them pursuant to the ESOP Scheme.

Changes in the Key Management Personnel in last three years

Except as mentioned below, there have been no changes in the Key Management Personnel in the last three years:

Name of KMP	Designation	Date of change	Reason for change
Arvind Kumar Vats	Chief Financial Officer	November 14, 2018	Appointment
Navin Kumar Rathi	Company Secretary	November 14, 2018	Appointment
Rahul Nayak	Whole-time Director (Additional)	November 14, 2018	Appointment
Devendra Chawla	Managing Director and CEO	February 11, 2019	Appointment
Navin Kumar Rathi	Company Secretary	February 11, 2019	Cessation
Rama Kant	Company Secretary	February 11, 2019	Appointment
Arvind Kumar Vats	Chief Financial Officer	July 1, 2019	Cessation
Kumar Tanmay	Chief Financial Officer	August 14, 2019	Appointment

Employees Stock Option Plan

The shareholders of our Company approved the Spencer's Employee Stock Option Scheme 2019 at their meeting dated July 19, 2019. For further details, see "*Capital Structure*" on page 55.

Payment of non-salary related benefits to officers of our Company

No non-salary amount or benefit has been paid or given or is intended to be paid or given to any of the officers of our Company within the two years preceding the date of filing of this Draft Letter of Offer, other than in the ordinary course of their employment.

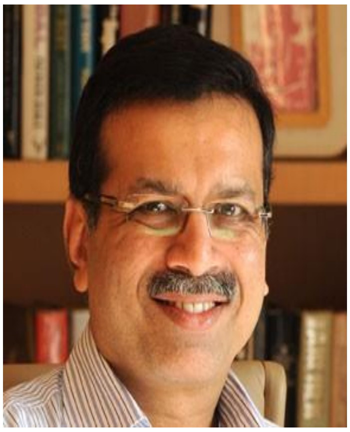
OUR PROMOTERS AND PROMOTER GROUP

As on date of this Draft Letter of Offer, the Promoters of our Company are Sanjiv Goenka and Rainbow Investments Limited. Our Promoters collectively hold 3,81,13,855 Equity Shares constituting 47.92% of the issued, subscribed and paid-up Equity Share capital of our Company. For details, see *"Capital Structure – History of build-up of Promoters' shareholding*" on page 57.

Details our Promoters

1. ***Individual Promoter***

Sanjiv Goenka



Sanjiv Goenka, aged 59 years, is the Chairman and Non-Executive Director on the Board of Directors our Company. For details in respect of his date of birth, personal address, educational qualifications, experience in the business, positions and posts held in the past, business and financial activities, other directorships, other ventures and special achievements see "*Our Management*" on page 129.

He holds a driver's license bearing no. WB-0119790265374. His PAN is AEFPG4689G and his Aadhaar number is 6593 2441 5573.

As on date of this Draft Letter of Offer, Sanjiv Goenka holds 80,876 Equity Shares, representing 0.10% of the issued, subscribed and paid-up equity share capital of our Company.

Our Company confirms that the permanent account number, bank account number and passport number of Sanjiv Goenka will be submitted to the Stock Exchanges at the time of filing this Draft Letter of Offer.

2. ***Corporate Promoter***

Rainbow Investments Limited ("RIL")

Corporate Information and History

RIL was incorporated as a public limited company under the Companies Act, 1956 on May 2, 1988 and its registered office is situated at Duncan House 31, Netaji Subhas Road, Kolkata 700 001, West Bengal. Rainbow Investments Limited is not listed on any stock exchanges.

As on date of this Draft Letter of Offer, RIL holds 3,80,32,979 Equity Shares, representing 47.82% of the issued, subscribed and paid-up equity share capital of our Company.

Nature of Business

RIL is primarily engaged in the business of acquiring, holding, selling and dealing in securities. There has been no change in the nature of its activities since incorporation.

The person in control of RIL is Sanjiv Goenka.

Shareholding pattern of RIL

The equity shareholding pattern of RIL as on the date of this Draft Letter of Offer is as follows:

Sr. No.	Name of the shareholder	Number of shares	Percentage shareholding
1.	Sanjiv Goenka Trust of Esgee Apex Trust	3,35,400	51.00
2.	Preeti Goenka Trust of Esgee Legacies Trust	2,97,300	45.21
3.	Castor Investments Limited	9,583	1.46
4.	Alipore Towers Private Limited	6,917	1.05
5.	Kutub Properties Private Limited	6,910	1.05
6.	Sanjiv Goenka Trust of Esgee Legacies Trust	1,000	0.15
7.	Stel Holdings Limited	271	0.04
8.	Sanjiv Goenka	149	0.02
9.	Preeti Goenka	116	0.02
10.	Indra Kumar Bagri	2	*Negligible*
11.	R C Kurup	1	*Negligible*
Total		**6,57,649**	**100.00**

Change in Control of RIL

There has been no change in control of RIL in the three preceding years of this Draft Letter of Offer.

Board of Directors

The composition of the board of directors of RIL as at the date of this Draft Letter of Offer is set forth below:

Sr. No.	Name of Director
1.	Subhrangshu Chakrabarti
2.	Bhanwar Lal Chandak
3.	Sunil Bhandari
4.	Trivikram Khaitan
5.	Yugesh Kanoria

Financial Information

The summary audited consolidated financial results of RIL for the last three Fiscals are as follows:

(*in ₹ lakhs, except per share data*)

Particulars	Fiscal 2019	Fiscal 2018	Fiscal 2017
Equity share capital	65.76	65.76	65.76
Reserves and surplus	70,812.43	61,599.35	54,004.8
Total Income	15,608.98	9,359.27	8,253.23
Profit / (loss) after tax	14,967.42	8,281.94	7,497.06
Basic earnings per share	2,261.38	1,244.80	1,122.50
Diluted earnings per share	2,261.38	1,244.80	1,122.50
NAV per equity share	10,778.31	9,376.60	8,221.80

There are no modifications or qualifications in the report(s) of the auditor(s) in relation to the above mentioned financial statements for the specified last three Fiscals.

Capital Structure

The authorised share capital of RIL is ₹ 122,46,00,000 divided into 3,24,60,000 equity shares of ₹ 10 each. The issued and subscribed equity share capital of RIL is ₹ 48,40,76,540 divided into 6,57,654 equity shares of ₹ 10 each. The paid up capital of RIL is ₹ 48,40,76,490 divided into 6,57,649 equity shares of ₹ 10 each.

Our Company confirms that the permanent account number, bank account number, company registration number and address of the registrar of companies where RIL is registered will be submitted to the Stock Exchanges at the time of filing of this Draft Letter of Offer.

Change in Control

Upon incorporation, CESC Limited (along with nominees) held 100% of the shareholding of our Company. Pursuant to the Scheme of Arrangement, shareholding of CESC Limited was cancelled on November 14, 2018 and Equity Shares were allotted to Sanjiv Goenka and RIL on November 14, 2018. Sanjiv Goenka and RIL are the current Promoters of our Company. For further details in relation to the Scheme of Arrangement, see "*History and Certain Corporate Matters – Scheme of Arrangement*" on page 125.

Other disclosures, undertakings and confirmations of Promoters

There is no litigation or legal action pending or taken by SEBI or the Stock Exchanges during the last five years against our Promoters. For details of litigation involving our Promoters, see "*Outstanding Litigation and Material Developments - Litigation involving our Promoters*" on page 239.

For confirmations relating to prohibition by the SEBI, the RBI or Governmental authorities, see "*Other Regulatory and Statutory Disclosures*" on page 242.

Interest of our Promoters

Interest of our Promoters in our Company other than as Promoter

Further, except as stated in this section and "*Related Party Transactions*" on page 156, our Promoters do not have any interest in our Company other than as promoters.

Interest of our Promoters in the promotion of our Company

Our Promoters are interested in the promotion of our Company and to the extent of their respective direct or indirect shareholding in our Company and the dividend declared, if any and any other distributions in respect of their direct or indirect shareholding in our Company. For further details, see "*Capital Structure - History of build-up of Promoters' shareholding*" on page 57.

Interest of our Promoter in the Property of our Company

Our Promoters do not have any interest whether direct or indirect in any property acquired by our Company, within three years preceding the date of this Draft Letter of Offer or proposed to be acquired by our Company as on the date of this Draft Letter of Offer or in any transaction for acquisition of land, construction of buildings and supply of machinery, etc.

Interest of our Promoters in our Company arising out of being a member of firm or company

Our Company has not made any payments in cash or shares or otherwise to any of our Promoters or to firms or companies in which any of our Promoters are interested as members or promoters, nor has any Promoter been offered any inducements to become interested in any firm or company, in connection with the promotion or formation of our Company.

Common Pursuits of our Promoters with our Company

None of the business activities of our Promoters are similar to that of our Company.

Disassociation by our Promoters in the last three years

Our Promoters have not disassociated themselves from any companies or firms during the three years preceding the date of filing of this Draft Letter of Offer.

Payment or benefit to Promoters of our Company

No amount or benefit has been paid or given within the two preceding years from the date of this Draft Letter of Offer or is intended to be paid or given to any of our Promoters or any member of our Promoter Group other than as stated in "*Related Party Transactions*" and "*Our Management*" on pages 156 and 129, respectively.

Guarantees

No material guarantees have been given to third parties by our Promoters with respect to Equity Shares of our Company.

Promoter Group

In addition to our Promoters, the following individuals and entities form part of our Promoter Group:

Individuals:

Sr No.	Name of Promoter Group
1.	Avarna Jain
2.	Preeti Goenka
3.	Shashwat Goenka

Corporate entities:

Sr No.	Name of Promoter Group
1.	ACE Applied Software Services Private Limited
2.	Alipore Towers Private Limited.
3.	APA Services Private Limited
4.	Best Apartments Private Limited
5.	Brabourne Investments Limited
6.	Castor Investments Limited
7.	CESC Limited
8.	CESC Ventures Limited
9.	Composure Services Private Limited
10.	Devise Properties Private Limited
11.	Dotex Merchandise Private Limited
12.	Duncan Brothers & Co. Limited
13.	Dynamic Success Projects Private Limited
14.	Eastern Aviation & Industries Private Limited
15.	Easy Fincorp Limited
16.	Esgee Apex Trust
17.	Esgee Estates Trust
18.	Esgee Family Trust
19.	Esgee Growth Trust
20.	Esgee Holdings Trust
21.	Esgee Legacies Trust
22.	Harrisons Malayalam Limited
23.	Highway Apartments Private Limited.
24.	Indent Investments Private Limited
25.	Integrated Coal Mining Limited
26.	Kolkata Metro Networks Limited
27.	Kutub Properties Private Limited
28.	Organised Investments Limited.
29.	Phillips Carbon Black Cyprus Holdings Limited
30.	Phillips Carbon Black Limited
31.	Phillips Carbon Black Vietnam Joint Stock Company
32.	RPG Hospitex Limited
33.	RPG Industries Private Limited
34.	RPG Power Trading Company Limited.
35.	RPG Resorts Limited
36.	Rubberwood Sports Private Limited
37.	Sanjiv Goenka – HUF
38.	Sarala Real Estate Limited
39.	Saregama India Limited
40.	Shaft Investments Private Limited
41.	Shree Krishna Chaitanya Trading Co. Private Limited
42.	Shreeya Warehousing and Logistics Private Limited
43.	Spencer & Company Limited

Sr No.	Name of Promoter Group
44.	Stel Holdings Limited
45.	Style File Events Limited
46.	Tinnevelly Tuticorin Investments Limited
47.	Trade Apartments Limited
48.	Woodlands Multispecialty Hospital Limited

GROUP COMPANIES

In accordance with the SEBI ICDR Regulations and the applicable accounting standards for the purpose of identification of 'Group Companies', our Company has considered (i) such companies (other than the Promoters and Subsidiaries) with which there were related party transactions during the period for which Restated Financial Statements have been disclosed in this Draft Letter of Offer, as covered under the applicable accounting standards; and (ii) any other companies which are considered material by our Board.

Accordingly, in terms of Ind AS 24, all companies (other than our Subsidiaries and RIL) with which our Company had related party transactions during the period disclosed in the Restated Financial Statements, have been considered as 'Group Companies'.

In respect of point no. (ii) above, our Board in its meeting held on May 11, 2020, has considered and adopted a policy of materiality for identification of companies that shall be considered material and shall be disclosed as a Group Company in the Draft Letter of Offer. In terms of such materiality policy, if a company (a) is a member of the Promoter Group (other than RIL); and (b) has entered into one or more transactions with the Company during the last completed full Financial Year and the most recent period included in the Restated Financial Statements, which, individually or cumulatively in value, exceeds 10% of the consolidated total income of the Company derived from the Restated Financial Statements of the last completed full financial year.

Based on the above, our Group Companies are set forth below:

1. CESC Limited;
2. Phillips Carbon Black Limited;
3. Saregama India Limited;
4. Firstsource Solutions Limited;
5. Guiltfree Industries Limited;
6. Quest Properties India Limited;
7. Bowlopedia Restaurants India Limited;
8. Duncan Brothers and Co. Limited;
9. Kolkata Games and Sports Private Limited;
10. Open Media Network Private Limited;
11. RPG Power Trading Co. Limited; and
12. Au Bon Pain Café India Limited;

Details of our top five Group Companies:

The details of our top five Group Companies, determined based on market capitalisation or turnover in Fiscal 2019, as applicable, are as provided below:

1. **CESC Limited ("CESC")**

Corporate information

CESC Limited was incorporated as a public limited company on March 28, 1978 under the Companies Act, 1956 with the Registrar of Companies, West Bengal at Kolkata. Its corporate identity number is L31901WB1978PLC031411. Its registered office is situated at CESC House, Chowringhee Square, Kolkata-700 001, West Bengal, India.

CESC's equity shares are listed on the BSE, NSE and CSE. CESC is a power utility company engaged in the business of generation and distribution of electricity.

Financial information

The following information has been derived from the audited consolidated financial statements of CESC for the last three financial years:

(₹ in lakhs; except per share data)

Particulars	Fiscal		
	2019	2018	2017*
Equity Capital	13,322.00	13,322.00	13,322.00

Particulars	Fiscal		
	2019	2018	2017*
Other Equity	8,84,061.72	8,28,694.99	10,48,946.94
Revenue from operations and other income	10,86,843.75	10,52,687.40	14,20,224.00
Profit/(Loss) after tax	1,19,806.88	97,525.47	81,018.79
Basic earnings per share	89.32	68.85	52.12
Diluted earnings per share	89.32	68.85	52.12
Net asset value per share	676.98	635.21	801.37

** No adjustment for goodwill considered*

Except as below, there are no modifications or qualifications in the report(s) of the auditor(s) in relation to the above-mentioned financial statements for the specified last three Fiscals.

Matter of emphasis in the financial statements of Fiscal 2017: The auditors have drawn attention to Note of the Consolidated Ind AS Financial Statements relating to additional levy of ₹ 998 crores paid pursuant to Coal Mine Special Provision Act, 2015 read with Rules/Ordinance etc. and recognized as recoverable through tariff in earlier years (₹ 897 crore accounted for as receivable and the balance amount as fuel cost) and discounting such receivable to its present value of ₹ 116 crore with corresponding adjustment made for the difference to the retained earnings as at April 1, 2015, based on an expected period of recovery, pursuant to the accounting requirements under Ind-AS 109 Financial Instruments. The auditors' opinion is not qualified in respect of this matter.

Matter of emphasis in the financial statement of Fiscal 2018: The auditors have drawn attention to Note to the consolidated Ind AS financial statements in respect of the composite scheme of arrangement amongst the company and few of its subsidiary companies, which was approved vide order issued by National Company Law Tribunal ('NCLT') dated March 28, 2018 received by the company on October 5, 2018 ('the Scheme'). The NCLT order made the demerger of the generation undertaking effective after approval of the Power Purchase Agreement (PPA) between the Company and Haldia Energy Limited by West Bengal Electricity Regulatory Commission (WBERC) (still pending), and rest of the Scheme from the appointed date, viz., October 1, 2017. Consequently, rest of the scheme, comprising demerger of Retail undertaking 1 and the IT undertaking, and merger of three subsidiary companies, namely CESC Infrastructure Limited, Spencer's Retail Limited (post demerger of Retail undertaking 2 as per the scheme) and Music World Limited, have been implemented from the appointed date as per the NCLT Order rather than from the effective date for the demerger and first day of the previous period for the merger. The auditors' opinion is not qualified in respect of this matter.

Share price information

The details of the highest and lowest price on BSE during the preceding six months are as follows:

Month	Monthly high *(in ₹)*	Monthly low *(in ₹)*
April, 2020	666.00	383.35
March, 2020	665.95	366.20
February, 2020	747.90	632.00
January, 2020	783.90	706.90
December, 2019	769.00	710.45
November, 2019	845.85	729.00

(Source: www.bseindia.com)

The details of the highest and lowest price on NSE during the preceding six months are as follows:

Month	Monthly high *(in ₹)*	Monthly low *(in ₹)*
April, 2020	668.30	386.25
March, 2020	658.35	365.25
February, 2020	747.90	631.55
January, 2020	783.55	706.35
December, 2019	769.70	710.00
November, 2019	846.00	729.55

(Source: www.nseindia.com)

There was no trading of the equity shares of CESC on the CSE during the last six months.

The highest and lowest price of the equity shares of CESC during the preceding six months are ₹ 845.85 and ₹ 366.20 on the BSE and ₹ 846.00 and ₹ 365.25 on NSE, respectively.

2. **Phillips Carbon Black Limited ("PCBL")**

Corporate information

Phillips Carbon Black Limited was incorporated as a public limited company on March 31, 1960 under the Companies Act, 1956 with the Registrar of Companies, West Bengal at Kolkata. Its corporate identity number is L23109WB1960PLC024602. Its registered office is situated at 31, Netaji Subhas Road, Kolkata 700 001, West Bengal, India.

PCBL is listed on the BSE, NSE and CSE. PCBL is engaged in the business of manufacturing and sale of carbon black and power.

Financial information

The following information has been derived from the audited consolidated financial statements of PCBL for the last three financial years:

(₹ in lakhs; except per share data)

Particulars	Fiscal		
	2019	2018	2017
Equity Capital	3,446.77	3,446.77	3,446.73
Other Equity	161,360.34	133,788.10	109,146.48
Revenue from operations and other income	354,796.74	262,004.17	215,020.66
Profit/(Loss) after tax	38,853.35	22,978.62	6,952.14
Basic earnings per share	22.54	13.33	20.17
Diluted earnings per share	22.54	13.33	20.17
Net asset value per share	326.66	398.16	95.63

There are no modifications or qualifications in the report(s) of the auditor(s) in relation to the above-mentioned financial statements for the specified last three Fiscals.

Share price information

The details of the highest and lowest price on BSE during the preceding six months are as follows:

Month	Monthly high *(in ₹)*	Monthly low *(in ₹)*
April, 2020	88.55	62.85
March, 2020	114.30	54.20
February, 2020	131.80	105.25
January, 2020	147.40	117.10
December, 2019	126.75	109.25
November, 2019	131.00	117.00

(source: www.bseindia.com)

The details of the highest and lowest price on NSE during the preceding six months are as follows:

Month	Monthly high *(in ₹)*	Monthly low *(in ₹)*
April, 2020	88.50	62.80
March, 2020	114.50	54.10
February, 2020	131.80	105.25
January, 2020	147.45	117.10
December, 2019	127.20	109.20
November, 2019	131.00	120.30

(source: www.nseindia.com)

There was no trading of the equity shares of PCBL on the CSE during the last six months.

The highest and lowest price of the equity shares of PCBL during the preceding six months are ₹ 147.40 and ₹ 54.20 on the BSE and ₹ 147.45 and ₹ 54.10 on NSE, respectively.

3. **Saregama India Limited ("SIL")**

Corporate information

Saregama India Limited was incorporated as a limited company on August 13, 1946 under the Indian Companies Act, 1913 with the name of "The Gramophone Co. (India) Limited". It was converted into a public limited company on October 28, 1968 and consequently its name was changed to "The Gramophone Company of India Limited" Subsequently, its name was changed from "The Gramophone Company of India Limited" to "Saregama India Limited" vide a fresh certificate of incorporation issued by the Registrar of Companies, West Bengal under his hand on November 3, 2000. Its corporate identity number is L22213WB1946PLC014346. Its registered office is situated at 33, Jessore Road, Dum Dum, Kolkata 700 028, West Bengal, India

SIL is listed on the BSE, NSE and CSE. SIL is engaged in the business activities comprising retail trading of sale of products (Carvaan, Music Cards etc.); other activities viz. motion picture, video and television programme production, sound recording and music publishing activities; license fees from other information and communication service activities.

Financial information

The following information has been derived from the audited consolidated financial statements of SIL for the last three financial years:

(₹ in lakhs; except per share data)

Particulars	Fiscal		
	2019	2018	2017
Equity Capital	1,741.05	1,741.05	1,740.29
Other Equity	41,067.25	36,430.35	32,234.89
Revenue from operations and other income	60,113.00	36,677.86	23,177.60
Profit/(Loss) after tax	5,432.66	2,830.17	864.87
Basic earnings per share	31.20	16.26	4.97
Diluted earnings per share	31.18	16.24	4.96
Net asset value per share	247.39	220.55	196.70

There are no modifications or qualifications in the report(s) of the auditor(s) in relation to the above-mentioned financial statements for the specified last three Fiscals.

Share price information

The details of the highest and lowest price on BSE during the preceding six months are as follows:

Month	Monthly high *(in ₹)*	Monthly low *(in ₹)*
April, 2020	299.00	192.55
March, 2020	359.70	185.00
February, 2020	415.65	337.80
January, 2020	450.10	413.45
December, 2019	452.05	403.35
November, 2019	443.70	349.80

(source: www.bseindia.com)

The details of the highest and lowest price on NSE during the preceding six months are as follows:

Month	Monthly high *(in ₹)*	Monthly low *(in ₹)*
April, 2020	286.00	185.25
March, 2020	361.75	181.85

Month	Monthly high *(in ₹)*	Monthly low *(in ₹)*
February, 2020	414.90	338.05
January, 2020	451.00	410.00
December, 2019	451.00	406.70
November, 2019	443.50	338.00

(source: www.nseindia.com)

There was no trading of the equity shares of SIL on the CSE during the last six months.

The highest and lowest price of the equity shares of SIL during the preceding six months are ₹ 443.70 and ₹ 185.00 on the BSE and ₹ 451.00 and ₹ 181.85 on NSE, respectively.

4. **Firstsource Solutions Limited ("FSL")**

Corporate information

FSL was incorporated as a public limited company on December 6, 2001 under the Companies Act, 1956 with the Registrar of Companies, Maharashtra at Mumbai. Its corporate identity number is L64202MH2001PLC134147. Its registered office is situated at 5th Floor, Paradigm "B" Wing, Mindspace, Link Road, Malad (West), Mumbai 400 064, Maharashtra, India.

FSL is listed on the BSE and NSE. FSL is engaged in the business of business process outsourcing.

Financial information

The following information has been derived from the audited consolidated financial statements of FSL for the last three financial years:

(₹ in lakhs; except per share data)

Particulars	Fiscal		
	2019	2018	2017
Equity Capital	69,106.50	68,652.28	68,130.83
Other Equity	202,966.12	166,523.69	134,669.51
Revenue from operations and other income	383,016.43	354,067.76	355,881.47
Profit/(Loss) after tax	37,777.73	32,657.82	27,923.83
Basic earnings per share	5.48	4.78	4.14
Diluted earnings per share	5.45	4.73	4.08
Net asset value per share	39.37	34.26	29.77

There are no modifications or qualifications in the report(s) of the auditor(s) in relation to the above-mentioned financial statements for the specified last three Fiscals.

Share price information

The details of the highest and lowest price on BSE during the preceding six months are as follows:

Month	Monthly high *(in ₹)*	Monthly low *(in ₹)*
April, 2020	41.00	26.90
March, 2020	42.45	20.65
February, 2020	48.65	38.65
January, 2020	46.10	40.20
December, 2019	43.90	36.55
November, 2019	50.80	39.35

(source: www.bseindia.com)

The details of the highest and lowest price on NSE during the preceding six months are as follows:

Month	Monthly high *(in ₹)*	Monthly low *(in ₹)*
April, 2020	39.90	26.95

Month	Monthly high *(in ₹)*	Monthly low *(in ₹)*
March, 2020	42.70	20.10
February, 2020	48.65	38.50
January, 2020	45.95	40.15
December, 2019	43.90	36.50
November, 2019	50.80	39.40

(source: www.nseindia.com)

The highest and lowest price of the equity shares of FSL during the preceding six months are ₹ 50.80 and ₹ 20.65 on the BSE and ₹ 50.80 and ₹ 20.10 on NSE, respectively.

5. **Guiltfree Industries Limited ("GIL")**

GIL was incorporated as a company limited by shares on January 6, 2017 under the Companies Act, 2013, as amended with the registrar of companies, West Bengal at Kolkata. Its corporate identification number is U15549WB2017PLC218864. Its registered office is situated at Duncan House, 31, Netaji Subhas Road, Kolkata 700 001. GIL is currently engaged in the business of manufacturing of ready to eat healthy snacks.

GIL is not listed on any stock exchange.

Financial information

The following information has been derived from the audited financial statements of GIL for the last three financial years:

(₹ in lakhs; except per share data)

Particulars	Fiscal		
	2019 (CFS)	2018 (CFS)	2017 (Standalone)
Equity Capital	50,484.71	46,316.25	5.00
Other Equity	(5421.1)	3,105.20	(79.33)
Revenue from operations and other income	36,615.61	1,911.56	8.75
Profit/(Loss) after tax	(15,690.37)	(5,393.87)	(132.33)
Basic earnings per share	(3.39)	(22.09)	(1,150)
Diluted earnings per share	(3.39)	(22.09)	(1,150)
Net asset value per share	10.29	12.22	(148.66)

There are no modifications or qualifications in the report(s) of the auditor(s) in relation to the above-mentioned financial statements for the specified last three Fiscals.

Details of other Group Companies

6. **Quest Properties India Limited ("Quest")**

Quest Properties India Limited was incorporated as a private limited company on February 22, 2006 under the Companies Act, 1956. Quest was converted into a public limited company on July 9, 2007. The name was changed to Quest's current name on June 15, 2015. The corporate identity number of Quest is U70101WB2006PLC108175. Its registered office is situated at CESC House, Chowringhee Square, Kolkata 700 001, West Bengal, India.

Quest is not listed on any stock exchange. It is in the business of operating of shopping malls and other real estate activities.

7. **Bowlopedia Restaurants India Limited ("BRIL")**

BRIL was incorporated as a company limited by Shares on May 3, 2017 under the Companies Act, 2013, as amended with the registrar of companies, West Bengal at Kolkata. Its corporate identification number is U55209WB2017PLC220862. Its registered office is situated at Duncan House, 31, Netaji Subhas Road, Kolkata 700 001. BRIL is currently engaged in the business of restaurants and other allied services.

8. **Duncan Brothers and Co. Limited ("DBCL")**

DBCL was incorporated as a company limited by shares on December 21, 1923 under the Companies Act, 1908, with the registrar of companies, West Bengal at Kolkata. Its corporate identification number is U63090WB1923PLC004801. Its registered office is situated at Duncan House, 31, Netaji Subhas Road, Kolkata 700 001. DBCL is currently engaged in the business of production and marketing of tea.

9. **Kolkata Games and Sports Private Limited ("KGSPL")**

KGSPL was incorporated as a private company limited by shares on May 28, 2014 under the Companies Act, 2013, as amended with the registrar of companies, West Bengal at Kolkata. Its corporate identification number is U74900WB2014PTC201921. Its registered office is situated at Dhanshree Tower, 2nd Floor, 70, Diamond Harbour Road, Kolkata 700 023. KGSPL is currently engaged in the business of games and sports activities.

10. **Open Media Network Private Limited ("OMNPL")**

OMNPL was incorporated as a private company limited by shares on March 19, 2008 under the Companies Act, 1956 with the registrar of companies, West Bengal at Kolkata. Its corporate identification number is U22100WB2008PTC124295. Its registered office is situated at 33, Jessore Road, Dum Dum, Kolkata 700 028. OMNPL is currently engaged in the business of media and publishing.

11. **RPG Power Trading Co. Limited ("RPG Power")**

RPG Power was incorporated as a company limited by shares on March 24, 2008 under the Companies Act, 1956, with the Registrar of Companies, West Bengal at Kolkata. Its corporate identification number is U40102WB2008PLC124401. Its registered office is situated at 6, Church Lane, 1st Floor, Kolkata 700 001. RPG Power is currently engaged in the business of trading of power.

12. **Au Bon Pain Café India Limited ("ABP Café")**

ABP Café was incorporated as a company limited by shares on March 12, 2008 under the Companies Act, 1956 with the registrar of companies, West Bengal at Kolkata. Its corporate identification number is U15411WB2008PLC124062. Its registered office is situated at Duncan House, 31, Netaji Subhas Road, Kolkata 700 001. In terms of its memorandum of association, ABP Cafe, is authorised to establish and operate cafes and other retail outlets. ABP Café is currently not engaged in any business activities.

Details of sick or defunct group companies, and of group companies under winding up or corporate insolvency resolution process

As on the date of this Draft Letter of Offer, none of our Group Companies have become sick or defunct within the meaning of the erstwhile Sick Industries Companies (Special Provisions) Act, 1985, nor has any of our Group Companies been declared insolvent or bankrupt under the Insolvency and Bankruptcy Code, 2016. Further, as on the date of this Draft Letter of Offer, no winding up or insolvency or bankruptcy proceedings have been initiated against any of our Group Companies, nor has any application been made to the RoC for striking off the name of any of them during the five years preceding the date of filing of this Draft Letter of Offer.

Loss making Group Companies

Except as disclosed below, none of our Group Companies have incurred a loss in the last three audited Fiscals, on the basis of the consolidated audited financial statements with respect to such Group Companies available.

(₹ in lakhs)

Name of Company	Profit/ (loss) after tax for Fiscal		
	2019	2018	2017
Guiltfree Industries Limited	(15,690.37)	(5,393.87)	(132.33)
Kolkata Games and Sports Private Limited	(2,643.42)	(5,347.82)	(4,532.13)
Open Media Network Private Limited	(1,539.56)	(1,633.69)	(1,435.09)
Au Bon Pain Café India Limited	(216.66)	(2125.35)	(2106.04)
Bowlopedia Restaurants India Limited	(1,227.68)	(387.35)	Nil

Common pursuits among Group Companies

There are no common pursuits among any of our Group Companies and our Company.

Nature and extent of interest of our Group Companies

Interest in the promotion of our Company

None of our Group Companies have any interest in the promotion of our Company. For details of past interest of CESC Limited in promotion of our Company, see "*Our Promoters and Promoter Group – Change in Control*" on page 145.

Interest in the property acquired or proposed to be acquired by the Company

None of our Group Companies are interested, directly or indirectly, in the properties acquired by our Company in the preceding three years or proposed to be acquired by our Company.

Interest in transactions for acquisition of land, construction of building, or supply of machinery

None of our Group Companies is interested, directly or indirectly, in any transactions for acquisition of land, construction of building, supply of machinery, or any other contract, agreement or arrangement entered into by our Company, and no payments have been made or are proposed to be made in respect of these contracts, agreements or arrangements, by any of our Group Companies.

Related business transactions and their significance on the financial performance of our Company

Other than the transactions disclosed in the section "*Related Party Transactions*" on page 156, there are no related business transactions between the Group Companies and our Company.

Business interest of our Group Companies in our Company

Except as disclosed in the section "*Related Party Transactions*" on page 156, there are no business transactions between our Company and Group Companies which are significant to the financial performance of our Company.

Litigation proceedings material to our Company

There are no legal proceedings involving our Group Companies which have a material impact on our Company. For further details, see *Outstanding Litigation and Other Material Developments* on page 235.

Other confirmations

Our Group Companies have not made any public/rights/composite issue in the last three years.

As on the date of this Draft Letter of Offer, none of our Group Companies has been declared as a wilful defaulter as defined under the SEBI ICDR Regulations.

As on the date of this Draft Letter of Offer, none of our Group Companies has been prohibited by the SEBI or any other regulatory or governmental authorities from accessing the capital markets for any reasons.

Further, neither have any of the securities of our Company or any our Group Companies been refused listing by any stock exchange in India or abroad, nor has our Company or any of our Group Companies failed to meet the listing requirements of any stock exchange in India or abroad, to the extent applicable.

RELATED PARTY TRANSACTIONS

For details of the related party transactions, as per the requirements under applicable Accounting Standards i.e., Ind AS 24 - 'Related Party Disclosures' and SEBI ICDR Regulations during the nine months period ended December 31, 2019, Fiscal 2019 and Financial Period 2018, see "*Financial Statements – Restated Financial Statements – Related Party Disclosure*" on page 193.

DIVIDEND POLICY

As on the date of this Draft Letter of Offer, our Company does not have a formal dividend policy. The declaration and payment of dividend on our Equity Shares, if any, will be recommended by our Board and approved by our Shareholders, at their discretion, in accordance with provisions of our Articles of Association and applicable law, including the Companies Act (together with applicable rules issued thereunder) and will depend on a number of factors, including but not limited to our profits, capital requirements, contractual obligations and the overall financial condition of our Company. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and will depend on factors that our Board deem relevant, including among others, our results of operations, financial condition, revenues, profits, cash flow, cash requirements, capital requirements, business prospects and any other financing arrangements.

Our Company has not declared any dividends during the last three Fiscals on the Equity Shares. The past trend in relation to our payment of dividends is not necessarily indicative of our dividend trend or dividend policy, in the future, and there is no guarantee that any dividends will be declared or paid in the future. For details in relation to the risk involved, see "*Risk Factors – We have incurred losses in the past, which may adversely impact our business and the value of the Equity Shares*" on page 21.

SECTION V - FINANCIAL INFORMATION

FINANCIAL STATEMENTS

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Independent Auditor's Examination Report on the Restated Consolidated Statement of Assets and Liabilities as at December 31, 2019, March 31, 2019 and March 31, 2018, the Restated Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Restated Consolidated Statement of Changes in Equity, Restated Consolidated Cash-flow Statement, Summary Statement of Significant Accounting Policies and Other Explanatory Information of Spencer's Retail Limited for the nine months period ended December 31, 2019, for the year ended March 31, 2019 and for the period February 8, 2017 to March 31, 2018 (collectively, the "Restated Consolidated Summary Statements")

The Board of Directors
Spencer's Retail Limited
Duncan House,
31, Netaji Subhas Road,
Kolkata – 700 001
West Bengal, India

Dear Sirs,

1. We have examined the attached Restated Consolidated Summary Statements of Spencer's Retail Limited (the "Company" or the "Issuer") and its subsidiaries (the Company and its subsidiaries together referred to as the "Group"), as at December 31, 2019, March 31, 2019 and March 31, 2018, and for the nine months period ended December 31, 2019, for the year ended March 31, 2019 and for the period February 8, 2017 to March 31, 2018, as approved by the Board of Directors of the Company at their meeting held on May 11, 2020 for the purpose of inclusion in the Draft Letter of Offer (the "DLOF") in connection with its proposed rights issue of equity shares of Rs. 5 each ("Rights Issue"), 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 Restated Consolidated Summary Statements for the purpose of inclusion in the Draft Letter of Offer (the "DLOF") to be filed with Securities and Exchange Board of India, the BSE Limited ("BSE"), the National Stock Exchange of India Limited ("NSE") and the Calcutta Stock Exchange Limited ("CSE") ("BSE" together with "NSE" and "CSE" are collectively referred to as the "Stock Exchanges") in connection with the Rights Issue. The Restated Consolidated Summary Statements have been prepared by the management of the Company on the basis of preparation stated in note 2.1 to the Restated Consolidated Summary Statements. 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 Summary Statements. 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 such Restated Consolidated Summary Statements taking into consideration:

a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated March 9, 2020 in connection with the Rights Issue of the Company;

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 Consolidated Summary Statements; 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 Rights Issue.

4. These Restated Consolidated Summary Statements have been compiled by the management from:

a) Audited special purpose interim Consolidated Ind AS financial statement of the Group as at and for the nine months period ended December 31, 2019 prepared in accordance Indian Accounting Standard (Ind AS) 34 specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, other accounting principles generally accepted in India more fully described in the basis of preparation in Note No. 2.1 to the interim consolidated Ind AS financial statements (the "Special Purpose Interim Consolidated Ind AS Financial Statements") which have been approved by the Board of Directors at their meeting held on May 11, 2020.

b) Audited Consolidated Ind AS financial statements of the Group as at and for the year ended March 31, 2019, and as at March 31, 2018 and for the period February 8, 2017 to March 31, 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 meeting held on May 17, 2019 and October 25, 2018 respectively.

5. For the purpose of our examination, we have relied on:

a) Auditor's report issued by us dated May 11, 2020 on the special purpose interim consolidated financial statement of the Group as at and for the nine months period ended December 31, 2019 as referred in Paragraph 4a above; and

b) Auditors' Reports issued by the Previous Auditor dated May 17, 2019 and October 25, 2018 on the consolidated financial statements of the Group as at and for the year ended March 31, 2019, and as at March 31, 2018 and for the period February 8, 2017 to March 31, 2018 respectively, as referred in Paragraph 4b above.
The audits for the financial year ended March 31, 2019 and for the period February 8, 2017 to March 31, 2018 were conducted by the Company's previous auditors, M/s Batliboi, Purohit & Darbari, (the "Previous Auditor"), and accordingly reliance has been placed on the restated consolidated statement of assets and liabilities and the restated consolidated statements of profit and loss (including other comprehensive income), statements of changes in equity and cash flow statements, the Summary Statement of Significant Accounting Policies, and other explanatory information (collectively, the "2019 and 2018 Restated Consolidated Summary Statements") examined by them for the said periods. The examination report included for the said periods is

based solely on the examination report submitted by the Previous Auditor. They have also confirmed that the 2019 and 2018 Restated Consolidated Summary Statements:

i) have been prepared after incorporating adjustments for the changes in accounting policies and regrouping/reclassifications retrospectively in the financial year ended March 31, 2019 and period ended February 8, 2017 to March 31, 2018 respectively to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the nine months period ended December 31, 2019;

ii) do not contain any modification requiring adjustments; and

iii) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

6. The audit report on the consolidated financial statements for the period ended March 31, 2018 issued by M/s Batliboi, Purohit & Darbari, included the following Emphasis of Matter paragraph:

We draw attention to Note 41 to the Consolidated Ind AS financial statements of the Group, in respect of Composite Scheme of Arrangement, which was approved vide order issued by National Company Law Tribunal ('NCLT') dated March 28, 2018 received by the company on 5th October 2018 (the scheme). As per the NCLT Order, the scheme, comprising demerger of identified Retail undertaking(s) of Spencer's Retail Limited and CESC Limited into RP-SG Retail Limited, have been implemented from the appointed date October 1, 2017 and given effect to in these consolidated Ind AS financial statements. Our opinion is not qualified in respect of this matter.

7. As indicated in our audit report referred in paragraph 5 (a) above, we did not audit the special purpose interim Ind AS financial statements of two subsidiaries prepared in accordance with Ind AS 34, whose share of total assets, total revenues, net cash inflows / (outflows) included in the consolidated financial statements, for the nine months period ended December 31, 2019 is tabulated below, which have been audited by other auditors, M/s Batliboi, Purohit & Darbari and M/s BSR & Co LLP, and whose reports having unmodified opinion dated May 11, 2020 and May 8, 2020 respectively on the special purpose interim Ind AS financial statements have been furnished to us by the Company's management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these components, is based solely on the reports of the other auditors::

(Rs in lakhs)

Particulars	**As at/ for the nine months period ended December 31, 2019**
Total assets	24,173.80
Total revenue	18,348.57
Net cash inflows/ (outflows)	722.73

8. The Restated Ind AS Consolidated Summary Statements of the Group for the period ended December 31, 2019 includes financial information in relation to one subsidiary of the Company acquired on July 4, 2019, as listed below, which has not been subject to an examination and have been included based on audited financial statements by other auditor mentioned in paragraph 7 above.

Name of the subsidiary	Name of other auditor	Period of relationship
Natures Basket Limited	M/s BSR & Co. LLP	With effect from July 4, 2019

9. The audit reports referred to in paragraph 5 above included the following other matters:

a) The audit report for the nine months period ended December 31, 2019 included the below 'Other Matters':

i) The comparative financial statements and other information for the period ended December 31, 2018 included in these interim consolidated Ind AS financial statements of the Group are approved by the Board of Directors of the Holding Company for the purpose of compliance with the requirements of Ind AS but have not been subjected to audit or review.

ii) We did not audit the special purpose interim financial statements and other interim financial information, in respect of two subsidiaries, whose special purpose interim Ind AS financial statements prepared in accordance with Ind AS 34, include total assets of Rs. 24,173.80 lakhs as at December 31, 2019, and total revenues of Rs. 18,348.57 lakhs and net cash inflows of Rs. 722.73 lakhs for the nine months period ended on that date. These special purpose interim Ind AS financial statements and other interim financial information have been audited by other auditors, which special purpose interim financial statements, other interim financial information and auditor's reports thereon have been furnished to us by the management. Our opinion on the interim consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of such other auditors.

b) The audit report for the year ended March 31, 2018 included the below 'Other Matter':

We did not audit the financial statements and other financial information, in respect of one subsidiary whose Ind AS financial statements include total asset of Rs. 752.82 lakhs and net assets of Rs. 531.73 lakhs as at March 31, 2018 and total revenues of Rs. 142.62 lakhs and net cash inflows of Rs. (206.45) lakhs for the year ended on that date. These financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, and our report in terms of sub-section (3) of section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of the such other auditor.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

10. Based on our examination and according to the information and explanations given to us and also as per the reliance placed on the examination report submitted by the Previous Auditor for the respective period, we report that the Restated Consolidated Summary Statements:

a) have been prepared after incorporating adjustments for the changes in accounting policies and regrouping/reclassifications retrospectively in the financial year ended March 31, 2019 and for the period February 2017 to March 2018 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the nine months period ended December 31, 2019;

b) do not require any adjustments for the matters mentioned in paragraph 6, 7 and 8 above; and

c) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

11. The Restated Consolidated Summary Statements do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the special purpose interim consolidated Ind AS financial statements and audited consolidated financial statements mentioned in paragraph 4 above.

12. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit report issued by us or the Previous Auditor, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

13. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

14. Our report is intended solely for use of the Board of Directors for inclusion in the DLOF to be filed with Securities and Exchange Board of India and the Stock Exchanges in connection with the proposed Rights Issue. Our report should not be used, referred to, or distributed for any other purpose without 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 **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Kamal Agarwal
Partner
Membership Number: 058652
UDIN: 20058652AAAAAT8666

Place: Kolkata
Date: May 11, 2020

Spencer's Retail Limited
(formerly known as RP-SG Retail Limited)
Restated Consolidated Statement of Assets and Liabilities

Particulars	Notes	As at 31st December 2019 ₹ in Lakhs	As at 31st March 2019 ₹ in Lakhs	As at 31st March 2018 ₹ in Lakhs
ASSETS				
Non-current assets				
Property, plant and equipment	3	21,397.49	16,706.17	14,244.78
Capital work-in-progress		549.80	105.71	15.04
Right-of-use assets	31	52,673.68	38,926.24	36,853.06
Goodwill	4	15,651.78	-	-
Other intangible assets	4	20,685.04	9,566.82	9,626.51
Financial assets				
(i) Investments	6	1,928.95	1,276.21	685.16
(ii) Loans	10	5,367.54	3,362.17	2,984.98
(iii) Other financial assets	11	326.62	175.23	17,030.90
Non-current tax assets (net)		1,500.84	826.19	289.21
Other non-current assets	12	223.66	74.85	46.84
Total non-current assets (A)		**120,305.40**	**71,019.59**	**81,776.48**
Current assets				
Inventories	5	26,634.28	26,982.13	24,249.13
Financial assets				
(i) Investments	6	9,959.81	983.39	-
(ii) Trade receivables	7	7,864.86	4,476.99	3,720.68
(iii) Cash and cash equivalents	8	2,643.59	2,826.95	1,940.90
(iv) Bank balances other than (iii) above	9	2.00	19,162.56	8,059.79
(v) Loans	10	359.24	-	0.93
(vi) Other financial assets	11	180.43	143.39	703.78
Current tax assets (net)		-	11.37	7.44
Other current assets	12	3,436.70	2,368.61	1,803.53
Total current assets (B)		**51,080.91**	**56,955.39**	**40,486.18**
TOTAL ASSETS (A+B)		**171,386.31**	**127,974.98**	**122,262.66**
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	13	3,976.71	3,976.71	-
Equity share capital suspense	13	-	-	3,976.71
Other equity	14	28,114.58	36,554.74	37,597.50
Total equity (C)		**32,091.29**	**40,531.45**	**41,574.21**
LIABILITIES				
Non-current liabilities				
Financial liabilities				
(i) Borrowings	15	9,224.29	-	-
(ii) Lease liabilities	31	57,294.97	45,279.29	43,670.45
(iii) Other financial liabilities	16	91.03	85.47	78.04
Deferred tax liabilities (net)	34	3,476.76	-	-
Provisions	20	927.32	822.73	824.73
Total non-current liabilities (D)		**71,014.37**	**46,187.49**	**44,573.22**
Current liabilities				
Contract liabilities	17	1,165.63	393.82	362.41
Financial liabilities				
(i) Borrowings		9,813.45	-	-
(ii) Lease liabilities	31	9,412.94	5,620.76	4,381.99
(iii) Trade payables	18			
- Total outstanding dues of Micro enterprise and small enterprises		304.88	67.50	-
- Total outstanding dues of creditors other than Micro enterprise and small enterprises		40,836.51	31,137.46	28,021.99
(iv) Other financial liabilities	16	3,682.70	2,134.94	1,465.75
Other current liabilities	19	1,493.07	480.36	386.67
Provisions	20	1,571.47	1,421.20	1,496.42
Total current liabilities (E)		**68,280.65**	**41,256.04**	**36,115.23**
TOTAL EQUITY AND LIABILITIES (C+D+E)		**171,386.31**	**127,974.98**	**122,262.66**

The accompanying notes form an integral part of the Restated Consolidated Summary Statements

This is Restated Consolidated Statements of Assets and Liabilities referred to in our examination report of even date.

For S.R. Batliboi & Co LLP
Chartered Accountants
Firm registration number - 301003E/E300005

For and on behalf of Board of Directors

Kamal Agarwal
Partner
Membership number - 058652

Shashwat Goenka
Director
DIN: 03486121

Debanjan Mandal
Director
DIN: 00469622

Rama Kant
Company Secretary

Kumar Tanmay
Chief Financial Officer

Place : Kolkata
Date : 11th May, 2020

Place : Kolkata
Date : 11th May, 2020

Spencer's Retail Limited
(formerly known as RP-SG Retail Limited)
Restated Consolidated Statement of Profit and Loss

Particulars	Notes	For the nine months ended 31st December 2019 ₹ in Lakhs	For the year ended 31st March 2019 ₹ in Lakhs	For the period 8th February 2017 to 31st March 2018 ₹ in Lakhs
Income				
Revenue from operations	21	200,022.37	218,718.04	101,208.02
Other income	22	1,921.51	2,814.94	902.35
Total Income (I)		**201,943.88**	**221,532.98**	**102,110.37**
Expenses				
Cost of materials consumed	23	550.01	687.07	475.93
Purchases of Stock-in-Trade		156,352.13	174,284.57	80,622.31
Changes in inventories of finished goods and Stock-in-Trade	24	426.17	(2,705.81)	(430.31)
Employee benefits expense	25	14,225.54	14,757.69	7,602.21
Other expenses	26	23,543.06	21,999.65	9,330.18
Depreciation and amortisation	27	9,503.88	8,357.17	4,046.64
Finance costs	28	5,791.51	4,877.75	2,452.43
Total Expenses (II)		**210,392.30**	**222,258.09**	**104,099.39**
Profit / (loss) before tax (I) - (II)		**(8,448.42)**	**(725.11)**	**(1,989.02)**
Tax expense	34			
Current tax		-	178.52	-
Deferred tax (net)		(12.42)	-	-
Profit / (loss) for the period (III)		**(8,436.00)**	**(903.63)**	**(1,989.02)**
Other Comprehensive Income				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans		(4.16)	(139.13)	(29.44)
[net of tax of ₹ Nil (31st March 2019 : ₹ 37.18 Lakhs) (31st March 2018 : Nil)]				
Other Comprehensive Income for the period (IV)		**(4.16)**	**(139.13)**	**(29.44)**
Total Comprehensive Income for the period [(III)+(IV)]		**(8,440.16)**	**(1,042.76)**	**(2,018.46)**
Profit / (loss) for the period attributable to:				
Equity holders of the parent		(8,436.00)	(903.63)	(1,989.02)
Non-controlling interests		-	-	-
		(8,436.00)	**(903.63)**	**(1,989.02)**
Other comprehensive income / (loss) for the period attributable to:				
Equity holders of the parent		(4.16)	(139.13)	(29.44)
Non-controlling interests		-	-	-
		(4.16)	**(139.13)**	**(29.44)**
Total comprehensive income / (loss) for the period attributable to:				
Equity holders of the parent		(8,440.16)	(1,042.76)	(2,018.46)
Non-controlling interests		-	-	-
		(8,440.16)	**(1,042.76)**	**(2,018.46)**
Earnings per share - Basic and Diluted	29	**(10.61) ***	**(1.14)**	**(5.73)**
[Nominal value per equity share ₹ 5 (31st March 2019: ₹ 5) (31st March 2018: ₹ 5)]				

*** Not annualised**

The accompanying notes form an integral part of the Restated Consolidated Summary Statements

This is Restated Consolidated Statement of Profit and Loss referred to in our examination report of even date.

For S.R. Batliboi & Co LLP
Chartered Accountants
Firm registration number - 301003E/E300005

For and on behalf of Board of Directors

Kamal Agarwal
Partner
Membership number - 058652

Shashwat Goenka
Director
DIN: 03486121

Debanjan Mandal
Director
DIN: 00469622

Rama Kant
Company Secretary

Kumar Tanmay
Chief Financial Officer

Place : Kolkata
Date : 11th May, 2020

Place : Kolkata
Date : 11th May, 2020

A. Equity share capital

	31st December 2019		31st March 2019		31st March 2018	
	No. of shares	**₹ in Lakhs**	**No. of shares**	**₹ in Lakhs**	**No. of shares**	**₹ in Lakhs**
Balance at the beginning of the period	79,534,226	3,976.71	-	-	50,000	5.00
Equity shares cancelled pursuant to the Scheme [refer note 42(i) & note 2.2 (p)(ii)]	-	-	-	-	(50,000)	(5.00)
Equity shares allotted pursuant to the Scheme [refer note 42(i) & note 2.2 (p)(ii)]	-	-	79,534,226	3,976.71	-	-
Balance at the end of the period	**79,534,226**	**3,976.71**	**79,534,226**	**3,976.71**	**-**	**-**

B. Equity share capital suspense

	31st December 2019		31st March 2019		31st March 2018	
	No. of shares	**₹ in Lakhs**	**No. of shares**	**₹ in Lakhs**	**No. of shares**	**₹ in Lakhs**
Balance at the beginning of the period	-	-	79,534,226	3,976.71	-	-
Equity share capital pending for allotment	-	-	-	-	79,534,226	3,976.71
Equity shares allotted pursuant to the Scheme [refer note 42(i) & note 2.2 (p)(ii)]	-	-	(79,534,226)	(3,976.71)	-	-
Balance at the end of the period	**-**	**-**	**-**	**-**	**79,534,226**	**3,976.71**

C. Other equity

	Reserves and Surplus		Total
	Capital reserve	**Retained earnings**	
	₹ in Lakhs	**₹ in Lakhs**	**₹ in Lakhs**
Balance as at 8th February 2017	**-**	**-**	-
Arisen pursuant to the Scheme [refer note 42(i) & note 2.2 (p)(ii)]	**56,133.85**	**(3,956.24)**	**52,177.61**
Adjustment on account of adoption of Ind AS 116 Leases (Note 31 & Note 43.3)	(12,561.65)	-	(12,561.65)
Loss for the period	**-**	(1,989.02)	(1,989.02)
Remeasurement of defined benefit plans	**-**	(29.44)	(29.44)
Balance as at 31st March 2018	**43,572.20**	**(5,974.70)**	**37,597.50**
Loss for the year	-	(903.63)	(903.63)
Remeasurement of defined benefit plans	-	(139.13)	(139.13)
Balance as at 31st March 2019	**43,572.20**	**(7,017.46)**	**36,554.74**
Restated Adjustments*	12,561.65	(12,561.65)	-
Balance as at 1st April 2019	**56,133.85**	**(19,579.11)**	**36,554.74**
Loss for the period	-	(8,436.00)	(8,436.00)
Remeasurement of defined benefit plans	-	(4.16)	(4.16)
Balance as at 31st December 2019	**56,133.85**	**(28,019.27)**	**28,114.58**

* Impact of cumulative adjustment on application of Ind AS 116 as on 01 October 2017 is recognised in Capital reserves on restated Ind AS financial statements. These balances are adjusted to align with the opening balance of each reserves on Ind AS 116 transition date of 01 April 2019 as per audited special purpose interim Consolidated Ind AS financial statements , wherein cumulative adjustment is recognised in Retained earnings. This adjustment is as per Guidance Note on Report in Company Prospectuses (Revised 2019) issued by the ICAI.

The accompanying notes form an integral part of the Restated Consolidated Summary Statements

This is the Restated Consolidated Statement of Changes in Equity referred to in our examination report of even date.

For S.R. Batliboi & Co LLP
Chartered Accountants
Firm registration number - 301003E/E300005

For and on behalf of Board of Directors

Kamal Agarwal
Partner
Membership number - 058652

Shashwat Goenka
Director
DIN: 03486121

Debanjan Mandal
Director
DIN: 00469622

Rama Kant
Company Secretary

Kumar Tanmay
Chief Financial Officer

Place : Kolkata
Date : 11th May, 2020

Place : Kolkata
Date : 11th May, 2020

Spencer's Retail Limited

(formerly known as RP-SG Retail Limited)

Restated Consolidated Cash-flow Statement

	For the nine months ended 31st December 2019 ₹ in Lakhs	For the year ended 31st March 2019 ₹ in Lakhs	For the period 8th February 2017 to 31st March 2018 ₹ in Lakhs
OPERATING ACTIVITIES			
Restated profit/(loss) before tax	**(8,448.42)**	**(725.11)**	**(1,989.02)**
Adjustments :			
Depreciation and amortisation	9,503.88	8,357.17	4,046.64
Impairment Allowance (allowance for bad and doubtful debts)	494.84	94.24	84.11
Bad debts / irrecoverable balances written off	18.46	-	-
Provision for decommissioning liability	17.58	53.62	-
Provision for obsolete stocks	312.11	222.71	246.84
Interest on preference shares	5.56	-	-
Finance cost	5,768.37	4,177.83	2,073.62
Fair value gain on investments	(571.56)	(247.04)	-
Gain on sale of investments	(155.95)	(100.92)	(62.41)
Interest income	(624.62)	(1,828.76)	(813.47)
(Gain) / loss on sale of property, plant and equipment	(9.02)	(27.28)	3.48
Gain on cancellation/termination of lease	(72.36)	-	-
Cash generated from operations before working capital changes	**6,238.87**	**9,976.46**	**3,589.79**
Working capital changes:			
(Increase)/decrease in inventories	2,547.94	(2,955.71)	(643.14)
(Increase)/decrease in trade receivables	(3,474.99)	(850.55)	1,273.63
(Increase)/decrease loans	(793.23)	(376.26)	153.14
Decrease in other financial assets	144.10	757.10	366.90
(Increase)/decrease in other assets	449.60	(1,946.18)	(247.86)
Increase/(decreases) in trade payables	5,555.69	3,182.97	(1,646.86)
Increase/(decreases) in financial liabilities	(1,032.36)	160.41	(3,289.83)
Increase in other current liabilities	30.33	93.69	16.21
Increase/(decreases) in contract liabilities	771.81	31.41	(45.84)
(Decrease) in provisions	(112.21)	(305.51)	(66.51)
Cash flow used in operating activities	**10,325.55**	**7,767.83**	**(540.37)**
Income taxes paid	(589.25)	(540.91)	(296.65)
Net cash generated/(used in) operating activities (A)	**9,736.30**	**7,226.92**	**(837.02)**
INVESTING ACTIVITIES			
Purchase of property, plant and equipments, including intangible assets, capital work in progress and capital advances	(3,521.59)	(4,581.38)	(750.97)
Proceeds from sale of property, plant and equipments	32.82	65.41	8.45
Payment towards acquisition of a subsidiary acquired in a business combination [(refer note no. 42(ii) & 2.2(p)(i)]	(17,636.36)	-	-
Investments in alternative investment fund	(202.50)	(375.00)	(375.00)
Proceeds from alternative investment fund	14.31	29.06	-
Purchase of mutual fund units	(46,806.00)	(18,418.07)	(15,355.29)
Proceeds from sale of mutual fund units	38,131.81	17,537.53	15,962.40
Investments in bank deposits	(20.50)	(34,424.80)	(59,991.87)
Redemption / maturity of bank deposits	19,039.59	40,329.41	40,995.77
Interest received	388.70	2,021.25	567.02
Net cash generated/(used in) from investing activities (B)	**(10,579.72)**	**2,183.41**	**(18,939.49)**
FINANCING ACTIVITIES			
Proceeds from issue of share capital	-	-	5.00
Repayment of lease liabilities (principle)	(3,947.53)	(4,381.99)	(1,868.91)
Proceeds from Non-Current Borrowings	3,000.00	-	-
Repayment of Non-Current Borrowings	(549.01)	-	-
Proceeds from Current Borrowings	8,316.55	-	3,797.00
Repayment of Current Borrowings	(517.50)	-	-
Interest paid	(5,642.45)	(4,142.29)	(2,091.01)
Net cash generated / (used in) financing activities (C)	**660.06**	**(8,524.28)**	**(157.92)**
Net (decrease) / increase in cash and cash equivalents (A+B+C)	**(183.36)**	**886.05**	**(19,934.43)**
Cash and cash equivalents acquired pursuant to the Scheme [refer note 42(i) & note 2.2 (p)(ii)]	-	-	21,875.33
Cash and cash equivalents at the beginning of the period (refer note 8)	2,826.95	1,940.90	-
Cash and cash equivalents at the end of the period	**2,643.59**	**2,826.95**	**1,940.90**
Components of cash and cash equivalents : (refer note 8)			
Balance with banks in current accounts	1,479.12	1,384.90	1,168.67
Balance with credit card, e-wallet companies and others	607.11	777.31	405.99
Cash on hand	557.36	664.74	366.24
Total cash and cash equivalents	**2,643.59**	**2,826.95**	**1,940.90**

Change in liabilities arising from financing activities :

₹ in Lakhs

Particulars	As on 1st April 2019	Acquired during the period [refer note 42(ii) note 2.2 (p)(i)]	Cash flows Inflow/(outflow)	Non-cash changes	As on 31st December 2019
Other Financial Liabilities - Preference Shares	85.47	-	-	5.56	91.03
Non Current Borrowing (including current maturities)	-	8,756.62	2,450.99	39.80	11,247.41
Current Borrowings	-	2,014.40	8,316.55	(2,014.40)	8,316.55
Lease Liabilities [refer note 31]	50,900.05	12,871.63	(3,947.53)	6,883.76	66,707.91

Particulars	As on 1st April 2018	Cash flows Inflow/(outflow)	Non-cash changes	As on 31st March 2019
Other Financial Liabilities - Preference Shares	78.04	-	7.43	85.47
Lease Liabilities [refer note 31]	48,052.44	(4,381.99)	7,229.60	50,900.05

Particulars	As on 8th February 2017	Acquired Pursuant to the scheme [refer note 42(i) & note 2.2 (p)(ii)]	Cash flows Inflow/(outflow)	Non-cash changes	As on 31st March 2018
Other Financial Liabilities - Preference Shares	-	74.33	-	3.72	78.04
Lease Liabilities [refer note 31]	-	48,559.80	(1,868.91)	1,361.55	48,052.44

Non-cash Investing activities includes addition to Right of Use assets (refer note 31)

The accompanying notes form an integral part of the Restated Consolidated Summary Statements

This is Restated Consolidated Cash-flow Statement referred to in our examination report of even date.

For S.R. Batliboi & Co LLP
Chartered Accountants
Firm registration number - 301003E/E300005

Kamal Agarwal
Partner
Membership number - 058652

Place : Kolkata
Date : 11th May, 2020

For and on behalf of Board of Directors

Shashwat Goenka
Director
DIN: 03486121

Debanjan Mandal
Director
DIN: 00469622

Rama Kant
Company Secretary

Kumar Tanmay
Chief Financial Officer

Place : Kolkata
Date : 11th May, 2020

1. Corporate Information

Spencer's Retail Limited ("the Company") was incorporated as RP-SG Retail Limited, a public limited company incorporated under the provisions of the Companies Act, 2013 ("the Act"), pursuant to the certificate of incorporation dated February 8, 2017, under the corporate identity number L74999WB2017PLC219355 having its registered office at Duncan House, 31, Netaji Subhas Road, Kolkata - 700001. The name of the Company was changed from "RP-SG Retail Limited" to "Spencer's Retail Limited" vide certificate of incorporation pursuant to change of name issued by the Registrar of Companies, Kolkata dated 13th December 2018.

The Company and its subsidiaries (collectively referred to as a "the Group") are primarily engaged in developing, conducting, investing and promoting organised retail and operates departmental and neighbourhood stores under various formats across the country.

Information on the Group's structure is provided in Note 2.1(c) Information on other related party relationships of the Group is provided in Note 37.

The Company had given effect of the Composite scheme of arrangement ("Scheme") in terms of the NCLT order as applicable to the Company with effect from the appointed date of 1st October,2017 in its financial statements for the period 8th February 2017 to 31st March 2018. The Scheme, inter alia, provided for demerger of identified Retail Undertaking(s) of the erstwhile Spencer's Retail Limited and CESC Limited as a going concern into the Company. Accordingly, the Audited Consolidated Ind AS Financial Statements for the period 8th February 2017 to 31st March 2018 included operations of the erstwhile Spencer's Retail Limited and Omnipresent Retail India Private Limited for the period 1st October 2017 to 31st March 2018.

On 4th July 2019, the Company has acquired 100% stake (445,830,000 fully paid-up equity shares of ₹ 10 each) of Natures Basket Limited (NBL) from Godrej Industries Limited, as a wholly owned subsidiary company . Accordingly the audited special purpose interim consolidated Ind AS financial statements for the nine months period ended 31st December 2019 included financial information of Natures Basket Limited from 5th July 2019 to 31st December 2019.

2.1 Basis of preparation

(a) Restated Consolidated Summary Statements

These Financial Statements of the Group comprising of Restated Consolidated Statement of Assets and Liabilities as at 31st December 2019, 31st March 2019 and 31st March 2018, the Restated Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Restated Consolidated Statement of Changes in Equity, Restated Consolidated Cash-flow Statement, Summary Statement of Significant Accounting Policies and Other Explanatory Information of the Group for the nine months period ended 31st December 2019, for the year ended 31st March 2019 and for the period 8th February 2017 to 31st March 2018 (collectively, the "Restated Consolidated Summary Statements"), as approved by the Board of Directors of the Company at their meeting held on 11th May 2020 have been prepared specifically for the purpose of inclusion in the Draft Letter of Offer (the "DLOF") and the Letter of Offer (the "LOF") in connection with its proposed rights issue of equity shares of Rs. 5 each ("Rights Issue"), have been prepared in terms of the requirements of:

(i) Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Act")
(ii) the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and
(iii) the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note")

The Restated Consolidated Summary Statements have been prepared after incorporating adjustments for the changes in accounting policies and regrouping/reclassifications retrospectively in the financial year ended 31st March 2019 and period ended 8th February 2017 to 31st March 2018 respectively to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the nine months period ended 31st December 2019 (Refer Note 43). These Restated Consolidated Summary Statements have been compiled by the management from:

a) Audited special purpose interim Consolidated Ind AS financial statements of the Group as at and for the nine months period ended 31st December 2019 prepared in accordance with Indian Accounting Standard (Ind AS) 34 "Interim Financial Reporting", notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III (Ind AS compliant Schedule III) to the Act, as applicable to the financial statements and other accounting principles generally accepted in India (the "Special Purpose Interim Consolidated Ind AS Financial Statements") which have been approved by the Board of Directors at their meeting held on 11th May 2020;

b) Audited Consolidated Ind AS Financial Statements of the Group as at and for the year ended 31st March 2019, and as at 31st March 2018 and for the period 8th February 2017 to 31st March 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 meeting held on 17th May 2019 and 25th October 2018 respectively.

The Restated Consolidated Summary Statements are based on the classification provisions contained in Ind AS 1, 'Presentation of Financial Statements' and division II of Schedule III of the Companies Act 2013.

(b) Basis of measurement

The Restated Consolidated Summary Statements have been prepared on accrual basis under historical cost convention, except for the following assets and liabilities, which had been measured at fair value as required by the relevant Ind AS :

- Certain Financial Assets and Liabilities (refer accounting policy regarding Financial Instruments);
- Defined Employee Benefit Plan
- Contingent consideration

(c) Basis of consolidation

The audited interim consolidated Ind AS financial statements and audited consolidated Ind AS financial statements have been prepared on the basis of audited interim standalone Ind AS financial statements and audited standalone Ind AS financial statements of Spencer's Retail Limited and its wholly owned subsidiary, namely, Omnipresent Retail India Private Limited and special purpose standalone Ind AS financial statements of Natures Basket Limited (prepared by its management using the recognition and measurement principle of Ind AS 34) respectively. Both the subsidiaries have been fully consolidated.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

The Restated Consolidated Summary Statements have been prepared using uniform accounting policies for like transactions and are presented, to the extent possible, in the same manner as the parent and subsidiaries financial statements. The financial statements of the entity used for the purpose of consolidation are drawn up to same reporting date as that of the parent company.

Group Information
Information about subsidiaries
The consolidated financial statement of the Group includes the subsidiaries listed in the table below :

Name	Principal Activities	Country of incorporation	Equity Interest (%) 31st December 2019	31st March 2019	31st March 2018
Omnipresent Retails India Private Limited	E-Commerce	India	100	100	100
Natrue's Basket Limited	Organised retail stores	India	100	NA	NA

(d) Functional and presentation currency

These Restated Consolidated Summary Statements are presented in Indian Rupees (₹), which is also the Group's functional currency. All amounts have been rounded off to the nearest Lakhs, unless otherwise indicated.

(e) Use of estimates and judgments

The preparation of these Restated Consolidated Summary Statements requires management to make judgments, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, incomes, expenses and the accompanying disclosures in the restated consolidated summary statements. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Continuous evaluation is done on the estimation and judgments based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognised prospectively.

Information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year, are included in the following notes:

(i) Useful life and residual value of property, plant and equipment and intangible assets - Note 3 & 4
(ii) Determining the fair values of investments - Note 6
(iii) Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources - Note 20 & 30.(a)
(iv) Measurement of defined benefit obligations: key actuarial assumptions - Note 36.
(v) Impairment of financial assets: key assumptions used in estimating recoverable cash flows - Note 38.
(vi) Non recognition of deferred tax assets - Note 34.
(vii) Transition policy, choice, discounting rate and lease term for accounting of right-of-use assets and lease liabilities under Ind AS 116 - Note 2.2 (n) and Note 31.
(viii) Fair valuation of assets and liabilities acquired in a business combination - Note 42(ii) & note 2.2(p)(i)

2.2 Significant accounting policies

(a) Current and non-current classification

An asset is treated as current when it is:
- Expected to be realised or intended to be sold or consumed in normal operating cycle or
- Held primarily for the purpose of trading or
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in normal operating cycle or
- It is held primarily for the purpose of trading or
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.
The Group classifies all other liabilities as non-current.
Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(b) Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Group at the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of initial transaction. Exchange differences are recognised in the Statement of Profit and Loss in the period in which they arise.

(c) Property, plant and equipment [PPE]

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of property, plant and equipment comprises its purchase price inclusive of non refundable duties and taxes, incidental expenses, erection/commissioning expenses, borrowing cost, any directly attributable cost of bringing the item to its working condition for its intended use and costs of dismantling and removing the item and restoring the site on which it is located. Trade discounts and rebates are deducted from the purchase price.

Expenditure incurred in setting up of stores are capitalised as a part of leasehold improvements. Expenditure in respect of improvements, etc. carried out at the rented / leased premises are capitalised.

A fixed asset is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal. Any gain or loss on disposal of an item of property, plant and equipment is recognised in Statement of Profit and Loss.

(ii) Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight line method to allocate their cost, net of their residual values on the basis of useful lives prescribed in Schedule II to the Act and based on management's estimate of useful lives. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. Expenditure in respect of improvements, etc. carried out at the rented / leased premises are depreciated over the initial period of lease or useful life of assets, whichever is lower. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation is calculated on a straight line basis using the rates arrived based on the useful lives estimated by the management, which are as follows:

Class of assets	**Management estimate of useful life**
Computer hardwares	3 to 6 years
Furniture and fixtures	3 to 15 years
Vehicles	5 years
Office equipments	5 years
Plant and machineries	7.5 to 25 years

Based on the internal assessment carried out by the in-house technical team and management believes that the residual value and useful lives as given above best represents the period over which management expects to use these assets. Hence, the useful lives for these assets are different from the useful lives as prescribed under part C of schedule II of the companies act 2013.

(iii) Impairment of non financial assets

The carrying amount of assets is reviewed at each balance sheet date, to determine if there is any indication of impairment based on the internal/external factor. An impairment loss is recognized wherever the carrying amount of assets exceeds its recoverable amount which is the greater of net selling price and value in use of the respective assets. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and risk specific to the asset. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(iv) Capital work-in-progress (CWIP)

Capital work-in-progress includes cost of property, plant and equipment under installation / under development net off impairment loss, if any, as at the balance sheet date. Directly attributable expenditure incurred on project under implementation are shown under CWIP. At the point when an asset is capable of operating in the manner intended by management, the capital work in progress is transferred to the appropriate category of property, plant and equipment.

(d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost, which includes purchase price and any cost directly attributable to bringing the asset to the conditions necessary for it to be capable of operating in the manner intended by management. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

All relatable expenditure incurred with respect to developing designs which are capable of being used for more than one season are capitalised and amortised over the useful period of the design.

The useful lives of intangible assets are assessed as either finite or indefinite. Finite life intangible assets are amortised using straight line method over the period of their expected useful lives. Estimated useful lives of intangible assets are as follows:

Class of assets	Management estimate of useful life
Computer softwares	6 to 10 years
Know-how and licenses	10 years
Designs	3 years
Goodwill	Indefinite life
Brand	Indefinite life

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss. when the asset is derecognised.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

(e) Inventories

Traded goods, finished goods and packing materials are valued at lower of cost and net realisable value. Cost of inventories comprise costs of purchase, conversion costs and other costs incurred in bringing the inventories to their present condition and location Cost is determined under moving weighted average method. Costs of purchased inventory are determined after deducting rebates and discounts.

Raw materials are valued at lower of cost and net realisable value. However, materials held for use in production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.

Obsolete, slow moving and damaged stock is valued at lower of cost less provision and net realisable value. Such inventories are identified from time to time and where necessary a provision is made for such inventories.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost necessary to make the sale.

(f) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial Assets

The financial assets are classified in the following categories :

- financial assets measured at amortised cost,
- financial assets measured at fair value through profit and loss (FVTPL), and
- financial assets designated at fair value through Other Comprehensive Income (FVTOCI) (equity instruments)

The classification of financial assets depends on the Group's business model for managing financial assets and the contractual terms of the cash flow. At initial recognition, the financial assets are measured at its fair value.

Financial assets measured at amortised cost - Assets that are held for collection of contractual cash flows and where those cash flows represent solely payments of principal and interest are measured at amortised cost. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The losses arising from impairment, if any, are recognised in the Statement of Profit or Loss.

Financial instruments measured at fair value through profit and loss - Financial instruments included within fair value through profit and loss category are measured initially as well as at each reporting period at fair value plus transaction costs as applicable. Fair value movements are recorded in the Statement of Profit and Loss. Investments in units of mutual funds, alternative investment fund are accounted for at fair value and the changes in fair value are recognised in the Statement of Profit and Loss.

Financial assets designated at FVTOCI (equity instruments)- Financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling. Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated balance sheet) when:
- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a

third party under a 'pass-through' arrangement; and either (a) the group has transferred substantially all the risks and rewards of the asset, or (b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

(ii) Financial Liabilities

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Interest-bearing loans and borrowings are measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

A financial liability (or a part of financial liability) is de-recognised from Group's balance sheet when obligation specified in the contract is discharged or cancelled or expired.

(iii) Offsetting financial instruments

Financial assets and liabilities are off set and the net amount is reported in the balance sheet where there is a legally enforceable right to off set the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events.

(iv) Fair value measurement

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

(g) Cash and cash equivalents

Cash and cash equivalent (including for Statement of Cash Flows) comprise cash at banks, cash on hand and short-term deposits with an original maturity of less than three months, which are subject to an insignificant risk of changes in value.

(h) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as and when the related services are provided. A liability is recognised for the amount expected to be paid, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

(ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays a fixed contribution and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to provident and superannuation fund are recognised as an employee benefit expense in Statement of Profit and Loss when the contributions to the respective funds are due.

(iii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's gratuity benefit scheme is a defined benefit plan. The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plans.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.
Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

(iv) Compensated absences

The employees of the Group are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is measured on the basis of an annual independent actuarial valuation using the projected unit credit method, for the unused entitlement that has accumulated as at the balance sheet date. Non-accumulating compensated absences are recognised in the period in which the absences occur.

(i) Provisions (other than for employee benefits)

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

In an event when the time value of money is material, the provision is carried at the present value of the cash flows estimated to settle the obligation.

When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

Decommissioning liability
Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The unwinding of the discount is expensed as incurred and recognised in the statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate.

(j) Contingent liabilities

A contingent liability is a possible obligation that arises from a past event, with the resolution of the contingency dependent on uncertain future events, or a present obligation where no outflow is possible. Major contingent liabilities are disclosed in the financial statements unless the possibility of an outflow of economic resources is remote.

(k) Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The following specific recognition criteria must also be met before revenue is recognised :

Sale of goods

Revenue recognised from the sale of products is measured at the fair value of the consideration received or receivable, net of returns and trade discounts. The Group collects Goods and Service Tax (GST) on behalf of the government and, therefore, these are not economic benefits flowing to the Group. Accordingly, they are excluded from revenue.

Where the Group is the principal in the transaction, the sales are recorded at their gross values. Where the Group is effectively the agent in the transaction, the cost of the merchandise is disclosed as a deduction from the gross value.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

The Group has contracts with concessionaire whereby it facilitates in the sale of products of these concessionaires. Thus, the Group is an agent and records revenue at the net amount that it retains for its agency services.

Any amounts received from merchandiser for which the Group does not provide any distinct good or service are considered as a reduction of purchase costs.

Loyalty Program

Sales is allocated between the loyalty programme and the other components of the transaction at fair value. The amount allocated to the loyalty programme is deferred, and is recognised as revenue when the Group has fulfilled its obligations to supply the discounted products under the terms of the programme or when it is no longer probable that the points under the programme will be redeemed.

Contract liabilities
A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Other operating revenue

Other operating revenue mainly represents recoveries made on account of advertisement for use of space by the customers and other expenses charged from suppliers and are recognised and recorded based on the arrangements with concerned parties.

Dividend income

Dividend income is recognised only when the right to receive the same is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of dividend can be measured reliably.

(l) Interest income

Interest income is recognised based on time proportion basis considering the amount outstanding and using the effective interest rate (EIR). Interest income is included as other income in the Statement of Profit and Loss.

(m) Expenses

All expenses are accounted for on accrual basis.

(n) Leases
Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to its operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

The Group as a lessee
The Group's lease asset classes primarily consist of stores. The Group assesses whether a contract contains a lease, at the inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right of use asset (ROU) and a corresponding lease liability for all lease arrangements, in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and non lease components (like maintenance charges, etc.). For these short-term leases and non lease components, the Group recognizes the lease rental payments as an operating expense.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The Right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the lease term. Right-of-use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liabilities are initially measured at the present value of the future lease payments. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognised as expenses.

The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates for similar term of borrowing as the leases, for the Group. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The Group as a lessor

Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

(o) Income Tax

(i) Current tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred tax

Deferred tax is provided on temporary differences between the tax bases and accounting bases of assets and liabilities at the tax rates and laws that have been enacted or substantively enacted at the Balance Sheet date.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

For items recognised in OCI or equity, deferred / current tax is also recognised in OCI or equity.
Deferred tax liabilities are recognised for all taxable temporary differences, except:
When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

(p) Business combination

(i) Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is tested for impairment annually, or more frequently when there is an indication that it may be impaired. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

(ii) Business combination involving entities or businesses under common control are accounted for using the pooling of interest method whereby the assets and liabilities of the combining entities / business are reflected at their carrying value and necessary adjustments, if any, have been given effect to as per the scheme approved by National Company Law Tribunal.

(q) Compound instrument - Non cumulative preference share

Non-cumulative non-convertible redeemable preference shares where payment of dividend is discretionary and which are mandatorily redeemable on a specific date, are classified as compound instruments. The fair value of liabilities portion is determined by discounting amount repayable at maturity using market rate of interest. Difference between proceed received and fair value of liability on initial recognition is included in equity, net of tax effects and not measured subsequently. Liability component of non-convertible redeemable preference shares are subsequently measured at amortised cost. The interest on these non-convertible redeemable preference shares are recognised in profit or loss as finance costs.

(r) Segment reporting

Operating segment are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

(s) Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(t) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders of the company by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the parent company and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(u) Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

(v) Changes in accounting policies and disclosures due to new and amended standards having no material impact

Following are the amendments and interpretations issued during the nine months period ended 31st December 2019, for the year ended 31st March 2019 and for the period 8th February 2017 to 31st March 2018, but either are not applicable on the Group or do not have a material impact on these financial statements of the Group :

- Amendments to Ind AS 19 - Plan Amendment, Curtailment or Settlement
- Amendments to Ind AS 109 - Prepayment Features with Negative Compensation
- Amendments to Ind AS 28 - Long-term interests in associates and joint ventures
- Annual improvement to Ind AS 103 - Business Combinations
- Annual improvement to Ind AS 111 - Joint Arrangements
- Annual Improvement to Ind AS 23 - Borrowing Costs
- Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment
- Annual improvement on - Income tax

3. Property, plant and equipment

₹ in Lakhs

	Leasehold improvements	Plant and machineries	Computer hardwares	Vehicles	Furniture and fixtures	Office equipments	Total
Gross carrying amount							
As at 8th February 2017	-	-	-	-	-	-	-
Acquired pursuant to the Scheme [refer note 42(i) & note 2.2 (p)(ii)]	9,101.76	4,205.47	1,536.16	22.96	6,440.91	134.48	21,441.74
Additions during the period	6.45	184.21	220.81	-	96.82	4.60	512.89
Disposals during the period	174.84	13.22	8.72	3.41	29.59	0.34	230.12
As at 31st March 2018	**8,933.37**	**4,376.46**	**1,748.25**	**19.55**	**6,508.14**	**138.74**	**21,724.51**
Additions during the year	1,985.01	941.32	460.41	-	1,362.03	8.26	4,757.03
Disposals during the year	36.12	56.48	8.10	-	173.93	-	274.63
As at 31st March 2019	**10,882.26**	**5,261.30**	**2,200.56**	**19.55**	**7,696.24**	**147.00**	**26,206.91**
Acquired in a Business Combination [refer note 42(ii) & note 2.2(p)(i)]	2,033.50	1,299.58	146.76	0.69	1,061.73	188.01	4,730.27
Additions during the period	1,451.51	358.35	128.00	-	674.39	5.32	2,617.57
Disposals during the period	37.28	-	16.69	-	20.75	-	74.72
As at 31st December 2019	**14,329.99**	**6,919.23**	**2,458.63**	**20.24**	**9,411.62**	**340.32**	**33,480.03**
Accumulated depreciation							
As at 8th February 2017	-	-	-	-	-	-	-
Acquired pursuant to the Scheme [refer note 42(i) & note 2.2 (p)(ii)]	2,136.38	901.69	927.90	13.40	2,327.67	20.52	6,327.56
Depreciation for the period (refer note 27)	433.68	234.74	180.05	8.23	503.25	7.39	1,367.34
Disposals for the period	174.84	11.85	6.17	3.41	18.66	0.24	215.17
As at 31st March 2018	**2,395.22**	**1,124.58**	**1,101.78**	**18.22**	**2,812.26**	**27.67**	**7,479.73**
Depreciation for the year (refer note 27)	725.78	497.56	321.71	0.50	696.83	15.13	2,257.51
Disposals for the year	32.80	48.89	3.88	-	150.93	-	236.50
As at 31st March 2019	**3,088.20**	**1,573.25**	**1,419.61**	**18.72**	**3,358.16**	**42.80**	**9,500.74**
Depreciation for the period (refer note 27)	1,278.11	507.92	252.99	0.38	551.50	41.82	2,632.72
Disposals for the period	37.28	-	0.38	-	13.26	-	50.92
As at 31st December 2019	**4,329.03**	**2,081.17**	**1,672.22**	**19.10**	**3,896.40**	**84.62**	**12,082.54**
Net carrying amount							
As at 31st March 2018	**6,538.15**	**3,251.88**	**646.47**	**1.33**	**3,695.88**	**111.07**	**14,244.78**
As at 31st March 2019	**7,794.06**	**3,688.05**	**780.95**	**0.83**	**4,338.08**	**104.20**	**16,706.17**
As at 31st December 2019	**10,000.96**	**4,838.06**	**786.41**	**1.14**	**5,515.22**	**255.71**	**21,397.49**

4. Other Intangible assets & Goodwill

₹ in Lakhs

	Computer softwares	Know-how and licenses	Designs	Brand #	Goodwill	Total
Gross carrying amount						
As at 8th February 2017	-	-	-	-	-	-
Acquired pursuant to the Scheme [refer note 42(i) & note 2.2 (p)(ii)]	843.57	295.05	-	8,625.00	-	9,763.62
Additions during the period	435.17	-	-	-	-	435.17
Disposals during the period	2.47	-	-	-	-	2.47
As at 31st March 2018	**1,276.27**	**295.05**	**-**	**8,625.00**	**-**	**10,196.32**
Additions during the year	108.98	-	116.73	-	-	225.71
As at 31st March 2019	**1,385.25**	**295.05**	**116.73**	**8,625.00**	**-**	**10,422.03**
Acquired in a Business Combination [refer note 42(ii) & note 2.2(p)(i)]	103.82	-	-	11,174.00	15,651.78	26,929.60
Additions during the period	109.89	-	156.44	-	-	266.33
As at 31st December 2019	**1,598.96**	**295.05**	**273.17**	**19,799.00**	**15,651.78**	**37,617.96**
Accumulated amortisation						
As at 8th February 2017	**-**	**-**	**-**	**-**	**-**	-
Acquired pursuant to the Scheme [refer note 42(i) & note 2.2 (p)(ii)]	300.53	150.67	-	-	-	451.20
Amortisation for the period (refer note 27)	93.60	27.36	-	-	-	120.96
Disposals for the period	2.35	-	-	-	-	2.35
As at 31st March 2018	**391.78**	**178.03**	**-**	**-**	**-**	**569.81**
Amortisation for the year (refer note 27)	207.18	54.66	23.56	-	-	285.40
As at 31st March 2019	**598.96**	**232.69**	**23.56**	**-**	**-**	**855.21**
Amortisation for the period (refer note 27)	352.36	29.46	44.11	-	-	425.93
As at 31st December 2019	**951.32**	**262.15**	**67.67**	**-**	**-**	**1,281.14**
`						
Net carrying amount						
As at 31st March 2018	**884.49**	**117.02**	**-**	**8,625.00**	**-**	**9,626.51**
As at 31st March 2019	**786.29**	**62.36**	**93.17**	**8,625.00**	**-**	**9,566.82**
As at 31st December 2019	**647.64**	**32.90**	**205.50**	**19,799.00**	**15,651.78**	**36,336.81**

Net Book Value	**As at 31st December 2019 ₹ in Lakhs**	**As at 31st March 2019 ₹ in Lakhs**	**As at 31st March 2018 ₹ in Lakhs**
Goodwill [refer note 42(ii)]	15,651.78	-	-
Other Intangible Assets	20,685.04	9,566.82	9,626.51
	36,336.81	9,566.82	9,626.51

Brand has been considered of having an indefinite useful life taking into account that there are no technical, technological or commercial risks of obsolescence or limitations under contract or law. They are tested for impairment annually.

5. Inventories

(at the lower of cost and net realisable value)	As at 31st December 2019 ₹ in Lakhs	As at 31st March 2019 ₹ in Lakhs	As at 31st March 2018 ₹ in Lakhs
Raw materials	88.48	78.01	79.29
Finished goods	51.07	36.85	18.50
Stock-in-trade	26,126.69	26,567.08	23,879.62
Packing materials	368.04	300.19	271.72
	26,634.28	**26,982.13**	**24,249.13**

6. Investments

	As at 31st December 2019 ₹ in Lakhs	As at 31st March 2019 ₹ in Lakhs	As at 31st March 2018 ₹ in Lakhs
(i) Non-current			
Unquoted			
Investments in equity instruments (at FVTOCI)			
Others :			
Retailer's Association of India: 10,000 equity shares (31st March 2019: 10,000 equity shares) (31st March 2018: 10,000 equity shares)of ₹ 10 each, fully paid up	1.00	1.00	1.00
Investments in equity instruments (at FVTPL)			
The Saraswat Co-operative Bank Limited: 2,500 (31st March 2019: Nil) (31st March 2018: Nil) Equity Shares of ₹10/- each fully paid	7.36	-	-
Investment in Government securities (At amortised cost)	31.92	-	-
Investment in Alternative Investment Fund (at FVTPL)			
Fireside Ventures Investment Fund I : 1307.196 units (31st March 2019: 1,104.696 units) (31st March 2018 : 750 units) of face value ₹ 100,000 each	1,888.67	1,275.21	684.16
	1,928.95	**1,276.21**	**685.16**
(ii) Current			
Quoted			
Investment in mutual fund (at FVTPL)			
ICICI Prudential Liquid Fund - Direct Plan - Growth: 34,39,015.918 Units (31st March 2019 : Nil) (31st March 2018 : Nil) of ₹ 289.612 each	9,959.81	-	-
IDFC Ultra Short Term Fund - Direct Plan - Growth: Nil (31st March 2019: 9,272,911.634 Units) (31st March 2018: Nil) of ₹ 10.605 each	-	983.39	-
	9,959.81	**983.39**	**-**
Aggregate book value of quoted investment	9,959.81	983.39	-
Aggregate market value of quoted investments	9,959.81	983.39	-
Aggregate value of unquoted investments	1,928.95	1,276.21	685.16

7. Trade receivables

(Unsecured)	As at 31st December 2019 ₹ in Lakhs	As at 31st March 2019 ₹ in Lakhs	As at 31st March 2018 ₹ in Lakhs
Considered good	7,864.86	4,476.99	3,720.68
Impairment Allowance (allowance for bad and doubtful debts)	670.58	175.74	81.50
	8,535.44	4,652.73	3,802.18
Less: allowance for credit impaired receivable	(670.58)	(175.74)	(81.50)
	7,864.86	**4,476.99**	**3,720.68**

Refer note 37 for receivables from related parties.

8. Cash and cash equivalents

	As at 31st December 2019 ₹ in Lakhs	As at 31st March 2019 ₹ in Lakhs	As at 31st March 2018 ₹ in Lakhs
Balance with banks in current accounts	1,479.12	1,384.90	1,168.67
Balance with credit card, e-wallet companies and others	607.11	777.31	405.99
Cash on hand	557.36	664.74	366.24
	2,643.59	**2,826.95**	**1,940.90**

9. Bank balances other than Cash and cash equivalents above

	As at 31st December 2019 ₹ in Lakhs	As at 31st March 2019 ₹ in Lakhs	As at 31st March 2018 ₹ in Lakhs
Deposits with original maturity of more than 3 months and less than 12 months	2.00	19,162.56	8,059.79
	2.00	**19,162.56**	**8,059.79**

10. Loans
(Unsecured)

	As at 31st December 2019 ₹ in Lakhs	As at 31st March 2019 ₹ in Lakhs	As at 31st March 2018 ₹ in Lakhs
(i) Non-current			
Security Deposits			
- Considered good	5,367.54	3,362.17	2,781.74
- Significant increase in credit risk	15.78	13.42	217.19
- Credit impaired	131.99	131.99	131.99
	5,515.31	3,507.58	3,130.92
Impairment allowance:			
- Significant increase in credit risk	(15.78)	(13.42)	(13.95)
- Credit impaired	(131.99)	(131.99)	(131.99)
	(147.77)	(145.41)	(145.94)
	5,367.54	**3,362.17**	**2,984.98**
(ii) Current			
Security Deposits			
- Considered good	357.03	-	0.93
- Credit impaired	91.22	-	-
	448.25	-	0.93
Impairment allowance:			
- Credit impaired	(91.22)	-	-
	357.03	**-**	**0.93**
Employee Loans & Advances			
- Considered good	2.21	-	-
- Credit impaired	78.00	-	-
	80.21	-	-
Impairment allowance:			
- Credit impaired	(78.00)	-	-
	2.21	**-**	**-**
	359.24	**-**	**0.93**

11. Other financial assets
(Unsecured and considered good)

	As at 31st December 2019 ₹ in Lakhs	As at 31st March 2019 ₹ in Lakhs	As at 31st March 2018 ₹ in Lakhs
Non-current			
Bank deposits with original maturity for more than 12 months	56.72	-	15,300.00
Margin money deposit *	256.27	171.31	1,640.88
Interest accrued on bank deposits	1.73	2.79	89.81
Advances to employees	-	1.13	0.21
Employee benefits plan assets [refer note 36(c)]	11.90	-	-
	326.62	**175.23**	**17,030.90**
Current			
Bank deposits with original maturity for more than 12 months	2.00	2.00	239.81
Interest accrued on bank deposits	0.09	17.35	122.87
Advances to employees	76.19	39.86	40.71
National savings certificates pledged with Government authorities #	15.26	-	-
Other receivables	86.89	84.18	300.39
	180.43	**143.39**	**703.78**

* Margin money deposit of ₹ 256.27 Lakhs (31st March 2019: ₹ 171.31 Lakhs) (31st March 2018 : 1,640.88 Lakhs) are encumbered with banks against bank guarantees

Pledged with excise department for liquor license.

12. Other assets

(Unsecured and considered good)

		As at 31st December 2019	As at 31st March 2019	As at 31st March 2018
		₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
(i)	**Non-current**			
	Capital advances	74.36	39.48	15.30
	Advances other than capital advances :			
	Advances recoverable in cash or in kind	-	0.65	0.51
	Prepaid expenses	1.19	-	-
	Deposits for claims and tax disputes	148.11	34.72	31.03
		223.66	**74.85**	**46.84**
(ii)	**Current**			
	Advance for goods and services	1,598.02	650.30	325.30
	Prepaid expenses	565.75	792.87	451.29
	Balance with Government authorities	1,272.93	925.44	1,026.94
		3,436.70	**2,368.61**	**1,803.53**

13. Equity share capital

	As at 31st December 2019		As at 31st March 2019		As at 31st March 2018	
	No. of shares	**₹ in Lakhs**	**No. of shares**	**₹ in Lakhs**	**No. of shares**	**₹ in Lakhs**
Authorised:						
Equity shares of ₹ 5 each	2,990,100,000	149,505.00	2,990,100,000	149,505.00	2,990,100,000	149,505.00
Preference shares of ₹ 100 each *	500,000	500.00	500,000	500.00	500,000	500.00
	2,990,600,000	**150,005.00**	**2,990,600,000**	**150,005.00**	**2,990,600,000**	**150,005.00**
Issued, subscribed and fully paid-up:						
Equity shares of ₹ 5 each	79,534,226	3,976.71	79,534,226	3,976.71	-	-
	79,534,226	**3,976.71**	**79,534,226**	**3,976.71**	-	-
Equity share capital suspense						
Equity shares of ₹ 5 each to be issued pursuant to the	-	-	-	-	79,534,226	3,976.71
Scheme and pending for allotment [refer note 42(i) & note 2.2 (p)(ii)]	-	-	-	-	-	-
	-	-	-	-	**79,534,226**	**3,976.71**

* 0.01% non-cummulative non-convertible redeemable preference shares of ₹ 100 each issued are classified as financial liability [refer note 16(i)].

(a) Reconciliation of the shares outstanding at the beginning and at the end of the period:

	As at 31st December 2019		As at 31st March 2019		As at 31st March 2018	
	No. of shares	**₹ in Lakhs**	**No. of shares**	**₹ in Lakhs**	**No. of shares**	**₹ in Lakhs**
Equity shares						
At the beginning of the period	79,534,226	3,976.71	-	-	50,000.00	5.00
Equity shares cancelled pursuant to the Scheme [refer note 42(i) & note 2.2 (p)(ii) & Note (i) below]	-	-	-	-	(50,000.00)	(5.00)
Equity shares alloted pursuant to the Scheme [refer note 42(i) & note 2.2 (p)(ii) & Note (ii) below]	-	-	79,534,226	3,976.71	-	-
At the end of the period	**79,534,226**	**3,976.71**	**79,534,226**	**3,976.71**	-	-

Note :

(i) In terms of the Scheme, the paid up equity share capital of ₹ 5 Lakhs held by the erstwhile holding company stands cancelled and reduced [refer note 42(i) & note 2.2 (p)(ii)].

(ii) 79,534,226 equity shares of ₹ 5 each amounting to ₹ 3,976.71 Lakhs is the equity share capital of the Company effective from 1st October 2017 as per the scheme of arrangement approved by NCLT. The aforesaid shares were pending allotment as on 31st March 2018 and hence have been disclosed as equity share capital suspense. On 14th November 2018, the equity shares were issued and since transferred to equity share capital.

(b) Rights, preferences and restrictions attached to equity shares:

The Holding Company has only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Group, the holders of equity shares will be entitled to receive remaining assets of the Group, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Particulars of shareholders holding more than 5% shares of fully paid up equity shares:

	As at 31st December 2019		As at 31st March 2019		As at 31st March 2018	
	No. of shares	**%**	**No. of shares**	**%**	**No. of shares**	**%**
Rainbow Investments Limited	38,032,979	47.82%	38,032,979	47.82%	-	-

(d) Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

	Year ended 31st December 2019	Year ended 31st March 2019	Year ended 31st March 2018	Year ended 31st March 2017
Equity shares of ₹ 5 each allotted as fully paid-up pursuant to the Scheme	3,976.71	3,976.71	-	-
Preference shares of ₹ 100 each allotted as fully paid-up pursuant to the Scheme [refer note 42(i) & note 2.2 (p)(ii)]	91.03	85.47	-	-

Note: As the Company was incorporated on 8th February 2017, disclosure of number of shares issued for consideration other than cash for the years ended 31st March 2016 and 31st March 2015 is not applicable and hence not disclosed.

14. Other equity

	As at 31st December 2019 ₹ in Lakhs	As at 31st March 2019 ₹ in Lakhs	As at 31st March 2018 ₹ in Lakhs
Capital reserve			
Balance as at begining of the period	43,572.20	43,572.20	-
Arisen pursuant to the Scheme [refer note 42(i) & note 2.2 (p)(ii)]	-	-	55,965.23
Arisen on acquisition of subsidiary	-	-	168.62
Adjustment on account of adoption of Ind AS 116 Leases (Note 31 & Note 43.3)	-	-	(12,561.65)
Restated Adjustments*	12,561.65	-	-
Balance as at end of the period	**56,133.85**	**43,572.20**	**43,572.20**
Retained earnings			
Balance as at begining of the period	(7,017.46)	(5,974.70)	-
Arisen pursuant to the Scheme [refer note 42(i) & note 2.2 (p)(ii)]	-	-	(3,956.24)
Restated Adjustments*	(12,561.65)	-	-
Profit / (loss) for the period	(8,436.00)	(903.63)	(1,989.02)
Remeasurement of defined benefit plans	(4.16)	(139.13)	(29.44)
Balance as at end of the period	**(28,019.26)**	**(7,017.46)**	**(5,974.70)**
	28,114.58	**36,554.74**	**37,597.50**

* Impact of cumulative adjustment on application of Ind AS 116 as on 01 October 2017 is recognised in Capital reserves on restated Ind AS financial statements. These balances are adjusted to align with the opening balance of each reserves on Ind AS 116 transition date of 01 April 2019 as per audited special purpose interim Consolidated Ind AS financial statements , wherein cumulative adjustment is recognised in Retained earnings. This adjustment is as per Guidance Note on Report in Company Prospectuses (Revised 2019) issued by the ICAI.

Note :

(a) The difference between net book value of assets and liabilities of the undertaking merged and shares issued under the Scheme had been credited to Capital Reserve [refer note 42(i) ,Note 2.2 (p)(ii) & Note 31].
(b) Retained earnings includes reserves created out of profits and actuarial gains / losses on defined benefit plans.

15. Borrowings

	As at 31st December 2019 ₹ in Lakhs	As at 31st March 2019 ₹ in Lakhs	As at 31st March 2018 ₹ in Lakhs
(i) Non- Current Borrowings			
(Secured)			
(A) Term Loan From Banks	5,709.84	-	-
(B) Term Loan From a Financial Institution	5,596.47	-	-
Less : Current Maturity of long term debt transferred to other financial liabilities	2,023.12	-	-
Less : Unamortised Borrowing Cost	58.90		
	9,224.29	**-**	**-**

1. Security & Other Terms

Term Loan from Bank

a) Out of the Term loan from banks in respect of (A) above, ₹ 3,000.00 Lakhs loan is secured by first Pari Passu charge by way of mortgage over moveable fixed assets including plant and equipment of the parent company and second Pari Passu charge by way of hypothecation on the entire current assets of the parent company. The loan carries an interest rate @ 6 months MCLR plus 0.1%p.a. i.e. 9.95% p.a.

b) ₹ 2,709.84 Lakhs in respect of (A) above pertaining to a subsidiary, is secured by hypothecation of moveable plant and machinery, furniture, fixtures consisting of refrigeration and interior work, both present and future of funded stores. The loan carries an interest rate of 10.60% p.a.

Term Loan from Financial Institution

Term loan from Financial Institution in respect of (B) pertaining to a subsidairy above is secured by hypothecation of the Fixed Assets and Current Assets of the funded stores of the subsidiary. Out of the above, balance of ₹ 96.47 Lakhs carries interest of 9.70% p.a. and balance of Rs. 5,500.00 Lakhs carries interest of 11.25%. p.a.

c) Major terms of repayment of Non current borrowings **₹ in Lakhs**

Maturity profile of non current borrowings outstanding as on 31st December 2019	**Term Loan**
Payable within 1 year	2,023.12
Payable between 1 and 3 years	4,366.60
Payable between 3 and 5 years	3,799.30
More than 5 years	1,117.29

	As at 31st December 2019 ₹ in Lakhs	As at 31st March 2019 ₹ in Lakhs	As at 31st March 2018 ₹ in Lakhs
(ii) Current Borrowings			
Working Capital Loan from bank (secured)	4,000.00	-	-
Invoice financing facility from bank (unsecured)	4,316.55	-	-
Overdraft facility from bank (unsecured)	1,496.90	-	-
	9,813.45	**-**	**-**

1. Security & Other Terms

a) Working Capital loan from bank in respect of the parent company is secured by first part passu charge by way of hypothecation over entire current assets of the parent company and second part passu charge by way of hypothecation over moveable fixed assets of the parent company. Working Capital loan carries interest @ 9.95% p.a. and payable at monthly rest.

b) Invoice financing facility in respect of the parent company carries an interest rate of @ 9.95% p.a.

c) Overdraft facility with bank pertaining to one of the subsidiary carries an interest rate @ 10.95% p.a.

16. Other financial liabilities

(i) Non Current

	As at 31st December 2019 ₹ in Lakhs	As at 31st March 2019 ₹ in Lakhs	As at 31st March 2018 ₹ in Lakhs
Non-cummulative non-convertible redeemable preference shares			
0.01% non-cummulative non-convertible redeemable preference shares of ₹ 100 each: 500,000 shares (31st March 2019: 500,000 shares) issued pursuant to the Scheme [refer note 42(i) & note 2.2 (p)(ii)]	91.03	85.47	78.04
	91.03	**85.47**	**78.04**

Rights, preferences and restrictions attached to preference shares :

500,000, non-cummulative non-convertible redeemable (31st March 2019: 500,000) (31st March 2018 : 500,000) preference shares of ₹ 100 each carrying dividend @ 0.01% per annum are redeemable at par after 20 years from the date of allotment.

(ii) Current

	As at 31st December 2019 ₹ in Lakhs	As at 31st March 2019 ₹ in Lakhs	As at 31st March 2018 ₹ in Lakhs
Current maturities of long term debt (refer note 15)	2,023.12	-	-
Interest accrued but not due on borrowings	140.35	-	-
Sundry deposits	436.21	369.64	319.64
Liability for capital goods	492.84	788.66	272.45
Payable to employees	588.84	976.64	873.66
Others	1.34	-	-
	3,682.70	**2,134.94**	**1,465.75**

17. Contract liabilities

	As at 31st December 2019 ₹ in Lakhs	As at 31st March 2019 ₹ in Lakhs	As at 31st March 2018 ₹ in Lakhs
Advances from customers	1,088.63	393.82	362.41
Customer Loyalty Program Liabilities	77.00	-	-
	1,165.63	**393.82**	**362.41**

18. Trade payables

	As at 31st December 2019 ₹ in Lakhs	As at 31st March 2019 ₹ in Lakhs	As at 31st March 2018 ₹ in Lakhs
Total outstanding dues of Micro enterprise and small enterprises (refer note 32)	304.88	67.50	-
Total outstanding dues of creditors other than Micro enterprise and small enterprises	40,836.49	31,137.46	28,021.99
	41,141.37	**31,204.96**	**28,021.99**

Refer note 37 for dues to related parties.

Micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) have been identified by the Company on the basis of the information available with them and the auditors have relied on the same.

19. Other current liabilities

	As at 31st December 2019 ₹ in Lakhs	As at 31st March 2019 ₹ in Lakhs	As at 31st March 2018 ₹ in Lakhs
Other Liabilities	783.61	-	-
Statutory dues	693.53	480.36	386.67
Other payables	15.93	-	-
	1,493.07	**480.36**	**386.67**

20. Provisions

	As at 31st December 2019 ₹ in Lakhs	As at 31st March 2019 ₹ in Lakhs	As at 31st March 2018 ₹ in Lakhs
Non-current			
Provisions for employee benefits :			
Provision for gratuity (refer note 36)	315.33	281.00	311.14
Provision for compensated absences	283.98	241.28	266.76
	599.31	522.28	577.90
Other provisions :			
Provision for decommissioning liability [refer note (a) below]	328.01	300.45	246.83
	927.32	**822.73**	**824.73**
Current			
Provisions for employee benefits :			
Provision for gratuity (refer note 36)	19.00	40.35	17.25
Provision for compensated absences	58.31	18.07	13.22
	77.31	58.42	30.47
Other provisions :			
Provision for tax disputes [refer note (b) below]	311.11	179.73	293.53
Provision for claims on leased properties [net off amount deposited - refer note (c) below]	1,183.05	1,183.05	1,172.42
	1,494.16	1,362.78	1,465.95
	1,571.47	**1,421.20**	**1,496.42**

Note :

(a) A provision is recognised for expected cost of removal of assets situated at various rented premises and is measured at the present value of expected costs to settle the obligation. The table below gives information about the movement in provision for decommissioning liability :

	For the nine months ended 31st December 2019 ₹ in Lakhs	For the year ended 31st March 2019 ₹ in Lakhs	For the period 8th February 2017 to 31st March 2018 ₹ in Lakhs
Opening balance	**300.45**	**246.83**	**-**
Arisen pursuant to the Scheme [refer note 42(i) & note 2.2 (p)(ii)]	-	-	230.74
Provision created during the period	9.98	30.72	19.23
Unwinding of interest during the period	17.58	22.90	-
Provision reversed / utilised during the period	-	-	(3.14)
Closing balance	**328.01**	**300.45**	**246.83**

(b) The management has estimated the provisions for pending disputes, claims and demands relating to indirect taxes based on it's assessment of probability for these demands crystallising against the Group in due course.

	For the nine months ended 31st December 2019 ₹ in Lakhs	For the year ended 31st March 2019 ₹ in Lakhs	For the period 8th February 2017 to 31st March 2018 ₹ in Lakhs
Opening balance	**179.73**	**293.53**	**-**
Acquired in a Business Combination [refer note 42(ii) & note 2.2 (p)(i)]	195.00	-	-
Arisen pursuant to the Scheme [refer note 42(i) & note 2.2 (p)(ii)]	-	-	291.33
Provision created / (reversed) during the period	(58.00)	(0.54)	2.20
Paid during the period	(5.62)	(113.26)	-
Closing balance *	**311.11**	**179.73**	**293.53**

* Net of deposits as at 31st December 2019 ₹ 51.09 Lakhs (31st March 2019: ₹ 51.09 Lakhs)(to 31st March 2018: ₹ 51.09 Lakhs) made under appeal.

(c) Retailers Association of India (RAI) of which the Group is a member, has filed Special Leave Petition before the Hon'ble Supreme Court of India, about the applicability of service tax on commercial rent on immovable property. Pending disposal of the case, the Supreme Court has passed an interim ruling in October 2011 directing the members of RAI to pay 50% of total service tax liability up to September 2011 to the department and to furnish a surety for balance 50%. The Supreme Court has also clarified that the successful party in the appeal shall be entitled to interest on the amount stayed by the Court, at such rate as may be directed at the time of the final disposal of appeal. Accordingly the Group has already deposited ₹ 460 Lakhs and furnished a surety for ₹ 460 Lakhs towards the balance service tax liability, while interest, whose quantum and applicability is presently not ascertainable, will be provided on the disposal of the petition, if required.

Further, the Group has also been making provision for service tax on rent from October 2011 onwards, the balance whereof as on 31st December 2019 is ₹ 1,183.05 Lakhs (31st March 2019: ₹ 1,183.05 Lakhs) and (31st March 2018: ₹ 1,172.42 Lakhs).

	For the nine months ended 31st December 2019 ₹ in Lakhs	For the year ended 31st March 2019 ₹ in Lakhs	For the period 8th February 2017 to 31st March 2018 ₹ in Lakhs
Opening balance	**1,183.05**	**1,172.42**	**-**
Arisen pursuant to the Scheme [refer note 42(i) & note 2.2 (p)(ii)]	-	-	1,162.97
Provision created during the period	-	46.78	9.45
Provision reversed / paid during the period	-	(36.15)	-
Closing balance	**1,183.05**	**1,183.05**	**1,172.42**

21. Revenue from operations

	For the nine months ended 31st December 2019 ₹ in Lakhs	For the year ended 31st March 2019 ₹ in Lakhs	For the period 8th February 2017 to 31st March 2018 ₹ in Lakhs
Sale of goods	207,953.58	228,067.31	106,965.47
Sale of concessionaire products	3,070.05	3,844.13	1,643.48
Total	211,023.63	231,911.44	108,608.95
Less: Tax	(18,151.18)	(21,054.26)	(10,603.19)
Less: Cost of goods sold for concessionaire products	(2,364.73)	(2,955.17)	(1,246.08)
	190,507.72	**207,902.01**	**96,759.68**
Other operating revenue			
-Display Income	5,792.19	6,778.11	3,742.11
-Others	3,722.46	4,037.92	706.23
	200,022.37	**218,718.04**	**101,208.02**

22. Other income

	For the nine months ended 31st December 2019 ₹ in Lakhs	For the year ended 31st March 2019 ₹ in Lakhs	For the period 8th February 2017 to 31st March 2018 ₹ in Lakhs
Interest income			
- Bank deposits	370.38	1,583.71	722.85
- Security deposits	246.92	235.25	90.62
- Others	7.32	9.80	-
Gain on sale of investments	155.95	100.92	62.41
Fair value gain on investments	571.56	247.04	-
Net gain on sales of property, plant and equipment	9.02	27.28	-
Gain on cancellation/termination of lease	72.36	-	-
Miscellaneous income *	487.99	610.94	26.47
	1,921.51	**2,814.94**	**902.35**

* includes provision / liabilities no longer required written back.

23. Cost of materials consumed

	For the nine months ended 31st December 2019 ₹ in Lakhs	For the year ended 31st March 2019 ₹ in Lakhs	For the period 8th February 2017 to 31st March 2018 ₹ in Lakhs
Inventories at the beginning of the period	78.01	79.29	-
Inventories acquired pursuant to the Scheme [refer note 42(i) & note 2.2(p)(ii)]	-	-	87.57
Purchases during the period	560.48	685.79	467.65
	638.49	765.08	555.22
Less: Inventories at the end of the period	88.48	78.01	79.29
	550.01	**687.07**	**475.93**

24. Changes in inventories of finished goods and Stock-in-Trade

	For the nine months ended 31st December 2019 ₹ in Lakhs	For the year ended 31st March 2019 ₹ in Lakhs	For the period 8th February 2017 to 31st March 2018 ₹ in Lakhs
Inventories at the beginning of the period	26,603.93	23,898.12	-
Add: Inventories acquired pursuant to the Scheme [refer note 42(i) & note 2.2(p)(ii)]	-	-	23,467.81
Less: Inventories at the end of the period	26,177.76	26,603.93	23,898.12
	426.17	**(2,705.81)**	**(430.31)**

25. Employee benefits expense

	For the nine months ended 31st December 2019 ₹ in Lakhs	For the year ended 31st March 2019 ₹ in Lakhs	For the period 8th February 2017 to 31st March 2018 ₹ in Lakhs
Salaries, wages and bonus	12,776.37	13,315.84	6,835.45
Gratuity defined benefit plan [refer note 36]	93.32	65.21	31.77
Contribution to provident and other funds	893.74	788.71	433.75
Staff welfare expenses	462.11	587.93	301.24
	14,225.54	**14,757.69**	**7,602.21**

26. Other expenses

	For the nine months ended 31st December 2019 ₹ in Lakhs	For the year ended 31st March 2019 ₹ in Lakhs	For the period 8th February 2017 to 31st March 2018 ₹ in Lakhs
Power and fuel	4,527.60	4,333.69	1,805.14
Freight	392.90	214.62	111.90
Rent (refer note 31)	2,159.39	2,331.84	836.91
Repairs and maintenance			
- Plant & machinery	-	-	0.36
- Buildings	300.40	371.97	182.66
- Others	2,479.90	2,750.13	1,359.74
Insurance	116.71	70.23	36.36
Rates and taxes	819.79	536.56	227.66
Advertisement and selling expenses	3,980.61	3,040.67	1,191.42
Packing materials consumed	537.20	570.56	220.50
Travelling and conveyance	423.42	428.66	208.80
Auditor's remuneration			
- Statutory audit fees	76.87	10.00	2.20
- Tax audit fees	-	3.00	-
Communication expenses	430.29	212.56	134.06
Printing and stationery	240.66	301.31	123.61
Legal and consultancy expenses	996.76	467.41	134.89
Housekeeping expenses	2,991.99	3,168.39	1,442.91
Security expenses	1,510.08	1,686.14	746.68
Loss on sale/ write off of property, plant and equipment (net)	-	-	3.48
Bad debts / irrecoverable balances written off	-	-	3.14
Impairment Allowance (allowance for bad and doubtful debts)	494.84	94.24	80.97
Miscellaneous expenses	1,063.65	1,407.67	476.79
	23,543.06	**21,999.65**	**9,330.18**

27. Depreciation and amortisation

	For the nine months ended 31st December 2019 ₹ in Lakhs	For the year ended 31st March 2019 ₹ in Lakhs	For the period 8th February 2017 to 31st March 2018 ₹ in Lakhs
Depreciation of property, plant and equipment (refer note 3)	2,632.72	2,257.51	1,367.34
Depreciation on right-of-use assets (refer note 31)	6,445.23	5,814.26	2,558.34
Amortisation of intangible assets (refer note 4)	425.93	285.40	120.96
	9,503.88	**8,357.17**	**4,046.64**

28. Finance costs

	For the nine months ended 31st December 2019 ₹ in Lakhs	For the year ended 31st March 2019 ₹ in Lakhs	For the period 8th February 2017 to 31st March 2018 ₹ in Lakhs
Interest expense			
- Borrowings	1,160.16	-	-
- Lease liabilities	4,126.03	4,132.69	2,072.20
- Preference shares	5.57	7.43	3.72
- Unwinding of decommissioning liability	17.58	22.90	9.72
- Others	-	14.81	7.93
Other costs	482.17	699.92	358.87
	5,791.51	**4,877.75**	**2,452.43**

29. Earning per share (EPS)

Basic and diluted EPS have been calculated by dividing the profit / (loss) for the period attributable to equity holders of the Group by the weighted average number of Equity shares outstanding during the period.

	For the nine months ended 31st December 2019	For the year ended 31st March 2019	For the period 8th February 2017 to 31st March 2018
Profit / (loss) for the period (₹ in Lakhs)	(8,436.00)	(903.63)	(1,989.02)
Weighted average number of equity shares *	79,534,226	79,534,226	34,740,957
Earnings per share – basic and diluted (face value of ₹ 5 each)	(10.61) **	(1.14)	(5.73)

* For the purpose of calculating earnings per share for the period 8th February 2017 to 31st March 2018, the equity shares issued pursuant to the Scheme [refer note 42(i) & note 2.2 (p)(ii)] have been considered effective as on 1st October 2017, being the appointed date under the Scheme and the equity shares outstanding stands cancelled from the aforesaid date.

** Not annualised

30. Commitments and contingencies

(a) Contingent liabilities

	As at 31st December 2019 ₹ in Lakhs	As at 31st March 2019 ₹ in Lakhs	As at 31st March 2018 ₹ in Lakhs
Contingent liabilities not provided for in respect of:			
(i) Sales tax / Value Added tax (VAT) demands under appeal	1,161.02	1,027.87	951.20
(ii) Service Tax demands under appeal	553.89	553.89	553.89
(iii) Claims against the Group not acknowledged as debt	4,700.14	4,612.40	4,397.26

There are numerous interpretative issues relating to the Supreme Court (SC) judgement dated 28th February 2019 in respect of Provident Fund (PF) on the inclusion of allowances for the purpose of PF contribution as well as its effective date. As a matter of caution, the Group has made a provision on a prospective basis from the date of the judgment. The Group is evaluating and seeking inputs regarding various interpretative issues and its impact.

(b) Commitments

	As at 31st December 2019 ₹ in Lakhs	As at 31st March 2019 ₹ in Lakhs	As at 31st March 2018 ₹ in Lakhs
(i) Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances)	647.53	129.04	277.53
(ii) for Investments - Others	172.50	375.00	750.00
(iii) for Investments - Subsidiaries	1,658.00	-	-

31. Ind AS - 116 Leases

Ind AS 116 "Leases" superseded Ind AS 17 "Leases" including evaluating the substance of transactions involving the legal form of a lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under Ind AS 116 : Lessors will continue to classify leases as either operating or finance leases under similar principles as in Ind AS 17. Therefore, Ind AS 116 did not have any impact for leases where the Group is the lessor.

Effective 1st April 2019, the Group adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1st April 2019 ("date of initial application") using the modified retrospective method. Consequently, the Group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, discounted at the Group's incremental borrowing rate at the date of initial application.

Accordingly, the comparative figures for each of the years and period presented in these restated consolidated summary statements have been adjusted in accordance with the policy mentioned in Note 2.2 (n) and Note 43 of Notes to restated consolidated summary statements.

These right of use assets and lease liabilities relates to identified Retail undertaking(s) of the erstwhile Spencer's Retail Limited and CESC Limited which has been demerged into the company as a going concern pursuant to the composite scheme of arrangement ("Scheme") [Refer Note 42 (i)]. Since, the difference between net book value of assets and liabilities of the undertaking merged and shares issued under the Scheme had been credited to Capital Reserve [Refer Note 2.2 (p) (ii), 14 and 42 (i)], these difference in right-of-use assets and lease liabilities has also been credited to Capital Reserve.

The effect of adoption Ind AS 116 as at 1st October 2019 (increase/(decrease)) is, as follows:

Assets	
Right-of-use asset	37,985.33
Other Asset - Non Current*	(1,731.39)
Other Asset - Current*	(255.79)
Total Assets	**35,998.15**
Liabilities	
Lease Liabilities	48,559.80
Total Liabilities	**48,559.80**
Total Adjustment on equity - Capital Reserves	(12,561.65)

* Represents ₹ 1,731.39 Lakhs & ₹ 255.79 Lakhs on account of prepaid expenses on fair valuation of security deposits, re-classed from Other Non-Current Assets & Other Current Assets respectively.

The movement in right-of-use ("ROU") assets and lease liabilities are as below :	**As at 31st December 2019**	**As at 31st March 2019**	**As at 31st March 2018**
ROU Assets :	**₹ in Lakhs**	**₹ in Lakhs**	**₹ in Lakhs**
			Building
Particulars	**₹ in Lakhs**	**₹ in Lakhs**	**₹ in Lakhs**
Opening Balance	38,926.24	36,853.06	-
Acquired pursuant to the Scheme [refer note 42(i) & note 2.2 (p)(ii)] *	-	-	37,985.33
Acquired in a Business Combination [refer note 42(ii)] & note 2.2 (p)(i)]	13,345.46	-	-
Additions	8,370.49	7,887.44	1,426.07
Deletions	(1,523.28)	-	-
Depreciation	(6,445.23)	(5,814.26)	(2,558.34)
Closing	**52,673.68**	**38,926.24**	**36,853.06**

* Includes ₹ 1,731.39 Lakhs & ₹ 255.79 Lakhs on account of prepaid expenses on fair valuation of security deposits, re-classed from Other Non-Current Assets & Other Current Assets respectively.

The aggregate depreciation on right-of-use assets is included under depreciation and amortization expenses in the Restated Consolidated Statement of Profit and Loss [refer note 27]

Lease Liabilities :

Particulars	**₹ in Lakhs**	**₹ in Lakhs**	**₹ in Lakhs**
Opening Balance	50,900.05	48,052.44	-
Acquired pursuant to the Scheme [refer note 42(i) & note 2.2 (p)(ii)]	-	-	48,559.80
Acquired in a Business Combination [refer note 42(ii)] & note 2.2 (p)(i)]	12,871.63	-	-
Additions	8,020.00	7,229.60	1,361.55
Interest expenses incurred during the year	4,126.03	4,132.69	2,072.20
Deletions	(1,136.24)	-	-
Payment of lease liabilities*	(8,073.56)	(8,514.68)	(3,941.11)
Closing	**66,707.91**	**50,900.05**	**48,052.44**

* Includes Interest expenses paid during the nine months ended 31st December 2019 amounts to ₹ 4,126.03 Lakhs (31st March 2019 : ₹ 4,132.69 Lakhs),(31st March 2018

The aggregate interest incurred on lease liabilities is included under finance cost in the Restated Consolidated Statement of Profit and Loss [refer note 28]

The following is the break-up of current and non-current lease liabilities

Particulars	**₹ in Lakhs**	**₹ in Lakhs**	**₹ in Lakhs**
Current lease liabilities	9,412.94	5,620.76	4,381.99
Non-current lease liabilities	57,294.97	45,279.29	43,670.45
Total	**66,707.91**	**50,900.05**	**48,052.44**

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

Particulars	**₹ in Lakhs**	**₹ in Lakhs**	**₹ in Lakhs**
Less than one year	14,065.13	10,130.70	8,514.68
One to five years	45,736.84	41,926.04	42,163.42
More than five years	38,597.64	35,357.81	45,251.12
Total	**98,399.61**	**87,414.55**	**95,929.22**

The lessee's weighted average incremental borrowing rate applied to lease liabilities on the date of initial application is 8.81% p.a.

Rent (excluding taxes) paid during the nine months ended 31st December 2019 amounts to ₹ 9,913.11 Lakhs (31st March 2019 : ₹ 10,480.42 Lakhs), (31st March 2018 : ₹ 4,736.60 Lakhs)

Rental expenses (excluding taxes) recorded for short term leases for the period ended 31st December 2019 is ₹ 712.15 Lakhs (31st March 2019 : ₹ 622.84 Lakhs), (31st March 2018: ₹ 264.64 Lakhs)

Rental expenses (excluding taxes) recorded for variable leases for the period ended 31st December 2019 is ₹ 1,156.48 Lakhs (31st March 2019 : ₹ 1,355.25 Lakhs), (31st March 2018 : ₹ 569.47 Lakhs)

The following is the summary of practical expedients elected on initial application:
(i). Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
(ii). Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
(iii). Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

32. Information relating to Micro, Small and Medium Enterprises (MSME)s:

	As at 31st December 2019	**As at 31st March 2019**	**As at 31st March 2018**
	₹ in Lakhs	**₹ in Lakhs**	**₹ in Lakhs**
(i) The principal amount and interest due there on remaining unpaid to suppliers under Micro, Small and Medium Enterprises Development Act, 2006			
Principal	298.09	65.97	-
Interest	1.08	0.25	-
(ii) The amount of interest paid by the buyer in terms of section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of payment made to suppliers beyond the appointed day during the year			
Principal	-	-	-
Interest	-	-	-

(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006			
Principal	241.43	58.07	-
Interest	4.18	1.28	-
(iv) The amount of interest accrued and remaining unpaid at the end of the year being interest outstanding as at the beginning of the accounting year.	1.53	1.53	-
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when interest dues above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act,2006.	6.79	1.53	-

33. Contract balances under Ind AS 115

	As at 31st December 2019 ₹ in Lakhs	As at 31st March 2019 ₹ in Lakhs	As at 31st March 2018 ₹ in Lakhs
Trade receivables	7,864.86	4,476.99	3,720.68
Contract liabilities	1,088.63	393.82	362.41

Trade receivables are non-interest bearing and are generally on terms of 15 to 90 days.
Contract liabilities include advances received from customers against sale of gift cards and prepaid cards. It also includes customer loyalty points not yet redeemed.

34. Deferred tax liabilities/(assets)

Reconciliation of tax expense and accounting profit :

	As at 31st December 2019 ₹ in Lakhs	As at 31st March 2019 ₹ in Lakhs	As at 31st March 2018 ₹ in Lakhs
Deferred tax relating to assets and liabilities acquired in a Business Combination:			
-Deferred tax liabilities			
Brand	3,904.64	-	-
Others	190.51	-	-
-Deferred tax asset			
Others	(618.39)	-	-
	3,476.76	**-**	**-**
Charge to statement of profit & loss			
-Deferred tax liabilities			
Others	**(12.42)**	**-**	**-**
	(12.42)	**-**	**-**

Deferred tax asset of ₹ 56,695.76 Lakhs (31st March 2019: ₹ 46,745.54 Lakhs), (31st March 2018 :₹ 55,305.97) relating to deductible temporary differences and unused tax losses has not been recognised in the balance sheet in the absence of evidence supporting reasonable certainty of future taxable income when such losses would be set off and deferred tax assets be realised.

Accounting profit / (loss) before tax after other comprehensive income	**(8,452.58)**	**(901.42)**	**(2,018.46)**
Accounting profit / (loss) before tax after other comprehensive income of subsidiaries	(6,377.48)	(550.47)	(499.23)
Accounting profit / (loss) before tax after other comprehensive income (net)	(2,075.10)	(350.95)	(1,519.23)
Tax using Company's domestic tax rate at 33.384%*	-	-	-
DTA not recognized earlier utilized and effect of other temporary difference	-	-	-
MAT credit entitled not recognized	-	141.34	-
Tax expense recognised in profit or loss	**0.00**	**178.52**	-

* Considered as Nil because of losses.

Tax Losses Expiry **₹ in Lakhs**

The following table summarises the expiry dates of the carried forward tax losses as on 31st December 2019 :

Sl. No	Financial Year	Business Loss Expiry Year	Business Loss	Unabsorbed depreciation	Total
1	2001-02	-	-	325.32	325.32
2	2002-03	-	-	253.23	253.23
3	2003-04	-	-	368.30	368.30
4	2004-05	-	-	558.10	558.10
5	2005-06	-	-	549.85	549.85
6	2006-07	-	-	1,436.69	1,436.69
7	2007-08	-	-	5,002.34	5,002.34
8	2008-09	-	-	6,383.82	6,383.82
9	2009-10	-	-	5,287.11	5,287.11
10	2010-11	-	-	4,669.81	4,669.81
11	2011-12	-	-	4,549.81	4,549.81
12	2012-13	2020-21	13,562.76	4,238.73	17,801.49
13	2013-14	2021-22	12,874.81	4,400.25	17,275.06
14	2014-15	2022-23	13,867.29	4,521.84	18,389.13
15	2015-16	2023-24	15,550.50	4,613.97	20,164.46
16	2016-17	2024-25	14,667.64	4,464.45	19,132.10
17	2017-18	2025-26	6,225.92	2,829.11	9,055.03
18	2018-19	2026-27	6,797.06	2,184.58	8,981.64
			83,545.98	**56,637.31**	**140,183.29**

35. Segment information

The Group has a single operating segment i.e. organised retailing. The Group at present operates only in India and therefore the analysis of geographical segment is not applicable to the Group. There are no customers contributing more than 10% of Revenue from operations.

36. Assets and Liabilities relating to employee defined benefits

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service is entitled to Gratuity on terms not less favourable than the provisions of the Payment of Gratuity Act, 1972. The scheme is funded with an insurance company.

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation are as follows :

		For the nine months ended 31st December 2019	For the year ended 31st March 2019	For the period 8th February 2017 to 31st March 2018
		₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
(a)	**Reconciliation of present value of defined benefit obligations**			
	Balance at the beginning of the period	**405.09**	**401.64**	**-**
	Acquired in a Business Combination [refer note 42(ii) & note 2.2 (p)(i)]	163.57	-	-
	Current service cost	93.32	65.21	31.77
	Interest cost	24.41	18.60	14.68
	Benefits paid	(113.06)	(320.41)	(103.64)
	Acquired pursuant to the Scheme [refer note 42(i) & note 2.2 (p)(ii)]	-	-	431.31
	- arising from changes in experience	(36.55)	240.13	27.56
	- Arising from changes in financial assumptions	(11.00)	(0.08)	(0.04)
	Balance at the end of the period	**525.78**	**405.09**	**401.64**
(b)	**Reconciliation of fair value of plan assets**			
	Balance at the beginning of the period	**83.74**	**73.25**	**-**
	Acquired in a Business Combination [refer note 42(ii) & note 2.2 (p)(i)]	96.48	**-**	-
	Interest income	7.88	5.64	2.18
	Contributions by employer	180.00	261.52	120.00
	Acquired pursuant to the Scheme [refer note 42(i) & note 2.2 (p)(ii)]	-	-	56.63
	Benefits paid	(113.06)	(320.41)	(103.64)
	Actuarial gains / (losses)	(51.71)	63.74	(1.92)
	Balance at the end of the period	**203.33**	**83.74**	**73.25**
(c) (i)	**Net defined benefit plan assets [refer note 11]**	(11.90)	**-**	**-**
(c) (ii)	**Net defined benefit liabilities**			
	Present value of defined benefit obligations	525.78	405.09	401.64
	Fair value of plan assets	(203.33)	(83.74)	(73.25)
	Net defined benefit liabilities [refer note 20]	**334.35**	**321.35**	**328.39**
(d)	**Expense recognised in Statement of Profit or Loss**			
	Current service cost	93.32	65.21	31.77
	Interest cost	24.41	18.60	14.68
	Interest income	(7.88)	(5.64)	(2.18)
		109.85	**78.18**	**44.27**
(e)	**Remeasurement recognised in Other Comprehensive Income**			
	Actuarial (gain) / loss on defined benefit obligations	(47.55)	240.05	27.52
	Actuarial (gain) / loss on plan assets	51.71	(63.74)	1.92
		4.16	**176.31**	**29.44**

(f) The major category of plan assets as a percentage of the fair value of total plan assets are as follows :

	For the nine months ended 31st December 2019	For the year ended 31st March 2019	For the period 8th February 2017 to 31st March 2018
Investments with insurer	100%	100%	100%

(g) Actuarial assumptions

	For the nine months ended 31st December 2019	For the year ended 31st March 2019	For the period 8th February 2017 to 31st March 2018
Discount rate	7.05% to 7.21%	7.70%	7.70%
Expected rate of return on assets	7.05% to 7.21%	7.70%	7.70%
Future compensation growth	4.60% to 6.00%	4.60%	4.60%
Average expected future service	12 to 28 years	23 years	24 years
Employee turnover	Ranging grade wise from 4% to 67%	Ranging grade wise from 12% to 67%	Ranging grade wise from 12% to 67%

Assumptions regarding future mortality experience are set in accordance with the published rates under Indian Assured Lives Mortality (2006-08 - ultimate).

(h) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(i) The Group expects to contribute ₹ 22.62 Lakhs (31st March 2019: ₹ 41.89 Lakhs) (31st March 2018: ₹ 17.90 Lakhs) to gratuity fund in the next year.

(j) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown below:

	As at 31st December 2019		As at 31st March 2019		As at 31st March 2018	
Change in rate	**₹ in Lakhs Increase**	**₹ in Lakhs Decrease**	**₹ in Lakhs Increase**	**₹ in Lakhs Decrease**	**₹ in Lakhs Increase**	**₹ in Lakhs Decrease**
(i) Discount rate (0.5% movement)	(27.95)	30.43	(21.44)	23.31	(21.40)	23.30
(ii) Future salary (0.5% movement)	30.58	(28.29)	23.53	(21.80)	23.52	(21.75)
(iii) Mortality (10% movement)	0.68	(0.65)	0.72	(0.72)	0.74	(0.71)
(iv) Attrition rate (0.5% movement)	0.59	(0.59)	1.84	(1.86)	2.05	(2.04)

(k) Estimated future payments of undiscounted gratuity is as follows :

	As at 31st December 2019	As at 31st March 2019	As at 31st March 2018
	₹ in Lakhs	**₹ in Lakhs**	**₹ in Lakhs**
Within 12 months	22.62	41.89	17.90
Between 2 and 5 years	119.88	85.64	89.94
Between 6 and 10 years	226.10	184.00	194.41
Beyond 10 years	851.25	821.98	873.08
Total	**1,219.85**	**1,133.51**	**1,175.33**

36.1 Defined Contribution Plan

The Group makes contribution to provident fund & national pension scheme towards retirement benefit plan for eligible employees. Under the said plan, the Group is required to contribute a specified percentage of the employee's salaries to the fund benefits. During the year, based on applicable rates, the Group had contributed and charged ₹ 731.15 Lakhs (31st March 2019: ₹ 471.49 Lakhs) (31st March 2018: ₹ 290.65 Lakhs) in the Restated Consolidated Statement of Profit and Loss.

37. Related party disclosure

(i) Parent under de facto control as defined in Ind AS - 110

1) Rainbow Investments Limited

(ii) Entities under common control (where transactions have taken place during the period / balances outstanding) :

1) Au Bon Pain Café India Limited
2) Bowlopedia Restaurants India Limited
3) CESC Limited
4) First Source Solutions Limited
5) Guiltfree Industries Limited
6) Kolkata Games and Sports Private Limited
7) Open Media Network Private Limited
8) Phillips Carbon Black Limited
9) Quest Properties India Limited
10) RPG Power Trading Co. Limited
11) Saregama India Limited
12) Duncan Brothers & Co. Limited

(iii) Key Managerial Personnel

1) Sanjiv Goenka - Non-Executive Director and Chairman (w.e.f. 14th November 2018)
2) Shashwat Goenka - Non-Executive Director (w.e.f. 14th November 2018)
3) Utsav Parekh - Independent Director (w.e.f. 14th November 2018)
4) Pratip Chadhuri - Independent Director (w.e.f. 14th November 2018)
5) Rekha Sethi - Independent Director (w.e.f. 14th November 2018)
6) Debanjan Mandal - Independent Director (w.e.f. 11th February, 2019)
7) Sunil Bhandari - Director (upto 14th November 2018)
8) Gautam Ray - Director (upto 14th November 2018)
9) Rajarshi Banerjee - Director (upto 27th November 2018)
10) Devendra Chawla - Chief Executive Officer & Managing Director (w.e.f. 11th February, 2019)
11) Rahul Nayak - Whole-time Director (w.e.f. 14th November 2018)
12) Kumar Tanmay - Chief Financial Officer (w.e.f. 14th August 2019)
13) Arvind Kumar Vats - Chief Financial Officer (w.e.f. 14th November 2018 upto 1st July 2019)
14) Rama Kant - Company Secretary (w.e.f. 11th February, 2019)
15) Navin Kumar Rathi - Company Secretary (from 14th November 2018 upto 10th February 2019)

(b) Details of transactions entered into with the related parties:

₹ in Lakhs

Particulars	Entities under common control			Key Managerial Personnel		
	For the nine months ended 31st December 2019	For the year ended 31st March 2019	For the year period 8th February 2017 to 31st March 2018	For the nine months ended 31st December 2019	For the year ended 31st March 2019	For the year period 8th February 2017 to 31st March 2018
Transactions :						
Sale of goods	276.90	110.36	51.68	-	-	-
Purchases of stock-in-trade	311.25	288.38	106.21	-	-	-
Rendering of services	845.75	801.59	66.48			
Payable for purchases of property and other assets	-	-	4.68	-	-	-
Electricity expenses	162.75	170.14	60.06	-	-	-
Recovery of expenses incurred	20.91	458.88	318.67	-	-	-
Rent expenses	595.26	677.29	329.97	-	-	-
Security deposits paid	4.59	1.82	107.94	-	-	-
Security deposits received	-	1.93	61.67	-	-	-
Short term employee benefits	-	-	-	810.38	171.86	-
Retirement benefits	-	-	-	23.66	16.86	-
Reimbursement of expenses	-	-	-	24.58	7.01	-
Sitting fees to directors	-	-	-	36.00	8.00	-
Balances outstanding :	**For the nine months ended 31st December 2019**	**For the year ended 31st March 2019**	**For the year ended 31st March 2018**	**For the nine months ended 31st December 2019**	**For the year ended 31st March 2019**	**For the year ended 31st March 2018**
Balances outstanding :						
Receivable against sale of goods	178.59	3.13	0.62	-	-	-
Payable for purchases of stock-in-trade	90.36	42.68	44.85	-	-	-
Receivable against reimbursement	20.91	46.51	301.84	-	-	-
Payable for rental expenses	38.08	163.86	268.38	-	-	-
Receivable for services rendered	357.96	288.51	356.31	-	-	-
Payable for purchases of property and other assets	-	-	4.68	-	-	-
Security deposit receivable	136.83	134.05	132.23	-	-	-
Security deposit payable	1.93	62.91	64.84	-	-	-

Notes:

(i) The Group's principal related parties consist of Rainbow Investments limited, its subsidiaries and key managerial personnel. The Group's material related party transactions and outstanding balances are with related parties with whom the company routinely enters into transactions in the ordinary course of business.

(ii) Key Managerial Personnel are entitled to post-employment benefits and other long term employee benefits recognised as per Ind AS 19 '- 'Employee Benefits' in the financial statements. As these employees benefits are lump sum amounts provided on the basis of actuarial valuation the same is not included above.

37.1 On consolidation, following transactions and balances with the subsidiaries have been eliminated:

(i) Subsidiaries

1) Omnipresent Retail India Private Limited
2) Natures Basket Limited (w.e.f. 4th July 2019)

Details of transactions entered into with the related parties:

₹ in Lakhs

Particulars	Subsidiaries		
	For the nine months ended 31st December 2019	For the year ended 31st March 2019	For the year period 8th February 2017 to 31st March 2018
Transactions :			
Omnipresent Retail India Private Limited			
Investment in subsidiaries	773.00	625.00	405.00
Sale of goods	-	1.04	0.54
Rent expenses	0.21	-	-
Reimbursement	-	0.50	11.45
Commission Paid	172.08	550.86	133.81
Other Income	-	1.27	-
Nature's Basket Limited			
Investment in subsidiaries	3,017.00	-	
Purchases of stock-in-trade	206.68	-	-
Interest Received	6.96	-	-
Royalty Paid	0.92	-	-
Inter Company Deposits Given	3,600.00	-	-
Inter Company Deposits Taken Back	3,600.00	-	-
Balances outstanding :	**For the nine months ended 31st December 2019**	**For the year ended 31st March 2019**	**For the year ended 31st March 2018**
Omnipresent Retail India Private Limited			
Payable for commission expenses	16.75	89.69	29.43
Receivable for services rendered	-	1.27	0.18
Nature's Basket Limited			
Payable for purchases of stock-in-trade	131.38	-	-
Payable for royalty expenses	0.92	-	-
Interest receivables	6.96	-	-

(i) Commitment to related party [refer no 31 (b)]

38. Financial instruments - fair value measurements and risk management

(a) Accounting classification

The following table shows the carrying amounts and fair values of financial assets and financial liabilities:

₹ in Lakhs

	As at 31st December 2019				As at 31st March 2019				As at 31st March 2018			
	At Cost / Amortised Cost	**FVTPL**	**FVTOCI**	**Total**	**At Cost / Amortised Cost**	**FVTPL**	**FVTOCI**	**Total**	**At Cost / Amortised Cost**	**FVTPL**	**FVTOCI**	**Total**
Financial assets												
Investments												
- Equity shares (unquoted)	-	7.36	1.00	**8.36**	-	-	1.00	**1.00**	-	-	1.00	**1.00**
- Alternative Investment Fund	-	1,888.67	-	**1,888.67**	-	1,275.21	-	**1,275.21**	-	684.16	-	**684.16**
- Government securities	31.92	-	-	**31.92**	-	-	-	**-**	-	-	-	**-**
- Mutual fund	-	9,959.81	-	**9,959.81**	-	983.39	-	**983.39**	-	-	-	**-**
Trade receivables	7,864.86	-	-	**7,864.86**	4,476.99	-	-	**4,476.99**	3,720.68	-	-	**3,720.68**
Cash and cash equivalents	2,643.59	-	-	**2,643.59**	2,826.95	-	-	**2,826.95**	1,940.90	-	-	**1,940.90**
Bank balances other than cash and cash	2.00	-	-	**2.00**	19,162.56	-	-	**19,162.56**	8,059.79	-	-	**8,059.79**
Loans	5,726.78	-	-	**5,726.78**	3,362.17	-	-	**3,362.17**	2,985.91	-	-	**2,985.91**
Other financial assets	507.05	-	-	**507.05**	318.62	-	-	**318.62**	17,734.68	-	-	**17,734.68**
Total financial assets	**16,776.20**	**11,855.84**	**1.00**	**28,633.04**	**30,147.29**	**2,258.60**	**1.00**	**32,406.89**	**34,441.96**	**684.16**	**1.00**	**35,127.12**
Financial liabilities												
Preference shares	91.03	-	-	**91.03**	85.47	-	-	**85.47**	78.04	-	-	**78.04**
Borrowings	21,060.86	-	-	**21,060.86**	-	-	-	**-**	-	-	-	**-**
Trade payables	41,141.39	-	-	**41,141.39**	31,204.96	-	-	**31,204.96**	28,021.99	-	-	**28,021.99**
Other financial liabilities	1,659.58	-	-	**1,659.58**	2,134.94	-	-	**2,134.94**	1,465.75	-	-	**1,465.75**
Total financial liabilities	**63,952.86**	**-**	**-**	**63,952.86**	**33,425.37**	**-**	**-**	**33,425.37**	**29,565.78**	**-**	**-**	**29,565.78**

(b) Measurement of fair values

The fair values of financial assets and liabilities are included at the amount that would be received on sale of asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent in all the year The following methods and assumptions were used to estimate the fair values:

(i) The fair values of the unquoted equity shares have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

In respect of investments in mutual funds and alternative investment fund, the fair values represent net asset value as stated by the respective issuers at the close of the reporting date. Net asset values represent the price at which the issuer will issue further units and the price at which issuers will redeem such units from the investors. Accordingly, such net asset values are analogous to fair market value with respect to these investments, as transactions of these funds are carried out at such prices between investors and the issuers of these units.

(ii) The carrying amount of trade receivables, cash and cash equivalents, other bank balances, other financial assets, trade payables, current borrowings and other financial liabilities, measured at cost in the financial statements, are considered to be the same as their fair values, due to their short term nature. Where such items are non-current in nature, the same has been classified as Level 3 and fair value determined using discounted cash flow basis. Carrying amount of Preference shares is based on discounted cash flows using effective interest rate at the time of issue which is a reasonable approximation of its fair value and the difference between the carrying amount and fair value is not expected to be significant. Non current borrowings including current maturity and loans (assets) are based on discounted cash flow using an incremental borrowing rate.

(c) Fair value hierarchy

The table shown below analyses financial instruments carried at fair value, by valuation method.

₹ in Lakhs

	As at 31st December 2019				As at 31st March 2019				As at 31st March 2018			
	Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets												
Investments												
- Equity shares (unquoted)	-	-	8.36	**8.36**	-	-	1.00	**1.00**	-	-	1.00	**1.00**
- Alternative Investment Fund	-	-	1,888.67	**1,888.67**	-	-	1,275.21	**1,275.21**	-	-	684.16	**684.16**
- Mutual fund	9,959.81	-	-	**9,959.81**	983.39	-	-	**983.39**	-	-	-	**-**
	9,959.81	**-**	**1,897.03**	**11,856.84**	**983.39**	**-**	**1,276.21**	**2,259.60**	**-**	**-**	**685.16**	**685.16**

The different levels have been defined below :

(i) **Level 1 (quoted prices in active market) :** This level of hierarchy includes financial assets that are measured using quoted prices (unadjusted) in active markets for identical assets or liabilities. This includes listed equity instruments which are traded in the stock exchanges and mutual funds that have net asset value as stated by the issuers in the published statements. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing net assets value.

(ii) **Level 2 (valuation technique with significant observable inputs) :** This level of hierarchy includes financial assets and liabilities, measured using 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). The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates.

(iii) **Level 3 (valuation technique with significant unobservable inputs) :** This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or inpart, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. This is the case for unlisted equity securities included in Level 3.

(d) Reconciliation of fair value measurement of investments (categorised as level 3 above) classified as FVTPL / FVTOCI asset :

₹ in Lakhs

Particulars	**Equity shares (unquoted)**	**Alternative Investment Fund**
As at 31st March 2018	**1.00**	**684.16**
Invested during the year	-	375.00
Proceeds during the period	-	(29.06)
Fair Value Gain/(loss) recognised in statement of Profit and Loss	-	245.11
As at 31st March 2019	**1.00**	**1,275.21**
Invested during the year	-	202.50
Acquired in a Business Combination [refer note 42(ii)]	7.36	-
Proceeds during the period	-	(14.31)
Fair Value Gain/(loss) recognised in statement of Profit and Loss	-	425.28
As at 31st December 2019	**8.36**	**1,888.67**

(e) Financial risk management

The Group has exposure to the following risks arising from financial instruments:
(i) Credit risk
(ii) Liquidity risk
(iii) Market risk

The Group's principal financial liabilities comprises of Lease liabilities, borrowings, preference shares, trade and other payables and other financial liabilities. The main purpose of these financial liabilities is to finance and support the operations of the Group. The Group's principal financial assets include trade and other receivables, loans, investments and cash & cash equivalents that derive directly from its operations.

The Group's primary risk management focus is to minimise potential adverse effects of these risks by managing them through a structured process of identification, assessment and prioritisation of risks followed by co-ordinated efforts to monitor, minimize and mitigate the impact of such risks on its financial performance and capital. For this purpose, the Group has laid comprehensive risk assessment and minimisation/mitigation procedures, which are reviewed by the Audit Committee and approved by the Board from time to time. These procedures are reviewed regularly to reflect changes in market conditions and to ensure that risks are controlled by way of properly defined framework.

(i) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The group is exposed to credit risk from its operating activities (including trade receivable and security deposits) and from its financial activities including deposits with banks and financial institution. An impairment analysis is performed at each reporting date on the basis of sales channel. In addition, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively.

The Group operates on business model of primarily cash and carry, credit risk from receivable perspective is insignificant. Moreover, the Groups's customer base is large and diverse limiting the risk arising out of credit concentration.

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Management regularly monitors rolling forecasts of the Group's liquidity position to ensure it has sufficient cash on an ongoing basis to meet operational fund requirements. The surplus cash generated, over and above the operational fund requirement is invested in bank deposits and mutual fund schemes of highly liquid nature to optimize cash returns while ensuring adequate liquidity for the Group. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings and finance leases. The Group believe that cash generated from operations, capital raised through rights issue, working capital management and available sources from raising funds (including additional borrowings, if any) as needed will satisfy its cash flow requirement through at least the next twelve months .

The following are the remaining contractual maturities of financial liabilities at the reporting date. The contractual cash flow amounts are gross and undiscounted:

₹ in Lakhs

Financial liabilities	Carrying amount	Contractual cash flows: Within 1 year	1 to 5 years	More than 5 years	Total
As at 31st December 2019					
Preference shares	91.03	-	-	500.00	**500.00**
Borrowings	21,060.86	11,836.57	8,165.90	1,117.29	**21,119.76**
Trade payables	41,141.39	41,141.39	-	-	**41,141.39**
Lease Liabilities	66,707.91	14,065.13	45,736.84	38,597.64	**98,399.61**
Other financial liabilities	1,659.58	1,659.58	-	-	**1,659.58**
	130,660.77	**68,702.67**	**53,902.74**	**40,214.93**	**162,820.34**
As at 31st March 2019					
Preference shares	85.47	-	-	500.00	**500.00**
Trade payables	31,204.96	31,204.96	-	-	**31,204.96**
Lease Liabilities	50,900.05	10,130.70	41,926.04	35,357.81	**87,414.55**
Other financial liabilities	2,134.94	2,134.94	-	-	**2,134.94**
	84,325.42	**43,470.60**	**41,926.04**	**35,857.81**	**121,254.45**
As at 31st March 2018					
Preference shares	78.04	-	-	500.00	**500.00**
Trade payables	28,021.99	28,021.99	-	-	**28,021.99**
Lease Liabilities	48,052.44	8,514.68	42,163.42	45,251.12	**95,929.22**
Other financial liabilities	1,465.75	1,465.75	-	-	**1,465.75**
	77,618.21	**38,002.42**	**42,163.42**	**45,751.12**	**125,916.96**

(iii) Market risk

Market risk is the risk that the fair value of future cash flow of financial instruments may fluctuate because of changes in market conditions. Market risk broadly comprises three types of risks namely currency risk, interest rate risk and security price risk. The Group does not have any external currency exposure and thus currency risk is not applicable to the Group.

The Group invests its surplus funds mainly in short term liquid schemes of mutual funds and bank fixed deposits. The Group manages its price risk arising from these investments through diversification and by placing limits on individual and total equity instruments / mutual funds.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market interest rate. The group's exposure to the risk of changes in market interest rates relates to primarily to group's borrowing with floating interest rates. The group's fixed rates of borrowing are carried at amortised cost. They are not subject to interest rate risk as defined in Ind AS 107, since neither carrying amount not the future cash flows will fluctuate because of a change in market interest rate. The group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

Exposure to interest rate risk

₹ in Lakhs

Particulars	As at 31st December 2019	As at 31st March 2019	As at 31st March 2018
Borrowings bearing variable rate of interest	21,119.79	-	-

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on affected portion of loans and borrowings. With all other variables held constant, the group's profit before tax is affected through the impact on variable rate borrowing as follows:

A change of 50 bps in interest rates would have following Impact on profit before tax

	As at 31st December 2019	As at 31st March 2019	As at 31st March 2018
50 bp increase- decrease in profits	(51.79)	-	-
50 bp increase- increase in profits	51.79	-	-

39. Capital management

For the purpose of the Group's capital management, capital includes equity attributable to the equity holders of the Group and all other equity reserves. The primary objective of the Group's capital management is to ensure that it maintains an efficient capital structure while maximising shareholder value. Apart from internal accrual, sourcing of capital is done through judicious combination of equity and borrowing, both short term and long term.

The capital structure of the Group is based on management's judgment of its strategic and day-to-day needs with a focus on total equity so as to safeguard its ability to continue as a going concern and to maintain investor, creditors and market confidence.

The Group has not defaulted on any loans payable, and there has been no breach of any loan covenants.

40. Going Concern

The Group has incurred a net loss after tax of Rs. 8,436 Lakhs for the period ended 31st December 2019 and its current liabilities, including current borrowings, exceeds current assets by Rs. 17,199.74 Lakhs. The Group is in the process of raising additional capital through issue of equity shares on a rights basis as stated in note number 2.1(a). In addition to this, the Group has access to unutilised credit lines with its bankers and also additional capital from its promoters, if and when required. Further, the Group has been expanding its operations in its existing territory with increase in trading area, adding new private brand to its portfolio, building growth towards the non-food segments (including the own branded apparel) which has started showing growth. Apart from organic growth, the Group has also achieved in-organic growth through acquisitions, in order to increase its operating cashflows, with a focus on improvement of margins through dis-continuance of loss making/ low margin stores. In view of the above factors, and the approved business plan for the next year, the management is confident of its ability to generate sufficient cash to fulfil all its obligations, including debt repayments, over the next 12 months, consequent to which, these financial statements have been prepared on a going concern basis.

41. Additional information in respect of net assets and profit / loss of each entity within the group and their proportionate share :

	As at 31st December 2019		For the nine months ended 31st December 2019		For the nine months ended 31st December 2019		For the nine months ended 31st December 2019	
	Net Assets, i.e. Total assets minus total liabilities		Share in Profit or (Loss)		Share in other comprehensive income		Share in total comprehensive income	
	%	₹ in Lakhs	%	₹ in Lakhs	%	₹ in Lakhs	%	₹ in Lakhs
Holding :								
Spencer's Retail Limited (formerly known as RP-SG Retail Limited)	131%	42,065.86	38%	(3,179.79)	2959%	(123.09)	39%	(3,302.88)
Subsidiary :								
Omnipresent Retail India Private Limited	1%	304.35	13%	(1,076.78)	-45%	1.87	13%	(1,074.91)
Natures Basket Limited (acquired on 04-July-2019)	-16%	(5,113.92)	64%	(5,419.66)	-2814%	117.06	63%	(5,302.60)
Inter Company Eliminations and Consolidations	-16%	(5,165.00)	-15%	1,240.22	0%	-	-15%	1,240.22
Total	**100%**	**32,091.29**	**100%**	**(8,436.00)**	**100%**	**(4.16)**	**100%**	**(8,440.16)**

	As at 31st March 2019		For the year ended 31st March 2019		For the year ended 31st March 2019		For the year ended 31st March 2019	
	Net Assets, i.e. Total assets minus total liabilities		Share in Profit or (Loss)		Share in other comprehensive income		Share in total comprehensive income	
	%	₹ in Lakhs	%	₹ in Lakhs	%	₹ in Lakhs	%	₹ in Lakhs
Holding :								
Spencer's Retail Limited (formerly known as RP-SG Retail Limited)	112%	45,368.77	39%	(348.86)	103%	(143.43)	47%	(492.29)
Subsidiary :								
Omnipresent Retail India Private Limited	1%	606.26	61%	(554.77)	-3%	4.30	53%	(550.47)
Inter Company Eliminations and Consolidations	-13%	(5,443.58)	0%	-	0%	-	0%	-
	100%	**40,531.45**	**100%**	**(903.63)**	**100%**	**(139.13)**	**100%**	**(1,042.76)**

	As at 31st March 2018		For the year ended 8th February 2017 to 31st March 2018		For the year ended 8th February 2017 to 31st March 2018		For the year ended 8th February 2017 to 31st March 2018	
	Net Assets, i.e. Total assets minus total liabilities		Share in Profit or (Loss)		Share in other comprehensive income		Share in total comprehensive income	
	%	₹ in Lakhs	%	₹ in Lakhs	%	₹ in Lakhs	%	₹ in Lakhs
Holding :								
Spencer's Retail Limited (formerly known as RP-SG Retail Limited)	110%	45,861.06	75%	(1,486.46)	111%	(32.77)	75%	(1,519.23)
Subsidiary :								
Omnipresent Retail India Private Limited	1%	531.73	396%	(502.56)	-884%	3.33	25%	(499.23)
Inter Company Eliminations and Consolidations	-12%	(4,818.58)	0%	-	0%	-	0%	-
	100%	**41,574.21**	**100%**	**(1,989.02)**	**100%**	**(29.44)**	**100%**	**(2,018.46)**

42.

(i) The Board of Directors at its meeting held on 22nd May, 2017 approved, subject to necessary approvals, a composite scheme of arrangement (the Scheme) under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 involving the Group, CESC Limited (CESC), Spencer's Retail Limited and seven other subsidiary companies of CESC as on that date. The Scheme, inter alia, provided for, interalia, demerger of identified Retail Undertaking(s) of the Spencer's Retail Limited and CESC Limited as a going concern into RP-SG Retail Limited.

The Group received on 5th October, 2018 the certified copy of the order of National Company Law Tribunal (NCLT), being the appropriate authority which included the approval for the above referred activities. Accordingly, the Board of Directors in its meeting held on 12th October, 2018 had decided to give effect of the Scheme in terms of the NCLT Order as applicable to the Group with from the Appointed Date of 1st October, 2017 in its accounts for the year ended 31st March, 2018. The Net Assets acquired as at the Appointed Date at book value are as below:

CESC Limited	₹ 20,970.51 Lakhs
Spencer's Retail Limited	₹ 39,045.74 Lakhs

Pursuant to the Scheme, each existing shareholder of CESC Limited registered on the record date of 31st October, 2018 in respect of every 10 shares is entitled to 6 fully paid up equity shares of ₹ 5 each in RP-SG Retail Limited and CESC Limited is entitled to 500,000 fully paid up 0.01% non-cumulative compulsorily redeemable preference shares of ₹ 100 each being issued by the Group.

Except for the demerger of the Generation Undertaking of CESC Limited into Haldia Energy Limited, a wholly owned subsidiary of CESC Limited ("the said Demerger"), the composite Scheme of Arrangement amongst the Company, CESC Limited and eight other companies and their respective shareholder has been made effective from 1st October 2017. However, the said Demerger proposal has been withdrawn with effect from 14th November 2019 and hence it is no longer being pursued with the Kolkata bench of the Hon'ble National Company Law Tribunal. However, this would have no impact on the Group.

(ii) On 4th July 2019, the Group has acquired 100% stake (445,830,000 fully paid-up equity shares of ₹ 10 each) of Natures Basket Limited (NBL) from Godrej industries Limited, as a wholly owned subsidiary company at an enterprise value of ₹ 30,000 Lakhs settled through cash and takeover of outstanding debts. The Group has identified intangible assets, mainly brands, and recognised goodwill of ₹ 15,651.78 Lakhs as per Ind AS 103 - Business Combination. The Financial Statements for the nine months ended 31st December 2019 includes the Financial Statements of Natures Basket Limited and hence are not comparable with the corresponding previous period.

(a) Assets acquired and liabilities assumed

The fair values of the identifiable assets and outside of Natures Basket Limited as at the date of acquisition (05-July-2019) were:

Fair value recognised on acquisition

	₹ in Lakhs
ASSETS	
Non-current assets	
Property, plant and equipment	4,730.27
Capital work-in-progress	132.22
Right of use assets	13,345.46
Goodwill	530.76
Other Intangible Assets (including brand)	11,277.82
Financial Assets	
(i) Investments	31.04
(ii) Loans	988.67
(iii) Other financial assets	51.38
Non-current tax assets (net)	74.03
Other non-current assets	106.15
Total non-current assets	**31,267.80**
Current assets	
Inventories	2,512.20
Financial assets	
(i) Trade receivables	426.18
(ii) Cash and cash equivalents	369.57
(iii) Other bank balances	5.55
(iv) Loans	328.46
(v) Other financial assets	160.69
Other current assets	1,421.43
Total current assets	**5,224.08**
TOTAL ASSETS	**36,491.88**

* Refer note 31.

LIABILITIES	
Non-current liabilities	
Financial liabilities	
(i) Borrowings	7,522.22
(ii) Lease liabilities	10,108.51
Deferred Tax liabilities (net)	3,489.18
Provisions	54.40
Total Non Current Liabilities	**21,174.31**
Current liabilities	
Financial liabilities	
(i) Borrowings	2,014.40
(ii) Lease liabilities	2,763.12
(iii) Trade Payables	
- Total outstanding dues of Micro enterprise and small enterprises	126.41
- Total outstanding dues of creditors other than Micro enterprise and small enterprises	4,255.32
(iv) Other financial liabilities *	2,017.62
Other current liabilities	199.74
Provisions**	273.41
Total current liabilities	**11,650.02**
TOTAL LIABILITIES	**32,824.33**
Fair value of net asset at the time of acquisition (A)	**3,667.55**

* Includes ₹ 1,234.40 Lakhs on account of current maturity of long term borrowings.
** Includes ₹ 195.00 Lakhs on account of disputed tax liability.

(b) Purchase consideration and mode of settlement

Consideration paid - fully in cash	18,005.93
Fair value of contingent consideration	782.64
Total consideration (B)	**18,788.57**

(c) Goodwill on acquisition (B-A)	**15,121.02**
Goodwill on acquisition	15,121.02
Add: Goodwill as per books of Nature's Basket Limited [refer note 42(ii)(a)]	530.76
Total Goodwil	**15,651.78**

(d) Purchase consideration - Cash outflow	
Outflow of cash to acquired a subsidiary	18,005.93
Less: Balance aquired	
Cash and cash equivalents	369.57
Net outflow of cash - Investment activities	**17,636.36**

43. Restatement adjustments

The Restated Consolidated Summary Statements have been prepared after incorporating adjustments for the changes in accounting policies and regrouping/reclassifications retrospectively in the financial year ended 31st March 2019 and period ended 8th February 2017 to 31st March 2018 respectively to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the nine months period ended 31st December 2019. The summary of accounting policies aligned are summarized below:

43.1 The Group has adopted Ind AS 116 - "Leases", effective 1st April 2019, which sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires Lessees 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 method. Accordingly, the comparative figures for each of the years and period presented in these restated consolidated summary statements have been adjusted in accordance with the policy mentioned in Note 2.2 (n) of Notes to restated consolidated summary statements. The cumulative adjustment on application of this Standard has been adjusted to capital reserve as on 1st October, 2017 (Refer Note 31).

43.2 The Group has adopted the principles of Ind AS 115, "Revenue from Contracts with Customers", effective 1st April 2018 , which replaced existing revenue recognition requirements under Ind AS 18. Accordingly, the comparative figures for each of the years & period presented in these restated consolidated summary statements have been adjusted in accordance with the policy mentioned in Note 2.2 (k) of Notes to restated consolidated summary statements. There was no adjustment on application of this Standard on Retained Earnings.

43.3 Statement showing impact of restatement adjustments on Restated Consolidated Statement of Assets and Liabilities and Equity **₹ in Lakhs**

	For the Period ended 31st December 2019			For the year ended 31st March 2019				For the Period 8th February 2017 to 31st March 2018			
Particulars	**As per Audited interim Consolidated Ind AS financial statements**	**Restatement Adjustments**	**As per Restated Consolidated Summary Statements**	**As per Audited Consolidated Ind AS financial statements**	**Regrouping**	**Restatement Adjustments**	**As per Restated Consolidated Summary Statements**	**As per Audited Consolidated Ind AS financial statements**	**Regrouping**	**Restatement Adjustments**	**As per Restated Consolidated Summary Statements**
ASSETS											
Non-current assets											
Right-of-use assets	52,673.68	-	52,673.68	-	-	38,926.24	38,926.24	-	-	36,853.06	36,853.06
Other non-current assets	223.66	-	223.66	2,107.09	-	(2,032.24)	74.85	1,778.23	-	(1,731.39)	46.84
Current assets											
Trade receivables	7,864.86	-	7,864.86	4,476.99	-	-	4,476.99	4,021.07	(300.39)	-	3,720.68
Other financial assets	180.43	-	180.43	143.39	-	-	143.39	403.39	300.39	-	703.78
Other current assets	3,436.70	-	3,436.70	2,643.61	-	(275.00)	2,368.61	2,010.74	-	(207.21)	1,803.53
EQUITY											
Equity share capital	3,976.71	-	3,976.71	3,976.71	-	-	3,976.71	-	-	-	-
Equity share capital suspense	-	-	-	-	-	-	-	3,976.71	-	-	3,976.71
Other equity											
-Capital Reserves	56,133.85	-	56,133.85	56,133.85	-	(12,561.65)	43,572.20	56,133.85	-	(12,561.65)	43,572.20
-Retained Earnings	(28,019.27)	-	(28,019.27)	(5,298.06)	-	(1,719.40)	(7,017.46)	(5,398.37)	-	(576.33)	(5,974.70)
LIABILITIES											
Non-current liabilities											
Financial liabilities											
Lease liabilities	57,294.97	-	57,294.97	-	-	45,279.29	45,279.29	-	-	43,670.45	43,670.45
Current liabilities											
Financial liabilities											
Lease liabilities	9,412.94	-	9,412.94	-	-	5,620.76	5,620.76	-	-	4,381.99	4,381.99

43.4 Statement showing impact of restatement adjustments on statement of profit and loss **₹ in Lakhs**

	For the Period ended 31st December 2019			For the year ended 31st March 2019				For the Period 8th February 2017 to 31st March 2018			
Particulars	**As per Audited interim Consolidated Ind AS financial statements**	**Restatement Adjustments**	**As per Restated Consolidated Summary Statements**	**As per Audited Consolidated Ind AS financial statements**	**Regrouping**	**Restatement Adjustments**	**As per Restated Consolidated Summary Statements**	**As per Audited Consolidated Ind AS financial statements**	**Regrouping**	**Restatement Adjustments**	**As per Restated Consolidated Summary Statements**
Income											
Revenue from operations	200,022.37	-	200,022.37	218,718.04	-	-	218,718.04	104,285.96	-	(3,077.94)	101,208.02
Other income	1,921.51	-	1,921.51	2,814.94	-	-	2,814.94	902.35	-	-	902.35
Total Income (I)	**201,943.88**	**-**	**201,943.88**	**221,532.98**	**-**	**-**	**221,532.98**	**105,188.31**	**-**	**(3,077.94)**	**102,110.37**
Expenses											
Cost of materials consumed	550.01	-	550.01	687.07	-	-	687.07	475.93	-	-	475.93
Purchases of Stock-in-Trade	156,352.13	-	156,352.13	174,079.09	205.48	-	174,284.57	83,929.59	(229.34)	(3,077.94)	80,622.31
Changes in inventories of finished goods and Stock-in-Trade	426.17	-	426.17	(2,500.33)	(205.48)	-	(2,705.81)	(659.65)	229.34	-	(430.31)
Employee benefits expense	14,225.54	-	14,225.54	14,757.69	-	-	14,757.69	7,602.21	-	-	7,602.21
Other expenses*	23,543.06	-	23,543.06	30,803.53	-	(8,803.88)	21,999.65	13,384.39	-	(4,054.21)	9,330.18
Depreciation and amortisation	9,503.88	-	9,503.88	2,542.91	-	5,814.26	8,357.17	1,488.30	-	2,558.34	4,046.64
Finance costs	5,791.51	-	5,791.51	745.06	-	4,132.69	4,877.75	380.23	-	2,072.20	2,452.43
Total Expenses (II)	**210,392.30**	**-**	**210,392.30**	**221,115.02**	**-**	**1,143.07**	**222,258.09**	**106,601.00**	**-**	**(2,501.61)**	**104,099.39**
Profit / (loss) before tax (I) - (II)	**(8,448.42)**	**-**	**(8,448.42)**	**417.96**	**-**	**(1,143.07)**	**(725.11)**	**(1,412.69)**	**-**	**(576.33)**	**(1,989.02)**

Particulars	**As per Audited interim Consolidated Ind AS financial statements**	**Restatement Adjustments**	**As per Restated Consolidated Summary Statements**	**As per Audited Consolidated Ind AS financial statements**	**Regrouping**	**Restatement Adjustments**	**As per Restated Consolidated Summary Statements**	**As per Audited Consolidated Ind AS financial statements**	**Regrouping**	**Restatement Adjustments**	**As per Restated Consolidated Summary Statements**
Tax expense											
Current tax	-	-	-	178.52	-	-	178.52	-	-	-	-
Deferred tax (net)	(12.42)	-	(12.42)	-	-	-	-	-	-	-	-
Profit / (loss) for the period (III)	**(8,436.00)**	**-**	**(8,436.00)**	**239.44**	**-**	**(1,143.07)**	**(903.63)**	**(1,412.69)**	**-**	**(576.33)**	**(1,989.02)**
Other Comprehensive Income											
Items that will not be reclassified subsequently to profit or loss											
Remeasurement of defined benefit plans	(4.16)	-	(4.16)	(139.13)	-	-	(139.13)	(29.44)	-	-	(29.44)
Other Comprehensive Income for the period (IV)	**(4.16)**	**-**	**(4.16)**	**(139.13)**	**-**	**-**	**(139.13)**	**(29.44)**	**-**	**-**	**(29.44)**
Total Comprehensive Income for the period [(III)+(IV)]	**(8,440.16)**	**-**	**(8,440.16)**	**100.31**	**-**	**(1,143.07)**	**(1,042.76)**	**(1,442.13)**	**-**	**(576.33)**	**(2,018.46)**
Earnings per share - Basic and Diluted [Nominal value per equity share ₹ 5 (31st March 2019: ₹ 5) (31st March 2018: ₹ 5)]	**(10.61)**	**-**	**(10.61)**	**0.30**	**-**	**(1.44)**	**(1.14)**	**(4.07)**	**-**	**(1.66)**	**(5.73)**

* Restatement adjustments in other expenses are on account of lease rent.

43.5 Statement showing impact of restatement adjustments on statement of Cash flow statement **₹ in Lakhs**

	For the Period ended 31st December 2019			**For the year ended 31st March 2019**				**For the Period 8th February 2017 to 31st March 2018**			
Particulars	**As per Audited interim Consolidated Ind AS financial statements**	**Restatement Adjustments**	**As per Restated Consolidated Summary Statements**	**As per Audited Consolidated Ind AS financial statements**	**Regrouping**	**Restatement Adjustments**	**As per Restated Consolidated Summary Statements**	**As per Audited Consolidated Ind AS financial statements**	**Regrouping**	**Restatement Adjustments**	**As per Restated Consolidated Summary Statements**
Cashflow from operating activities	9,736.30	-	9,736.30	(1,287.76)	-	8,514.68	7,226.92	(4,778.13)	-	3,941.11	(837.02)
Cashflow from Investing activities	(10,579.72)	-	(10,579.72)	2,183.41	-	-	2,183.41	(18,939.49)	-	-	(18,939.49)
Cashflow from Financing activities	660.06	-	660.06	(9.60)	-	(8,514.68)	(8,524.28)	3,783.19	-	(3,941.11)	(157.92)
Net Impact	**(183.37)**	**-**	**(183.37)**	**886.05**	**-**	**-**	**886.05**	**(19,934.43)**	**-**	**-**	**(19,934.43)**

43.6 Non Adjusting Items :

Emphasis of Matter in the auditor's report on Audited Consolidated Ind AS financial statements of the Group for the period ended 31st March 2018, which do not require any adjustment in the Restated Consolidated Summary Statements:

"We draw attention to the note 41 to the Consolidated Ind As Finaicial statements of the Group, in respect of Composite Scheme of arrangement which was approved vide order issued by National Company Law Tribunal ('NCLT') dated 28th March 2018 received by the company on 5th October 2018 (the Scheme). As per the NCLT Order , the scheme, comprising demerger of identified Retail undertaking(s) of the Spencer's Retail Limited and CESC Limited into RP-SG Retail Limited, have been implemented from the appointed date 1st October 2017 and given effect to in these consolidated Ind AS Financial Statements. Our opinion is not qualified in the respect of this matter."

43.7 Material regroupings

Appropriate adjustments have been made in the restated consolidated statements of assets and liabilities, restated consolidated statement of profit and loss and restated consolidated cash flows, wherever required, by a reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows in order to bring them in line with the groupings, accounting policies and classification as per the audited special purpose interim Consolidated Ind AS financial statements of the Group as at and for the nine months period ended 31st December 2019 prepared in accordance with Indian Accounting Standard (Ind AS) 34 "Interim Financial Reporting", specified under section 133 of the Act and other accounting principles generally accepted in India.

44. Impact of Covid -19

Due to outbreak of COVID-19 globally and in India, the Group has made initial assessment of likely adverse impact on economic environment in general, and financial risks on account of COVID-19.The Group is in the business of organised retail which majorly deals in an essential service as emphasized by the Government of India. With the lockdown in force in the country, the ability of customers to reach the Group's stores is limited, in response of which the Group has launched alternate means and platforms for its customers to place orders and purchase their requirements. The Group has responded to the requirements of business and tied up with various service providers to make available the essential products to reach its customer's places, aligned with its suppliers and transporters to have a continuous supply of products and keep them available at the Group's stores and warehouses. The Group's online business also has picked up significantly consequent to necessary technology upgradation.

The Group has used the principle of prudence in applying judgments, estimates and assumptions. Based on the current assessment, the Group expects to majorly recover the carrying amount of trade receivables, investments and other financial assets and does not expects any impairment of intangibles. The actual outcome of the impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements.

For S.R. Batliboi & Co LLP
Chartered Accountants
Firm registration number - 301003E/E300005

Shashwat Goenka
Director
DIN: 03486121

Debanjan Mandal
Director
DIN: 00469622

Kamal Agarwal
Partner
Membership number - 058652

Rama Kant
Company Secretary

Kumar Tanmay
Chief Financial Officer

Place : Kolkata
Date : 11th May, 2020

Place : Kolkata
Date : 11th May, 2020

OTHER FINANCIAL INFORMATION

1. The audited standalone financial statements of our Company for Fiscal 2019 and for the Financial Period 2018, respectively ("**Company's Financial Statements**") are available at www.spencersretail.com. Our Company is providing these links to its website solely to comply with the requirements specified in the SEBI ICDR Regulations. The Company's Financial Statements do not constitute, (i) a part of this Draft Letter of Offer; or (ii) an offering circular, an offering memorandum, an advertisement, an offer or a solicitation of any offer or an offer document or an offer letter to purchase or sell any securities under the Companies Act, 2013, the SEBI ICDR Regulations, or any other applicable law in India or elsewhere in the world. The Company's Financial Statements should not be considered as part of information that any investor should consider subscribing for or purchase any securities of our Company, or any entity in which 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 the Lead Manager or the Promoters, 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 Company's Financial Statements, or the opinions expressed therein.

2. The accounting ratios required under Clause 11 of Part A of Schedule VI of the SEBI ICDR Regulations are given below:

Particulars	**For the nine months period ended December 31, 2019**	**As on/ For Fiscal 2019**	**As on/ For Financial Period 2018**
Earnings per Equity Share			
Basic Earnings Per Equity Share (after excluding extraordinary items)*	(10.61)@	(1.14)	(5.73)
Diluted Earnings Per Equity Share (after excluding extraordinary items)*	(10.61) @	(1.14)	(5.73)
Return on Net Worth (%) (after excluding capital reserves)#	(35.09)% @	(29.72)%	(99.55)%
Net Asset Value Per Equity Share (₹) (after excluding capital reserves)$	40.35	50.96	119.67
EBITDA (₹ in lakhs)^	6,846.97	12,509.81	4,510.05

@Not annualized

The ratios have been computed as under:

**Basic and diluted earnings per share: Basic and diluted earnings per share have been calculated by dividing the profit/ (loss) for the relevant period attributable to equity holders of the Group by the weighted average number of Equity shares outstanding during the period.*

#Return on Net worth %: Profit/ (loss) for the period attributable to equity shareholders of the parent divided by Net worth as attributable to equity shareholders of the parent at the end of the year/period.

$Net assets value per equity share means:Net assets at the end of the year/period divided by weighted average number of equity share outstanding during the year/ period..

Net Asset means Total Assets minus Total Liabilities.

Net Worth = The aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation" as defined under Regulation 2(hh) of the Securities and Exchange Board Of India (Issue Of Capital And Disclosure Requirements) Regulations, 2018

^EBITDA = Earnings before interest, taxes, depreciation and amortization.

3. The following table sets forth the reconciliation of our earning per Equity Share:

(*in ₹ lakhs*)

Particulars	For the nine months period ended December 31, 2019	March 31, 2019	March 31, 2018
Profit attributable to equity	(8,436.00)	(903.63)	(1,989.02)
Net Worth (after excluding capital reserves)	(24,042.55)	(3,040.75)	(1,997.99)
weighted average number of equity shares outstanding at the end of the period	795.34	795.34	347.41
Basic and Diluted EPS	(10.61)[@]	(1.14)	(5.73)

@not annualised

4. The following table sets forth the reconciliation of our return on net worth:

(*in ₹ lakhs*)

	For the nine months period ended December 31, 2019	March 31, 2019	March 31, 2018
Equity share capital	3,976.71	3,976.71	-
Equity share capital suspense	-	-	3,976.71
Retained Earnings	(28,019.26)	(7,017.46)	(5,974.70)
Net worth (A)	(24,042.55)	**(3,040.75)**	(1,997.99)
Profit/ (loss) for the period (B)	**(8,436.00)**	**(903.63)**	**(1,989.02)**
Return on net worth (B/A)*100	**(35.09)%**	**(29.72)%**	**(99.55)%**

5. The following table sets forth the reconciliation of our net asset value per share:

(*in ₹ lakhs*)

	For the nine months period ended December 31, 2019	March 31, 2019	March 31, 2018
Total assets	171,386.31	127,974.98	122,262.66
Less: total liabilities	139,295.02	87,443.53	80,688.45
Net assets (A)	32,091.29	40,531.45	41,574.21
Total weighted average number of equity shares (B)	795.34	795.34	347.41
Total weighted average number of equity shares on dilutive basis (C)	795.34	795.34	347.41
Net asset value per share (Basic A/B) (₹)	40.35	50.96	119.67

Note: Number of Equity shares for the period ended March 31, 2018 represents equity share lying under "Equity share capital suspense" account to be issued pursuant to Composite Scheme of Arrangement and pending for allotment.

6. The following table sets forth the reconciliation of our Net profit/ (loss) to EBITDA:

(*in ₹ lakhs*)

	For the nine months period ended December 31, 2019	March 31, 2019	March 31, 2018
Profit/ (loss) for the period	(8,436.00)	(903.63)	(1,989.02)
Add: Tax expense			
Current tax	-	178.52	-
Deferred Tax (net)	(12.42)	-	-
Add: Finance costs	5,791.51	4,877.75	2,452.43
Add: Depreciation and amortisation expense	9,503.88	8,357.17	4,046.64
EBITDA:	**6,846.97**	**12,509.81**	**4,510.05**

CAPITALISATION STATEMENT

The following table sets forth our Company's capitalization as at December 31, 2019, derived from our Restated Financial Statements, and as adjusted for this Issue. This table should be read in conjunction with the sections titled "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Financial Statements" and "Risk Factors" on pages 204, 158 and 20, respectively.

(in ₹ lakhs)

Particulars	Pre-Issue as at December 31, 2019	As adjusted for the proposed Issue*
Total borrowings		
Current borrowings (A)	9,813.45	[●]
Non-current borrowings (including current maturity) (B)	11,247.41	[●]
Total borrowings (C) = (A) + (B)	21,060.86	[●]
Total Equity		
Equity share capital (D)	3,976.71	[●]
Other equity(E)	28,114.58	[●]
Total Equity (F) = (D) + (E)	32,091.29	[●]
Ratio -Total borrowings/ Total Equity(G) = (C) / (F)	0.35	[●]

The above table does not include lease liability on implementation of Ind AS 116 – " Leases" which we have chosen to disclose as a separate line item in the Restated Financial Statements.

**The corresponding post-Issue capitalisation data for each of the above amounts given in the table is not determinable at this stage pending the determination of terms of the Issue and hence, the same have not been provided in the above statement*

The following table sets forth the reconciliation of our total borrowings:

(in ₹ lakhs)

Particulars	For the nine months period ended December 31, 2019	As on/ For Fiscal 2019	As on/ For Financial Period 2018
Working capital loan from Bank (Secured)	4,000.00	-	-
Invoice financing facility from bank (unsecured)	4,316.55	-	-
Overdraft facility from bank (unsecured)	1,496.90		
Current Borrowings (A)	**9,813.45**		
Current maturities of long term debt	2,023.12	-	-
Non-Current Borrowings	9,224.29	-	-
Non-current borrowings (including current maturity)(B)	**11,247.41**		
Total Borrowings (A+B)	**21,060.86**		

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our Restated Financial Statements for the nine months period ended December 31, 2019 and for Fiscal 2019 and Financial Period 2018, including the notes thereto and reports thereon, each included in this Draft Letter of Offer, and our assessment of the factors that may affect our prospects and performance in future periods. Our Restated Financial Information have been prepared in terms of the requirements of Section 26 of Part I of Chapter III of the Companies Act, 2013, SEBI ICDR Regulations, and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India, as amended from time to time., which differ in certain material respects from IFRS, U.S. GAAP and GAAP in other countries. Accordingly, the degree to which our Restated Financial Statements in this document will provide meaningful information to a prospective investor is entirely dependent on the reader's level of familiarity with Ind AS.

Our Company was incorporated on February 8, 2017 and accordingly, in accordance with the Companies Act, 2013, our Company's first audited financial statements were prepared for the Financial Period 2018 i.e. from February 8, 2017 to March 31, 2018. Further, for the Financial Period 2018, business operations only commenced from October 1, 2017 upon the Scheme of Amalgamation being effective. Accordingly, our financial information for the nine months period ended December 31, 2019, the Financial Years ended March 31, 2019 and as at for the Financial Period 2018 are not comparable.

This discussion and analysis herein contain forward-looking statements that reflect our current views with respect to future events and our financial performance. Our actual results may differ materially from those anticipated in these forward-looking statements. As such, you should also read "Risk Factors" and "Forward-Looking Statements" sections in this document on pages 20 and 14 respectively, which discuss a number of factors and contingencies that could affect our financial condition and results of operations.

In this section, references to "we" and "our" are to our Company and its Subsidiaries on a consolidated basis, unless otherwise stated.

Unless otherwise specified or unless the context requires otherwise, all amounts in this section are stated on a consolidated basis. Further, unless otherwise indicated, the financial information included herein is derived from our Restated Financial Statements included in this Draft Letter of Offer.

Overview

Spencer's is one of the leading multi-format omni-channel retailer in India, catering to the needs of the upmarket urban consumers for daily fresh food to world food and ingredients. We operate retail stores (primarily in food and grocery) across various formats, selling products in various categories including food, fashion, general merchandise, homeware, consumer durables and electrical. Pursuant to our philosophy, "Makes Fine Living Affordable", we cater to aspirational segments of the Indian population across various SEC by providing them with a wide range of quality merchandise at competitive prices. The key tenet of our merchandising strategy is to offer differentiated products in food and non-food categories at fair-market prices. We make global products locally available and local products conveniently available. In effect, we endeavor to be a one-stop-shop for our customers and their families. Customer service also is key to our offering, and we aspire to provide best-in-class instore customer experience.

Having pioneered organized retail in India by setting up India's first organized retail chain, our Company has enjoyed a strong first-mover advantage, which has allowed it to establish a leading position in the retail industry in India. Our first-mover advantage has not only helped us develop a wide network of stores, but has also strengthened the brand equity of our Company. Spencer's have a pan-India presence with a strong focus on northern, eastern and southern India with a footprint of 196 stores as of December 31, 2019. Further, with our recent acquisition of Natures Basket Limited, we have increased our presence in western India. Our stores are spread, over about 1.52 million square feet, and are located in 11 states and one union territory namely Maharashtra, Andhra Pradesh, Telangana, Karnataka, Kerala, Tamil Nadu, West Bengal, Jharkhand, Haryana, Uttar Pradesh, Uttarakhand and Delhi respectively.

All our stores are operated and managed by us. We operate our stores predominantly on an asset light model i.e., leave and license/rental model. We open new stores using a cluster approach on the basis of adjacencies and focusing on an efficient supply chain, targeting densely-populated residential areas with a majority of, middle and aspiring upper-middle class consumers. We operate warehouses, which form the backbone of our supply chain to support our retail store network. As of December 31, 2019, we had 14 distribution centres.

Our stores are supported by IT and operational management systems specific to our business needs. These systems streamline many of our functions including procurement, sales, supply chain and inventory control processes and to support our business. As a result, we are able to procure our merchandise from our distribution centres or directly from our suppliers and manage our inventory levels efficiently to better respond to our customers' changing preferences and needs.

We are a part of the RP – Sanjiv Goenka Group ("**RPSG Group**"). The RPSG Group is a large conglomerate and diversified businesses, of which some, are mentioned below:

1. CESC Limited - Fully integrated private power utility company engaged in coal mining, generation and distribution of electricity
2. Firstsource Solutions Limited- One of the top business process outsourcing players in India
3. Phillips Carbon Black Limited - Largest Indian and 7th largest global carbon black manufacturer
4. Harrisons Malayalam Limited - Largest natural rubber producer in India and 2nd largest tea producer in south India
5. Saregama India Limited - India's largest music company with an archive of over 300,000 tracks
6. Guiltfree Industries Limited (TOO YUMM) - Latest venture in FMCG industry
7. CESC Ventures Limited - Engaged in business relating to IT service operations for the power sector

Other businesses of the RPSG Group include infrastructure, education and sports. Our Company espouses the corporate values and principles of the RPSG Group and we believe that our association with the RPSG Group lends us credibility which has assisted us in building long-standing relationships with our vendors and business partners, as well as in hiring and retaining industry talent.

Our Company has been certified to be the "Great Place to Work" by the Great Place to Work Institute.

Our total income, as restated was ₹ 1,02,110.37 lakh in Fiscal 2018 and ₹ 2,21,532.98 lakh in Fiscal 2019. For the nine months period ended December 31, 2019, our total income, as restated, was ₹ 2,01,943.88 lakh.

Significant factors affecting our results of operations

The following is a discussion of certain factors that have had, and continue to have, a significant effect on our financial results:

Availability of Commercial Real Estate

Our ability to increase our sales and our profitability is directly affected by the total number of stores we operate. All our stores operate from premises which we have acquired on a long-term leasehold or leave and license basis. Our ability to continue to secure densely populated residential neighbourhood locations is a key factor in our success. As we expand our store network, we will need to secure more locations that meet our business needs whether on an ownership, long term leasehold, leave and license or rental basis, as we determine on a case-by-case basis. We have no control over future increases in real estate cost. If real estate prices increase, we will require greater capital to buy land or incur higher operational costs due to higher leasing or rental costs. If there is limited availability of real estate in the future, competition for such real estate may increase which may result in a further increase in prices. This may lead to delays and cost overruns in opening new stores.

Expansion of our store network

We have expanded our stores to a total of 196 stores across 42 cities, as of December 31, 2019. Our strategy is to continue expanding our network by opening stores in untapped markets. Our revenue growth can vary according to the location and level of maturity of our stores. The revenue of a store generates depends on its location and stage of operation. Generally, revenue generated by a new store is lower at its initial stage of operation and tends to increase after the first few years of operation as the store gains customer loyalty and market recognition. Similarly, a location with less competition and densely populated generates more revenue. Following this initial stage, growth in the revenue of a store will also depend on various factors such as the level of customer foot-fall, quality of store management, extent of redecoration and renovation, and rate of growth in the local economy.

Product assortment

We offer an extensive range of products in a number of categories at our stores including foods, non-foods, electronics and general merchandise and apparel. One of our key strengths has been our ability to offer our customers affordable fine living. We strive to provide products to our customers responding to their needs and tastes by optimising the range of products we offer in order to attract and maintain a large base of customers. Our success in part depends upon our continued ability to understand evolving customer preferences and trends and accordingly achieving the correct product assortment. We will continue to manage the changing requirements of our customers by changing our product assortment, as necessary. Changes in the assortment of products we sell can impact our sales and operating profit and our profit margins also may vary across different product categories and different product sub-categories within each category.

Sales Volume

Our sales volume is an important factor driving our results of operations. Increased sales volume favourably affects our results of operations as it enables us to benefit from economies of scale in procurement and improves our operating margin through our ability to leverage our fixed cost base. We plan to continue to increase our sales volume by increasing customer traffic and average bill size at our stores by (i) providing our customers with a one-stop shopping experience; (ii) offering a comprehensive range of products at value for money; (iii) efficient supply chain management; and (iv) strategically locating our stores in areas with a high residential population and customer traffic level.

Operational expenses and costs

All our stores operate from premises which we have acquired on a long-term leasehold or leave and license basis. We will continue to be affected by any future rental increases. Furthermore, when our current leases expire we will need to re-negotiate these leases with the relevant lessors, who may seek to impose higher costs or more onerous conditions on us. Our store operating costs include, among others, human resource costs, utilities, and maintenance. These costs and expenses can fluctuate and also differ from store to store depending on a variety of factors. For example, power tariffs vary from state to state in India. Furthermore, regulations affecting manpower costs such as rules relating to minimum wages, may also vary from state to state. Inflation increases our operating costs. Fixed operating costs increase as we open new stores. In general, we expect our operational expenses as a percentage of sales to be higher for new stores than for mature stores. However, in absolute terms, our older stores tend to have higher operational costs as these costs also include repairs which are not capitalised. In addition, we carry out periodic renovations of our stores, which we believe are important in maintaining and enhancing the image of our stores and in attracting customers. During renovations, we will incur expenses and experience temporary disruptions to our normal operations which may affect our revenues.

Competition

The Indian retail industry is highly competitive. Competition is characterized by many factors, including assortment, advertising, price, quality, service, location, reputation and credit availability and availability of retail space. Our Company faces competition from existing retailers, both organized and un-organised, and potential entrants to the retail industry that may adversely affect our competitive position and our profitability. We face competition across our business activities from varied peers. In relation to Foods category including groceries and staples, we face competition from other organized retail supermarket chains including D-Mart, Big Bazaar, Reliance Retail, More, Spar, and Star Bazaar on one hand and unorganised retail kirana shops on the other. In relation to non-food products and other products, we face competition from organised retail chains. Further, we face competition from e-tailing companies such as Big Basket, Amazon pantry and Grofers. Increased competition may lead to a fall in prices, which may result in a decline in our revenues and profitability. Each of the aforementioned organised retailers has an established presence in the markets in which we operate and they may continue to open additional stores in the same cities where we have opened or intend to open our stores in the future. This may require us to change our strategy, delay expansion plans or be more selective in opening of new stores.

Significant Accounting Policies

Critical accounting policies and estimates

A summary of the significant accounting policies applied in the preparation of our Restated Financial Statements is set out in the notes to the Restated Financial Statements included elsewhere in this Draft letter of Offer.

1.1 Basis of preparation

(a) Restated Consolidated Summary Statements

These Financial Statements of the Group comprising of Restated Consolidated Statement of Assets and Liabilities as at 31st December 2019, 31st March 2019 and 31st March 2018, the Restated Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Restated Consolidated Statement of Changes in Equity, Restated Consolidated Cash-flow Statement, Summary Statement of Significant Accounting Policies and Other Explanatory Information of the Group for the nine months period ended 31st December 2019, for the year ended 31st March 2019 and for the period 8th February 2017 to 31st March 2018 (collectively, the "Restated Consolidated Summary Statements"), as approved by the Board of Directors of the Company at their meeting held on xx April 2020 have been prepared specifically for the purpose of inclusion in the Draft Letter of Offer (the "DLOF") and the Letter of Offer (the "LOF") in connection with its proposed rights issue of equity shares of Rs. 5 each ("Rights Issue"), have been prepared in terms of the requirements of:

(i) Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Act")
(ii) the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and
(iii) the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note")

The Restated Consolidated Summary Statements have been prepared after incorporating adjustments for the changes in accounting policies and regrouping/reclassifications retrospectively in the financial year ended 31st March 2019 and period ended 8th February 2017 to 31st March 2018 respectively to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the nine months period ended 31st December 2019 (Refer Note 43). These Restated Consolidated Summary Statements have been compiled by the management from:

(a) Audited special purpose interim Consolidated Ind AS financial statements of the Group as at and for the nine months period ended 31st December 2019 prepared in accordance with Indian Accounting Standard (Ind AS) 34 "Interim Financial Reporting", notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III (Ind AS compliant Schedule III) to the Act, as applicable to the financial statements and other accounting principles generally accepted in India (the "Special Purpose Interim Consolidated Ind AS Financial Statements") which have been approved by the Board of Directors at their meeting held on 11th May 2020;

(b) Audited Consolidated Ind AS Financial Statements of the Group as at and for the year ended 31st March 2019, and as at 31st March 2018 and for the period 8th February 2017 to 31st March 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 meeting held on 17th May 2019 and 25th October 2018 respectively.

The Restated Consolidated Summary Statements are based on the classification provisions contained in Ind AS 1, 'Presentation of Financial Statements' and division II of Schedule III of the Companies Act 2013.

(b) Basis of measurement

The Restated Consolidated Summary Statements have been prepared on accrual basis under historical cost convention, except for the following assets and liabilities, which had been measured at fair value as required by the relevant Ind AS

- Certain Financial Assets and Liabilities (refer accounting policy regarding Financial Instruments);
- Defined Employee Benefit Plan
- Contingent consideration

(c) Basis of consolidation

The audited interim consolidated Ind AS financial statements and audited consolidated Ind AS financial statements have been prepared on the basis of audited interim standalone Ind AS financial statements and audited standalone Ind AS financial statements of Spencer's Retail Limited and its wholly owned subsidiary, namely, Omnipresent Retail India Private Limited and special purpose standalone Ind AS financial statements of Natures Basket Limited (prepared by its management using the recognition and measurement principle of Ind AS 34) respectively. Both the subsidiaries have been fully consolidated.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

The Restated Consolidated Summary Statements have been prepared using uniform accounting policies for like transactions and are presented, to the extent possible, in the same manner as the parent and subsidiaries financial statements. The financial statements of the entity used for the purpose of consolidation are drawn up to same reporting date as that of the parent company.
Group Information

Information about subsidiaries

The consolidated financial statement of the Group includes the subsidiaries listed in the table below :

Name	Principal Activities	Country of incorporation	31st December 2019	31st March 2019	31st March 2018
Omnipresent Retails India Private Limited	E-Commerce	India	100	100	100
Natrue's Basket Limited	Organised retail stores	India	100	NA	NA

(d) Functional and presentation currency

These Restated Consolidated Summary Statements are presented in Indian Rupees (₹), which is also the Group’s functional currency. All amounts have been rounded off to the nearest Lakhs, unless otherwise indicated.

(e) Use of estimates and judgments

The preparation of these Restated Consolidated Summary Statements requires management to make judgments, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, incomes, expenses and the accompanying disclosures in the restated consolidated summary statements. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Continuous evaluation is done on the estimation and judgments based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognised prospectively.

Information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year, are included in the following notes:

(i) Useful life and residual value of property, plant and equipment and intangible assets

(ii) Determining the fair values of investments

(iii) Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources

(iv) Measurement of defined benefit obligations: key actuarial assumptions

(v) Impairment of financial assets: key assumptions used in estimating recoverable cash flows

(vi) Non recognition of deferred tax assets

(vii) Transition policy, choice, discounting rate and lease term for accounting of right-of-use assets and lease liabilities under Ind AS 116

(viii) Fair valuation of assets and liabilities acquired in a business combination

1.2 Significant accounting policies

(a) Current and non-current classification

An asset is treated as current when it is:
- Expected to be realised or intended to be sold or consumed in normal operating cycle or
- Held primarily for the purpose of trading or
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in normal operating cycle or
- It is held primarily for the purpose of trading or
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(b) Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Group at the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of initial transaction. Exchange differences are recognised in the Statement of Profit and Loss in the period in which they arise.

(c) Property, plant and equipment [PPE]

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of property, plant and equipment comprises its purchase price inclusive of non refundable duties and taxes, incidental expenses, erection/commissioning expenses, borrowing cost, any directly attributable cost of bringing the item to its working condition for its intended use and costs of dismantling and removing the item and restoring the site on which it is located. Trade discounts and rebates are deducted from the purchase price.

Expenditure incurred in setting up of stores are capitalised as a part of leasehold improvements. Expenditure in respect of improvements, etc. carried out at the rented / leased premises are capitalised.

A fixed asset is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal. Any gain or loss on disposal of an item of property, plant and equipment is recognised in Statement of Profit and Loss.

(ii) Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight line method to allocate their cost, net of their residual values on the basis of useful lives prescribed in Schedule II to the Act and based on management's estimate of useful lives. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. Expenditure in respect of improvements, etc. carried out at the rented / leased premises are depreciated over the initial period of lease or useful life of assets, whichever is lower. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation is calculated on a straight line basis using the rates arrived based on the useful lives estimated by the management, which are as follows:

Class of assets	Management estimate of useful life
Computer hardwares	3 to 6 years
Furniture and fixtures	3 to 15 years
Vehicles	5 years
Office equipments	5 years
Plant and machineries	7.5 to 25 years

Based on the internal assessment carried out by the in-house technical team and management believes that the residual value and useful lives as given above best represents the period over which management expects to use these assets. Hence, the useful lives for these assets are different from the useful lives as prescribed under part C of schedule II of the Companies Act 2013.

(iii) Impairment of non financial assets

The carrying amount of assets is reviewed at each balance sheet date, to determine if there is any indication of impairment based on the internal/external factor. An impairment loss is recognized wherever the carrying amount of assets exceeds its recoverable amount which is the greater of net selling price and value in use of the respective assets. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and risk specific to the asset. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(iv) Capital work-in-progress (CWIP)

Capital work-in-progress includes cost of property, plant and equipment under installation / under development net off impairment loss, if any, as at the balance sheet date. Directly attributable expenditure incurred on project under implementation are shown under CWIP. At the point when an asset is capable of operating in the manner intended by management, the capital work in progress is transferred to the appropriate category of property, plant and equipment.

(d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost, which includes purchase price and any cost directly attributable to bringing the asset to the conditions necessary for it to be capable of operating in the manner intended by management. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

All relatable expenditure incurred with respect to developing designs which are capable of being used for more than one season are capitalised and amortised over the useful period of the design. The useful lives of intangible assets are assessed as either finite or indefinite. Finite life intangible assets are amortised using straight line method over the period of their expected useful lives. Estimated useful lives of intangible assets are as follows:

Class of assets	Management estimate of useful life
Computer softwares	6 to 10 years
Know-how and licenses	10 years
Designs	3 years
Goodwill	Indefinite life
Brand	Indefinite life

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss. when the asset is derecognised.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

(e) Inventories

Traded goods, finished goods and packing materials are valued at lower of cost and net realisable value. Cost of inventories comprise costs of purchase, conversion costs and other costs incurred in bringing the inventories to their present condition and location Cost is determined under moving weighted average method. Costs of purchased inventory are determined after deducting rebates and discounts.

Raw materials are valued at lower of cost and net realisable value. However, materials held for use in production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.

Obsolete, slow moving and damaged stock is valued at lower of cost less provision and net realisable value. Such inventories are identified from time to time and where necessary a provision is made for such inventories.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost necessary to make the sale.

(f) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial Assets

The financial assets are classified in the following categories :

- financial assets measured at amortised cost,
- financial assets measured at fair value through profit and loss (FVTPL), and
- financial assets designated at fair value through Other Comprehensive Income (FVTOCI) (equity instruments)

The classification of financial assets depends on the Group's business model for managing financial assets and the contractual terms of the cash flow. At initial recognition, the financial assets are measured at its fair value.

Financial assets measured at amortised cost - Assets that are held for collection of contractual cash flows and where those cash flows represent solely payments of principal and interest are measured at amortised cost. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The losses arising from impairment, if any, are recognised in the Statement of Profit or Loss.

Financial instruments measured at fair value through profit and loss - Financial instruments included within fair value through profit and loss category are measured initially as well as at each reporting period at fair value plus transaction costs as applicable. Fair value movements are recorded in the Statement of Profit and Loss. Investments in units of mutual funds, alternative investment fund are accounted for at fair value and the changes in fair value are recognised in the Statement of Profit and Loss.

Financial assets designated at FVTOCI (equity instruments)- Financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling. Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated balance sheet) when:

- The rights to receive cash flows from the asset have expired, or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the group has transferred substantially all the risks and rewards of the asset, or (b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

(ii) Financial Liabilities

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Interest-bearing loans and borrowings are measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

A financial liability (or a part of financial liability) is de-recognised from Group's balance sheet when obligation specified in the contract is discharged or cancelled or expired.

(iii) Offsetting financial instruments

Financial assets and liabilities are off set and the net amount is reported in the balance sheet where there is a legally enforceable right to off set the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events.

(iv) Fair value measurement

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

(g) Cash and cash equivalents

Cash and cash equivalent (including for Statement of Cash Flows) comprise cash at banks, cash on hand and short-term deposits with an original maturity of less than three months, which are subject to an insignificant risk of changes in value.

(h) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as and when the related services are provided. A liability is recognised for the amount expected to be paid, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

(ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays a fixed contribution and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to provident and superannuation fund are recognised as an employee benefit expense in Statement of Profit and Loss when the contributions to the respective funds are due.

(iii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's gratuity benefit scheme is a defined benefit plan. The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plans.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

(iv) Compensated absences

The employees of the Group are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is measured on the basis of an annual independent actuarial valuation using the projected unit credit method, for the unused entitlement that has accumulated as at the balance sheet date. Non-accumulating compensated absences are recognised in the period in which the absences occur.

(i) Provisions (other than for employee benefits)

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

In an event when the time value of money is material, the provision is carried at the present value of the cash flows estimated to settle the obligation.

When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

Decommissioning liability

Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The unwinding of the discount is expensed as incurred and recognised in the statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate.

(j) Contingent liabilities

A contingent liability is a possible obligation that arises from a past event, with the resolution of the contingency dependent on uncertain future events, or a present obligation where no outflow is possible. Major contingent liabilities are disclosed in the financial statements unless the possibility of an outflow of economic resources is remote.

(k) Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The following specific recognition criteria must also be met before revenue is recognised :

Sale of goods

Revenue recognised from the sale of products is measured at the fair value of the consideration received or receivable, net of returns and trade discounts. The Group collects Goods and Service Tax (GST) on behalf of the government and, therefore, these are not economic benefits flowing to the Group. Accordingly, they are excluded from revenue.

Where the Group is the principal in the transaction, the sales are recorded at their gross values. Where the Group is effectively the agent in the transaction, the cost of the merchandise is disclosed as a deduction from the gross value.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

The Group has contracts with concessionaire whereby it facilitates in the sale of products of these concessionaires. Thus, the Group is an agent and records revenue at the net amount that it retains for its agency services.

Any amounts received from merchandiser for which the Group does not provide any distinct good or service are considered as a reduction of purchase costs.

Loyalty Program

Sales is allocated between the loyalty programme and the other components of the transaction at fair value. The amount allocated to the loyalty programme is deferred, and is recognised as revenue when the Group has fulfilled its obligations to supply the discounted products under the terms of the programme or when it is no longer probable that the points under the programme will be redeemed.

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Other operating revenue

Other operating revenue mainly represents recoveries made on account of advertisement for use of space by the customers and other expenses charged from suppliers and are recognised and recorded based on the arrangements with concerned parties.

Dividend income

Dividend income is recognised only when the right to receive the same is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of dividend can be measured reliably.

(l) Interest income

Interest income is recognised based on time proportion basis considering the amount outstanding and using the effective interest rate (EIR). Interest income is included as other income in the Statement of Profit and Loss.

(m) Expenses

All expenses are accounted for on accrual basis.

(n) Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to its operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

The Group as a lessee

The Group's lease asset classes primarily consist of stores. The Group assesses whether a contract contains a lease, at the inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right of use asset (ROU) and a corresponding lease liability for all lease arrangements, in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and non lease components (like maintenance charges, etc.). For these short-term leases and non lease components, the Group recognizes the lease rental payments as an operating expense.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.
The Right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the lease term. Right-of-use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liabilities are initially measured at the present value of the future lease payments. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognised as expenses.

The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates for similar term of borrowing as the leases, for the Group. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The Group as a lessor

Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

(o) Income Tax

(i) Current tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.
Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred tax

Deferred tax is provided on temporary differences between the tax bases and accounting bases of assets and liabilities at the tax rates and laws that have been enacted or substantively enacted at the Balance Sheet date.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

For items recognised in OCI or equity, deferred / current tax is also recognised in OCI or equity.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

(p) Business combination

(i) Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is tested for impairment annually, or more frequently when there is an indication that it may be impaired. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

(ii) Business combination involving entities or businesses under common control are accounted for using the pooling of interest method whereby the assets and liabilities of the combining entities / business are reflected at their carrying value and necessary adjustments, if any, have been given effect to as per the scheme approved by National Company Law Tribunal.

(q) Compound instrument - Non cumulative preference share

Non-cumulative non-convertible redeemable preference shares where payment of dividend is discretionary and which are mandatorily redeemable on a specific date, are classified as compound instruments. The fair value of liabilities portion is determined by discounting amount repayable at maturity using market rate of interest. Difference between proceed received and fair value of liability on initial recognition is included in equity, net of tax effects and not measured subsequently. Liability component of non-convertible redeemable preference shares are subsequently measured at amortised cost. The interest on these non-convertible redeemable preference shares are recognised in profit or loss as finance costs.

(r) Segment reporting

Operating segment are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

(s) Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(t) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders of the company by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the parent company and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(u) Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

(v) Changes in accounting policies and disclosures due to new and amended standards having no material impact

Following are the amendments and interpretations issued during the nine months period ended 31st December 2019, for the year ended 31st March 2019 and for the period 8th February 2017 to 31st March 2018, but either are not applicable on the Group or do not have a material impact on these financial statements of the Group :

- Amendments to Ind AS 19 - Plan Amendment, Curtailment or Settlement
- Amendments to Ind AS 109 - Prepayment Features with Negative Compensation
- Amendments to Ind AS 28 - Long-term interests in associates and joint ventures
- Annual improvement to Ind AS 103 - Business Combinations
- Annual improvement to Ind AS 111 - Joint Arrangements
- Annual Improvement to Ind AS 23 - Borrowing Costs
- Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment
- Annual improvement on - Income tax

Results of operations

	For the nine month period ended December 31, 2019	%age of total income	For the year ended March 31, 2019	%age of total income	For the period February 8, 2017 to March 31, 2018	%age of total income
INCOME						
Revenue from Operations	2,00,022.37	99.05	2,18,718.04	98.73	101,208.02	99.12
Other income	1,921.51	0.95	2,814.94	1.27	902.35	0.88
Total Income	**2,01,943.88**	**100.00**	**2,21,532.98**	**100.00**	**1,02,110.37**	**100.00**
EXPENSES						
Cost of materials consumed	550.01	0.27	687.07	0.31	475.93	0.47
Purchases of Stock-in-Trade	1,56,352.13	77.42	1,74,284.57	78.67	80,622.31	78.96
Changes in inventories of finished goods and Stock-in-Trade	426.17	0.21	(2,705.81)	(1.22)	(430.31)	(0.42)
Employee benefits expense	14,225.54	7.04	14,757.69	6.66	7,602.21	7.45
Other expenses	23,543.06	11.66	21,999.65	9.93	9,330.18	9.14
Total Expenses	**1,95,096.91**	**96.61**	**2,09,023.17**	**94.35**	**97,600.32**	**95.58**
Earnings before interest, tax, depreciation and amortisation	**6,846.97**	**3.39**	**12,509.81**	**5.65**	**4,510.05**	**4.42**
Depreciation and amortisation	9,503.88	4.71	8,357.17	3.77	4,046.64	3.96
Finance costs	5,791.51	2.87	4,877.75	2.20	2,452.43	2.40
Profit / (loss) before tax	**(8448.42)**	**(4.18)**	**(725.11)**	**(0.33)**	**(1989.02)**	**(1.95)**
Tax expense						
Current Tax	-	-	178.52	0.08	-	-
Deferred Tax (net)	(12.42)	(0.01)	-	-	-	-
Profit / (loss) for the period	**(8,436.00)**	**(4.18)**	**(903.63)**	**0.41**	**(1,989.02)**	**(1.95)**

Principal components of our statement of profit and loss

The following descriptions set forth information with respect to the key components of the Restated Financial Statements.

Total income

Our total income comprises (i) revenue from operations and (ii) other income.

Revenue from operations

Our revenue from operations consists of the following: (i) sale of goods; (ii) sale of concessionaire products; and (iii) other operating revenue.

Other income

The key components of our other income are (i) interest income on bank deposits, security deposits and others; (ii) gain on sale of investments; (iii) fair value gain on investments; (iv) net gain on sales of property, plant and equipment; and (v) miscellaneous include which includes provision / liabilities no longer required written back.

Total expense

Our total expenses consist of the following:

- *Cost of materials consumed* primarily consists of raw materials used for manufacture of bakery items;

- *Purchase of Stock-in-Trade*;

- *Changes in inventories of finished goods and Stock-in-Trade* represents the net increase or decrease in inventories at the beginning of the period and end of the period;

- *Employee benefits expense* consists of salaries, wages and bonus, contribution to provident and other funds and staff welfare expenses; and

- *Other expenses* primarily include power and fuel, freight, rent, repairs and maintenance, insurance, rates and taxes, advertisement and selling expenses, packing materials consumed, travelling and conveyance, auditors' remuneration, communication expenses, printing and stationery, legal and consultancy expenses, housekeeping expenses, security expenses, provision for bad and doubtful debts and miscellaneous expenses.

Total tax expense

Elements of our total tax expense are as follows:

- *Current tax* is the amount of tax payable based on the taxable profit for the period as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961.

- *Deferred tax* is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

Discussion on the Results of Operations

For the nine month period ended December 31, 2019

Total income

For the nine month period ended December 31, 2019, our total income was ₹ 201,943.88 lakhs.

Revenue from operations. For the nine month period ended December 31, 2019, our revenue from operations was ₹ 200,022.37 lakhs, which included our revenue from sale of goods, sale of concessionaire products and operating revenue.

- For the nine month period ended December 31, 2019, our gross revenue from sale of goods (including tax) was ₹ 207,953.58 lakhs.

- For the nine month period ended December 31, 2019, our gross revenue from sale of concessionaire products including tax was ₹ 3,070.05 lakhs and cost of goods sold for concessionaire products was ₹ 2,364.73 lakhs.

- For the nine month period ended December 31, 2019, our revenue from other operating revenue was ₹ 9,514.65 lakhs, which comprised of display income of ₹ 5,792.19 lakhs and others of ₹ 3,722.46 lakhs.

Other income. For the nine month period ended December 31, 2019, our other income was ₹ 1,921.51 lakhs, which primarily comprised of interest income from bank deposits of ₹ 370.38 lakhs, interest income from security deposits ₹ 246.92 lakhs; fair value gain on investments of ₹ 571.56 lakhs; and miscellaneous income which includes provision / liabilities no longer required written back, of ₹ 487.99 lakhs.

Total expense

For the nine month period ended December 31, 2019, our total expenses was ₹ 2,10,392.30 lakhs

Cost of materials consumed. For the nine month period ended December 31, 2019, our cost of materials consumed was ₹ 550.01 lakhs.

Purchases of Stock-in-Trade. For the nine month period ended December 31, 2019, our purchases of Stock-in-Trade increased was ₹ 1,56,352.13 lakhs.

Changes in inventories of finished goods and Stock-in-Trade. For the nine month period ended December 31, 2019, our changes in inventories of finished goods and Stock-in-Trade was ₹ 426.17 lakhs.

Employee benefits expense. For the nine month period ended December 31, 2019, our employee benefits expense was ₹ 14,225.54 lakhs, which comprised of salaries, wages and bonus of ₹ 12,776.37 lakhs, contribution to provident and other funds of ₹ 893.74 lakhs, gratuity defined benefit plan of ₹ 93.32 and staff welfare expense of ₹ 462.11 lakhs.

Other expenses. For the nine month period ended December 31, 2019, our other expenses was ₹ 23,543.06 lakhs, which primarily comprised of the following:

- power and fuel of ₹ 4,527.60 lakhs;
- rent of ₹ 2,159.39 lakhs;
- repairs and maintenance of buildings of ₹ 300.4 lakhs and repairs and maintenance of others of ₹ 2,479.90 lakhs;
- advertisement and selling expenses of ₹ 3,980.61 lakhs;
- housekeeping expenses of ₹ 2,991.99 lakhs;
- security expenses of ₹ 1,510.08 lakhs; and
- miscellaneous expenses of ₹ 1,063.65 lakhs.

Depreciation and amortisation. For the nine month period ended December 31, 2019, our depreciation and amortisation was ₹ 9,503.88 lakhs, which primarily comprised of amortisation of intangible assets of ₹ 425.93 lakhs and depreciation of property, plant and equipment of ₹ 2,632.72 lakhs and depreciation on right-of-use assets of ₹ 6,445.23 lakhs.

Finance costs. For the nine month period ended December 31, 2019, our finance costs was ₹ 5,791.51 lakhs, which primarily comprised of interest expense on borrowings of ₹ 1,160.16 lakhs and lease liabilities of ₹ 4,126.03 lakhs and other costs of ₹ 482.17 lakhs.

Profit/ (loss) before tax

For the nine month period ended December 31, 2019, our profit/(loss) before tax was ₹ (8,448.42) lakhs.

Tax expense

For the nine month period ended December 31, 2019, our tax expense was ₹ (12.42) lakhs on account of deferred tax (net).

Profit/ (loss) for the period

For the nine month period ended December 31, 2019, our profit/(loss) was ₹ (8,436.00) lakhs.

Results of operations for Fiscal 2019 and Financial Period 2018

Total income

Our total income increased by 116.95% from Financial Period 2018 to Fiscal 2019. The increase in total income in Fiscal 2019 was mainly due to the following:

Revenue from operations. Our revenue from operations increased by 116.11% from Financial Period 2018 to Fiscal 2019. This increase in revenue from operations was primarily due to the following factors:

- Our revenue from sale of goods increased by 113.22% from Financial Period 2018 to Fiscal 2019. The increase in revenue from sale of goods was primarily due to addition of new stores in the second half of Fiscal 2019. Further, for the Financial Period 2018, business operations only commenced from October 1, 2017 upon the Scheme of Amalgamation being effective.

- Our revenue from sale of concessionaire products increased by 133.90% Financial Period 2018 to Fiscal 2019. The increase in revenue from sale of concessionaire products was primarily due to commencement of business operations for the Financial Period 2018 only from October 1, 2017 upon the Scheme of Amalgamation being effective. Further, for the Financial Period 2018, business operations only commenced from October 1, 2017 upon the Scheme of Amalgamation being effective.

- Our other operating revenue increased by 143.15% from Financial Period 2018 to Fiscal 2019. The increase in other operating revenue was primarily due to 81.13% increase in display income and 471.76% increase in other operating income, from Financial Period 2018 to Fiscal 2019. For the Financial Period 2018, business operations only commenced from October 1, 2017 upon the Scheme of Amalgamation being effective.

Other income. Our other income increased by 211.96% from Financial Period 2018 to Fiscal 2019. The increase in other income was primarily due to: (i) 119.09% increase in interest income from bank deposits; (ii) ₹ 159.60% increase in interest income from security deposits; and (iii) 100% increase in fair value gain on investments.

Total expense

Our total expenses increased by 113.51% from Financial Period 2018 to Fiscal 2019. The increase in our total expenses in Fiscal 2019 was primarily due to the following factors:

Cost of materials consumed. Our cost of materials consumed increased by 44.36% from Financial Period 2018 to Fiscal 2019. This increase was primarily due to (i) increase of 100% in inventories at the beginning of the period; and (ii) an increase of 46.65% in purchases during the period. This increase was partially offset by decrease of 1.61% in inventories at the end of the period.

Purchase of Stock-in-Trade. Our purchase of Stock-in-Trade increased by 116.17% from Financial Period 2018 to Fiscal 2019. This increase was primarily due to due to commencement of business operations for the Financial Period 2018 only from October 1, 2017 upon the Scheme of Amalgamation being effective.

Changes in inventories of finished goods and Stock-in-Trade. Changes in inventories of finished goods and Stock-in-Trade by 528.80% from Financial Period 2018 to Fiscal 2019. This was primarily due to commencement of business operations for the Financial Period 2018 only from October 1, 2017 upon the Scheme of Amalgamation being effective.

Employee benefits expenses. Our employee benefits expenses increased by 94.12% from Financial Period 2018 to Fiscal 2019. This increase was primarily due to (i) an increase in number of employees in the corresponding period at various levels in our organisation; (ii) revision of salaries and wages; and (iii) commencement of business operations for the Financial Period 2018 only from October 1, 2017 upon the Scheme of Amalgamation being effective.

Other expenses. Our other expenses increased by 135.79% from Financial Period 2018 to Fiscal 2019. The increase in other expenses in Fiscal 2019was primarily due to an increase in:

- increase in power and fuel expenses by 140.08% in Fiscal 2019. This was primarily due to commencement of business operations for the Financial Period 2018 only from October 1, 2017 upon the Scheme of Amalgamation being effective.;

- increase in rent expenses by 178.62% in Fiscal 2019. This was primarily due to commencement of business operations for the Financial Period 2018 only from October 1, 2017 upon the Scheme of Amalgamation being effective;

- increase in repairs and maintenance by 102.37% in Fiscal 2019. This was primarily due to commencement of business operations for the Financial Period 2018 only from October 1, 2017 upon the Scheme of Amalgamation being effective;

- increase in advertisement and selling expenses by 155.21% in Fiscal 2019. This was primarily due to commencement of business operations for the Financial Period 2018 only from October 1, 2017 upon the Scheme of Amalgamation being effective;

- increase in housekeeping expenses by 119.58% in Fiscal 2019. This was primarily due to commencement of business operations for the Financial Period 2018 only from October 1, 2017 upon the Scheme of Amalgamation being effective;

- increase in security expenses by 125.82% in Fiscal 2019. This was primarily due to commencement of business operations for the Financial Period 2018 only from October 1, 2017 upon the Scheme of Amalgamation being effective;

- increase in miscellaneous expenses by 195.24% in Fiscal 2019. This was primarily due to commencement of business operations for the Financial Period 2018 only from October 1, 2017 upon the Scheme of Amalgamation being effective.

Depreciation and amortisation expense. Our depreciation and amortisation expense increased by 106.52% from Financial Period 2018 to Fiscal 2019. This was primarily due to commencement of business operations for the Financial Period 2018 only from October 1, 2017 upon the Scheme of Amalgamation being effective. This was also due to increase in amortisation of intangible assets such computer software, know-how and licenses and designs by 135.95% and increase in depreciation of property, plant and equipment by 105.61%.

Finance cost. Our finance cost increased by 98.89% from Financial Period 2018 to Fiscal 2019. This was primarily due to commencement of business operations for the Financial Period 2018 only from October 1, 2017 upon the Scheme of Amalgamation being effective. This was also due to (i) increase in the interest expense on borrowings and interest expense by 99.56%; and (ii) increase in other costs by 95.03%.

<u>Profit/ (loss) before tax</u>

Our (loss) before tax reduced by 63.54% in Fiscal 2019.

Tax expense

Our tax expense increased by 100% in Fiscal 2019 on account of current tax in Fiscal 2019 against nil tax in Financial Period 2018 due to loss incurred.

<u>Profit/ (loss) for the period</u>

Our (loss) for the year reduced by 54.57% in Fiscal 2019.

Liquidity and capital resources

The table below summarises the statement of cash flows, as per our consolidated cash flow statement of the Restated Financial Statements.

(₹ in lakhs)

Particulars	**For the nine month period ended December 31, 2019**	**For the year ended March 31, 2019**	**For the period February 8, 2017 to March 31, 2018**
Net cash generated/(used in) operating activities	9,736.30	7,226.92	(837.02)
Net cash generated/(used in) investing activities	(10,579.72)	2,183.41	(18,939.49)

Particulars	For the nine month period ended December 31, 2019	For the year ended March 31, 2019	For the period February 8, 2017 to March 31, 2018
Net cash generated / (used in) financing activities	660.06	(8,524.28)	(157.92)

Cash flows from operating activities

Nine month period ended December 31, 2019

For the nine month period ended December 31, 2019, our net cash generated/(used in) operating activities was ₹ 9,736.30 lakhs.

Whilst our profit/(loss) before tax for the nine month period ended December 31, 2019 was ₹ (8,448.42) lakhs, we had cash generated from operation before working capital changes of ₹ 6,238.87 lakhs primarily as a result of depreciation and amortisation of ₹ 9,503.88 lakh, impairment allowance (allowance for bad and doubtful debts) of ₹ 494.84 lakhs, provision for obsolete stocks of ₹ 312.11 lakhs, finance cost of ₹ 5,768.37 lakhs, which was primarily partially offset by fair value gain on investments of ₹ (571.56) lakhs, gain on sale of investments of ₹ (155.95) lakhs and interest income of ₹ (624.62) lakhs.

We had generated an operating cash flow after working capital changes primarily comprised of decrease in inventories of ₹ 2,547.94 lakhs, increase in trade receivables of ₹ (3,474.99) lakhs, increase in loans of ₹ (793.23) lakhs, decrease in other assets of ₹ 449.60 lakhs, increase in trade payables of ₹ 5,555.69 lakhs, decrease in financial liabilities of ₹ (1,032.36) lakhs, increase in other current liabilities of ₹ 30.33 lakhs and increase in contract liabilities of ₹ 771.81 lakhs.

Year ended March 31, 2019

For the year ended March 31, 2019, our net cash generated/(used in) operating activities was ₹ 7,226.92 lakhs.

Whilst our profit/ (loss) before tax for the year ended March 31, 2019 was ₹ (725.11) lakhs, we had cash generated from operation before working capital changes of ₹ 9,976.46 lakhs primarily as a result of depreciation and amortisation of ₹ 8,357.17 lakh, impairment allowance (allowance for bad and doubtful debts) of ₹ 94.24 lakhs, provision for obsolete stocks of ₹ 222.71 lakhs, finance cost of ₹ 4,177.83 lakhs, which was primarily partially offset by fair value gain on investments of ₹ (247.04) lakhs, gain on sale of investments of ₹ (100.92) lakhs and interest income of ₹ (1,828.76) lakhs.

Our operating cash flow after working capital changes primarily comprised of increase in inventories of ₹ (2,955.71) lakhs, increase in trade receivables of ₹ (850.55) lakhs, increase in loans of ₹ (376.26) lakhs, increase in other assets of ₹ (1,946.18) lakhs, increase in trade payables of ₹ 3,182.97 lakhs and decrease in provisions of ₹ (305.51) lakhs.

Period February 8, 2017 to March 31, 2018

For the period February 8, 2017 to March 31, 2018, our net cash generated/(used in) operating activities was ₹ (837.02) lakhs.

Whilst our profit/ (loss) before tax for the period February 8, 2017 to March 31, 2018 was ₹ (1,989.02) lakhs, we had cash generated from operation before working capital changes of ₹ 3,589.79 lakhs primarily as a result of depreciation and amortisation of ₹ 4,046.64 lakh, impairment allowance (allowance for bad and doubtful debts) of ₹ 84.11 lakhs, provision for obsolete stocks of ₹ 246.84 lakhs, finance cost of ₹ 2,073.62 lakhs, which was primarily partially offset by interest income of ₹ (813.47) lakhs.

Our operating cash flow after working capital changes primarily comprised of increase in inventories of ₹ (643.14) lakhs, decrease in trade receivables of ₹ 1,273.63 lakhs, decrease in trade payables of ₹ (1,646.86) lakhs and decrease in financial liabilities of ₹ (3,289.83) lakhs.

Cash flows from investing activities

Nine month period ended December 31, 2019

For the nine month period ended December 31, 2019, our net cash generated/(used in) from investing activities was ₹ (10,579.72) lakhs which primarily comprised of purchase of property, plant and equipment, including intangible assets, capital work in progress and capital advances of ₹ (3,521.59) lakhs; payment towards acquisition of a subsidiary acquired in a business combination of ₹ (17,636.36) lakhs, purchase of mutual fund units of ₹

(46,806.00) lakhs, proceeds from sale of mutual fund units of ₹ 38,131.81 lakhs and redemption / maturity of bank deposits of ₹ 19,039.59 lakhs.

Year ended March 31, 2019

For the year ended March 31, 2019, our net cash generated/(used in) from investing activities was ₹ 2,183.41 lakhs which primarily comprised of purchase of property, plant and equipments, including intangible assets, capital work in progress and capital advances of ₹ (4,581.38) lakhs, purchase of mutual fund units of ₹ (18,418.07) lakhs, proceeds from sale of mutual fund units of ₹ 17,537.53 lakhs, investments in bank deposits of ₹ (34,424.80) lakhs, redemption / maturity of bank deposits of ₹ 40,329.41 lakhs and interest received of ₹ 2,021.25 lakhs.

Period February 8, 2017 to March 31, 2018

For the period February 8, 2017 to March 31, 2018, our net cash generated/(used in) from investing activities was ₹ (18,939.49) lakhs which primarily comprised of purchase of property, plant and equipments, including intangible assets, capital work in progress and capital advances of ₹ (750.97) lakhs, purchase of mutual fund units of ₹ (15,355.29) lakhs, proceeds from sale of mutual fund units of ₹ 15,962.40 lakhs, investments in bank deposits of ₹ (59,991.87) lakhs and redemption / maturity of bank deposits of ₹ 40,995.77 lakhs.
Cash flows from financing activities

Cash flows from financing activities

Nine month period ended December 31, 2019

For the nine month period ended December 31, 2019, our net cash generated / (used in) financing activities was ₹ 660.06 lakhs which primarily comprised of repayment of lease liabilities (principle) of ₹ (3,947.53) lakhs, proceeds from non-current borrowings of ₹ 3,000.00 lakhs, net movement in current borrowings of ₹ 7,799.05 lakhs and interest paid of ₹ (5,642.45) lakhs.

Year ended March 31, 2019

For the year ended March 31, 2019, our net cash generated / (used in) financing activities was ₹ (8,524.28) lakhs which primarily comprised of repayment of lease liabilities (principle) of ₹ (4,381.99) lakhs and interest paid of ₹ (4,142.29) lakhs.

Period February 8, 2017 to March 31, 2018

For the period February 8, 2017 to March 31, 2018, our net cash generated / (used in) financing activities was ₹ (157.92) lakhs which primarily comprised of repayment of lease liabilities (principle) of ₹ (1,868.91) lakhs, proceeds from current borrowings of ₹ 3,797.00 lakhs and interest paid of ₹ (2,091.01) lakhs.

Borrowings

The details of our borrowings as of December 31, 2019 are set forth below:

(₹ in lakhs)

Category of borrowing	Sanctioned amount	Outstanding amount as on December 31, 2019
Term loan facilities		
Secured	16,600.00	11,247.41
Unsecured	-	-
Working capital facilities		
Fund based facilities		
Secured	4,000.00	4,000.00
Unsecured	2,000.00	1,496.90
Non Fund Based Facilities		
Unsecured (invoice financing)	10,000.00	4,316.55
Total borrowings	**32,600.00**	**21,060.86**

Related party transactions

Related party transactions with certain of our promoters and directors primarily relate to remuneration payable, loans advanced and issue of Equity Shares. For further details of such related parties under Ind AS 24, see "*Related Party Transactions*" on page 156.

Contingent liabilities

The following are the contingent liabilities as per Ind AS 37, as at December 31, 2019 and March 31, 2019:

(₹ in lakhs)

Particulars	As at December 31, 2019	As at March 31, 2019
Sales tax / value added tax (VAT) demands under appeal	1,161.02	1,027.87
Service tax demands under appeal	553.89	553.89
Claims against the group not acknowledged as debt	4,700.14	4,612.40

Off-balance sheet arrangements

We do not have any off-balance sheet arrangements, derivative instruments, swap transactions or relationships with affiliates or other unconsolidated entities or financial partnerships that would have been established for the purpose of facilitating off balance sheet arrangements.

Capital and other commitments

In the indicated periods and Fiscals, we had contractual obligations in the following amounts:

(₹ in lakhs)

Particulars	As at December 31, 2019	As at March 31, 2019	As at March 31, 2018)
Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advances) relating to stores under constructions	647.53	129.04	277.53
For investments	172.50	375.00	750.00
For Investment in Subsidiary	1,658.00	-	-

Qualitative and quantitative disclosures about market risk

We are exposed to certain risks that arise in our normal course of business, such as credit risk, liquidity risk, counterparty risk, regulatory risk and market risk. We have implemented risk management policies and guidelines that set out our tolerance for risk and our general risk management philosophy. Accordingly, we have established a framework and process to monitor the exposures to implement appropriate measures in a timely and effective manner. We do not enter into derivative financial instruments for speculative purposes.

Known trends or uncertainties

Our business has been affected and we expect that it will continue to be affected by the trends identified above in "*Significant factors affecting our results of operations*" and the uncertainties described in "*Risk Factors*" on pages 205 and 20, respectively. To our knowledge, except as disclosed in this Draft Letter of Offer, there are no known factors which we expect to have a material adverse effect on our income.

Future relationship between cost and revenue

Other than as described in "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 20, 108 and 204, respectively, to our knowledge, no future relationship between expenditure and income is expected to have a material adverse impact on our operations and finances.

Competitive conditions

We expect to continue to compete with existing and potential competitors. See "*Our Business*", "*Industry Overview*" and "*Risk Factors*" on pages 108, 77 and 20, respectively for further information on our industry and competition.

Seasonality of business

Seasonal variations, including due to increased consumption patterns of some products or derivatives in the summer and/or monsoon seasons in India or during run up to religious festivals could cause significant changes in our performance throughout the year.

Significant developments after December 31, 2019 that may affect our future results of operations

To our knowledge, no circumstances have arisen since the date of the last financial statements as disclosed in this Draft letter of Offer which materially or adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our liabilities within the next 12 months.

Recent accounting pronouncements

There have been no changes in the accounting policies of our Company for the nine months period ended December 31, 2019 Fiscal 2019 and Financial Period 2018, except for the changes as necessitated by applicable laws including new and amended Ind AS.

MARKET PRICE INFORMATION

The Equity Shares have been listed on the BSE, CSE and the NSE and are available for trading on BSE and NSE.

(i) The following tables set forth the reported high, low and average market prices of the Equity Shares on the BSE and the NSE on the dates on which such high and low prices were recorded since listing of our Company:

BSE

Fiscal	High (₹)	Date of High	Volume on date of High (Number of Equity Shares)	Low (₹)	Date of low	Volume on date of Low (Number of Equity Shares)	Average market price of the Equity Shares for the year (₹)
2019	230.00	January 25, 2019	15,494.00	120.90	February 8, 2019	42,32,060.00	154.50
2020	168.70	April 1, 2019	26,181.00	53.80	26-Dec-19	16,543.00	90.20

(Source: www.bseindia.com)
**Data from Jan 25,2019 until March 31,2019*

NSE

Fiscal	High (₹)	Date of High	Volume on date of High (Number of Equity Shares)	Low (₹)	Date of low	Volume on date of Low (Number of Equity Shares)	Average market price of the Equity Shares for the year (₹)
2019	225.00	January 25, 2019	2,17,384.00	121.45	February 8, 2019	41,764.00	154.68
2020	168.75	April 1, 2019	4,00,110.00	53.75	26-Dec-19	1,88,147.00	86.42

(Source: www.nseindia.com)
**Data from Jan 25,2019 until March 31,2019*

CSE

The Scrip has not traded on CSE. Hence, the recent data is not available

Notes:

1. *High, low and average prices are based on the daily closing prices.*
2. *In case of two days with the same high or low price, the date with the higher volume has been considered.*

(ii) The following tables set forth the reported monthly high and low market prices and the trading volumes of the Equity Shares on the BSE and the NSE on the dates on which such high and low prices were recorded during each of the last six months:

BSE

The total number of trading days during the past six months from November 1, 2019 to April 30, 2020, was 123.

The average volume of Equity Shares traded on the BSE was 1,60,300 Equity Shares per day.

Month	High (₹)	Date of high	Volume on date of high (Number of Equity Shares)	Low (₹)	Date of low	Volume on date of low (Number of Equity Shares)	Total volume of Equity Shares traded	Average price of Equity Shares for the month (₹)
April 2020	84.00	April 22, 2020	3,16,555.00	71.90	April 13, 2020	61,852.00	19,68,265.00	77.08
March 2020	95.90	March 2, 2020	2,10,425.00	52.50	March 13, 2020	3,60,135.00	42,04,210.00	71.89
February 2020	112.00	February 27, 2020	12,59,271.00	76.15	February 18, 2020	98,562.00	63,30,338.00	88.14
January 2020	103.40	January 22, 2020	21,99,791.00	56.25	January 1, 2020	12,166.00	65,34,689.00	75.04
December 2019	71.00	December 4, 2019	47,991.00	53.80	December 26, 2019	16,543.00	4,27,371.00	61.30
November 2019	75.60	November 13, 2019	4,634.00	62.25	November 27, 2019	27,417.00	2,52,074.00	67.89

(Source: www.bseindia.com)

NSE

The total number of days of trading during the past six months from November 1, 2019 to April 30, 2020, was 123.

The average volume of Equity Shares traded on the NSE was 13,78,659 Equity Shares per day.

Month	High (₹)	Date of high	Volume on date of high (Number of Equity Shares)	Low (₹)	Date of low	Volume on date of low (Number of Equity Shares)	Total volume of Equity Shares traded	Average price of Equity Shares for the month (₹)
April 2020	84.00	April 15, 2020	31,03,979.00	71.85	April 13, 2020	5,98,435.00	1,91,65,232.00	77.13
March 2020	96.90	March 2, 2020	16,90,683.00	54.00	March 24, 2020	4,83,147.00	3,12,69,024.00	71.26
February 2020	111.25	February 27, 2020	77,68,557.00	76.00	February 18, 2020	6,74,050.00	5,18,89,589.00	88.96
January 2020	103.40	January 22, 2020	1,69,51,067.00	56.35	January 1, 2020	91,987.00	6,01,90,245.00	75.42
December 2019	70.70	December 4, 2019	4,46,864.00	53.75	December 26, 2019	1,88,147.00	43,91,233.00	61.70
November 2019	75.70	November 13, 2019	3,02,825.00	62.10	November 26, 2019	66,505.00	26,69,771.00	68.41

(Source:www.nseindia.com)

Notes:

1. *High, low and average prices are based on the daily closing prices.*
2. *In case two days with the same high or low price, the date with the higher volume has been considered.*

There was no trading of the equity shares of our Company on the CSE during the last six months.

(iii) The following table set forth the details of the number of Equity Shares traded during the last six months and the Fiscals 2019 and 2018 on the BSE and the NSE:

Period	Number of Equity Shares traded		
	BSE	NSE	CSE*
April 2020	19,68,265.00	1,91,65,232.00	N/a
March 2020	42,04,210.00	3,12,69,024.00	N/a
February 2020	63,30,338.00	5,18,89,589.00	N/a
January 2020	65,34,689.00	6,01,90,245.00	N/a
December 2019	4,27,371.00	43,91,233.00	N/a
November 2019	2,52,074.00	26,69,771.00	N/a
Fiscal 2019***	67,99,828.00	3,49,36,460.00	N/a
Fiscal 2020	2,34,25,375	20,04,09,331.00	N/a

(*Source: www.bseindia.com, www.nseindia.com and* www.cse-india.com)
* The Scrip has not traded on CSE. Hence, the recent data is not available.
****data from Jan 25,2019 until March 31,2019*

(iv) The Board of our Company has approved the Issue at their meeting held on February 11, 2020. The following table sets forth the market prices of our Equity Shares on the BSE and the NSE i.e. February 12, 2020, the first working day immediately following the date of the Board meeting:

BSE						NSE					
Open	High	Low	Close	Number of Equity Shares traded	Turnover (in ₹ lakhs)	Open	High	Low	Close	Number of Equity Shares traded	Turnover (₹ lakhs)
90.30	90.30	82.60	83.65	2,55,256.00	217.82	90.00	90.00	82.50	83.65	20,10,683.00	1,718.51

(Source: www.bseindia.com and www.nseindia.com)

There was no trading of the equity shares of our Company on the CSE during the last six months.

FINANCIAL INDEBTEDNESS

Our Company and Subsidiaries avail credit facilities in the ordinary course of their business. As on December 31, 2019, we have a total sanctioned limit of ₹ 32,600.00 lakhs and total borrowings of ₹ 21,060.86 lakhs.

Set forth below is a brief summary of our Company's and Subsidiaries' aggregate borrowings as of December 31, 2019:

(in ₹ lakhs)

Category of borrowing	Sanctioned amount	Outstanding amount as on December 31, 2019
Term loan facilities		
Secured	16,600.00	11,247.41
Unsecured	-	-
Working capital facilities		
Fund based facilities		
Secured	4,000.00	4,000.00
Unsecured	2,000.00	1,496.90
Non-fund based facilities		
Unsecured (invoice financing)	10,000.00	4,316.55
Total borrowings	**32,600.00**	**21,060.86**

The above table does not include lease liability on implementation of Ind AS 116 – " Leases" which we have chosen to disclose as a separate line item in the Restated Financial Statements.

For details of the outstanding borrowing amount of our Company and Subsidiaries, see "*Financial Information*" on page 158.

Principal terms of the borrowings availed by our Company and Subsidiaries:

The details provided below are indicative and there may be additional terms and conditions under the borrowing arrangements:

1. ***Interest***: The interest rate for the term loan facilities and other fund based facilities is typically the base rate or MCLR of the respective lender plus a specified spread payable on an annual or monthly basis.

2. ***Tenor:*** The tenor of our facilities vary from 60 to 84 months. Working capital facilities have tenor of 90 days.

3. ***Security:*** In terms of our borrowing arrangements where security needs to be created, we are typically required to create a charge on immovable fixed assets by way of mortgage and on movable property by and current assets, including stock and book debts of our Company, both present and future by way of hypothecation.

4. ***Prepayment:*** Certain of our loan facilities have certain prepayment conditions on the outstanding principal amount including a fee that may be charged by the lender to compensate the cost of prepayment.

5. ***Penalty:*** The lender typically reserves a right to levy a default interest in such circumstances as may be specified or may be communicated be the lender in writing, which rate may be over and above the applicable rate of interest in respect of all amounts due. The penal interest typically ranges between 1% to 2% per annum.

6. ***Events of default:*** In terms of our borrowing arrangements, the following, amongst others, typically constitute as an event of default:

   (i) failure to pay, on the due date, any amount payable;
   (ii) failure to comply with any terms of the agreements/facility documents or breach of any undertakings or covenants
   (iii) failure to maintain insurance on secured assets;
   (iv) for any reason, ceasing or being unable to carry on the business or the appointment of a receiver or a liquidator of the assets, or if we fail to maintain the financial covenants as stipulated

7. ***Key covenants:*** In terms of our borrowing agreements, certain corporate actions by our Company require the prior intimation to/ prior written consent of the respective lenders. These generally include:

(i) change in name or trade name of the borrower;
(ii) amendment or modification of constitutional documents;
(iii) change in accounting standard as well as accounting year;
(iv) effect any scheme of amalgamation or reconstitution;
(v) implementation of a new scheme of expansion or taking up of an allied line of business or manufacture;
(vi) disposal of assets or compromise with any creditors;
(vii) borrowing or obtaining facilities of any description from any other bank or credit agencies; and
(viii) effecting any change to capital structure.

SECTION VI - LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Except as disclosed in this section, there are no outstanding (i) criminal proceedings, (ii) actions taken by statutory or regulatory authorities, (iii) claims related to direct and indirect taxes and (iv) material litigation, in each case involving our Company, Subsidiaries, Promoters and Directors, as on date of this Draft Letter of Offer. Further, except as disclosed in this section, there are no disciplinary actions including penalties imposed by SEBI or any stock exchanges against our Promoters in the last five fiscals, including any outstanding action.

In relation to (iv) above, our Board in its meeting held on May 11, 2020, has considered and adopted a policy of materiality for identification of material litigation. In terms of the materiality policy adopted by our Board, any outstanding litigation:

(a) involving our Company, our Subsidiaries and our corporate Promoter, in which the aggregate monetary amount involved is in excess of one per cent of the total income, derived from the Restated Financial Statements as at March 31, 2019, would be considered as material. The total income of our Company for the Fiscal 2019 is ₹2,21,532.98 lakhs, and accordingly, all litigation involving our Company, our Subsidiaries and our corporate Promoter in which the amount involved exceeds ₹ 2,215.33 lakhs have been considered as material, if any;

(b) involving our Directors and individual Promoters, the outcome of which could have a material adverse effect on the position, business, operations, prospects or reputation of our Company, irrespective of the amount involved in such litigation, has been considered as material; and

(c) involving our Company, our Subsidiaries and our corporate Promoter, the outcome of which could have a material adverse effect on the position, business, operations, prospects or reputation of our Company, irrespective of the amount involved in such litigation, has been considered as material.

Except as stated in this section, there are no outstanding litigation involving our Group Companies, the outcome of which would have a material impact on our Company.

*Our Company has approved, pursuant to its meeting dated May 11, 2020, that in view of the nature and extent of outstanding dues of our Company and nature of business undertaken by our Company, a creditor of our Company shall be considered to be material for the purpose of disclosure in this Draft Letter of Offer, if amounts due to such creditor exceeds five per cent of our Company's consolidated trade payables as per our Restated Financial Statements as at December 31, 2019, which is ₹ 41,141.39 lakhs ("**Creditors' Materiality Policy**").*

It is clarified that for the purposes of the above, pre-litigation notices received by our Company, Subsidiaries, Directors and Promoters from third parties (excluding those notices issued by statutory/regulatory/tax authorities or notices threatening criminal action) shall, unless otherwise decided by the Board, not be considered as material until such time that our Company, Subsidiaries, Directors or Promoters, as applicable, is impleaded as a defendant in litigation proceedings before any judicial forum.

We have disclosed matters relating to direct and indirect taxes involving our Company, Subsidiaries, Directors and Promoters in a consolidated manner giving details of number of cases and total amount involved in such claims.

All terms defined in a particular litigation disclosure below are for that particular litigation only.

Litigations involving our Company

Litigations against our Company

Criminal proceedings

1. 70 cases are pending against our Company and/or certain store managers, in relation to, *inter alia*, adulteration of food products and misbranding of packaging and labelling, consequently violation of the applicable provisions of the Prevention of Food Adulteration Act, 1954 or Food Safety and Standards Act, 2006, as applicable, and the Prevention of Food Adulteration Rules, 1955 or Food Safety and Standard Rules, 2011, as applicable. These matters are pending at various stages of adjudication before various adjudication forums

2. Two cases are pending against our Company in relation to, *inter alia*, irregularity in labelling declarations on packages of the products sold at various stores of our Company in violation of the Legal Metrology Act, 2009 and the Legal Metrology (Packaged Commodities) Rules, 2011. These matters are currently pending at various stages of adjudication before various adjudication forums.

Regulatory proceedings

1. The District Magistrate & Collector, Lucknow ("**District Magistrate**") issued a show cause notice dated May 25, 2010 against our Company in relation to stamp duty on a license agreement executed between our Company and E-city Entertainment (India) Private Limited for a property situated in Lucknow. A recovery citation dated August 8, 2011 for ₹ 116.08 lakhs was thereafter issued by the Additional District Magistrate, Lucknow alleging deficit stamp duty ("**Recovery Citation**"), which made reference to an order passed by the District Magistrate dated May 25, 2011 ("**Order**"). Our Company filed a writ petition before the Allahabad High Court, Lucknow Bench praying for quashing of the Recovery Citation. The Allahabad High Court stayed the proceedings and allowed our Company to appeal before the appropriate appellate authority against the Order. Thereafter, our Company has filed a stamp appeal before the Chief Controlling Revenue Authority, Board of Revenue Allahabad to set aside the Order. The matter is currently pending**.**

2. The Labour Department through the Principal Secretary, Government of Uttar Pradesh has initiated a recovery of ₹ 12.30 lakhs against our Company, alleging non-payment of minimum wages to certain of our employees, pursuant to its order dated September 24, 2009 ("**Order**"). Our Company has filed an appeal before the High Court of Allahabad at Lucknow Bench ("**High Court**") against the Order. The High Court has stayed the recovery proceedings by its order dated April 30, 2010. The matter is currently pending.

3. The Labour Department through the Principal Secretary, Government of Uttar Pradesh has initiated a recovery of ₹ 3.05 lakhs against our Company, alleging non-payment of minimum wages to certain of our employees pursuant to its order dated December 19, 2009 ("**Order**"). Our Company has file an appeal before the High Court of Allahabad at Allahabad ("**High Court**") against the Order. The High Court has stayed the recovery proceedings by its order dated November 25, 2013. The matter is currently pending.

4. The Chief Inspector of Factories, Haryana ("**Chief Inspector**") issued a show cause notice dated October 9, 2018 to our Company and another alleging violation of certain provisions under the Building and other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 ("**BOCW Act**"), pursuant to an inspection conducted of an establishment in Raheja Mall, Gurugram by the Chief Inspector. Our Company has responded to the notice on October 11, 2018. The matter is currently pending.

Material proceedings

1. Kamrup Ice and Cold Storage Company ("**Plaintiff**") has filed a money suit before the Civil Judge No. 3, Kamrup, Guwahati ("**Civil Judge**") against our Company, Sanjiv Goenka, Shashwat Goenka and others for damages of ₹ 2,852.32 lakh on account of termination of a lease deed by our Company entered into with the Plaintiff ("**Suit**"). Our Company has filed applications before the Civil Judge for deletion the names of Sanjiv Goenka, Shashwat Goenka and others, as defendants. from the Suit. The matter is currently pending.

Tax proceedings

Nature of proceeding	**Number of proceedings outstanding**	**Amount involved (in ₹ lakhs)***
Direct tax	0	-
Indirect tax	22	1,262.15
Total	**22**	**1,262.15**

**To the extent quantifiable/ determinable*

Litigations by our Company

Criminal proceedings

1. Our Company has filed four complaints for dishonor of cheques under the Negotiable Instruments Act, 1881 against various parties. These matters are pending at various stages of adjudication before various adjudication forums.

2. Our Company has filed a first information report with the Karaya Police Station against Anindya Dutta, Rajkumar Ghosh and Amit Sen alleging cheating and criminal conspiracy. In this regard, the police have filed a charge sheet before the Judicial Magistrate (1st Class), 4th Court, Alipore, 24 Parganas (South). The matter is currently pending.

Material proceedings

1. Our Company has filed a title suit before the District Judge, South 24 Parganas at Alipore ("**District Judge**") against Future Retail Limited ("**Defendant**") for infringement of our registered trademark - "Spencer's" and "Spencer's taste the world", disparagement and infringement of our copyright on the aforesaid marks. The Defendant has used our above trademarks in an advertisement in its 'Big Bazaar' stores to depict a false and misleading impression that our Company is charging exorbitant prices in comparison to the Defendant. The District Judge by its order dated April 4, 2019 granted an ad-interim injunction restraining the Defendant from advertising the products under the trademarks "Spencer's" and "Spencer's taste the world" until May 16, 2019, and as extended from time to time until the next date of hearing ("**Order**"). The Defendant filed an application before the District Judge praying for vacation of the Order and staying of the Order till adjudication of the said application ("**Application**"). Our Company has filed an objection to the Application. The matter is currently pending.

Litigations involving our Subsidiaries

Litigation against our Subsidiaries

Tax proceedings

Nature of proceeding	Number of proceedings outstanding	Amount involved* (in ₹ lakhs)
NBL		
Direct tax	0	-
Indirect tax	0	-
Omnipresent		
Direct tax	1	Not quantifiable
Indirect tax	0	-
Total	**1**	-

**To the extent quantifiable/ determinable*

Litigations by our Subsidiaries

NBL

Criminal proceedings

1. NBL has filed a complaint before the Metropolitan Magistrate's 50th Court, at Vikhroli, Mumbai against Hotel Horizon Private Limited, Vishal Harish Sharma and Sagar Harish Sharma ("**Accused**") for alleged cheating and criminal breach of trust. NBL and the Hotel Horizon Private Limited had entered into a leave and license agreement for a unit in a commercial property owned by the Accused. In pursuance of the same, NBL had paid ₹ 59,46,600 as security deposit and further incurred additional expense of ₹ 35,00,000 for interior work of the unit. However, the Accused had not applied for or obtained occupation certificate from the concerned authorities due to which NBL was unable to get possession of the unit and incurred losses and suffered damages. The matter is currently pending.

2. NBL has filed a complaint before the Court of Metropolitan Magistrate 53rd Court, Mulund at Mumbai against F. M. Akbar ("**Accused**") for dishonor of cheque of amount ₹ 17,68,900 under the Negotiable

Instruments Act, 1881. The cheque was in relation to payment by the Accused for purchase of fruits from NBL. The matter is currently pending.

Litigations involving our Directors

Litigations against our Directors

Sanjiv Goenka

Criminal Proceedings

1. A criminal complaint was filed by the Income Tax Authorities on March 31, 1992, before the court of the Metropolitan Magistrate in relation to certain matters against Dunlop India Limited (the "**Company**") and Sanjiv Goenka, as the Deputy Managing Director of the Company, alleging violation of section 276C and 277 read with section 278B of the Income Tax Act, 1961 ("**Criminal Complaint**"). Sanjiv Goenka ceased to be Deputy Managing Director of Dunlop India Limited in 1988 and resigned as its Director. The Company, filed a writ petition ("**Writ Petition**") before the High Court of Calcutta ("**High Court**") on November 16, 1992 against the Criminal Compliant praying inter alia for quashing of the Criminal complaint. The High Court stayed all proceedings before the Metropolitan Magistrate till the disposal of the Writ Petition vide its order dated November 30, 1992. Simultaneously, Sanjiv Goenka had filed a Criminal Revision Application before the High Court for quashing of the complaint, inter alia on the grounds that there was no offence committed by the Company and that Sanjiv Goenka was not responsible for or in control of day to day affairs of the Company. The Metropolitan Magistrate proceeded with the Criminal Complaint in October 2019 and adjourned the matter till January 13, 2020 and asked for personal appearance of Sanjiv Goenka. Also, the Metropolitan Magistrate, dismissed the application dated January 13, 2020 of Sanjiv Goenka praying that all proceedings should be kept pending in view of the pendency of the Writ Petition before the High Court. Further, Sanjiv Goenka filed a Criminal Revision Application along with a petition for stay of the Criminal Compliant before the Sessions Court at Calcutta on February 14, 2020. The matter has been stayed by the Sessions Court and in view of Covid-19 pandemic matter is stayed till June 30, 2020. Separately, Sanjiv Goenka filed a Writ Petition before the High Court on February 25, 2020 for quashing of the Criminal Complaint. The High Court vide an order dated March 4, 2020 inter alia directed the Income Tax Authorities to file affidavits in opposition within a period of six weeks. The matter is currently pending.

Material proceedings

1. Kamrup Ice and Cold Storage Company has filed a money suit before the Civil Judge No. 3, Kamrup, Guwahati against Sanjiv Goenka and others. For details, see "- *Litigations against our Company – Material Proceedings*".

Shashwat Goenka

Material proceedings

2. Kamrup Ice and Cold Storage Company has filed a money suit before the Civil Judge No. 3, Kamrup, Guwahati against Shashwat Goenka and others. For details, see "- *Litigations against our Company – Material Proceedings*" .

Tax proceedings

Nature of proceeding	**Number of proceedings outstanding**	**Amount involved* (in ₹ lakhs)**
Sanjiv Goenka		
Direct tax	2	235.73
Indirect tax	-	-
Total	**2**	**235.73**

**To the extent quantifiable/ determinable*

Litigations involving our Promoters

Litigations against our Promoters

Sanjiv Goenka

Please see "*Litigations against our Directors – Sanjiv Goenka*" on page 238.

Litigation involving our Group Companies

There are no pending litigations involving our Group Companies which have a material impact on our Company.

Outstanding dues to small scale undertakings and other creditors

As of December 31, 2019, we had 6,170 creditors. The aggregate amount outstanding to such creditors as on December 31, 2019 was ₹ 41,141.39 lakhs. Based on the Creditors' Materiality Policy, as on December 31, 2019, our Company did not have any material creditors, and the same has been disclosed in our Company's website at the following link: www.spencersretail.com/investor. As of December 31, 2019, our Company had ₹ 304.88 lakhs as outstanding dues to micro and small enterprises, as defined under the Micro, Small and Medium Enterprises Development Act, 2006.

It is clarified that information provided on the website of our Company is not a part of this Draft Letter of Offer and should not be deemed to be incorporated by reference. Anyone placing reliance on any other source of information, including our Company's website, would be doing so at their own risk.

I. Material Developments

For details of material developments, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 204.

GOVERNMENT AND OTHER APPROVALS

We have obtained all material consents, licenses, permissions, registrations and approvals from various governmental, statutory and regulatory authorities in India, which are necessary for undertaking the business of our Company and Natures Basket Limited. The disclosure below is indicative and no further material approvals are required for carrying on the present business operations of our Company or Natures Basket Limited. Unless otherwise stated, these approvals are valid as on the date of this Draft Letter of Offer.

In relation to the stores which are material from the perspective of our business operations, we have also disclosed herein (i) material approvals applied for, including renewal applications made, but not received; (ii) material approvals which have expired and renewal applications for which are yet to be applied for; and (iii) material approvals which are required but not obtained or applied for.

For details in relation to the regulatory and legal framework within which our Company and Natures Basket Limited operate, see "Regulations and Policies" on page 118.

For Offer related approvals, see "Other Regulatory and Statutory Disclosures" on page 242, and for incorporation details of our Company, see "History and Other Corporate Matters" on page 122.

Material approvals in relation to our business and operations

Business related material approvals

1. Trade license under applicable local municipality laws, issued by appropriate local municipality, for our stores and distribution centres, wherever applicable.

2. Food license under the Food Safety and Standards Act, 2006, issued by the Food Safety and Standards Authority of India of respective States in which we operate, for our stores and distribution centres, wherever applicable.

3. Liquor license under the applicable state excise laws, issued by appropriate excise authorities of the respective States in which we operate, for our stores, wherever applicable.

4. Registration of insecticide under the Insecticides Act, 1968, issued by the department of agriculture of the respective States in which we operate, for our stores and distribution centres, wherever applicable.

Material labour/employment related approvals

1. Registration under the respective shops and establishment legislation of the States in which we operate, issued by the appropriate labour department of the respective State, for our stores, distribution centres, Registered Office and Corporate Office, wherever applicable.

2. Registration under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, issued by the Employees' Provident Fund Organisation.

3. Registration under the Employees' State Insurance Act, 1948, issued by the Regional Office, Employees State Insurance Corporation.

4. Certificate for contract labour under the respective contract labour regulation and abolition legislation of the States in which we operate, issued by relevant registering officer, for our stores, wherever applicable.

Tax related approvals

1. Permanent account number issued by the Income Tax Department under the Income Tax Act, 1961.

2. Tax deduction account number issued by the Income Tax Department under the Income Tax Act, 1961.

3. Goods and services tax registration issued by the GoI under the Goods and Service Tax Act, 2017.

Material approvals applied for, including renewal applications made, but not received, in respect of material stores

Sr. No.	Store	Nature of approval	Issuing authority	Date of acknowledgement of renewal application / date of renewal application
1.	New Town Square, Kolkata	Trade License	Bidhannagar Municipal Corporation	December 9, 2016
2.	Kakinada, Vishakhapatma,	Insecticide License	Joint Director of Agriculture, Vishakhapatnam	September 21, 2017
3.	Kurnool, Andhra Pradesh	Insecticide License	Joint Director of Agriculture, Kurnool	December 15, 2017
4..	Axis Mall, Kolkata	Trade License	New Town Kolkata Development Authority	June 25, 2018
5.	Belur, Kolkata	Trade License	Howrah Municipal Corporation	June 1, 2019

Material approvals which have expired and renewal applications for which are yet to be applied for, in respect of material stores

Nil

Material approvals which are required but not obtained or applied for, in respect of material stores

Nil

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

This Rights Issue of Equity Shares to the Eligible Equity Shareholders is being made in accordance with the resolution passed by our Board at its meeting held on February 11, 2020.

Our Board/ Rights Issue Committee in its meeting held on [●] has resolved to issue the Rights Equity Shares to the Eligible Equity Shareholders, at ₹ [●] per Rights Equity Share (including a premium of ₹ [●] per Rights Equity Share) aggregating up to ₹ 8,000.00 lakhs. The Issue Price of ₹ [●] per Rights Equity Share has been arrived at, in consultation with the Lead Manager, prior to determination of the Record Date.

This Draft Letter of Offer has been approved by our Board pursuant to its resolution dated May 11, 2020.

Our Company has received approvals from the BSE, CSE and the NSE under Regulation 28 of the SEBI Listing Regulations for listing of the Rights Equity Shares to be allotted in the Issue pursuant to their letters, dated [•], 2020, [•], 2020 and [•], 2020, respectively.

Prohibition by SEBI or RBI

Neither our Company, our Promoters, members of our Promoter Group, our Directors nor the persons in control of our corporate Promoter(s) or our Company have been prohibited from accessing the capital markets, or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any other jurisdiction or any other authority/court.

The companies, with which our Promoter, Directors or persons in control of our Company are or were associated as promoters, directors or persons in control have not been prohibited from accessing the capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

Except Pratip Choudhary and Utsav Parekh, none of our Directors are associated with the securities market in any manner. Further, SEBI has not initiated action against any of our Directors in the past five years preceding the date of this Draft Letter of Offer.

Our Company, Promoters or Directors have not been declared as wilful defaulters by any bank or financial institution or consortium thereof in accordance with the guidelines on wilful defaulters issued by the RBI.

None of our Directors have been declared as fugitive economic offender within the meaning of the Fugitive Economic Offenders Act, 2018.

Confirmation under Companies (Significant Beneficial Ownership) Rules, 2018

Our Company, Promoters and members of our Promoter Group are in compliance and undertake to comply with the requirements of the Companies (Significant Beneficial Ownership) Rules, 2018, as amended ("**SBO Rules**"), to the extent applicable, as on the date of this Draft Letter of Offer.

Under the Companies (Significant Beneficial Ownership) Rules, 2018, certain persons who are 'significant beneficial owners' ("**SBO**"), are required to intimate their beneficial holdings to the Company in Form no. BEN-1 within 90 days from February 8, 2019 (the date of notification of the Companies (Significant Beneficial Owners) Amendment Rules, 2019). Upon receipt of a declaration by an SBO, the company is required to, within 30 (thirty) days of receiving such declaration, file a return in Form No. BEN-2 with the relevant registrar of companies in respect of each such declaration received by the reporting company. Further, each company is required to maintain a register of SBOs in Form No. BEN-3 which shall be available for inspection to the shareholders the company, is also required to give notice in Form No. BEN-4 to all its members (who are not individuals) who hold more than 10% of the shares asking the members to, inter alia, disclose information of the respective SBO of such member.

Eligibility for the Issue

We are a company incorporated under the Companies Act and our Equity Shares are listed on BSE, CSE and NSE. We are eligible to undertake the Issue in terms of Chapter III of the SEBI ICDR Regulations.

Pursuant to Clause 3(b) of Part B of Schedule VI of the SEBI ICDR Regulations, our Company is required to make disclosures as per Part A of Schedule VI of the SEBI ICDR Regulations.

Our Company is in compliance with the conditions specified in Regulation 61 of the SEBI ICDR Regulations, to the extent applicable. Our Company confirms that it is also in compliance with the conditions specified in Regulation 62(1) of the SEBI ICDR Regulations, to the extent applicable, and will ensure compliance with the conditions specified in Regulation 62(2) of the SEBI ICDR Regulations, to the extent applicable.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THIS DRAFT LETTER OF OFFER 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 ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT LETTER OF OFFER. THE LEAD MANAGER, ICICI SECURITIES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT IS ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, ICICI SECURITIES LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED MAY 12, 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 LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE OUR 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 PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THIS DRAFT LETTER OF OFFER.

Disclaimer from our Company, our Directors and Lead Manager

Our Company, our Directors and the Lead Manager accept no responsibility for statements made otherwise than in this Draft Letter of Offer or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our Company's website www.spencersretail.com, or the respective websites of our Promoters, Promoter Group or any affiliate(s) of our Company would be doing so at his or her own risk.

CAUTION

Our Company and the Lead Manager shall make all information available to the Eligible Equity Shareholders and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Draft Letter of Offer with SEBI.

No dealer, salesperson or other person is authorised to give any information or to represent anything not contained in this Draft Letter of Offer. You must not rely on any unauthorised information or representations. This Draft Letter of Offer is an offer to issue only the Rights Equity Shares and rights to purchase the Rights Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this Draft Letter of Offer is current only as of its date.

Eligible Equity Shareholders who invest in the Issue will be deemed to have represented to our Company and Lead Manager, and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Rights Equity Shares, and are relying on independent advice/ evaluation as to their ability and quantum of investment in the Issue.

Our Company, the Lead Manager and their directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any Applicant on whether such Applicant is eligible to acquire any Rights Equity Shares. The Lead Manager and its affiliates may engage in transactions with and perform services for our Company and our Group Companies or affiliates in the ordinary course of business and have engaged, or may in the future engage, in transactions with our Company and our Group Companies or affiliates, for which they have received and may in the future receive, compensation.

Disclaimer in respect of jurisdiction

This Draft Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Kolkata, India only.

Disclaimer Clause of BSE

As required, a copy of this Draft Letter of Offer shall be submitted to BSE. The disclaimer clause, as intimated by BSE to our Company, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer prior to the filing with SEBI.

Disclaimer Clause of NSE

As required, a copy of this Draft Letter of Offer shall be submitted to NSE. The disclaimer clause, as intimated by NSE to our Company, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer prior to the filing with SEBI.

Disclaimer Clause of CSE

As required, a copy of this Draft Letter of Offer shall be submitted to CSE. The disclaimer clause, as intimated by CSE to our Company, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer prior to the filing with SEBI.

Listing

The Equity Shares of our Company are listed on the BSE, CSE and the NSE. The Rights Equity Shares to be issued through this Draft Letter of Offer are proposed to be listed on the BSE, CSE and the NSE. Applications will be made to the Stock Exchanges for obtaining permission for listing and trading of the Rights Equity Shares. [•] will be the Designated Stock Exchange with which the basis of Allotment will be finalised.

Selling Restrictions

Please see "*Notice to Investors*" on page 10.

Consents

Consents in writing of: (a) all our Directors, Legal Counsel to the Issue, Bankers to our Company, the Lead Manager to the Issue, the Registrar to the Issue, Banker to the Issue, CRSIL Limited, in their respective capacities, have been obtained and filed along with a copy of this Draft Letter of Offer with Stock Exchanges and such consents have not been withdrawn up to the time of delivery of this Draft Letter of Offer.

Expert to the Issuer

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

Our Company has received written consent dated May 12, 2020 from the Statutory Auditors namely, S. R. Batliboi & Co. LLP, Chartered Accountants, to include their name as required under the SEBI ICDR Regulations in this Draft Letter of Offer and as an "expert" defined under Section 2(38) of the Companies Act, to the extent and in their capacity as a statutory auditor and in respect of their (i) examination report, dated May 11, 2020 on our Restated Financial Statements; (ii) report dated May 12, 2020 on the statement of possible tax benefits available to Spencer's Retail Limited and its shareholders under the applicable laws in India included in this Draft Letter of Offer and such consent has not been withdrawn as on the date of this Draft Letter of Offer. However, the term "expert" shall not be construed to mean an "expert" as defined under the Securities Act.

Our Company has received written consent dated May 12, 2020 from the statutory auditors of NBL namely, B S R & Co. LLP, Chartered Accountants, to include their name as required under the SEBI ICDR Regulations in this Draft Letter of Offer and as an "expert" defined under Section 2(38) of the Companies Act, in respect to the report dated May 8, 2020 on the statement of possible special tax benefits available to NBL and its shareholders under the applicable laws in India, included in this Draft Letter of Offer and such consent has not been withdrawn as on the date of this Draft Letter of Offer. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

Previous public or rights issues, if any, during the last five years

Our Company has not made any public issue or rights issue of any kind or class of securities since incorporation.

Commission and Brokerage paid on previous issues of the Equity Shares in the last five years

No sum has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since our Company's incorporation.

Particulars regarding capital issues by our Company and listed group companies, subsidiaries or associate entity during the last three years

Neither our Company nor any listed Group Companies, have made any capital issuance during the three years preceding the date of this Draft Letter of Offer. As on the date of this Draft Letter of Offer, our Company does not have any listed subsidiaries or associates.

Performance vis-à-vis objects–Public/ rights issue by our Company

Our Company has not undertaken any public or rights issue since incorporation.

Performance vis-à-vis objects – Last one public/ rights issue of listed Subsidiaries/listed Promoters of our Company during the preceding five years

Neither our Subsidiaries nor our corporate Promoter has any securities listed on any stock exchanges.

Stock Market Data of Equity Shares

For stock market data, see *"Market Price Information"* on page 230.

Investor Grievances arising out of the Issue

The investor grievances arising out of the Issue will be handled by Link Intime India Private Limited, the Registrar to the Issue. The Registrar will have a separate team of personnel handling post-Issue correspondences only.

All grievances relating to the Issue may be addressed to the Registrar to the Issue or the SCSB in case of ASBA. Applicants giving full details such as folio no./demat account no., name and address, contact telephone/cell numbers, email id of the first applicant, number of Rights Equity Shares applied for, CAF serial number, amount paid on application and the name of the bank/ SCSB and the branch where the CAF was deposited, along with a photocopy of the acknowledgement slip. In case of renunciation, the same details of the Renouncee should be furnished.

Our Company estimates that the average time required by our Company or the Registrar to the Offer or the SCSB in case of ASBA Bidders for the redressal of routine investor grievances shall be 10 days from the date of receipt of complaints. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavour of the Registrar to attend to them as expeditiously as possible. Our Company undertakes to resolve the investor grievances in a time bound manner.

Investors may contact the Compliance Officer in case of any pre-Issue/ post-Issue related problems such as non-receipt of Allotment advice/debenture certificates/demat credit/refund orders etc. The contact details of the Compliance Officer are as follows:

Rama Kant
Address: RPSG House
2/4, Judges Court Road
Kolkata -700 027
Telephone: +91 33 2487 1091
Email: rama.kant@rpsg.in

Arrangements or mechanism evolved by our Company for redressal of investor grievances including through SEBI Complaints Redress System (SCORES)

The Company maintains an exclusive email id: spencers.secretarial@rpsg.in to redress the investor's grievances as required under Regulation 13 of SEBI Listing Regulations. The correspondences received under this e-mail id are monitored and addressed on a daily basis.

Status of complaints

Our Company

In the preceding three years, three investor complaints were received and resolved.

Status of outstanding investor complaints in respect of our Company and listed Subsidiaries

As on the date of this Draft Letter of Offer, there are no outstanding investor complaints in respect of our Company.

Status of outstanding investor complaints in respect of the five largest listed Group Companies

As on the date of this Draft Letter of Offer, there are no outstanding investor complaints in respect of our listed Group Companies.

Time normally taken for disposal of various types of investor complaints

Our Company confirms that the average time taken for disposal of various types of investor grievances and complaints is within seven days of the receipt of the complaint/grievance.

Price information of past issues handled by ICICI Securities Limited

Price information of past issues (during the current Fiscal and two Fiscals preceding the current Fiscal) handled by ICICI Securities Limited:

1. *Price information of past issues (during current financial year and two financial years preceding the current financial year) handled by ICICI Securities Limited*

Sr No	Issue Name	Issue Size (` Mn.)	Issue Price (`)	Listing Date	Opening Price on Listing Date	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1	Galaxy Surfactants Limited	9,370.90	1,480.00	February 8, 2018	1,525.00	+1.14%, [-3.31%]	-0.85%[+1.33%]	-14.68%,[+7.66%]
2	Aster DM Healthcare Limited	9,801.40	190.00	February 26, 2018	183.00	-13.66%,[-3.77%]	-4.97%,[+0.21%]	-8.16%,[+9.21%]
3	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%]
4	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%]
5	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%]
6	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 %]
7	IndiaMart InterMesh Limited	4,755.89	973.00[(1)]	July 04, 2019	1,180.00	+26.36%,[-7.95%]	+83.82%,[-4.91%]	+65.57%,[+2.59%]
8	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 %]
9	Spandana Sphoorty Financial Limited	12,009.36	856.00	August 19, 2019	824.00	-0.73%,[-2.14%]	+52.76%,[+7.61 %]	+17.32%,[+9.59%]
10	Sterling and Wilson Solar Limited	28,496.38	780.00	April 20, 2019	706.00	-7.01%,[-1.60%]	-48.63%,[+7.97%]	-64.78%,[+9.95%]

**Data not available*

(1) Discount of ₹97 per equity share offered to Eligible Employees. All calculations are based on Issue Price of ₹973.00 per equity share.

Notes:
1. All data sourced from www.nseindia.com
2. Benchmark index considered is NIFTY
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 we have considered the closing data of the previous trading day

2. *Summary statement of price information of past issues (during the current Financial Year and two Financial Years preceding the current Financial Year) handled by ICICI Securities Limited*

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ Mn.)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2019-20*	4	49,850.66	-	-	2	-	1	1	1	-	-	2	-	1
2018-19	4	60,843.16	-	-	2	1	-	1	-	-	2	-	1	1
2017-18	9	208,306.61	-	-	5	1	-	3	-	-	5	1	2	1

* This data covers issues up to YTD

SECTION VII – OFFERING INFORMATION

TERMS OF THE ISSUE

This section is for the information of all Investors proposing to subscribe in the Issue. Investors should carefully read the provisions contained in this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer and the CAF, before submitting the CAF. Our Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer. Investors are advised to make their independent investigations and to ensure that the CAF is correctly filled up.

*In view of the impact of the COVID-19 pandemic and the lockdown measures undertaken by the Government, SEBI has issued a circular (SEBI/HO/CFD/DIL2/CIR/P/2020/78) dated May 6, 2020granting one time relaxations in relation-to certain procedural matters, including services of abridged letter of offer, offer related advertisements and dealing in dematerialized rights entitlement, for rights issues opening up to July 31, 2020 ("**Circular**"). Depending on the Issue opening date and applicability of the Circular and any further amendments or clarifications thereto, suitable modifications will be made in the Letter of Offer in this regard.*

OVERVIEW

The Issue and the Rights Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the CAF, the Memorandum of Association and Articles of Association of our Company, and the provisions of the Companies Act, FEMA, the SEBI ICDR Regulations, the SEBI Listing Regulations and any other guidelines, regulations and notifications issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, as applicable, approvals, if any, from the RBI or other regulatory authorities and conditions as stipulated in the allotment advice or security certificate and rules as may be applicable from time to time.

Please note that in accordance with Regulation 76 of the SEBI ICDR Regulations and 2020 SEBI Circular, all Investors, including Renouncees, are mandatorily required to use the ASBA process to make an application in the Issue. For details, see "*Terms of the Issue - Procedure for Application*" on page 255.

Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.

Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by SCSBs on their own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public issues/ rights issues and clear demarcated funds should be available in such account for Applications. SCSBs applying in the Issue shall be responsible for ensuring that they have a separate account in their own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, for ensuring compliance with the applicable regulations.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the 2020 SEBI Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a suspense escrow demat account opened by our Company, for the Eligible Equity Shareholders holding Equity Shares in a physical form. All Eligible Equity Shareholders holding Equity Shares in a physical form, who have not provided the details of their demat account to our Company or to the Registrar, are required to provide the relevant details to the Registrar, no later than two Working Days prior to the Issue Closing Date, i.e. by [●] to enable the credit of their Rights Entitlements by way of transfer from the suspense demat escrow account to their respective demat accounts, at least one day before the Issue Closing Date.

Authority for the Issue

The Issue to our Eligible Equity Shareholders with a right to renounce in favour of any other person, has been authorised by a resolution of the Board of Directors of our Company passed at their meeting held on February 11, 2020.

Basis for the Issue

The Rights Equity Shares are being offered for subscription for cash to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of the Equity Shares held in the electronic form and on the register of members of our Company in respect of the Equity Shares held in physical form at the close of business hours on the Record Date, fixed in consultation with the Designated Stock Exchange.

Renouncees

All rights/obligations of the Eligible Equity Shareholders in relation to application and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.

Rights Entitlements

Eligible Equity Shareholders whose name appears as a beneficial owner in respect of the issued and paid-up Equity Shares held in dematerialised form or appears in the register of members as an Eligible Equity Shareholder of our Company with respect to the Equity Shares held in physical form, as on the Record Date, are entitled to the Rights Entitlement as set out in the Entitlement Letter. Our Company will dispatch the Entitlement Letter along with the Abridged Letter of Offer and the CAF to all Eligible Equity Shareholders at their Indian addresses registered with our Company.

Further, each Eligible Equity Shareholder can also obtain the details of their respective Rights Entitlements from the website of the Registrar (www.linkintime.co.in) by entering their DP ID and Client ID or Folio Number (in case of physical shareholders) and PAN. The link for the same shall also be available on the website of our Company at www.spencersretail.com.

Credit of Rights Entitlements

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the 2020 SEBI Circular, the credit of the Rights Entitlement and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a suspense escrow demat account opened by our Company, for the Eligible Equity Shareholders holding Equity Shares in a physical form. All Eligible Equity Shareholders, holding Equity Shares in a physical form, who have not provided the details of their demat account to our Company or to the Registrar, are required to provide the relevant details no later than two Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements, by way of transfer from the suspense demat escrow account to their respective demat accounts, at least one day before the Issue Closing Date.

In this regard, our Company has made necessary arrangements with NSDL and CDSL for the crediting of the Rights Entitlements of the Eligible Equity Shareholders in a dematerialized form. Our Company shall credit the Rights Entitlements of all Eligible Equity Shareholders based on their Rights Entitlement Ratio.

Renunciation of Rights Entitlements

The Issue includes a right exercisable by an Eligible Equity Shareholder to renounce the Rights Entitlements credited to their respective demat account either in full or in part.

Pursuant to the provisions of the SEBI ICDR Regulations and the 2020 SEBI Circular, the Rights Entitlements shall be credited in dematerialised form in the respective demat accounts of the Eligible Equity Shareholders before the Issue Opening Date.

In this regard, our Company has made necessary arrangements with NSDL and CDSL for the crediting of the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders in a dematerialized form. A separate ISIN for the Rights Entitlements has also been generated which is [●]. The said ISIN shall remain frozen till the Issue Opening Date and shall be active for renouncement or transfer only during the Renunciation Period, i.e., from [●] to [●] (both days inclusive). It is clarified that the Rights Entitlements shall not be available for transfer or trading post the Renunciation Period. The said ISIN shall be suspended for transfer by the depositories post the Issue Closing Date.

The Renunciation from non-resident Equity Shareholder(s) to resident Indian(s) shall be subject to provisions of FEM Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEM Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

The renouncement of Rights Entitlements credited in your demat account can be made either by sale of such Rights Entitlements, using the secondary market platform of the Stock Exchanges or through an off-market transfer. For more details, see "*Procedure for Renouncement of Rights Entitlements*" on page 257.

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

Listing and trading of the Rights Entitlements

In accordance with the 2020 SEBI Circular, the Rights Entitlements credited shall be admitted for trading on BSE and NSE under ISIN [•] subject to requisite approvals. The trading in Rights Entitlements shall take place electronically on the secondary market platform of BSE and NSE on T+2 rolling settlement basis, where T refers to the date of trading. The transactions will be settled on trade-for-trade basis. The Rights Entitlements shall be tradable in dematerialized form only. The market lot for trading of Rights Entitlements is 1 (one) Rights Entitlement.

The trading in Rights Entitlements shall take place only during the Renunciation Period i.e., from [●] to [●] (both days inclusive). No assurance can be given regarding the active or sustained trading in the Rights Entitlements or the price at which the Rights Entitlements will trade. For more details, see "*Procedure for Renouncement of Rights Entitlements – On-market renunciation*" on page 257.

The Rights Entitlement (i) ownership of which is currently under dispute (including any court proceedings) or; (ii) are currently under transmission; (iii) or are held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations (iv) or are held in the account of IEPF authority; (v) or where the demat accounts of the Eligible Equity Shareholder are frozen or details of which are unavailable with our Company or with the Registrar, shall be credited in a suspense escrow demat account by our Company, pending resolution of the dispute or completion of the transmission or receipt of requisite demat account details or unfreezing of the relevant demat account. Upon occurrence of such an event, our Company and/or the Registrar shall send an intimation to the holder of such Equity Shares, whose corresponding Rights Entitlements are being credited to the suspense escrow demat account. On submission of such documents/details/records confirming the legal and beneficial ownership of the Equity Shares with regard to the aforementioned instances, to the satisfaction of our Company, not later than two working days prior to the Issue Closing Date, our Company shall credit the Rights Entitlement on such Equity Shares, to the respective demat accounts of the identified Eligible Equity Shareholder. The identified Eligible Equity Shareholder shall be entitled to subscribe to the Rights Equity Shares with respect to these Rights Entitlements before the Issue Closing Date at the Issue Price of ₹ [•] per Rights Equity Share as adjusted for any bonus shares, consolidation or spilt of shares (as may be applicable) in accordance with the provisions of the Companies Act, 2013 and all other applicable laws.

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

This Draft Letter of Offer may not be used for the purpose of an offer or invitation in any jurisdiction in which such offer or invitation is not authorised. Recipients of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer or the CAF, including Eligible Equity Shareholders and Renouncees, are advised to consult their legal counsel prior to applying for the Rights Entitlement or accepting any provisional allotment of Rights Equity

Shares, or making any offer, sale, resale, pledge or other transfer of the Rights Equity Shares or Rights Entitlement.

Our Company is making the Issue on a rights basis to the Eligible Equity Shareholders and will dispatch This Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer and CAF(s) only to Eligible Equity Shareholders who have provided an Indian address to our Company. The distribution of this Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that this Draft Letter of Offer has been filed with SEBI and the Stock Exchanges. Accordingly, the Rights Equity Shares may not be offered or sold, directly or indirectly, and this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the CAF or any offering materials or advertisements in connection with the Issue may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer or the CAF will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer or the CAF must be treated as sent for information only and should not be acted upon for subscription to Rights Equity Shares and should not be copied or re-distributed. Accordingly, persons receiving a copy of this Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer or the CAF should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer or the CAF in or into any jurisdiction where to do so, would or might contravene local securities laws or regulations. If this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer or the CAF is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlements referred to in this Drat Letter of Offer, the Letter of Offer, Abridged Letter of Offer or the CAF. Any person who acquires Rights Entitlements or Rights Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer and the CAFs, that it is not and that at the time of subscribing for the Rights Equity Shares or making an application basis the Rights Entitlement, will not be in any restricted jurisdiction.

PRINCIPAL TERMS OF THE ISSUE

Face Value

Each Rights Equity Share will have the face value of ₹ [•] each.

Issue Price

Each Rights Equity Share is being offered at a price of ₹ [•] per Rights Equity Share.

Rights Entitlement Ratio

The Rights Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of [•] Rights Equity Share for every [●] fully paid up Equity Share(s) held by Eligible Equity Shareholders as on the Record Date.

Terms of Payment

Full amount of ₹ [●] per Rights Equity Share is payable on application.

Pursuant to the RBI Circular DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the Stockinvest scheme has been withdrawn and accordingly, payment through Stockinvest will not be accepted in the Issue.

Where an Investor has applied for additional Rights Equity Shares and is allotted lesser number of Rights Equity Shares than applied for, the excess Application Money blocked in the respective Investor's account shall be unblocked. The monies would be unblocked within 15 days of the Issue Closing Date. In the event that there is a delay in unblocking the funds beyond such period, our Company shall pay interest at the rate of fifteen per cent per annum for the delayed period.

Fractional Entitlements

The Rights Equity Shares are being offered on a rights basis to Eligible Equity Shareholders in the ratio of [●] Rights Equity Shares for every [●] fully paid-up Equity Share(s) held as on the Record Date. For Rights Equity Shares being offered on a rights basis under this Issue, if the shareholding of any of the Eligible Equity Shareholders is less than 15 Equity Shares or not in the multiple of 15 Equity Shares, the fractional entitlement of such Eligible Equity Shareholders shall be ignored in the computation of the Rights Entitlements. However, Eligible Equity Shareholders whose fractional entitlements are being ignored as above would be given preferential consideration for the Allotment of one additional Rights Equity Shares each if they apply for additional Rights Equity Shares over and above their Rights Entitlements, if any.

Those Eligible Equity Shareholders holding less than [●] Equity Shares shall have 'zero' entitlement in the Issue and shall be dispatched an Entitlement Letter with 'zero' entitlement. Such Eligible Equity Shareholders are entitled to apply for additional Rights Equity Shares and would be given preference in the allotment of one additional Rights Equity Share if, such Eligible Equity Shareholders have applied for the additional Rights Equity Shares.

Credit Rating

As the Issue is a rights issue of Equity Shares, there is no requirement of credit rating for the Issue.

Ranking

The Rights Equity Shares to be issued and Allotted in the Issue shall be subject to the provisions of the Memorandum of Association and the Articles of Association. The Rights Equity Shares to be issued and Allotted in the Issue shall rank *pari passu* with the existing Equity Shares, in all respects including dividends.

Redemption

There shall be no redemption of the Rights Equity Shares.

Listing and trading of the Rights Equity Shares of our Company to be issued pursuant to the Issue

The Rights Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the BSE and the NSE for which our Company has made an application to NSDL and CDSL for allotment of ISIN through letters dated [●], 2020 and [●], 2020, respectively. All steps for completion of necessary formalities for listing and commencement of trading in the Rights Equity Shares will be taken within seven Working Days of finalization of basis of Allotment. Our Company has received in-principle approval from the BSE through letter bearing reference number [●] dated [●] and from the NSE through letter bearing reference number [●] dated [●]. Our Company will also apply to the BSE and the NSE for final approval for the listing and trading of the Rights Equity Shares. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under the Issue will trade after the listing thereof.

The existing Equity Shares are currently traded on the BSE and the NSE under the ISIN INE020801028. The Rights Equity Shares shall be listed for trading on the BSE and the NSE under the existing ISIN as fully paid up Equity Shares of our Company.

The listing and trading of the Rights Equity Shares issued pursuant to the Issue shall be based on the current regulatory framework applicable thereto. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

In case our Company fails to obtain listing or trading permission from the BSE and NSE, we shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within seven days of receipt of intimation from the BSE and NSE, rejecting the application for listing of the Rights Equity Shares, and if any such money is not repaid/unblocked within eight days after our Company becomes liable to repay it, our Company and every director of our Company who is an officer in default shall, on and from the expiry of the eighth day, be jointly and severally liable to repay that money with interest at the rate of fifteen per cent. per annum.

Subscription to the Issue by the Promoters and Promoter Group

Our Promoters and Promoter Group have undertaken to subscribe, on their own account, to the full extent of their rights entitlement in the Issue. Our Promoters and Promoter Group have confirmed that they intend to subscribe to the Equity Shares offered in the Issue that remain unsubscribed.

Any such subscription for Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding in the Company. Our Promoters have confirmed that the subscription to Equity Shares in this Issue by the Promoters and members of the Promoter Group will not attract open offer requirements under the SEBI Takeover Regulations. Further, the allotment of Equity Shares of the Company subscribed by the Promoters and other members of the Promoter Group of the Company in this Issue shall be exempt from open offer requirements in terms of Regulation 10(4)(a) and 10(4)(b) of the SEBI Takeover Regulations since (A) the Promoters and Promoter Group shall be subscribing to the full extent of their rights entitlement in the Issue and (B) the Issue Price shall not be higher than the ex-rights price of the Equity Shares determined in accordance with Regulation (10)(4)(b)(ii) of the SEBI Takeover Regulations and (C) the Issue shall not result in a change of control of the management of our Company in accordance with provisions of the SEBI Takeover Regulations.

Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue and on allotment of Equity Shares upon conversion of Rights Equity Shares as mentioned above.

For further details of under subscription and Allotment to the Promoter, see "*Terms of the Issue – Basis of Allotment*" on page 266.

Rights of holders of Rights Equity Shares of our Company

- The Rights Equity Shares shall rank pari passu with the existing Equity Shares in all respects.

- The Rights Equity Shares shall be transferable and transmittable in the same manner and to the same extent and be subject to the same restrictions and limitations as in the case of the Equity Shares. The provisions relating to transfer and transmission and other related matters in respect of Equity Shares contained in the Articles of Association and the Companies Act shall apply, mutatis mutandis, to the Rights Equity Shares as well.

- The holders of Rights Equity Shares will not be entitled to any right and privileges of the Equity Shareholders of our Company other than those available to them under applicable laws. The Rights Equity Shares shall have the right to receive notice, or to attend and vote at the general meetings of shareholders of our Company.

- The holders of Rights Equity Shares have the right to receive dividend, if declared.

- The holders of Rights Equity Shares have the right to receive offers for rights shares and be allotted bonus shares, if announced.

- The holders of Rights Equity Shares have the right to receive surplus on liquidation.

- Our Company shall, as required by Section 88 of the Companies Act, 2013, keep a Register of the holders of Rights Equity Shares and enter therein the particulars prescribed under the said provision.

- Such other rights as may be available to a shareholder of a listed public company under the Companies Act, the Memorandum of Association and the Articles of Association.

General Terms of the Issue

Market Lot

The Rights Equity Shares of our Company shall be tradable only in dematerialized form. The market lot for Rights Equity Shares in dematerialised mode is one Rights Equity Share. Further, the Rights Equity Shares shall be allotted only in dematerialised form.

Joint Holders

Where two or more persons are registered as the holders of any Equity Share, they shall be deemed to hold the same as the joint holders with the benefit of survivorship subject to the provisions contained in the Articles of Association. In case of joint holders, the CAF would be required to be signed by all the joint holders to be considered as valid for allotment of Rights Equity Shares offered in the Issue.

Nomination

Nomination facility is available in respect of the securities in accordance with the provisions of the Section 72 of the Companies Act, 2013.

Since the Allotment of Rights Equity Shares shall be in dematerialised form only, there is no need to make a separate nomination for the Rights Equity Shares to be allotted in this Issue. Nominations registered with respective Depository Participant ("DP") of the Eligible Equity Shareholder would prevail. Any Eligible Equity Shareholder desirous of changing the existing nomination is requested to inform its respective DP.

Arrangements for Disposal of Odd Lots

The Rights Equity Shares will be traded in dematerialised form only and therefore the marketable lot is one Rights Equity Share and hence, no arrangements for disposal of odd lots are required.

Offer to Non-Resident Eligible Equity Shareholders/Investors

As per Rule 6 of the FEM Rules, the RBI has given general permission to Indian companies to issue capital instruments to non-resident shareholders. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by the RBI, non-residents may, inter alia, (i) subscribe for additional securities over and above their rights entitlement; (ii) renounce the securities offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the securities renounced in their favour. Applications received from Non-Resident Eligible Equity Shareholders for Rights Equity Shares under the Issue shall be, *inter alia*, subject to the conditions imposed from time to time by the RBI, in the matter of receipt and refund of Application Money, Allotment, issue of Entitlement Letters/letters of Allotment/allotment advice, payment of interest and dividends. This Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer, the Entitlement Letter and CAF shall be dispatched to non-resident Eligible Equity Shareholders only at their Indian address registered with our Company. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by the RBI while approving the allotment of the Rights Equity Shares.

The Rights Equity Shares purchased on a rights basis by Non-Resident Eligible Equity Shareholders shall be subject to the same conditions including restrictions in regard to the repatriation, as are applicable to the original Equity Shares against which Rights Equity Shares are issued on a right basis.

CAFs will be made available for eligible Non-Resident Eligible Equity Shareholders at our Registered Office and with the Registrar. In case of change of status of holders i.e. from Resident to Non-Resident, a new demat account must be opened.

Please also note that by virtue of circular no. 14, dated September 16, 2003, issued by the RBI, Overseas Corporate Bodies ("**OCBs**") have been de recognised as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies) Regulations, 2003. Any Equity Shareholders being an OCB is required to obtain prior approval from RBI for applying in this Issue ("**RBI Approval**"). OCBs applying in the Issue, should ensure that a copy of such RBI Approval is delivered to the Registrar to the Issue at -101, First Floor, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400 083 prior to the closure of the Issue (i.e. [●] p.m. on [●]). Please note that an Application submitted by an OCB is liable to be rejected, if a copy of the RBI Approval is not delivered to the Registrar to the Issue in the manner mentioned above.

Notices

All notices to the Eligible Equity Shareholder(s) required to be given by our Company shall be published in one English language national daily newspaper with wide circulation, one Hindi national daily newspaper with wide circulation and one Bengali language daily newspaper with wide circulation and/or, will be sent by post to the address of the Eligible Equity Shareholders provided to our Company. However, the distribution of this Draft Letter of Offer, Letter of Offer/the Abridged Letter of Offer, the Entitlement Letter, the CAF and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. The Abridged Letter of Offer, the Entitlement Letter and the CAF shall be dispatched to Eligible Equity Shareholders at their Indian address only.

PROCEDURE FOR APPLICATION

Please note that in accordance with Regulation 76 of the SEBI ICDR Regulations and 2020 SEBI Circular, all Investors including Renouncees, are mandatorily required to use only the ASBA process to make an application in the Issue.

The Lead Manager, our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to applications accepted by SCSBs, Applications uploaded by SCSBs, applications accepted but not uploaded by SCSBs or applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for applications uploaded by SCSBs, the amount payable on application has been blocked in the relevant ASBA Account.

Self-Certified Syndicate Banks

The list of banks which have been notified by SEBI to act as SCSBs for the ASBA process is provided on https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time. For details on Designated Branches of SCSBs collecting the CAF, please refer the above mentioned link.

Common Application Form

The Registrar on behalf of our Company, will dispatch the CAF along with the Abridged Letter of Offer and the Entitlement Letter, to all Eligible Equity Shareholders as per their Rights Entitlement on the Record Date. The CAF along with the Abridged Letter of Offer shall be dispatched through registered post or speed post at least three days before the Issue Opening Date. Along with the CAF, the Registrar, on behalf of our Company, shall also separately send an Entitlement Letter to each Eligible Equity Shareholder. The CAFs to non-resident Eligible Equity Shareholders shall be sent only to their Indian address, if provided, and shall not be dispatched to any Eligible Equity Shareholders whose addresses are outside of India. In accordance with 2020 SEBI Circular, The Renouncees and Eligible Equity Shareholders who have not received the CAF can download the same from the website of the Registrar (www.linkintime.co.in) or can obtain printed CAF from our Company, the Lead Manager or the Registrar.

The CAF shall be used by all Investors, Eligible Equity Shareholders as well as the Renouncees, to make Applications in the Issue basis the Rights Entitlements available in their respective demat accounts. Please note that one single CAF shall be used by the Investors to make Applications for all Rights Entitlements available in a particular demat account. The Investors will have to apply for the Rights Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate CAF for each demat account.

Application in electronic mode will only be available with such SCSBs who provide such facility. The Investors shall, on or before the Issue Closing Date, submit the CAF to the Designated Branch of the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in their respective ASBA Account. Investors are also advised to ensure that the CAF is correctly filled up, stating therein the ASBA Account in which an amount equivalent to the amount payable on Application as stated in the CAF will be blocked by the SCSB. More than one Investor may apply using the same ASBA Account, provided that the SCSBs will not accept a total of more than five Applications with respect to any single ASBA Account.

Please note that Applications without depository account details shall be treated as incomplete and rejected. In case the signature of the Investors does not match with the specimen registered with our Company or the depository participant, the Application is liable to be rejected.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in the Issue by making plain paper Applications. For more information, see "- *Application on Plain Paper*" on page 258.

Please note that neither our Company nor the Registrar nor the Lead Manager shall be responsible for delay in the receipt of the CAF attributable to postal delays or if the CAF is misplaced in the transit.

Please note that in accordance with Regulation 76 of the SEBI ICDR Regulations, all Investors, including Renouncees, shall mandatorily use the ASBA process to make an Application in the Issue.

Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, Applications may be submitted at all branches of the SCSBs.

Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public/rights issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in their own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, in accordance with the applicable regulations.

Option available to the Eligible Equity Shareholders

The Entitlement Letter will clearly indicate the number of Rights Entitlements that the Eligible Equity Shareholder is entitled to. If the Eligible Equity Shareholder applies for an investment in Rights Equity Shares, then such Eligible Equity Shareholder may:

- apply for their Rights Entitlements in full;
- apply for their Rights Entitlements in full and apply for additional Rights Equity Shares;
- apply for their Rights Entitlements in part without renouncing the other part of the Rights Entitlement;
- apply for their Rights Entitlements in part and renounce the other part of the Rights Entitlements; and
- renounce their Rights Entitlements in full.

Acceptance of the Issue

Investors may accept the Issue and apply for the Rights Equity Shares by filling up the CAF. Application in electronic mode will only be available with such SCSBs who provide such facility.

Investors shall submit the CAF to the Designated Branch of the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by our Board in this regard for authorising such SCSB to block an amount equivalent to the amount payable on the application in their respective ASBA Account. **Applications submitted to anyone other than the Designated Branch of the SCSB are liable to be rejected.**

Additional Rights Equity Shares

An Eligible Equity Shareholder is eligible to apply for additional Rights Equity Shares over and above their respective Rights Entitlement, provided that such Eligible Equity Shareholder is eligible to apply for Rights Equity Shares under applicable law and has applied for all the Rights Equity Shares (as the case may be) basis their Rights Entitlements offered without renouncing their entitlement in whole or in part. Where the number of additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the basis of Allotment in consultation with the Designated Stock Exchange. Applications for additional Rights Equity Shares shall be considered and Allotment shall be made at the sole discretion of the Board, in consultation with the Designated Stock Exchange and in the manner prescribed under the "*Terms of the Issue-Basis of Allotment*" on page 266.

If any Investor desires to apply for additional Rights Equity Shares, they should indicate the requirement in the place provided for application of additional Rights Equity Shares in the CAF.

Procedure for Renunciation of Rights Entitlements

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchanges; or (b) through an off-market transfer during the Renunciation Period , i.e., from [●] to [●] (both days inclusive).

(a) On-market renunciation

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchanges through a registered stock broker in the same manner as the existing Equity Shares of our Company are traded.

In this regard, in terms of provisions of the SEBI ICDR Regulations and the 2020 SEBI Circular, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on BSE and NSE under ISIN [●] subject to requisite approvals. The details for trading in Rights Entitlements will be as specified by BSE and NSE from time to time.

The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is 1 (one) Rights Entitlement.

The trading in Rights Entitlements on the secondary platform of the Stock Exchanges shall take place only during the Renunciation Period , i.e., from [●] to [●] (both days inclusive).

The Investors holding the Rights Entitlements in their demat account who desire to sell their Rights Entitlements will have to do so through their registered stock brokers by quoting the ISIN [•] and indicating the details of the Rights Entitlements they intend to sell. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The order for trading of the Rights Entitlements can placed during the normal trading hours of the Stock Exchanges and only during the Renunciation Period , i.e., from [●] to [●] (both days inclusive).

The trading in Rights Entitlements shall take place electronically on secondary market platform of BSE and NSE under automatic order matching mechanism and on 'T+2 rolling settlement basis', where 'T' refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stock broker will issue a contract note in accordance with the requirements of the Stock Exchanges and the SEBI.

The Investors who intend to trade in the Rights Entitlements should consult their respective stock brokers for payment to them of any cost, applicable taxes, charges and expenses (including brokerage) that may be levied by the stock brokers for trading in Rights Entitlements. The Lead Manager and our Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage) levied by the stock brokers, and such costs will be incurred solely by the Investors.

(b) Off-market renunciation

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off-market transfer through a depository participant in the same manner as the existing Equity Shares of our Company are traded.

The Rights Entitlements can be transferred in dematerialised form only.

The Rights Entitlements can be renounced through off-market transfer only during the Renunciation Period, i.e., from [•] to [•] (both days inclusive).

The Investors holding the Rights Entitlements in their demat account who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the ISIN [•], the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Investors can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants and only during the Renunciation Period, i.e., from [●] to [●] (both days inclusive).

The transfer shall take on the execution date mentioned in the instruction slip and the settlement shall be carried out through depository transfer mechanism in the same manner as done for all other type of securities.

The detailed rules for transfer of Rights Entitlements through off-market transfer shall be as specified by the NSDL and CDSL from time to time.

Mode of payment (only through ASBA)

The Investor agrees to block the entire amount payable on application with the submission of the CAF, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in an ASBA Account.

After verifying that sufficient funds are available in the ASBA Account, details of which are provided in the CAF, the SCSB shall block an amount equivalent to the amount payable on application mentioned in the CAF until it receives instructions from the Registrar. Upon receipt of intimation from the Registrar, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account. This amount will be transferred, in terms of the SEBI ICDR Regulations, into a separate bank account maintained by our Company, other than the bank account referred to in Section 40(3) of the Companies Act. The balance amount remaining after the finalisation of the basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar and the Lead Manager to the respective SCSB.

The Investor would be required to give instructions to the respective SCSBs to block the entire amount payable on their application at the time of the submission of the CAF.

The SCSB may reject the application at the time of acceptance of CAF if the ASBA Account, details of which have been provided by the Investor in the CAF does not have sufficient funds equivalent to the amount payable on application mentioned in the CAF. Subsequent to the acceptance of the application by the SCSB, our Company would have a right to reject the application only on technical grounds.

Application on Plain Paper

Please note that in accordance with Regulation 76 of the SEBI ICDR Regulations, all Investors, including Renouncees, shall mandatorily use the ASBA process to make an Application in the Issue.

An Eligible Equity Shareholder who has not received the original CAF may make an application to subscribe to the Issue on plain paper. Eligible Equity Shareholders shall submit the plain paper application to the Designated Branch of the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any address outside India.

The envelope should be super scribed "SPENCER'S RETAIL LIMITED – RIGHTS ISSUE" and should be postmarked in India. The application on plain paper, duly signed by the Eligible Equity Shareholders including joint holders, in the same order and as per the specimen recorded with our Company/Depositories, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

- Name of our Company, being Spencer's Retail Limited;
- Name and Indian address of the Eligible Equity Shareholder including joint holders;
- Registered Folio Number/DP and Client ID No.;
- Number of Equity Shares held as on Record Date;
- Allotment option – only dematerialised form;

- Number of Rights Equity Shares entitled to;
- Number of Rights Equity Shares applied for within the Rights Entitlement;
- Number of additional Rights Equity Shares applied for, if any;
- Total number of Rights Equity Shares applied for;
- Total amount paid at the rate of ₹ [●] per Rights Equity Share;
- Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
- In case of Non-Resident Investors, details of the NRE/FCNR/NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;
- Except for Applications on behalf of the Central or the State Government, residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to the Issue;
- Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;
- Signature of the Eligible Equity Shareholders (in case of joint holders, to appear in the same sequence and order as they appear in the records of our Company or the Depositories); and
- Additionally, all such Investors are deemed to have accepted the following:

  *"I/ We understand that neither the Rights Entitlement nor the Rights Equity Shares have been, or will be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the "**United States**") or to or for the account or benefit of a 'U.S. Person' as defined in Regulation S under the Securities Act ("**Regulation S**"). I/ we understand the Rights Equity Shares referred to in this application are being offered in India but not in the United States. I/ we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Rights Equity Shares or Rights Entitlement in the United States. Accordingly, I/ we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/ we understand that none of the Company, the Registrar, the Lead Manager or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who, the Company, the Registrar, the Lead Manager or any other person acting on behalf of the Company, have reason to believe is, a resident of the U.S. or a "U.S. person" as defined in Regulation S, or is ineligible to participate in the Issue under the securities laws of their jurisdiction.*

  I/ We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by me/us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. I/We satisfy, and each account for which I/we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of my/our residence.

  I/ We understand and agree that the Rights Entitlement and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

I/We (i) am/ are, and the person, if any, for whose account I/we am/are acquiring such Rights Entitlement and/ or the Rights Equity Shares is/ are, outside the U.S., (ii) am/are not a "U.S. person" as defined in Regulation S, and (iii) is/are acquiring the Rights Entitlement and/or the Rights Equity Shares in an offshore transaction meeting the requirements of Regulation S.

I/We acknowledge that the Company, the Lead Manager, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

In cases where multiple CAFs are submitted for Applications pertaining to Rights Entitlements credited to the same demat account, including cases where an investor submits CAFs along with a plain paper application, such applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an Application being rejected, with our Company, the Lead Manager and the Registrar not having any liability to the Investor.

The plain paper application format will be available on the website of the Registrar at www.linkintime.co.in

Last date for Application

The last date for submission of the duly filled in CAF or a plain paper application is [●], *i.e.*, Issue Closing Date. Our Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the CAF together with the amount payable is not blocked with an SCSB on or before the close of banking hours on the Issue Closing Date or such date as may be extended by our Board or any Committee of Directors, the invitation to offer contained in this Draft Letter of Offer shall be deemed to have been declined and our Board or any Committee of Directors shall be at liberty to dispose of the Equity Shares hereby offered, as provided under the section "*Terms of the Issue - Basis of Allotment*" on page 266.

Withdrawal of Application

An Investor who has applied in the Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted. However, no Investor may withdraw their Application post the Issue Closing Date.

Application by Eligible Equity Shareholders holding Equity Shares in a physical form

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the 2020 SEBI Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialised form only.

Accordingly, all Eligible Equity Shareholders holding Equity Shares in a physical form and desirous of subscribing to Rights Equity Shares in the Issue are advised to furnish the details of their demat account to the Registrar and our Company at least two days prior to the Issue Closing Date i.e., [●]. For more details on dematerialization, see "*Procedure for Dematerialisation*" on page 269.

The Rights Entitlements of those Eligible Equity Shareholders, who hold Equity Shares in a physical form, and whose demat account details are not available with our Company or the Registrar, shall be credited in a suspense escrow demat account opened by our Company. Such Eligible Equity Shareholders are requested to furnish the details of their respective demat accounts to the Registrar, no later than two working days prior to the Issue Closing Date (i.e., on or before [●]) to enable the credit of their Rights Entitlements in their demat accounts at least one day before the Issue Closing Date. The Rights Entitlements of those Eligible Equity Shareholders who do not furnish the details of their respective demat accounts to our Company or to the Registrar at least two working days prior to the Issue Closing Date, will be kept in the escrow suspense demat account till such time as they provide details of their demat accounts to our Company or to the Registrar or till such time the Rights Entitlements do not lapse. In the event, the relevant details of the demat accounts of such Eligible Equity Shareholders are not received during the Issue Period, then their Rights Entitlements kept in the suspense escrow demat account shall lapse.

Procedure for Application by Eligible Equity Shareholders holding Equity Shares in a physical form

The Eligible Equity Shareholders, who hold Equity Shares in a physical form and who have dematerialised their Equity Shares after the Record Date, shall adhere to following procedure for participating in the Issue:

- The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, email id, contact details and the details of their demat account along with copy of self-certified PAN and self-certified client master sheet of their demat account either by post, speed post, courier, electronic mail or hand delivery so as to reach to the Registrar no later than two working days prior to the Issue Closing Date (i.e., on or before [●]);

- The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of the such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date;

- The Eligible Equity Shareholders can download the CAF from the website of the Registrar at www.linkintime.co.in or can obtain printed CAF from our Company, the Lead Manager or the Registrar;

- The Eligible Equity Shareholders shall, on or before the Issue Closing Date, submit the CAF to the Designated Branch of the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the Application in their respective ASBA accounts.

Allotment of Rights Equity Shares in Dematerialized Form

Please note that the Rights Equity Shares applied for in the Issue shall be allotted only in dematerialised form and shall be credited to the demat account of the respective Investor and to the same depository account in which the Rights Entitlements are held by such Investor.

General instructions for Investors

- Please read the instructions printed on the respective CAF carefully. The CAF can be used by the Eligible Equity Shareholders as well as the Renouncees.

- Application should be made on the printed CAF only and should be completed in all respects. Any CAF found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer are liable to be rejected. The CAF must be filled in English.

- Please note that in accordance with Regulation 76 of the SEBI ICDR Regulations read with the provisions of the 2020 SEBI Circular all Investors including Renouncees, must mandatorily invest in the Issue through the ASBA process.

- An Investor, wishing to participate in the Issue, is required to have an ASBA enabled bank account with an SCSB, prior to making the Application.

- The Application should be submitted at a Designated Branch of the SCSB and whose bank account details are provided in the CAF and not to the Bankers to the Issue/Escrow Collection Banks (assuming that such Escrow Collection Bank is not an SCSB), to our Company or the Registrar or the Lead Manager to the Issue.

- Investors are required to provide necessary details, including details of the ASBA Account, authorization to the SCSB to block an amount equal to the Application Money in the ASBA Account mentioned in the CAF, and including the signature of the ASBA Account holder if the ASBA Account holder is different from the Investor.

- All Investors, and in the case of application in joint names, each of the joint Investors, should mention his/her PAN allotted under the IT Act, irrespective of the amount of the application. Except for applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, CAFs without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be "suspended for credit" and no allotment and credit of Rights Equity Shares pursuant to the Issue shall be made into the accounts of such Investors.

- All payments will be made by blocking the amount in the ASBA Account. Cash payment or payment by cheque/demand draft/pay order is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.

- Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the CAF as per the specimen signature recorded with our Company/or Depositories.

- In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Depositories. In case of joint Investors, reference, if any, will be made in the first Investor's name and all communication will be addressed to the first Investor.

- All communication in connection with application for the Rights Equity Shares, including any change in address of the Investors should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first/sole Investor and folio numbers/DP Id and Client Id. In case of any change in address of the Eligible Equity Shareholders, the Eligible Equity Shareholders should also send the intimation for such change to the respective depository participant.

- Only persons outside the restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Rights Equity Shares under applicable securities laws are eligible to participate in the Issue.

- Please note that in accordance with Regulation 76 of the SEBI ICDR Regulations read with the provisions of the 2020 SEBI Circular all Investors must mandatorily invest in the Issue through the ASBA process.

- Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.

- Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public/ rights issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in their own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, in accordance with the applicable regulations.

- Eligible Equity Shareholders are required to ensure that the number of Rights Equity Shares applied for by them do not exceed the investment limits prescribed under applicable law.

Do's:

- Ensure that the necessary details are filled in the CAF. In case of non-receipt of the CAF, the application can be made on plain paper with all necessary details as required under "*Issue Information – Application on Plain Paper*" on page 258.

- Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Rights Equity Shares will be allotted in the dematerialized form only.

- Ensure that the CAFs are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the CAF.

- Ensure that there are sufficient funds (equal to {number of Rights Equity Shares as the case may be applied for} X {Issue Price of Rights Equity Shares}) available in the ASBA Account mentioned in the CAF before submitting the CAF to the respective Designated Branch of the SCSB.

- Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the CAF, in the ASBA Account, of which details are provided in the CAF and have signed the same.

- Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the CAF in physical form.

- Except for CAFs submitted on behalf of the Central or the State Government, residents of Sikkim and the officials appointed by the courts, each Investor should mention their PAN allotted under the IT Act.

- Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.

- Ensure that the Demographic Details are updated, true and correct, in all respects.

- Ensure that the account holder in whose bank account the funds are to be blocked has signed authorising such funds to be blocked.

Don'ts:

- Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.

- Do not apply on plain paper after you have submitted a CAF to a Designated Branch of the SCSB.

- Do not pay the Application Money in cash, by cheque, demand draft, money order, pay order or postal order.

- Do not send your physical CAFs to the Lead Manager/Registrar/Escrow Collection Banks (assuming that such Escrow Collection Bank is not an SCSB) / to a branch of the SCSB which is not a Designated Branch of the SCSB/Company; instead submit the same to a Designated Branch of the SCSB only.

- Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.

- Do not apply if the ASBA account has been used for five or more Applications.

- Do not instruct the SCSBs to release the funds blocked under the ASBA Process.

Grounds for technical rejection

Applications are liable to be rejected on the following grounds:

- DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.

- Sending an Application to Lead Manager, Registrar, Escrow Collecting Banks (assuming that such Escrow Collecting Bank is not a SCSB), to a branch of a SCSB which is not a Designated Branch of the SCSB or our Company.

- Submission of more than five CAFs per ASBA Account, calculated separately for each Issue.

- Insufficient funds are available with the SCSB for blocking the amount.

- Funds in the ASBA Account whose details are mentioned in the CAF having been frozen pursuant to regulatory orders.

- Submission of more than one CAF for Rights Entitlements available in a particular demat account;

- CAFs that do not include the certification set out in the CAF to the effect that the subscriber is not a "U.S. Person" as defined in Regulation S and does not have a registered address (and is not otherwise located) in the United States (as defined in Regulation S) or any restricted jurisdiction and is authorised to acquire the rights and the Rights Entitlements and/or Rights Equity Shares in compliance with all applicable laws and regulations\

- If a shareholder makes an Application both vide a CAF as well as on a plain paper, both applications are liable to be rejected.

- An Investor making an application for Rights Entitlement in the CAF, which is more than the Rights Entitlements available in their demat account(s); then such Application shall either be rejected or the Application shall be considered basis the number of Rights Entitlements available in the demat account(s) of the Investor and the balance shall be considered as having applied for Additional Rights Equity Shares.

- CAFs which have evidence of being executed in/dispatched from any restricted jurisdiction or executed by or for the account or benefit of a "U.S. person" (as defined in Regulation S).

- An Investor not applying through the ASBA process.

- Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.

- Submitting the GIR instead of the PAN.
- In case of CAF under power of attorney or by limited companies, bodies corporate, societies, trusts etc., a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under the Issue and to sign the Application and a copy of the Memorandum of Association and Articles of Association and/or bye laws of such body corporate or society are not submitted.

- Applications by persons not competent to contract under the Indian Contract Act, 1872, as amended, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories.

- ASBA Bids by SCSB on own account, other than through an ASBA account in its own name with any other SCSB.

- Failure to mention an Indian address in the Application. Application with foreign address shall be liable to be rejected.

- CAFs which are not submitted by the Investors within the time periods prescribed in the CAF and the Letter of Offer.

- CAFs not duly signed by the sole or joint Investors.

- If an Investor is (a) debarred by SEBI; and/or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlement.

Depository account and bank details for Investors

IT IS MANDATORY FOR ALL THE INVESTORS APPLYING UNDER IN THE ISSUE TO APPLY VIDE THE ASBA PROCESS, TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALISED FORM AND INTO THE SAME DEPOSITORY ACCOUNT IN WHICH THE RIGHTS ENTITLEMENTS ARE HELD BY THE INVESTOR. ALL INVESTORS APPLYING IN THE ISSUE SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE

CAF. INVESTORS APPLYING IN THE ISSUE MUST ENSURE THAT THE NAME GIVEN IN THE CAF IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF/PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.

Investors should note that on the basis of name of these Investors, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF/plain paper applications, as the case may be, the Registrar will obtain from the Depository, demographic details of these Investors such as address, bank account details for printing on refund orders and occupation ("Demographic Details"). Hence, Investors should carefully fill in their Depository Account details in the CAF.

The Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor. The Demographic Details given by the Investors in the CAF would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants.

By signing the CAFs, the Investors would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available in its records.

The Allotment advice and the letters intimating unblocking of ASBA Account or refund (if any) would be mailed at the address of the Investor applying under the ASBA process as per the Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not Allotted to such Investor. Investors may note that delivery of letters intimating unblocking of the funds may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Investor in the CAF would be used only to ensure dispatch of letters intimating unblocking of the ASBA Accounts.

Note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs or the Lead Manager shall be liable to compensate the Investor applying under the ASBA Process for any losses caused due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, (a) names of the Investors (including the order of names of joint holders), (b) the DP ID, and (c) the beneficiary account number, then such applications are liable to be rejected.

Underwriting

This Issue is not underwritten.

Issue Schedule

ISSUE OPENING DATE	**[●], 2020**
LAST DATE FOR RENUNCIATION OF RIGHTS ENTITLEMENTS	**[●], 2020**
ISSUE CLOSING DATE	**[●], 2020**
DATE OF ALLOTMENT (ON OR ABOUT)	**[●], 2020**
DATE OF CREDIT (ON OR ABOUT)	**[●], 2020**
DATE OF LISTING (ON OR ABOUT)	**[●], 2020**

The Board may however decide to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

Basis of Allotment

Subject to the provisions contained in this Draft Letter of Offer, the CAF, the Articles of Association of our Company and the approval of the Designated Stock Exchange, our Board will proceed to Allot the Rights Equity Shares in the following order of priority:

(a) Full Allotment to those Investors who have applied for Rights Equity Shares basis their Rights Entitlement, either in full or in part, as adjusted for fractional entitlement. Allotment to non-resident Investors shall be subject to permissible foreign investment limits applicable to our Company under FEMA, from time to time.

(b) Eligible Equity Shareholders whose fractional entitlements are being ignored and Eligible Equity Shareholders with zero entitlement would be given preference in allotment of one additional Rights Equity Share each if they apply for additional Rights Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after allotment under (a) above. If number of Rights Equity Shares required for Allotment under this head are more than the number of Rights Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.

(c) Allotment to the Eligible Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of the Issue, have also applied for additional Rights Equity Shares. The Allotment of such additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to their Rights Entitlement on the Record Date, provided there are any unsubscribed Rights Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such Rights Equity Shares will be at the sole discretion of the Board in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.

(d) Allotment to Renouncees who having applied for all the Rights Equity Shares against the Rights Entitlements held by them and have also applied for additional Rights Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Rights Equity Shares will be at the sole discretion of the Board in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.

(e) Allotment to any other person that the Board of Directors as it may deem fit provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of the Board in this regard shall be final and binding.

After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed' for the purpose of Regulation 3(1)(b) of the SEBI Takeover Regulations.

Upon approval of the basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the Investors who have been allocated Rights Equity Shares in the Issue, along with:

- The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for the Issue, for each successful Investor;

- The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and

- The details of rejected Applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

Allotment Advices / Refund Orders

Our Company will issue and dispatch Allotment advice/demat credit and/or letters of regret along with crediting the allotted Rights Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or unblocking the funds in the respective ASBA Accounts, if any, within a period of 15 days from the Issue Closing Date.

In case our Company fails to obtain listing or trading permission from the BSE and NSE, we shall refund through verifiable means and unblock in the respective ASBA Accounts, the entire monies received within seven days of receipt of intimation from the BSE and NSE, rejecting the application for listing of the Rights Equity Shares, and if any such money is not repaid within eight days after our Company becomes liable to repay it, our Company and every director of our Company who is an officer in default shall, on and from the expiry of the eighth day, be jointly and severally liable to repay that money with interest at the rate of 15% per annum.

Investors will receive their Rights Entitlements in dematerialized form using electronic credit under the depository system, and the Allotment advice regarding their credit of the Rights Equity Shares shall be sent at the address recorded with the Depository.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the 2020 SEBI Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a suspense escrow demat account opened by our Company, for the Eligible Equity Shareholders holding Equity Shares in a physical form. Eligible Equity Shareholders holding Equity Shares in a physical form, who have not provided the details of their demat account to our Company or to the Registrar, are required to provide such details to the Registrar, no later than two Working Days prior to the Issue Closing Date, i.e. by [●] to enable the credit of their Rights Entitlements by way of transfer from the suspense demat escrow account to their respective demat accounts, at least one day before the Issue Closing Date.

The letter of allotment would be sent by registered post to the sole/ first Investor‘s registered address in India or the Indian address provided by the Eligible Equity Shareholders to our Company.

Refund of money other than by unblocking of ASBA Accounts

In the event the Application monies, blocked in the ASBA bank accounts of the Investors, are transferred to escrow accounts maintained with the Bankers to the Issue for the purpose of the Issue, and subsequently are required to be refunded in accordance with applicable law, such refunds to the Investors shall take place using the following modes:

Investors residing at centres where clearing houses are managed by the RBI will get refunds through National Automated Clearing House ("NACH") (except where Investors have not provided the details required to send electronic refunds), or such other mode as may be mutually agreed upon by our Company, the Registrar and the Lead Manager.

Investors to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 days of the Issue Closing Date.

In the case of non-resident Investors who remit their Application Money from funds held in NRE/FCNR Accounts, refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts, the details of which should be furnished in the CAF.

The Letter of Offer/ the Abridged Letter of Offer, the Entitlement Letter and the CAF shall be dispatched to only such Non-resident Eligible Equity Shareholders who have a registered address in India or have provided an Indian address.

Mode of making refunds

The payment of refund, other than by way of unblocking the monies in the ASBA Accounts of the Investors, in the event of failure to list or otherwise, would be done through any of the following modes:

1. **NACH** – NACH is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Investors having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including MICR code wherever applicable from the depository. The payment of refund through NACH is mandatory for Investors having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR

code as appearing on a cheque leaf, from the Depositories), except where the Investor is otherwise disclosed as eligible to get refunds through NEFT, Direct Credit or RTGS.

2. **National Electronic Fund Transfer ("NEFT")** – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code ("**IFSC Code**"), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the Registrar to our Company or with the Depository Participant while opening and operating the demat account, such MICR number and the bank account number will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.

3. **Direct Credit** – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for such refund would be borne by our Company.

4. **RTGS** – If the refund amount exceeds ₹200,000, Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the CAF. In the event such IFSC Code is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the refund bank(s) for such refund would be borne by our Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.

5. For all other Investors, the refund orders will be dispatched through speed post or registered post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.

6. Credit of refunds to Investors in any other electronic manner, permissible under the banking laws, which are in force, and is permitted by SEBI from time to time.

Printing of Bank Particulars on Refund Orders

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars, where available, will be printed on the refund orders/refund warrants which can then be deposited only in the account specified. Our Company will, in no way, be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

Allotment Advice or Demat Credit

Allotment advice/demat credit or letters of regret will be dispatched to the registered address of the first named Investor or respective beneficiary accounts will be credited within 15 days, from the Issue Closing Date.

Our Company, along with the Registrar and Share Transfer Agent has signed a tripartite agreement with both NSDL and CDSL on October 24, 2018 which enables the Investors to hold and trade in the securities issued by our Company in a dematerialized form, instead of holding the Rights Equity Shares in the form of physical certificates.

In this Issue, the Investors will receive their Rights Equity Shares in the form of an electronic credit to their beneficiary account as given in the CAF, after verification with a depository participant. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Allotment advice, refund order (if any) would be sent directly to the Investor by the Registrar but the Investor's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Investor's depository account.

INVESTORS MAY PLEASE NOTE THAT THE Rights Equity Shares CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

Procedure for Dematerialisation

The procedure for availing the facility for Allotment of Rights Equity Shares in this Issue in the electronic form is as under:

- Open a beneficiary account with any depository participant (*care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company*). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.

- For those who open accounts later or those who change their accounts and wish to receive their Rights Equity Shares pursuant to this Issue by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the Allotment of Rights Equity Shares arising out of this Issue shall be made in dematerialized form even if the Equity Shares are not dematerialized. Nonetheless, it should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company / Depositories.

- The responsibility for correctness of information (including Investor’s age and other details) filled in the CAF vis-à-vis such information with the Investor’s depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in CAF should be the same as registered with the Investor’s Depository Participant.

- If incomplete / incorrect beneficiary account details are given in the CAF, the Application is liable to be rejected.

- The Rights Equity Shares allotted to Investors would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice would be sent directly to the Investor by the Registrar but the Investor’s depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Investor’s depository account.

- Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.

- The ASBA Accounts of unsuccessful Investors shall be unblocked by the Registrar.

Procedure for Application by FPIs

In terms of the SEBI FPI Regulations, investment in the Equity Shares by a single FPI or an investor group (which means multiple entities registered as foreign portfolio investors and directly and indirectly having common ownership of more than 50% of common control) shall be below 10% of our post-Issue Equity Share capital. Further, in terms of the FEM Rules the total holding by each FPI or an investor group, cannot exceed 10% of the total paid-up Equity Share capital of our Company on a fully diluted basis and the aggregate holdings of all the FPIs, including any other direct and indirect foreign investments in our Company, shall not exceed 24 % of the total paid-up Equity Share capital on a fully diluted basis.

In terms of applicable FEM Rules and the SEBI FPI Regulations, investments by FPIs in the capital of an Indian company is subject to certain limits, i.e. the individual holding of an FPI (including its investor group) is restricted to below 10% of the capital of the company. In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up equity capital of our Company, on a fully diluted basis or 10% or more of the paid-up value of any equity shares or preference shares or share warrants that may be issued by our Company, 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. 100%). The aggregate limit may be decreased below the sectoral cap to a threshold limit of 24% or 49% or 74% as deemed fit by way of a resolution passed by our Board followed by a special resolution passed by the Shareholders of our Company. In terms of the FEM Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

Procedure for Applications by AIFs, FVCIs and VCFs

The SEBI VCF Regulations and the SEBI FVCI Regulations prescribe, amongst other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the AIF Regulations prescribe, amongst other things, the investment restrictions on AIFs. As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue. Venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the AIF Regulations, will not be accepted in this Issue.

Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations. Such AIFs having bank accounts with SCSBs that are providing ASBA in cities/centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.

Procedure for Applications by NRIs

Investments by NRIs are governed by FEM Rules. Applications will not be accepted from NRIs in restricted jurisdictions.

NRIs may please note that only such Applications as are accompanied by payment in free foreign exchange shall be considered for Allotment under the reserved category. The NRIs who intend to make payment through NRO accounts shall use the Application Form meant for resident Indians and shall not use the Application Forms meant for reserved category.

Procedure for Applications by Mutual Funds

In case of a Mutual Fund, a separate application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple applications provided that the application clearly indicate the scheme concerned for which the application has been made. Applications made by asset management companies or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which application is being made.

Procedure for Applications by Systemically Important Non-Banking Financial Companies (NBFC – SI)

In case of an application made by Systemically Important NBFCs registered with the RBI, (a) the certificate of registration issued by the RBI under Section 45 –IA of the RBI Act, 1934 and (b) net worth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of Section 38 of the Companies Act, 2013 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, 2013 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.

Dematerialized dealing

Our Company has entered into agreements both dated October 24, 2018 with NSDL and CDSL, respectively, and its Equity Shares bear the ISIN INE020801028.

Payment by stockinvest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stockinvest scheme has been withdrawn. Hence, payment through stockinvest would not be accepted in this Issue.

Disposal of Application and Application Money

No acknowledgment will be issued for the application moneys received by our Company. However, the Designated Branch of the SCSBs receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF.

Our Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto.

In case an application is rejected in full, the whole of the application money blocked in the respective ASBA Accounts of the Investor shall be unblocked. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Rights Equity Shares allotted, blocked in the respective ASBA Accounts of the Investor shall be unblocked to the Investor within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the CAF carefully.

Utilisation of Issue Proceeds

Our Board of Directors declares that:

1. All monies received out of the Issue shall be transferred to a separate bank account;

2. Details of all monies utilised out of the Issue shall be disclosed, and continue to be disclosed till the time any part of the Issue Proceeds remains unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised;

3. Details of all unutilised monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilised monies have been invested; and

4. Our Company may utilise the funds collected in the Issue only after the basis of Allotment is finalised.

Undertakings by our Company

Our Company undertakes the following:

1. The complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily.

2. All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Rights Equity Shares are to be listed will be taken within seven Working Days of finalization of basis of Allotment.

3. The funds required for making refunds /unblocking to unsuccessful Investors as per the mode(s) disclosed shall be made available to the Registrar by our Company.

4. Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.

5. Our Company shall send a suitable communication to the Investors in case of release of block on the application amount for unsuccessful bidders or part of the application amount in case of proportionate allotment.

6. Adequate arrangements shall be made to collect all Applications.

7. Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

8. Our Company shall utilise the funds collected in the Issue only after finalisation of the basis of Allotment.

9. Our Company shall send a suitable communication to the Investors in case of release of block on the application amount for unsuccessful bidders or part of the application amount in case of proportionate allotment.

Minimum Subscription

As per temporary relaxations prescribed under SEBI circular no. SEBI/HO/CFD/CIR/CFD/DIL/67/2020 dated April 21, 2020, if our Company does not receive the minimum subscription of 75% of the Issue, our Company shall refund the entire subscription amount within a period of 15 days from the Issue Closing Date. However, if our Company receives subscription between 75% to 90%, of the Issue Size, at least 75% of the Issue Size shall be utilized for the Objects of this Issue other than general corporate purpose.

If there is a delay in the refund of subscription money by more than eight days after our Company becomes liable to pay the subscription amount, our Company shall pay interest for the delayed period, at the rate of 15% per annum.

Important

- Please read this Draft Letter of Offer carefully before taking any action. The instructions contained in the CAF are an integral part of the conditions of this Draft Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected. It is to be specifically noted that this Issue of Rights Equity Shares is subject to the risk factors mentioned in "*Risk Factors*" on page 20.

- All enquiries in connection with this Draft Letter of Offer or CAF must be addressed (quoting the Registered Folio Number/ DP and Client ID number, the CAF number and the name of the first Eligible Equity Shareholder as mentioned on the CAF and super scribed "**Spencer's Retail Limited - Rights Issue**" on the envelope and postmarked in India) to the Registrar at the following address:

Link Intime India Private Limited

C-101, 247 Park
Lal Bahadur Shastri (LBS) Marg, Vikhroli (West)
Mumbai – 400 083

Maharashtra, India
Telephone: +91 22 4918 6200
Facsimile: +91 22 4918 6195
Email: spencersretail.rights@linkintime.co.in
Investor grievance e-mail: spencersretail.rights@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Sumeet Deshpande
SEBI Registration No: INR000004058

The Issue will remain open for a minimum 15 days. However, the Board will have the right to *extend* the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

Restrictions on Foreign Ownership of Indian Securities

Foreign investment in Indian securities is regulated through the FDI Policy and FEMA. The government bodies responsible for granting foreign investment approvals are the concerned ministries/departments of the GoI and the RBI. Pursuant to the Office Memorandum dated June 5, 2017 issued by the Department of Economic Affairs, Ministry of Finance, approval for foreign investment under the FDI Policy and FEMA has been entrusted to the concerned ministries/departments

The GoI has from time to time made policy pronouncements on FDI through press notes and press releases. The DIPP (now DPII), issued the consolidated FDI Policy by way of circular no. D/o IPP F. No. 5(1)/2017-FC-1 dated August 28, 2017 which is effective from August 28, 2017. The FDI Policy will be valid until the DIPP (now DPII) issues an updated FDI Policy. The existing foreign investment limit in our Company is 51% of the total paid-up Equity Share capital of our Company under the government route and the FEMA Rules prescribe certain conditions which are required to be complied with for the purposes of receiving FDI including *inter alia* minimum capitalisation of USD 100 million and mandatory investment of 50 per cent of such capitalisation in 'back-end infrastructure' within three years and procurement of at least 30% of the value of manufactured/processed products shall be sourced from Indian micro, small and medium industries which have a total investment in plant and machinery not exceeding USD 2 million. Further, one of the conditions with respect to receipt of foreign capital under the FDI route is that the respective State Governments/Union territories are to implement the FDI policy. Further, the existing individual and aggregate investment limits for an FPI in our Company are not exceeding 10% and 24% of the total paid-up Equity Share capital of our Company, respectively.

As per Regulation 7 of the FEM Rules, the RBI has given general permission to Indian companies to issue rights securities to non-resident shareholders including additional rights securities. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by the RBI, non-residents may, inter alia, (i) subscribe for additional securities over and above their rights entitlement; (ii) renounce the securities offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the securities renounced in their favour. Applications received from NRIs and non-residents for allotment of Rights Equity Shares shall be inter alia, subject to the conditions imposed from time to time by the RBI under the FEMA in the matter of refund of Application Money, Allotment of Rights Equity Shares and issue of Allotment advice. This Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer and CAF shall be dispatched to non-resident Eligible Equity Shareholders at their Indian address only. If an NR or NRI Investors has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the Application. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the allotment of Rights Equity Shares. The Rights Equity Shares purchased by non- residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which Rights Equity Shares are issued on rights basis. As per the existing policy of the Government of India, erstwhile OCBs cannot participate in this Issue.

The above information is given for the benefit of the Investors. Our Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Rights Equity Shares applied for do not exceed the applicable limits under laws or regulations.

MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

ARTICLES OF ASSOCIATION OF SPENCER'S RETAIL OLIMITED

The following regulations comprised in these Articles of Association were adopted pursuant to members' resolution passed at the extraordinary general meeting of the Company held on 29 October 2018 in substitution for, and to the entire exclusion of, the earlier regulations comprised in the extant Articles of Association of the Company.

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 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.

I. Definitions and Interpretations

1. In these Articles:

   (a) the "**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;

   (b) the "**Articles**" or "**Articles of Association**" means the articles of association of the Company as amended from time to time;

   (c) the "**Board**" or "**Board of Directors**" or "**Directors**" means the board of directors of the Company collectively, as constituted from time to time; "Director" shall mean a director on the Board of the Company individually;

   (d) the "**Company**" means RP-SG Business Process Services Limited, a public company limited by shares incorporated under the Companies Act, 2013;

   (e) the "**Depository**" means a depository registered with the Securities and Exchange Board of India under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as amended or any other regulations formulated by the Securities and Exchange Board of India, as applicable;

   (f) the "**Depositories Act**" means the Depositories Act, 1996 or any statutory modification or re-enactment thereof, for the time being in force; and

   (g) the "**Seal**" means the common seal of the Company.

2. Unless the context otherwise requires, words or expressions contained in these Articles shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these 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.

3. 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).

II. Public Company

4. The Company is a public company as defined in Section 2(71) of the Act.

III. Share capital and variation of rights

5. The authorized share capital of the Company shall be such amount as set out in Clause V of the Memorandum of Association. The Company may increase, re-classify, sub-divided, consolidate the authorized share capital subject to complying with requisite procedure laid down by law.

6. 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 at a discount as they may, and at such time as they may from time to time think fit.

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. 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.

9. Subject to the provisions of the 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 such shares may, by special resolution determine.

10. 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.

11. (i) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Section 48 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.

    (ii) To every such separate meeting, the provisions of these Articles relating to general meetings shall mutatis mutandis apply.

12. 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.

13. Subject to the provisions of Section 63 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.

14. 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, including the opportunity of attending (but not voting) general meetings where any subject affecting their interest is being discussed, appointment of Directors and otherwise. Debentures with the rights to conversion into or allotment of shares, either wholly or partly paid up 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.

15. Subject to the provisions of Sections 68 to 70 and other applicable provisions of the Act, the Company shall have the power to buy-back its own shares or other securities, as it may consider necessary.

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.

IV. Further issue of shares

17. Where at any time, the Company proposes to increase its subscribed capital by the issue of further shares, such shares shall be offered—

(i) to persons who, as on the date specified under applicable law, are holders of equity shares of the Company in proportion, as nearly as circumstances admit, to the paid-up share capital on those shares by sending a letter of offer subject to the following conditions, namely:

(a) the offer shall be made by notice specifying the number of shares offered and limiting a time not being less than 15 (fifteen) days and not exceeding 30 (thirty) days from the date of the offer within which the offer, if not accepted, shall be deemed to have been declined;

(b) 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 (a) above shall contain a statement of this right; and

(c) 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 may dispose of them in such manner which is not disadvantageous to the shareholders and the Company;

(ii) to employees under a scheme of employees' stock option, subject to special resolution passed by the Company and subject to the rules and such other conditions, as may be prescribed under the law; or

(iii) to any Persons, if it is authorized by a special resolution, whether or not those Persons include the Persons referred to in clause (i) or clause (ii) above, 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 such conditions prescribed in the Act.

18. The notice referred to in sub-clause (a) of clause (i) of sub-article (17) shall be dispatched through registered post or speed post or through electronic mode to all the existing shareholders at least 3 (three) days before the opening of the issue.

19. Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an ordinary resolution, be issued on the option as a term attached to the debentures issued or loan raised by the Company to convert such debentures or loans into shares in the Company:

Provided that the terms of issue of such debentures or loan containing such an option have been approved before the issue of such debentures or the raising of loan by a special resolution passed by the Company in a general meeting.

20. Notwithstanding anything contained in sub-clause (19) 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 in such manner as the company before the issue of the shares may, by special resolution, determine 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, appeal to the Tribunal which shall after hearing the Company and the Government pass such order as it deems fit.

21. In determining the terms and conditions of conversion under sub-clause (20), 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.

22. Where the Government has, by an order made under sub-clause (20), 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 (20) or where such appeal has been dismissed, the memorandum 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.

23. The provisions contained in the Articles 17-22 shall be subject to the provisions of the section 42 and section 62 of the Act and other applicable provisions of the Act, wherever applicable.

V. Shares at disposal of the Board

24. Subject to the provisions of section 62 and other applicable provisions of the Act and these Articles, the shares in the capital of the Company for the time being (including any shares forming part of any increased capital of the Company) shall be under the control of the Board who may issue, allot or otherwise dispose of the same or any of them to such Persons, in such proportion and on such terms and conditions and either at a premium or at par or at a discount at such time as they may, from time to time think fit, with the sanction of the Company in a general meeting.

25. Subject to the provisions of the Act and these Articles, the Board may issue and allot shares in the capital of the Company on payment or part payment for any property or assets of any kind whatsoever sold or transferred, goods or machinery supplied or for services rendered to the Company and any shares which may be so allotted may be issued as fully paid-up or partly paid-up otherwise than for cash, and if so issued, shall be deemed to be fully paid-up or partly paid-up shares, as the case may be.

VI. Commission

26. The Company may exercise the powers of paying commissions conferred by sub-section (6) of Section 40 of the Act, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section.

27. The rate or amount of the commission shall not exceed the rate or amount prescribed under sub-section (6) of Section 40 of the Act.

28. 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.

VII. Shares and shares certificates

29. 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.

30. 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), 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 the prescribed time period as provided under the applicable

law of the receipt of application of , transmission, sub-division, consolidation or renewal of any of its shares as the case may be.

31. The numbering of shares and the issuance of a certificate of shares/issuance of a duplicate certificate of shares, shall be as per the provisions laid down under Section 45 and 46 of the Act and other applicable provisions of law respectively. Where the shares are held in depository form, the record of the relevant depository shall be *prima facie* evidence of the interest of the beneficial owner.

32. 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. 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.

33. 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 whose certificate has been lost or destroyed. 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 ₹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.

34. Subject to the provisions of the Act and 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.

35. 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 general meetings, 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.

36. 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.

VIII. Dematerialization of shares

37. 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.

38. 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.

39. 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 a 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 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.

40. All shares held by a Depository shall be dematerialized and shall be in a fungible form.

- 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.

- 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.

41. 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.

42. 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.

43. 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.

IX. Call on shares

44. (i) Subject to the provisions of the Act, the Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times:

Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call.

(ii) Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the Company, at the time or times and place so specified, the amount called on his shares.

(iii) A call may be revoked or postponed at the discretion of the Board.

45. A call shall be deemed to have been made at the time when the resolution of the Board authorizing the call was passed and may be required to be paid by installments. The Board shall not give the option or right to call on shares to any Person except with the sanction of the Company in the general meeting.

46. All calls shall be made on a uniform basis on all shares falling under the same class.

Explanation: Shares of the same nominal value on which different amounts have been paid-up shall not be deemed to fall under the same class.

47. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

(i) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten per cent per annum or at such lower rate, if any, as the Board may determine.

(ii) The Board shall be at liberty to waive payment of any such interest wholly or in part.

(iii) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these 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.

(iv) 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.

48. The Board –

(a) 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, all or any part of the monies uncalled and unpaid upon any shares held by him;

(b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the Company in general meeting shall otherwise direct, 12% per annum, as may be agreed upon between the Board and the member paying the sum in advance, provided that the money paid in advance of calls on any share may carry interest but shall not confer a right to participate in profits or dividend; and

(c) The member shall not be entitled to any voting rights in respect of the monies 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.

X. Lien

49. (i) The Company shall have a first and paramount lien on every share or debenture (not being a fully paid-up share or debenture) registered in the name of each member (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 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 share to be wholly or in part exempt from the provisions of this Article.

(ii) The Company's lien, if any, on a share shall extend to all dividends payable and bonuses declared from time to time in respect of such shares.

50. The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien:

Provided that no sale shall be made:

(a) unless a sum in respect of which the lien exists is presently payable; or

(b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.

51. 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.

52. (i) To give effect to any such sale as set forth in Article 55 above, the Board may authorise some person to transfer the shares sold to the purchaser thereof;

(ii) The purchaser shall be registered as the holder of the shares comprised in any such transfer;

(iii) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale;

(iv) 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.

(v) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.

53. 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.

XI. Transfer of shares

54. (i) The instrument of transfer of any share in the Company shall be executed by or on behalf of both the transferor and transferee.

(ii) The instrument of transfer shall be in writing and all provisions of Section 56 of the Act and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.

(iii) 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.

55. The Board may, subject to the right of appeal conferred by Section 58 of the Act decline to register-

(a) the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or

(b) any transfer of shares on which the Company has a lien.

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 being indebted to the Company in any manner.

56. In case of shares held in physical form, the Board may decline to recognize any instrument of transfer unless:-

(a) the instrument of transfer is in the form as prescribed in sub-section (1) of Section 56 of the Act and the said form is to be used as a common form for transfer of shares;

(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.

57. 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 discretion and by giving reasons, decline to register or acknowledge any transfer of Shares whether fully paid or not 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 15 days from the date on which the instrument of transfer was lodged with the Company, 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.

58. On giving not less than 7 (seven) days' previous notice in accordance with Section 91 of the Act, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:
Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.

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.

XII. Transmission of Shares

60. (i) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognised by the Company as having any title to his interest in the shares

(ii) Nothing in clause (i) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

61. (i) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either –

(a) to be registered himself as holder of the share; or

(b) to make such transfer of the share as the deceased or insolvent member could have made.

(ii) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.

62. (i) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.

(ii) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share in accordance with the provisions of these Articles relating to transfer of shares.

(iii) All the limitations, restrictions and provisions of 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.

63. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company:

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.

64. No fee shall be payable to the Company, in respect of the registration of transmission of shares, or for registration of any power of attorney, probate, letters of administration and succession certificate, certificate of death or marriage or other similar documents, sub division and/or consolidation of shares and debentures and sub-divisions of letters of allotment, renounceable letters of right and split, consolidation, renewal and genuine transfer receipts into denomination corresponding to the market unit of trading.

XIII. Forfeiture of Shares

65. If a member fails to pay any call, or installment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued.

66. The notice aforesaid shall –

(a) name a further day (not being earlier than the expiry of 14 days from the date of service of the notice) on or before which the payment required by the notice is to be made; and

(b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.

67. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

68. (i) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.

(ii) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.

69. (i) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all monies which, at the date of forfeiture, were presently payable by him to the Company in respect of the shares.

(ii) The liability of such person shall cease if and when the Company shall have received payment in full of all such monies in respect of the shares.

70. (i) A duly verified declaration in writing that the declarant is a director, the manager or the secretary, of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share;

(ii) The Company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of;

(iii) The transferee shall thereupon be registered as the holder of the share; and

(iv) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

71. The provisions of these Articles as to forfeiture shall apply in the case of nonpayment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

XIV. Alteration of Capital

72. Subject to the provisions of these Articles, 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.

73. Subject to the provisions of section 61, the Company may, by ordinary resolution, --

(a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(b) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;

Provided that no consolidation and division which results in changes in the voting percentage of shareholders shall take effect unless it is approved by the Tribunal on an application made in the prescribed manner.

(c) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum, 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;

(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

(e) re-classify any or part of un-issued equity shares into preference shares and/or vice versa.

74. Where shares are converted into stock, -

(a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

(b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

(c) such of the Articles of the Company as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholder" in those Articles shall include "stock" and "stock-holder", respectively.

75. Subject to the provisions of the Act, the Company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law:

(a) its share capital;

(b) any capital redemption reserve account; or

(c) (c) any share premium account.

XV. Capitalisation of Profits

76. (i) The Company in general meeting may, upon the recommendation of the Board, resolve:

(a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the, profit and loss account, or otherwise available for distribution; and

(b) that such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

(ii) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (iii), either in or towards –

(a) paying up any amounts for the time being unpaid on any shares held by such members respectively;

(b) paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;

(c) partly in the way specified in sub-clause (A) and partly in that specified in sub-clause (B);

(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.

77. (i) Whenever such a resolution as aforesaid shall have been passed, the Board shall –

(a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares if any; and

(b) generally do all acts and things required to give effect thereto.

(ii) The Board shall have power--

(a) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions; and

(b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the Company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares;

(iii) Any agreement made under such authority shall be effective and binding on such members.

XVI. Buy-back of shares

78. Notwithstanding anything contained in these Articles but subject to the provisions of sections 68 to 70 of the Act and any other applicable provision of the Act or any other law for the time being in force, the Company may purchase its own shares or other specified securities.

XVII. General Meetings

79. An annual general meeting shall be held in each calendar year within the timeline prescribed under the applicable law. Not more than 15 months 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 of companies 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.

80. All general meetings other than annual general meeting shall be called extraordinary general meeting.

81. (i) The Board may, whenever it thinks fit, call an extraordinary general meeting.

(ii) If at any time Directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two members of the Company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.

82. The Board shall on the requisition of such number of member or 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.

83. A general meeting of the Company may be convened by giving not less than clear 21 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 is given in writing or by electronic mode

by not less than 95% of the members entitled to vote at such meeting. 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

84. (i) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.

(ii) Save as otherwise provided herein, the quorum for the general meetings shall be as provided in section 103 of the Act.

85. The chairperson, if any, of the Board shall preside as chairperson at every general meeting of the Company.

86. If there is no such chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act as chairperson of the meeting, the Directors present shall elect one of their members to be the chairperson of the meeting.

If at any meeting no director is willing to act as the chairperson or if no director is present within 15 minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be the chairperson of the meeting.

XIX. Adjournment of meeting

87. (i) The chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.

(ii) In the event a quorum as required herein is not present within 30 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 day in the next week at the same time and place, or such other date and such other time and place as the Board may determine, provided that the agenda for such adjourned general meeting shall remain the same. The said general meeting if called by requisitionists under Article 82 herein read with Section 100 of the Act shall stand cancelled.

(iii) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

(iv) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.

(v) Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

(vi) The required quorum at any adjourned general meeting shall be the same as that required at the original general meeting.

(vii) If at the adjourned meeting also, a quorum is not present within half-an-hour from the time appointed for holding the meeting, the members present shall be the quorum.

XX. Voting Rights

88. Subject to any rights or restrictions for the time being attached to any class or classes of shares, -

(a) on a show of hands, every member present in person shall have one vote; and

(b) on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the Company.

89. A member may exercise his vote at a meeting by electronic means in accordance with section 108 of the Act and shall vote only once.

90. (i) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

(ii) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.

91. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.

92. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.

93. No member shall be entitled to vote at any general meeting either personally or by proxy unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.

94. (i) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.

(ii) Any such objection made in due time shall be referred to the chairperson of the meeting, whose decision shall be final and conclusive.

XXI. Proxy

95. 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.

96. The proxy need not be a member of the Company and shall not be entitled to vote except on a poll.

97. Unless otherwise set out in the notice, the instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.

98. An instrument appointing a proxy shall be in the form as prescribed under Section 105 of the Act or the relevant rules made under the Act.

99. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:

Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

XXII. Board of Directors

100. (i) Subject to the provisions of the Act, the number of Directors shall not be less than 3 (three) nor more than 15, provided that the Company may appoint more than 15 directors after passing a special resolution. The Company shall have at the minimum such number of independent Directors on the Board of the Company, as may be required in terms of the provisions of applicable law.

(ii) Not less than two-thirds of the total number of Directors shall be persons whose period of office is liable to determination by retirement of directors by rotation.

101. The following persons are the first Directors of the Company:

1. Sunil Bhandari

2. Gautam Ray

3. Rajarshi Banerjee

102. (i) Subject to Section 197 and other applicable provisions of the Act, the remuneration of the Directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.

(ii) In addition to the remuneration payable to them in pursuance of the Act, the Directors may be paid all travelling, hotel and other expenses properly incurred by them -

(a) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the Company; or

(b) in connection with the business of the Company.

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.

(iii) 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.

103. 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.

104. A Director shall not be required to hold any qualification shares in the Company.

105. 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 or alternate 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. 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.

106. The office of a Director shall automatically become vacant, if he is disqualified under any of the provisions of the Act. 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 of companies and also place the fact of such resignation in the report of Directors laid in the immediately following general meeting. Such Director shall also forward a copy of his resignation along with detailed reasons for the resignation to the registrar of companies within 30 days 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 of the Act and other applicable provisions of the Act and these Articles remove any Director before the expiry of his period of office.

107. 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 registered office of the Company in accordance with the provisions of the Act.

108. 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 at a meeting of the Board. 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.

The Board may from time to time at its discretion, subject to the provisions of Sections 73, 179 and 180 of the Act, raise or borrow, either from the Directors or from elsewhere and secure the payment of any sum or sums of money for the purposes of the Company.

109. All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.

110. (i) 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 ("**Lender(s)**"), 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 ("**Nominee Director**") on their own behalf and will take all corporate action to effectuate such right and the Directors so appointed, shall not be liable to retire by rotation, subject however, to the limits prescribed by the Act.;

(ii) The Nominee Director(s) may also be appointed a member of committees of the Board, if so desired by the Lender(s);

(iii) Any expenditure incurred by the Lender(s) and/ or the Nominee Director(s) in connection with his/their appointment of directorship shall be borne and payable by the Company;

(iv) The Nominee Director(s) shall be entitled to receive all notices, agenda, etc. and to attend all general meetings and meetings of the Board and meetings of any committees of the Board;

(v) The Nominee Director(s) shall furnish to the Lender(s), a report of the proceedings of all such meetings and the Company shall not have any objection to the same;

(vi) The Board of Directors of the Company shall have no power to remove from office the Nominee Director(s);

(vii) The appointment/removal of the Nominee Director(s) shall be by a notice in writing by the Lender(s)addressed to the Company and shall unless otherwise indicated by the Lender(s) take effect forthwith upon such a notice being delivered to the Company;

(viii) The Nominee Director(s) shall be entitled to all the rights, privileges and indemnities of other Directors including the sitting fees, if any and expenses as are payable by the Company to the other Directors, but if any other fees, commission, moneys or remuneration in any form are payable by the Company to the Directors in their capacity as Directors, the fees, commission, moneys and remuneration in relation to such Nominee Director(s) shall accrue to the Lender(s) and the same shall accordingly be paid by the Company directly to the Lender(s) for their account; and

(ix) The Nominee Director(s) so appointed shall hold the said office only so long as any monies remain owing by the Company to the Lender(s) and the Nominee Director(s) so appointed in exercise of the said power shall ispo facto vacate such office as and when the moneys owing by the Company to the Lender(s) are paid off.

111. The Company may exercise the powers conferred on it by Section 88 of the Act with regard to the keeping of a foreign register; and the Board may (subject to the provisions of that section) make and vary such regulations as it may think fit respecting the keeping of any such register.

XXIII. Proceedings of the Board

112. (i) The Board may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.

(ii) A Director may, and the manager or secretary on the requisition of a Director shall, at any time, summon a meeting of the Board.

(iii) A minimum number of 4 (four) Board meetings shall be held every year in such a manner that not more than 120 days shall intervene between 2 (two) consecutive meetings of the Board, in accordance with the provisions of the Act.

113. 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 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.

If quorum is found to be not present within 30 minutes from the time when the meeting should have begun or if during the meeting, valid quorum no longer exists, the meeting shall automatically stand adjourned to the same day at the same time and place in the next week 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. At the adjourned meeting, the quorum for the meeting of the Board shall be one third of its total strength or 2 (two) Directors, whichever is higher 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.

114. (i) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.

(ii) In case of an equality of votes, the chairperson of the Board, if any, shall have a second or casting vote.

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.

115. Subject to these Articles and Section 175 of the Act 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, 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 necessary papers, 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.

116. (i) The Board may elect a chairperson of its meetings who shall preside over the meetings of the Board and determine the period for which he is to hold office.

(ii) If no such chairperson is elected, or if at any meeting the chairperson is not present within five minutes after the time appointed for holding the meeting, the Directors present may choose one of their number to be chairperson of the meeting.

117. (i) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member or members of its body as it thinks fit.

(ii) Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.

118. (i) A committee may elect a chairperson of its meetings.

(ii) 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 members present may choose one of their members to be the chairperson of the meeting.

119. (i) A committee may meet and adjourn as it thinks fit.

(ii) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the chairperson shall have a second or casting vote.

120. 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.

121. 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.

122. Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be valid and effective as if it had been passed at a meeting of the Board or committee, duly convened and held.

XXIV. Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer

123. Subject to the provisions of the Act: -

(i) A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may thinks fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;

(ii) A Director may be appointed as chief executive officer, manager, company secretary or chief financial officer.

124. The Board shall have the power to appoint an individual as the chairperson of the Company as well as the managing director or chief executive officer of the Company at the same time.

125. A whole-time director / chief financial officer / company secretary of the Company is severally authorised to sign any document or proceeding requiring authentication by the Company or any contract made by or on behalf of the Company.

126. Any provision of the Act or these Articles requiring or authorising a thing to be done by or to a Director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as Director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.

XXV. The Seal

127. (i) The Board shall provide for the safe custody of the Seal.

(ii) The Seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorized by it in that behalf, and except in the presence of any two Directors or by a Director and the company secretary or one Director or the company secretary and such other person as the Board may appoint who shall sign every instrument to which the Seal of the Company is so affixed in his presence.

XXVI. Dividends and Reserves

128. 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.

129. Subject to the provisions of section 123 of the Act, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the Company.

(i) The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time to time, thinks fit.

(ii) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve

130. (i) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares.

(ii) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this Article as paid on the share.

(iii) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

131. The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.

132. (i) Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.

(ii) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

133. Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.

134. Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.

135. No dividend shall bear interest against the Company.

136. The waiver in whole or in part of any dividend on any share by any document (whether or not under Seal) shall be effective only if such document is signed by the member (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Board.

137. 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.

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 days from the date of declaration, the Company shall, within 7 (seven) days from the date of expiry of the 30 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. Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of 7 (seven) years from the date of such transfer, shall be transferred by the Company to the Investor Education and Protection Fund established under the Act. Unless otherwise required for compliance with the provisions of the applicable laws, there will be no forfeiture of unclaimed dividends before the claim becomes barred by law.

XXVII. Accounts

138. (i) Subject to the provisions of section 128 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 file with the registrar of companies 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 under applicable law including provisions of the Act and the rules framed under the Act.

(ii) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection of members not being Directors. 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.

(iii) 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.

(iv) All the aforesaid books shall give a true and fair view of the Company's affairs with respect to the matters aforesaid and explain its transactions.

(v) The books of accounts of the Company relating to a period of not less than 8 (eight) years immediately preceding the current year together with the vouchers relevant to any entry in such books of account shall be preserved in good order.

XXVIII. Audit

139. 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.

140. The Company shall at each annual general meeting appoint/ratify appointment of the statutory auditor to hold office, in the manner and for such period as prescribed under Section 139 of the Act.

141. The Board of Directors may fill up any casual vacancy in the office of the auditors within 30 (thirty) days subject to the provisions of Section 139 and 140 of the Act.

142. 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 Board of Directors may be fixed by the Board of Directors.

143. The Company shall also appoint an 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.

XXIX. Borrowing Powers

144. 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.

145. The Board 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 and its free reserves.

146. 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.

XXX. Secrecy

147. 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 Board of 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 Board of 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.

148. 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 Board of 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.

XXXI. Winding up

149. The Company may be wound up in accordance with the Act and the Insolvency and Bankruptcy Code, 2016 (to the extent applicable).

XXXII. Indemnity

150. 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 wilful neglect or default respectively.

151. 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.

XXXIII. General Authority

152. 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.

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) which are, or may be deemed material, have been entered or to be entered into by our Company. These contracts and also the documents for inspection referred to hereunder may be inspected at our Registered Office, from 10.00 am to 4.00 pm on Working Days from the date of issuance of the Letter of Offer until the Issue Closing Date. The procedure for inspection of material documents electronically, as prescribed by SEBI vide circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 06, 2020 ("Circular"), will be updated in the Letter of Offer, depending on the applicability of the Circular and any further amendments or clarifications thereto.

Material contracts for the Issue

1. Issue Agreement dated May 12, 2020 between our Company, the Lead Manager to the Issue.

2. Agreement dated April 6, 2020 between our Company and the Registrar to the Issue.

3. Banker to the Issue Agreement dated [•] amongst our Company, the Lead Manager, the Registrar to the Issue and the Banker to the Issue.

Material documents

1. Certified copies of our Memorandum of Association and Articles of Association as amended until date.

2. Certificate of incorporation dated February 8, 2017.

3. Fresh certificate of incorporation dated December 13, 2018, consequent upon change of name.

4. Scheme of Arrangement

5. Share Purchase Agreement dated May 17, 2019 as amended on July 4, 2019, with Godrej Industries Limited and Natures Basket Limited and our Company.

6. Board resolution of our Company dated February 11, 2020 authorising the Issue.

7. Resolution of the Board dated May 11, 2020, approving the Draft Letter of Offer.

8. Copies of annual reports of the Company since incorporation.

9. The examination report of our Statutory Auditors on our Restated Financial Statements included in this Draft Letter of Offer .

10. Consent dated May 12, 2020 from the Statutory Auditor, namely, S. R. Batliboi & Co. LLP, Chartered Accountants, to include their name as required under SEBI ICDR Regulations in this Draft Letter of Offer and as an "expert" defined under Section 2(38) of the Companies Act, to the extent and in their capacity as a statutory auditor in respect of their (i) examination report, dated May 11, 2020 on our Restated Financial Statements; (ii) report dated May 12, 2020 on the statement of possible tax benefits available to Spencer's Retail Limited and its shareholders under the applicable laws in India included in this Draft Letter of Offer. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

11. Consent dated May 12, 2020 from the statutory auditors of NBL namely, B S R & Co. LLP, Chartered Accountants, to include their name as required under the SEBI ICDR Regulations in this Draft Letter of Offer and as an "expert" defined under Section 2(38) of the Companies Act, in respect to the report dated May 8, 2020 on the statement of possible special tax benefits available to NBL and its shareholders under the applicable laws in India, included in this Draft Letter of Offer. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

12. Consent dated March 18, 2020, from CRISIL Limited to use their name and all or any part of their report titled "Retail Annual Review" in this Draft Letter of Offer.

13. Consents of Bankers to our Company, the Lead Manager to the Issue, Registrar to the Issue, Bankers to the Issue, Legal Counsel to the Issue, Directors of our Company, Company Secretary and Compliance Officer, to include their names in this Draft Letter of Offer to act in their respective capacities.

14. In-principle listing approvals dated [●], 2020, [●], 2020 and [●], 2020 from the BSE, CSE and the NSE, respectively.

15. ESOP Scheme 2019 dated July 19, 2019.

16. Tripartite Agreement dated October 24, 2018 between our Company, NSDL and Link Intime India Private Limited.

17. Tripartite Agreement dated October 24, 2018 between our Company, CDSL and Link Intime India Private Limited.

18. Due Diligence Certificate dated May 12, 2020 from the Lead Manager to the Issue to SEBI.

Any of the contracts or documents mentioned in this Draft Letter of Offer may be amended or modified at any time, if so required, in our interest or if required by the other parties, without reference to the Shareholders, subject to compliance with applicable law.

DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the guidelines/regulations issued by the Government of India or the rules/guidelines/regulations issued by the Securities and Exchange Board of India, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Letter of Offer is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act, each as amended, or rules made or guidelines or regulations issued there under, as the case may be. We further certify that all the disclosures and statements made in this Draft Letter of Offer are true and correct.

SIGNED BY ALL THE DIRECTORS OF OUR COMPANY

Name	Signature
Sanjiv Goenka *Chairman and Non-Executive Director*	
Devendra Chawla *Managing Director and CEO*	
Rahul Nayak *Whole time Director*	
Shashwat Goenka *Non-Executive Director*	
Debanjan Mandal *Non-Executive Independent Director*	
Pratip Chaudhari *Non-Executive Independent Director*	
Rekha Sethi *Non-Executive Independent Director*	
Utsav Parekh *Non-Executive Independent Director*	

CHIEF FINANCIAL OFFICER

Kumar Tanmay
Chief Financial Officer

Date: May 12, 2020