



## VLCC HEALTH CARE LIMITED

Our Company was originally incorporated as 'Curly & Curves (India) Private Limited', a private limited company under the Companies Act, 1956, with a certificate of incorporation issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana ("RoC") on October 23, 1996 at Delhi. Subsequently, the name of our Company was changed to 'Curly & Curves (India) Limited' upon conversion of our Company into a public limited company pursuant to a special resolution passed by our shareholders on March 5, 1999 and a fresh certificate of incorporation consequent upon change of name on conversion to public limited company was issued by the RoC on April 20, 1999. Further, the name of our Company was again changed to 'VLCC Health Care Limited', to reflect the business of our Company pursuant to a special resolution passed by our shareholders on October 18, 2004 and a fresh certificate of incorporation consequent upon change of name was issued by the RoC on November 18, 2004. For details of the change in the registered office of our Company, see the section titled "History and Certain Corporate Matters" on page 194.

**Registered Office:** M-14 Greater Kailash-II, Commercial Complex, New Delhi 110 048, India; **Telephone:** +91 11 4163 9775

**Corporate Office:** 64, HSIIDC Sector 18, Maruti Industrial Area, Gurgaon 122 015, India; **Telephone:** +91 124 4719 700

**Website:** www.vlccwellness.com; **Contact Person:** Mr. Narinder Kumar, Group Chief Financial Officer and Company Secretary & Compliance Officer; **E-mail:** investors@vlccwellness.com

**Corporate Identity Number:** U74899DL1996PLC082842

PROMOTERS OF OUR COMPANY: MRS. VANDANA LUTHRA AND MR. MUKESH LUTHRA			
<p>INITIAL PUBLIC OFFER OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") OF VLCC HEALTH CARE LIMITED (OUR "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) (THE "OFFER PRICE"), AGGREGATING UP TO ₹ [●] MILLION COMPRISING OF A FRESH ISSUE OF UP TO [●] EQUITY SHARES BY OUR COMPANY AGGREGATING UP TO ₹ 3,000 MILLION (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 8,922,672 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION, COMPRISING OF UP TO 1,883,414 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY MR. MUKESH LUTHRA (THE "PROMOTER SELLING SHAREHOLDER"), UP TO 1,897,540 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY OIH MAURITIUS LIMITED ("OIH" OR "INVESTOR SELLING SHAREHOLDER") AND UP TO 5,141,718 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY LEON INTERNATIONAL LIMITED ("LEON" OR "OTHER SELLING SHAREHOLDER"), TOGETHER WITH THE INVESTOR SELLING SHAREHOLDER AND PROMOTER SELLING SHAREHOLDER, THE "SELLING SHAREHOLDERS" AND SUCH EQUITY SHARES (THE "OFFERED SHARES") (THE "OFFER FOR SALE" AND TOGETHER WITH THE FRESH ISSUE, THE "OFFER"). THE OFFER SHALL CONSTITUTE [●] % OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.</p> <p>OUR COMPANY AND THE SELLING SHAREHOLDERS, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS, MAY CONSIDER A PRIVATE PLACEMENT OF UP TO [●] EQUITY SHARES FOR CASH CONSIDERATION AGGREGATING UP TO ₹ 1,000 MILLION ("PRE-IPO PLACEMENT"). THE PRE-IPO PLACEMENT WILL BE AT A PRICE TO BE DECIDED BY OUR COMPANY AND THE SELLING SHAREHOLDERS, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AND THE PRE-IPO PLACEMENT, IF ANY, WILL BE UNDERTAKEN PRIOR TO FILING OF THE RED HERRING PROSPECTUS WITH THE ROC. IF THE PRE-IPO PLACEMENT IS COMPLETED, THE FRESH ISSUE SIZE WILL BE REDUCED TO THE EXTENT OF SUCH PRE-IPO PLACEMENT, SUBJECT TO APPLICABLE LAW.</p> <p>THE FACE VALUE OF EQUITY SHARES IS ₹ 10 EACH. THE OFFER PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES. THE PRICE BAND AND THE MINIMUM BID LOT SHALL BE DECIDED BY OUR COMPANY AND THE SELLING SHAREHOLDERS IN CONSULTATION WITH THE BRLMs AND WILL BE ADVERTISED IN [●] EDITIONS OF [●], AN ENGLISH NATIONAL DAILY NEWSPAPER AND [●] EDITIONS OF [●], A HINDI NATIONAL DAILY NEWSPAPER (HINDI ALSO BEING THE REGIONAL LANGUAGE OF DELHI, WHERE OUR REGISTERED OFFICE IS LOCATED) AT LEAST TWO WORKING DAYS PRIOR TO THE BID/OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO THE BSE LIMITED ("BSE") AND THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE"), AND TOGETHER WITH BSE, THE "STOCK EXCHANGES") FOR THE PURPOSE OF UPLOADING ON THEIR RESPECTIVE WEBSITES IN ACCORDANCE WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED.</p>			
<p>In case of any revision in the Price Band, the Bid/ Offer Period will be extended by at least three additional Working Days after such revision in the Price Band, subject to the Bid/ Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company and the Selling Shareholders may, for reasons to be recorded in writing, extend the Bid/ Offer Period for a minimum of three Working Days, subject to the Bid/ Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/ Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the respective websites of the BRLMs and at the terminals of the other members of the Syndicate and by intimation to Designated Intermediaries, as applicable.</p> <p>This Offer is being made in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended ("SCRR") read with Regulation 31 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("SEBI ICDR Regulations"). The Offer is being made in accordance with Regulation 6(2) of the SEBI ICDR Regulations and wherein not less than 75% of the Offer shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs") ("QIB Portion"), provided that our Company and the Selling Shareholders may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations ("Anchor Investor Portion"), of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion. Further, 5% of the Net QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not more than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Investors and not more than 10% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. All potential Bidders, other than Anchor Investors, are required to mandatorily utilise the Application Supported by Blocked Amount ("ASBA") process by providing details of their respective bank account (including UPI ID (defined hereinafter) in case of RIBs) which will be blocked by the Self Certified Syndicate Banks ("SCSBs"), to the extent of their respective Bid Amounts. Anchor Investors are not permitted to participate in the Offer through the ASBA process. For details, see "Offer Procedure" beginning on page 396.</p>			
RISKS IN RELATION TO THE FIRST OFFER			
<p>This being the first public offer of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹ 10. The Floor Price, Cap Price and Offer Price as determined and justified by our Company and the Selling Shareholders, in consultation with the BRLMs, in accordance with the SEBI ICDR Regulations and on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process, as stated under "Basis for Offer Price" on page 106 should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares nor regarding the price at which the Equity Shares will be traded after listing.</p>			
GENERAL RISK			
<p>Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares in the Offer have neither been recommended, nor approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to "Risk Factors" on page 24.</p>			
ISSUER'S AND SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY			
<p>Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and the Offer, which is material in the context of the Offer, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. Each of the Selling Shareholders, severally and not jointly, accepts responsibility for and confirms that the statements specifically made or confirmed by such Selling Shareholders in this Draft Red Herring Prospectus to the extent of information specifically pertaining to itself and its respective portion of the Offered Shares in the Offer for Sale and assume responsibility that such statements are true and correct in all material respects and are not misleading in any material respect. Each of the Selling Shareholders, severally and not jointly, assumes no responsibility for any other statements, including, inter-alia, any of the statements made by or relating to the Company or its business or the other Selling Shareholder, in this Draft Red Herring Prospectus.</p>			
LISTING			
<p>The Equity Shares to be offered through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges. Our Company has received 'in-principle' approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively. For the purposes of the Offer, the Designated Stock Exchange shall be [●]. A signed copy of the Red Herring Prospectus and the Prospectus shall be filed with the RoC in accordance with Section 26(4) and Section 32 of the Companies Act, 2013. For details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus up to the Bid/ Offer Closing Date, see "Material Contracts and Documents for Inspection" on page 446.</p>			
BOOK RUNNING LEAD MANAGERS			REGISTRAR TO THE OFFER
<p><b>ICICI Securities Limited</b> ICICI Centre, H.T. Parekh Marg Churchgate, Mumbai 400 020 Maharashtra, India <b>Telephone:</b> +91 22 2288 2460 <b>E-mail:</b> vlcc ipo@icicisecurities.com <b>Investor Grievance ID:</b> customercare@icicisecurities.com <b>Website:</b> www.icicisecurities.com <b>Contact Person:</b> Anurag Byas/ Kristina Dias <b>SEBI Registration Number:</b> INM000011179</p>	<p><b>DAM Capital Advisors Limited</b> (Formerly IDFC Securities Limited) One BKC, Tower C, 15<sup>th</sup> Floor, Unit No. 1511 Bandra Kurla Complex, Bandra (East) Mumbai 400 051 Maharashtra, India <b>Telephone:</b> +91 22 4202 2500 <b>E-mail:</b> vlcc ipo@damcapital.in <b>Investor Grievance ID:</b> complaint@damcapital.in <b>Website:</b> www.damcapital.in <b>Contact Person:</b> Chandresh Sharma <b>SEBI Registration Number:</b> MB/NM000011336</p>	<p><b>IIFL Securities Limited</b> 10th Floor, IIFL Centre Kamala City, Senapati Bapat Marg Lower Parel (West), Mumbai 400 013 Maharashtra, India <b>Telephone:</b> +91 22 4646 4600 <b>E-mail:</b> vlcc ipo@iiflcap.com <b>Investor Grievance ID:</b> ig.ib@iiflcap.com <b>Website:</b> www.iiflcap.com <b>Contact Person:</b> Pinkesh Soni/ Dhruv Bhagwat <b>SEBI Registration Number:</b> INM000010940</p>	<p><b>Kfin Technologies Private Limited</b> (formerly known as Karvy Fintech Private Limited) Selenium, Tower B, Plot No. - 31 and 32, Financial District Nanakramguda, Serilingampally, Hyderabad, Rangareddi 500 032 Telangana, India <b>Telephone:</b> +91 40 6716 2222 <b>E-mail:</b> vlcchealthcare ipo@kfintech.com <b>Investor Grievance ID:</b> einward.ris@kfintech.com <b>Website:</b> www.kfintech.com <b>Contact Person:</b> M. Murali Krishna <b>SEBI Registration Number:</b> INR000000221</p>
BID/OFFER PROGRAMME			
BID/OFFER OPENS ON*			[●]
BID/OFFER CLOSES ON**			[●]

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

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

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## SECTION I: GENERAL

### DEFINITIONS AND ABBREVIATIONS

*This Draft Red Herring Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the meaning as provided below. References to any legislation, act, regulation, rules, guidelines or policies shall be to such legislation, act, regulation, rules, guidelines or policies as amended, supplemented or re-enacted from time to time, and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.*

*The words and expressions used in this Draft Red Herring Prospectus but not defined herein shall have, to the extent applicable, the same meaning ascribed to such terms under the SEBI ICDR Regulations, the Companies Act, the SCRA, the Depositories Act and the rules and regulations made thereunder.*

*Notwithstanding the foregoing, the terms used in “Industry Overview”, “Key Regulations and Policies”, “Statement of Special Tax Benefits”, “Basis for Offer Price”, “History and Certain Corporate Matters”, “Financial Indebtedness”, “Financial Statements”, “Outstanding Litigation and Material Developments”, “Other Regulatory and Statutory Disclosures”, “Description of Equity Shares and Terms of Articles of Association” and “Offer Procedure” on pages 123, 189, 109, 106, 194, 365, 238, 368, 377, 416 and 396 respectively shall have the meaning ascribed to them in the relevant section.*

#### General Terms

Term	Description
“our Company”, “the Company”, “the Issuer”	VLCC Health Care Limited, a company incorporated under the Companies Act, 1956 and having its Registered Office at M-14 Greater Kailash-II, Commercial Complex, New Delhi 110 048, India.
“we”, “us” or “our”	Unless the context otherwise indicates or implies, refers to our Company together with our Subsidiaries and VLCC Employee Welfare Trust, on a consolidated basis, as on the date of filing of this Draft Red Herring Prospectus. Please note that for any discussion for the periods relating to Fiscals 2021, 2020 and 2019, the terms “we”, “us” or “our” would indicate or imply, our Company together with its subsidiaries, joint ventures and trusts, as applicable, during and as at such periods.

#### Company and Selling Shareholder Related Terms

Term	Description
Articles of Association/AoA	Articles of association of our Company, as amended.
Audit Committee	Audit committee of our Company, constituted in accordance with the applicable provisions of the Companies Act, 2013 and the SEBI Listing Regulations and as described in “Our Management” on page 217.
Auditors/Statutory Auditors	S.R. Batliboi & Associates LLP
Board/Board of Directors	Board of directors of our Company or a duly constituted committee thereof.
Bellewave	Bellewave Cosmetics Pte. Ltd.
Celblos	Celblos Dermal Research Centre Pte. Ltd.
Chairman	Chairman of our Company, namely Mr. Mukesh Luthra.
Chief Financial Officer or CFO or Group Chief Financial Officer	The chief financial officer or group chief financial officer of our Company, being Mr. Narinder Kumar. For details, see “Our Management” on page 217.
Company Secretary and Compliance Officer	The company secretary and compliance officer of our Company, being Mr. Narinder Kumar. For details, see “Our Management” on page 217.
Corporate Office	The corporate office of our Company, located at 64, HSIIDC Sector 18, Maruti Industrial Area, Gurgaon 122 015, India.
Corporate Social Responsibility Committee	Corporate Social Responsibility committee of our Company constituted in accordance with the applicable provisions of the Companies Act, 2013 and as described in “Our Management” on page 217.
Director(s)	The directors on the Board of our Company.
Equity Shares	Equity shares of our Company of face value of ₹10 each.
ESOP 2007/ VLCC ESOP 2007	VLCC Employee Stock Option Plan 2007.
ESOP 2015/ VLCC ESOP 2015	VLCC Employee Stock Option Plan 2015.
ESOP 2021/ VLCC ESOP 2021	VLCC Employee Stock Option Plan 2021.

ESOP Schemes	Collectively, VLCC Employee Stock Option Plan 2007, VLCC Employee Stock Option Plan 2015 and VLCC Employee Stock Option Plan 2021
Excel Beauty	Excel Beauty Solution Sdn Bhd
Independent Directors	Independent directors of our Company as described in “ <i>Our Management</i> ” on page 217.
Investor Selling Shareholder	OIH Mauritius Limited
IPO	Initial public offerings
IPO Committee	The IPO Committee of our Company as described in “ <i>Our Management</i> ” on page 217.
Key Managerial Personnel/KMP	Key managerial personnel of our Company in accordance with Regulation 2(1)(bb) of the SEBI ICDR Regulations and Section 2(51) of the Companies Act, 2013 as described in “ <i>Our Management</i> ” on page 217.
Managing Director	Managing Director of our Company, namely Mr. Jayant Khosla
Material Subsidiaries	<ul style="list-style-type: none"> <li>i. VLCC Personal Care Limited;</li> <li>ii. VLCC International LLC;</li> <li>iii. VLCC Overseas Limited;</li> <li>iv. VLCC International Qatar Co. - W.L.L;</li> <li>v. VLCC International - Kuwait Health Care Institute Limited Liability Company;</li> <li>vi. VLCC Singapore Pte. Ltd;</li> <li>vii. VLCC International Inc.;</li> <li>viii. Global Vantage Innovative Group Pte Ltd;</li> <li>ix. Bellewave Cosmetics Pte Ltd; and</li> <li>x. VLCC Healthcare (Bangladesh) Private Limited.</li> </ul>
Materiality Policy	The policy adopted by our Board on May 31, 2021 for identification of material group companies, material outstanding litigation proceedings, and outstanding dues to material creditors, in accordance with the disclosure requirements under the SEBI ICDR Regulations.
Memorandum of Association/ MoA	Memorandum of association of our Company, as amended.
Nomination and Remuneration Committee	Nomination and Remuneration Committee of our Company, constituted in accordance with the applicable provisions of the Companies Act, 2013 and the SEBI Listing Regulations and as described in “ <i>Our Management</i> ” on page 217.
Non-Executive Director	A Director not being an Executive Director.
Other Selling Shareholder	Leon International Limited.
Pre – IPO Placement	Our Company and the Selling Shareholders, in consultation with the BRLMs, may consider a private placement of up to [●] equity shares for cash consideration aggregating up to ₹ 1,000 million. The Pre-IPO Placement will be at a price to be decided by our Company and the Selling Shareholders, in consultation with the BRLMs and the Pre-IPO Placement, if any, will be undertaken prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the Fresh Issue size will be reduced to the extent of such Pre-IPO Placement, subject to applicable law.
Promoter Group	Persons and entities constituting the promoter group of our Company in terms of Regulation 2(1) (pp) of the SEBI ICDR Regulations, as disclosed in “ <i>Our Promoters and Promoter Group</i> ” on page 233.
Promoters	Promoters of our Company, namely, Mrs. Vandana Luthra and Mr. Mukesh Luthra.
Promoter Selling Shareholder	Mr. Mukesh Luthra
Registered Office	Registered office of our Company located at M-14 Greater Kailash-II, Commercial Complex, New Delhi 110 048, India.
Registrar of Companies/RoC	Registrar of Companies, NCT of Delhi and Haryana.
Restated Consolidated Summary Statements	Our restated consolidated summary statements of assets and liabilities as at and for the financial year ended March 31, 2021, March 31, 2020 and March 31, 2019 and the restated consolidated summary statements of profit and loss, the restated consolidated summary statements of changes in equity and the restated consolidated summary statements of cash flow as at and for the financial year ended March 31, 2021, March 31, 2020 and March 31, 2019 together with the summary statement of significant accounting policies, and other explanatory information thereon, derived from audited consolidated financial statements as at and for the financial year ended March 31, 2021, March 31, 2020 and March 31, 2019, together with the annexures and notes thereto prepared in accordance with Ind AS and restated in accordance with the Companies Act, the SEBI ICDR Regulations and the Guidance Note on “Reports in Company Prospectuses (Revised 2019)” issued by the ICAI.
Selling Shareholders	Collectively, Promoter Selling Shareholder, Investor Selling Shareholder and Other Selling Shareholder.
Shareholder(s)	Equity shareholder(s) of our Company from time to time.

Stakeholders' Relationship Committee	Stakeholders' Relationship Committee of our Company, constituted in accordance with the applicable provisions of the Companies Act, 2013 and the SEBI Listing Regulations and as described in "Our Management" on page 217.
Subsidiary(ies)	Subsidiaries of our Company, as identified under the provisions of the Companies Act and more particularly as set out in the section "Our Subsidiaries" on page 201.
VLCC East Africa	VLCC Wellness (East Africa) Limited
VLCC Education	VLCC Education Lanka (Private) Limited
VLCC Healthcare Bangladesh	VLCC Healthcare (Bangladesh) Private Limited
VLCC Healthcare Egypt	VLCC Healthcare Egypt LLC
VLCC Healthcare Lanka	VLCC Healthcare Lanka (Private) Limited
VLCC International Kuwait	VLCC International - Kuwait Health Care Institute Limited Liability Company
VLCC Middle East	VLCC (Middle East) L.L.C.
VLCC Online Services	VLCC Online Services Private Limited
VLCC Oman	VLCC International Limited Liability Company
VLCC Personal Care or VLPC	VLCC Personal Care Limited
VLCC PC Bangladesh	VLCC Personal Care (Bangladesh) Private Limited
VLCC Qatar	VLCC International Qatar Co. - W.L.L.
VLCC Singapore	VLCC Singapore Pte. Limited
VLCC Holding Thailand	VLCC Holding (Thailand) Co., Limited.
VLCC Wellness Research	VLCC Wellness Research Centre Private Limited
VLCC Wellness Thailand	VLCC Wellness (Thailand) Co., Limited
VanityCube	VanityCube Mobile Spa and Salon Private Limited
Wyann	Wyann International (M) Sdn Bhd

## Offer Related Terms

Term	Description
Acknowledgement Slip	The slip or document issued by the relevant Designated Intermediary to a Bidder as proof of registration of the Bid cum Application Form.
Allot/Allotment/Allotted	Unless the context otherwise requires, allotment of the Equity Shares pursuant to the Fresh Issue and transfer of the respective portion of the Offered Shares pursuant to the Offer for Sale to the successful Bidders.
Allotment Advice	A note or advice or intimation of Allotment sent to the successful Bidders who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange.
Allottee	A successful Bidder to whom the Equity Shares are Allotted.
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in the SEBI ICDR Regulations and the Red Herring Prospectus.
Anchor Investor Allocation Price	The price at which Equity Shares will be allocated to the Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which will be decided by our Company and the Selling Shareholders, in consultation with the Book Running Lead Managers.
Anchor Investor Application Form	The application form used by an Anchor Investor to make a Bid in the Anchor Investor Portion, and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and Prospectus.
Anchor Investor Bid/Offer Period	One Working Day prior to the Bid/ Offer Opening Date, on which Bids by Anchor Investors shall be submitted and allocation to the Anchor Investors shall be completed.
Anchor Investor Offer Price	Final price at which the Equity Shares will be Allotted to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Offer Price but not higher than the Cap Price.  The Anchor Investor Offer Price will be decided by our Company and the Selling Shareholders in consultation with the Book Running Lead Managers.
Anchor Investor Portion	Up to 60% of the QIB Portion which may be allocated by our Company and the Selling Shareholders in consultation with the Book Running Lead Managers, to Anchor Investors on a discretionary basis.  One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price, in accordance with the SEBI ICDR Regulations.
Application Supported by Blocked Amount or ASBA	An application, whether physical or electronic, used by ASBA Bidders to make a Bid and authorising an SCSSB to block the Bid Amount in the ASBA Account and

	will include applications made by RIBs using the UPI Mechanism where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by RIBs.
ASBA Account	A bank account maintained with an SCSB by an ASBA Bidder, as specified in the ASBA Form submitted by ASBA Bidders for blocking the Bid Amount mentioned in the relevant ASBA Form and includes the account of a RIB which is blocked upon acceptance of a UPI Mandate Request made by the RIBs using the UPI Mechanism to the extent of the Bid Amount of the ASBA Bidder.
ASBA Bid	A Bid made by an ASBA Bidder.
ASBA Bidders	All Bidders except Anchor Investors.
ASBA Form	Application form, whether physical or electronic, used by ASBA Bidders, which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus.
Bankers to the Offer	Collectively, Escrow Collection Bank(s), Public Offer Bank(s), Refund Bank(s) and Sponsor Bank, as the case may be.
Basis of Allotment	Basis on which Equity Shares will be Allotted to successful Bidders under the Offer and which is described in “Offer Procedure” on page 396.
Bid	An indication to make an offer during the Bid/ Offer Period by an ASBA Bidder pursuant to submission of the ASBA Form, or during the Anchor Investor Bid/ Offer Period by an Anchor Investor, pursuant to submission of the Anchor Investor Application Form, to subscribe to or purchase the Equity Shares at a price within the Price Band, including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations and in terms of the Red Herring Prospectus and the Bid cum Application Form.  The term “Bidding” shall be construed accordingly.
Bid Amount	The highest value of optional Bids indicated in the Bid cum Application Form and, in the case of RIBs Bidding at the Cut off Price, the Cap Price multiplied by the number of Equity Shares Bid for by such Retail Individual Bidder and mentioned in the Bid cum Application Form and payable by the Bidder or blocked in the ASBA Account of the Bidder, as the case may be, upon submission of the Bid.
Bid cum Application Form	Anchor Investor Application Form or the ASBA Form, as the context requires.
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.
Bid/Offer Closing Date	Except in relation to any Bids received from the Anchor Investors, the date after which the Designated Intermediaries will not accept any Bids, which shall be notified in [●] editions of [●] (a widely circulated English national daily newspaper) and [●] editions of [●] (a widely circulated Hindi national daily newspaper, Hindi also being the regional language of New Delhi where our Registered Office is located), each with wide circulation.  Our Company and the Selling Shareholders, in consultation with the Book Running Lead Managers may, consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations. In case of any revision, the extended Bid/Offer Closing Date shall also be notified on the websites of the Book Running Lead Managers and at the terminals of the Syndicate Members and communicated to the Designated Intermediaries and the Sponsor Bank, which shall also be notified in an advertisement in the same newspapers in which the Bid/Offer Opening Date was published, as required under the SEBI ICDR Regulations.
Bid/Offer Opening Date	Except in relation to any Bids received from the Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids, which shall be notified in [●] editions of [●] (a widely circulated English national daily newspaper) and [●] editions of [●] (a widely circulated Hindi national daily newspaper, Hindi also being the regional language of New Delhi where our Registered Office is located) with wide circulation.
Bid/Offer Period	Except in relation to Anchor Investors, the period between the Bid/Offer Opening Date and the Bid/Offer Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids, including any revisions thereof.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied, includes an Anchor Investor.
Bidding Centers	The centres at which the Designated Intermediaries shall accept the ASBA Forms, i.e., Designated Branches for SCSBs, Specified Locations for the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs.
Book Building Process	Book building process, as provided in Schedule XIII of the SEBI ICDR Regulations, in terms of which the Offer is being made.

Book Running Lead Managers/ BRLMs	Collectively, ICICI Securities, DAM Capital and IIFL Securities.
Broker Centers	<p>Broker centres notified by the Stock Exchanges where Bidders can submit the ASBA Forms to a Registered Broker and in case of RIBs only ASBA Forms with UPI.</p> <p>The details of such Broker Centers, along with the names and contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges (<a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a>).</p>
CAN/Confirmation of Allocation Note	Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated the Equity Shares, after the Anchor Investor Bid/Offer Period.
Cap Price	Higher end of the Price Band, above which the Offer Price and the Anchor Investor Offer Price will not be finalised and above which no Bids will be accepted.
Cash Escrow and Sponsor Bank Agreement	Agreement to be entered amongst our Company, the Selling Shareholders, the Book Running Lead Managers, Syndicate Members, the Escrow Collection Bank(s), Public Offer Bank(a), Registrar to the Offer and the Refund Bank(s) for collection of the Bid Amounts from Anchor Investors, transfer of funds to the Public Offer Account and where applicable, refunds of the amounts collected from Bidders, on the terms and conditions thereof.
Client ID	Client identification number maintained with one of the Depositories in relation to demat account.
Collecting Depository Participant or CDP	A depository participant as defined under the Depositories Act, 1996 registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations as per the list available on the websites of BSE and NSE.
Cut-off Price	<p>Offer Price, finalised by our Company and the Selling Shareholders in consultation with the Book Running Lead Managers, which shall be any price within the Price Band.</p> <p>Only RIBs Bidding in the Retail Portion are entitled to Bid at the Cut-off Price. QIBs and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price.</p>
DAM Capital	DAM Capital Advisors Limited ( <i>Formerly IDFC Securities Limited</i> ).
Demographic Details	Details of the Bidders including the Bidder's address, name of the Bidder's father/husband, investor status, occupation and bank account details and UPI ID, wherever applicable.
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Forms, a list of which is available on the website of SEBI at <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes</a> or at such other website as may be prescribed by SEBI from time to time.
Designated CDP Locations	Such locations of the CDPs where Bidders can submit the ASBA Forms and in case of RIBs only ASBA Forms with UPI. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the websites of the Stock Exchanges ( <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a> ).
Designated Date	The date on which funds from the Escrow Account(s) are transferred to the Public Offer Account(s) or the Refund Account(s), as appropriate, and the relevant amounts blocked in the ASBA Accounts are transferred to the Public Offer Account(s) and /or are unblocked, as applicable, in terms of the Red Herring Prospectus and the Prospectus, after finalization of the Basis of Allotment in consultation with the Designated Stock Exchange, following which the Equity Shares may be Allotted to successful Bidders in the Offer.
Designated Intermediary(ies)	<p>In relation to ASBA Forms submitted by RIBs (not using the UPI mechanism) by authorising an SCSB to block the Bid Amount in the ASBA Account, Designated Intermediaries shall mean SCSBs.</p> <p>In relation to ASBA Forms submitted by RIBs where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by such RIB using the UPI Mechanism, Designated Intermediaries shall mean Syndicate, sub-syndicate/agents, Registered Brokers, CDPs, SCSBs and RTAs.</p> <p>In relation to ASBA Forms submitted by QIBs and Non-Institutional Bidders, Designated Intermediaries shall mean Syndicate, Sub-Syndicate/ agents, SCSBs, Registered Brokers, the CDPs and RTAs.</p>
Designated RTA Locations	Such locations of the RTAs where Bidders can submit the ASBA Forms to RTAs and in case of RIBs only ASBA Forms with UPI. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to



	accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com), as updated from time to time.
Designated Stock Exchange	[●]
Draft Red Herring Prospectus or DRHP	This draft red herring prospectus dated August 13, 2021 issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Offer including any addenda or corrigenda thereto.
Eligible NRI(s)	NRI(s) from jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the ASBA Form and the Red Herring Prospectus will constitute an invitation to subscribe to or to purchase the Equity Shares.
Escrow Account	Account to be opened with the Escrow Collection Bank and in whose favour the Anchor Investors will transfer money through NACH/direct credit/NEFT/RTGS in respect of the Bid Amount when submitting a Bid.
Escrow Collection Bank(s)	Bank which is a clearing member and registered with SEBI as a banker to an issue and with whom the Escrow Account will be opened, in this case being [●].
First Bidder or Sole Bidder	Bidder whose name shall be mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names.
Floor Price	The lower end of the Price Band, subject to any revision thereto not being less than the face value of Equity Shares, at or above which the Offer Price and the Anchor Investor Offer Price will be finalised and below which no Bids will be accepted.
Fresh Issue	Fresh issue of up to [●] Equity Shares aggregating up to ₹ 3,000 million by our Company.
“GID” or “General Information Document”	The General Information Document for investing in public offers, prepared and issued in accordance with the circular (SEBI/HO/CFD/DIL1/CIR/P/2020/37) dated March 17, 2020 issued by SEBI, suitably modified and updated pursuant to, among others, the circular (SEBI/HO/CFD/DIL2/CIR/P/2020/50) dated March 30, 2020 issued by SEBI.
ICICI Securities	ICICI Securities Limited.
IIFL Securities	IIFL Securities Limited.
Maximum RIB Allottees	Maximum number of RIBs who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIBs by the minimum Bid Lot, subject to valid Bids being received at or above the Offer Price.
Mutual Fund Portion	5% of the Net QIB Portion, or [●] Equity Shares which shall be available for allocation to Mutual Funds only, subject to valid Bids being received at or above the Offer Price.
Net Proceeds	Proceeds of the Fresh Issue less our Company’s share of the Offer expenses. For further details regarding the use of the Net Proceeds and the Offer expenses, see “Objects of the Offer” on page 92.
Net QIB Portion	The QIB Portion less the number of Equity Shares allotted to the Anchor Investors.
Non-Institutional Bidders	All Bidders that are not QIBs or RIBs and who have Bid for Equity Shares for an amount of more than ₹200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Portion	Portion of the Offer being not more than 15% of the Offer consisting of [●] Equity Shares which shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Offer Price.
Non-Resident	Person resident outside India, as defined under FEMA and includes NRIs and FPIs.
Offer	The initial public offer of Equity Shares comprising of the Fresh Issue and the Offer for Sale.
Offer Agreement	The offer agreement dated August 13, 2021 entered amongst our Company, the Selling Shareholders and the Book Running Lead Managers, pursuant to which certain arrangements are agreed to in relation to the Offer.
Offer for Sale	The offer for sale of up to 8,922,672 Equity Shares aggregating up to ₹ [●] million by the Selling Shareholders, comprising up to 1,883,414 Equity Shares aggregating up to ₹[●] million by Mr. Mukesh Luthra, up to 5,141,718 Equity Shares aggregating up to ₹[●] million by Leon and up to 1,897,540 Equity Shares aggregating up to ₹[●] million by OIH.
Offer Price	Final price at which Equity Shares will be Allotted to Bidders other than Anchor Investors. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price in terms of the Red Herring Prospectus.

	The Offer Price will be decided by our Company and the Selling Shareholders in consultation with the Book Running Lead Managers on the Pricing Date.
Offer Proceeds	The proceeds of the Fresh Issue which shall be available to our Company and the proceeds of the Offer for Sale which shall be available to the Selling Shareholders. For further information about use of the Offer Proceeds, see “ <i>Objects of the Offer</i> ” beginning on page 92.
Offered Shares	Up to 1,883,414 Equity Shares aggregating up to ₹[●] million by Mr. Mukesh Luthra, up to 1,897,540 Equity Shares aggregating up to ₹[●] million by OIH and up to 5,141,718 Equity Shares aggregating up to ₹[●] million by Leon.
Price Band	<p>Price band of a minimum price of ₹ [●] per Equity Share (Floor Price) and the maximum price of ₹[●] per Equity Share (Cap Price) including any revisions thereof.</p> <p>The Price Band and the minimum Bid Lot size for the Offer will be decided by our Company and the Selling Shareholders in consultation with the Book Running Lead Managers, and will be advertised, at least two Working Days prior to the Bid/Offer Opening Date, in [●] editions of [●] (a widely circulated English national daily newspaper) and [●] editions of [●] (a widely circulated Hindi national daily newspaper, Hindi also being the regional language of New Delhi where our Registered Office is located), each with wide circulation and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites.</p>
Pricing Date	Date on which our Company and the Selling Shareholders in consultation with the BRLMs, will finalise the Offer Price.
Prospectus	Prospectus to be filed with the RoC after the Pricing Date in accordance with Section 26 and 32 of the Companies Act, 2013, and the SEBI ICDR Regulations containing, inter alia, the Offer Price that is determined at the end of the Book Building Process, the size of the Offer and certain other information, including any addenda or corrigenda thereto.
Public Offer Account	Bank account to be opened under Section 40(3) of the Companies Act, 2013 to receive monies from the Escrow Account and ASBA Accounts on the Designated Date.
Public Offer Account Bank	Bank which is a clearing member and registered with SEBI as a banker to an issue and with which the Public Offer Account will be opened, in this case being [●].
QIB Portion	The portion of the Offer (including the Anchor Investor Portion) being not less than 75% of the Offer consisting of [●] Equity Shares which shall be available for allocation to QIBs (including Anchor Investors), subject to valid Bids being received at or above the Offer Price or Anchor Investor Allocation Price (for Anchor Investors).
Qualified Institutional Buyers or QIBs or QIB Bidders	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations, provided that FVCIs and multilateral and bilateral development financial institutions cannot Bid, or participate in the Offer.
Red Herring Prospectus or RHP	Red Herring Prospectus to be issued in accordance with Section 32 of the Companies Act, 2013 and the provisions of the SEBI ICDR Regulations, which will not have complete particulars of the price at which the Equity Shares will be offered and the size of the Offer, including any addenda or corrigenda thereto. The Red Herring Prospectus will be filed with the RoC at least three days before the Bid/Offer Opening Date and will become the Prospectus upon filing with the RoC after the Pricing Date.
Refund Account	Account to be opened with the Refund Bank, from which refunds, if any, of the whole or part of the Bid Amount to the Bidders shall be made.
Refund Bank(s)	Banker(s) to the Offer and with whom the Refund Account will be opened, in this case being [●].
Registered Brokers	Stock brokers registered under SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992, as amended with the stock exchanges having nationwide terminals, other than the BRLMs and the Syndicate Members and eligible to procure Bids in terms of Circular No. CIR/CFD/14/2012 dated October 4, 2012 issued by SEBI.
Registrar Agreement	Agreement dated August 9, 2021 entered amongst our Company, the Selling Shareholders and the Registrar to the Offer, in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer.
Registrar and Share Transfer Agents or RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations as per the list available on the websites of BSE and NSE.
Registrar to the Offer/Registrar	KFin Technologies Private Limited

Retail Individual Bidder(s)/RIB(s)	Individual Bidders, who have Bid for the Equity Shares for an amount not more than ₹200,000 in any of the bidding options in the Offer (including HUFs applying through their Karta and Eligible NRIs).
Retail Portion	The portion of the Offer, being not more than 10% of the Offer, or [●] Equity Shares, available for allocation to Retail Individual Investors, in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.
Revision Form	Form used by the Bidders to modify the quantity of the Equity Shares or the Bid Amount in any of their ASBA Form(s) or any previous Revision Form(s).
Self-Certified Syndicate Bank(s) or SCSB(s)	QIB Bidders and Non-Institutional Bidders are not allowed to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. RIBs can revise their Bids during the Bid/Offer Period and withdraw their Bids until Bid/Offer Closing Date.
Share Escrow Agent	Escrow agent to be appointed pursuant to the Share Escrow Agreement, namely, [●].
Share Escrow Agreement	Agreement to be entered amongst our Company, the Selling Shareholders and the Share Escrow Agent in connection with the transfer of the Offered Shares by the Selling Shareholders and credit of such Equity Shares to the demat account of the Allottees.
Specified Locations	Bidding centres where the Syndicate shall accept ASBA Forms from Bidders and in case of RIBs only ASBA Forms with UPI.
Sponsor Bank	[●]
Stock Exchanges	Together, the BSE and NSE.
Syndicate	Together, the BRLMs and the Syndicate Members.
Syndicate Agreement	Agreement to be entered amongst our Company, the Selling Shareholders, the Book Running Lead Managers, the Syndicate Members and the Registrar to the Offer, in relation to collection of Bids by the Syndicate.
Syndicate Members	Intermediaries registered with SEBI who are permitted to carry out activities as an underwriter, namely, [●].
Underwriters	[●]
Underwriting Agreement	Agreement to be entered amongst our Company, the Selling Shareholders and the Underwriters to be entered into on or after the Pricing Date but prior to filing of the Prospectus.
UPI	Unified payments interface which is an instant payment mechanism, developed by NPCI.
UPI Circulars	SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, SEBI circular number SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2020 dated March 30, 2020, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and any subsequent circulars or notifications issued by SEBI in this regard.
UPI ID	ID created on the UPI for single-window mobile payment system developed by the NPCI.
UPI Mandate Request	A request (intimating the RIB by way of a notification on the UPI linked mobile application and by way of an SMS on directing the RIB to such UPI linked mobile application) to the RIB initiated by the Sponsor Bank to authorise blocking of funds on the UPI application equivalent to Bid Amount and subsequent debit of funds in case of Allotment.
UPI Mechanism	The mechanism that may be used by an RIB in accordance with the UPI Circulars to make an ASBA Bid in the Offer.
Working Day	All days on which commercial banks in Mumbai are open for business. In respect of announcement of Price Band and Bid / Offer Period, Working Day shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business. In respect of the time period between the Bid/Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, Working Day shall mean all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per circulars issued by SEBI.

## Technical/Industry Related Terms/Abbreviations

Term	Description
AYUSH	Ministry of AYUSH (Ayurveda, Yoga, Naturopathy, Unani, Siddha, Sowa-Rigpa and Homoeopathy) established by Government of India in 2014 to support alternative medicine systems through research, workshops, and skill development.
B&WSSC	Beauty & Wellness Sector Skill Council
BABTAC	British Association of Beauty Therapist and Cosmetologists
Beauty, Wellness & Personal Care Products Category	VLCC's recognition through awards in the "Beauty, Wellness & Personal Care Products Category" in 2020 by ASSOCHAM
CAGR	Compound Annual Growth Rate
CCI	Competition Commission of India.
CIDESCO	Comite International D'esthetique et de Cosmetologie
Competition Act	The Competition Act, 2002, as amended.
COVID-19	An outbreak of a novel strain of coronavirus disease 19
CRM	Customer Relationship Management
CSR	Corporate Social Responsibility
FDI	Foreign Direct Investment
"F&S" or "Frost & Sullivan"	Frost & Sullivan (India) Private Limited.
"F&S Report" or "Frost & Sullivan Report"	Report titled " <i>Wellness and Beauty Industry report in India and GCC</i> " dated July 15, 2021, prepared by Frost & Sullivan Limited which has been commissioned by our Company in terms of the engagement letter dated March 24, 2021.
GCC or GCC Region	Gulf Cooperation Council, which includes United Arab Emirates, Oman, Bahrain, Qatar, Kuwait and the Kingdom of Saudi Arabia.
GDP	Gross Domestic Product
GMP	Good Manufacturing Practices.
Group	Company, together with its Subsidiaries, on a consolidated basis
GST	Goods and Services Tax
Goalpara Plant	VLCC's second Indian manufacturing plant established at Industrial Growth Center, AIDC, Matia (Mornoi), Dist-Goalpara, Assam-783101
GVig Singapore	Global Vantage Innovative Group Pte Ltd., Singapore
Haridwar Plant	VLCC's first Indian manufacturing plant established at Plot No. 11, 12, Sector 6A, Integrated Industrial Estate, BHEL, Ranipur, Haridwar
IAO	International Accreditation Organisation
IMA	Indian Medical Association
IMF	International Monetary Fund.
ISAS	The International School of Aesthetic and Spa
IT	Information Technology System
KSA	Kingdom of Saudi Arabia
Khushii	Kinship for Humanitarian Social and Holistic Intervention
MEA	Middle East and Africa region
Metropolitan City	An Indian city with a population of more than three million.
Minor Hotels	Minor Hotel Group Limited
MSDE	Ministry of Skill Development and Entrepreneurship
MOUs	Memorandum of Understanding
NABH	National Accreditation Board of Hospitals and Healthcare
National Skill Development Mission	Scheme officially launched by the Hon'ble Prime Minister on July 15, 2015 on the occasion of World Youth Skills Day.
National Urban Livelihood Mission	Scheme initiated by the NSDC and the Ministry of Skill Development and Entrepreneurship
NCDs	Non-Communicable Diseases
NPCDCS	National Prevention Program for cancer, diabetes, cardiovascular diseases, and stroke
NSDC	National Skill Development Corporation
Personal Care Products	VLCC branded personal care products
Pradhan Mantri Kaushal Kendras	Scheme launched by the MSDE in 2017, focuses on standardization of infrastructure, provision of financial support, and improvement in training.
Pradhan Mantri Kaushal Vikas Yojna	Scheme initiated by the NSDC and the Ministry of Skill Development and Entrepreneurship
R&D	Research and development
RBI	Reserve Bank of India
Repeat Customers	Customers who have availed any of the Company's services in any previous fiscal year, at the Company's Wellness Clinics in India
SEC	Socio Economic Classification
Sector Skill Council	Beauty & Wellness Sector Skill Council

Singapore Plant	The Singapore Plant, situated at BLK 194 Pandan Loop, #07-10 Pantech Business Hub, Singapore 128383
“Skill India Mission” or “Skill Initiative Program”	A program run by the MSDE launched in 2015 with a five-year goal of providing more than 400 million people with vocational training.
Skill Development Initiative Scheme	Scheme initiated by the NSDC and the Ministry of Skill Development and Entrepreneurship
South Asia	India, Bangladesh, Nepal and Sri Lanka
South East Asia	Vietnam, Malaysia, Singapore, Indonesia, Thailand and Hong Kong
Superbrand	Recognition received by Superbrands India in 2017 and Superbrands GCC in 2016
STAR scheme	National Skill Certification and Monetary Reward Scheme.
STT	Securities Transaction Tax
The Mudra Yojna Scheme for women	Scheme providing financial support ranging from USD 697 to USD 69,700 to help female entrepreneurs to establish their own business
The National Skill Training Institute for Women	(formerly known as the Regional Vocational Training Institute) provides courses in beauty care, cosmetology, fashion design, and dress making; develops instructional trainers; and offers need-based training for aspiring entrepreneurs
Tier I City	An Indian city with a population of one to three million
Tier II City	An Indian city with a population of 0.5 to one million
Tier III City	An Indian city with a population of less than 0.5 million
UAE	United Arab Emirates
USD	United States Dollar
UVA	Long wave ultraviolet A
UVB	Short wave ultraviolet B
“VLCC Institutes” or “Institutes”	VLCC branded institutes for skill development in beauty and nutrition.
“VLCC Wellness Clinics” or “Wellness Clinics”	VLCC branded wellness and beauty clinics.
VTCT	Vocational Training Charitable Trust
“Wellness & Beauty Industry” or “Wellness & Beauty”	Wellness and beauty industry as defined under the F&S Report

### Conventional and General Terms or Abbreviations

Term	Description
“₹” or “Rs.” or “Rupees” or “INR”	Indian Rupees
BSE	BSE Limited
CAGR	Compound annual growth rate
Category I AIF	AIFs who are registered as “Category I Alternative Investment Funds” under the SEBI AIF Regulations
Category I FPIs	FPIs who are registered as “Category I foreign portfolio investors” under the SEBI FPI Regulations
Category II AIF	AIFs who are registered as “Category II Alternative Investment Funds” under the SEBI AIF Regulations
Category II FPIs	FPIs who are registered as “Category II foreign portfolio investors” under the SEBI FPI Regulations
Category III AIF	AIFs who are registered as “Category III Alternative Investment Funds” under the SEBI AIF Regulations
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identity Number
Civil Code	Code of Civil Procedure, 1908
Companies Act	Companies Act, 2013, as applicable, along with the relevant rules, regulations, clarifications and modifications made thereunder
Consolidated FDI Policy	Consolidated Foreign Direct Investment Policy notified by the DPIIT under DPIIT File Number 5(2)/2020-FDI Policy dated the October 15, 2020, effective from October 15, 2020
Depositories	Together, NSDL and CDSL
Depositories Act	Depositories Act, 1996
DIN	Director Identification Number
DP ID	Depository Participant’s Identification
“DP” or “Depository Participant”	A depository participant as defined under the Depositories Act
DPIIT	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly known as Department of Industrial Policy and Promotion)
EBITDA	Earnings before interest, tax, depreciation and amortisation. For further information, see “Management’s Discussion and Analysis of Financial Condition

	<i>and Results of Operations - Non – GAAP Measures – Earnings before Interest, Taxes, Depreciation and Amortization Expenses (“EBITDA”)/ EBITDA Margin” on page 351.</i>
EGM	Extraordinary general meeting
EPS	Earnings Per Share
FDI	Foreign direct investment
FEMA	The Foreign Exchange Management Act, 1999, read with rules and regulations thereunder
FEMA Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
“Financial Year” or “Fiscal” or “Fiscal Year” or “FY”	Unless stated otherwise, the period of 12 months ending March 31 of that particular year
FPI	Foreign portfolio investors as defined under the SEBI FPI Regulations
FVCI	Foreign venture capital investors as defined and registered under the SEBI FVCI Regulations
“GoI” or “Government” or “Central Government”	Government of India
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
Income Tax Act	The Income-tax Act, 1961
Ind AS/ Indian Accounting Standards	Indian Accounting Standards notified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Companies Act, 2013
India	Republic of India
KYC	Know Your Customer
MCA	Ministry of Corporate Affairs, Government of India
“Mn” or “mn”	Million
NACH	National Automated Clearing House
National Investment Fund	National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI, published in the Gazette of India
NBFC	Non-Banking Financial Companies
NAV	Net Asset Value
NEFT	National Electronic Fund Transfer
Negotiable Instruments Act	The Negotiable Instruments Act, 1881
NPCI	National Payments Corporation of India
NR	Non-Resident
NRE	Non- Resident External
NRI	An individual resident outside India, who is a citizen of India
NRO	Non- Resident Ordinary
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
“OCB” or “Overseas Corporate Body”	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Offer
P/E Ratio	Price to Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
RBI	Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934
Regulation S	Regulation S under the U.S. Securities Act
RoNW	Return on Net Worth
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEBI BTI Regulations	Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000

SEBI ICDR Amendment Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2021, which came into force with effect from August 13, 2021
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, including SEBI ICDR Amendment Regulations.
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI Mutual Fund Regulations	Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
SEBI SBEB Regulations	Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996
State Government	The government of a state in India
Stock Exchanges	BSE and NSE
STT	Securities Transaction Tax
Systemically Important NBFC	Systemically important non-banking financial company as defined under Regulation 2(1)(hhh)(iii) of the SEBI ICDR Regulations
U.S. Securities Act	U.S. Securities Act of 1933, as amended
“U.S.” or “USA” or “United States”	United States of America
“USD” or “US\$”	United States Dollars
VCFs	Venture Capital Funds as defined in and registered with SEBI under the SEBI VCF Regulations

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

### **Certain Conventions**

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

Unless otherwise specified, any time mentioned in this Draft Red Herring Prospectus is in Indian Standard Time (“IST”). Unless stated otherwise, all references to page numbers in this Draft Red Herring Prospectus are to the page numbers of this Draft Red Herring Prospectus.

### **Financial Data**

Unless stated otherwise or the context otherwise requires, the financial data in this Draft Red Herring prospectus is derived from Restated Consolidated Summary Statements of our Company, its Subsidiaries and its Trust comprising of the Restated Consolidated Summary Statements of Assets and Liabilities as at March 31, 2021, March 31, 2020 and March 31, 2019, the Restated Consolidated Summary Statements of Profits and Loss, the Restated Consolidated Summary Statements of Changes in Equity and the Restated Consolidated Summary Statements of Cash Flows for the Fiscal Years ended March 31, 2021, March 31, 2020 and March 31, 2019, notes to the Restated Consolidated Summary Statements and statement of adjustments, each derived from the audited consolidated financial statements of our Company, its Subsidiaries and its Trust as at and for the Fiscal Years ended March 31, 2021, March 31, 2020 and March 31, 2019, each prepared in accordance with Ind AS, and restated in accordance with the requirements of the SEBI ICDR Regulations, as amended from time to time, and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the ICAI.

Certain data included in this Draft Red Herring Prospectus in relation to certain operating metrics, financial and other business related information not otherwise included in the restated consolidated summary statements have been reviewed and verified by Mukesh Raj & Co., third party Chartered Accountants. Further, certain data included in this Draft Red Herring Prospectus in relation to financial and other related information not otherwise included in the restated consolidated summary statements have been reviewed and verified by Mukesh Raj & Co., third party Chartered Accountants.

Our Company’s Financial Year commences on April 1 and ends on March 31 of the next year. Accordingly, all references to a particular Financial Year, unless stated otherwise, are to the 12-month period ended on March 31 of that year.

Restated Consolidated Summary Statements are derived from audited consolidated financials as at and for the years ended March 31, 2021, 2020 and 2019 prepared in accordance with the Companies Act, 2013, Ind AS and restated in accordance with the SEBI ICDR Regulations and ICAI guidance note. There are significant differences between Ind AS and U.S. GAAP and IFRS. Our Company does not provide reconciliation of its financial information to IFRS or U.S. GAAP. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Draft Red Herring Prospectus and it is urged that you consult your own advisors regarding such differences and their impact on our Company’s financial data. Accordingly, the degree to which the financial information included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting policies and practices, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting policies and practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited.

Unless the context otherwise indicates, any percentage amounts, as set forth in “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 24, 156 and 322 respectively, and elsewhere in this Draft Red Herring Prospectus have been calculated on the basis of the Restated Consolidated Summary Statements. Our Statutory Auditors have provided no assurance or services related to any prospective financial information.

In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All figures in decimals have been rounded off to the second decimal and all the percentage figures have been rounded off to one decimal place.



## 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\$” or “\$” are to United States Dollar, the official currency of the United States of America;
- “AED” or “Dirham” are to United Arab Emirates Dirham, the official currency of United Arab Emirates;
- “KWD” or “Dinar” are to Kuwaiti Dinar, the official currency of the State of Kuwait;
- “OMR” are to Omani Rial, the official currency of the Sultanate of Oman;
- “QAR” are to Qatari Riyal, the official currency of the State of Qatar;
- “LKR” are to Sri Lankan Rupee, the official currency of Sri Lanka;
- “EGP” or “£” are to Egyptian Pound, the official currency of Egypt;
- “GBP” or “Pound” or “£” are to British Pound, the official currency of the United Kingdom;
- “SGD” are to Singapore Dollar, the official currency of Singapore;
- “BDT” or “Taka” are to the Bangladeshi Taka, the official currency of Bangladesh;
- “KES” are to the Kenyan Shilling, the official currency of Kenya;
- “RM” or “MYR” are to Malaysian Ringgit, the official currency of Malaysia.

Our Company has presented all numerical information in this Draft Red Herring Prospectus in “million” units or in whole numbers where the numbers have been too small to represent in millions. One million represents 1,000,000 and one billion represents 1,000,000,000.

Figures sourced from third-party industry sources may be expressed in denominations other than millions or may be rounded off to other than two decimal points in the respective sources, and such figures have been expressed in this Draft Red Herring Prospectus in such denominations or rounded-off to such number of decimal points as provided in such respective sources.

## Exchange Rates

This Draft Red Herring Prospectus contains conversion of certain other currency amounts into Indian Rupees that have been presented solely to comply with the SEBI ICDR Regulations. 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 the Rupee and other currencies:

Currency	As at		
	March 31, 2021	March 31, 2020	March 31, 2019*
1 USD	73.50	75.39	69.17
1 AED	19.91	20.51	18.93
1 KWD	234.45	239.96	228.73
1 OMR	190.11	196.54	180.82
1 QAR	20.18	20.71	19.01
1 LKR	2.67	0.4	0.4
1 EGP	4.67	4.79	4.02
1 GBP	100.95	93.08	90.48
1 SGD	54.52	53.00	51.24
1 BDT	0.88	0.91	0.83
1 KES	0.67	0.72	0.69
1 RM	17.65	17.57	17.05

Source: RBI reference rate and [www.fbil.org.in](http://www.fbil.org.in)

\* Exchange rate as on March 29, 2019 considered as exchange rate is not available for March 30, 2019 being a Saturday and March 31, 2019 being a Sunday

## Industry and Market Data

Unless stated otherwise, industry and market data used throughout this Draft Red Herring Prospectus has been obtained from various industry publications and sources, including the report titled “Wellness and Beauty Industry

report in India and GCC” dated July 15, 2021, prepared by Frost & Sullivan Limited which has been commissioned by our Company for an agreed fee.

Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe the industry and market data used in this Draft Red Herring Prospectus is reliable, 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 24. Accordingly, investment decisions should not be based solely on such information.

In accordance with the SEBI ICDR Regulations, “Basis for Offer Price” on page 106 includes information relating to our peer group companies.

The sections “Offer Document Summary”, “Industry Overview”, “Our Business” and “Management’s Discussion and Analysis of Financial Conditions and Results of Operations” of this Draft Red Herring Prospectus contain data and statistics from the F&S Report which is subject to the following disclaimer:

*“This independent market research study “Wellness and Beauty Industry report in India and GCC” dated July 15, 2021 has been prepared for the proposed initial public offering of equity shares by VLCC Healthcare Limited (the “Company”).*

*This study has been undertaken through extensive primary and secondary research, which involves discussing the status of the industry with leading market participants and experts, and compiling inputs from publicly available sources, including official publications and research reports. Estimates provided by Frost & Sullivan (India) Private Limited (“Frost & Sullivan”) and its assumptions are based on varying levels of quantitative and qualitative analyses, including industry journals, company reports and information in the public domain.*

*Frost & Sullivan has prepared this study in an independent and objective manner, and it has taken all reasonable care to ensure its accuracy and completeness. We believe that this study presents a true and fair view of the industry within the limitations of, among others, secondary statistics and primary research, and it does not purport to be exhaustive. The results that can be or are derived from these findings are based on certain assumptions and parameters/conditions. As such, a blanket, generic use of the derived results or the methodology is not encouraged.*

*Forecasts, estimates, predictions, and other forward-looking statements contained in this report are inherently uncertain because of changes in factors underlying their assumptions, or events or combinations of events that cannot be reasonably foreseen. Actual results and future events could differ materially from such forecasts, estimates, predictions, or such statements.*

*In making any decision regarding the transaction, the recipient should conduct its own investigation and analysis of all facts and information contained in the prospectus of which this report is a part and the recipient must rely on its own examination and the terms of the transaction, as and when discussed. The recipients 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.”*

## FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain “forward-looking statements”. All statements contained in this Draft Red Herring Prospectus that are not statements of historical fact constitute “forward-looking statements”. All statements regarding our expected financial condition and results of operations, business, plans and prospects are “forward-looking statements”. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “likely to”, “seek to”, “shall”, “objective”, “plan”, “project”, “will”, “will continue”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements whether made by us or any third parties in this Draft Red Herring Prospectus are based on our current plans, estimates, presumptions and expectations and are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement, including but not limited to, regulatory changes pertaining to the industry in which we have businesses and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in its industry. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

1. We depend on our brand recognition and reputation and our failure to maintain or enhance our brand image could have a material adverse effect on our business, financial condition, and results of operations.
2. The COVID-19 pandemic has affected our regular business operations and the extent to which it may continue to do so in the future is uncertain and depends on the severity and duration of the COVID-19 pandemic.
3. The methods of operations of our franchisees, agents or distributors could have a material adverse effect on our goodwill and the “VLCC” brand and also expose us to risks associated with reliance on third parties.
4. We are exposed to customer complaints and potential litigation with respect to our wellness services and products.
5. Our insurance coverage may be inadequate, which could have a material adverse effect on our business, financial condition, cash flows and results of operations.
6. We participate and operate in competitive markets with low barriers to entry which may increase competition and have a material adverse effect on our business, cash flows, financial condition and results of operations.
7. We may fail to manage our growth or successfully execute our expansion strategy to open new VLCC Wellness Clinics and VLCC Institutes or introduce new products and services either in a timely manner or at all, which could have a material adverse effect on our business, cash flows, financial condition, and results of operations.
8. We may fail to manage our products inventory effectively and we may experience inventory shortages or excess, any of which could harm our business and reputation. If we fail to maintain an effective distribution network for the sale of our products, it may create delays in deliveries of products to our distribution centers and points of sale.
9. We have incurred losses in the past, and we may not be able to achieve or maintain profitability in the future.
10. We may be unable to effectively manage a variety of business, legal, regulatory, economic, social and political risks associated with our international operations.

For further discussion of factors that could cause the actual results to differ from the expectations, see “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 24, 156 and 322, respectively. 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 and are not a guarantee of future performance.

There can be no assurance to investors that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements to be a guarantee of our future performance.

Forward-looking statements reflect current views as of the date of this Draft Red Herring Prospectus and are not a guarantee of future performance.

These statements are based on our management's belief and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based on are reasonable, any of these assumptions could prove to be inaccurate and the forward-looking statements based on these assumptions could be incorrect. Neither our Company, our Directors, the Selling Shareholders, the BRLMs nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company shall ensure that investors in India are informed of material developments from the date of the Red Herring Prospectus in relation to the statements and undertakings made by them in the Red Herring Prospectus until the time of the grant of listing and trading permission by the Stock Exchanges for this Offer. Each Selling Shareholder shall ensure that investors in India are informed of material developments from the date of the Red Herring Prospectus in relation to the respective statements and undertakings specifically made or confirmed by such Selling Shareholder in this Draft Red Herring Prospectus, until the time of the grant of listing and trading permission by the Stock Exchanges for this Offer.

## OFFER DOCUMENT SUMMARY

The following is a general summary of the terms of the Offer. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Draft Red Herring Prospectus, including the sections entitled “Risk Factors”, “Objects of the Offer”, “Our Business”, “Offer Procedure” and “Description of Equity Shares and Terms of Articles of Association” on pages 24, 92, 156, 396 and 416 respectively.

<b>Primary business of our Company</b>	We operate VLCC branded Wellness & Beauty clinics, and VLCC branded institutes for skill development in beauty and nutrition, as well as manufacture and sell VLCC branded personal care products. Our Company was among the first multi-outlet corporate operations in the Wellness & Beauty Industry, which was at the time mostly composed of individually operated, small scale businesses. Since inception, the Company’s mission has been to transform lives by making Wellness & Beauty accessible to women and men. In over 30 years of operation, the VLCC brand has grown to become synonymous with Wellness & Beauty in Indian households.																																			
<b>Industry in which our Company operates</b>	We operate in the Wellness & Beauty industry. There is huge opportunity in the fast-growing wellness sector, which in the post-COVID-19 era will become even more relevant for consumers of all ages, given the heightened awareness towards proactive and preventive healthcare and wellness. The pandemic has also led to digital health and wellness as a new emerging global theme, with customers also actively consuming wellness and health related options available on-line. There is immense potential of new opportunities as spending on health and wellness has become a necessity rather than discretionary making business highly scalable. <i>(Source: F&amp;S Report)</i>																																			
<b>Names of Promoters</b>	Mrs. Vandana Luthra and Mr. Mukesh Luthra																																			
<b>Offer size</b>	Offer of up to [●] Equity Shares of our Company for cash at a price of ₹ [●] per Equity Share (including a premium of ₹ [●] per Equity Share) aggregating up to ₹ [●] million comprising of a Fresh Issue of up to [●] Equity Shares by our Company aggregating up to ₹ 3,000 million and an Offer for Sale of up to 8,922,672 Equity Shares aggregating up to ₹ [●] million by the Selling Shareholders, comprising up to 1,883,414 Equity Shares aggregating up to ₹[●] million by Mr. Mukesh Luthra, up to 1,897,540 Equity Shares aggregating up to ₹[●] million by OIH and up to 5,141,718 Equity Shares aggregating up to ₹[●] million by Leon.																																			
<b>Objects of the Offer</b>	<p>The proposed utilisation of the Net Proceeds is set forth below:</p> <table><thead><tr><th>Particulars</th><th>Amount (₹ million)</th></tr></thead><tbody><tr><td>To set up VLCC Wellness Clinics in India and GCC Region, and VLCC Institutes in India, and refurbishment of certain existing VLCC Wellness Clinics in India and GCC Region</td><td>832.37</td></tr><tr><td>Repayment and/ or pre-payment, in part or full, of certain borrowings availed by our Company and Subsidiaries;</td><td>660.00</td></tr><tr><td>Investment for brand development</td><td>308.00</td></tr><tr><td>Investment in digital and information technology infrastructure</td><td>400.00</td></tr><tr><td>General Corporate Purpose*</td><td>[●]</td></tr><tr><td><b>Net Proceeds</b></td><td><b>[●]</b></td></tr></tbody></table> <p><i>* The amount for general corporate purposes shall not exceed 25% of the net proceeds of the Fresh Issue.</i></p> <p>For further details see “<i>Objects of the Offer</i>” on page 92.</p>			Particulars	Amount (₹ million)	To set up VLCC Wellness Clinics in India and GCC Region, and VLCC Institutes in India, and refurbishment of certain existing VLCC Wellness Clinics in India and GCC Region	832.37	Repayment and/ or pre-payment, in part or full, of certain borrowings availed by our Company and Subsidiaries;	660.00	Investment for brand development	308.00	Investment in digital and information technology infrastructure	400.00	General Corporate Purpose*	[●]	<b>Net Proceeds</b>	<b>[●]</b>																			
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<b>Aggregate pre-Offer shareholding of our Promoters, Promoter Group and the Selling Shareholders as percentage of our paid up Equity Share capital</b>	<p>The aggregate pre-Offer shareholding of our Promoters, Promoter Group and the Selling Shareholders as a percentage of the paid-up Equity Share capital of the Company is set out below:</p> <table><thead><tr><th>Name of shareholder</th><th>Number of Equity Shares held</th><th>Percentage of the pre-Offer paid-up capital (%)</th></tr></thead><tbody><tr><td colspan="3"><b>Promoters and Promoter Group</b></td></tr><tr><td>Mrs. Vandana Luthra</td><td>16,707,468</td><td>44.35</td></tr><tr><td>Mr. Mukesh Luthra*</td><td>9,178,094</td><td>24.37</td></tr><tr><td>Leon International Limited*</td><td>5,141,718</td><td>13.65</td></tr><tr><td>Ms. Pallavi Luthra</td><td>5,007</td><td>0.01</td></tr><tr><td><b>Total (A)</b></td><td><b>31,032,287</b></td><td><b>82.38</b></td></tr><tr><td colspan="3"><b>Selling Shareholders</b></td></tr><tr><td>OIH Mauritius Limited</td><td>1,897,540</td><td>5.04</td></tr><tr><td><b>Total (B)</b></td><td><b>1,897,540</b></td><td><b>5.04</b></td></tr><tr><td><b>Total (A) + (B)</b></td><td><b>32,929,827</b></td><td><b>87.42</b></td></tr></tbody></table> <p><i>* Also the Selling Shareholders.</i></p>			Name of shareholder	Number of Equity Shares held	Percentage of the pre-Offer paid-up capital (%)	<b>Promoters and Promoter Group</b>			Mrs. Vandana Luthra	16,707,468	44.35	Mr. Mukesh Luthra*	9,178,094	24.37	Leon International Limited*	5,141,718	13.65	Ms. Pallavi Luthra	5,007	0.01	<b>Total (A)</b>	<b>31,032,287</b>	<b>82.38</b>	<b>Selling Shareholders</b>			OIH Mauritius Limited	1,897,540	5.04	<b>Total (B)</b>	<b>1,897,540</b>	<b>5.04</b>	<b>Total (A) + (B)</b>	<b>32,929,827</b>	<b>87.42</b>
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Summary Financial Information	Table	A summary table of restated financial information derived from the Restated Consolidated Summary Statements is provided below: <div>(in ₹ millions)</div>																																																													
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	<div>* Net worth means the aggregate of the paid up share capital, securities premium, general reserve, legal reserve, share based payment reserve and retained earnings.</div> <div>** Restated net asset value is Net worth divided by Number of Equity Shares of the Company outstanding as at year end.</div> <div>*** Total borrowings means the aggregate value of current borrowings and non-current borrowings (including current maturities of long term borrowings)</div>																																																														
Auditor qualifications which have not been given effect to in the Restated Consolidated Summary Statements	There are no qualifications in the statutory audit reports and hence no effect is required to be given in the Restated Consolidated Summary Statements.																																																														
Summary table of outstanding litigations	A summary of outstanding litigation proceedings involving our Company, Directors, Promoters, and Subsidiaries as on the date of this Draft Red Herring Prospectus is provided below, in terms of the SEBI ICDR Regulations and the materiality policy approved by our Board pursuant to a resolution dated May 31, 2021:																																																														
	<table><tr><th>Type of Proceedings</th><th>Number of cases</th><th>Amount (₹ in million)</th></tr><tr><td colspan="3">Cases involving our Company</td></tr><tr><td>Criminal proceedings</td><td>1</td><td>-</td></tr><tr><td>Actions by statutory or regulatory authorities</td><td>3</td><td>-</td></tr><tr><td>Claims related to direct and indirect taxes</td><td>33</td><td>32.67</td></tr><tr><td>Other pending material litigation proceedings</td><td>1</td><td>34.91</td></tr><tr><td>Total (A)</td><td>38</td><td>67.58</td></tr><tr><td colspan="3">Cases involving our Directors other than our Promoters</td></tr><tr><td>Criminal proceedings</td><td>Nil</td><td>Nil</td></tr><tr><td>Actions by statutory or regulatory authorities</td><td>Nil</td><td>Nil</td></tr><tr><td>Claims related to direct and indirect taxes</td><td>Nil</td><td>Nil</td></tr><tr><td>Other pending material litigation proceedings</td><td>1</td><td>520.00</td></tr><tr><td>Total (B)</td><td>1</td><td>520.00</td></tr><tr><td colspan="3">Cases involving our Promoters</td></tr><tr><td>Criminal proceedings</td><td>Nil</td><td>Nil</td></tr><tr><td>Actions by statutory or regulatory authorities</td><td>Nil</td><td>Nil</td></tr><tr><td>Claims related to direct and indirect taxes</td><td>1</td><td>1.23</td></tr><tr><td>Disciplinary action taken against our Promoters in the five Fiscals preceding the date of this Draft Red Herring Prospectus by SEBI or anv stock exchange</td><td>Nil</td><td>Nil</td></tr><tr><td>Other pending material litigation proceedings</td><td>Nil</td><td>Nil</td></tr><tr><td>Total (C)</td><td>1</td><td>1.23</td></tr></table>	Type of Proceedings	Number of cases	Amount (₹ in million)	Cases involving our Company			Criminal proceedings	1	-	Actions by statutory or regulatory authorities	3	-	Claims related to direct and indirect taxes	33	32.67	Other pending material litigation proceedings	1	34.91	Total (A)	38	67.58	Cases involving our Directors other than our Promoters			Criminal proceedings	Nil	Nil	Actions by statutory or regulatory authorities	Nil	Nil	Claims related to direct and indirect taxes	Nil	Nil	Other pending material litigation proceedings	1	520.00	Total (B)	1	520.00	Cases involving our Promoters			Criminal proceedings	Nil	Nil	Actions by statutory or regulatory authorities	Nil	Nil	Claims related to direct and indirect taxes	1	1.23	Disciplinary action taken against our Promoters in the five Fiscals preceding the date of this Draft Red Herring Prospectus by SEBI or anv stock exchange	Nil	Nil	Other pending material litigation proceedings	Nil	Nil	Total (C)	1	1.23		
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	Cases involving our Subsidiaries			
	Criminal proceedings	102*	57.77	
	Actions by statutory or regulatory authorities	6	4.31	
	Claims related to direct and indirect taxes	14	19.89	
	Other pending material litigation proceedings	2	66.00	
	Total (D)	124	147.97	
	Total (A + B + C + D)	164	736.78	
	*Including 100 criminal complaints filed by VLPC, our Subsidiary, against certain of its distribution channel members before various judicial jurisdictions, under Section 138 of the Negotiable Instruments Act, 1881 for cheques which on presentation were dishonored by the bank.			
Risk Factors	For details of the risks applicable to us, see “Risk Factors” beginning on page 24.			
Summary table of contingent liabilities	The following is a summary table of our contingent liabilities as of March 31, 2021, as per Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets:			
		As at March 31, 2021		
		(₹ million)		
	Claims against the Company not acknowledged as debts	4.57		
	Other money for which the Company is contingently liable:			
	– Value added tax	22.15		
	– Income tax	9.56		
	– Luxury tax	4.04		
	– Service tax	8.97		
	– Entry tax	7.85		
	For information in relation to the notes to contingent liabilities as per IND AS-37, Provisions, Contingent Liabilities, and contingent assets as at March 31, 2021, see “Financial Statements” on page 238			
Summary of related party transactions.	Summary of the related party transactions and balances as per Ind AS 24-Related Party Disclosures, read with SEBI ICDR Regulations and derived from the Restated Consolidated Summary Statements is as follows:			
	(in ₹ millions)			
	Nature of related party and transaction	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
	A. Director sitting fees			
	Mr. Sanjay Mehta, Independent Director	0.60	0.60	0.65
	Mr. Sanjay Kapoor, Independent Director	0.60	0.60	0.65
	Mrs. Shabana Azmi, Independent Director	-	-	0.45
	Mr. Rajiv Krishan Luthra, Independent Director	0.50	-	0.50
	B. Expenses			
	Relatives of Key management personnel			
	Professional Fees			
	- Mrs. Vandana Luthra	0.55	38.65	35.14
	Compensation of key management personnel of the Group			
	Short-term employee benefits	37.13	62.97	59.11
	Termination benefits	0.46	6.82	1.45
	Total compensation paid to key management personnel	37.59	69.79	60.57
	The following are the details of the transactions eliminated during the year ended March 31, 2021, March 31, 2020 and March 31, 2019			
VLCC Health Care Limited				
Sale of goods				
- VLCC Healthcare (Bangladesh) Pvt Ltd	0.72	-	0.52	

	- Bellewave Cosmetics Pte Ltd	-	0.28	2.54
	- VLCC International Qatar Co W.L.L.	-	0.12	-
	- Vanitycube Mobile Spa and Salon Private Limited	-	0.01	3.15
	<b>Commission charged on corporate guarantee</b>			
	- VLCC International LLC	7.80	3.70	-
	<b>Dividend Income</b>			
	- VLCC Personal Care Limited		40.00	-
	<b>Purchase of goods</b>			
	- VLCC Personal Care Limited	28.26	66.57	87.01
	- VLCC Online Services Private Limited	2.30	2.93	13.65
	- Bellewave Cosmetics Pte Ltd	11.50	17.67	14.66
	<b>Rent Expenses</b>			
	- VLCC Wellness Research Centre Pvt Ltd	1.98	4.46	5.94
	<b>Investment in Equity Shares</b>			
	- VLCC International Inc.	-	83.76	79.59
	<b>VLCC Personal Care Limited</b>			
	<b>Sale of goods</b>			
	- VLCC Online Services Private Limited	9.76	5.76	2.47
	- VLCC Vanity Cube Mobile SPA and Saloon Pvt Ltd	-	0.95	4.61
	- Bellewave Cosmetics Pte Ltd., Singapore	1.10	3.62	5.24
	- Celblos Dermal Research Centre Pte Ltd.	0.26	1.79	0.29
	- VLCC Healthcare Lanka (P) Ltd	-	-	1.79
	- VLCC Healthcare (Bangladesh) Pvt Ltd	0.41	1.64	1.65
	- VLCC Middle East LLC	10.49	12.83	63.55
	- VLCC Wellness (East Africa) Ltd	-	-	1.69
	- VLCC International, Qatar	0.37	0.40	1.77
	<b>Expenses recovered on account of freight</b>			
	- VLCC Middle East LLC	0.84	1.40	5.07
	- VLCC Healthcare (Bangladesh) Pvt Ltd	0.12	0.41	0.14
	- VLCC Wellness (East Africa) Ltd	-	-	0.60
	- VLCC Healthcare Lanka (P) Ltd	-	-	0.24
	- Bellewave Cosmetics Pte. Ltd.	-	0.01	0.09
	- Celblos Dermal Research Centre Pte. Ltd.	-	0.33	0.07



	<b>Purchase of goods</b>			
	- Bellewave Cosmetics Pte Ltd, Singapore	-	0.27	20.84
	- VLCC Health Care Limited	-	-	0.45
	- VLCC Online Services Private Limited	-	-	7.89
	<b>Rent</b>			
	- VLCC Wellness Research Centre P Ltd	1.54	3.47	4.62
	- VLCC Health Care Limited	2.10	1.91	1.74
	<b>Market support fees (discontinued w.e.f. December 31, 2018)</b>			
	- VLCC Singapore PTE Limited	-	-	186.45
	- VLCC Middle East LLC	-	-	249.49
	<b>VLCC Online Services Private Limited</b>			
	<b>Sale of goods</b>			
	- Vanitycube Mobile Spa & Saloon Pvt. Ltd	-	-	0.02
	<b>VLCC Middle East</b>			
	<b>Sale of goods</b>			
	VLCC International LLC			
	VLCC International Limited Liability Company	7.04	22.61	32.21
	VLCC Wellness (East Africa) Limited	1.17	1.99	2.66
	VLCC International Kuwait Health Care Institute Limited Liability Company	-	0.79	0.28
	<b>Purchase of goods</b>			
	VLCC Singapore Pte Ltd	3.80	10.94	13.74
	<b>VLCC Singapore Pte Ltd</b>			
	<b>Sale of goods</b>			
	VLCC International Qatar Co W.L.L.	2.42	4.57	5.14
	VLCC Health Care (Bangladesh) Pvt Ltd	-	1.15	0.59
	Wyann International (M) Sdn Bhd	-	0.10	5.59
	<b>VLCC Overseas Limited</b>			
	<b>Dividend Income</b>			
	VLCC Health Care (Bangladesh) Pvt Ltd	12.49	18.22	-
	For details of the related party transactions, see “ <i>Related Party Transactions</i> ” on page 321.			
<b>Financing arrangements</b>	There have been no financing arrangements whereby our Promoters, members of our Promoter Group, our Directors and their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of the business of the financing entity during a period of six months immediately preceding the date of this Draft Red Herring Prospectus.			
<b>Weighted average price at which the Equity Shares were acquired by our Promoters and the</b>	Not applicable as none of our Promoters or Selling Shareholders have acquired Equity Shares in the last one year.			

<b>Selling Shareholders in the one year preceding the date of this Draft Red Herring Prospectus</b>																									
<b>Average cost of acquisition of Equity Shares for our Promoters and the Selling Shareholders as on the date of this Draft Red Herring Prospectus</b>	<p>The average cost of acquisition of Equity Shares held by our Promoters is as follows:</p> <table><tr><th><b>Name of the Promoter(s)</b></th><th><b>Number of Equity Shares Held</b></th><th><b>Percentage of shareholding (%)</b></th><th><b>Average cost of acquisition per Equity Share (in ₹)</b></th></tr><tr><td>Mrs. Vandana Luthra</td><td>16,707,468</td><td>44.35</td><td>0.60</td></tr><tr><td>Mr. Mukesh Luthra*</td><td>9,178,094</td><td>24.37</td><td>0.60</td></tr></table> <p><i>* Also a Selling Shareholder.</i></p> <p>The average cost of acquisition of Equity Shares held by the Selling Shareholders is as follows:</p> <table><tr><th><b>Name of Selling Shareholder(s)</b></th><th><b>Number of Equity Shares Held</b></th><th><b>Percentage of shareholding (%)</b></th><th><b>Average cost of acquisition per share (in ₹)</b></th></tr><tr><td>OIH Mauritius Limited</td><td>1,897,540</td><td>5.04</td><td>87.83</td></tr><tr><td>Leon International Limited</td><td>5,141,718</td><td>13.65</td><td>86.15</td></tr></table>	<b>Name of the Promoter(s)</b>	<b>Number of Equity Shares Held</b>	<b>Percentage of shareholding (%)</b>	<b>Average cost of acquisition per Equity Share (in ₹)</b>	Mrs. Vandana Luthra	16,707,468	44.35	0.60	Mr. Mukesh Luthra*	9,178,094	24.37	0.60	<b>Name of Selling Shareholder(s)</b>	<b>Number of Equity Shares Held</b>	<b>Percentage of shareholding (%)</b>	<b>Average cost of acquisition per share (in ₹)</b>	OIH Mauritius Limited	1,897,540	5.04	87.83	Leon International Limited	5,141,718	13.65	86.15
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OIH Mauritius Limited	1,897,540	5.04	87.83																						
Leon International Limited	5,141,718	13.65	86.15																						
<b>Details of Pre-IPO Placement</b>	Our Company and the Selling Shareholders, in consultation with the BRLMs, may consider a Pre-IPO Placement of up to [●] Equity Shares for cash consideration aggregating up to ₹ 1,000 million. The Pre-IPO Placement will be at a price to be decided by our Company and the Selling Shareholders, in consultation with the BRLMs and the Pre-IPO Placement, if any, will be undertaken prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the Fresh Issue size will be reduced to the extent of such Pre-IPO Placement, subject to applicable law.																								
<b>Any issuance of Equity Shares in the last one year for consideration other than cash</b>	Our Company has not issued any Equity Shares in the last one year for consideration other than cash.																								
<b>Any split/consolidation of Equity Shares in the last one year</b>	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. You should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares.*

*We have described the risks and uncertainties that our management believes are material, but these risks and uncertainties are not the only risks relevant to us, or our Equity Shares or the industry and the segments in which we currently operate or propose to operate. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may also impair our businesses, results of operations, financial condition, and cash flows. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any of the risks mentioned in this section. If any or a combination of the following risks actually occur, or other risks that are currently not known or currently deemed to be not relevant or material now actually occur or become material in the future, our business, prospects, financial condition, cash flow and results of operations could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment. Further, some events may be material collectively rather than individually. To obtain a more detailed understanding of our Company, business and operations, please read this section in conjunction with the sections titled “Industry Overview”, “Our Business”, “Key Regulations and Policies”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Outstanding Litigation and Material Developments” on pages 123, 156, 189, 322 and 368, respectively, as well as other financial, operational and statistical information contained in this Draft Red Herring Prospectus.*

*In making an investment decision, you must rely on your own examination of us and the terms of the Offer, including the merits and risks involved, and you should consult your tax, financial and legal advisors about the consequences of investing in the Offer.*

*To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in this section, such as those relating to levels of consolidated indebtedness and our ability to comply with the covenants contained in the agreements that govern our indebtedness. Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment which may differ in certain respects from that of other countries.*

*This Draft Red Herring Prospectus also contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including but not limited to the considerations described below, “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages 156 and 322. For details, see “Forward-Looking Statements” on page 16.*

*Unless otherwise indicated, industry and market data used in this section has been derived from the report titled “Wellness and Beauty Industry Report” dated July 15, 2021 (the “**F&S Report**”) prepared and released by Frost & Sullivan (the “**F&S Report**”) which was commissioned by us, for a fee, in connection with the Offer. Unless otherwise indicated or the context requires otherwise, all financial information has been derived from the Restated Consolidated Summary Statements included in this Draft Red Herring Prospectus and operational, industry, and other related information included in this section with respect to any particular year, refers to such information for the relevant financial year.*

### INTERNAL RISKS

#### Risks related to our business

- 1. We depend on our brand recognition and reputation and our failure to maintain or enhance our brand image could have a material adverse effect on our business, cash flows, financial condition, and results of operations.***

We believe that the recognition and reputation of our “VLCC” brand amongst customers has contributed significantly to the growth and success of our business. Our business and results of operations are influenced by the strength of our brands, including the level of consumer recognition and perception of our brand. Maintaining and enhancing the recognition and reputation of our brand are, therefore, critical to our business and competitiveness. Many factors, some of which are beyond our control, are important to maintaining and enhancing our brand. These factors include our ability to:

- maintain the efficacy, popularity, attractiveness and quality of the services and products we or our franchisees offer;
- maintain or improve customers' satisfaction with our services and products; and
- increase brand awareness through investment in brand building initiatives, including through education programs, and marketing activities.

Failure to manage any of the above factors or failure of our promotion and other activities to differentiate and further strengthen our brands could adversely affect the value and perception of our brands and our ability to maintain existing customers and attract new customers, and, as a result, have a material adverse effect on our business, results of operations, cash flows, and financial condition.

Our customers who use and recommend our services or products have come to expect a high level of efficacy and quality from our services and products, and our failure to deliver on that expectation could adversely impact our brand and reputation. In particular, from time to time, we plan on launching new services and products, in both our existing and in new complementary categories, and if any of those services or products does not meet our standards for quality and performance or customers' expectations, our brand reputation and the sales of our existing services and products may also be impacted. Further, we rely on word of mouth to spread awareness of our solutions and services, which in turn is dependent on members relaying positive experiences with our solutions, products, and services. If we are not successful in demonstrating to existing and potential customers and enterprise clients the benefits of our solutions, products, and services, we could experience lower than expected sales to new customers.

In addition, a public perception that we do not provide satisfactory customer service, even if factually incorrect or based on isolated incidents, could damage our reputation, diminish the value of our brand, undermine the trust and credibility we have established and have a negative impact on our ability to attract new customers or retain our current customers. If we, or any of our partners sold defective wellness products or the public perceived that, as a category, the services that we offer or the products that we sell are generally damaging to health, it could negatively affect customers' willingness to buy our services and products. Further, customers may not always follow our prescribed directions and incorrectly use our products or information published in our publications, website or social media handles with respect to typical health or wellness issues, leading to unexpected outcomes, which may in turn result in customer dissatisfaction, potential complaints, legal proceedings, and reputational loss. For details of outstanding customer litigation, please refer to "*Outstanding Litigation and Material Developments*" on page 368.

As we expand into new geographic markets within India and overseas, as the market and customer preferences evolve and as the market becomes increasingly competitive, maintaining and enhancing or rediscovering our brand image may become increasingly difficult and expensive. In addition, novelty of our brand in these new geographic markets may diminish over time.

Many factors are important for maintaining, developing, and enhancing our brand, including increasing brand awareness through brand building initiatives and engaging with customers on social media. There can be no assurance that we will be able to effectively promote or develop our brands on social media. If any of the offerings which we launch from time to time do not meet standards for quality and performance or customers' subjective expectations, our brand reputation and customer retention may be impacted, and such negative reviews may be amplified through various social media platform. While we strive to deliver wellness through our products and services, there is always a risk of our social media campaigns facing backlash, especially our weight management packages and hair transplant packages, which can be misconstrued as setting unrealistic standards for human body. Our inability to advertise well on social media or address misconception of customers can adversely impact our results of operations, cash flows and operating profits.

We incur significant expenses on a variety of different brand investment and marketing efforts designed to expand our brand recognition to a comprehensive wellness services and personal care business. We also aim to increase the visibility of our brand, including through expenditure on advertisement and sales promotion covering event sponsorships, print and television advertising, visual merchandising in retail outlets, education programs for professionals as well as digital advertising and social media outreach. Our advertisement and sales promotion expenses constituted 13.2%, 9.9% and 4.5% of our total income derived from the Restated Consolidated Summary Statements for Fiscals 2019, 2020 and 2021, respectively. Our brand investment and marketing efforts may not be effective with customers and may not result in the levels of sales that we anticipate. While brand investment is a key component of

reinforcing the relevance of our brand, we view brand investment as a discretionary expenditure and may vary the level of brand investment from time to time. Failure to allocate appropriate resources to brand investment, to refine our existing marketing approach or to introduce new marketing approaches or use new and emerging marketing channels in an effective manner could reduce our market share, cause our revenue to decline and negatively impact our profitability.

**2. *The COVID-19 pandemic has affected our regular business operations and the extent to which it may continue to do so in the future is uncertain and depends on the severity and duration of the COVID-19 pandemic.***

In the last month of Fiscal 2020, the COVID-19 pandemic developed rapidly into a global crisis forcing governments to enforce lockdowns of all economic activity. With the abrupt closure of business activities from April to June 2020 due to COVID-19 pandemic, we recorded a decrease of revenue from operations. To mitigate the impact, we launched various relevant new services and products to attract customers, including immunity boosting and post-COVID-19 recovery packages as well as hand sanitizer and other hygiene related products. We maintained customer and employee engagement to remain connected and with ensuring client and employee safety, in accordance with the WHO guidelines. We also undertook an extensive cost restructuring and efficiency enhancement exercise, which resulted in significant savings and delivered profitable growth even in a tough market environment. Temporary closures of businesses had been ordered and numerous other businesses have been temporarily closed voluntarily. As a result, there was no customer traffic during the lockdown period and gradual re-opening significantly reduced our sales and cash flows during the period. While we experience increased sales during the festive and wedding seasons, the reduced consumer spending during the lockdown has also negatively impacted our sales. We have monitored and considered the impact of known events arising from the COVID-19 pandemic including with respect to our liquidity and going concern, recoverable values of property, plant and equipment, goodwill, intangible assets, trade receivables and the net realizable value of other assets, and will continue to closely monitor the impact that COVID-19 may have on our business, cash flows, financial condition, liquidity and results of operations. With the unlocking process, the economic situation was gradually normalising from mid-May 2020 to March 2021, whereby India was hit by the second wave of COVID-19 in April 2021 and state-wise lockdowns were announced in April 2021. With the second wave of the COVID-19 pandemic again impacting revenue in the period, we have continued our cost optimization exercise to maintain profitable growth and conserve cash. In the wake of COVID-19, salons, spas, gyms, wellness and beauty clinics have been under constant watch by the Government owing to physical proximity in conducting the services offered, due to which the Government has been enforcing stringent norms and announcing their temporary shutdown. The outbreak of COVID-19 pandemic and the lockdowns also had an adverse impact on our businesses in the South Asian and GCC Region. In the GCC Region, lockdown was implemented from the last week of March 2020. This led to closure of our Wellness Clinics in the GCC Region for two to five months. The time frame for which the COVID-19 pandemic's impact shall prevail remains uncertain.

As of the date of this Draft Red Herring Prospectus, the impact of COVID-19 continues to affect our business and there can be no assurance that there will not be a continued occurrence or a recurrence of an outbreak of COVID-19 pandemic (including any further mutations of COVID-19), or another significant global outbreak of a severe communicable disease. Therefore, the full impact of the COVID-19 pandemic is still unknown and difficult to predict. If we do not respond appropriately to the pandemic, or if customers do not perceive our response to be adequate for a particular region or our Company as a whole, we could suffer damage to our reputation and our brand, which could adversely affect our business in the future. However, any adverse developments in the COVID-19 pandemic that may arise in the future, could adversely affect our consolidated results of operations, financial position and cash flows in ways that cannot necessarily be foreseen.

Further, as of the date of this Draft Red Herring Prospectus, regions in India are seeing instances of COVID-19 variants cases, and there remains uncertainty as to the impact of these variants. Given this, the Government may impose lockdowns going forward as well. Further, in the past in the wake of COVID-19, salons, wellness, and beauty centres have been affected owing to physical proximity in conducting the services offered, and have been under strict operational norms, and Government has announced temporary closure of salons and wellness clinics.

The COVID-19 pandemic has led to a decrease in footfall in outdoor Wellness & Beauty centres globally, and this has impacted our Wellness Clinics as well. The COVID-19 pandemic induced an economic slowdown which has had an impact on customer expenditure, and it has directly affected sales of our Personal Care Products.

We may encounter additional COVID-19 related difficulties and experience, including but not limited to:

- Directives by government authorities, local agencies and courts regulating various aspects of our operations, including, amongst other things, social distancing norms, maximum capacity limits, prohibition on certain activities and regulation on timings;
- Possibility of curfew/lockdown in district(s) where our Wellness Clinics and/ or Institutes are located and/or Manufacturing Plants are located;
- Disruption of supply chain;
- Heightened risk of COVID-19 infection to our staff members;
- Fearing the risk of infection, reluctance, or unwillingness of our customers to resume regular activities in our Wellness Clinics;
- Weak customer confidence and consequently lower demand;
- Delay in renewing or obtaining necessary registrations, approvals, licenses and permits from statutory and regulatory bodies;
- Possible delay in our existing or planned projects, which may adversely impact our ability to comply with the financial covenants;
- Increased costs to ensure the safety of our workforce and continuity of operations while conforming to the measures implemented by various governments; and
- Possibility of temporary shutdown of our manufacturing and research facilities impacting continuous flow of our products in the market. Slowdown in logistics and transportation of our products.

If we do not respond appropriately to the pandemic, or if customers do not perceive our response to be adequate for a particular region or our Company as a whole, we could suffer damage to our reputation and our brand, which could adversely affect our business in the future. Further, we have been experiencing declining revenues for the past two Fiscals i.e. in Fiscals 2020 and 2021. Our revenues for Fiscals 2020 and 2021 were impacted due to the COVID-19 pandemic. With our future business plan and strategy, we foresee growth of our revenue. However, we cannot assure that there will always be an increase in revenue. If we are unsuccessful to achieve an increase in the revenue, this could have a material adverse effect on our business, cash flows, financial condition, and results of operations.

In order to reduce the impact of COVID-19 on our operations, we have taken various steps to manage our expenses and liquidity, including closely revisiting our business in-depth across all parameters such as customer centricity, cost structures, revenue drivers and processes, and reshaping it to become stronger, further reenergising the business model. Our R&D and technical teams immediately commenced work on extending the curative and weight loss portfolio of our Wellness Clinics to include 'Proactive Health Care.' Upon resumption of operations of our Wellness Clinics, we immediately launched immunity building and detoxification packages to build on the health span. Simultaneously, we devised innovative modes of service delivery, which included a combination of in-Clinic and digital delivery such as online consultations by our industry experts, webinars, and on-demand, at-home services. We also rationalized our cost structure which resulted in reduction in other expenses as per the Restated Consolidated Summary Statements, by 45.9% from ₹ 2,390.85 million in Fiscal 2020 to ₹ 1,292.54 million in Fiscal 2021. Our current strategy is focused on improving profitability and working towards growth which is profit accretive. To this end, we have honed our focus on locations, services and products delivering higher margins. We have also implemented safety protocols to ensure the safety and wellbeing of our healthcare professionals, staff members and customers during the COVID-19 pandemic. The Group continues to be confident of realising the carrying value of assets as well as continuing its operations. However, the impact of any other infectious illness outbreaks that may arise in the future, could adversely affect our consolidated results of operations, financial position and cash flows in ways that cannot necessarily be foreseen.

3. ***The methods of operations of our franchisees, agents or distributors could have a material adverse effect on our goodwill and the “VLCC” brand and also expose us to risks associated with reliance on third parties.***

The “VLCC” brand is integral to our corporate identity. We rely on the general goodwill of customers towards the “VLCC” brand. Therefore, the reputation and integrity of the parties with whom we engage in business activities, in particular the franchisees, joint venture partners and other third parties with whom we deal, are important to our own reputation. Consequently, adverse publicity in relation to our “VLCC” brand or in relation to other franchisees, joint venture partners, agents, or distributors of “VLCC” products and services may have a material adverse effect on our reputation. While we endeavour, through contractual protections and otherwise, to ensure that such parties comply with high standards of probity and integrity, such as through proper implementation of our compliance and monitoring systems, we cannot assure that such parties will always maintain these high standards, which could negatively impact our business prospects, financial condition, cash flows, and results of operations.

We depend on franchisees to operate a number of our Wellness Clinics and Institutes. As of March 31, 2021, of the 191 VLCC Wellness Clinics in India, 103 were Company operated and 88 were franchisee operated; and of the 25 VLCC Wellness Clinics outside of India, four were franchisee operated. In addition, as on March 31, 2021, we had 94 Institutes across India, of which 52 were Company operated and 42 were franchisee operated. The following table sets forth the number of Wellness Clinics and Institutes in India that have been closed in the past three Fiscals.

<b>India</b>	<b>Fiscal 2019</b>	<b>Fiscal 2020</b>	<b>Fiscal 2021</b>
<b>Closed</b>			
Company operated Wellness Clinics	9	5	6
Company operated Wellness Clinics converted into Franchisee operated model	-	2	8
Company operated VLCC Institutes	0	0	0
Franchisee operated Wellness Clinics	3	13	6
Franchisee operated VLCC Institutes	1	6	4

While we have entered into agreements with third parties for the franchisee operated Wellness Clinics and Institutes, and have proper implementation of our compliance and monitoring systems with respect to these Wellness Clinics and Institutes, we may have less control over the operations of these franchisees as compared to our Company operated Wellness Clinics and Institutes. In terms of our franchise agreements, our franchisee operated Wellness Clinics and Institutes fall under the “VLCC” brand, and we receive a percentage of the gross sales generated by the Wellness Clinics and Institutes that they operate. We cannot assure that our franchisees will be able to establish or maintain adequate revenue generating capabilities. In the event a franchisee fails to operate its Wellness Clinic or Institute in accordance with its franchise agreement or has different strategic priorities, it could impact our reputation and the profitability of the wellness clinic or institute. In addition, if a franchisee ceases to operate its wellness clinic or institute in the manner prescribed in the agreements, it may lead to the termination of the franchise agreement and we may decide to discontinue the operations of the wellness clinic or institute, temporarily or permanently. Such discontinuation may adversely impact our brand reputation and sales.

While our franchisees are subject to non-compete restrictions and cannot operate businesses similar to ours during the term of the franchise agreement and typically two years after its termination, a franchisee may operate a similar business thereafter based on the goodwill and reputation created while operating the Wellness Clinic or Institute. The non-compete restriction in the franchise agreement is also for a limited period of time. This may cause loss of business for our Wellness Clinics or Institutes in areas where such franchisee operates, which could negatively impact our business, prospects, financial condition, cash flows, and results of operations.

To extend our reach significantly to our end consumers, we are dependent on modern trade channels and e-commerce channels, and our ability to grow our product reach significantly depends on the effective management of our distribution network. We also utilize online marketplaces and e-commerce systems to increase our products market penetration and reach. We continuously seek to increase our reach by appointing new distributors targeted at different customer groups in various geographical segments. We cannot assure that we will be able to successfully identify or appoint new distributors or effectively manage our existing distribution network. If the terms offered to such distributors by our competitors are more favorable than those offered by us, distributors may decline to distribute our products and terminate

their arrangements with us. There can be no assurance that we will be successful in continuing to receive uninterrupted, high quality of service from these channel partners for all our current and future products.

**4. *We are exposed to customer complaints and potential litigation with respect to our wellness services and products.***

With respect to our Wellness Clinics, we receive complaints and/or claims from our customers in the course of providing our Wellness & Beauty services. Such complaints and/or claims may be made against us on grounds of alleged deficiency in services (arising from different perceptions of results compared to that marketed or advertised) and personal injuries sustained in the course of a result of the treatments rendered (for example, burns, pimples, pigmentation and allergic reactions) as well as claims in relation to courses offered at our Institutes. We may also be liable for claims from our customers if our products are found to be defective or unfit for their intended purposes or cause allergic reactions. Such events may generate negative publicity concerning our service standards and product quality, reduce customers' confidence in our services at our Wellness Clinics and/ or Institutes and our Personal Care Products, and negatively impact our reputation. As a result, our business, profitability, and financial performance may be adversely affected, and we may also have to incur additional costs to restore our image and reputation.

In the event that complaints from our customers escalate into legal claims, our image and market reputation could be adversely affected. In addition, while we have products and services liability insurance cover, resources such as time and legal costs would have to be utilized and incurred to address such claims, thereby further affecting our business and financial performance. We cannot assure that such litigation would not be brought against us in the future. Our liabilities in respect of such claims could have a material adverse effect on our business, financial condition, cash flows, and results of operations.

As on the date of this Draft Red Herring Prospectus, claims by our customers that have resulted in legal proceedings being instituted against our Company amounted to ₹ 18.41 million. We also maintain insurance coverage for product/ services liability and other key policies, although we have not been required to claim from our insurance companies in relation to disputes arising from our customers.

**5. *Our insurance coverage may be inadequate, which could have a material adverse effect on our business, financial condition, cash flows, and results of operations.***

We insure our property, equipment, and product stock in India and overseas with various insurance companies. The list of insured accidents includes risk of damage caused as a result of fire, gas and other household explosions, flood and water-related accidents, robbery and criminal activity, vandalism, and unlawful acts of third parties, power outages, unexpected failure of equipment, terrorism and other similar events. Our insurance currently includes standard coverage relating to special risks including but not limited to burglary, damage to properties caused by fire, boiler explosion, physical loss or damage to project property works as well as relating to professional liability and product liability. We have insurance coverage for commercial general liability, cash in safe, fidelity, cash in transit, public liability insurance for customer claims as well as a health insurance policy for our employees who are not already covered by the Employees' State Insurance in India. We also have a director's and officers' liability policy for our Directors and certain members of our senior management. Any payments we make to cover any losses, damages or liabilities or any delays we experience in receiving appropriate payments from our insurers could have a material adverse effect on our business, financial condition, cash flows, and results of operations. As of March 31, 2021, we have property, plant, and equipment of ₹ 2,511.53 million, inventories of ₹ 571.99 million; and cash and cash equivalent of ₹ 383.38 million. These assets are duly insured.

We determine the amounts, coverage limits and deductibility provisions of insurance, with a view to maintaining appropriate insurance coverage on our assets at a commercially reasonable cost and on suitable terms. While we believe that our level of insurance coverage is customary and appropriate for a company of our size in the industry in which we operate, we cannot provide assurance that the type and level of insurance we maintain is adequate. Our insurance coverage is subject to limitations such as deductibles and maximum liability amounts, and therefore, may not cover all of our losses or recover the business which our customers may have placed with our competitors as a result of such interruptions.

Even if we make a claim under an insurance policy, we may not be able to successfully assert our claim for any liability or loss under such insurance policy. In addition, there may be various other risks and losses for which we may not be insured because such risks are uninsurable or not insurable on



commercially acceptable terms. We may also incur losses that are outside of the coverage of our insurance policies. In the future, we may not be able to obtain insurance coverage at current levels, or at all, and our premiums may increase significantly on the coverage that we maintain. We may also not be able to maintain insurance of the types or at levels which we deem to be necessary or adequate. The occurrence of an event for which we are not adequately or sufficiently insured or the successful assertion of one or more large claims against us that exceed available insurance coverage, or changes in our insurance policies (including premium increases or the imposition of large deductible or co-insurance requirements), could have a material adverse effect on our business, financial condition, cash flows, and results of operations. For additional details of our insurance arrangements, see "Our Business – Insurance" on page 186.

**6. *We participate and operate in competitive markets with low barriers to entry which may increase competition and have a material adverse effect on our business, cash flows, financial condition and results of operations.***

We operate in highly competitive markets that are highly fragmented among several market participants. In the general Wellness & Beauty services market, we compete with numerous unaffiliated beauty and cosmetic salons and established multinational and Indian companies with sizeable market shares as well as the broader health and beauty industry comprising numerous small competitors. There are several strategies adopted by our competitors to increase their market shares through advertising, pricing, discounts, multi-location operations, new product introductions and distribution reach, among others. We also believe that free information available on internet websites about health and wellness issues poses a competitive risk.

In India, these competitors include specialty companies including wellness companies or chains that are a part of the organized segment, and a variety of independent Wellness & Beauty product manufacturers, local beauty salons, spas, and fitness gyms as well as online retailers. In the GCC Region, we compete with local beauty salons, spas, and fitness gyms for some of our services and business offerings. In other countries where we sell our Personal Care Products, we face competition from branded skin care, hair care and body care products. To protect our existing market share or capture additional market share in this highly competitive environment, we may be required to increase expenditure for advertising, promotions and to introduce and establish new products or services. Due to inherent risks associated with advertising and new product introductions, including uncertainties about trade and consumer acceptance, increased expenditure may not prove successful in maintaining or enhancing our market share and could result in lower profitability. In addition, we may incur increased credit and other business risks because of competing for customers in a highly competitive environment.

Barriers to entry for the markets in which we operate are generally low. We anticipate these low barriers to entry, combined with forecast growth potential in the Wellness & Beauty industry, will lead to increased competition both from established players as well as from new entrants in the industry. This could include attrition of our staff to our competitors or our staff establishing competitive enterprises. Our competitors may have access to substantially greater financial and marketing resources, longer operating histories, better brand recognition and more established relationships in the industry than we do. In addition, new market entrants may have lower production costs and higher profit margins than we do, which may enable them to compete more aggressively in offering retail discounts, rebates, and other promotional incentives. For example, independent product manufacturers who distribute their products through online channels may be able to price their products more competitively than we do. Finally, a new enterprise with more advanced or more effective product technology could attempt to replicate our business model by targeting customers or effectively aggregate independent service providers.

In addition, consolidation among existing Wellness & Beauty companies may reduce our current or potential customer base. In such a case, as fewer companies share the market, pricing pressure is likely to increase. Any or all of these factors can have a material adverse effect on our business, cash flows, financial condition, and results of operations.

**7. *We may fail to manage our growth or successfully execute our expansion strategy to open new Wellness Clinics and Institutes or introduce new products and services either in a timely manner or at all, which could have a material adverse effect on our business, cash flows, financial condition, and results of operations.***

Introducing new products and services in our business is important to maintaining and increasing our revenue and market share. Our business strategy includes increasing our sales and customer base in

territories where we are present through opening new Wellness Clinics, opening more Institutes, introducing new products as well as the expansion of our business to new geographic markets, and using advanced digital technology and analytics to expand our reach and customer-base. Our ability to successfully implement this strategy requires the investment of significant resources and is subject to numerous risks, including identifying suitable locations on commercially viable lease terms for our Wellness Clinics and Institutes, the availability of which is outside of our control, our newly opened Wellness Clinics and Institutes not achieving operating results similar to our existing Wellness Clinics and Institutes, respectively, or our existing Wellness Clinics and Institutes not achieving continuing operating results similar to those of prior years, the acceptance of the new product or service initiatives or sales of new product or service by our customers may not be as high as we anticipate, our marketing strategies for the new products may be less effective than planned and may fail to effectively reach the targeted consumer base, we may incur costs exceeding our expectations as a result of the continued development and launch of the new products and services, any delays or other difficulties in the ability of our franchisees and agents, successful capacity utilization at our Wellness Clinics and Institutes, continued acceptance by customers of our services and products and their willingness to endorse our brand, our ability to increase customer spending on our services and products with higher profit margins, the absence of relationships with distributors and other retail channel partners for our products, recruiting, training and retaining sufficient skilled technical, sales and management personnel and diversion of management's attention from other aspects of our business and strain on our management, operational and financial resources and our information systems. Each of the risks referred to above could delay or impede our ability to achieve our growth objectives or we may not be successful in achieving our growth objectives at all, through these means, which could have a material adverse effect on our business, results of operations, cash flows, and financial condition. We expect that our expansion will include the opening of additional Wellness Clinics and Institutes, which may not succeed in realizing the anticipated benefits. For example, failure to attract students or provide training programs that meet the students' expectations of our quality at our new Institutes may negatively impact our brand reputation and business. We offer entry level and skills enhancement beauty courses and nutrition courses. The long-term, short-term, certificate-based, and correspondence courses offered by Institutes ranges from a few days to 15 months, based on the category of course, and range across the Wellness & Beauty field, including cosmetology courses, skin care courses, hair care courses, makeup courses, nutrition courses, clinical nutrition, sports and fitness nutrition and child-care nutrition. Our Institutes follow a blended approach of online and offline teaching methods to ensure quality training with economic efficiencies. The theory is covered offline via digital media, while the practicals are hands-on. Post completion placements and internships are ensured through association with several salons, renowned Wellness & Beauty organizations, clinics, hotels, FMCG companies, amongst others, thereby increasing attractiveness of our Institutes. If our research and development efforts do not succeed, we may not be able to improve our existing products / services or introduce new products / services to the market. With constant improvement in technology, beauty products and equipment used, there is an ever-increasing customer expectation from service providers. To cater to such customers and to give them the best possible experience, we need to train and equip our students to be able to use the latest products, equipment, and methods. For providing such updated training we need to constantly invest in physical infrastructure, upgrading our manuals, and training our trainers. While we endeavour to keep ourselves updated, there might be factors beyond our control which prevent us from upgrading our courses, thus, making them irrelevant for learners.

In addition, managing a global business with a wide range of geographic markets at different stages of our business development model, ranging from established markets such as India to other markets in the GCC Region, South East Asia and Africa or any other jurisdictions, presents a significant challenge for our business and our management team. In Fiscal 2021, the GCC Region, Africa, Sri Lanka, and Bangladesh comprised 30.2%, 0.2%, 0.4% and 1.4% of our revenue from operations.

As a part of our growth strategy we intend to open new clinics and institutes in India and abroad and expand the size and geographical scope of our existing businesses, as well as the development of new businesses. However, there can be no assurance that we will be able to leverage our experience in our existing markets to grow our business in new markets. This growth strategy will place significant demands on our management, financial and other resources. 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, financial condition, and results of operations. There is a possibility that our new clinics or institutes may not break even or achieve our expected level of profitability within our expected timeframe, or at all, and this might force us to shut down or relocate such proposed clinics/institutes at a loss.

Our growth strategy also creates the risk that the new Wellness Clinics or Institutes that we plan to open could draw sales away from our existing clinics or institutes, as the case may be. We cannot assure that we will be able to effectively manage our expansion in existing or new geographic markets or that we will not inadvertently draw sales away from our existing Wellness Clinics or Institutes as we gradually increase our presence in existing markets to maximize our competitive position and financial performance in each market. If we fail to manage our growth or execute our strategies effectively, our expansion may not be successful, which could have a material adverse effect on our business prospects, cash flows, financial condition, and results of operations.

**8. *We may fail to manage our products inventory effectively and we may experience inventory shortages or excess, any of which could harm our business and reputation. If we fail to maintain an effective distribution network for the sale of our products, it may create delays in deliveries of products to our distribution centres and points of sale.***

Our business model requires us to manage our products inventory volume effectively. We depend on our internal demand forecasts for our products to make raw material purchase decisions, manufacture our products and manage our inventory. We must also be aware of inventory levels held by our distributors and retailers and in our other retail distribution channels. Demand for products, however, can change significantly between the time inventory is ordered and the date by which we hope to sell it for a variety of reasons, including new product launches, changes in product cycles and pricing, product defects, changes in customer spending patterns, changes in customer trends with respect to our products and other factors. When we begin selling a new product, demand forecast may not live up to expectations. We cannot assure that our three manufacturing plants located at Haridwar, Goalpara and Singapore will meet the production demand for our Personal Care Products, which could in turn increase our dependence on third parties for our products business. We plan to continue expanding geographically, for which will be required to manage our products inventory effectively.

If we fail to manage our products inventory effectively, we may be subject to a risk of significant inventory write-downs or write-offs. In addition, we may be required to lower sale prices in order to reduce inventory level, which may lead to lower gross margins. High inventory levels may also require us to commit substantial capital resources, preventing us from using that capital for other important purposes. Any of the above could have a material adverse effect on our business, cash flows, financial condition, and results of operations. Alternately, if we underestimate demand for our products, or if the third-party manufacturers from whom we procure certain of our products fail to deliver our products in a timely manner, we may experience inventory shortages, which might result in missed sales and lost customers, any of which could harm our business and reputation.

We are particularly dependent on our three manufacturing plants situated at Haridwar (Uttarakhand) and Goalpara (Assam) in India and in Singapore, where a substantial majority of our products are produced. Our three plants are subject to operating risks, including those beyond our control, such as the COVID-19 pandemic related disruptions, breakdown or failure of equipment, industrial accidents, natural disasters in addition to power supply or processes, performance below expected levels of efficiency, obsolescence, labour disputes, and the requirement to comply with the applicable laws and directives of relevant government authorities. Any significant malfunction or breakdown of our machinery may entail significant repair and maintenance costs and cause delays in our operations. Our ability to provide an uninterrupted supply of our products is critical to our business. Although we employ routine safety procedures in the operations of our facilities, any sustained interruption in production at any of these sites would have a material adverse effect on our business, cash flows, financial condition, and results of operations.

Further, we rely on our network of distributors to distribute our products safely and efficiently to our distribution centres and various points of sale. Our ability to maintain and grow our products business will depend on our ability to maintain, expand and manage a distribution network that in a timely manner delivers our products in all of the cities and countries in which we generate market demand or intend to increase our presence through our sales and marketing activities. However, a significant disruption to our distribution network or civil infrastructure, transport or logistic services resulting from numerous factors, including fire, flood or other natural disasters, signal jamming, power outages, acts of terrorism and vandalism and equipment or system failures may occur. Our insurance may not be adequate to cover some or all losses from these events. If any of these events were to occur, it could cause limited or severe delivery disruption which could result in delays of deliveries and reduced sales. In addition, our distributors are third parties over whom we have relatively limited control, and our distributors may fail to distribute our products in the manner we contemplate, impairing the effectiveness of our distribution

network. Our distributors may elect to terminate their business relationships with us at any time for various reasons. If any of our significant distributors or a significant number of our distributors voluntarily suspend or terminate their relationships with us, or we are otherwise unable to maintain and expand our distribution network effectively, it could have a material adverse effect on our business, cash flows, financial condition, and results of operations.

**9. *We have incurred losses in the past, and we may not be able to achieve or maintain profitability in the future.***

We have reported a restated profit / (loss) for the year after tax of ₹ 62.42 million in Fiscal 2021. However, we reported losses after tax amounting to ₹ (153.10) million and ₹ (527.05) million in Fiscals 2020 and 2019, respectively. We may incur losses in the future. Further, our failure to achieve or maintain profitability may adversely affect the market price of our Equity Shares, restrict our cash flows and ability to pay dividends and impair our ability to raise capital and expand our business.

**10. *We may be unable to effectively manage a variety of business, legal, regulatory, economic, social and political risks associated with our international operations.***

We derive a portion of our revenue from customers located outside India, and we anticipate that these sales will represent an increasing proportion of our revenue over time. As on March 31, 2021, we had 25 Wellness Clinics located outside India, in the UAE, Qatar, Oman, Kuwait, Bahrain, Kenya, Sri Lanka, Bangladesh and Nepal. In addition, we have assets located outside India and use non-Indian third-party suppliers. Our existing and future international operations expose us to a variety of risks, including risks arising from an inability to attract new customers due to the lack of brand recognition and knowledge regarding customer preferences in those markets, difficulties in staffing and managing multiple international operations, any need to obtain governmental approvals and permits under unfamiliar regulatory regimes, imposition of, or unexpected adverse changes in, the laws, regulatory requirements or trade policies of foreign governments, foreign exchange fluctuations, challenges caused by distance, language and cultural differences and by doing business with foreign agencies and governments and inability to find and enter into commercially acceptable arrangements with local partners in jurisdictions that mandate local participation, such as the UAE. Further, we may incur additional costs for complying with and enforcing remedies under, a variety of laws, treaties, and regulations. The tax rates in foreign jurisdictions may exceed those in India, and our earnings may be subject to withholding requirements, incremental taxes upon repatriation. There may be disruptions in shipping or reduced availability of freight transportation leading to increased costs. There may be imposition of tariffs, quotas, trade barriers, other trade protection measures. The occurrence of any of these events in the markets where we operate or in other developing markets could jeopardize or limit our ability to transact business in those markets and could adversely affect our revenues and operating results.

We may be unsuccessful in developing and implementing policies and strategies that will be effective in managing these risks in each country where we have or plan to have business operations. Our failure to manage these risks successfully could have a material adverse effect on our business, cash flows, financial condition, and results of operations. Furthermore, we may face competition in other countries from companies that have more experience with operations in such countries or with international operations generally. If we are unable to successfully build our brand reputation and revenues in our international markets, it may limit our ability to grow our international business.

The laws of certain countries in the GCC Region into which we have expanded such as Qatar and the UAE as well as in certain countries where we seek to expand require that we enter into joint venture arrangements with local partners. As a result, from time to time, we selectively invest in new opportunities and/or enter into strategic alliances and partnerships as a means to gain access to new and important geographies, business opportunities and technical expertise, while potentially reducing capital requirements. Our success will depend on, among other things, our ability to identify and assess potential partners, investments and acquisitions, successfully finance, close and integrate such investments, acquisitions and relevant technologies, control costs and maintain sufficient operational and financial controls, which may distract and/or place significant demands on our management and other resources.

In addition, local laws in the regions into which we have expanded may impose certain restrictions or conditions with respect to our investments. For example, in the GCC Region including Qatar and UAE, local nationals are required to hold a majority percentage of shareholding in companies incorporated in such jurisdictions. Accordingly, we have partnered with local nationals to own a majority of the share capital of our Subsidiaries. However, pursuant to arrangements entered into with such local partners, we

exercise control and voting rights over the total share capital of such Subsidiaries in addition to related rights including the right to receive dividend and transfer of shares. The financial interest in the share capital, risks and rewards of the business of such Subsidiaries, vest entirely with us and therefore, we consolidate such Subsidiaries as our wholly owned subsidiaries. However, the enforceability of such arrangements remains subject to applicable local laws of these jurisdictions, for example, the Proxy Law in Qatar and the Anti-Fronting Law in the UAE, and there can be no assurance that we will be able to continue to exercise control over these Subsidiaries or continue our business in such jurisdictions, if such arrangements are held to be unenforceable, including on account of these arrangements being interpreted by relevant authorities as contrary to the spirit of such local laws. We may also be subject to certain penalties. In addition, improperly executed, unregistered or insufficiently stamped instruments with respect to such arrangements could restrict our ability to enforce our financial interests in such entities.

Certain of our international ventures where third parties exercise control over their minority shareholding also pose risks arising from our reliance on our partners and our lack of sole decision-making authority, which may give rise to disputes between us and our partners. For example, in certain of our Subsidiaries including, GVig Singapore and VLCC Wellness (East Africa) Limited, certain third parties continue to hold minority shareholding. Such third parties may have economic or business interests or goals that are inconsistent with our interests and goals, take actions contrary to our objectives or policies, undergo a change of control, experience financial or other difficulties or be unable or unwilling to fulfil their obligations under our arrangements, which could have a material adverse effect on our business, cash flows, financial condition, and results of operations.

**11. *The acquisition of other companies, businesses or technologies could result in operating difficulties, dilution and other adverse consequences.***

As part of our growth strategy, we, from time to time, pursue acquisitions to expand our business. We have in the past made and may in the future undertake acquisitions and enter strategic relationships as part of our strategy in India and overseas that we believe fit within our business model and can address the needs of our existing and potential customers. We cannot assure that we will always be able to identify or conclude suitable acquisition, strategic investment or joint venture opportunities in a timely manner or at acceptable cost and on commercially reasonable terms, obtain the financing necessary to complete and support such acquisitions or investments, integrate such businesses or investments or that any business acquired or investment made will be profitable. Furthermore, the acquisitions may divert management attention or require us to assume a high level of debt or contingent liabilities and these difficulties could disrupt our ongoing business and increase our expenses. We may require some time to realize fully the benefits that we currently anticipate from these acquisitions.

If we attempt to acquire companies outside of India, we may not be able to satisfy certain Indian regulatory requirements for such acquisitions and may need prior approval from the Reserve Bank of India (“RBI”) which we may not obtain. In addition, acquisitions and investments involve a number of risks, including possible adverse effects on our operating results, diversion of management’s attention, failure to retain key personnel, currency risks, risks associated with unanticipated events or liabilities, possible contravention of applicable laws in relation to investment and transfer of shareholding, including any pre-emptive rights of existing shareholders of such entities and difficulties in the assimilation of the operations, technologies, systems, services and products of the acquired businesses or investments, as well as other economic, political and regulatory risks.

Any failure to achieve successful integration of such acquisitions or investments could have a material adverse effect on our business, cash flows, financial condition, and results of operations. Future acquisitions could result in potentially dilutive issuances of our equity securities, the incurrence of debt, contingent liabilities or amortization expenses, or write-offs of goodwill, any of which could harm our financial condition and may have an adverse impact on the price of our Equity Shares.

**12. *Contingent liabilities that have not been provided for could adversely affect our financial condition.***

Following is the summary table of our contingent liabilities as of March 31, 2021, as per Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets.

	As of March 31, 2021 (₹ million)
Claims against the Group not acknowledged as debts	4.57
Other money for which the Group is contingently liable:	
– Value added tax	22.15

	As of March 31, 2021
	(₹ million)
– Income tax	9.56
– Luxury tax	4.04
– Service tax	8.97
– Entry tax	7.85

In the event that any of these contingent liabilities or a material portion of these contingent liabilities materialize, it could have a material adverse effect on our business, cash flows, financial condition, and results of operations. In addition, we cannot assure that we will not incur similar or increased levels of contingent liabilities in the current Fiscal or in the future.

**13. *Our Company has delayed the payments to its former employees.***

Owing to the impact of COVID-19 pandemic on level of business, there has been a reduction in the number of employees of the Company on a consolidated basis from 3,657 employees as of March 31, 2020 to 2,967 employees as of March 31, 2021. As per the terms of resignation of employees, the Company was required to pay settlement amounts to former employees. There have been delays by the Company in the payments of such settlement amounts due to impact of COVID-19 on revenue and the consequent pressure on payables as well as reconciliation of settlement of amount that is payable, on account of curtailed working of corporate office due to lockdowns and subsequent operating restrictions. As on July 31, 2021, the Company was liable to pay its former employees a sum of ₹ 60.13 million. Further, the Company's subsidiaries are liable to pay ₹ 4.17 million in India and ₹ 86.18 million in the GCC Region to their former employees. Certain former employees in GCC Region have filed legal suit to recover the amounts. There can be no assurance that legal action, in relation to these non-payments will not be initiated against us in the future which can have an impact on our financial conditions as well as reputation of our brand.

**14. *We require a number of approvals, licenses, registrations and permits to develop and operate our business, and the failure to obtain or renew these licenses in a timely manner, or at all, may have a material adverse effect on our business, cash flows, financial condition and results of operations.***

Our business operations require us to obtain and renew from time to time, certain approvals, licenses, registrations and permits including but not limited to registration under the respective shops and commercial establishment acts, trade licenses from the respective municipal authorities of areas where we operate, license for the manufacture and sale of cosmetics and ayurvedic drugs under the Drugs and Cosmetics Act, 1940, no-objection certificates from relevant fire departments and licenses to operate under the Factories Act, 1948. Any adverse change in the laws governing the manufacturing and storage of our products and their usage by our customers, including the development of any licensing requirements or technical standards and specifications or the imposition of similar onerous requirements, may have an adverse impact on our operations. We may be required to alter our manufacturing process, target markets, and incur capital expenditure to achieve compliance with such new regulatory requirements applicable to us and our customers. While we have obtained a number of required approvals for our operations, certain material approvals for which we have submitted applications are currently pending. In addition, we may need to apply for additional approvals, including the renewal of approvals which may expire from time to time and approvals required for any new manufacturing facility in the ordinary course of business. For details of material approvals that have been applied for and have not yet been obtained/ renewed in relation to our operations in India, see the section titled “*Government and Other Approvals*” on page 374. We cannot assure that we will be able to obtain all material approvals in respect of such applications or any application made by us in the future. If we fail to obtain such registrations and licenses or renewals thereof, in a timely manner, we may not then be able to carry on certain operations of our business, which would have a material adverse effect on our business, cash flows, financial condition and results of operations. We rely on independent certification of our products that must comply with the requirements of these independent organizations or certification authorities. We could lose the certifications and accreditations for certain of our products if we are not able to adhere to the quality standards and specifications required under such certifications and accreditations. The loss of any independent certification and manufacturing practices, may lead to loss of significant customers for our products which could have a material adverse effect on our reputation, business, cash flows, financial condition, and results of operations.

Failure to operate business with requisite and valid licenses may also induce penalty including a fine or imprisonment or both under relevant local laws. Furthermore, government approvals and licenses are

subject to numerous conditions, some of which are onerous and may require us to incur substantial expenditure. Our failure to comply with existing or increased regulations, or the introduction of changes to existing regulations, could have a material adverse effect on our business, cash flows, financial condition, and results of operations. We cannot assure that the approvals, licenses, registrations or permits issued to us may not be suspended or revoked or that penalties under applicable laws would not be imposed on us in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. Any failure to renew the approvals that have expired, or to apply for and obtain the required approvals, licenses, registrations or permits, or any suspension or revocation of any of the approvals, licenses, registrations or permits that have been or may be issued to us, may have a material adverse effect on our business, cash flows, financial condition, and results of operations.

**15. *We may fail to manage the requirements for sourcing of raw materials required for our products business.***

The primary raw materials for our Personal Care Products include herbal extracts, active ingredients, essential oils, perfumes preservatives, colours, base chemicals, and packaging materials, for which we negotiate periodically based on our sales trends. While the scale of our operations has enabled us to negotiate attractive terms with our suppliers ensuring a gross margin of 69.3% in Fiscal 2021 for our products subsidiary, VLCC Personal Care Limited, we cannot be sure of it for all future transactions. If we experience a significant or prolonged shortage of raw materials or packing material from any of our suppliers, and we cannot procure the raw materials or packing material from other sources, we will be unable to meet our production schedules and customer orders in a timely manner, which will adversely affect our sales and customer relations. Any change in the supplying pattern of our raw materials and packing material can adversely affect our business and profits. Further, we rely on few or limited number of suppliers for supply of raw material. Any interruption in the workstreams for supply of raw material could have an adverse impact on our business, cash flows, financial condition, and results of operations.

**16. *We do not own any of the premises from where our Wellness Clinics and Institutes operates. Our business may be subject to disruptions if our lessors do not renew or terminate our lease arrangements in respect of such premises.***

We do not own any of the premises on which our Wellness Clinics and Institutes are located. Typically, our lease agreements for our Wellness Clinics and Institutes in India have a term of five to nine years, subject to further renewal on mutually acceptable terms, and contain rent escalation clauses. In most of our lease agreements for our Wellness Clinics and Institutes in India, lessors have no right to terminate the lease during the term of the agreement (except on account of non-payment of rent and other dues) but we can generally terminate the lease by giving three to four months' notice. Further, except our manufacturing plants and corporate offices located at India and Singapore, we do not own any of the premises on which we operate our business, including our Registered and Corporate Office. See "*Our Business—Properties*" on page 187 and "*Our Business—Manufacturing—Plants*" on page 182. We cannot assure that we will own, or have the right to occupy, these premises in the future, or that we will be able to continue with the uninterrupted use of these properties. Certain of our lease agreements in India or overseas may have not been registered with local authorities or duly registered as per applicable law. Consequently, we may not be able to enforce these leases in the event of default by the lessor. We may also be required to make additional stamp duty or similar payments for certain of our lease agreements that may currently be insufficiently stamped, which could have an adverse effect on our business, results of operations, cash flows and financial condition. Further, our lease agreements may expire from time to time when the term of the original lease expires, or may be prematurely terminated and there can be no assurance that we may be able to renew any such leases in time and on favourable terms or at all. In addition, we may be unable to recover the costs we incur to customize our leased outlets across the various regions where we operate. In the event that the lessors do not renew our lease agreements at the expiration of such lease agreements or in case our lease agreements are prematurely terminated on any account or should the property become the subject to any litigation, or we are unable to recover our customization costs, it could have a material adverse effect on our business, cash flows, financial condition, and results of operations.

**17. *We may fail to anticipate or respond to changes in customer preferences in a timely manner, which could have a material adverse effect on our business, cash flows, financial condition and results of operations.***

The industry in which we operate is characterized by rapid change and frequent introduction of new products. Demand for our products and services depends on customer-related factors such as demographics, local preferences, the level of customer confidence in our products as well as on macroeconomic factors such as purchasing power and the condition of the economy. Our success depends on our ability to anticipate the tastes and preference of our customers and to offer affordable products and services that appeal to their needs and preferences in a timely manner. We may not succeed in the introduction and marketing of any new services, products or product innovations or be able to develop and introduce, in a timely manner, innovations to our existing services or products that are responsive to changing customer needs. Failure to successfully manage the launch of a new service or product or to release a service or product that meets our customers' expectations of our quality, effectiveness and performance may impact our brand reputation and negatively affect sales of our existing services or products and future services or product launches.

With constant improvement in technology, equipment used, and methods adopted there is an ever-increasing customer expectation from service providers. This is the reason that we proactively work towards upgrading our service offerings. It is a possibility that our competitors are able to upgrade service offerings before us, thereby creating increased expectations from our regular as well as prospective customers. We cannot guarantee that we can always upgrade our service offerings, and this can have a direct adverse impact on customer attention and retention.

In addition, sales of our new services or products may only replace sales of existing services or products without expanding our customer base or increasing our revenue. Expansion of our service or product offering may also make it more difficult for us to control the quality of the services we provide or ensure proper handling, storage, and delivery of our products. We may experience higher return rates on new services or products, receive more complaints from customers and face liability claims as a result, which would harm our brand and reputation as well as our financial performance.

While we are sensitive to customer sentiment, carry utmost respect for every customer and strive to deliver wellness through our services, some of our campaigns, especially for our weight management packages and hair transplant packages could be misconstrued as setting unrealistic standards for human body. In the current scenario, with the availability of social media, our campaigns could be misunderstood, and we may face backlash from mass social media users across geographies. While we are very careful with the content of the advertisements and campaigns organized, any such backlash may impact our brand negatively. Customer preferences in this market are constantly evolving, and changes in those preferences or the introduction of new products or services by our competitors could put us at a competitive disadvantage. We cannot assure that we will be able to recover our investments in introducing new services or products or expanding into new service or product categories. These factors could have a material adverse effect on our business, cash flows, financial condition, and results of operations.

**18. *There have been delays on account of COVID 19 in payment of statutory dues of our Company.***

We are required to make payments of certain amounts pursuant to applicable laws in the jurisdictions in which we operate. Due to the impact of COVID-19 pandemic on the business and revenue of the Company, there have been certain delays in payment of the statutory dues. Such delays ranged from a few days to under four months, hence there have been significant delays in a large number of cases in Fiscal 2021, and slight delays in a few cases in Fiscal 2020 and 2019. The total amount of interest payable on account of such delay was ₹ 6.30 million for Fiscal 2021. As on the date of this DRHP, the Company has paid ₹ 4.00 million out of ₹ 6.30 million, and ₹ 2.30 million remains outstanding. While no penalties have been imposed on us for such delays by the concerned regulatory authorities, there can be no assurance that penalties will not be imposed on us in future for any delays in the future and which can have an impact on our financial conditions as well as reputation of our brand.

**19. *The illegal distribution and sale by third parties of counterfeit versions of our products could have a negative impact on our reputation and business.***

We are exposed to the risk that entities in India and elsewhere could pass off their products as ours by imitating our brand name, packaging material, and attempting to create counterfeit products, including spurious or pirated products. Third parties may illegally distribute and sell counterfeit versions of our products, which may be inferior or pose safety risks. While we devote sufficient resources to the registration and protection of our intellectual property and developing relationships with local customs



authorities, we may be unable to prevent the imitation and counterfeiting of our products, protect our trade secrets and product compositions or the infringement of our trademarks. Customers could confuse our products with these counterfeit products, which could cause them to refrain from purchasing our brands in the future and in turn could have a material adverse effect on our business, cash flows, financial condition, and results of operations. The presence of counterfeit versions of our products in the market could also dilute the value of our brand or otherwise have a negative impact on our reputation. This would not only reduce our market share due to replacement of demand for our products, whereby we may not be able to recover our initial development costs or experience loss in revenues but could also harm the reputation of our brands. The measures we take to protect our brands and other intellectual property include relying on Indian laws and initiating legal proceedings, but this may not be adequate to prevent unauthorized use of them by third parties. Detecting and protecting against the unauthorized use of our products, technology and proprietary rights is expensive, difficult and, in some cases, impossible. The proliferation of unauthorized copies of our products, and the time lost in defending claims and complaints about spurious products could decrease the revenue we receive from our products and have a material adverse effect on our reputation, business, cash flows, financial condition, and results of operations.

20. ***Certain events may cause our results to fluctuate, and results for any quarter, in particular the fourth quarter when we typically experience heightened sales, may not necessarily be indicative of the results that may be achieved for the full financial year.***

Our business results may fluctuate depending on our marketing efforts, which include our end-of-Fiscal promotional events when our products and services are bundled or when certain products or services are offered at a discount. In connection with this peak season resulting from our promotional events, we increase our brand investment and source additional products. In India, we typically experience increased sales in the fourth quarter of a Fiscal due to festivals, promotions, schemes, and wedding seasons. In addition, we tend to have significantly lower sales during the Ramadan period in the GCC Region, and Bangladesh.

On account of such factors, results during any interim financial period cannot be used as an accurate indicator of our annual results. In addition, we may take certain marketing actions that could have a disproportionate effect on our business, prospects, cash flows, financial condition, and results of operations in a particular period or selling season. For example, our brand investment substantially increases in anticipation of the release of a new service offering or product, which we may choose to launch at any time of the year. These initiatives may disproportionately impact results in a particular period, and we believe that comparisons of our operating results across quarterly periods are not necessarily meaningful and cannot be relied upon as indicators of future performance. For details, please refer to “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on page 322.

21. ***We depend on the experience and skill of our management team and key managerial personnel, and an inability to retain or attract qualified personnel may adversely affect our business.***

We depend on the expertise, skill and continued services of our Promoters, management team, and key managerial personnel, both in India as well as overseas. We operate in a highly dynamic industry and there can be no assurance that we will be successful in recruiting and retaining enough personnel with requisite skills to replace those personnel who leave. Our ability to maintain our position in the Wellness & Beauty industry depends on our ability to attract, train, motivate and retain highly skilled personnel. The loss of key personnel, including members of management as well as key product development, marketing, technical and sales personnel, or our inability to recruit new personnel or skilled professionals such as nutritionists and dermatologists or retain the acquired personnel, could hamper our growth, disrupt our operations and have a material adverse effect on our business, cash flows, financial condition and results of operations. Furthermore, an increase in the rate of attrition of experienced employees, would adversely affect our growth strategy.

As we continue to grow, we cannot guarantee that we will continue to attract the personnel we need to maintain our competitive position. Although our senior management team in India has been associated with us for an average of 10.5 years, we may in the future experience turnover in our senior management team. Our success is substantially dependent on the expertise and services of our management team. Our attempts to replace members of the senior management team and our ability to effect the new members’ smooth transitions into their roles may have a negative impact on our business. If we do not succeed in attracting, hiring, and integrating qualified personnel, or retaining and motivating existing personnel

including our service professionals, we may be unable to grow effectively. In addition, our sales personnel and members of our vocational training workforce typically have a significant level of expertise with our products and in the Wellness & Beauty industry as well as established relationships with the salons that sell our products. Any significant losses of personnel in our sales personnel and vocational training workforce could have a material adverse effect on our business, cash flows, financial condition, and results of operations.

Further, we rely on our skilled personnel to deliver wellness treatments and beauty services. The quality of our services is highly dependent on the skill and experience of our staff. Skilled resources in our industry frequently prefer starting their own ventures and moving on from employment under larger organizations. Our inability to attract or retain skilled workforce can directly impact our ability to deliver consistency in services and can negatively affect our brand reputation. Further, with growing competition in the industry, there is a greater demand for skilled professionals, leading to pressure on profitability and continued risk of losing experienced and skilled personnel to competition. If our staff have poor service attitudes, or are unable to address our customers' service requirements, we may be unable to ensure customer satisfaction which could in turn result in complaints from our customers. Any such complaints escalating to legal claims or any negative publicity may adversely affect our business and reputation.

**22. *Delay in collecting export proceeds and imposition of any penalties may have an adverse impact on our business.***

Our growing distribution network reaches over 110,000 retail outlets in India, apart from retail outlets in the overseas markets. For the Fiscals 2021 and 2020 and 2019, our subsidiary, VLCC Personal Care Limited, derived 5.0%, 4.1% and 7.3% of its revenue from exports of products, respectively. We may experience delay in collection of export proceeds. These destination countries and markets for our products and services may impose varying duties and other levies on our products, which may affect our ability to compete with local manufacturers and other competitors with more widespread operations that may enable them to coordinate delivery and supplies from strategically located manufacturing facility in a more cost competitive manner. There can be no assurance that the duties or other levies or penalties imposed on our products by such destination countries will not change or increase, or that such change or increase will not adversely affect our business and results of operations. One of our subsidiaries, VLCC Personal Care, has dues recoverable from another subsidiary, VLCC Middle East LLC on account of sale of personal care products. Due to delay in collection of amounts, our subsidiary has approached the authorised dealer for extending the realisation period beyond permissible timelines, who in turn has applied to Reserve Bank of India to extend the period of realisation. The delay in collection of proceeds from overseas entities beyond permissible time limit requires approvals of local authorities. We cannot assure that we will be able to obtain the requisite approvals in a timely manner, or at all, which may have an adverse effect on our business, profitability, and growth prospects.

**23. *We are exposed to credit risks associated with our arrangements with our distributors and franchisees and non-payment or untimely payments as well as non-performance by them of their obligations may have a material adverse effect on our business, cash flows, financial condition, and results of operations.***

We rely on our network of distributors to distribute our products and have franchise agreements for certain of our Wellness Clinics and Institutes. Our credit terms vary according to the type of arrangement we have with our distributors and franchisees. If any of our distributors or franchisees fails to make payment to us or becomes insolvent, we could suffer losses and a material adverse effect on our business, cash flows, financial condition, and results of operations. While we believe that we have not experienced material losses in this respect, there is a risk that severe, unusual conditions could affect our distributors' or franchisees' ability to pay their debts, which could result in a material adverse effect on our business, cash flows, financial condition and results of operations.

For our distributors, we typically ship products on delivery against acceptance. The documents evidencing title to the products are released to the distributors only against advance payment or acceptance of post-dated checks for payment at a future date, with very few case-to-case exceptions. In case of any disputes or differences or default with regard to our payments or payment of interest which we may levy upon such default, we would have to initiate appropriate recovery proceedings and in many instances in the jurisdiction of the distributor or franchisee which may pose additional challenges due to our unfamiliarity with the civil laws and procedures of such jurisdiction. In addition, we may be subject to working capital shortages due to delays or defaults in payments by customers.

We also engage agents on a non-exclusive basis for clearance and storage of our products, which are then supplied to our distributors, wholesalers or directly to our Wellness Clinics and Institutes. Clearing and forwarding agents store our products in their warehouses, although we continue to own the warehoused products. In addition to commission payable to clearing and forwarding agents, we incur costs of local transportation and reimburse certain expenses incurred by such agents in accordance with the terms of the agreements entered into with such agents. While our arrangements with these agents include contractual protections to ensure high standards of service by our agents, we have limited control over such agents, and we cannot assure that our products will not be misused or subject to transportation or other logistical failures, which would adversely affect our distribution network and also have a material adverse effect on our business, cash flows, financial condition, and results of operations. If our distributors or franchisees default in their payments on an assignment for which we have devoted significant resources or if an order or assignment in which we have invested significant resources is delayed, cancelled, or curtailed, it could have a material adverse effect on our business, cash flows, financial condition, and results of operations. Further, since we accept advances from the customers as part of payment for our services, any delay or failure to collect payments from such customers could have a material adverse effect on our business, cash flows, financial condition, and results of operations.

**24. *Changes in technology may affect our competitive position in the future and disruption or failures of our IT systems could have a material adverse effect on our business, cash flows, financial condition and results of operations.***

Our business strategy includes developing an advanced information technology (“IT”) system to better collect and manage our customers’ information across our various service offerings, both to enhance the effectiveness of our service offerings, to increase up-selling and cross-selling opportunities, enable greater customer engagement and expand reach. See “*Our Business-Goals & Strategies*” on page 166. In addition, production equipment, processes and logistical systems are important technologies in our product manufacturing business. We expect these technologies to continue to play an important role in the processing and delivery of our services and products to customers in a cost-effective manner.

Our ability to compete effectively in the future will, in part, be driven by our ability to efficiently maintain, update and change our technology platforms as well as integrate new technologies into our business. For example, we intend to develop a mobile app for providing innovative service offerings. The failure to integrate our developed IT platforms, failure to maintain appropriate standards of technology, the failure of technology to perform its intended purpose or the failure to adapt to new technologies may have a material adverse effect on our business, cash flows, financial condition, and results of operations.

In addition, our IT systems may be susceptible to operational data loss, general disruptions in functionality, and may not be compatible with new technology. We depend on our IT systems for the effectiveness of our operations and to interface with our customers and the distributors and retailers that purchase our products, as well as to maintain financial records and accuracy. Further, if we are unable to protect our credit card or debit card data or any data related to any other electronic mode of payment, or any other personal information that we collect, our reputation could be significantly harmed. As part of our payment options, we allow our customers to pay through their debit card or credit card or e-wallets, while undertaking such transactions we get cardholder information. In addition to this, we also collect certain personal information of our customer for providing them with personalized services. Unauthorized access to our computer systems, or those of our third-party service providers, and misuse of our confidential or proprietary data, by third parties or our own employees, could result in the theft or publication of the information or the deletion or modification of sensitive records, and could cause interruptions in our operations. Any inability to prevent security breaches could damage our relationships with our customers, cause a decrease in transactions by individual cardholders, expose us to liability which may not be capped or limited under our agreements with our customers and which may include claims for unauthorized purchases, and subject us to penalties. These claims also could result in protracted and costly litigation. If unsuccessful in defending that litigation, we might be forced to pay damages or change our business practices. The risk of data breach increases further as we intend to launch our mobile application.

**25. *Our inability or failure to recognise, respond to and effectively manage the accelerated impact of mobile based app, services at home, DIY (“Do it Yourself”) product kits, social media could materially adversely affect our business.***

The focus of our Company is to build a strong technology platform with our large customer base, so as to up to sell our data analytics capabilities allowing us to efficiently identify customer requirements and provide customized Wellness & Beauty services solutions and products to customers. However, we cannot assure to effectively manage the accelerated impact of technological advancements. Failure to effectively manage the impact to these advancements could have adverse material effects to our business. Our ability to anticipate such changes and to continuously develop and introduce new and enhanced products successfully on a timely basis will be a key factor in our growth. There can be no assurance that we will be able to keep pace with the technological advances that may be necessary for us to remain competitive. Further, any substantial change in preference of customers who are end users of our products will affect the demand for our products and services. Any failure to forecast correctly and/ or meet the changing demands may have an adverse effect on our business, profitability, and growth prospects.

26. ***We may be unable to manage the complexities of our multi-channel strategy for our wellness products, which could have a material adverse effect on our business, cash flows, financial condition and results of operations.***

Our business strategy includes investing in our local retail distribution channels both in India and in the other countries in which we operate. See “*Our Business-Goals & Strategies- Accelerate growth of our Personal Care Products business*” on page 168. The increasing complexity of our retail distribution channels has resulted, and is expected to continue to result in, increased demands on our managerial, operational, and administrative resources and capacity. Effective oversight of sales through each channel is required to ensure that the additional distribution channels allow our products to reach new customers or facilitate additional purchases by existing customers instead of only shifting sales from one channel to another. The distributors and retailers who purchase our products may perceive our strategic expansion into, and the increased success of our sales through e-commerce websites as placing our business in direct competition with their interests, which could negatively affect our ability to sell our products through the traditional distribution and sales channels. Our gross margins typically vary across sales channels and within the same sales channel across geographic markets and, as a result, a shift in volumes between sales channels may negatively impact our profitability even while expanding our overall sales. We are subject to risk of sales through e-commerce channels owing to private labels and pricing power. If we do not effectively manage our multi-channel strategy, we may be unable to fully achieve our growth strategies or realize the full benefits of utilizing multiple sales channels, which may harm our business, cash flows, financial condition, and results of operations.

27. ***We may not be able to adequately establish and protect our intellectual property rights as a result of non- receipt of registration and may be subject to third parties’ claim for alleged infringement of intellectual property, which could harm our business.***

To establish and protect our intellectual property rights, we rely upon a combination of national, foreign and multi- national trademark and trade secret laws, together with contractual arrangements. Our expanded intellectual property portfolio through our Company, Promoters and Subsidiaries provides enhanced protection for the technology incorporated into our services and products but may also expose us to additional or increased infringement or litigation regarding our intellectual property. We are dependent on our “VLCC” brand and our ability to maintain and build our brand image successfully. We have registered the “VLCC” trademark under various classes with the Registrar of Trademarks in India under the Trademarks Act, 1999. These trademarks are registered in the name of the Company. Additionally, we have also registered the “VLCC” trademark in the name of VLCC International Inc, our Subsidiary, under various classes in UAE, Australia, New Zealand, Kenya, Singapore, Canada and Indonesia. As on date of this Draft Red Herring Prospectus, our Company has obtained 34 trademark registrations under the Trademarks Act, 1999; one trademark application is presently objected. For further details, see the section titled “*Government and Other Approvals*” on page 374. We may not be able to prevent infringement of our trademarks and a passing off action may not provide sufficient protection until such time that these registrations are granted.

We believe that there may be other companies or vendors which operate in the unorganized sector using our brand names. Any such activities could harm the reputation of our brand and sales of our products, which could in turn adversely affect our financial performance and the market price of our Equity Shares. The measures that we take to protect our intellectual property rights may prove inadequate to prevent third parties from passing off, infringing or misappropriating them. Although we have filed oppositions with the Registrar of Trademarks against registration of trademarks similar to those registered in our name, we cannot assure that such objections would be successful without excessive delay or at all. We may need to resort to litigation to enforce or defend our intellectual property rights. If a competitor files

a trademark application claiming a trademark, service mark or trade dress also used by us, in order to protect our rights, we may have to participate in expensive and time-consuming opposition or interference proceedings before the relevant trademark office or agency. Similarly, our intellectual property rights may be challenged by third parties or invalidated through administrative processes or litigation. Obtaining, protecting, and defending intellectual property rights can be time consuming and expensive, and may require us to incur substantial costs, including the diversion of the time and resources of management and technical personnel.

In addition, even if our intellectual property rights are not directly challenged, disputes with third parties could lead to the weakening or invalidation of our intellectual property rights, or our competitors may independently develop products that are substantially equivalent or superior to our products. Moreover, the laws of certain countries in which we operate or may operate in the future may not protect, and the governments of certain countries may not enforce, intellectual property rights to the same extent as do the laws and government of other countries, which may negate our competitive or technological advantages in such markets. If we are deemed to be infringing a third party's intellectual property and are unable to continue using that intellectual property as we had been, our business and results of operations could be harmed if we are unable to successfully develop non-infringing alternative intellectual property on a timely basis or license non-infringing alternatives or substitutes, if any exist, on commercially reasonable terms. In addition, an unfavourable ruling in intellectual property litigation could subject us to significant liability, as well as require us to cease developing, manufacturing, or selling the affected products or using the affected processes or trademarks. Any significant restriction on our proprietary intellectual property that impedes our ability to develop and market our products could have a material adverse effect on our business, cash flows, financial condition, and results of operations. Furthermore, many of our current and potential competitors may have the ability to dedicate substantially greater resources to protecting their technology or intellectual property rights than we do. Accordingly, despite our efforts, we may not be able to prevent third parties from infringing upon or misappropriating our intellectual property, which could result in a substantial loss of our market share.

**28. *Failure to protect the confidentiality of our proprietary information and know-how may significantly harm the value of our technology.***

As a company engaged in the manufacture of Wellness & Beauty products, we are subject to a broad range of safety, health and environmental laws and regulations in the jurisdictions in which we operate. For instance, our products along with our manufacturing facilities located in India and the disposal and storage of raw materials, chemicals and waste-water from such production facilities are subject to Indian laws and regulations on safety, health and environmental protection. These laws and regulations also impose controls on our air and water discharges, storage, handling and disposal of chemicals, employee exposure to hazardous substances and other aspects of our operations and products. We rely on trade secrets, know-how and other proprietary information in operating our business. For instance, the Company and one of our Subsidiaries, VLCC Personal Care Limited have entered into a technical know-how agreements with our Promoter, Mrs. Vandana Luthra. If this information is not adequately protected, then it may be disclosed or used in an unauthorized manner. To the extent that consultants, key employees or other third parties apply information independently developed by them or by others to our proposed products, disputes may arise as to the proprietary rights to such information, which may not be resolved in our favour. The risk that other parties may breach confidentiality agreements or that our trade secrets may become known or may be independently discovered by competitors, could harm us by enabling our competitors, who may have greater experience and financial resources, to copy or use our trade secrets and other proprietary information in the advancement of their products, methods or technologies. The disclosure of our trade secrets would impair our competitive position, thereby weakening demand for our services or products and harming our ability to maintain or increase our customer base.

**29. *Failure of our quality control protocols could result in defective or dangerous products being sold, which may require product recalls or other corrective actions.***

Although we have not been subject to any material litigation regarding defective products in the past, and have not conducted any significant product recalls or other material corrective action, these events may occur in the future. Failure to meet our quality control and safety standards or third-party certification requirements due to manufacturing defects or supply chain failures may result in adverse effects on our customers, potential litigation exposure, and loss of market share, reputational damage, financial costs and loss of revenue. In addition, if our products fail to meet our quality control standards,

we may be required to incur substantial costs in taking appropriate corrective action (including recalling products from customers and sales channels) and to reimburse customers for losses suffered as a result of this failure.

Customers may seek to recover these losses through litigation and, under applicable legal rules, may succeed in any such claim even if there is no negligence or other fault on our part. Placing an unsafe product on the market, failing to notify the regulatory authorities of a safety issue, failing to take appropriate corrective action or failing to meet third party certification requirements or other regulatory requirements relating to product safety could lead to regulatory investigation, enforcement action and prosecution. Any product quality or safety issue may also result in adverse publicity, which may damage our brand reputation. Any liability resulting from a product defect, if it were to be established in relation to a sufficient volume of claims or to claims for sufficiently large amounts, could have a material adverse effect on our business, cash flows, financial condition, and results of operations.

Due to the nature of our business, we face an inherent business risk of exposure to product liability or recall claims if our products or services fail to perform as expected or any such failure results, or is alleged to result, in bodily injury. Claims could be actual or based on allegations that, among other things, our products contain contaminants or have been manufactured incorrectly, involve false or misleading product labelling or advertising, or include inadequate instructions or provide inadequate warnings concerning incorrect or unintended use of products and services or concerning side effects or interactions with other substances. All such allegations, whether deliberate or accidental, could result in legal liability, damage to our reputation and may adversely affect our business prospects and consequently our financial performance. While we follow stringent quality control processes and quality standards, there can be no assurance that our products will not be contaminated or suffer deterioration.

Furthermore, from time to time we make certain claims relating to the potential health benefits of some of our services in our promotional materials, and these claims could be subject to challenge by consumers. Although we maintain adequate insurance, we cannot guarantee that such insurance coverage will be adequate under certain circumstances or continue to be available at acceptable terms, including, among other things, the premium payable. As a result, civil claims may be brought against us. Even when correlation or causation between our product and a claim or injury is not conclusive, we may decide to, or regulatory authorities may require that we, withdraw the product from the market and/or we may incur significant costs, including the possibility of paying substantial damages. Withdrawals of products from the market and/or the incurrence of significant costs, including the requirement to pay substantial damages in personal injury cases, would materially affect our business and results of operation. In addition, product liability claims could result in negative publicity that could materially adversely affect our sales, business, cash flows, financial condition, and results of operations.

**30. *Any downward revision of our credit ratings could result in an increase in the interest rates we would pay on any new borrowings and could decrease our ability to borrow as much money as we require to finance our business.***

Our borrowing costs and our access to the debt capital markets depend significantly on our credit ratings. Any adverse revisions to our credit ratings may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such financing is available, including raising any overseas additional financing. This could have an adverse effect on our ability to fund our growth on favourable terms or at all, and consequently adversely affect our business and financial performance and the price of our Equity Shares.

**31. *Our Statutory Auditors have included certain emphasis of matters in the auditors' reports on our audited consolidated financial statements for the last two fiscal years. Further, the auditors have included certain modifications in their reporting under Companies (Auditors Report) Order, 2016 ("CARO") on our audited standalone financial statements for the Fiscal 2021, 2020 and 2019.***

The audit reports on the audited consolidated financial statements for the Fiscals 2021, 2020 and 2019 contain the following emphasis of matters:

In Fiscal 2021 and 2020, the Statutory Auditors have drawn attention to the management's assessment of the impact of the outbreak of COVID-19 on the business operations of the Group. Similar emphasis

of matters were included in the auditor's report on the audited standalone financial statements of our subsidiary VLCC Personal Care Ltd. Further, our Statutory Auditors have included certain modifications, relating to delays in deposit of statutory dues, in their reporting under the Company (Auditor's Report) Order 2016. There can be no assurance that our Statutory Auditors will not include such matters of emphasis or other similar comments in the audit reports to our audited financial statements in the future, or that such modification will not affect our financial results in future fiscal periods. Investors should consider these matters of emphasis and related remarks in evaluating our financial condition and results of operations. Any such modification in the auditors' report on our financial statements in the future may also adversely affect the trading price of our Equity Shares.

- 32. *Any conflict of interest which may occur between our business and any other similar business activities pursued by our Promoters or Directors could have a material adverse effect on our business, cash flows, financial condition, and results of operations.***

While our Promoters do not, as of the date of this Draft Red Herring Prospectus, engage in any other business activities similar to our business lines, we have not entered into any non-solicitation or non-compete arrangements to address any such conflict which may arise in the future. In addition, while none of our Promoters, Directors or members of our Promoter Group has undertaken any business in conflict with our Company, we cannot assure that such a conflict will not arise in the future, or that we will be able to suitably resolve any such conflict without an adverse effect on our business or operations. We cannot assure that our Promoters, Directors or members of our Promoter Group will not provide comparable services, solicit our employees or acquire interests in competing ventures in the locations or segments in which we operate, which could have a material adverse effect on our business, cash flows, financial condition and results of operations.

- 33. *Our Promoters, Directors and key managerial personnel have interests in us other than normal remuneration, benefits and reimbursement of expenses.***

Our Promoters are interested in our Company to the extent of their shareholding and directorship in our Company and the dividend declared, if any. In addition to remuneration or sitting fees and reimbursement of expenses, as applicable, our Directors and Key Managerial Personnel may also be deemed to be interested in the Equity Shares held by them, including any stock options that may be granted to them from time to time under the VLCC Employee Stock Option Plan 2007, VLCC Employee Stock Option Plan 2015 and VLCC Employee Stock Option Plan 2021, or any Equity Shares held by their relatives or to the companies, firms or trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Offer, and to the extent of any dividend payable to them and other distributions in respect of the Equity Shares held by them. Moreover, pursuant to technical knowhow arrangements entered into by our Company and VLCC Personal Care Limited with Mrs. Vandana Luthra, she received fees amounting to ₹ 0.55 million for Fiscal 2021. For further details, see "Our Management - Interest of Directors" and "Our Promoter and Promoter Group - Interest of Promoters" on page 220 and page 234, respectively.

- 34. *Some of our corporate records are not traceable. These corporate records may not be available in future and we may be subject to penalty imposed by the competent regulatory authority in this respect.***

We are unable to trace copies of certain corporate records and filings made by our Company in the past. In particular, we have been unable to trace: (i) the share transfer form for the transfer of 900 Equity Shares on March 31, 2001; and (ii) share transfer forms for the transfer of 700 Equity Shares on March 1, 1999.

Further, as per report dated July 16, 2021, Sanjay Grover & Associates, Company Secretaries, have conducted a search for these records with the RoC and have not been able to retrieve these records. While we believe that these forms were duly filed on a timely basis, we have not been able to obtain copies of these documents. We cannot assure you that these form filings and corporate records will be available in future or that we will not be subject to any penalty imposed by the competent regulatory authority in this respect.

- 35. *There are certain outstanding legal proceedings involving our Company, Promoters, Directors, and Subsidiaries which, if determined against us, could have a material adverse effect on our business, cash flows, financial condition and results of operations.***

Our Company, Promoters, certain of our Directors and Subsidiaries are currently involved in a number of legal proceedings, pending at different levels of adjudication before various courts and tribunals. A

classification of outstanding legal proceedings and the monetary amount involved in the cases we are currently involved in is mentioned in brief below:

Type of Proceedings	Number of cases	Amount (₹ in million)
<b>Cases involving our Company</b>		
Criminal proceedings	1	-
Actions by statutory or regulatory authorities	3	-
Claims related to direct and indirect taxes	33	32.67
Other pending material litigation proceedings	1	34.91
<b>Total (A)</b>	<b>38</b>	<b>67.58</b>
<b>Cases involving our Directors other than our Promoters</b>		
Criminal proceedings	Nil	Nil
Actions by statutory or regulatory authorities	Nil	Nil
Claims related to direct and indirect taxes	Nil	Nil
Other pending material litigation proceedings	1	520.00
<b>Total (B)</b>	<b>1</b>	<b>520.00</b>
<b>Cases involving our Promoters</b>		
Criminal proceedings	Nil	Nil
Actions by statutory or regulatory authorities	Nil	Nil
Claims related to direct and indirect taxes	1	1.23
Disciplinary action taken against our Promoters in the five Fiscals preceding the date of this Draft Red Herring Prospectus by SEBI or any stock exchange	Nil	Nil
Other pending material litigation proceedings	Nil	Nil
<b>Total (C)</b>	<b>1</b>	<b>1.23</b>
<b>Cases involving our Subsidiaries</b>		
Criminal proceedings	102*	57.77
Actions by statutory or regulatory authorities	6	4.31
Claims related to direct and indirect taxes	14	19.89
Other pending material litigation proceedings	2	66.00
<b>Total (D)</b>	<b>124</b>	<b>147.97</b>
<b>Total (A + B + C + D)</b>	<b>164</b>	<b>736.78</b>

\*Including 100 criminal complaints filed by VLPC, our Subsidiary, against certain of its distribution channel members before various judicial jurisdictions, under Section 138 of the Negotiable Instruments Act, 1881 for cheques which on presentation were dishonored by the bank.

We may be required to devote management and financial resources in the defence or prosecution of such legal proceedings. Should any new developments arise, including a change in Indian law or rulings against us by the appellate courts or tribunals, we may face losses and have to make further provisions in our financial statements, which could increase our expenses and our liabilities. There can be no assurance that the provisions we have made for litigation will be sufficient or that further litigation will not be brought against us in the future. Decisions in such proceedings adverse to our interests may have a material adverse effect on our business, cash flows, financial condition, and results of operations. Further, delay in settlement of statutory dues, vendor payments and employee settlement cases may also have an adverse impact on us. Owing to the impact of the COVID-19 pandemic, our Company took various steps including salary cuts and leave without pay. We may be subject to litigation due to claims that may be made by our employees. We cannot assure you that steps taken by the Company would be taken favourably by the court or authorities in case of any litigation and any adverse order will impact our cash flows and financial condition.

In the event significant claims are determined against us and we are required to pay all or a portion of the disputed amounts, there could be a material adverse effect on our business and profitability. We cannot provide any assurance that these matters will be decided in our favour. Furthermore, we may not be able to quantify all the claims in which we are involved. Failure to successfully defend these or other claims or if our current provisions prove to be inadequate, our business and results of operations could be adversely affected. Even if we are successful in defending such cases, we will be subject to legal and other costs relating to defending such litigation, and such costs could be substantial. In addition, we cannot assure that similar proceedings will not be initiated in the future. This could adversely affect our business, cash flows, financial condition, and results of operation.



For further details in relation to legal proceedings involving our Company, Promoters, Directors and Subsidiaries, see “*Outstanding Litigation and Material Developments*” on page 368.

36. ***Our employees may abuse our payment collection processes and customer data, and we may be held liable for such abuses, and we may be unable to detect and control instances of fraud, negligence, misconduct and misrepresentation by employees which may adversely affect brand reputation and also cause financial losses in form of lawsuits.***

Our customers may pay us either by cash, electronic funds transfer, cheque, or credit card. Our cash sales result in the availability of cash at each wellness clinic in a cash drawer or safe, which could be misappropriated by employees if there are any lapses in our internal control systems. While we have taken relevant insurance cover, we cannot assure that the associated risk may be completely avoided.

Our staff may also have access to potentially sensitive customer information including the customer’s name, address, and contact details. For example, after serving a customer, a therapist is responsible for entering the sale into the point-of-sale database system or for swiping the customer’s credit card with the Wellness Clinic’s card scanner. Such customer information could be abused by employees if there are any lapses in our internal control systems, and we may be held liable for such abuses.

As a primarily service-based business, we extensively rely on our employees for providing quality services to our customers and, therefore, we have an extensive hiring procedure. Despite having an extensive hiring procedure, we cannot assure that we will be able to detect and control all instances of fraud, negligence, misconduct, and misrepresentation by our employees. In the course of business, our employees get access to personal information of our customers, access to our company database, access to petty cash, financial registers and proprietary information, and there is a possibility that an employee might misuse such information. This may adversely affect our brand reputation and cause financial losses in the form of lawsuits.

37. ***The prices of raw materials used in the production of our products could rise in the future, and if we are unable to compensate for or pass on the cost of such raw materials to customers, such increased costs could have an adverse impact on our business, cash flows, financial condition and results of operations.***

In Fiscals 2019, 2020 and 2021, our cost of raw materials and packaging materials constituted 28.2%, 30.2%, and 25.8% respectively, of our total sale of products as per the Restated Consolidated Summary Statements. We rely on few or limited number of suppliers for supply of raw material. Any interruption in the workstreams for supply of raw material could have an adverse impact on our business, cash flows, financial condition, and results of operations. Further, the prices of raw materials and packaging materials used in the production of our products could rise in the future and if we are not able to compensate for or pass on our increased costs to customers, such increased costs could have an adverse impact on our business, cash flows, financial condition, and results of operations.

38. ***We will be controlled by our Promoters so long as they control a majority of our Equity Shares.***

After the completion of the Offer, our Promoters will continue to hold controlling stake in our equity share capital. For more information on the pre-Offer and post-Offer shareholding of our Promoters, see “*Capital Structure*” on page 75. As a result, our Promoters will have the ability to exercise significant control over us and all matters requiring shareholder approval, including election of directors, our business strategy and policies and approval of significant corporate transactions such as mergers and business combinations. The extent of their shareholding in our Company may also delay, prevent or deter a change in control, even if such a transaction is beneficial to our other shareholders. The interests of our Promoters as our controlling shareholders could also conflict with our interest or the interests of our other shareholders. We have in the past and will continue to enter into related party transactions with our Promoters. We cannot assure that our Promoters will act to resolve any conflicts of interest in our favour and they may take actions that are not in the best interests of our Company or that of our other shareholders. These actions may be taken even if they are opposed by our other shareholders including those who have purchased our Equity Shares in the Offer.

39. ***Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures.***

Our ability to pay dividends in the future as well as our future dividend policy depend on the profitability of our businesses, our future earnings, financial condition, cash flows, working capital requirements,

capital expenditures, restrictive covenants in our present and future financing arrangements as well as restrictions on payment of dividends under applicable local laws of jurisdictions where our Subsidiaries operate. As a result, we cannot assure that we will pay any dividend in the future. For details, please see "Dividend Policy" on page 237.

**40. *We are subject to restrictive covenants and interest rate increases under our financing arrangements and corporate guarantees that could limit our flexibility in managing our business or to use cash or other assets.***

As of March 31, 2021, our total borrowings, which is aggregate value of current borrowings and non-current borrowings (including current maturities of long-term loan), amounted to ₹ 1,331.66 million as per the Restated Consolidated Summary Statements. There are certain restrictive covenants in agreements entered into by our Company and Subsidiaries with various lenders, for seeking the prior permission of these lenders for undertaking various activities, including effecting any changes to our capital structure or shareholding pattern (including change in shareholding of our Promoters), change in our constitution; undertaking any merger, amalgamation or restructuring, implementing any scheme of expansion or undertaking any new projects, entering into borrowing arrangements, investing, whether by way of deposits, loans, investment in share capital or otherwise and effecting any amendments in our memorandum and articles of association. We cannot assure investors that we will receive such approvals in a timely manner or at all. In the event our lenders refuse to grant the requisite approvals, or impose onerous conditions in the approvals granted, our business or corporate strategies may be adversely impacted.

In addition, these restrictive covenants may also affect our ability to pay dividends if we are in breach of our obligations to pay amounts owed by us under a relevant financing agreement. Certain financing agreements also require us to maintain specified financial ratios. Certain financial ratios we are subject to under our financing arrangements are calculated at a consolidated level. Therefore, results of operation of our Subsidiaries may also affect our compliance with such covenants at the Company level. We have in the past been unable to comply with financial ratios and covenants which we are subject to under our financing arrangements. All the covenants covered in all the term loans have been complied with during the year ended March 31, 2021. However, some of the financial covenants of HDFC Bank for the year ended March 31, 2020 and March 31, 2019 were not met by VLCC Personal Care Limited, one of the subsidiaries of the Company, and the same was informed to HDFC Bank. While no punitive action has been taken against us by these lenders, in the event of any breach of any covenant contained in these financing agreements, we may be required to immediately repay our borrowings either in whole or in part, together with any related costs. Furthermore, some of our financing arrangements also contain cross default provisions which could automatically trigger defaults under other financing arrangements and certain financing arrangements provide the banks and financial institutions with the right to convert amounts due into equity in the case of default. For further details on our financing agreements, see "Financial Indebtedness" on page 365.

In addition, since in most of the facilities availed by us, the interest rate is typically the base rate of a specified lender and spread per annum, we are susceptible to changes in interest rates and the risks arising therefrom. Our financing agreements entail interest at variable rates with a provision for the periodic reset of interest rates. See the section "Financial Indebtedness" on page 365 for a description of interest payable under our financing agreements. If the interest rates for our existing or future borrowings increase, our cost of servicing our borrowings may increase, which may have a material adverse effect on our business, cash flows, financial condition, and results of operations.

Any additional financing that we require to fund our expenditure, if met by way of additional debt financing, may place restrictions on us which may, among other things, limit our ability to pursue our growth plans, require us to dedicate a substantial portion of our cash flow from operations to make payments on our debt, thereby reducing the availability of our cash flow to fund capital expenditures, meet working capital requirements and use for other general corporate purposes, limit our flexibility in planning for, or reacting to changes in our business and our industry, either through the imposition of restrictive financial or operational covenants or otherwise.

Further, our Company has availed interest-free unsecured loan from Mr. Mukesh Luthra that is repayable on demand. The outstanding amount of term loan- others (unsecured) is ₹ 50.00 million as on March 31, 2021. In the event that this loan is called in for repayment, alternative sources of financing may not be available on commercially reasonable terms, or at all. Any such unexpected demand for repayment may materially and adversely affect our business, liquidity, cash flows, financial condition, and results of

operations. Further details of the outstanding secured borrowings of our Company and our Subsidiaries including facilities repayable on demand and amounts outstanding thereof as on March 31, 2021, see “Financial Indebtedness” on page 365.

Furthermore, our Company has given unconditional and irrevocable corporate guarantees to financial institutions for loans availed by our Subsidiaries, amounting approximately to ₹ 398.10 million as on March 31, 2021. Any default or failure by our Company or Subsidiaries to repay their loans in a timely manner, or at all, could trigger repayment obligations on the part of our Promoters or our Company in respect of such loans, which in turn, could have an adverse effect on our business, cash flows, financial condition, and results of operation. In addition, while the corporate guarantees are irrevocable, in the event that our Promoters withdraw or terminate their guarantees, lenders for such facilities may ask for alternate guarantees, repayment of amounts outstanding under such facilities, or even terminate such facilities. We may not be successful in procuring guarantees satisfactory to the lenders, and as a result may need to repay outstanding amounts under such facilities or seek additional sources of capital, which could affect our financial condition and cash flows.

**41. *Strikes, work stoppages or increased wage demands by our employees could have a material adverse effect on our business, cash flows, financial condition, and results of operations.***

As of March 31, 2021, we had 2,967 employees, of which 2,109 were employees of our Company and the remainder was employees of our Subsidiaries. Although we have not experienced any material disruptions to our business operations due to disputes or other problems with our work force in the past, we cannot assure that we will not experience such disruptions in the future. Such disruptions may have a material adverse effect on our business, cash flows, financial condition and results of operations and may also divert management’s attention and result in increased costs.

We engage independent contractors to provide us with a part of the labour force engaged at our Haridwar Plant. Although we do not engage these labourers directly, it is possible under Indian law that we may be held responsible for the wage payments to labourers engaged by contractors should the contractor’s default on wage payments. Any requirement to fund such payments may adversely affect our business, cash flows, financial condition, and results of operations. In addition, pursuant to the provisions of the Contract Labour (Regulation and Abolition) Act, 1970, as amended, we may be required to absorb a portion of such contract labourers as our employees. Any such order from a court or any other regulatory authority may adversely affect our business, cash flows, financial condition, and results of operations.

India has a stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for the establishment of unions, dispute resolution and employee removal and legislation that imposes certain financial obligations on employers upon retrenchment. Although our employees are not currently unionized, we cannot assure that they will not unionize in the future. If our employees unionize, it may become difficult for us to maintain flexible labour policies, and we may face the threat of labour unrest and work stoppages that would result in a diversion of our management’s attention, which may have a material adverse impact on our business, cash flows, financial condition, and results of operations.

We are also subject to laws and regulations governing relationships with employees, such as those involving minimum wage, maximum working hours, overtime, working conditions, hiring, and terminating of employees and work permits. A shortage of skilled personnel or work stoppages caused by disagreements with our employees could have an adverse effect on our business, cash flows, financial condition, and results of operations.

**42. *Some of our Subsidiaries have incurred losses in the last three financial years, as applicable.***

Certain of our Subsidiaries have incurred losses in the last completed Fiscal. Provided below are the profit after tax/ loss details of our Subsidiaries for Fiscals 2021, 2020 and 2019:

Name of Subsidiary	Fiscal 2021	Fiscal 2020	Fiscal 2019
	₹ million		
VLCC Personal Care Ltd	71.77	(74.91)	(191.17)
VLCC Wellness Research Centre P Ltd	(0.89)	(1.00)	1.42

Name of Subsidiary	Fiscal 2021	Fiscal 2020	Fiscal 2019
	₹ million		
VLCC Online Services P Ltd	1.12	(1.32)	(0.10)
Vanitycube Mobile Spa and Salon P Ltd	2.77	(1.47)	(34.52)
VLCC Employee Welfare Trust	(0.01)	(0.01)	(0.02)
VLCC International Inc	(17.72)	(300.67)	(38.08)
VLCC Middle East LLC	(7.02)	(22.88)	(29.46)
VLCC International Limited Liability Co	(37.44)	(8.37)	(0.91)
Wyann International (M) SDN BHD	(0.19)	42.11	(105.61)
VLCC Wellness (East Africa) Limited	(5.56)	(5.38)	(5.23)
VLCC International Kuwait Health Care Institute Limited Liability Co	(36.62)	(50.04)	(67.43)
VLCC Health Care (Bangladesh) Pvt Ltd	(3.79)	28.02	17.59
VLCC Personal Care (Bangladesh) Pvt Ltd	(0.05)	0.35	(4.32)
VLCC Healthcare Lanka (Pvt) Ltd	(0.59)	4.89	(4.71)
VLCC Singapore Pte Ltd	(0.35)	(3.32)	0.72
Global Vantage Innovative Group Pte Ltd	(0.29)	(0.33)	(0.65)
Celblos Dermal Research Centre Pte Ltd	2.32	(53.40)	(35.30)
Excel Beauty Solution SDN BHD	(0.05)	(0.10)	(0.08)
Bellewave Cosmetics Pte Ltd	9.08	(10.80)	12.64
VLCC Holding (Thailand) Co.Ltd	(0.34)	(0.27)	(0.26)

43. *We have in the past, and may enter into related party transactions in the future. We cannot assure that we could not have achieved more favourable terms if such transactions had not been entered into with related parties or that we will be able to maintain existing terms, in cases where the terms are more favourable than if the transaction had not been conducted with related parties.*

We have in the past, and may in the future enter into related party transactions with our Subsidiaries and Promoters. For instance, Mrs. Vandana Luthra, our Promoter, provides know-how, goodwill and services to our Company and our Subsidiary, VLCC Personal Care Limited pursuant to technical know-how agreements entered into in 2004, 2014 and 2019 respectively. For further details, see the sections titled “Our Promoters and Promoter Group-Payment or benefits to our Promoters or Promoter Group” and “Related Party Transactions” on page 234 and page 321, respectively. While we believe that our past related party transactions have been conducted on an arm's length basis, we cannot assure that for such transactions in future we would be able to achieve more favourable terms. We cannot assure that such transactions in the future, individually or in aggregate, will not have material adverse effect on our business, cash flows, financial condition, and results of operations, resulting from potential conflicts of interest or otherwise.

44. *We have experienced negative cash flows in relation to our investing activities for Fiscals 2019, 2020 and 2021 as well as in relation to our financing activities for Fiscal 2019, 2020, 2021. Any negative cash flows in the future would have a material adverse effect on our business, cash flows, financial condition, and results of operations.*

We had net cash used in investing activities of ₹ 399.23 million, ₹ 309.92 million, and ₹ 124.89 million for Fiscals 2019, 2020 and 2021, respectively as per the Restated Consolidated Summary Statements. If we experience any negative cash flows in the future, this could have a material adverse effect on our business, cash flows, financial condition, and results of operations. For further details, see the sections titled “Other Financial Information” and “Management's Discussion and Analysis of Financial Condition and Results of Operations” on pages 318 and 322, respectively.

45. *This Draft Red Herring Prospectus contains information from an industry report which we have commissioned from Frost & Sullivan.*

This Draft Red Herring Prospectus, in the sections titled “Offer Document Summary – Summary of Industry”, “Offer Document Summary – Summary of Business”, “Industry Overview”, “Our Business” and “Management's Discussion and Analysis of Financial Condition and Results of Operations” on pages 18, 18, 123, 156 and 322, respectively, includes information that is derived from an industry report titled “Wellness and Beauty Industry Report” dated July 15, 2021, prepared by Frost & Sullivan, an independent consultant, pursuant to an engagement with the Company. We commissioned this report for the purpose of confirming our understanding of the Wellness & Beauty industry in India. In addition, the data may have been re-classified by us for the purposes of presentation. Industry reports and publications generally state that their accuracy, completeness, and underlying assumptions are not guaranteed, and their reliability cannot be assured, and investment decisions should not be based on such information.

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 base their information on estimates, projections, forecasts, and assumptions that may prove to be incorrect. Accordingly, prospective investors are advised not to unduly rely on the information derived from industry reports when making their investment decisions. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources. Further, such assumptions may change based on various factors.

We cannot assure that Frost & Sullivan's assumptions are correct or will not change and accordingly, our position in the market may differ from that presented in this Draft Red Herring Prospectus. Further, the commissioned report is not a recommendation to invest or disinvest in our Company. We commissioned the F&S Report for the purposes of confirming our understanding of the industry. Prospective investors are advised not to unduly rely on the F&S Report when making their investment decision. The F&S Report contains estimates of market conditions based on samples. This information should not be viewed as a basis for investment and references to Frost & Sullivan should not be considered as Frost & Sullivan's opinion as to the value of any security or the advisability of investing in us.

## **EXTERNAL RISKS**

### **Risks related to our business**

**46. *Unfavourable economic conditions could result in a reduction in customer's discretionary spending levels and a decline in the demand for our products.***

Our business depends on customer demand for our products and services and, consequently, is sensitive to a number of factors that influence customer's discretionary spending. Negative local, regional, national, or international political or economic trends or developments that reduce customers' ability or willingness to spend may adversely affect our growth, sales, and profitability. Economic uncertainty, or deterioration in economic conditions, along with increasing unemployment levels, inflation and tax increases, all of which are factors outside our control, could affect disposable income and customer spending, and customers' perception of overall economic conditions and their own economic prospects could cause decreases in discretionary purchasing.

Additionally, demand for our products and services can also be impacted by the availability and cost of customer credit, levels of customer debt, interest rates and levels of taxes affecting customers, which may adversely affect our revenue and profits through reduced purchases of our products. Despite recent signs of recovery, the outlook for the economy in the geographic markets in which we sell our products remains uncertain. Due to an element of discretionary spending for our products and services and the fact that such purchases often represent a significant expenditure, customers are more likely to defer the purchase of products and services, or purchase less expensive products from our competitors, during periods of economic uncertainty or personal economic hardship. Accordingly, unfavourable economic conditions or an uncertain economic outlook in one or more of the principal markets in which we operate could have an adverse effect on customer's discretionary spending, which in turn could have a material adverse effect on our business, cash flows, financial condition, and results of operations.

**47. *Changing laws, rules and regulations and legal uncertainties, including adverse application of corporate and tax laws, may have a material adverse effect on our business, cash flows, financial condition, and results of operations.***

The governmental and regulatory bodies in India and other jurisdictions where we operate may notify new regulations and/or policies, which may require us to obtain approvals and licenses from the government and other regulatory bodies, or impose onerous requirements and conditions on our operations, in addition to those which we are undertaking currently. Any such changes and the related uncertainties with respect to the implementation of new regulations may have a material adverse effect on our business, cash flows, financial condition, results of operations and cash flows. In addition, unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment laws governing our business, operations and investments in our Company by non-residents, could result in us being deemed to be in contravention of such laws and/or may require us to apply for additional approvals.

Tax and other levies imposed by the central and state governments in India that affect our tax liability include central and state taxes and other levies, income tax, turnover tax, goods and services tax, stamp duty and other special taxes and surcharges which are introduced on a temporary or permanent basis from time to time. The final determination of our tax liabilities involves the interpretation of local tax laws and related regulations in each jurisdiction as well as the significant use of estimates and assumptions regarding the scope of future operations and results achieved and the timing and nature of income earned, and expenditures incurred. We are involved in certain disputes with tax authorities. For details of these disputes, see “*Outstanding Litigation and Material Developments*” on page 368. Moreover, the central and state tax scheme in India is extensive and subject to change from time to time. Any change in Indian tax laws could have an effect on our operations. For instance, the Taxation Laws (Amendment) Ordinance, 2019, a new tax ordinance issued by India’s Ministry of Finance on September 20, 2019, prescribes a number of changes to the income tax rate applicable to companies in India. According to this new ordinance, companies can henceforth voluntarily opt for a concessional tax regime (subject to no other special benefits/exemptions being claimed), which would ultimately reduce the effective tax rate for Indian companies from 34.9% to approximately 25.2%. Any such future amendments may affect our other benefits such as an exemption for income earned by way of dividend from investments in other domestic companies and units of mutual funds, exemption for interest received in respect of tax free bonds, and long-term capital gains on equity shares if withdrawn by the statute in the future, and the same may no longer be available to us. Any adverse order passed by the appellate authorities/ tribunals/ courts would have an effect on our profitability. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future.

At present we receive certain tax exemptions and benefits. We cannot assure that this exemption status or existing tax benefits will continue to be available in the future. Changes in, or elimination of, such tax position or benefits could have a material adverse effect on our business, cash flows, financial condition, and results of operations. Furthermore, goods and services tax (“GST”) rates could increase in the future in India and in other countries which we operate. If we do not increase the prices of our products to match the increase in applicable taxes, our profitability margins will be negatively impacted. If we pass the increase in applicable taxes on to our customers by raising the prices of our products, the demand for our products may decline, which could have a material adverse effect on our business, cash flows, financial condition, and results of operations.

**48. *We are subject to significant international business risks, including risks related to exchange rates and foreign currencies that could hurt our business and cause our results of operations to fluctuate.***

For Fiscals 2019, 2020 and 2021, 34.4%, 33.1% and 36.8% of our revenue from operations, respectively, was from our international business. Our pursuit of international growth opportunities may require additional investments for an extended period before reasonable returns on these investments are realized. Our international operations are subject to currency fluctuations, including, without limitation, fluctuations in the foreign exchange rate of the Indian Rupee against the UAE Dirham, Singapore Dollar and Qatari Riyal. Changes in currency exchange rates may also affect our sales to, purchases from and loans to our Subsidiaries as well as sales to and purchases from our customers and suppliers that are denominated in foreign currencies. Our reporting currency in our financial information is the Indian Rupee, and our results of operations and financial condition are subject to translational foreign exchange risk as income, costs, assets, and liabilities denominated in currencies other than our reporting currency are translated back into Indian Rupee. We expect that the amount of our revenue and expenses transacted in foreign currencies will increase as our international operations grow and, as a result, our exposure to risks associated with foreign currencies could increase accordingly. We have not, as of March 31, 2021, entered into any formal arrangements to hedge against foreign currency fluctuations. We may be unable to successfully hedge our exposure to currency fluctuations in the future. We may also be unsuccessful in implementing pricing or other actions in an effort to mitigate the impact of currency fluctuations, which could have a material adverse effect on our business, cash flows, financial condition, and results of operations.

**49. *We are required to comply with various laws and regulations. Compliance and liability under applicable laws and regulations may be costly, subject to interpretation by regulatory authorities and changes in laws, which could make conducting our business more expensive or otherwise change the way we do business.***

We are subject to numerous national, local and various other laws and regulations, including environmental, product safety, foreign exchange, trade and customs, customer protection, privacy, employment, including minimum wage laws, health and safety and other laws, which are unique to each respective country. Statutory and regulatory requirements that govern the operation, management, and investments of our Company as well as our business, including our Wellness Clinics and Institutes, also differ across countries in which we operate. Our Company currently has had investment from non-residents and expects to continue to have investment from non-residents in future, which subjects us to compliance with exchange control regulations and imposes certain conditions on the kind of business activities we can undertake. If we were to violate these regulations, or if our past or future business actions are interpreted by the relevant regulatory authorities to be in violation of applicable laws, including with respect to exchange control regulations, we could be subject to penalties or fines prescribed under such regulations. In such a case, we could experience delays in the opening of our Wellness Clinics, be subject to fines, penalties, or we could suffer reputational harm or even have our Wellness Clinics or Institute license revoked, which could reduce overall demand for our services and products, and harm our business and results of operations. From time to time we may face regulatory enforcement based on our alleged noncompliance with such laws and regulations. In addition, the modification, suspension, repeal or expiration of favourable provisions in the applicable laws and regulations or, conversely, any increases of mandatory minimum compliance provisions, may negatively impact our business and profitability.

**50. *We are subject to the risk of imposition of international sanctions.***

We have an integrated business model with all three of core businesses viz., our Wellness Clinics, Institutes and Personal Care Products having presence in India, UAE, Qatar, Oman, Kuwait, Bahrain, Kenya, Sri Lanka, Bangladesh, Nepal, Singapore, and Thailand. For Fiscal 2021, the revenue share of our global presence was 36.8%. While we have physical presence in these countries, we also have customers from other countries as well. There can be no assurance that our customers will not include persons or entities targeted by or located in any country that is the subject of international sanctions. There can be no assurance that our business will not be impacted by international sanctions in the future, particularly if there are changes to, or more stringent application of, the international sanctions, or if we make changes to our operations or introduce new products or services which appeal to customers subject to or based in countries subject to such international sanctions. In addition, our counterparties, including our vendors and suppliers, or our other customers, that are required to comply with such international sanctions, may seek to terminate or modify our contractual arrangements to impose additional conditions that may be adverse to our operations or business prospects, or may be precluded from entering into commercial transactions with us. Such international sanctions may also result in delay in repatriation of payments as well as devaluation of the currency of countries, where we operate our business. Future changes in international sanctions may prevent us from doing business, in jurisdictions subject to such international sanctions, which could have a material adverse effect on our financial condition, cash flows and results of operations and reputational risks for us and our investors, including as a result of disputes arising from the termination of our existing contractual arrangements.

**Risks related to India**

**51. *Prospective investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.***

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of the Equity Shares held in an Indian company are generally taxable in India. Any gain realized on the sale of listed equity shares on a stock exchange held for more than 12 months will be subject to long term capital gains tax in India at the specified rates under the (Indian) Income Tax Act, 1961.

Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in the hands of non-resident seller 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. Credit of taxes withheld in India may be available to the non-resident shareholder in his home jurisdiction. Accordingly, you may be subject to payment of capital gains tax in India on sale of any Equity Shares depending upon period of holding such Equity Shares and relief if any available under the applicable tax treaty.

In addition to capital gains tax you may be subject to Securities Transaction Tax (“STT”), depending on whether the listed shares are sold on market or off market, STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold.

52. ***Rights of the shareholders under Indian laws may be more limited than those under the laws of other jurisdictions and as our operations in India are a significant source of our revenue, a slowdown in economic growth in India could cause our business to suffer. We are also subject to regulatory, economic, social, and political uncertainties in India.***

Indian legal principles related to corporate procedures, directors’ fiduciary duties and liabilities and shareholders’ rights may differ from those that would apply to a company in another jurisdiction. Shareholders’ rights, including those in relation to class actions, under Indian law may not be as extensive as shareholders’ rights under the laws of other countries or jurisdictions, including the United States. Investors may have more difficulty in asserting their rights as a shareholder in an Indian company than as a shareholder of a corporation in another jurisdiction.

A substantial portion of our business and our employees are located in India, and we intend to continue to develop and expand our business in India. A significant portion of our revenues are derived directly from our operations in India. Consequently, our financial performance, growth and the market price of our Equity Shares are and will be dependent on economic conditions prevalent in India and affected by changes in exchange rates and controls, interest rates, changes in government policies, including taxation policies, the stability of financial markets in India, social and civil unrest and other political, social and economic developments in or affecting India. Economic conditions in India may be materially and adversely affected by factors such as political instability or regional conflicts, a general rise in interest rates, inflation, or an economic slowdown elsewhere in the world. The Indian economy also remains largely driven by the performance of the agriculture sector which depends on the extent of the monsoon which is difficult to predict. The Indian economy has grown significantly over the past few years although it has recently experienced an economic slowdown. Any continued or future slowdown in the Indian economy or a further increase in inflation could have a material adverse effect on the Indian Wellness & Beauty industry and, as a result, on our cash flows, financial condition, and results of operations.

India also faces major challenges in sustaining its growth, which include the need for substantial infrastructure development. If India’s economic growth cannot be sustained or otherwise slows down significantly, it could have a material adverse effect on our business, cash flows, financial condition, and results of operations.

The Government has exercised and continues to exercise significant influence over many aspects of the Indian economy. Since 1991, successive Indian governments have generally pursued policies of economic liberalization and financial sector reforms, including by significantly relaxing restrictions on the private sector. Nevertheless, the role of the Indian Central Government and State governments in the Indian economy as producers, customers and regulators has remained significant. A significant change in India’s policy of economic liberalization and deregulation or any social or political uncertainties could adversely affect business and economic conditions in India generally and our business and prospects.

53. ***There may be less information available about companies listed on Indian securities markets compared to information that would be available if we were listed on the securities markets in certain other countries.***

There may be differences between the level of regulation and monitoring of the Indian securities markets and the activities of investors, brokers, and other participants and that of the markets in the U.S. and certain other countries. SEBI regulates the Indian capital market (along with the Indian stock exchanges, which also govern the companies whose securities are listed with them) and has issued regulations and guidelines on disclosure requirements, insider trading, substantial acquisitions and takeovers of listed companies and other matters. However, there may be less publicly available information about our business and that of our competitors listed on an Indian stock exchange compared to information that would be available if such companies were listed on a securities market in certain other jurisdictions.

54. ***Our businesses and activities may be regulated by the Competition Act, 2002, as amended, and any adverse application or interpretation of the Competition Act could have a material adverse effect on our business, cash flows, financial condition and results of operations.***

The Competition Act, 2002, as amended (the “**Competition Act**”) regulates practices that could have an appreciable adverse effect on competition in the relevant market in India and has established the



Competition Commission of India (the "CCI"). Under the Competition Act, any arrangement, understanding or action in concert, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition in India is void and results in imposition of substantial monetary penalties. Any agreement among competitors which directly or indirectly determines purchase or sale prices, results in bid rigging or collusive bidding, limits or controls production, supply, markets, technical development, investment or the provision of services, or shares of the market or source of production or provision of services in any manner, including by way of allocation of geographical area or types of goods or services or number of customers in the market, is presumed to have an appreciable adverse effect on competition. The Competition Act also prohibits the abuse of a dominant position by any enterprise either directly or indirectly, including by way of unfair or discriminatory pricing or conditions in the sale of goods or services, using a dominant position in one relevant market to enter into, or protect, another relevant market, and denial of market access.

On March 4, 2011, the Government also issued and brought into force the combination regulation (merger control) provisions under the Competition Act with effect from June 1, 2011. These provisions require that any acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset and revenue-based thresholds must be notified to, and pre-approved by, the CCI. Additionally, on May 11, 2011, the CCI issued the CCI (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011, as amended, which sets out the mechanism for implementation of the merger control regime in India.

We cannot assure that we will be able to obtain approval for any future transactions on satisfactory terms, or at all. 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. If it is proven that a breach of the Competition Act, 2002, committed by a company took place with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of such company, that person shall be guilty of the breach themselves and may be punished as an individual.

If we are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act or any proceedings initiated by the CCI or any other relevant authority (or any other claim by any other party under the Competition Act) or any adverse publicity that may be generated due to scrutiny or alleged violation under the Competition Act, including by way of financial penalties, our business, financial performance and reputation may be materially and adversely affected.

**55. *Foreign investors may have difficulty enforcing foreign judgments against us or our management.***

Our Company is incorporated under the laws of India. Except for our Directors Ms. Roshini Bakshi, Mr. Mukesh Luthra, and our key managerial personnel Ms. Song Mei Cheng and Mr. Sanjay Williams, all our directors, key management personnel and executive officers are residents of India and a substantial portion of our assets and those of such persons are located in India. As a result, it may not be possible for investors to effect service of process upon our Company or such persons in jurisdictions outside India, or to enforce judgments obtained in courts outside India against our Company or such parties in courts outside India. India has reciprocal recognition and enforcement of judgments in civil and commercial matters with a limited number of jurisdictions, which includes, the United Kingdom, Singapore, Hong Kong and United Arab Emirates.

Further, it may be unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy in India. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the RBI to repatriate any amount recovered pursuant to execution and any such amount may be subject to income tax in accordance with applicable laws.

**56. *Any downgrading of India's debt rating by an international rating agency could have a negative impact on our business and may affect the trading price of the Equity Shares.***

Our borrowing costs depend significantly on the credit ratings of India. India's sovereign rating decreased from Baa2 with a "negative" outlook to Baa3 with a "negative" outlook by Moody's and from BBB with a "stable" outlook to BBB with a "negative" outlook (Fitch) in June 2020; and from BBB "stable" to

BBB “negative” by DBRS in May 2020. India’s sovereign ratings from S&P is BBB-with a “stable” outlook. Any further adverse revisions to India’s credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such financing is available, including raising any overseas additional financing. India’s sovereign debt rating could be downgraded due to various factors, including changes in tax or fiscal policy or a decline in India’s foreign exchange reserves, which are outside our control. Any adverse revisions to India’s credit ratings for domestic and international debt by domestic or international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing may be available. This could have an adverse effect on our business and future financial performance, our ability to obtain financing for capital expenditures and the trading price of our Equity Shares.

**57. *The ability of Indian companies to raise foreign capital may be constrained by Indian law which may adversely affect the trading price of the Equity Shares.***

As an Indian Company, we are subject to exchange controls that regulate borrowing in foreign currencies, including those specified under FEMA. Such regulatory restrictions limit our financing sources for our projects under development and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. Under foreign exchange regulations currently in force in India, transfer of shares between non-residents and residents are freely permitted (subject to certain exceptions), if they comply with the pricing and reporting requirements specified by the RBI. If a transfer of shares is not in compliance with such requirements and does not fall under any of the exceptions specified by the RBI, then the RBI’s prior approval is required. Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities. As provided in the foreign exchange controls currently in effect in India, the RBI has provided that the price at which the Equity Shares are transferred be calculated in accordance with internationally accepted pricing methodology for the valuation of shares at an arm’s length basis, and a higher (or lower, as applicable) price per share may not be permitted. Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT and the Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2020 which came into effect from April 22, 2020, any investment, subscription, purchase or sale of equity instruments by entities of a country which shares a land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, will require prior approval of the Government of India, as prescribed in the Consolidated FDI Policy and the FEMA Rules. These investment restrictions shall also apply to subscribers of offshore derivative instruments. We cannot assure you that any required approval from the RBI or any other governmental agency can be obtained on any particular term or at all. Limitations on foreign debt may adversely affect our business growth, cash flows, results of operations and financial condition.

**58. *Natural disasters, epidemics, terrorist attacks and other acts of violence or war could adversely affect the financial markets, result in a loss of business confidence and have a material adverse effect on our business, cash flows, financial condition, and results of operations.***

Numerous countries, including India, where the majority of our operations are located, have experienced community disturbances, strikes, terrorist attacks, riots, epidemics and natural disasters. In particular, India has experienced natural calamities such as earthquakes, tsunamis, floods and drought in recent years. For example, in May 2020, parts of eastern India, especially West Bengal and Odisha were affected by cyclone Amphan. More recently, in May 2021, several States were impacted owing to cyclone Tauktae. Substantially all of our operations and employees are located in India and we cannot assure that we will not be affected by natural disasters in India or elsewhere in the future. These acts and occurrences may result in a loss of business confidence and could cause a temporary suspension of our operations and could have an adverse effect on the financial markets and economies of India and other countries. Such closures could in the future have a material adverse effect on our business, cash flows, financial condition and results of operations.

Civil unrest, acts of war, terrorist attacks, political instability, and other events, many of which are beyond our control, may lead to economic instability in countries where we operate which may in turn materially and adversely affect our business, cash flows, financial condition, and results of operations. These events might require us to temporarily halt our operations, evacuate personnel, result in damage to our locations or inventory, suspend operations or generally reduce our productivity. Some of the places where we

operate have seen these events occurring in the past and it is possible that similar future events could have a negative effect on us and impact the price of our Equity Shares.

Any major hostilities involving India or any other countries in which we operate, or other acts of violence, including civil unrest or similar events that are beyond our control, could have a material adverse effect on our business, cash flows, financial condition, and results of operations. Incidents such as the November 2008 Mumbai terrorist attacks, other incidents such as those in Indonesia, Madrid, London, New York and Washington, D.C. and other acts of violence may adversely affect the Indian stock markets where our Equity Shares will trade as well as the global equity markets generally. Such acts could negatively impact business sentiment as well as trade between countries, which could have a material adverse effect on our business, cash flows, financial condition, and results of operations.

In addition, India, or other countries in which we operate, may enter into armed conflict or war with other countries or extend pre-existing hostilities. South Asia has, from time to time, experienced instances of civil unrest and hostilities among neighbouring countries. Military activity or terrorist attacks could adversely affect the Indian economy by, for example, disrupting communications and making travel more difficult. Such events could also create a perception that investments in Indian companies involve a higher degree of risk. This, in turn, could adversely affect customer confidence in India, which could have an adverse impact on the economies of India and other countries, on the markets for our services and on our business. Additionally, such events could have a material adverse effect on the market for securities of Indian companies, including our Equity Shares.

**59. *Significant differences exist between the requirements of Ind AS, on one hand, and other accounting principles, such as US GAAP and IFRS, on the other hand, which may be material to investors' assessments of our financial condition.***

We have not attempted to quantify the impact of US GAAP or IFRS on the financial data included in this Draft Red Herring Prospectus, nor do we provide a reconciliation of our financial statements to those of US GAAP or IFRS. Each of US GAAP and IFRS differs in significant respects from the requirements of Ind AS. Accordingly, the degree to which the financial information included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited.

**Risks related to our Offer and investment in our Equity Shares**

**60. *Our Company will not receive any proceeds of the Offer for Sale.***

The Offer consists an Offer for Sale of up to 8,992,672 Equity Shares by the Selling Shareholders, comprising up to 1,883,414 Equity Shares by Mr. Mukesh Luthra, up to 5,141,718 Equity Shares by Leon International Limited and up to 1,897,540 Equity Shares by OIH Mauritius Limited. The proceeds from the Offer for Sale will be remitted to the Selling Shareholders and our Company will not benefit from such proceeds. However, in terms of the share subscription and shareholders' agreement dated April 23, 2014, among Mr. Mukesh Luthra, Leon, Tiger Nominees Limited and Algaroth Limited, loan agreement dated April 23, 2014, among Mr. Mukesh Luthra, Leon and Algaroth Limited as amended by way of an amendment agreement dated September 6, 2018, our Promoter, Mr. Mukesh Luthra, who is also our Chairman and Non-Executive Director, is entitled to receive a portion of the proceeds to be received by Leon International Limited pursuant to the Offer for Sale. For further details, see "*History and Certain Corporate Matters – Other Material Agreements*" on page 194 of this Draft Red Herring Prospectus.

**61. *Variation in the utilization of the Net Proceeds as disclosed in this Draft Red Herring Prospectus would be subject to certain compliance requirements, including prior shareholders' approval.***

We intend to use the Net Proceeds of the Offer as set forth in the section titled "*Objects of the Offer*" on page 92. At this stage, we cannot determine with any certainty if we would require the Net Proceeds to meet any other expenditure or fund any exigencies arising out of competitive environment, business conditions, economic conditions, or other factors beyond our control. In accordance with Section 27 of the Companies Act, 2013, we cannot undertake any variation in the utilization of the Net Proceeds as disclosed in the Red Herring Prospectus without obtaining the shareholders' approval through a special resolution. In the event of any circumstances that require us to undertake variation in the disclosed utilization of the Net Proceeds, we may not be able to obtain the shareholders' approval in a timely

manner, or at all. Any delay or inability in obtaining such shareholders' approval could have a material adverse effect on our business, cash flows, financial condition, and results of operations.

Further, our Promoters or controlling shareholders would be required to provide an exit opportunity to the shareholders who do not agree with our proposal to change the objects of the Offer, at a price and manner as may be prescribed by SEBI. SEBI has not yet prescribed any regulations in this regard and such regulations may contain onerous obligations. We cannot assure that our Promoters or the controlling shareholders will have adequate resources at their disposal at all times to enable them to provide an exit opportunity at the price which may be prescribed by SEBI. Additionally, the requirement on Promoters or controlling shareholders to provide an exit opportunity to such dissenting shareholders may deter the Promoters or controlling shareholders from agreeing to the variation of the proposed utilization of the Net Proceeds, even if such variation is in our interest.

In light of these factors, we may not be able to undertake variation of objects of the Offer to use any unutilized proceeds of the Fresh Issue, if any, even if such variation is in our interest. This may restrict our ability to respond to any change in our business or cash flows, financial condition by re-deploying any unutilized portion of Net Proceeds, which may have a material adverse effect on our business, cash flows, financial condition, and results of operations.

**62. *Our funding requirements and the deployment of Net Proceeds are based on management estimates and have not been independently appraised by any bank or financial institution and may be revised from time to time.***

The deployment of the Net Proceeds, as included in this Draft Red Herring Prospectus is based on management estimates, quotations from suppliers and our current business plan and has not been appraised by any bank, financial institution, or other independent institution. Since the quantum of the Fresh Issue exceeds ₹ 1,000 million, we are required to appoint a monitoring agency for the Offer. Our management will have discretion in the application of the Net Proceeds and investors will not have the opportunity, as part of their investment decision, to assess whether we are using the proceeds in a manner that they believe enhances our market value. In view of the highly competitive nature of the industry in which we operate, we may have to revise our management estimates from time to time and consequently, our programs for deployment of Net Proceeds may be rescheduled.

Our schedule of implementation is exposed to various risks including time and cost overrun due to various reasons including those which may be beyond our control. In case any such event occurs that results in delaying our schedule of implementation, we may have to incur additional cost and we may not execute our business plan in line with current estimates. Such time and cost overrun could have a material adverse effect on our business, cash flows, financial condition, and results of operations.

We may also have to revise our expenditure and funding requirements as a result of variations in costs, estimates, quotations, exchange rates or other external factors, which may not be within the control of our management. This may entail rescheduling, revising, or cancelling planned expenditure and funding requirements which would be subject to compliance with applicable laws. In addition, the estimated dates of completion of various projects as described herein are based on management's current expectations and may change due to such factors. In addition, current quotations from suppliers are only valid for limited periods and we cannot assure that we will be able to obtain new quotations from these or other suppliers on the same terms.

**63. *Any trading closures at the BSE and the NSE may adversely affect the trading price of our Equity Shares.***

The regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants differ, in some cases significantly, from those in Europe and the U.S.; the BSE and the NSE have in the past experienced problems, including temporary exchange closures, broker defaults, settlement delays and strikes by brokerage firm employees, which, if continuing or recurring, could affect the market price and liquidity of the securities of Indian companies, including the Equity Shares, in both domestic and international markets. A closure of, or trading stoppage on, either of the BSE and the NSE could adversely affect the trading price of the Equity Shares.

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

Pursuant to the ICDR Regulations, QIBs and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid. Retail Individual Investors can revise or withdraw their bids at any time during the Bid/Offer Period and until the Bid/Offer Closing Date, but not thereafter. Therefore, QIBs and Non-Institutional Investors will not be able to withdraw or lower their Bids following adverse developments in international or national monetary policy, financial, political or economic conditions, our business, results of operations, cash flows or otherwise at any stage after the submission of their bids.

**65. *The Equity Shares may not be a suitable investment for all investors.***

Each prospective investor in the Equity Shares must determine the suitability of that investment in light of its own circumstances. In particular, each prospective investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of us and our businesses, the merits, and risks of investing in the Equity Shares and the information contained in this Draft Red Herring Prospectus;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Equity Shares and the impact the Equity Shares will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Equity Shares, including where the currency for purchasing and receiving dividends on the Equity Shares is different from the potential investor's currency;
- understand and be familiar with the behaviour of any relevant financial markets; and
- be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

The Offer Price of our Equity Shares will be determined by our Company and the Selling Shareholders in consultation with the BRLMs, and through the Book Building Process. This price will be based on numerous factors, as described under “Basis for Offer Price” on page 106 and may not be indicative of the market price for our Equity Shares after the Offer. The market price of our Equity Shares could be subject to significant fluctuations after the Issue and may decline below the Offer Price. We cannot assure that the investor will be able to resell their Equity Shares at or above the Offer Price.

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

Under the Companies Act, a company incorporated in India must offer its equity shareholders pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages prior to issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by shareholders of such company,

However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without our filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights, unless we make a filing. To the extent that you are unable to exercise pre-emptive rights granted in respect of our Equity Shares, your proportional interests in our Company may be reduced.

**68. *There has been no prior market for our Equity Shares, so there may be no liquidity in the market for our Equity Shares and the price of our Equity Shares may fall after this Offer. Our Equity Shares may experience price and volume fluctuations or an active trading market for our Equity Shares may not develop.***

As there has been no prior trading in our Equity Shares, we cannot assure that an active market for our Equity Shares will develop following the Offer or, if developed, that such market will be sustained. Furthermore, the Offer Price determined through the Book Building Process may not be indicative of the

price of our Equity Shares at the time of commencement of trading of our Equity Shares or at any time thereafter.

The price of our Equity Shares may fluctuate after this Offer as a result of several factors, including volatility in the Indian and global securities markets, the results of our operations, the performance of our competitors, developments in the Indian Wellness & Beauty sector and changing perceptions in the market about investments in the Indian Wellness & Beauty sector, adverse media reports on us or the Wellness & Beauty sector in general, changes in the estimates of our performance or recommendations by financial analysts, significant developments in India's economic liberalization and deregulation policies, and significant developments in India's fiscal regulations. There has been no recent public market for our Equity Shares prior to this Offer and an active trading market for our Equity Shares may not develop or be sustained after this Offer. Further, the price at which our Equity Shares are initially traded may not correspond to the prices at which our Equity Shares will trade in the market subsequent to this Offer.

- 69. *We may decide not to proceed with the Offer at any time before Allotment. If we decide not to proceed with the Offer after the Bid Opening Date but before Allotment, the refund of application amounts deposited will be subject to our complying with our obligations under applicable laws.***

We reserve the right to not proceed with the Offer at any time before the Allotment. If we withdraw the Offer after the Bid Opening Date, we will be required to refund all application amounts deposited within the prescribed time. We shall be required to pay interest, as specified under SEBI Regulations or the Companies Act, 2013, on the application amounts received if refunds are not made within the stipulated time from the Bid Closing Date. In addition, our ability to complete the Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company must apply for after Allotment and (ii) the final approval from the Registrar of Companies of India.

- 70. *Any future issuance of equity shares may dilute your shareholding and sales of our Equity Shares by our Promoters or other major shareholders may adversely affect the trading price of our Equity Shares.***

Any future equity issuances by us, including in a primary offering, may lead to the dilution of your shareholdings. Any future equity issuances by us or sales of our Equity Shares by our Promoters or other major shareholders may adversely affect the trading price of our 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. We cannot assure that we will not issue additional Equity Shares. The disposal of Equity Shares by any of our Promoter or Promoter Group, or the perception that such sales may occur may significantly affect the trading price of the Equity Shares.

- 71. *There is no guarantee that our Equity Shares will be listed on the Stock Exchanges in a timely manner or at all.***

In accordance with Indian law and practice, permission for listing and trading of our Equity Shares will not be granted until after certain actions have been completed in relation to this Offer and until Allotment of Equity Shares pursuant to this Offer. In accordance with current SEBI Regulations, our Equity Shares are required to be listed on the Stock Exchanges within six Working Days from the Bid and Offer Closing Date, subject to any change in the prescribed timeline in this regard.

However, we cannot assure that the trading in our Equity Shares will commence in a timely manner or at all. Any failure or delay in obtaining final listing and trading approvals may restrict your ability to dispose of your Equity Shares.

- 72. *There are restrictions on daily movements in the price of our Equity Shares, which may adversely affect your ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.***

Subsequent to listing, we will be subject to a daily "circuit breaker" imposed by all stock exchanges in India, which does not allow transactions beyond certain volatility in the trading price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on the Stock Exchanges. The percentage limit on our circuit breaker is set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The Stock Exchanges are not required to inform us from time to time of the percentage limit of

the circuit breaker in effect. This circuit breaker effectively limits the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, we cannot assure regarding the ability of shareholders to sell our Equity Shares or the price at which shareholders may be able to sell their Equity Shares.

## SECTION III: INTRODUCTION

### THE OFFER

The following table sets forth details of the Offer:

Equity Shares Offered	
<b>Offer of Equity Shares</b>	Up to [●] Equity Shares, aggregating up to ₹[●] million
<i>of which</i>	
(i) Fresh Issue <sup>(1)(2)</sup>	Up to [●] Equity Shares, aggregating up to ₹3,000 million
(ii) Offer for Sale <sup>(3)</sup>	Up to 8,922,672 Equity Shares, aggregating up to ₹[●] million
<i>comprising of:</i>	
a) Mr. Mukesh Luthra	Up to 1,883,414 Equity Shares, aggregating up to ₹[●] million
b) OIH Mauritius Limited	Up to 1,897,540 Equity Shares, aggregating up to ₹[●] million
c) Leon International Limited	Up to 5,141,718 Equity Shares, aggregating up to ₹[●] million
<i>of which:</i>	
A) QIB Portion <sup>(4)</sup>	Not less than [●] Equity Shares
<i>of which:</i>	
(a) Anchor Investor Portion	Up to [●] Equity Shares
(b) Net QIB Portion (assuming Anchor Investor Portion is fully subscribed)	[●] Equity Shares
<i>of which:</i>	
Available for allocation to Mutual Fund only (5% of the QIB Portion (excluding Anchor Investor Portion))	[●] Equity Shares
Balance for all QIBs (excluding Anchor Investor Portion) including Mutual Funds	[●] Equity Shares
B) Non-Institutional Portion <sup>(5)</sup>	Not more than [●] Equity Shares
C) Retail Portion <sup>(5)</sup>	Not more than [●] Equity Shares
<b>Pre and post-Offer Equity Shares</b>	
Equity Shares outstanding prior to the Offer	37,668,283 Equity Shares
Equity Shares outstanding after the Offer	[●] Equity Shares
Use of Net Proceeds	See “Objects of the Offer” on page 92 for information about the use of the proceeds from the Fresh Issue. Our Company will not receive any proceeds from the Offer for Sale.

- (1) Our Board has approved the Offer pursuant to a resolution passed at its meeting held on May 31, 2021 and our Shareholders have approved the Fresh Issue pursuant to a special resolution passed at its meeting held on June 4, 2021.
- (2) Our Company and the Selling Shareholders, in consultation with the BRLMs, may consider a Pre-IPO Placement. If the Pre-IPO Placement is completed, the Fresh Issue size will be reduced to the extent of such Pre-IPO Placement, subject to applicable law.
- (3) Each Selling Shareholder, severally, confirms that it has authorized the sale of its portion of the Offered Shares in the Offer for Sale as set out below:

Selling Shareholder	Number of Equity Shares	Date of board resolution	Date of consent letter
Mr. Mukesh Luthra,	Up to 1,883,414	N.A.	August 9, 2021
OIH Mauritius Limited	Up to 1,897,540	May 19, 2021	August 7, 2021
Leon International Limited	Up to 5,141,718	May 12, 2021	August 7, 2021

- (4) Our Company and the Selling Shareholders, in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion will be available for allocation to domestic Mutual Funds only, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription in the Anchor Investor Portion, the remaining Equity Shares



*in the Anchor Investor Portion shall be added back to the QIB Portion. 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. In the event the aggregate demand from Mutual Funds is less than as specified above, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the QIB Portion and allocated proportionately to the QIB Bidders (other than Anchor Investors) in proportion to their Bids. For details, see “Offer Procedure” on page 396.*

- (5) *Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category, except the QIB Portion, would be allowed to be met with spill-over from any other category or a combination of categories of Bidders at the discretion of our Company and the Selling Shareholders in consultation with the BRLMs and the Designated Stock Exchange, subject to applicable law. See “Terms of the Offer” on page 387.*

**Note:**

Allocation to all categories, other than Anchor Investor Portion and the Retail Portion, shall be made on a proportionate basis, subject to valid Bids received at or above the Offer Price, as applicable. The allocation to each Retail Individual Investors shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares, if any, shall be allocated on a proportionate basis. For details, see “Offer Procedure” on page 396.

For details of the terms of the Offer, see “Terms of the Offer” on page 387.

## SUMMARY OF FINANCIAL INFORMATION

*The following tables provide the summary of financial information of our Company derived from the Restated Consolidated Summary Statements as at and for the financial years ended March 31, 2021, March 31, 2020 and March 31, 2019.*

*The Restated Consolidated Summary Statements referred to above is presented under “Financial Information” beginning on page 238. The summary of financial information presented below should be read in conjunction with the Restated Consolidated Summary Statements, the notes thereto and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on page 322.*

*[The remainder of this page has been intentionally left blank]*

**Restated consolidated statement of Balance Sheet data**
**(All amounts in INR million)**

	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>			
<b>I. Non-current assets</b>			
Property, plant and equipment	2,511.53	2,807.72	2,878.32
Capital work in progress	48.20	29.50	-
Goodwill	193.24	191.56	196.50
Other intangible assets	25.67	36.63	49.96
Right-of-use assets	1,747.20	2,139.81	2,398.88
Intangible assets under development	-	-	0.53
Financial assets:			
Investments	0.02	0.02	0.02
Loans	87.44	70.57	82.10
Other financial assets	33.75	72.00	10.06
Income tax assets (net)	32.38	47.15	52.99
Deferred tax assets (net)	526.46	491.75	494.43
Other non-current assets	8.75	6.95	7.00
<b>Total Non-current assets</b>	<b>5,214.64</b>	<b>5,893.66</b>	<b>6,170.79</b>
<b>II. Current assets</b>			
Inventories	571.99	735.24	660.10
Financial assets:			
Trade receivables	468.60	347.42	507.36
Loans	97.95	121.70	109.18
Cash and cash equivalents	383.38	121.43	422.73
Other financial assets	8.19	14.99	12.06
Other current assets	178.40	278.91	239.86
<b>Total Current assets</b>	<b>1,708.51</b>	<b>1,619.69</b>	<b>1,951.28</b>
<b>Total Assets (I+II)</b>	<b>6,923.15</b>	<b>7,513.35</b>	<b>8,122.08</b>
<b>EQUITY AND LIABILITIES</b>			
<b>III. Equity</b>			
Equity share capital	376.68	376.68	376.68
Other equity	420.79	373.22	410.43
<b>Equity attributable to equity holders of the parent</b>	<b>797.47</b>	<b>749.90</b>	<b>787.11</b>
Non-controlling interests	(36.74)	(40.70)	(39.98)
<b>Total Equity</b>	<b>760.73</b>	<b>709.20</b>	<b>747.13</b>
<b>LIABILITIES</b>			
<b>IV. Non-current liabilities</b>			
Contract liabilities	85.98	100.44	84.00
Financial liabilities:			
Borrowings	505.59	532.43	682.16
Lease liabilities	1,457.80	1,608.88	1,812.79
Other financial liabilities	20.25	20.68	10.17
Provisions	112.77	125.51	107.84
<b>Total non-current liabilities</b>	<b>2,182.39</b>	<b>2,387.94</b>	<b>2,696.96</b>
<b>V. Current liabilities</b>			
Contract liabilities	761.42	646.73	767.79
Financial liabilities:			
Borrowings	509.58	625.88	558.16
Lease liabilities	510.93	664.14	686.72
Trade payables			
- Total outstanding dues of micro enterprises and small enterprises	24.13	25.26	21.51
- Total outstanding dues of creditors other than micro enterprises and small enterprises	1,610.36	1,937.75	2,047.05
Other financial liabilities	378.33	376.95	413.26
Provisions	89.13	48.76	76.76
Other current liabilities	96.15	90.74	106.74
<b>Total current liabilities</b>	<b>3,980.03</b>	<b>4,416.21</b>	<b>4,677.99</b>
<b>Total Liabilities</b>	<b>6,162.42</b>	<b>6,804.15</b>	<b>7,374.95</b>
<b>Total equity and liabilities (III+IV+V)</b>	<b>6,923.15</b>	<b>7,513.35</b>	<b>8,122.08</b>

**Restated consolidated statement of Profit and Loss data**
**(All amounts in INR million except earning per share)**

	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>REVENUE</b>			
Revenue from operations	5,329.18	7,695.68	8,524.26
Other income	323.24	54.55	88.83
<b>Total income (I)</b>	<b>5,652.42</b>	<b>7,750.23</b>	<b>8,613.09</b>
<b>EXPENSES</b>			
Cost of materials consumed	976.21	1,318.67	1,261.40
Purchase of stock-in-trade	88.63	125.94	189.01
(Increase)/ Decrease in inventories of stock-in-trade	86.10	(95.37)	(8.11)
Employee benefits expense	1,707.75	2,531.28	3,075.05
Finance costs	458.45	544.37	532.23
Depreciation and amortization expense	991.32	1,067.11	1,195.16
Other expenses	1,292.54	2,390.85	2,862.74
<b>Total expenses (II)</b>	<b>5,601.00</b>	<b>7,882.85</b>	<b>9,107.48</b>
<b>Restated profit / (loss) before exceptional items and tax (III)=(I-II)</b>	<b>51.42</b>	<b>(132.62)</b>	<b>(494.39)</b>
Exceptional items (IV)	-	32.71	38.13
<b>Restated profit / (loss) before tax (V)=(III-IV)</b>	<b>51.42</b>	<b>(165.33)</b>	<b>(532.52)</b>
<b>Tax expense:</b>			
Current tax	21.43	23.02	17.42
Adjustment of tax relating to earlier years	2.16	-	(0.49)
Deferred tax credit	(34.60)	(35.25)	(22.40)
<b>Total tax expense / (credit) (VI)</b>	<b>(11.00)</b>	<b>(12.23)</b>	<b>(5.47)</b>
<b>Restated profit / (loss) for the year after tax VII=(V-VI)</b>	<b>62.42</b>	<b>(153.10)</b>	<b>(527.05)</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss in subsequent periods:</b>			
- Re-measurement losses on defined benefit plans	(12.84)	(2.33)	(21.22)
- Income tax credit	0.11	-	0.02
<b>Items that will be reclassified to profit or loss in subsequent periods:</b>			
- Exchange differences on translation of foreign operations	1.73	30.94	6.98
<b>Restated other comprehensive profit/(loss) for the year, net of tax (VIII)</b>	<b>(11.00)</b>	<b>28.61</b>	<b>(14.22)</b>
<b>Restated total comprehensive profit/(loss) of the year, net of tax (IX) = (VII+VIII)</b>	<b>51.42</b>	<b>(124.49)</b>	<b>(541.27)</b>
<b>Restated profit / (loss) for the year after tax</b>			
Attributable to :			
Equity holders of parent	61.26	(154.00)	(486.98)
Non- controlling interests	1.16	0.90	(40.07)
	<b>62.42</b>	<b>(153.10)</b>	<b>(527.05)</b>
<b>Restated other comprehensive profit/(loss) for the year, net of tax</b>			
Attributable to :			
Equity holders of parent	(13.80)	31.81	(16.12)
Non- controlling interests	2.80	(3.20)	1.90
	<b>(11.00)</b>	<b>28.61</b>	<b>(14.22)</b>
<b>Restated total comprehensive profit/(loss) of the year, net of tax</b>			
Attributable to :			
Equity holders of parent	50.26	(125.39)	(501.21)
Non- controlling interests	1.16	0.90	(40.07)
	<b>51.42</b>	<b>(124.49)</b>	<b>(541.27)</b>
<b>Restated earnings/(loss) per share:</b>			
Basic, computed on the basis of profit attributable to equity holders	₹ 1.63	(4.09)	(12.93)
Diluted, computed on the basis of profit attributable to equity holders	₹ 1.62	(4.09)	(12.93)

## Restated consolidated statement of Cash flows data

(All amounts in INR million)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>A. Cash flow from operating activities:</b>			
<b>Profit/(Loss) before tax and after exceptional items (as restated)</b>	<b>51.42</b>	<b>(165.33)</b>	<b>(532.52)</b>
<b>Adjustments to reconcile profit before tax to net cash flows:</b>			
Depreciation of property, plant and equipment and amortisation of intangible assets and right-of-use assets	991.32	1,067.11	1,195.16
Impairment of goodwill	-	7.86	-
Allowance for doubtful trade receivables	118.29	113.90	(48.10)
Allowance for doubtful advances	7.67	3.10	1.40
Provision for doubtful trade receivable written back	(2.57)	-	-
Liabilities written back	(43.33)	(0.29)	-
Provision for inventories	47.69	87.39	40.99
Provision for decommissioning liabilities	0.72	0.68	0.68
Disposal of substantial assets of subsidiary	-	-	38.10
Loss on sale of property, plant and equipment	1.30	3.60	0.80
Finance costs	458.45	544.37	532.23
Lease concessions	(222.12)	-	-
Gain on derecognition of lease liability	(20.78)	-	-
Interest income	(11.30)	(13.30)	(17.20)
Unrealised foreign exchange (gain) / loss	(0.90)	3.00	0.20
<b>Operating profit before working capital changes</b>	<b>1,375.86</b>	<b>1,652.09</b>	<b>1,211.74</b>
<b>Movements in working capital:</b>			
(Decrease)/increase in trade payables and other financial liabilities	(247.22)	(213.09)	49.13
(Decrease)/increase in other liabilities	111.04	(152.57)	117.30
(Decrease)/increase in provisions	16.75	(22.74)	9.94
Decrease/(increase) in trade receivables, loans and other financial assets	(233.76)	85.28	288.20
Decrease/(increase) in inventories	110.09	(147.47)	(40.60)
Decrease/(increase) in other assets	90.63	(12.50)	117.30
	(152.46)	(463.09)	541.27
<b>Cash generated from operations</b>	<b>1,223.39</b>	<b>1,189.00</b>	<b>1,753.01</b>
Direct taxes paid (net of refunds)	(8.82)	(17.20)	(7.05)
<b>Net cash flow from operating activities (A)</b>	<b>1,214.57</b>	<b>1,171.80</b>	<b>1,745.96</b>
<b>B. Cash flow from investing activities:</b>			
Proceeds from sale of property, plant and equipment	9.46	9.14	16.43
Purchase of property, plant and equipment including capital advance	(182.98)	(271.82)	(435.36)
Interest received	3.58	12.76	17.30
(Investment)/proceeds from bank deposits	45.05	(60.00)	2.40
<b>Net cash used in investing activities (B)</b>	<b>(124.89)</b>	<b>(309.92)</b>	<b>(399.23)</b>
<b>C. Cash flow from financing activities:</b>			
Proceeds from borrowings	176.99	408.40	136.74
Repayments of borrowings	(208.10)	(563.33)	(458.84)
Increase/(decrease) in cash credits (net)	(96.30)	(2.30)	0.20
Payment of principal portion of lease liabilities	(246.83)	(468.25)	(438.87)
Interest paid	(453.49)	(537.70)	(531.33)
<b>Net cash used in financing activities (C)</b>	<b>(827.73)</b>	<b>(1,163.18)</b>	<b>(1,292.10)</b>
<b>D. Net increase/ (decrease) in cash and cash equivalents (A + B + C)</b>	<b>261.95</b>	<b>(301.30)</b>	<b>54.63</b>
Cash and cash equivalents at the beginning of the year	121.43	422.73	368.10
<b>Cash and cash equivalents at the end of the year</b>	<b>383.38</b>	<b>121.43</b>	<b>422.73</b>
<b>Components of cash and cash equivalents:</b>			
Balances with banks:			
- On current account	219.18	97.07	155.19
- Deposits with original maturity of less than three months	-	0.89	0.84
Cash on hand	75.25	17.20	103.26
Cheques on hand	25.11	3.85	102.76
Credit card receivables	63.84	2.42	60.68
<b>Total cash and cash equivalents</b>	<b>383.38</b>	<b>121.43</b>	<b>422.73</b>

## GENERAL INFORMATION

Our Company was originally incorporated as ‘*Curls & Curves (India) Private Limited*’, a private limited company under the Companies Act, 1956 and a certificate of incorporation was issued by the RoC on October 23, 1996 at Delhi. Subsequently, the name of our Company was changed to ‘*Curls & Curves (India) Limited*’ upon conversion of our Company into a public company pursuant to a special resolution passed by our shareholders on March 5, 1999 and a fresh certificate of incorporation consequent upon change of name on conversion to public limited company was issued by the RoC on April 20, 1999. Further, the name of our Company was again changed to ‘*VLCC Health Care Limited*’, to reflect the business of our Company, pursuant to a special resolution passed by our shareholders dated October 18, 2004 and a fresh certificate of incorporation consequent upon change of name was issued by the RoC on November 18, 2004.

### Registered Office of our Company

M-14 Greater Kailash-II  
Commercial Complex  
New Delhi 110 048, India

**Corporate identity number:** U74899DL1996PLC082842

**Registration number:** 082842

### Corporate Office of our Company

64, HSIIDC Sector 18  
Maruti Industrial Area  
Gurgaon 122 015, India

### Address of the Registrar of Companies

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

#### Registrar of Companies, NCT of Delhi and Haryana

4<sup>th</sup> Floor, IFCI Tower  
61, Nehru Place  
New Delhi 110 019, India

### Board of Directors

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

Name and designation	DIN	Address
Mr. Mukesh Luthra <i>Chairman and Non-Executive Director</i>	00296830	Villa E -101, 381-101, Frond E, Palm Jumeirah, Dubai, UAE
Mr. Jayant Khosla <i>Managing Director and Group Head</i>	08321843	B 99, Gulmohar Park, Vasant Vihar – 2, South West Delhi – 110049
Mr. Sanjay Kapoor <i>Independent Director</i>	01973450	606 B, The Magnolias, DLF Golf Links, DLF Phase 5, Gurgaon – 122009
Mr. Sanjay Mehta <i>Independent Director</i>	00297971	C-6, Ground Floor, Maharani Bagh, Delhi – 110 065
Mr. Rajiv Krishan Luthra <i>Independent Director</i>	00022285	3/15, Shanti Niketan, New Delhi – 110021, India
Ms. Roshini Bakshi <i>Nominee Director</i>	01832163	257, Ocean Drive, Singapore 098605

For further details, see “*Our Management*” on page 217.

## **Filing**

A copy of this Draft Red Herring Prospectus has been filed electronically on the SEBI’s online portal at <https://siportal.sebi.gov.in>, in accordance with SEBI circular bearing reference SEBI/HO/CFD/DIL1/CIR/P/2018/011 dated January 19, 2018, and has been emailed to SEBI at [cfddl@sebi.gov.in](mailto:cfddl@sebi.gov.in), in accordance with the instructions issued by the SEBI on March 27, 2020, in relation to “Easing of Operational Procedure – Division of Issues and Listing – CFD”.

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

## **Company Secretary and Compliance Officer**

### **Mr. Narinder Kumar**

64, HSIIDC Sector 18

Maruti Industrial Area

Gurgaon 122 015, India

**Telephone:** +91 124 4719 700

**E-mail:** [nkumar@vlccwellness.com](mailto:nkumar@vlccwellness.com)

## **Book Running Lead Managers**

### **ICICI Securities Limited**

ICICI Centre, H.T. Parekh Marg

Churchgate, Mumbai 400 020

Maharashtra, India

**Telephone:** +91 22 2288 2460

**E-mail:** [vlcc.ipo@icicisecurities.com](mailto:vlcc.ipo@icicisecurities.com)

### **Investor Grievance**

**E-mail:** [customercare@icicisecurities.com](mailto:customercare@icicisecurities.com)

**Website:** [www.icicisecurities.com](http://www.icicisecurities.com)

**Contact Person:** Anurag Byas/ Kristina Dias

**SEBI Registration Number:** INM000011179

### **DAM Capital Advisors Limited**

*(Formerly IDFC Securities Limited)*

One BKC, Tower C, 15<sup>th</sup> Floor, Unit No. 1511

Bandra Kurla Complex, Bandra (East)

Mumbai 400 051

Maharashtra, India

**Telephone:** +91 22 4202 2500

**E-mail:** [vlcc.ipo@damcapital.in](mailto:vlcc.ipo@damcapital.in)

**Investor grievance e-mail:** [complaint@damcapital.in](mailto:complaint@damcapital.in)

**Website:** [www.damcapital.in](http://www.damcapital.in)

**Contact Person:** Chandresh Sharma

**SEBI Registration Number:** MB/INM000011336

### **IIFL Securities Limited**

10<sup>th</sup> Floor, IIFL Centre

Kamala City, Senapati Bapat Marg

Lower Parel (West), Mumbai 400 013

Maharashtra, India

**Telephone:** +91 22 4646 4600

**E-mail:** [vlcc.ipo@iiflcap.com](mailto:vlcc.ipo@iiflcap.com)

**Investor Grievance E-mail:** [ig.ib@iiflcap.com](mailto:ig.ib@iiflcap.com)

**Website:** [www.iiflcap.com](http://www.iiflcap.com)

**Contact Person:** Pinkesh Soni/ Dhruv Bhagwat

**SEBI Registration Number:** INM000010940

## **Syndicate Members**

[•]

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

### **J. Sagar Associates**

Sandstone Crest

Sushant Lok Phase 1

Gurgaon 122 009, India

**Telephone:** +91 124 439 0600

## **Legal Counsel to the BRLMs as to Indian Law**

### **Trilegal**

Peninsula Business Park  
17<sup>th</sup> Floor, Tower B  
Ganpat Rao Kadam Marg  
Lower Parel (West)  
Mumbai – 400 013, India  
**Telephone:** +91 22 4079 1000

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

### **Cyril Amarchand Mangaldas**

Level 1 & 2, Max Towers  
Plot No. C-001/A/1  
Sector 16B, Noida  
Gautam Buddha Nagar  
Uttar Pradesh 201 301  
**Telephone:** +91 120 6699 000

## **Statutory Auditors to our Company**

### **S.R. Batliboi & Associates LLP, Chartered Accountants**

2<sup>nd</sup> and 3<sup>rd</sup> Floor  
Golf View Corporate Tower B  
Sector 42, Sector Road  
Gurgaon – 122 002, India  
**Telephone:** + 91 124 6816000  
**Email:** SRBA@srb.in  
**Firm Registration Number:** 101049W/E300004  
**Peer review number:** 013325

### **Changes in auditors**

There has been no change in the Statutory Auditors of our Company during the last three years.

## **Registrar to the Offer**

### **Kfin Technologies Private Limited**

*(formerly known as Karvy Fintech Private Limited)*

Selenium, Tower B, Plot No. - 31 and 32  
Financial District, Nanakramguda  
Serilingampally, Hyderabad  
Rangareddi 500 032  
Telangana, India  
**Telephone:** +91 40 6716 2222  
**E-mail:** vlcchealthcare.ipo@kfintech.com  
**Website:** www.kfintech.com  
**Investor Grievance ID:** einward.ris@kfintech.com  
**Contact Person:** M. Murali Krishna  
**SEBI Registration Number:** INR000000221

## **Escrow Collection Bank**

[•]

## **Public Offer Bank**

[•]



## Refund Bank

[•]

## Sponsor Bank

[•]

## Banker(s) to our Company

### HDFC Bank Limited

2nd Floor, Vatika Atrium Tower A,  
Sector 53, Gurgaon - 122002  
**Telephone:** +91 124 4664 408  
**Email:** gagandeep.chadha@hdfc.com  
**Website:** www.hdfcbank.com  
**Contact Person:** Gagandeep Singh

### ICICI Bank Limited

Near Chakli Circle, Old Padra Road  
Vadodara – 390007  
**Telephone:** +91 265 6722 286  
**Email:** pushkar.chauhan@icicibank.com  
**Website:** www.icicibank.com  
**Contact Person:** Pushkar Chauhan

### Kotak Mahindra Bank Limited

27 BKC, C27  
G Block, Bandra Kurla Complex  
Bandra (East), Mumbai - 400051  
**Telephone:** +91 11 4141 4858  
**Email:** anugrah.aggarwal@kotak.com  
**Website:** www.kotak.com  
**Contact Person:** Anugrah Aggarwal

### Yes Bank Limited

Yes Bank House, Off Western Express Highway  
Santacruz (East), Mumbai – 400055  
**Telephone:** +91 9167836510  
**Email:** mukund.bhatt@yesbank.in  
**Website:** www.yesbank.in  
**Contact Person:** Mukund Bhatt

## Designated Intermediaries.

## Self-Certified Syndicate Banks.

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

## SCSBs and mobile applications enabled for UPI Mechanism.

In accordance with SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019 and SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, Retail Individual Investors Bidding using the UPI Mechanism may apply through the SCSBs and mobile applications whose names appears on the website of the SEBI (<https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40>) and (<https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43>) respectively, as updated from time to time.

## Syndicate SCSB Branches.

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

## Registered Brokers

Bidders can submit ASBA Forms in the Offer using the stock broker network of the stock exchange, i.e. through the Registered Brokers at the Broker Centres. The list of the Registered Brokers, including details such as postal address, telephone number and e-mail address, is provided on the websites of the Stock Exchanges at <https://www.bseindia.com/> and <https://www.nseindia.com/>, as updated from time to time.

## Registrar and Share Transfer Agents

The list of the RTAs eligible to accept ASBA Forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, is provided on the websites of the Stock Exchanges at <https://www.bseindia.com/Static/PublicIssues/RtaDp.aspx> and [http://www.nseindia.com/products/content/equities/ipos/asba\\_procedures.htm](http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm), respectively, as updated from time to time.

## Collecting Depository Participants

The list of the CDPs eligible to accept ASBA Forms at the Designated CDP Locations, including details such as name and contact details, is provided on the websites of the Stock Exchanges at <https://www.bseindia.com/Static/PublicIssues/RtaDp.aspx> and [http://www.nseindia.com/products/content/equities/ipos/asba\\_procedures.htm](http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm), respectively, as updated from time to time.

## Experts to the Offer

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

Our Company has received written consent dated August 13, 2021 from S.R. Batliboi & Associates LLP, Chartered Accountants, to include their name as required under section 26 (1) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this DRHP, and as an “expert” as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditors, and in respect of their (i) examination report, dated August 6, 2021 on our Restated Consolidated Summary Statements; and (ii) their report dated August 13, 2021 on the Statement of Special Tax Benefits in this DRHP and such consent has not been withdrawn as on the date of this DRHP. However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S. Securities Act.

Our Company has also received the consent from Mukesh Raj & Co., Chartered Accountant, to include their name in this Draft Red Herring Prospectus as an “expert” in terms of the Companies Act 2013 to the extent of and in their capacity as a firm of duly qualified chartered accountants and experienced in relation to their certificate dated August 11, 2021.

## Monitoring Agency

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

## Appraising Entity

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

## IPO Grading

No credit rating agency registered with SEBI has been appointed for grading the Offer.

## Inter-se allocation of Responsibilities

The following table sets forth the inter-se allocation of responsibilities for various activities among the BRLMs for the Offer:

S. No.	Activity	Responsibility	Coordinator
1.	Capital structuring, due diligence of the Company including its operations/management/business plans/legal etc. Drafting and design of the	BRLMs	I-Sec

S. No.	Activity	Responsibility	Coordinator
	Draft Red Herring Prospectus, Red Herring Prospectus, Prospectus, abridged prospectus and application form. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalisation of Prospectus and RoC filing		
2.	Drafting and approval of all statutory advertisement	BRLMs	I-Sec
3.	Drafting and approval of all publicity material other than statutory advertisement as mentioned above including corporate advertising, brochure, etc. and filing of media compliance report	BRLMs	DAM Capital
4.	Appointment of intermediaries - Registrar to the Offer, advertising agency, Banker(s) to the Offer, Sponsor Bank, printer and other intermediaries, including coordination of all agreements to be entered into with such intermediaries	BRLMs	IIFL
5.	Preparation of road show presentation	BRLMs	DAM Capital
6.	Preparation of frequently asked questions	BRLMs	I-Sec
7.	International institutional marketing of the Offer, which will cover, <i>inter alia</i> : <ul style="list-style-type: none"> <li>marketing strategy;</li> <li>Finalizing the list and division of investors for one-to-one meetings; and</li> <li>Finalizing road show and investor meeting schedule</li> </ul>	BRLMs	DAM Capital
8.	Domestic institutional marketing of the Offer, which will cover, <i>inter alia</i> : <ul style="list-style-type: none"> <li>marketing strategy;</li> <li>Finalizing the list and division of investors for one-to-one meetings; and</li> <li>Finalizing road show and investor meeting schedule</li> </ul>	BRLMs	I-Sec
9.	Retail and Non-Institutional marketing of the Offer, which will cover, <i>inter alia</i> , <ul style="list-style-type: none"> <li>Finalising media, marketing and public relations strategy including list of frequently asked questions at retail road shows;</li> <li>Finalising centres for holding conferences for brokers, etc.;</li> <li>Follow-up on distribution of publicity and Offer material including application form, the Prospectus and deciding on the quantum of the Offer material; and</li> <li>Finalising collection centres</li> </ul>	BRLMs	IIFL
10.	Coordination with Stock Exchanges for book building software, bidding terminals, mock trading, payment of 1% security deposit, anchor coordination, anchor CAN and intimation of anchor allocation	BRLMs	DAM Capital
11.	Managing the book and finalization of pricing in consultation with the Company	BRLMs	I-Sec
12.	Post-Offer activities, which shall involve essential follow-up with Bankers to the Offer and SCSBs to get quick estimates of collection and advising Company about the closure of the Offer, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds, payment of STT on behalf of the Selling Shareholders and coordination with various agencies connected with the post-Offer activity such as Registrar to the Offer, Bankers to the Offer, Sponsor Bank, SCSBs including responsibility for underwriting arrangements, as applicable.  Coordinating with Stock Exchanges and SEBI for submission of all post-Offer reports including the initial and final post-Offer report to SEBI, release of 1% security deposit post closure of the Offer	BRLMs	IIFL

### Credit Rating

As this is an Offer consisting only of Equity Shares, there is no requirement to obtain credit rating for the Offer.

### Green Shoe Option

No green shoe option is contemplated under the Offer

### Trustee

As this is an Offer consisting only of Equity Shares, the appointment of trustee is not required.

## Book Building Process

Book building, in the context of the Offer, refers to the process of collection of Bids from bidders on the basis of the Red Herring Prospectus and the Bid Cum Application Forms and the Revision Forms within the Price Band and the minimum Bid Lot, which will be decided by our Company and the Selling Shareholders in consultation with the Book Running Lead Managers, and which will either be included in the Red Herring Prospectus or will be advertised in [●] editions of [●] (a widely circulated English national daily newspaper) and [●] editions of [●] (a widely circulated Hindi national daily newspaper, Hindi also being the regional language of Delhi where our Registered Office is located), at least two Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites. The Offer Price shall be determined by our Company and the Selling Shareholders in consultation with the Book Running Lead Managers after the Bid/Offer Closing Date. For details, see “Offer Procedure” beginning on page 396.

**All Bidders (other than Anchor Investors) shall participate in this Offer mandatorily through the ASBA process by providing the details of their respective bank accounts in which the corresponding Bid Amount will be blocked by the SCSBs. In addition to this, the RIBs shall participate through the ASBA process by either (a) providing the details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by the SCSBs; or (b) through the UPI Mechanism. Anchor Investors are not permitted to participate in the Offer through the ASBA process.**

**In terms of the SEBI ICDR Regulations, QIBs and Non-Institutional Investors are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of the number of Equity Shares or the Bid Amount) at any stage. RIBs can revise their Bid(s) during the Bid/ Offer Period and withdraw their Bid(s) until Bid/ Offer Closing Date. Anchor Investors are not allowed to withdraw their Bids after the Anchor Investor Bidding Date. Except for Allocation to RIBs and the Anchor Investors, allocation in the Offer will be on a proportionate basis. Further, allocation to Anchor Investors will be on a discretionary basis.**

**Each Bidder by submitting a Bid in the Offer, will be deemed to have acknowledged the above restrictions and the terms of the Offer.**

For further details, see “Terms of the Offer” “Offer Structure” and “Offer Procedure” on pages 387, 393 and 396 respectively.

**The process of Book Building under the SEBI ICDR Regulations and the Bidding Process are subject to change from time to time and the investors are advised to make their own judgment about investment through this process prior to submitting a Bid in the Offer.**

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

## Underwriting Agreement

After the determination of the Offer Price and allocation of Equity Shares, but prior to the filing of the Prospectus with the RoC, our Company and the Selling Shareholders intend to enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Offer. The Underwriting Agreement is dated [●]. Pursuant to the terms of the Underwriting Agreement, the obligations of each of the Underwriters will be several and will be subject to certain conditions specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

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

Name, address, telephone number and e-mail address of the Underwriters	Indicative number of Equity Shares to be underwritten	Amount underwritten (in ₹ million)
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]

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

In the opinion of our Board of Directors (based on representations made to our Company by the Underwriters), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchanges. Our Board of Directors/IPO Committee, at its meeting will approve, accept and enter into the Underwriting Agreement mentioned above on behalf of our Company.

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

Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors respectively procured by them in accordance with the Underwriting Agreement. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure purchasers for or purchase the Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement. The Underwriting Agreement has not been executed as of the date of this Draft Red Herring Prospectus and will be executed after determination of the Offer Price and allocation of Equity Shares, but prior to the filing of the Prospectus with the RoC.

## CAPITAL STRUCTURE

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

(In ₹, except share data)

Sr. No.	Particulars	Aggregate value at face value (₹)	Aggregate value at Offer Price*
<b>A.</b>	<b>AUTHORIZED SHARE CAPITAL<sup>(1)</sup></b>		
	50,000,000 Equity Shares	500,000,000	-
<b>B.</b>	<b>ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER</b>		
	37,668,283 Equity Shares	376,682,830	-
<b>C.</b>	<b>PRESENT OFFER IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS</b>		
	Offer of up to [●] Equity Shares	[●]	[●]
	<i>of which</i>		
	Fresh Issue of up to [●] Equity Shares <sup>(2)^(</sup>	3,000,000,000	[●]
	Offer for Sale of up to 8,922,672 Equity Shares <sup>(3)</sup>	[●]	[●]
<b>D.</b>	<b>ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE OFFER</b>		
	[●] Equity Shares (assuming full subscription in the Offer)	[●]	
<b>E.</b>	<b>SECURITIES PREMIUM ACCOUNT</b>		
	Before the Offer	642,955,304	
	After the Offer	[●]	

\* To be included upon finalisation of Offer Price.

^ Our Company and the Selling Shareholders, in consultation with the BRLMs, may consider a Pre-IPO Placement of up to [●] Equity Shares for cash consideration aggregating up to ₹ 1,000 million, prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the Fresh Issue size will be reduced to the extent of such Pre-IPO Placement, subject to applicable laws.

<sup>(1)</sup> For details in relation to changes in the authorised share capital of our Company, see "History and Certain Corporate Matters – Amendments to our Memorandum of Association" on page 195.

<sup>(2)</sup> The Offer has been authorized by our Board pursuant to its resolution dated May 31, 2021, and the Fresh Issue has been authorized by our Shareholders pursuant to their special resolution dated June 4, 2021.

<sup>(3)</sup> Each Selling Shareholder severally and not jointly confirms that the Offered Shares have been held by such Selling Shareholders for a period of at least one year prior to filing of this Draft Red Herring Prospectus in accordance with Regulation 8 of the SEBI ICDR Regulations and accordingly, are eligible for the Offer in accordance with the provisions of the SEBI ICDR Regulations. For details on the authorization of each of the Selling Shareholders in relation to the Offered Shares, see "The Offer" on page 61.

### (a) Notes to the Capital Structure

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

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

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

Date of allotment	Number of Equity Shares allotted	Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Nature of consideration	Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (₹)
October 23, 1996	200	10	10.00	Cash	Subscription to the MoA <sup>(1)</sup>	200	2,000
March 27, 1998	50,000	10	10.00	Cash <sup>#</sup>	Further issue <sup>(2)</sup>	50,200	502,000
August 14, 1998	449,800	10	10.00	Cash <sup>#</sup>	Further issue <sup>(3)</sup>	500,000	5,000,000
March 1, 1999	700	10	10.00	Cash	Further	500,700	5,007,000

Date of allotment	Number of Equity Shares allotted	Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Nature of consideration	Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (₹)
					issue <sup>(4)</sup>		
March 31, 2000	500,900	10	10.00	Cash	Preferential allotment <sup>(5)</sup>	1,001,600	10,016,000
March 31, 2001	550,000	10	10.00	Cash	Preferential allotment <sup>(6)</sup>	1,551,600	15,516,000
August 12, 2009	21,163	10	58.00	Cash	Preferential allotment <sup>(7)</sup>	1,572,763	15,727,630
	25,098	10	180.00	Cash	Preferential allotment <sup>(8)</sup>	1,597,861	15,978,610
	252,586	10	568.56	Cash	Preferential allotment on conversion of warrants <sup>(9)</sup>	1,850,447	18,504,470
March 8, 2011	10,171	10	10.00	Cash	Rights issue of 22 Equity Shares for every 100 Equity Shares held <sup>(10)</sup>	1,860,618	18,606,180
	55,533	10	10.00	Cash	Rights issue of 22 Equity Shares for every 100 Equity Shares held <sup>(10)</sup>	1,916,151	19,161,510
	341,132	10	1,465.71	Cash	Preferential allotment on conversion of CCDs <sup>(11)</sup>	2,257,283	22,572,830
September 27, 2013	35,411,000	10	N.A.	N.A.	Bonus issue of 15.69 Equity Shares for every one Equity Share held <sup>(12)</sup>	37,668,283	376,682,830

# In respect of these allotments, the Form 2s filed with the RoC inadvertently states that these allotments were made for consideration other than cash.

(1) Subscription to the MoA by Mr. Mukesh Luthra (100 Equity Shares) and Mrs. Vandana Luthra (100 Equity Shares).

(2) Mr. Mukesh Luthra and Mrs. Vandana Luthra were allotted 25,000 Equity Shares each.

(3) Mr. Mukesh Luthra was allotted 349,800 Equity Shares and Mrs. Vandana Luthra was allotted 100,000 Equity Shares.

(4) Ms. Anita Kapoor, Ms. Anju Malik, Ms. Freida Steele, Ms. Monika Bahl, Ms. Reema Hingorani, Ms. Shobha Sehgal and Mr. Sumit Kumar were allotted 100 Equity Shares each.

(5) Mr. Mukesh Luthra was allotted 175,100 Equity Shares, Mrs. Vandana Luthra was allotted 325,100 Equity Shares, Mr. Ashok Jain was allotted 600 Equity Shares and Ms. Rubina Sharif was allotted 100 Equity Shares.

(6) Mrs. Vandana Luthra was allotted 550,000 Equity Shares.

(7) VLCC Employee Welfare Trust was allotted 21,163 Equity Shares.

(8) VLCC Employee Welfare Trust was allotted 25,098 Equity Shares.

(9) 252,586 Equity Shares were allotted to Shine Limited upon conversion of share warrants pursuant to an amendment to the Shine Agreements dated August 7, 2009. For further details, including the subsequent transfer of these Equity Shares to Leon International Limited, see "History and Certain Corporate Matters – Material Agreements" on page 197.

(10) VLCC Employees Welfare Trust was allotted 10,171 Equity Shares and Leon International Limited was allotted 55,533 Equity Shares.

(11) Pursuant to the conversion of 5,000,000 CCDs held by OIH Mauritius Limited, it was allotted 341,132 Equity Shares. For further details see "History and Certain Corporate Matters – Material Agreements" on page 197.

(12) Bonus issue pursuant to the capitalization of ₹ 354,110,000 from the capital redemption reserve account. Mr. Mukesh Luthra was allotted 8,628,094 Equity Shares, Mrs. Vandana Luthra was allotted 15,706,268 Equity Shares, Ms. Meera Luthra was allotted 1,569 Equity Shares, Ms. Pallavi Luthra was allotted 1,569 Equity Shares, Mr. Anurag Bhatia was allotted 1,569 Equity Shares, Mr. Varun Puri was allotted 1,569 Equity Shares, VLCC Employees Welfare Trust was allotted 885,274 Equity Shares, Leon International Limited

was allotted 4,833,599 Equity Shares and OIH Mauritius Limited was allotted 5,351,489 Equity Shares.

**(b) Shares issued for consideration other than cash or out of revaluation of reserves**

Our Company has not issued any Equity Shares out of revaluation of reserves since its incorporation. Except as detailed below, no Equity Shares have been issued for consideration other than cash:

Date of allotment	Number of Equity Shares allotted	Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Reasons for allotment	Allottees	Benefits accrued to our Company
September 27, 2013	35,411,000	10	N.A.	Bonus issue of 15.69 Equity Shares for every one Equity Share held by capitalization of 354,110,000 from the Capital Redemption Reserve Account.	Mr. Mukesh Luthra, Mrs. Vandana Luthra, Ms. Meera Luthra, Ms. Pallavi Luthra, Mr. Anurag Bhatia, Mr. Varun Puri, VLCC Employee Welfare Trust, Leon International Limited and OIH Mauritius Limited.	-

Our Company has not allotted any Equity Shares pursuant to any scheme approved under Sections 391 to 394 of the Companies Act, 1956 or Sections 230 to 234 of the Companies Act, 2013, as applicable.

Our Company has not issued any Equity Shares at a price lower than the Offer Price, during the period of one year preceding the date of this Draft Red Herring Prospectus.

While our Company has issued preference shares in the past, as on the date of this Draft Red Herring Prospectus, our Company does not have outstanding preference shares.

**2. History of the Equity Share capital held by our Promoters**

As on the date of this Draft Red Herring Prospectus, our Promoters hold, in aggregate, 25,885,562 Equity Shares, which constitutes 68.72% of the issued, subscribed and paid-up Equity Share capital of our Company.

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

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

Name of the Promoter	Date of allotment/ transfer	Reason/ Nature of transaction	Number of Equity Shares	Nature of consideration	Face value (₹)	Issue price/ Transfer price per Equity Share (₹)	% of pre-Offer capital	% of post-Offer capital
<b>Mr. Mukesh Luthra</b>	October 23, 1996	Subscription to the MoA	100	Cash	10	10.00	Negligible	[•]
	March 27, 1998	Further issue	25,000	Cash	10	10.00	0.07	[•]
	August 14, 1998	Further issue	349,800	Cash	10	10.00	0.93	[•]
	March 31, 2000	Preferential allotment	175,100	Cash	10	10.00	0.46	[•]



Name of the Promoter	Date of allotment/ transfer	Reason/ Nature of transaction	Number of Equity Shares	Nature of consideration	Face value (₹)	Issue price/ Transfer price per Equity Share (₹)	% of pre- Offer capital	% of post- Offer capital
	September 27, 2013	Bonus issue of 15.69 Equity Shares for everyone Equity Share held	8,628,094	N.A.	10	N.A.	22.91	[•]
<b>Sub-total</b>			<b>9,178,094</b>				<b>24.37</b>	<b>/•/</b>
<b>Mrs. Vandana Luthra</b>	October 23, 1996	Subscription to the MoA	100	Cash	10	10.00	<i>Negligible</i>	[•]
	March 27, 1998	Further issue	25,000	Cash	10	10.00	0.07	[•]
	August 14, 1998	Further issue	100,000	Cash	10	10.00	0.27	[•]
	March 31, 2000	Preferential allotment	325,100	Cash	10	10.00	0.86	[•]
	March 31, 2001	Transfer from certain existing shareholders*	900	Cash	10	10.00	<i>Negligible</i>	[•]
	March 31, 2001	Preferential allotment	550,000	Cash	10	10.00	1.46	[•]
	July 12, 2013	Transfer from Ms. Kamini Arora	100	Cash	10	10.00	<i>Negligible</i>	[•]
	September 27, 2013	Bonus issue of 15.69 Equity Shares for everyone Equity Share held	15,706,268	N.A.	10	N.A.	41.70	[•]
<b>Sub-total</b>			<b>16,707,468</b>				<b>44.35</b>	<b>/•/</b>
<b>Total</b>			<b>25,885,562</b>				<b>68.72</b>	<b>/•/</b>

\* Mr. Ashok Jain transferred 600 Equity Shares and Ms. Anju Malik, Ms. Suneet Kaur and Ms. Rubina Shariff transferred 100 Equity Shares each.

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

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

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

S No.	Name of shareholder	Number of Equity Shares	% of the pre- Offer capital
<b>Promoters</b>			
1.	Mrs. Vandana Luthra	16,707,468	44.35
2.	Mr. Mukesh Luthra	9,178,094	24.37
<b>Sub total (A)</b>		<b>25,885,562</b>	<b>68.72</b>
<b>Promoter Group</b>			
1.	Leon International Limited	5,141,718	13.65
2.	Ms. Pallavi Luthra	5,007	0.01
<b>Sub total (B)</b>		<b>5,146,725</b>	<b>13.66</b>
<b>Total Promoter &amp; Promoter Group (A+B)</b>		<b>31,032,287</b>	<b>82.38</b>

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

- (i) Pursuant to Regulations 14 and 16 of the SEBI ICDR Regulations read with SEBI ICDR Amendment Regulations, an aggregate of 20% of the fully diluted post-Offer Equity Share capital of our Company held by the Promoters shall be locked in for a period of 18 months as minimum promoters' contribution from the date of Allotment ("**Minimum Promoters' Contribution**"). Further, the shareholding of the Promoters in excess of 20% of the fully diluted post-Offer Equity Share capital shall be locked in for a period of six months from the date of Allotment, including any unsubscribed portion of the Offer for Sale, except for (i) the Equity Shares successfully transferred pursuant to the Offer for Sale; (ii) any Equity Shares allotted to the employees under the ESOP Schemes pursuant to exercise of options held by such employees (whether currently employed or not); (iii) any Equity Shares held by a venture capital fund ("**VCF**") or alternative investment fund of category I or category II ("**AIF**") or a foreign venture capital investor ("**FVCI**"), provided that such Equity Shares were locked-in for a period of at least six months from the date of purchase by the VCF or AIF or FVCI.
- (ii) Details of the Equity Shares to be locked-in for 18 months from the date of Allotment as Minimum Promoters' Contribution are set forth in the table below:

Name of Promoter	Number of Equity Shares locked-in	Date of allotment/ transfer of Equity Shares*	Nature of transaction	Face Value per Equity Share (₹)	Issue/ Acquisition price per Equity Share (₹)	Percentage of the pre- Offer paid-up capital (%)	Percentage of the post- Offer paid-up capital (%)
Mrs. Vandana Luthra	[•]	[•]	[•]	[•]	[•]	[•]	[•]
	[•]	[•]	[•]	[•]	[•]	[•]	[•]
<i>Sub-total</i>	[•]					[•]	[•]
Mr. Mukesh Luthra	[•]	[•]	[•]	[•]	[•]	[•]	[•]
	[•]	[•]	[•]	[•]	[•]	[•]	[•]
<i>Sub-total</i>	[•]					[•]	[•]
<b>Total</b>	[•]					[•]	[•]

\* All Equity Shares allotted to our Promoters were fully paid-up at the time of allotment.

Our Promoters have given their consent to include such number of Equity Shares held by it as disclosed above, constituting 20% of the post-Offer Equity Share capital of our Company as Minimum Promoters' Contribution and have agreed not to sell, transfer, charge, pledge or otherwise encumber in any manner the Minimum Promoters' Contribution from the date of filing this Draft Red Herring Prospectus, until the expiry of the lock-in period specified above, or for such other time as required under SEBI ICDR Regulations, except as may be permitted, in accordance with the SEBI ICDR Regulations.

- (iii) Our Company undertakes that the Equity Shares that are being locked-in are not and will not be, ineligible for computation of Minimum Promoters' Contribution in terms of Regulation 15 of the SEBI ICDR Regulations. In this connection, our Company confirms the following:
- The Equity Shares offered for Minimum Promoters' Contribution do not include Equity Shares acquired during the three immediately preceding years (i) for consideration other than cash, and revaluation of assets or capitalisation of intangible assets, (ii) pursuant to a bonus issue out of revaluation reserves or unrealised profits of our Company or from a bonus issue against Equity Shares, which are otherwise ineligible for computation of Minimum Promoters' Contribution;
  - The Minimum Promoters' Contribution does not include any Equity Shares acquired during the immediately preceding one year at a price lower than the price at which the Equity Shares are being offered to the public in the Offer;
  - Our Company has not been formed by the conversion of one or more partnership firms or a limited liability partnership firm;
  - The Equity Shares forming part of the Minimum Promoters' Contribution are not subject to any pledge; and
  - All the Equity Shares held by our Promoters shall be held in dematerialised form.

(d) **Details of Equity Shares held by persons other than Promoters locked-in for six months**

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

Any unsubscribed portion of the Offered Shares, other than of shareholders exempted under Regulation 17, would also be locked-in for a period of six months from the date of Allotment in the Offer as required under Regulation 17 of the SEBI ICDR Regulations.

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

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

**(f) *Other lock-in requirements:***

Pursuant to Regulation 22 of the SEBI ICDR Regulations, Equity Shares held by our Promoters and locked-in may be transferred to and amongst the members of our Promoter Group or to any new promoter, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI Takeover Regulations, as applicable

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

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

In terms of Regulation 22 of the SEBI ICDR Regulations, the Equity Shares held by persons other than the Promoter and locked-in for a period of six months from the date of Allotment in the Offer may be transferred to any other person holding the Equity Shares which are locked-in, subject to continuation of the lock-in in the hands of transferees for the remaining period and compliance with the SEBI Takeover Regulations. However, it should be noted that the Offered Shares which will be transferred pursuant to the Offer for Sale shall not be subject to lock-in. Any unsubscribed portion of the Equity Shares offered pursuant to the Offer for Sale will be locked-in as required under the SEBI ICDR Regulations.

### 3. Shareholding Pattern of our Company

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

Category (I)	Category of shareholder (II)	Number of shareholders (III)	Number of fully paid up equity shares held (IV)	Number of Partly paid-up equity shares held (V)	Number of shares underlying Depository Receipts (VI)	Total number of shares held (VII) = (IV)+(V) + (VI)	Shareholding as a % of total number of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)				Number of shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Locked in shares (XII)		Shares or otherwise pledged encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								Number of Voting Rights			Total as a % of (A+B + C)			Number (a)	As a % of total Shares held (b)	Number (a)	As a % of total Shares held (b)	
								Class e.g.: Equity Shares	Class e.g.: Others	Total								
(A)	Promoter and Promoter Group	4	31,032,287	-	-	31,032,287	82.38	31,032,287	-	31,032,287	82.38	-	-	-	-	-	-	31,032,287
(B)	Public	15	6,144,483	-	-	6,144,483	16.31	6,144,483	-	6,144,483	16.31	-	-	-	-	-	-	6,144,483
(C)	Non Promoter-Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C1)	Shares underlying depository receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	Shares held by employee trusts	1	491,513	-	-	491,513	1.30	491,513	-	491,513	1.30	-	-	-	-	-	-	491,513
	<b>Total</b>	<b>20</b>	<b>37,668,283</b>	<b>-</b>	<b>-</b>	<b>37,668,283</b>	<b>100</b>	<b>37,668,283</b>	<b>-</b>	<b>37,668,283</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37,668,283</b>

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

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

Name	No. of Equity Shares	% of pre-Offer capital	% of post-Offer capital
<i>Director(s)</i>			
Mr. Mukesh Luthra	9,178,094	24.37	[●]
<i>Key Managerial Personnel (other than Executive Director)</i>			
Mr. Narinder Kumar	130,179	0.35	[●]
<b>Total</b>	<b>9,308,273</b>	<b>24.72</b>	<b>[●]</b>

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

- (a) As on the date of this Draft Red Herring Prospectus, our Company has 20 shareholders.
- (b) Set forth below are details of shareholders holding 1% or more of the pre-Offer paid-up Equity Share capital of our Company as on the date of filing of this Draft Red Herring Prospectus:

Name of Shareholder	Pre-Offer	
	No. of Equity Shares	% of Equity Share capital
Mrs. Vandana Luthra	16,707,468	44.35
Mr. Mukesh Luthra	9,178,094	24.37
Mr. Vikrant Puri	3,795,081	10.07
Leon International Limited	5,141,718	13.65
OIH Mauritius Limited	1,897,540	5.04
VLCC Employees Welfare Trust	491,513	1.30

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

Name of Shareholder	Pre-Offer	
	No. of Equity Shares	% of Equity Share capital
Mrs. Vandana Luthra	16,707,468	44.35
Mr. Mukesh Luthra	9,178,094	24.37
Mr. Vikrant Puri	3,795,081	10.07
Leon International Limited	5,141,718	13.65
OIH Mauritius Limited	1,897,540	5.04
VLCC Employees Welfare Trust	491,513	1.30

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

Name of Shareholder	Pre-Offer	
	No. of Equity Shares	% of Equity Share capital
Mrs. Vandana Luthra	16,707,468	44.35
Mr. Mukesh Luthra	9,178,094	24.37
OIH Mauritius Limited	5,692,621	15.11
Leon International Limited	5,141,718	13.65
VLCC Employees Welfare Trust	491,513	1.30

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

Name of Shareholder	Pre-Offer	
	No. of Equity Shares	% of Equity Share capital
Mrs. Vandana Luthra	16,707,468	44.35
Mr. Mukesh Luthra	9,178,094	24.37
OIH Mauritius Limited	5,692,621	15.11
Leon International Limited	5,141,718	13.65
VLCC Employees Welfare Trust	491,513	1.30

## 7. Employee Stock Option Schemes

Our Company, pursuant to the resolution passed by our Board on June 26, 2007 and approved by our shareholders pursuant to a special resolution dated June 26, 2007, approved VLCC Employee Stock Option Plan 2007 (“**VLCC ESOP 2007**”) which granted options to the eligible employees of our Company and Subsidiaries to acquire Equity Shares of our Company. These options were convertible into one Equity Share of our Company at a predetermined price, to be determined at the time of their grant. The options granted under VLCC ESOP 2007 vested in a graded manner and were to be exercised within a period of six years from the date of such vesting. Under the VLCC ESOP 2007, our Company has issued 941,706 Equity Shares to the VLCC Employee Welfare Trust, in tranches and at fair market value determined on various date of issue and the VLCC Employee Welfare Trust will hold these Equity Shares on behalf of the eligible employees until these granted options are exercised by the respective employees in accordance with the VLCC ESOP 2007. Out of these, 450,193 options have been exercised by 12 employees as on May 04, 2015.

The details of the VLCC ESOP 2007, as certified by Mukesh Raj & Co., Chartered Accountants, through their certificate dated August 13, 2021 are as follows:

Particulars	Details			
	Financial Year 2019	Financial Year 2020	Financial Year 2021	Post FY 2020-21 up to DRHP
Total options outstanding as at the beginning of the period	81,571	60,000	50,000	34,000
Total options granted during the period	-	-	-	-
Exercise price of options in ₹ (as on the date of grant options)	-	-	-	-
Options forfeited/lapsed/cancelled	21,571	10,000	16,000	-
Variation of terms of options	-	-	-	-
Money realized by exercise of options	-	-	-	-
Total number of options outstanding in force	60,000	50,000	34,000	34,000
Total options vested (excluding the options that have been exercised)	-	-	-	-
Options exercised (since implementation of the ESOP Scheme)	450,193	450,193	450,193	450,193
The total number of Equity Shares arising as a result of exercise of granted options (including options that have been exercised)	941,706	941,706	941,706	941,706
Employee wise details of options granted to:				

Particulars	Details			
	Financial Year 2019	Financial Year 2020	Financial Year 2021	Post FY 2020-21 up to DRHP
(a) Key managerial personnel	-	-	-	-
(b) Any other employee who receives a grant in any one year of options amounting to 5% or more of the options granted during the year	-	-	-	-
(c) Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	-	-	-	-
Diluted earnings per share pursuant to the issue of Equity Shares on exercise of options in accordance with IND AS 33 'Earnings Per Share'	(12.93)	(4.09)	1.62	-
Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference, if any, between employee compensation cost so computed and the employee compensation calculated on the basis of fair value of the stock options and the impact of this difference, on the profits of the Company and on the earnings per share of the Company	Nil	Nil	Nil	Nil
Description of the pricing formula and method and significant assumptions used to estimate the fair value of options granted during the year including, weighted average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends, and the price of the underlying share in the market at the time of grant of option	NA	NA	NA	NA
Impact on the profits and on the Earnings Per Share of the last three years if the accounting policies specified in the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 had been followed, in respect of	Nil	Nil	Nil	Nil

Particulars	Details			
	Financial Year 2019	Financial Year 2020	Financial Year 2021	Post FY 2020-21 up to DRHP
options granted in the last three Years				
Intention of key managerial personnel and whole-time directors who are holders of Equity Shares allotted on exercise of options to sell their shares within three months after the listing of Equity Shares pursuant to the Offer	NA	NA	NA	NA
Intention to sell Equity Shares arising out of the ESOP Scheme or allotted under an ESOP Scheme within three months after the listing of Equity Shares by directors, senior managerial personnel and employees having Equity Shares arising out of the ESOP Scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	NA	NA	NA	NA

VLCC ESOP 2007 was replaced/substituted with VLCC ESOP 2015 for all the outstanding options that were not granted and lapsed options that were lying under the VLCC ESOP 2007 as on December 11, 2015. Our Company, pursuant to the resolution passed by our Board on December 11, 2015 and approved by our shareholders pursuant to a special resolution dated January 12, 2016, adopted the VLCC Employee Stock Option Plan 2015 (“**VLCC ESOP 2015**”). The VLCC ESOP 2015 came into force on December 11, 2015, was amended pursuant to a resolution of our shareholders dated January 10, 2019 and March 30, 2021 and shall continue to remain in force until cancelled.

Pursuant to the VLCC ESOP 2015, options to acquire Equity Shares may be granted to employees who are identified as “grantees” (as defined in the VLCC ESOP 2015). The maximum number of options which can be offered to eligible employees shall not exceed 941,706 options, exercisable into 941,706 Equity Shares (being equivalent to 2.5% of the issued equity share capital of our Company). The VLCC ESOP 2015 is in compliance with the SEBI SBEB Regulations. Our Company has issued a total of 941,706 Equity Shares in tranches to the VLCC Employee Welfare Trust at fair market value determined on various date of issue which it holds on behalf of employees till granted and vested options are exercised by employees. As on the date of this Draft Red Herring Prospectus, VLCC Employee Welfare Trust holds 491,513 Equity Shares. The details of the VLCC ESOP 2015, as certified by Mukesh Raj & Co., Chartered Accountants, through their certificate dated August 13, 2021 are as follows:

Particulars	Details			
	Financial Year 2019	Financial Year 2020	Financial Year 2021	Post FY 2020-21 up to DRHP
Total options outstanding as at the beginning of the period	8,000	384,680	384,680	376,680



Particulars	Details			
	Financial Year 2019	Financial Year 2020	Financial Year 2021	Post FY 2020-21 up to DRHP
Total options granted during the period	376,680	-	376,680	-
Exercise price of options in ₹ (as on the date of grant options)	183	NA	185	-
Options forfeited/lapsed/cancelled	-	-	384,680	-
Variation of terms of options	Plan 2015 modified for Managing Director to vest option after 3 years	NA	Plan 2015 modified for Managing Director to vest option after 1 year	-
Money realized by exercise of options	Nil	Nil	Nil	-
Total number of options outstanding in force	384,680	384,680	376,680	376,680
Total options vested (excluding the options that have been exercised)	Nil	Nil	Nil	-
Options exercised (since implementation of the ESOP Scheme)	-	-	-	-
The total number of Equity Shares arising as a result of exercise of granted options (including options that have been exercised)	941,706 (includes Option under ESOP Scheme 2007)	941,706 (includes Option under ESOP Scheme 2007)	941,706 (includes Option under ESOP Scheme 2007)	941,706 (includes Option under ESOP Scheme 2007)
Employee wise details of options granted to:				
(a) Key managerial personnel	Jayant Khosla 376,680	Nil	Jayant Khosla 376,680	Nil
(b) Any other employee who receives a grant in any one year of options amounting to 5% or more of the options granted during the year	Nil	Nil	Nil	Nil
(c) Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil	Nil	Jayant Khosla 376,680 (exceeds 1% alongwith Options given under ESOP Scheme 2021)	Nil
Diluted earnings per share pursuant to the issue of Equity Shares on exercise of options in accordance with IND AS 33 'Earnings Per Share'	(12.93)	(4.09)	1.62	NA
Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference, if any, between employee compensation cost so computed and the employee compensation calculated on the basis of fair value of the stock options and the impact of this difference, on the profits of the Company and on the earnings per share of the Company	Nil	Nil	Nil	Nil

Particulars	Details			
	Financial Year 2019	Financial Year 2020	Financial Year 2021	Post FY 2020-21 up to DRHP
Description of the pricing formula and method and significant assumptions used to estimate the fair value of options granted during the year including, weighted average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends, and the price of the underlying share in the market at the time of grant of option	<p>Black &amp; Scholes model has been used for estimating the fair value of options. Assumptions used to estimate the fair value of options are as follows:</p> <p>1. Risk Free Rate of Return = 7.48%</p> <p>2. Expected Life = 6 years.</p> <p>3. Expected Volatility = 0.50%</p> <p>4. Expected Dividends = Nil</p> <p>5. Fair Value of Shares as computed = ₹ 115.23.</p>	NA	<p>Black &amp; Scholes model has been used for estimating the fair value of options. Assumptions used to estimate the fair value of options are as follows:</p> <p><b>KMP:</b></p> <p>1. Risk Free Rate of Return = 5.47% - 6.08%</p> <p>2. Expected Life = 4 -6 years.</p> <p>3. Expected Volatility = 47.73% - 50.71%</p> <p>4. Expected Dividends = Nil</p> <p>5. Fair Value of Shares as computed = ₹ 185.00.</p>	NA
Impact on the profits and on the Earnings Per Share of the last three years if the accounting policies specified in the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 had been followed, in respect of options granted in the last three Years	Nil	Nil	Nil	Nil
Intention of key managerial personnel and whole-time directors who are holders of Equity Shares allotted on exercise of options to sell their shares within three months after the listing of Equity Shares pursuant to the Offer	NA	NA	NA	NA
Intention to sell Equity Shares arising out of the ESOP Scheme or allotted under an ESOP Scheme within three months after the listing of Equity Shares by directors, senior managerial personnel and employees having Equity Shares arising out of the ESOP Scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	Nil	Nil	Nil	Nil

The holders of Equity Shares allotted upon exercise of options of the VLCC ESOP 2015 do not intend to sell such Equity Shares within three months after the listing of the Equity Shares pursuant to the Offer.

Our Company, pursuant to the resolution passed by our Board on March 30, 2021 and approved by our

shareholders pursuant to a special resolution dated March 31, 2021, adopted the VLCC Employee Stock Option Plan 2021 (“**VLCC ESOP 2021**”). The VLCC ESOP 2021 came into force on March 31, 2021 and its purpose is to promote the success of our Company by rewarding key senior employees and motivating them for high levels of individual performance. Pursuant to the VLCC ESOP 2021, options to acquire Equity Shares may be granted to employees who are identified as “grantees” (as defined in the VLCC ESOP 2021). The maximum number of options which can be offered to eligible employees shall not exceed 941,706 options, exercisable into 941,706 Equity Shares (being equivalent to 2.5% of the paid-up equity share capital of our Company). The VLCC ESOP 2021 is in compliance with the SEBI SBEB Regulations. The details of the VLCC ESOP 2021, as certified by Mukesh Raj & Co., Chartered Accountants, through their certificate dated August 13, 2021 are as follows:

Particulars	Details			
	Financial Year 2019	Financial Year 2020	Financial Year 2021	Post FY 2020-21 up to DRHP
Total options outstanding as at the beginning of the period	NA	NA	-	7,53,360
Total options granted during the period	NA	NA	7,53,360	-
Exercise price of options in ₹ (as on the date of grant options)	NA	NA	185	-
Options forfeited/lapsed/cancelled	NA	NA	-	-
Variation of terms of options	NA	NA	NA	-
Money realized by exercise of options	NA	NA	Nil	-
Total number of options outstanding in force	NA	NA	7,53,360	7,53,360
Total options vested (excluding the options that have been exercised)	NA	NA	Nil	NA
Options exercised (since implementation of the ESOP Scheme)	NA	NA	Nil	NA
The total number of Equity Shares arising as a result of exercise of granted options (including options that have been exercised)	NA	NA	Nil	NA
Employee wise details of options granted to:				
(a) Key managerial personnel	NA	NA	Jayant Khosla 3,76,680 Ameet Kkatyal 3,76,680	NA
(b) Any other employee who receives a grant in any one year of options amounting to 5% or more of the options granted during the year	NA	NA	Nil	Nil
(c) Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NA	NA	Jayant Khosla 3,76,680 (exceeds 1% alongwith Options given under ESOP Scheme 2015)	NA

Particulars	Details			
	Financial Year 2019	Financial Year 2020	Financial Year 2021	Post FY 2020-21 up to DRHP
Diluted earnings per share pursuant to the issue of Equity Shares on exercise of options in accordance with IND AS 33 'Earnings Per Share'	(12.93)	(4.09)	1.62	NA
Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference, if any, between employee compensation cost so computed and the employee compensation calculated on the basis of fair value of the stock options and the impact of this difference, on the profits of the Company and on the earnings per share of the Company	NA	NA	Nil	NA
Description of the pricing formula and method and significant assumptions used to estimate the fair value of options granted during the year including, weighted average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends, and the price of the underlying share in the market at the time of grant of option	NA	NA	<p>Black &amp; Scholes model has been used for estimating the fair value of options. Assumptions used to estimate the fair value of options are as follows:</p> <p><b>KMP:</b></p> <ol style="list-style-type: none"> <li>1. Risk Free Rate of Return = 5.47% - 6.08%</li> <li>2. Expected Life = 4 - 6 years.</li> <li>3. Expected Volatility = 47.73% - 50.71%</li> <li>4. Expected Dividends = Nil</li> <li>5. Fair Value of Shares as computed = ₹ 185.00.</li> </ol> <p><b>NON KMP:</b></p> <ol style="list-style-type: none"> <li>1. Risk Free Rate of Return = 5.47% - 6.08%.</li> <li>2. Expected Life = 4 -6 years.</li> <li>3. Expected Volatility = 47.73% - 50.71%</li> <li>4. Expected Dividends = Nil</li> <li>5. Fair Value of Shares as computed = ₹ 185.00</li> </ol>	NA

Particulars	Details			
	Financial Year 2019	Financial Year 2020	Financial Year 2021	Post FY 2020-21 up to DRHP
Impact on the profits and on the Earnings Per Share of the last three years if the accounting policies specified in the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 had been followed, in respect of options granted in the last three Years	NA	NA	₹ 0.11 Million	NA
Intention of key managerial personnel and whole-time directors who are holders of Equity Shares allotted on exercise of options to sell their shares within three months after the listing of Equity Shares pursuant to the Offer	NA	NA	Nil	NA
Intention to sell Equity Shares arising out of the ESOP Scheme or allotted under an ESOP Scheme within three months after the listing of Equity Shares by directors, senior managerial personnel and employees having Equity Shares arising out of the ESOP Scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	NA	NA	Nil	NA

8. There have been no financing arrangements whereby our Promoters, members of our Promoter Group, our Directors and their relatives have financed the purchase by any other person of securities of our Company, other than in the normal course of business of the financing entity during a period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus.
9. Our Company, Directors, and the BRLMs have not entered any buy-back arrangement for the purchase of Equity Shares of our Company.
10. All the Equity Shares held by our Promoters and members of Promoter Group are in dematerialised form.
11. Our Promoters, members of our Promoter Group, our Directors or our Directors' relatives have not purchased or sold any securities of our Company during the six months prior to the date of filing this Draft Red Herring Prospectus.
12. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law.
13. No person connected with the Offer, including but not limited to, our Company, the members of the Syndicate, our Directors, Promoters or the members of our Promoter Group, shall offer in any manner whatsoever any incentive, whether direct or indirect, in cash, in kind or in services or otherwise to any Bidder for making a Bid.
14. As on the date of this Draft Red Herring Prospectus, none of the Equity Shares held by our Promoters and members of our Promoter Group are pledged or otherwise encumbered. Further, none of the Equity Shares being offered for sale through the Offer for Sale are pledged or otherwise encumbered, as on the date of this Draft Red Herring Prospectus.

15. The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Draft Red Herring Prospectus.
16. The Equity Shares issued pursuant to the Offer shall be fully paid-up at the time of Allotment, failing which, no Allotment shall be made.
17. Except for the options granted pursuant to VLCC ESOP 2015 and VLCC ESOP 2021, there are no outstanding warrants, options or rights to convert debentures, loans or other convertible instruments into Equity Shares as on the date of this Draft Red Herring Prospectus.
18. Except for the Pre-IPO Placement and exercise of any options to be granted pursuant to the ESOPs, there will be no further issue of Equity Shares whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from filing of this Draft Red Herring Prospectus with SEBI until the Equity Shares have been listed on the Stock Exchanges.
19. Except for the Fresh Issue and exercise of any options to be granted pursuant to the ESOPs, our Company presently does not intend or propose to alter its capital structure for a period of six months from the Bid/Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares, or further issue of Equity Shares (including issue of securities convertible into or exchangeable for, directly or indirectly into Equity Shares), whether on a preferential basis or issue of bonus or rights or further public issue of Equity Shares. However, if our Company enters into acquisitions, joint ventures or other arrangements, our Company may, subject to necessary approvals, consider raising additional capital to fund such activity or use Equity Shares as consideration for acquisitions or participation in such joint ventures or other arrangements.
20. Except for Mr. Mukesh Luthra, who is offering Equity Shares in the Offer for Sale, none of our other Promoters or members of our Promoter Group will submit Bids or otherwise participate in the Offer.
21. Our Company shall ensure that any transactions in the Equity Shares by our Promoters and our Promoter Group during the period between the date of filing of this Draft Red Herring Prospectus with the Registrar of Companies and the date of closure of the Offer shall be reported to the Stock Exchanges within 24 hours of the transactions.
22. As required under Regulation 20 of the SEBI ICDR Regulations, our Company shall ensure that the details of the Equity Shares locked-in are recorded by the relevant Depository.
23. Neither the (i) BRLMs or any associate of the BRLMs (other than mutual funds sponsored entities which are associates of the BRLMs or insurance companies promoted by entities which are associates of the BRLMs or AIFs sponsored by the entities which are associates of the BRLMs or FPIs other than individuals, corporate bodies and family offices sponsored by the entities which are associates of the BRLMs); nor (ii) any person related to the Promoter or Promoter Group can apply under the Anchor Investor Portion.
24. Our Company has not undertaken any public issue of securities or any rights issue of any kind or class of securities since its incorporation.

## OBJECTS OF THE OFFER

The Offer comprises of the Fresh Issue and the Offer for Sale.

### Offer for Sale

Each of the Selling Shareholders will be entitled to their respective portion of the proceeds from the Offer for Sale in proportion of the Equity Shares offered by the respective Selling Shareholders as part of the Offer for Sale after deducting their proportion of Offer expenses and relevant taxes thereon. Our Company will not receive any proceeds from the Offer for Sale and the proceeds received from the Offer for Sale will not form part of the Net Proceeds. All costs, fees and expenses with respect to the Offer (excluding the listing fees which shall be borne solely by our Company) shall be shared, severally and not jointly, between our Company, Promoter Selling Shareholder, Other Selling Shareholder and Investor Selling Shareholder, based on the proportion of the Equity Shares allotted in the Fresh Issue and sold by the respective Selling Shareholders in the Offer for Sale, in accordance with the provisions of the SEBI ICDR Regulations, Companies Act, 2013, and other applicable laws. Our Company agrees to pay the costs and expenses of and arising in connection with the Offer in advance and it will be reimbursed by the Selling Shareholders for their respective proportion of such costs and expenses upon consummation of the Offer. Notwithstanding anything stated above, in the event the Offer is not consummated, for whatever reason, all costs and expenses in relation to the Offer shall be borne by our Company.

### Objects of the Fresh Issue

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

1. To set up VLCC Wellness Clinics in India and GCC Region, and VLCC Institutes in India, and refurbishment of certain existing VLCC Wellness Clinics in India and GCC Region;
2. Repayment and/ or pre-payment, in part or full, of certain borrowings availed by our Company and Subsidiaries;
3. Investment for brand development;
4. Investment in digital and information technology infrastructure; and
5. General corporate purposes.

The main objects and objects incidental and ancillary to the main objects set out in our Memorandum of Association enable us (i) to undertake our existing business activities and (ii) to undertake the activities proposed to be funded from the Net Proceeds, and (iii) to undertake the activities towards which the loans proposed to be repaid from the Net Proceeds were utilised. The main objects and objects incidental and ancillary to the main objects set out in the respective memorandum of association of the Subsidiaries enables each of them to undertake the activities proposed to be funded from the Net Proceeds, as well as the activities towards which the loans proposed to be repaid from the Net Proceeds were utilised.

### Net Proceeds

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

Particulars	Estimated amount (in ₹ million)
Gross proceeds of the Fresh Issue <sup>(1)</sup>	3,000.00
(Less) Fresh Issue expenses <sup>(2)</sup>	[•]
<b>Net Proceeds</b>	<b>[•]</b>

<sup>(1)</sup> Includes the proceeds, if any, received pursuant to the Pre-IPO Placement. Upon allotment of Equity Shares issued pursuant to the Pre-IPO Placement, we may utilise the proceeds from such Pre-IPO Placement towards the Objects of the Offer prior to completion of the Offer.

<sup>(2)</sup> To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC

## Requirement of funds and proposed schedule of deployment

The Net Proceeds are proposed to be utilised in accordance with the details provided in the following table:

Particulars	Total Estimated Cost*	Amount to be deployed from the Net Proceeds in	
		Fiscal 2022	Fiscal 2023
To set up VLCC Wellness Clinics in India and GCC Region, and VLCC Institutes in India, and refurbishment of certain existing VLCC Wellness Clinics in India and GCC Region	832.37	254.65	577.72
Repayment and/ or pre-payment, in part or full, of certain borrowings availed by our Company and Subsidiaries	660.00	560.00	100.00
Investment for brand development	308.00	101.00	207.00
Investment in digital and information technology infrastructure	400.00	100.00	300.00
General corporate purposes**	●	●	●
<b>Total</b>	●	●	●

\* The entire estimated cost is proposed to be met from the Net Proceeds.

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

In the event of the estimated utilisation of the Net Proceeds in a scheduled Fiscal not being undertaken in its entirety, the remaining Net Proceeds shall be utilised in a subsequent Fiscal, as may be decided by our Company, in accordance with applicable laws. Our Company may decide to accelerate the estimated opening of new VLCC Wellness Clinics and VLCC Institutes and / or refurbishment of existing VLCC Wellness Clinics in India and GCC region ahead of the schedule specified in the table above. Further, if the Net Proceeds are not completely utilised for the objects during the respective periods stated above due to factors such as (i) economic and business conditions; (ii) increased competition; (iii) delay in procuring and operationalizing assets; (iv) timely completion of the Offer; (v) market conditions outside the control of our Company; and (vi) any other business and commercial considerations, the remaining Net Proceeds shall be utilised (in part or full) in subsequent periods as may be determined by our Company, in accordance with applicable laws.

The deployment of funds indicated above is based on management estimates, current circumstances of our business and prevailing cost factors, market conditions, which are subject to change. The deployment of funds described herein has not been appraised by any bank or financial institution or any other independent agency. We may have to revise our funding requirements and deployment from time to time on account of various factors, such as financial and market conditions, competition, business and strategy and interest/exchange rate fluctuations and other external factors, which may not be within the control of our management. This may entail rescheduling and revising the proposed utilisation of the Net Proceeds and changing the allocation of funds from its planned allocation, including increasing or decreasing the expenditure for a particular purpose from the planned expenditure, at the discretion of our management, subject to compliance with applicable law. For details, see “Risk Factors – Variation in the utilization of the Net Proceeds as disclosed in this Draft Red Herring Prospectus would be subject to certain compliance requirements, including prior shareholders’ approval” on page 56.

Subject to applicable laws, in the event of any increase in the actual utilisation of funds earmarked for the purposes set forth above, such additional funds for a particular activity will be met by way of means available to us, including from internal accruals and any additional equity and/or debt arrangements from existing and future lenders. We believe that such alternate arrangements would be available to fund any such shortfalls. Further, if the actual utilisation towards any of the stated objects is lower than the proposed deployment, the balance remaining may be utilised towards future growth opportunities, and/or towards funding any of the other existing objects (if required), and/or general corporate purposes (to the extent that the total amount to be utilized towards the general corporate purposes will not exceed 25% of the Net Proceeds of the Fresh Issue), subject to applicable laws.

### Details of the Objects of the Offer

- To set up VLCC Wellness Clinics in India and GCC Region, and VLCC Institutes in India, and refurbishment of certain existing VLCC Wellness Clinics in India and GCC Region***

We have a principal network of Company operated outlets consisting of 103 VLCC Wellness Clinics in India, 21 VLCC Wellness Clinics in overseas markets and 52 VLCC Institutes in India, and also have 88 franchisee operated



VLCC Wellness Clinics and 42 franchisee operated VLCC Institutes in India and 4 franchisee operated VLCC Wellness Clinics overseas. We believe there is an opportunity for further growth in the markets in which we operate and in order to build on our track record of expansion, we plan to strategically increase our presence and market share in the wellness and beauty industry by setting up new VLCC Wellness Clinics in India and in the GCC Region, as well as new VLCC Institutes. Further, in line with our past practice, certain of our VLCC Wellness Clinics in India and in the GCC Region are also proposed to be refurbished and re-equipped for their maintenance.

Our Company proposes to utilize an aggregate of ₹ 832.37 million from the Net Proceeds, during Fiscals 2022 and 2023, for setting-up 20 VLCC Wellness Clinics and 13 VLCC Institutes in India, four VLCC Wellness Clinics in the GCC Region, and to refurbish 25 VLCC Wellness Clinics in India and seven in the GCC Region, all of which are or will be, as applicable, Company operated. For setting up and refurbishing the VLCC Wellness Clinics in the GCC Region, our Company proposes to invest ₹ 449.98 million in VLCC International Inc., our Subsidiary, which investment will be undertaken in the form of equity or debt or a combination of both, as may be decided by our Company at the time of making such investment. The actual mode of such investment has not been finalised as on the date of this Draft Red Herring Prospectus. Our Company will remain interested in VLCC International Inc. and will derive benefits from it to the extent of our direct or indirect shareholding in it, or as a lender if funds are deployed in the form of debt. We believe that the said investment will enable us to earn increasing revenues on a consolidated basis, progressively scale our business, compete effectively, increase our visibility and expand our existing consumer base. VLCC International Inc. proposes to utilise the entire investment towards funding the proposed object of the Offer.

The proposed utilization of the Net Proceeds towards setting up VLCC Wellness Clinics and VLCC Institutes in India and VLCC Wellness Clinics in the GCC Region is as below:

Particulars	Fiscal Year 2022		Fiscal Year 2023	
	Number	Estimated cost (in ₹ million)	Number	Estimated cost (in ₹ million)
VLCC Wellness Clinics (India)	5	61.33	15	184.00
VLCC Wellness Clinics (GCC Region)	1	72.01	3	216.03
VLCC Institutes (India)	3	16.38	10	54.58
<b>Total</b>	<b>9</b>	<b>149.72</b>	<b>28</b>	<b>454.61</b>

The proposed utilization of the Net Proceeds towards refurbishment of certain VLCC Wellness Clinics and VLCC Institutes in India is as below:

Particulars	Fiscal Year 2022		Fiscal Year 2023	
	Number	Estimated cost (in ₹ million)	Number	Estimated cost (in ₹ million)
VLCC Wellness Clinics (India) – Interiors	5	4.43	20	17.70
VLCC Wellness Clinics (India) – Appliances	15	13.19	35	30.78
VLCC Wellness Clinics (GCC Region) – Interiors	2	7.31	5	18.28
VLCC Wellness Clinics (GCC Region) – Appliances	9	80.00	6	56.35
<b>Total</b>		<b>104.93</b>		<b>123.11</b>

The above estimates of the VLCC Wellness Clinics and VLCC Institutes to be set up and refurbished are based on internal management estimates and current business needs. Given the dynamic nature of our business, these estimates may vary subject to compliance with applicable law, changes in costs, business, strategy, currency exchange rate or external circumstances which may not be in our control.

Our Company will identify locations for setting up of the new VLCC Wellness Clinics and VLCC Institutes basis an analysis primarily focused on the demographics of such location, existing businesses in the surrounding areas, the site quality such as site visibility, footfall generation, accessibility and parking and the feasibility of the location to the customers, etc. Accordingly, the locations selected will be based on the abovementioned criteria and each such premises is proposed to be taken on lease basis.

### Estimated cost of setting up a VLCC Wellness Clinic

The offerings at our VLCC Wellness Clinics in India include weight management solutions, routine beauty services as well as advanced treatments and therapies for hair, skin and body. For providing consistent and quality service and experience to our customers, each VLCC Wellness Clinic is to be equipped with certain standard equipment and appliances. Some of the key equipments for our weight management and fitness solutions include BCA machine which is utilized for body composition analysis with segmental readings, radio frequency, cavitation and ultrasonic based appliances which are used for weight management, anti-aging, skin tightening treatments and laser equipment for hair reduction treatments. Since the furnishing and equipment are standard in nature, the estimated costs would remain largely the same for similar sized centres, irrespective of the location of the VLCC Wellness Clinic. Further the VLCC Wellness Clinics operating in the GCC Region would also include separate sections for men and women which necessitate procuring additional equipment to be housed in each section.

### India

The table below sets forth the total estimated cost for setting-up a new VLCC Wellness Clinic in India:

Sr. No.	Particulars	Total Estimated Cost (in ₹ million)
A.	Interior cost	5.25
B.	Weight management, beauty and fitness related equipment	5.66
C.	Furniture and fixtures	0.61
D.	Security deposit	0.75
<b>Total [A + B + C + D]</b>		<b>12.27</b>

The detailed break-down of these estimated costs is as below:

#### Interior costs

Sr. No.	Particulars	Total Estimated Cost (in ₹ million)
1.	Interior fitout execution <sup>(1)</sup>	4.65
2.	Pre-operative rent (2 months) <sup>(2)</sup>	0.50
3.	Project staff related expenses <sup>(3)</sup>	0.10
<b>Total (A)</b>		<b>5.25</b>

<sup>(1)</sup> Based on quotation dated April 21, 2021 from Pinkdecor Creations which is valid until December 31, 2021.

<sup>(2)</sup> Based on historical estimates of our Company, as confirmed by Mukesh Raj & Co., Chartered Accountant.

<sup>(3)</sup> Based on historical estimates of our Company, as confirmed by Mukesh Raj & Co., Chartered Accountant.

#### Weight management, beauty and fitness related equipment

Sr. No.	Particulars	Total Estimated Cost (in ₹ million)
1.	CTS <sup>(1)</sup>	0.86
2.	Laser Machine Diode <sup>(2)</sup>	0.70
3.	Other appliances such as BCA Machine, Treadmill T600 etc. <sup>(3)</sup>	4.10
<b>Total (B)</b>		<b>5.66</b>

<sup>(1)</sup> Based on quotation dated May 25, 2021 from Viora Inc. which is valid until December 31, 2021.

<sup>(2)</sup> Based on quotation dated May 25, 2021 from Voxmen which is valid until December 31, 2021.

<sup>(3)</sup> Based on quotations from various vendors, each of which are dated not earlier than two months prior to the date of this Draft Red Herring Prospectus.

#### Furniture and fixtures

Sr. No.	Particulars	Total Estimated Cost (in ₹ million)
1.	Pedicure Chair <sup>(1)</sup>	0.19
2.	Machine Trolley <sup>(2)</sup>	0.20
3.	Other furniture and fixtures such as shampoo station, dermat stretching chair etc. <sup>(3)</sup>	0.22
<b>Total (C)</b>		<b>0.61</b>

<sup>(1)</sup> Based on quotation dated May 24, 2021 from Marc which is valid until December 31, 2021.

<sup>(2)</sup> Based on quotation dated May 24, 2021 from Marc which is valid until December 31, 2021.

<sup>(3)</sup> Based on quotation dated May 24, 2021 from Marc which is valid until December 31, 2021.

### Security deposit

Sr. No.	Particulars	Total Estimated Cost (in ₹ million)
1.	Rent deposit (three months) <sup>(1)</sup>	0.75
<b>Total (D)</b>		<b>0.75</b>

<sup>(1)</sup> Based on historical estimates of our Company, as confirmed by Mukesh Raj & Co., Chartered Accountant.

Our estimates are based on (i) valid and existing quotations received from our pan-Indian vendors, and (ii) our internal estimates for specifications and item requirements based on our prior experience of setting up similar Wellness Clinics in the past.

Based on the above, we estimate to utilize ₹ 245.33 million towards setting up 20 VLCC Wellness Clinics in India during Fiscal Years 2022 and 2023.

### The GCC Region

The table below sets forth the total estimated cost for setting-up a new VLCC Wellness Clinic in the GCC Region:

Sr. No.	Particulars	Total Estimated Cost (in ₹ million)
A.	Interior cost	35.35
B.	Weight management, beauty and fitness related equipment	35.19
C.	Furniture and fixtures	0.48
D.	Security deposit	0.99
<b>Total [A + B + C + D]</b>		<b>72.01</b>

The detailed break-down of these estimated costs is as below:

#### Interior costs

Sr. No.	Particulars	Total Estimated Cost (in ₹ million)
1.	Interior decoration <sup>(1)</sup>	25.60
2.	Pre-operative rent (2 months) <sup>(2)</sup>	1.64
3.	Project staff related expenses <sup>(3)</sup>	3.13
4.	Statutory approvals <sup>(4)</sup>	1.99
5.	Staff visa and insurance <sup>(5)</sup>	2.99
<b>Total (A)</b>		<b>35.35</b>

<sup>(1)</sup> Based on quotation dated May 22, 2021 from VR Technical Services LLC which is valid until December 31, 2021.

<sup>(2)</sup> Based on historical estimates of our Company, as confirmed by Mukesh Raj & Co., Chartered Accountant.

<sup>(3)</sup> Based on historical estimates of our Company, as confirmed by Mukesh Raj & Co., Chartered Accountant.

<sup>(4)</sup> Based on applicable costs and experience of our Company, as confirmed by Mukesh Raj & Co., Chartered Accountant.

<sup>(5)</sup> Based on applicable costs and experience of our Company, as confirmed by Mukesh Raj & Co., Chartered Accountant.

#### Weight Management, beauty and fitness related equipment

Sr. No.	Particulars	Total Estimated Cost (in ₹ million)
1.	Zye Yag Laser Machine <sup>(1)</sup>	8.57
2.	Cynosure – Elite +Laser Machine <sup>(2)</sup>	6.93
3.	Other appliances such as Curas Laser Machine, Liftera HIFU etc. <sup>(3)</sup>	19.69
<b>Total (B)</b>		<b>35.19</b>

<sup>(1)</sup> Based on quotation dated May 17, 2021 from Dubimed Medical Supply Trading which is valid until December 31, 2021.

<sup>(2)</sup> Based on quotation dated May 10, 2021 from Al Amin Medical Instruments (LLC) which is valid until December 31, 2021.

<sup>(3)</sup> The estimates are based on quotations and estimates received from various vendors, each of which are dated not earlier than two months prior to the date of this Draft Red Herring Prospectus.

#### Furniture and fixtures

Sr. No.	Particulars	Total Estimated Cost (in ₹ million)
1.	Signage <sup>(1)</sup>	0.48
<b>Total (C)</b>		<b>0.48</b>

(1) Based on quotation dated May 24, 2021 from Two Dots Advertising Requisites Trading LLC which is valid until December 31, 2021.

#### Security deposit

Sr. No.	Particulars	Total Estimated Cost (in ₹ million)
1.	Rent deposit (four months) <sup>(1)</sup>	0.99
<b>Total (D)</b>		<b>0.99</b>

<sup>(1)</sup> Based on historical estimates of our Company, as confirmed by Mukesh Raj & Co., Chartered Accountant.

Our estimates are based on (i) valid and existing quotations received from various vendors, and (ii) our internal estimates for specifications and item requirements based on our prior experience of setting up similar wellness clinics in the past.

Based on the above, we estimate to utilize approximately ₹ 288.04 million towards setting up four VLCC Wellness Clinics in the GCC Region during Fiscal Years 2022 and 2023.

#### Estimated cost of setting up a VLCC Institute in India

The table below sets forth the total estimated cost for setting-up a new VLCC Institute in India:

Sr. No.	Particulars	Total Estimated Cost (in ₹ million)
A.	Interior cost	4.41
B.	Furniture and fixtures	0.45
C.	Security deposit	0.60
<b>Total [A + B + C]</b>		<b>5.46</b>

The detailed break-down of these estimated costs is as below:

#### Interior costs

Sr. No.	Particulars	Total Estimated Cost (in ₹ million)
1.	Interior fitout execution <sup>(1)</sup>	3.91
2.	Pre-operative rent (two months) <sup>(2)</sup>	0.40
3.	Project staff related expenses <sup>(3)</sup>	0.10
<b>Total (A)</b>		<b>4.41</b>

<sup>(1)</sup> Based on quotation dated April 21, 2021 from Pinkdecor Creations which is valid until December 31, 2021.

<sup>(2)</sup> Based on historical estimates of our Company, as confirmed by Mukesh Raj & Co., Chartered Accountant.

<sup>(3)</sup> Based on historical estimates of our Company, as confirmed by Mukesh Raj & Co., Chartered Accountant.

#### Furniture and fixtures

Sr. No.	Particulars	Total Estimated Cost (in ₹ million)
1.	Shampoo station <sup>(1)</sup>	0.09
2.	Pedi spa massager with stool <sup>(2)</sup>	0.19
3.	Machine trolley-2 shelves <sup>(3)</sup>	0.12
4.	Stool with back (white) <sup>(4)</sup>	0.03
5.	Stool with back (black) <sup>(5)</sup>	0.04
<b>Total (B)</b>		<b>0.47</b>

<sup>(1)</sup> Based on quotation dated May 24, 2021 from Marc which is valid until December 31, 2021.

<sup>(2)</sup> Based on quotation dated May 24, 2021 from Marc which is valid until December 31, 2021.

<sup>(3)</sup> Based on quotation dated May 24, 2021 from Marc which is valid until December 31, 2021.

<sup>(4)</sup> Based on quotation dated May 24, 2021 from Marc which is valid until December 31, 2021.

<sup>(5)</sup> Based on quotation dated May 24, 2021 from Marc which is valid until December 31, 2021.

#### Security deposit

Sr. No.	Particulars	Total Estimated Cost (in ₹ million)
1.	Rent deposit (three months) <sup>(1)</sup>	0.60
<b>Total (C)</b>		<b>0.60</b>

<sup>(1)</sup> Based on historical estimates of our Company, as confirmed by Mukesh Raj & Co., Chartered Accountant.

Our estimates are based on (i) valid and existing quotations received from our pan-Indian vendors, and (ii) our internal estimates for specifications and item requirements based on our prior experience of setting up similar VLCC Institutes in the past.

Based on the above, we estimate to utilize ₹ 70.96 million towards setting up 13 VLCC Institutes in India during Fiscal Years 2022 and 2023.

*Estimated cost of refurbishing a VLCC Clinics in India and in the GCC Region*

The table below sets forth the total estimated cost for refurbishing VLCC Clinics in India and in the GCC Region:

Sr. No.	Particulars	Total Estimated Cost in India (in ₹ million)	Total Estimated Cost in the GCC Region (in ₹ million)
A.	Interior cost for interior decoration	22.13 <sup>(1)</sup>	25.60 <sup>(3)</sup>
B.	Weight management, beauty and fitness related equipment include appliances such as Lipozero-ESE-3121LZ, Ultra Torque/Ultra Slim and Pump V-FORM Handpiece, etc. <sup>(2)</sup>	43.97 <sup>(2)</sup>	136.35 <sup>(2)</sup>
<b>Total [A + B]</b>		<b>66.10</b>	<b>161.95</b>

<sup>(1)</sup> Based on quotation dated April 21, 2021 from PrinkDecor Creations which is valid until December 31, 2021.

<sup>(2)</sup> The estimates are based on quotations and estimates received from various vendors, each of which are dated not earlier than two months prior to the date of this Draft Red Herring Prospectus.

<sup>(3)</sup> Based on quotation dated July 11, 2021 from VR Technical Services LLC which is valid until December 31, 2021.

Based on the above, we estimate to utilize the following portion of the Net Proceeds:

- (i) ₹ 43.97 million towards equipping 50 VLCC Wellness Clinics and ₹ 22.12 million towards refurbishing 25 VLCC Wellness Clinics in India during Fiscal Years 2022 and 2023; and
- (ii) ₹ 136.35 million towards equipping one VLCC Wellness Clinic and ₹ 25.60 million towards refurbishing seven VLCC Wellness Clinics in the GCC Region during Fiscal Years 2022 and 2023.

We have not entered into any definitive agreements with any of above-mentioned vendors and there can be no assurance that the same vendors would be engaged to eventually supply the materials.

## **2. Repayment and/ or pre-payment, in part or full, of certain borrowings availed by our Company and Subsidiaries**

Our Company and Subsidiaries have entered into various financial arrangements from time to time, with banks, financial institutions and other entities. The outstanding loan facilities entered into by our Company and Subsidiaries include borrowing in the form of, *inter alia*, term loans and working capital facilities. For further details, see “Financial Indebtedness” on page 365. Our Company and Subsidiaries propose to utilise an estimated amount of ₹ 660.00 million from the Net Proceeds towards part or full repayment and/or pre-payment of certain borrowings availed by them, and the interest accrued therein. Our Company and our Subsidiaries may avail further loans after the date of this Draft Red Herring Prospectus.

Given the nature of these borrowings and the terms of repayment or prepayment, the aggregate outstanding amounts under these borrowings may vary from time to time and our Company and Subsidiaries may, in accordance with the relevant repayment schedule, repay or refinance some of their existing borrowings prior to Allotment. Accordingly, our Company may utilise the Net Proceeds for part prepayment of any such refinanced facilities or repayment of any additional facilities obtained by our Company and our Subsidiaries. However, the aggregate amount to be utilised from the Net Proceeds towards repayment and/or prepayment, in part or full, of certain borrowings (including refinanced or additional facilities availed, if any), would not exceed ₹ 660.00 million.

We believe that such repayment and/or pre-payment will help reduce our outstanding indebtedness, debt servicing costs and enable utilisation of our accruals for further investment in our business growth and expansion. Additionally, we believe that the leverage capacity of our Company will improve our ability to raise further resources in the future to fund our potential business development opportunities and plans to grow and expand our business.

Sr. No.	Name of the Lender	Name of the Borrower	Nature of Borrowing and date of the Sanction Letter / Document	Purpose*	Amount Sanctioned (In ₹ million)	Amount Outstanding as at March 31, 2021 (In ₹ million)	Repayment Date / Schedule	Interest Rate*#	Pre-payment penalty
1	Yes Bank	VLCC Health Care Limited	Term loan Date of sanction letter-July 15, 2016. *Against the amount sanctioned, the amount availed was ₹ 133 million.	Capex require for opening new slimming and beauty centre/Education centre/renovation of existing centre/repair and maintenance of existing centre/advertisement and marketing expenses/purchase of equipment/reimbursement of Capex done	150	29	11 monthly instalments of ₹ 2.61 million each repayable as on March 31, 2021	0.50% over and above yearly MCLR	Nil
2	Yes Bank	VLCC Health Care Limited	Term loan Date of sanction letter-June 28, 2017	Reimbursement of facility being closed with other banks i.e. HDFC/ICICI/KOTAK/AXIS	214	91	24 monthly instalments of ₹ 3.78 million each repayable as on March 31, 2021	0.50% over and above yearly MCLR	Nil
3	Palm land Hospitality Private Limited	VLCC Health Care Limited	Term loan Date of agreement-October 01, 2018	To meet working capital requirements	70	70	Payable by June 30, 2024	12% p.a.	Nil
4	Palm land Hospitality Private Limited	VLCC Health Care Limited	Term loan Date of agreement-March 15, 2021	To meet working capital requirements	50	50	Payable by June 30, 2024	12% p.a.	Nil
5	Yes Bank	VLCC Health Care Limited	Cash Credit Date of sanction letter-August 29, 2020	To meet working capital requirements	75	31	Facilities valid till June 21, 2021, or payable on demand	2.30% spread over and above yearly MCLR	Nil
6	Yes Bank	VLCC Health Care Limited	Cash Credit Date of sanction letter- August 29, 2020	To meet working capital requirements	50	50	Facilities valid till June 21, 2021, or payable on demand	2.30% spread over and above yearly MCLR	Nil
7	Axis Bank	VLCC Health Care Limited	Cash Credit Date of sanction letter-February 18, 2021	To meet working capital requirements	10	1	Repayable on demand	2.50% spread over and above 1 year MCLR	Nil
8	HDFC Bank	VLCC Personal Care Limited	Term loan Date of sanction letter-November 05, 2016	For setup of manufacturing facility at Guwahati	100	47	26 monthly instalments of ₹ 1.64 million each and 1 monthly instalment of ₹ 3.83 million repayable as on	3 year MCLR plus 0.45% p.a. MCLR to be reset every 6 months	Nil

							March 31, 2021		
9	Yes Bank	VLCC Personal Care Limited	Cash Credit Date of sanction letter- August 29, 2020	To meet working Capital requirements	150	31	Facilities valid till June 06, 2021, or payable on demand	1.30% spread p.a. over and above 1 year MCLR	Nil
10	Yes Bank	VLCC Personal Care Limited	Working capital Demand Loan Date of sanction letter- August 29, 2020	To meet working Capital requirements		100	Facilities valid till June 06, 2021, or payable on demand	0.95% spread p.a. linked to 6 months MCLR	Nil
11	HDFC Bank	VLCC Personal Care Limited	Cash Credit Date of sanction letter-March 06, 2021	To meet working Capital requirements	255	213	Facilities valid for 12 months from the date of sanction, or payable on demand	MCLR plus 0.9%	Nil
<b>Total amount sanctioned as on March 31, 2021 in the loans proposed to be repaid</b>					<b>1,124</b>				
<b>Total amount outstanding as on March 31, 2021*</b>					<b>712</b>				

\* In accordance with Clause 9(A)(2)(b) of Part A of Schedule VI of the SEBI ICDR Regulations which requires a certificate from the statutory auditor certifying the utilization of loan for the purposed availed, the Company has obtained the requisite certificate.

\*\* MCLR: Marginal cost of fund-based lending rate.

# As per the sanction letter.

Our Company may consider the following factors for identifying the loans that will be repaid out of the Net Proceeds:

- (i) Costs, expenses and charges relating to the facility including interest rates involved;
- (ii) Presence of onerous terms and conditions under the facility;
- (iii) Ease of operation of the facility;
- (iv) Terms and conditions of consents and waivers;
- (v) Levy of any prepayment penalties and the quantum thereof;
- (vi) Provisions of any law, rules, regulations governing such borrowings;
- (vii) Terms of pre-payment to lenders, if any; and
- (viii) Other commercial considerations including, among others, the amount of the loan outstanding and the remaining tenor of the loan.

In the ordinary course of business, due to various operational benefits, our Company may explore possibilities of other banks participating in existing loans either in full or in part, including the loans mentioned above. Our financing facilities provide for the levy of prepayment penalties. Given the nature of these borrowings and the terms of prepayment, the aggregate outstanding loan amounts may vary from time to time. In the event that there are any prepayment penalties required to be paid under the terms of the relevant financing agreements, such prepayment penalties shall be paid by our Company out of internal accruals. We will take such provisions also into consideration while deciding repayment and/ or pre-payment of loans from the Net Proceeds. In case we are unable to raise the Offer Proceeds till the due date for repayment of any of the abovementioned portion of the loans, the funds earmarked for such repayment may be utilised for payment of future instalments of the abovementioned loan or other loan for an amount not more than the amount mentioned above.

In the event, our Company deploys the Net Proceeds in some of our Subsidiaries, for the purpose of prepayment, repayment or redemption (earlier or scheduled) of all or a portion of the abovementioned borrowings, it shall be in the form of equity or debt or in any other manner as may be mutually decided. The actual mode of such deployment has not been finalized as on the date of this Draft Red Herring Prospectus.

### 3. *Investment for brand development*

To strengthen our position in the Wellness & Beauty Industry, we undertake extensive sales and marketing to promote our brand on a continuous basis. These activities are integral to creating, maintaining and enhancing brand visibility and correspondingly to create, sustain and enhance our market share in the industry. We drive our marketing initiatives through mass communications channels such as on-line and digital, television, press, radio and cinema and well as sponsorship of high-visibility national-level events and hyper-local, event-based on-ground promotional activities. We also market our Personal Care Products through a variety of popular retail channels to enhance our brand visibility and outreach to customers. During the Fiscal 2021, we held the title sponsorship for Femina Miss India 2020. Our association with similar events is set to enhance our brand recognition among younger customers, who are more inclined towards proactively maintaining Wellness & Beauty regimes. Additionally, we have partnered with celebrities and social media influencers to promote VLCC services and products in form of educational videos, and this will increase VLCC face time with prospective and existing customers and consistently add value to their daily regimes.

Our pan-India and pan-GCC operations allow to optimally invest in branding and promotional activities to create clutter-breaking and high visibility. We will seek to continue building on this brand visibility and customer loyalty through marketing efforts such as higher advertising spends across digital and social media, print, television, and radio as well as hyper-local local events and activities. We will also seek to continue to sponsor headline events like the title sponsorship for the VLCC Femina Miss India 2020 event. Through these initiatives we also aim to increase our customer demographic depth and strengthen our relationship with younger consumer segments. We also seek to generate contemporary educational content and engage in brand associations in the future. Further, with our products business gaining steady traction and our distribution network spanning across India, we intend to significantly increase our investment in marketing and advertising activities to not only reinforce the VLCC brand across our existing markets, but also to create visibility in the new ones.

We have historically made investments in marketing and promotional activities, especially for acquisition of consumers and enhancement of our brand equity, through our marketing efforts, which have involved a combination of: (i) online channels, such as, digital brand advertising campaigns, paid search engine marketing, and using other digital marketing tools; (ii) offline channels, such as, print, radio, television and mass-media campaigns; and (iii) targeted communication through continuous engagement on social media platforms and personalized messages/push notifications. Whilst there has been a significant reduction in marketing and promotional expenses over the years, we intend to continue our focus on marketing and promotional activities to reach out to new as well as existing consumers, strengthen our engagement with them as well as promote our brand. Our advertisement and sales promotion expenses as per Restated Consolidated Summary Statements were ₹ 256.37 million, ₹ 768.78 million and ₹ 1,133.20 million during Fiscal 2021, 2020 and 2019, respectively and constituted 4.5 %, 9.9 % and 13.2 % of our total income for such periods, respectively. Provided below is a breakdown of the expenses proposed to be incurred for our brand development out of the Net Proceeds over Fiscals 2022 and 2023:

Sr. No.	Particulars*	Total Estimated Cost in Fiscal 2022 (in ₹ million)	Total Estimated Cost in Fiscal 2023 (in ₹ million)
1.	Television	50.00	100.00
2.	Digital audio/visual	0.00	30.00
3.	Biddable Media	34.00	40.00
4.	E-commerce	17.00	31.00
5.	Magazines	0.00	6.00
<b>Total</b>		<b>101.00</b>	<b>207.00</b>

\* VLCC Personal Care Limited, our Subsidiary, has entered into a memorandum of understanding with HAVAS Media India Private Limited dated July 22, 2021 for obtaining services related to media planning, digital media services and other similar advertising support.

Our deployment of marketing and advertising activities is contingent on various factors. Accordingly, our advertising and marketing plans may vary in terms of deployment of media spends across various channels like social media, on-line & digital, television, print and outdoor, depending upon operational requirements. Accordingly, we may choose to purchase more advertising space for certain desirable medium and less advertising time in other medium, channels or segments, subject to the overall deployment of ₹ 308.00 million from the Net Proceeds for this purpose. We shall be deploying a portion of the Net Proceeds in VLCC Personal Care Limited, our Subsidiary, in the form of debt or equity, which will be determined by our Company at the time of making such investment and has not been finalized as on the date of this Draft Red Herring Prospectus. Our Company will remain interested in our Subsidiaries and will derive benefits from it to the extent of our shareholding in it, or as a lender if funds are deployed in the form of debt.



#### 4. Investment in digital and information technology infrastructure

Our business strategy includes developing an advanced digital and information technology infrastructure to better collect and manage our customers' information across our various service offerings, both to enhance the effectiveness of our service offerings, to increase up-selling and cross-selling opportunities, enable greater customer engagement and expand reach. See "Our Business – Goals & Strategies" on page 166. We expect these technologies to continue to play an important role in the processing and delivery of our services and products to our customers in a cost-effective manner and therefore constantly endeavor to upgrade and strengthen our information technology infrastructure and capabilities in preparation for the scale up of our operations.

Our digital efforts shall be focused on reinventing interactions and appealing to the customers at a continuum of touch points that together provide an engaging brand experience. Our online commerce model shall heavily leverage our VLCC Wellness Clinics and VLCC Institutes. We aim to build a long-term e-commerce strategy covering strategic and operational levers such as assortment, pricing, promotions, marketing, and analytics. Strengthening our digital presence shall help gain a deeper understanding of the consumer behaviour and gain a wider market share in our key product categories. We believe this will also considerably widen our customer base and reach, apart from enhancing customer engagement. Additionally, our ability to compete effectively in the future will, in part, be driven by our ability to efficiently maintain, update and change our technology platforms as well as integrate new technologies into our business. For example, we intend to develop mobile applications for providing innovative service offerings. Further, our current information technology systems may be susceptible to operational data loss, general disruptions in functionality, and may not be compatible with new technology. We believe that leveraging data and analytics is a core aspect of our operational strategy as we move towards enhancing our customer experience and reviewing their need. In order to achieve this, we plan to spend the following amounts on digital and information technology infrastructure:

Sr. No.	Particulars	Total Estimated Cost*# (in ₹ million)
<i>IT software services</i>		
1	Diagnostics for Digital Strategy, BPR and Recommendation (Digital, Process & Domain including KPIs & Analytics use cases definition & solution recommendations)	25.00
2	Implementation of sales, service and marketing modules for customer relationship management systems	32.00
3	Data-lake Implementation including licenses	79.00
4	Implementation and license cost for data analytics system	29.50
5	Development of mobile applications for VLCC Wellness Clinics, VLCC Institutes and Personal Care Products	50.00
6	Cloud licensing	15.00
7	Implementation and license cost for setting up ERP software	51.00
<i>IT hardware services</i>		
1.	Hardware costs for desktops, laptops and tablets	70.00
2.	Hardware costs for networking and infrastructure costs	48.50
<b>Total</b>		<b>400.00</b>

\* Based on quotation dated July 21, 2021 from Fore Solutions Private Limited which is valid until December 31, 2021.

# The prices in the quotation are as per current USD conversion and may depend on exchange rate fluctuations.

We propose to utilise ₹ 400.00 million from the Net Proceeds in Fiscals 2022 and 2023 to finance the upgradation of our IT infrastructure for integrated administrative and infrastructural advancement at our wellness clinics, vocational institutes, personal care production and distribution units as well as at our other business premises, as follows:

We may also invest a portion of the Net Proceeds raised for this object in our Subsidiaries, VLCC International Inc. and VLCC Personal Care Limited, for investment in digital and information technology. We will invest in such Subsidiaries either in the form of debt or equity, which will be determined by our Company at the time of making such investment and has not been finalized as on the date of this Draft Red Herring Prospectus. Our Subsidiaries do not have any stated dividend policy and our Company cannot be assured of any dividends from them. Our Company will remain interested in our Subsidiaries, and will derive benefits from them, to the extent of our direct or indirect shareholding in it, or as a lender if funds are deployed in the form of debt.

## 5. General Corporate Purposes

The Net Proceeds will first be utilised for the Objects as set out above. Thereafter, our Company proposes to deploy the balance Net Proceeds aggregating to ₹ [●] million towards general corporate purposes, subject to such utilisation not exceeding 25% of the Net Proceeds of the Fresh Issue, in compliance with Regulation 7(2) of the SEBI ICDR Regulations. The general corporate purposes for which our Company proposes to utilise the Net Proceeds include funding growth opportunities, brand building, meeting expenses incurred by our Company in the ordinary course of business including working capital requirements, as may be applicable. In addition to the above, our Company may utilise the Net Proceeds towards other expenditure (in the ordinary course of business) considered expedient and as approved periodically by the Board or a duly constituted committee thereof, subject to compliance with necessary provisions of the Companies Act. The quantum of utilisation of funds towards each of the above purposes will be determined by our Board, based on the amount actually available under this head and the business requirements of our Company, from time to time. Our Company's management, in accordance with the policies of the Board, shall have flexibility in utilising surplus amounts, if any.

### Offer Expenses

The total expenses of the Offer are estimated to be approximately ₹ [●] million. The Offer related expenses include fees payable to the BRLMs and legal counsel, fees payable to the auditors, brokerage and selling commission, underwriting commission, commission payable to Registered Brokers, SCSBs' fees, Registrar's fees, printing and stationery expenses, advertising and marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges. All costs, fees and expenses with respect to the Offer (excluding the listing fees which shall be borne solely by our Company) shall be shared, severally and not jointly, between our Company, Promoter Selling Shareholder, Other Selling Shareholder and Investor Selling Shareholder, based on the proportion of the Equity Shares allotted in the Fresh Issue and sold by the respective Selling Shareholders in the Offer for Sale, in accordance with the provisions of the SEBI ICDR Regulations, Companies Act, 2013, and other applicable laws. Our Company agrees to pay the costs and expenses of and arising in connection with the Offer in advance and it will be reimbursed by the Selling Shareholders for their respective proportion of such costs and expenses upon consummation of the Offer. Notwithstanding anything stated above, in the event the Offer is not consummated, for whatever reason, all costs and expenses in relation to the Offer shall be borne by our Company..

The estimated Offer related expenses are as under:

Activity	Estimated expenses <sup>(1)</sup> (in ₹ million)	As a % of the total estimated <sup>(1)</sup> Offer expenses	As a % of the total <sup>(1)</sup> Offer size
BRLMs fees and commissions (including underwriting commission, brokerage and selling commission)	[●]	[●]	[●]
Selling commission/processing fee for SCSBs, Sponsor Bank and fee payable to the Sponsor Bank for Bids made by RIBs <sup>(2)(4)</sup>	[●]	[●]	[●]
Brokerage and selling commission and bidding charges for members of the Syndicate (including their sub-Syndicate Members), Registered Brokers, RTAs and CDPs <sup>(3)</sup>	[●]	[●]	[●]
Fees payable to the Registrar to the Offer	[●]	[●]	[●]
Fees payable to Statutory Auditors	[●]	[●]	[●]
Fees payable to the other advisors to the Offer	[●]	[●]	[●]
Others			
- Listing fees, SEBI filing fees, upload fees, BSE & NSE processing fees, book building software fees and other regulatory expenses	[●]	[●]	[●]
- Printing and stationery	[●]	[●]	[●]
- Advertising and marketing expenses	[●]	[●]	[●]
- Fee payable to legal counsels	[●]	[●]	[●]
- Miscellaneous	[●]	[●]	[●]
<b>Total estimated Offer expenses</b>	[●]	[●]	[●]

<sup>(1)</sup> Amounts will be finalised and incorporated in the Prospectus after determination of Offer Price

<sup>(2)</sup> Selling commission payable to the SCSBs, members of the Syndicate (including their Sub-Syndicate Members), RTAs and CDPs which are directly procured by them would be as follows:

Portion for Retail Individual Bidders	/●/% of the Amount Allotted* (plus applicable taxes)
Portion for Non-Institutional Bidders	/●/% of the Amount Allotted* (plus applicable taxes)

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

Selling commission payable to the Registered Brokers on the portion for Retail Individual Bidders using the UPI Mechanism and the Non- Institutional Bidders, which are directly procured by the Registered Brokers and submitted to the SCSBs for processing, shall be ₹[●] per valid Bid cum Application Form (plus applicable taxes). Selling Commission payable to the SCSBs will be determined on the basis of the bidding terminal ID as captured in the bid book of BSE or NSE.

(3) Bidding charges of ₹[●] (plus applicable taxes) shall be payable as per valid ASBA Form collected by the Syndicate, RTAs and CDPs (excluding applications made by Retail Individual Bidders using the UPI Mechanism). The terminal from which the Bid has been uploaded will be taken into account in order to determine the total bidding charges. No additional bidding charges shall be payable to the SCSBs on the Bid cum Application Forms directly procured by them.

(4) Processing fees payable to the SCSBs for the Bid cum Application Forms which are procured by the Members of the Syndicate / Registered Brokers / RTAs / CDPs and submitted to the SCSBs for blocking shall be ₹[●] per valid Bid cum Application Form (plus applicable taxes).

Processing fees for the applications made by the Retail Individual Bidders using the UPI Mechanism would be as follows:

Members of the Syndicate /RTAs / CDPs	₹ [●]/per valid Bid cum Application Form (plus applicable taxes).
Sponsor Bank	₹[●]/per valid Bid cum Application Form (plus applicable taxes).  The Sponsor Bank shall be responsible for making payments to the third parties such as the remitter bank, the NPCI and such other parties as required in connection with the performance of its duties under applicable SEBI circulars, agreements and other Applicable Law.

## Means of finance

The fund requirements set out for the aforesaid objects of the Offer are proposed to be met entirely from the Net Proceeds. Accordingly, our Company confirms that there is no requirement to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Fresh Issue and existing identifiable accruals as required under the SEBI ICDR Regulations.

## Interim use of Net Proceeds

Our Company, in accordance with the policies established by the Board from time to time, will have flexibility to deploy the Net Proceeds. Pending utilisation for the purposes described above, our Company will deposit the Net Proceeds only with one or more scheduled commercial banks included in Second Schedule of Reserve Bank of India Act, 1934 as may be approved by our Board or IPO Committee. In accordance with Section 27 of the Companies Act, 2013, our Company confirms that it shall not use the Net Proceeds for buying, trading or otherwise dealing in the equity shares of any other listed company or for any investment in equity markets.

## Bridge Financing Facilities

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

## Monitoring of Utilisation of Funds

Our Company shall appoint a monitoring agency in accordance with Regulation 41 of the SEBI ICDR Regulations. Our Board and the monitoring agency will monitor the utilisation of the Net Proceeds, and submit the report required under Regulation 41(2) of the SEBI ICDR Regulations.

Our Company will disclose the utilisation of the Net Proceeds under a separate head in our balance sheet along with the relevant details, for all such amounts that have not been utilised. Our Company will indicate investments, if any, of unutilised Net Proceeds in the balance sheet of our Company for the relevant Fiscals subsequent to receipt of listing and trading approvals from the Stock Exchanges.

Pursuant to Regulations 18(3) and 32(3) of the SEBI Listing Regulations, our Company shall, on a quarterly basis within 45 days from the end of each quarter, disclose to the Audit Committee the uses and applications of the Net Proceeds. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in this Draft Red Herring Prospectus and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilised. Such disclosure shall be made

only until such time that all the Net Proceeds have been utilised in full. Furthermore, in accordance with Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilisation of the proceeds of the Fresh Issue from the objects of the Fresh Issue as stated above; and (ii) details of category wise variations in the actual utilisation of the proceeds of the Fresh Issue from the objects of the Fresh Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results and explanation for such variation (if any) will be included in our Director's report, after placing the same before the Audit Committee.

### **Variation in Objects**

In accordance with Sections 13(8) and 27 of the Companies Act and applicable rules, our Company shall not vary the objects of the Offer without our Company being authorised to do so by the Shareholders by way of a special resolution through postal ballot. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution ("**Postal Ballot Notice**") shall specify the prescribed details as required under the Companies Act and applicable rules. The Postal Ballot Notice shall simultaneously be published in the newspapers, one in English and one in Hindi, being the vernacular language of the jurisdiction where the Registered Office is situated in accordance with the Companies Act and applicable rules. Our Promoters or controlling shareholders will be required to provide an exit opportunity to such Shareholders who do not agree to the proposal to vary the objects, at such price, and in such manner, in accordance with our AoA, and the SEBI ICDR Regulations.

### **Appraising Entity**

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

### **Other Confirmations**

No part of the Net Proceeds will be paid by us as consideration to our Promoters and Promoter Group, the Directors, Key Managerial Personnel, except in the normal course of business and in compliance with applicable law.

Our Company has not entered into and is not planning to enter into any arrangement/agreements with the Promoters, the Promoter Group, Directors and Key Managerial Personnel in relation to the utilisation of the Net Proceeds. Further there is no existing or anticipated interest of such individuals and entities in the objects of the Fresh Issue as set out above.

## BASIS FOR OFFER PRICE

The Offer Price will be determined by our Company and Selling Shareholders in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹10 each and the Offer Price is [●] times the face value at the Floor Price and [●] times the face value at the Cap Price of the Price Band. Investors should also see “*Our Business*”, “*Risk Factors*”, “*Financial Statements*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 156, 24, 238 and 322, respectively, to have an informed view before making an investment decision.

### Qualitative Factors

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

- i. VLCC’s stature as a leading brand in the Indian Wellness & Beauty Industry
- ii. Bespoke integrated business model and capability to leverage scale, scope, and breadth
- iii. Capability to identify and innovate a differentiated product portfolio
- iv. Attractive financial structure
- v. Experienced promoters and strong management capability

For details, see “*Our Business – Competitive Strengths*” on page 161.

### Quantitative Factors

Some of the information presented below relating to our Company are amounts derived from the Restated Consolidated Summary Statements, except for the market price, P/E, post offer, weights assigned, for Fiscals 2021, 2020 and 2019.

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

#### A. Basic and Diluted Earnings Per Share (“EPS”):

Fiscal Year ended	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
March 31, 2021	1.63	1.62	3
March 31, 2020	(4.09)	(4.09)	2
March 31, 2019	(12.93)	(12.93)	1
<b>Weighted Average</b>	(2.70)	(2.71)	

*Note:*

1. Basic and diluted earnings per equity share are computed in accordance with Indian Accounting Standard 33 ‘Earnings per share notified accounting standard by the Companies (Indian Accounting Standards) Rules of 2015 (as amended).
2. The ratios have been computed as below:
  - a. Basic earnings per share = Net profit after tax attributable to equity shareholders/weighted average number of shares outstanding during the years/period.
  - b. Diluted earnings per share = Net profit after tax attributable to equity shareholders/weighted average number of diluted shares outstanding during the year/period.
3. Weighted average number of shares is the number of equity shares outstanding at the beginning of the period adjusted by the number of equity shares issued during period, multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the period.
4. The Weighted Average basic and diluted EPS is a product of basic and diluted EPS and respective assigned weight, dividing the resultant by total aggregate weight. Weights applied have been determined by the management of the Company.

**B. Price/Earning (“P/E”) ratio in relation to Price Band of ₹ [●] to ₹[●] per Equity Share:**

Particulars	P/E at the Floor Price (no. of times)	P/E at the Cap Price (no. of times)
Based on basic EPS for Financial Year 2021	[●]	[●]
Based on diluted EPS for Financial Year 2021	[●]	[●]

**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 [●], the lowest P/E ratio is [●], the average P/E ratio is [●] and the industry composite is [●].

1. The highest and lowest Industry P/E shown above is based on the peer set provided below under “Comparison with listed industry peers”. The industry average has been calculated as the arithmetic average P/E of the peer set provided below. For further details, see “- Comparison with listed industry peers” hereunder.
2. For Industry P/E, P/E figures for the peers are computed based on closing market price as on [●] at BSE, divided by Basic EPS (on consolidated basis) based on the annual reports of such companies for the Fiscal 2021.

**C. Return on Net Worth (“RoNW”)**

As per amounts derived from Restated Consolidated Summary Statements, except for the weights assigned and weighted average:

Fiscal Year ended	RoNW (%)	Weight
March 31, 2021	8.6	3
March 31, 2020	(23.3)	2
March 31, 2019	(66.5)	1
<b>Weighted Average</b>	(14.5)	

Note:

Return on net worth (%) = Net profit after tax attributable to equity shareholders/net worth as at the end of year/ period

Net worth means the aggregate of the paid up share capital, securities premium, general reserve, legal reserve, share based payment reserve and retained earnings.

**D. Net Asset Value (“NAV”) per Equity Share**

Amounts as on March 31, 2021, March 31, 2020 and March 31, 2019 derived from Restated Consolidated Summary Statements:

Fiscal year ended/ Period ended	NAV (₹)
As on March 31, 2021	18.84
As on March 31, 2020	17.55
As on March 31, 2019	19.44
After the Offer	[●]
Offer Price	[●]

Note:

Net asset value (₹) = Net Worth as restated /Number of equity shares outstanding as at year Offer Price per Equity Share will be determined on conclusion of the Book Building Process

Net worth means the aggregate of the paid up share capital, securities premium, general reserve, legal reserve, share based payment reserve and retained earnings..

**E. Comparison with Listed Industry Peers**

There are no listed companies in India whose business portfolio is comparable with that of our business and comparable to our scale of operations.

**F. The Offer price is [●] times of the face value of the Equity Shares**

The Offer Price of ₹ [●] has been determined by our Company and Selling Shareholders in consultation with the BRLMs, on the basis of market demand from investors for Equity Shares through the Book Building Process and is justified in view of the above qualitative and quantitative parameters. The trading price of Equity Shares could decline due to factors mentioned in “*Risk Factors*” beginning on page 24 and you may lose all or part of your investments.

## STATEMENT OF SPECIAL TAX BENEFITS

### STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY, IT'S MATERIAL SUBSIDIARY 'VLCC PERSONAL CARE LIMITED' ('SUBSIDIARY') AND THEIR SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA

The Board of Directors  
VLCC Health Care Limited  
64, HSIDC Sector 18,  
Maruti Industrial Area,  
Gurgaon – 122015,  
Haryana, India

Dear Sirs,

#### Statement of Special Tax Benefits available to VLCC Health Care Limited ('the Company'), material subsidiary 'VLCC Personal Care Limited' ('Subsidiary') and their shareholders under the Indian tax laws

1. We hereby confirm that the enclosed Annexure, prepared by the Company, provides the special tax benefits available to the Company, its Subsidiary and to their shareholders under the Income-tax Act, 1961 ('the Act') as amended by the Finance Act 2021, i.e. applicable for the Financial Year 2021-22 relevant to the assessment year 2022-23, presently in force in India and the Central Goods and Services Tax Act, 2017/the Integrated Goods and Services Tax Act, 2017 and applicable state Goods and Services Tax Act, 2017 ("GST Act"), the Customs Act, 1962 ("Customs Act") and the Customs Tariff Act, 1975 ("Tariff Act") as amended by the Finance Act 2021, i.e., applicable for the Financial Year 2021-22 relevant to the assessment year 2022-23, presently in force in India. The Act, the GST Act, Customs Act and Tariff Act, as defined above, are collectively referred to as the 'Relevant Acts.' Several of these benefits are dependent on the Company, its Subsidiary or their shareholders fulfilling the conditions prescribed under the relevant provisions of the Relevant Acts. Hence, the ability of the Company, its Subsidiary and/or their 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, its Subsidiary or their shareholders may or may not choose to fulfil.
2. The benefits discussed in the enclosed statement are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that this statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the 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 IPO.
3. We do not express any opinion or provide any assurance as to whether:
  - i) the Company, its Subsidiary or their 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 statement 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 and its Subsidiary.
5. This Statement is issued solely in connection with the proposed IPO issue of the Company and is not to be used, referred to or distributed for any other purpose.



**For S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

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**per Yogender Seth**

Partner

Membership Number: 094524

Place of Signature: Gurugram

Date: August 13, 2021

**ANNEXURE TO THE STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY, IT'S MATERIAL SUBSIDIARY 'VLCC PERSONAL CARE LIMITED' ('SUBSIDIARY') AND THEIR SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA**

**A. SPECIAL DIRECT TAX BENEFITS AVAILABLE TO THE COMPANY**

The statement of tax benefits enumerated below is as per the Income-tax Act, 1961 ('Act') as amended by the Finance Act, 2021 and applicable for Financial Year ('FY') 2021-22 relevant to Assessment Year ('AY') 2022-23.

**(1) Lower corporate tax rate under section 115BAA of the Act**

A new section 115BAA has been inserted in the Act by the Taxation Laws (Amendment) Act, 2019 ("the Amendment Act, 2019") w.e.f. April 1, 2020 (AY 2020-21). Section 115BAA grants an option to a domestic company to be governed by the section from a particular assessment year. If a company opts for section 115BAA of the Act, it can pay corporate tax at a reduced rate of 22% (plus applicable surcharge i.e. 10% and health and education cess i.e. 4%). Section 115BAA of the Act further provides that domestic companies availing the option will not be required to pay Minimum Alternate Tax ('MAT') on their 'book profits' under section 115JB of the Act.

However, such a company will no longer be eligible to avail specified exemptions / incentives under the Act and will also need to comply with the other conditions specified in section 115BAA of the Act. Also, if a company opts for section 115BAA, the tax credit (under section 115JAA), if any, which it is entitled to on account of MAT paid in earlier years, will no longer be available. Further, it shall not be allowed to claim set-off of any brought forward loss arising to it on account of additional depreciation and other specified incentives.

We understand that the Company has not opted for lower corporate tax rate provided under section 115BAA of the Act till date.

**(2) Deduction in respect of employment of new employees – Section 80JJAA of the Act**

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

**(3) Lower tax rate for dividend received from foreign companies**

As per section 115BBD of the Act, the dividend received from a company outside India (i.e. where Indian company holds 26% or more of the equity share capital) is taxable at the rate of 15% plus applicable surcharge and cess under the Act. However, no deduction is allowable in respect of any income in the form of dividend covered under the ambit of this section.

In view of the above, considering that the Company holds more than 26% of equity share capital of the foreign company, dividend, if any, received during FY 2021-22 shall be subject to tax at the rate of 15% plus applicable surcharge and cess under the Act.

**(4) Deduction in respect of inter-corporate dividends – Section 80M of the Act**

Up to 31 March 2020, any dividend paid to a shareholder by a company was liable to Dividend Distribution Tax ('DDT'), and the recipient shareholder was exempt from tax. Pursuant to the amendment made by the Finance Act, 2020, DDT stands abolished and dividend received by a shareholder on or after 1<sup>st</sup> April 2020 is liable to tax in the hands of the shareholder. The Company is required to deduct Tax Deducted at Source ('TDS') at applicable rate specified under the Act read with applicable Double Taxation Avoidance Agreement (if any).

With respect to a resident corporate shareholder, a new section 80M has been inserted in the Act to remove the cascading effect of taxes on inter-corporate dividends during FY 2020-21 and thereafter. Subject to the fulfilment of prescribed conditions, the section provides that where the gross total income of a domestic company in any previous

year includes any income by way of dividends from any other domestic company or a foreign company or a business trust, there shall, in accordance with and subject to the provisions of this section, be allowed in computing the total income of such domestic company, a deduction of an amount equal to so much of the amount of income by way of dividends received from such other domestic company or foreign company or business trust as does not exceed the amount of dividend distributed by it on or before the due date. The “due date” means the date one month prior to the date for furnishing the return of income under sub-section (1) of section 139 of the Act.

- (5) Loss under the head “Profit and Gains from Business or Profession” can be set-off against other income and the excess loss after set-off can be carried forward for set-off - against business income of the next eight Assessment Years.
- (6) Unabsorbed depreciation, if any, can be adjusted against any other income and can be carried forward indefinitely for set-off against the income of future years.

## **B. SPECIAL DIRECT TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS**

- (1) Dividend income earned by the shareholders would be taxable in their hands at the applicable rates. However, in case of domestic corporate shareholders, deduction under Section 80M of the Act would be available on fulfilling the conditions (as discussed above). Further, in case of shareholders who are individuals, Hindu Undivided Family, Association of Persons, Body of Individuals, whether incorporated or not and every artificial juridical person, surcharge would be restricted to 15%, irrespective of the amount of dividend.
- (2) Section 112A of the Act provides for concessional rate of 10% (plus applicable surcharge and cess) on long term capital gains (exceeding ₹. 1,00,000) arising from equity shares or a unit of an equity oriented fund or a unit of a business trust, if Security Transaction Tax (‘STT’) has been paid on both acquisition and transfer of such shares and subject to fulfilment of other prescribed conditions (including Notification No. 60/2018/F.No.370142/9/2017-TPL dated 1 October 2018). The benefit of foreign currency exchange difference and indexation, as provided under the first and second proviso to section 48 of the Act, shall not be applicable for computing long term capital gains taxable under section 112A of the Act.
- (3) Section 112 of the Act provides for taxation of long-term capital gains, resulting on transfer of *inter-alia*, listed shares of the company (other than those covered under section 112A), which shall be lower of the following:
  - a. 20% (plus applicable surcharge and cess) with indexation benefit; or
  - b. 10% (plus applicable surcharge and cess) without indexation benefit
- (4) As per the provisions of section 111A of the Act, short term capital gain arising from transfer of equity share in the Company through a recognized stock exchange and subject to STT shall be taxable at a concessional rate of 15% (plus applicable surcharge and cess if any).
- (5) In respect of non-resident shareholders, the tax rates and the consequent taxation shall be further subject to benefits, if any, available under the applicable Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile.
- (6) Where the gains arising on the transfer of shares of the Company are included in the business income of a shareholder and assessable under the head “Profits and Gains from Business or Profession” and on such transfer is subjected to STT, then such STT shall be a deductible expense from the business income as per the provisions of section 36(1)(xv) of the Act.
- (7) As regards the shareholders that are Mutual Funds, under section 10(23D) of the Act, any income earned by a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992, or a Mutual Fund set up by a public sector bank or a public financial institution, or a Mutual Fund authorised by the Reserve Bank of India would be exempt from income-tax, subject to such conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

Except for the above, the Shareholders of the Company are not entitled to any other special tax benefits under the Act.

**Notes to the above:**

1. We have not considered general tax benefits available to the Company or shareholders of the Company. The above statement covers only certain special tax benefits under the Act, read with the relevant rules, circulars and notifications and does not cover any benefit under any other law in force in India. This statement also does not discuss any tax consequences, in the country outside India, of an investment in the shares of an Indian company.
2. The above statement of possible special tax benefits sets out the provisions of Indian tax laws 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.
3. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant Double Taxation Avoidance Agreement, if any, entered into between India and the country in which the non-resident has fiscal domicile.
4. This Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, 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 offer.
5. 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. We shall not be liable to 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.

**C. STATEMENT OF POSSIBLE SPECIAL INDIRECT TAX BENEFITS AVAILABLE TO THE COMPANY AND SHAREHOLDERS OF THE COMPANY**

Outlined below are the special tax benefits availed by the Company under the Indian indirect tax laws read with Rules, circulars, and notifications relevant to the said laws.

**I. Special tax benefits available to the Company under the GST regime**

The special tax benefit of exemption on services provided by a training partner approved by the NSDC shall be available to the company as per the respective provisions of the GST Act:

As per entry No. 69 of the Notification No.12/2017 - Central Tax Rate dt. 28th June 2017, any services provided by a training partner approved by the National Skill Development Corporation (NSDC) are exempt. However, such exemption can be availed when services are provided in relation to the National Skill Development Programme implemented by the National Skill Development Corporation; or a vocational skill development course under the National Skill Certification and Monetary Reward Scheme; or any other Scheme implemented by the National Skill Development Corporation.

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

The Shareholders of the Company are not entitled to any special tax benefits under the GST regime.

**Notes:**

1. The above statement of Indirect Tax Benefits sets out the special tax benefits available to the Company and its shareholders under the current tax laws presently in force in India.
2. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

3. This statement does not discuss any tax consequences in the country outside India of an investment in the Shares. The subscribers of the Shares in the country other than India are urged to consult their own professional advisers regarding possible income-tax consequences that apply to them.
4. The above statement covers only above-mentioned tax laws benefits and does not cover any direct tax law benefits or benefit under any other law.
5. Our views expressed in this statement are based on the facts and assumptions as indicated in the statement. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time.

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

#### **D. SPECIAL DIRECT TAX BENEFITS AVAILABLE TO THE SUBSIDIARY**

The statement of tax benefits enumerated below is as per the Income-tax Act, 1961 ('Act') as amended by the Finance Act, 2021 and applicable for Financial Year ('FY') 2021-22 relevant to Assessment Year ('AY') 2022-23.

##### **(1) Deduction under section 80-IE of the Act**

As per the provisions of section 80-IE of the Act, a deduction of an amount equal to 100% of the profits and gains derived from specified business for 10 consecutive assessment years shall be allowed to a taxpayer which begins to manufacture or produce any eligible article or thing in the North-Eastern States. In the instant case, Company has an eligible unit in Goalpara, Guwahati which is eligible for deduction under section 80-IE of the Act. Therefore, 100% deduction of profits earned by this unit shall be allowed as deduction while computing the taxable income of Company, if any till FY 2025-26 subject to the conditions provided therein.

##### **(2) Additional depreciation – Provisions of section 32 of the Act**

Subject to the conditions specified under section 32(1)(ia) of the Act, an assessee engaged in the business of manufacture or production of any article or thing or in the business of generation, transmission or distribution of power can claim additional depreciation at the rate of 20% on any new plant and machinery acquired and installed after 31 March 2005.

Therefore, Company is entitled to claim additional depreciation on new plant and machinery acquired and installed during the relevant previous year subject to the conditions provided in section 32(1)(ia) of the Act.

##### **(3) MAT Credit carried forward to subsequent assessment years – Provisions of Section 115JAA of the Act**

Under the provisions of the Act, the Company has to pay higher of normal tax liability or liability as per the Minimum Alternate Tax ('MAT') provisions. If in any year the Company pays liability as per MAT, then it is entitled to claim credit of MAT paid over and above the normal tax liability in the subsequent years.

Section 115JAA of the Act provides that MAT credit can be utilised by the Company in the subsequent years and can be adjusted in the year in which the liability of the Company as per the normal provisions is more than the MAT liability. The set off in respect of brought forward MAT credit shall be allowed in the subsequent years to the extent of the difference between the tax on its total income as per the normal provisions of the Act and as per the MAT provisions.

The Company can carry forward the MAT credit for adjustment in subsequent years for a period of 15 years after which it will get lapsed.

We understand that Company has paid taxes under MAT provisions in the previous years and hence have MAT credit which is eligible for set off in the subsequent years as per the provisions of the Act. The aforesaid benefit is

available till such MAT credit is entirely utilised within 15 years or the Company opts for new tax regime under section 115BAA of the Act.

**(4) Lower corporate tax rate under section 115BAA of the Act**

A new section 115BAA has been inserted in the Act by the Taxation Laws (Amendment) Act, 2019 (“the Amendment Act, 2019”) w.e.f. April 1, 2020 (AY 2020-21). Section 115BAA grants an option to a domestic company to be governed by the section from a particular assessment year. If a Company opts for section 115BAA of the Act, it can pay corporate tax at a reduced rate of 22% (plus applicable surcharge i.e. 10% and health and education cess i.e. 4%). Section 115BAA of the Act further provides that domestic companies availing the option will not be required to pay MAT on their ‘book profits’ under section 115JB of the Act.

However, Company will no longer be eligible to avail specified exemptions / incentives under the Act (e.g. deduction under section 80-IE) and will also need to comply with the other conditions specified in section 115BAA of the Act. Also, if a Company opts for section 115BAA, the tax credit (under section 115JAA), if any, which it is entitled to on account of MAT paid in earlier years, will no longer be available. Further, it shall not be allowed to claim additional depreciation under section 32(1)(ia) of the Act or set-off of any brought forward loss arising to it on account of additional depreciation and other specified incentives.

**(5) Deduction in respect of inter-corporate dividends – Section 80M of the Act**

Up to 31 March 2020, any dividend paid to a shareholder by a company was liable to Dividend Distribution Tax (‘DDT’), and the recipient shareholder was exempt from tax. Pursuant to the amendment made by the Finance Act, 2020, DDT stands abolished and dividend received by a shareholder on or after 1<sup>st</sup> April 2020 is liable to tax in the hands of the shareholder. The Company is required to deduct Tax Deducted at Source (‘TDS’) at applicable rate specified under the Act read with applicable Double Taxation Avoidance Agreement (if any).

With respect to a resident corporate shareholder, a new section 80M has been inserted in the Act to remove the cascading effect of taxes on inter-corporate dividends during FY 2020-21 and thereafter. Subject to the fulfilment of prescribed conditions, the section provides that where the gross total income of a domestic company in any previous year includes any income by way of dividends from any other domestic company or a foreign company or a business trust, there shall, in accordance with and subject to the provisions of this section, be allowed in computing the total income of such domestic company, a deduction of an amount equal to so much of the amount of income by way of dividends received from such other domestic company or foreign company or business trust as does not exceed the amount of dividend distributed by it on or before the due date. The “due date” means the date one month prior to the date for furnishing the return of income under sub-section (1) of section 139 of the Act.

**(6) Deduction in respect of employment of new employees – Section 80JJAA of the Act**

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

**E. SPECIAL DIRECT TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS**

**(1) Deduction in respect of inter-corporate dividends – Section 80M of the Act**

Up to 31 March 2020, any dividend paid to a shareholder by a company was liable to DDT, and the recipient shareholder was exempt from tax. Pursuant to the amendment made by the Finance Act, 2020, DDT stands abolished and dividend received by a shareholder on or after 1<sup>st</sup> April 2020 is liable to tax in the hands of the shareholder. The Company is required to deduct TDS at applicable rate specified under the Act read with applicable Double Taxation Avoidance Agreement (if any).

With respect to a resident corporate shareholder, a new section 80M has been inserted in the Act to remove the cascading effect of taxes on inter-corporate dividends during FY 2020-21 and thereafter. Subject to the fulfilment of prescribed conditions, the section provides that where the gross total income of a domestic company in any previous

year includes any income by way of dividends from any other domestic company or a foreign company or a business trust, there shall, in accordance with and subject to the provisions of this section, be allowed in computing the total income of such domestic company, a deduction of an amount equal to so much of the amount of income by way of dividends received from such other domestic company or foreign company or business trust as does not exceed the amount of dividend distributed by it on or before the due date. The “due date” means the date one month prior to the date for furnishing the return of income under sub-section (1) of section 139 of the Act.

Except for the above, the Shareholders of the Company are not entitled to any other special tax benefits under the Act.

**Notes to the above:**

1. We have not considered general tax benefits available to the Company or shareholders of the Company. The above statement covers only certain special tax benefits under the Act, read with the relevant rules, circulars and notifications and does not cover any benefit under any other law in force in India. This statement also does not discuss any tax consequences, in the country outside India, of an investment in the shares of an Indian company.
2. The above statement of possible special tax benefits sets out the provisions of Indian tax laws 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.
3. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant Double Taxation Avoidance Agreement, if any, entered into between India and the country in which the non-resident has fiscal domicile.
4. This Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, 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 offer.
5. 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. We shall not be liable to 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.

**F. SPECIAL INDIRECT TAX BENEFITS AVAILABLE TO THE SUBSIDIARY AND ITS SHAREHOLDERS**

Outlined below are the special tax benefits availed by the Company under the Indian indirect tax laws read with Rules, circulars, and notifications relevant to the said laws.

**I. Special tax benefits available to the Company under the GST regime**

The special tax benefit of budgetary support by the Govt. of India for manufacturing units operating in specified states shall be available to the company after fulfilling certain conditions as specified:

As per Para 4.1 of notification F No 10(1)/2017-DBA-II/NER dated 05<sup>th</sup> October 2017, budgetary support is provided by the Government of India to the existing eligible manufacturing units operating in the states of Jammu & Kashmir, Uttarakhand, Himachal Pradesh and North Eastern States including Sikkim under different Industrial Promotion Schemes of the Government of India. The scheme is offered only to the units which were eligible for drawing benefits under the earlier excise duty exemption/refund schemes.

The scheme provides for budgetary support as follows –

- 58% of Central tax paid through Cash ledger, after availing the input tax credit.
- 29% of Integrated tax paid through Cash ledger, after availing the input tax credit

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

The Shareholders of the Company are not entitled to any special tax benefits under the GST regime.

**Notes:**

6. The above statement of Indirect Tax Benefits sets out the special tax benefits available to the Company and its shareholders under the current tax laws presently in force in India.
7. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.
8. This statement does not discuss any tax consequences in the country outside India of an investment in the Shares. The subscribers of the Shares in the country other than India are urged to consult their own professional advisers regarding possible income-tax consequences that apply to them.
9. The above statement covers only above-mentioned tax laws benefits and does not cover any direct tax law benefits or benefit under any other law.
10. Our views expressed in this statement are based on the facts and assumptions as indicated in the statement. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time.

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



**STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO OVERSEAS MATERIAL SUBSIDIARIES OF VLCC HEALTH CARE LIMITED (COMPANY) AND THEIR SHAREHOLDERS UNDER THE APPLICABLE LAWS IN BRITISH VIRGIN ISLANDS (BVI), UNITED ARAB EMIRATES (UAE), BANGLADESH, QATAR, KUWAIT AND SINGAPORE**

**The Board of Directors**

**VLCC Health Care Limited**

M-14 Greater Kailash-II,  
Commercial Complex New Delhi,  
DL 110048  
India

Dear Sirs,

**Statement of Special Tax Benefits available to VLCC International Inc., VLCC International LCC, VLCC Overseas Limited, VLCC Health Care (Bangladesh) Pvt. Ltd., VLCC International Qatar Co. (W.L.L), VLCC International – Kuwait Health Care Institute LLC, VLCC Singapore Pte. Ltd, Global Vantage Innovative Group Pte Ltd and Bellewave Cosmetics Pte Ltd and its shareholders under the applicable tax laws in British Virgin Islands (BVI), United Arab Emirates (UAE), Bangladesh, Qatar, Kuwait and Singapore, as applicable.**

1. We hereby confirm that the enclosed Annexure provides the special tax benefits available to the certain of the material subsidiaries of VLCC Health Care Limited (“Company”) and to the shareholders of the material subsidiaries under the taxation laws applicable to each entity.
2. The statement can be included in the (i) draft red herring prospectus proposed to be filed by the Company with the Securities and Exchange Board of India (“SEBI”), BSE Limited and National Stock Exchange of India Limited (collectively, the “Stock Exchanges”); (ii) red herring prospectus proposed to be filed with SEBI, the Stock Exchanges and the Registrar of Companies, National Capital Territory of Delhi and Haryana (“Registrar of Companies”); and (iii) prospectus proposed to be filed with SEBI, the Stock Exchanges and the Registrar of Companies for the proposed initial public offer through a fresh issuance of equity shares of face value of ₹ 10 each of the Company and offer for sale by certain selling shareholders of the Company, as required under the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“Proposed IPO”).
3. We are informed that this statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the 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 IPO.
4. We do not express any opinion or provide any assurance as to whether:
  - i) the material subsidiaries or their 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.
5. This Statement is issued solely in connection with the proposed IPO issue of the Company and is not to be used, referred to or distributed for any other purpose.

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**Steve Kitching**

Tax Partner

Place of Signature: Dubai

Date: August 3, 2021

Grant Thornton Audit and Accounting Limited (Dubai Branch)

Rolex Tower, 23rd Floor

Sheikh Zayed Road

PO 1620

Dubai

United Arab Emirates

**ANNEXURE TO THE STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE TAX LAWS IN BRITISH VIRGIN ISLANDS (BVI), UNITED ARAB EMIRATES (UAE), BANGLADESH, QATAR, KUWAIT AND SINGAPORE**

**BVI Taxation**

No taxes apply to VLCC International Inc. or the holders of shares in VLCC International Inc., including dividend tax, capital gains tax, stamp duty or any other tax.

*I. Special tax benefits available to VLCC International Inc.*

There are no special tax benefits available to VLCC International Inc.

*II. Special tax benefits available to Shareholders*

There are no special tax benefits available to the shareholders.

**UAE Taxation**

VLCC International LLC is registered for Value Added Tax (VAT) and the VAT rate of 5% applies to most goods and services. Customs duty of 5% is also imposed on the import of goods. However, no other taxes apply to VLCC International LLC, VLCC Overseas Limited or the holders of shares in these companies, including dividend tax, capital gains tax and stamp duty.

*Special tax benefits available to VLCC International LLC and VLCC Overseas Limited*

There are no special tax benefits (direct taxes or indirect taxes) available to VLCC International LLC or VLCC Overseas Limited.

**Bangladesh Taxation**

As VLCC Health Care (Bangladesh) Pvt. Ltd is a private limited company and is subject to corporate income tax at a rate of 32.5% (a minimum tax of 0.60% applies on its total gross receipts).

VLCC Health Care (Bangladesh) Pvt. Ltd is registered for VAT and the VAT rate of 15% applies to most goods and services.

*Special tax benefits available to VLCC Health Care (Bangladesh) Pvt. Ltd*

There are no special tax benefits (direct taxes or indirect taxes) available to VLCC Health Care (Bangladesh) Pvt. Ltd.

**Qatar Taxation**

VLCC International Qatar Co. (W.L.L) is subject to income tax at a rate of 10% in accordance with the provisions of Income Tax Law no. 24 of 2018. The income tax is based on the profit attributable, directly or indirectly to non-Qatari shareholders. In accordance with the Company's Articles of Association, 95% of profit is attributable to its foreign shareholders.

*Special tax benefits available to VLCC International Qatar Co. (W.L.L)*

There are no special tax benefits available to VLCC International Qatar Co. (W.L.L).

## **Kuwait Taxation**

VLCC International - Kuwait Health Care Institute LLC made losses during the year ended 31 March 2021 and was not subject to corporate income tax (15% rate).

*Special tax benefits available to VLCC International - Kuwait Health Care Institute LLC*

There are no special tax benefits available to VLCC International - Kuwait Health Care Institute LLC.

## **Singapore Taxation**

VLCC Singapore Pte Ltd, Global Vantage Innovative Group Pte Ltd and Bellewave Cosmetics Pte Ltd are subject to corporate income tax at a rate of 17%.

Bellewave Cosmetics Pte Ltd is registered for goods and services tax (GST) and the current GST rate of 7% applies to most goods and services.

*Special tax benefits available to VLCC Singapore Pte Ltd, Global Vantage Innovative Group Pte Ltd and Bellewave Cosmetics Pte Ltd*

There are no special tax benefits (direct taxes or indirect taxes) available to VLCC Singapore Pte Ltd, Global Vantage Innovative Group Pte Ltd or Bellewave Cosmetics Pte Ltd.

Note :

1. The above statement of Direct and Indirect Tax Benefits sets out any special tax benefits available to VLCC International Inc. and its material subsidiaries under the current tax laws presently in force in BVI, UAE, Bangladesh, Qatar, Kuwait and Singapore.
2. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.
3. This statement does not discuss any tax consequences in any country outside BVI, UAE, Bangladesh, Qatar, Kuwait and Singapore of an investment in the Shares. The subscribers of the Shares in the country other than BVI, UAE, Bangladesh, Qatar, Kuwait and Singapore are urged to consult their own professional advisors regarding possible income-tax consequences that apply to them.
5. The above statement covers only above-mentioned tax laws benefits and does not cover any other law.
6. Our views expressed in this statement are based on the facts and assumptions as indicated in the statement. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

Sign off

Prepared By  
Oluwaseyi Abimbola  
Tax Manager  
Date 1 August 2021

Reviewed By  
Steven Ireland  
Tax Director  
Date 1 August 2021

Approved By  
Steve Kitching  
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Date 1 August 2021

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Dubai

## SECTION IV: ABOUT OUR COMPANY

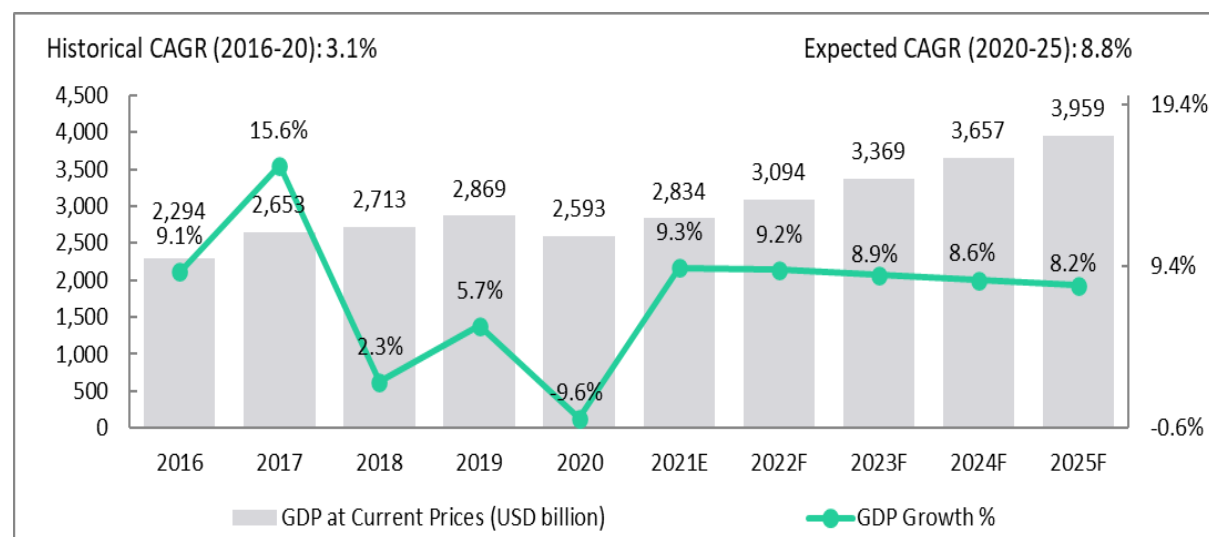
### INDUSTRY OVERVIEW

The information contained in this section, unless otherwise specified, is derived from a report titled “Wellness and Beauty Industry report in India and GCC” dated July 15, 2021 prepared by Frost and Sullivan (the “**Frost & Sullivan Report or the F&S Report**”), and commissioned by our Company in connection with the Offer. 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, completeness and underlying assumptions are not guaranteed, and their reliability cannot be assured. Industry publications are also prepared based on information as at specific dates and may no longer be current or reflect current trends. Accordingly, investment decisions should not be based on such information. See “Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation – Industry and Market Data” on page 13.

#### Overview of the Indian Economy

India is one of the world’s fastest-growing economies. Its gross domestic product (GDP) at current prices in US dollars grew at a compound annual growth rate (CAGR) of 3.1% from 2016 to 2020, reaching USD 2,593 billion in 2020. The country’s strong democracy, industrial growth, and strategic regional and global relations will continue to drive GDP growth in the medium to long term. The International Monetary Fund projects India’s GDP will reach USD 3,959 billion by 2025, placing India in the world’s top three economic powers in the next 10 to 15 years.

**Exhibit 1: GDP (Bn) and Growth, India, 2016-2025F**

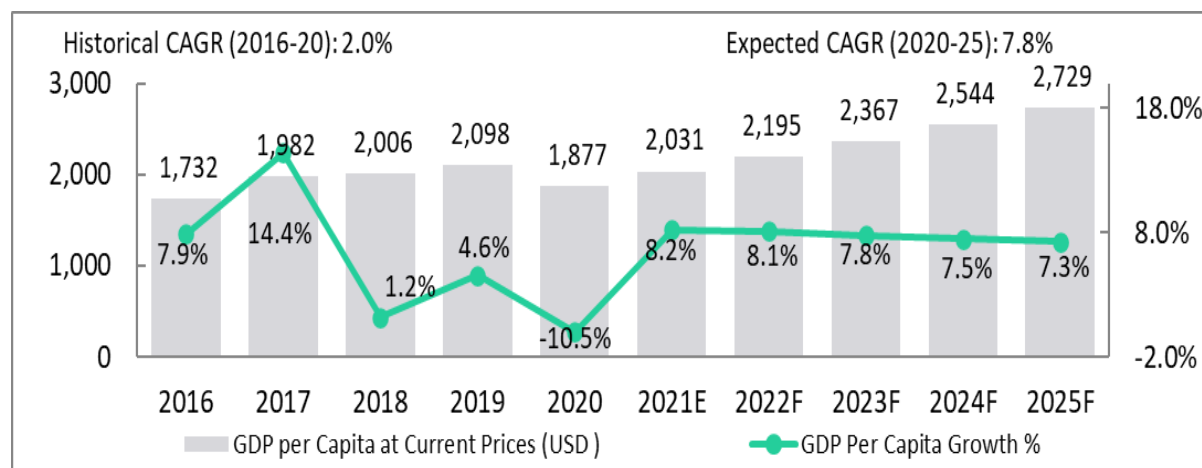


Source: International Monetary Fund (IMF), World Bank

#### GDP Per Capita (at Current Prices)

India's GDP per capita grew from USD 1,732 to USD 1,877 between 2016 and 2020 at a CAGR of 2.0%. Growth over the forecasted period is set to accelerate at a CAGR of 8.8%, where GDP per capital is expected to reach USD 2,729 in 2025. This increase will enhance the overall standard of living, enable greater consumption within the population, and create more economic stability of the growing middle class population, resulting in an increase in spending on preventive healthcare and discretionary items such as beauty and wellness products and services.

**Exhibit 2: GDP per Capita (USD) and Growth, India, 2016-2025F**

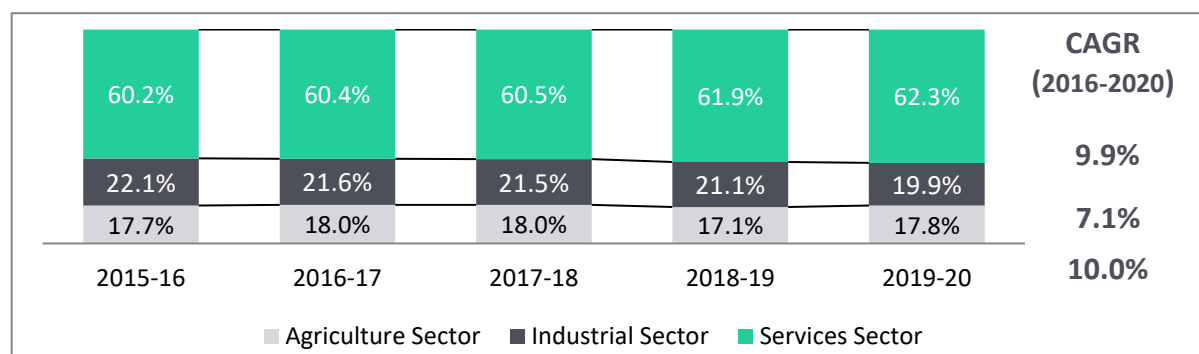


Source: International Monetary Fund, World Bank

### **Sector Gross Value Added Composition**

Over the historical period, service sector is the largest contributor to the economy. Service sector comprises of financial, wellness & beauty, real estate, professional, trade, hotels, transport, and communication and broadcasting service segments. Service segment's contribution to the overall economy grew from 60.2% in 2016 to 62.3% in 2020, whilst in the same period the contribution from the industrial sector reduced from 22.1% to 19.9%, and whilst the agricultural sector initially grew from 17.7% in 2016 to 18.0% in 2018, it then reduced to 17.8% in 2020. Growth in the services sector is driven mainly through labor market arbitrage and several government incentives across a wide range of sectors (e.g. healthcare, tourism, education, engineering, communications, transportation, information technology, banking, and finance).

**Exhibit 3: Gross Value Added Composition by Broad Sector, India, 2016-2020**

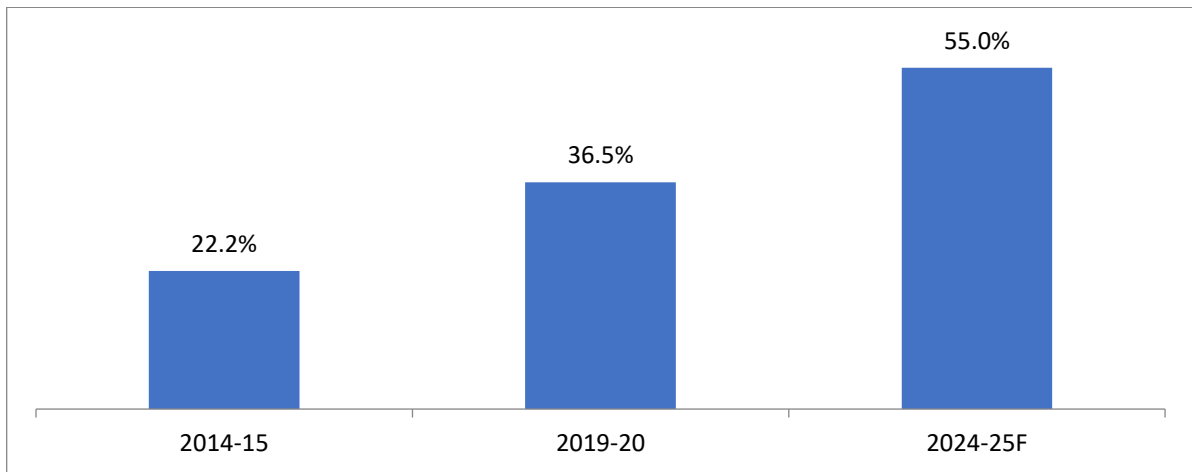


Source: National Statistical Office (NSO)

### **Health Insurance Trends in India**

Total healthcare insurance premiums in India have more than doubled over the last 6 years, reaching USD 7.2 billion in 2019-2020. Greatest growth in coverage has been witnessed in urban populations (excluding RSBY and certain state government schemes). Despite this growth, for the majority of the population medical expenses are 'out-of-pocket' expenses, as only 36.5% are covered by some form of healthcare insurance. A comparison of policy premiums for April-December 2019 and 2020 shows that retail premiums increased 30%, group policy premiums increased 12%, and 26% for the public segment.

**Exhibit 4: Health Insurance Coverage, India, 2015-2025F**



Source: IRDAI Annual Reports, Frost & Sullivan Analysis

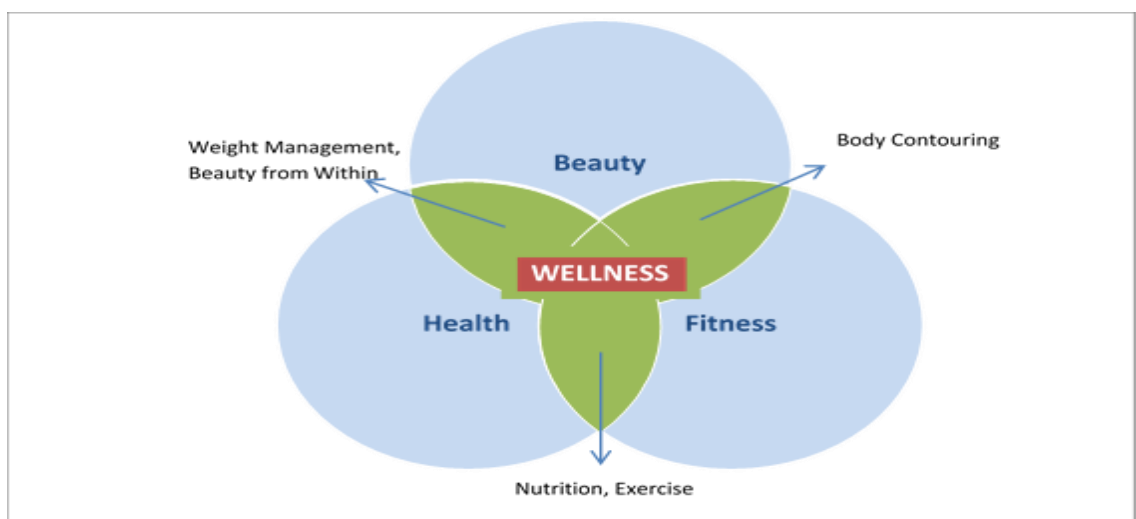
### Classification of Wellness and Beauty Industry

According to the Government of India-backed and Industry-led Beauty & Wellness Sector Skill Council, the Wellness & Beauty Industry can be classified into the following segments:

- Salons, Beauty Centers, and Aesthetic Dermatology Clinics
- Weight-management Clinics / Centers
- Fitness Centers / Gyms
- Alternate therapies and treatments
- Rejuvenation (Spas)
- Wellness & Beauty Product Consultations and Counter Sales

Wellness services contribute to an individual's overall health and well-being. For the purpose of this section, wellness services have been divided into three main categories: beauty, health, and fitness. The exhibit below shows where these categories overlap; for instance, a gymnasium may also offer therapeutic treatments such as sauna baths and nutrition supplements, and a beauty salon may also offer massages and weight loss treatments.

**Exhibit 5: Classification of the Wellness and Beauty Industry**



Source: Frost & Sullivan Research and Analysis



The Wellness and Beauty industry is evolving. The market is witnessing growth in salons and spas, whilst traditional gymkhanas are being replaced by air-conditioned fitness clubs with new equipment and technology.

### **Growth Drivers**

The wellness & beauty market is growing, driven by an increase in urbanization, higher rates of obesity and lifestyle related diseases, growing disposable income and evolving consumption patterns of the younger segments of the population.

#### ***Urbanisation and self-care awareness***

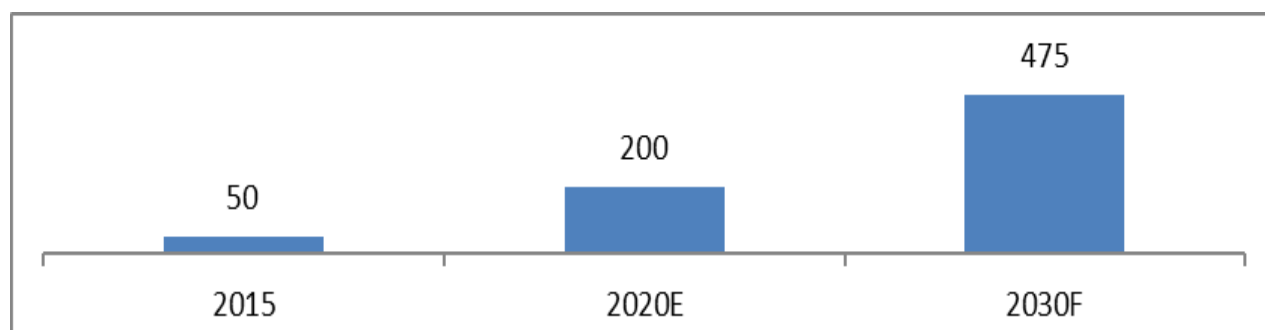
There has been a dramatic increase in urban towns and cities in the country over the past five years. Almost 10 million people migrate to cities and towns every year. The World Bank has determined that urban population as a percentage of India's total population rose from 31% in 2011 to ~33% in 2019. This in turn is driving greater exposure to modern amenities. It is anticipated that around 38% of the total Indian population will live in urban areas by 2025.

Suburban areas surrounding larger cities are often populated with people of a higher income and education level. People with higher disposable income tend to utilise Wellness and Beauty services more often. These suburban areas offer lucrative investment opportunities for investors, as set up / expansion costs are lower than in well-established metropolitan areas. Providers of salons, spas, fitness centers, weight management services, alternative therapies, beauty products, and convenient ready to use products will benefit from such opportunities, as younger people are more likely to consume these services.

#### ***Rapidly growing middle class population with aspirations for a better lifestyle***

India has witnessed considerable growth in the middle class population over the last five years, growing from approximately 50 million in 2015, to 200 million in 2020. The middle class is expected to continue this rapid growth, fueled by greater employment opportunities created through the expanding services sector of the economy, and is expected to reach approximately 475 million in 2030.

**Exhibit 6: Middle Class Population (Mn), India, 2015-2030F**



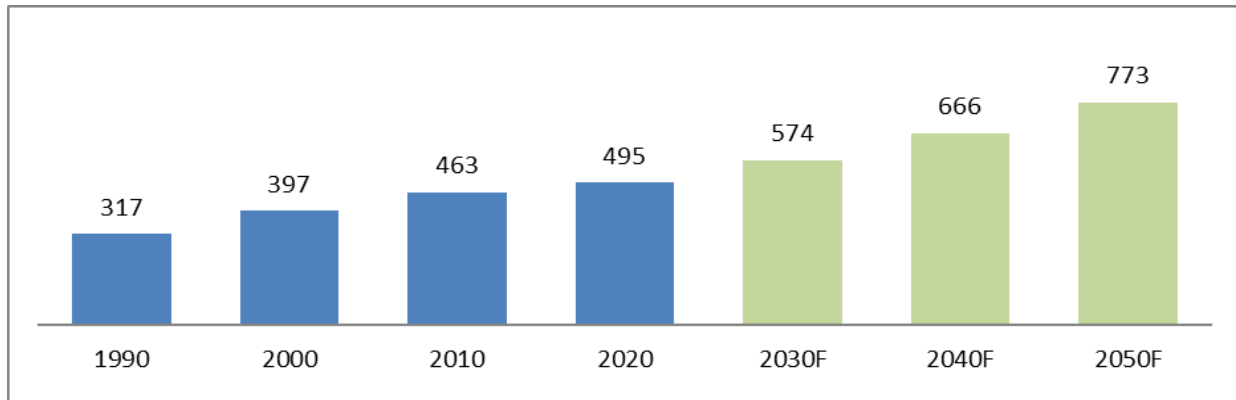
Source: [asianstudies.org](http://asianstudies.org)

Rising income levels and a growing middle class, combined with a younger population, creates an opportunity for leading players in the Wellness and Beauty industry. Younger consumers have greater aspirations for health, wellness, and aesthetics, which can be harnessed by providers who offer premium products and service, and convenient at-home services; for example, VLCC launched aesthetic dermatology procedures, and Quikr launched an at-home beauty service.

#### ***High proportion of working population – reduced dependency ratio***

India's working-age population (age 15-64) has increased from around 317 million in 1990 to 495 million in 2020 at a CAGR of 16.0%. The working age segment is forecasted to grow at CAGR 22.9% on 2020 levels, reaching an estimated 773 million in 2050.

**Exhibit 7: Working-age Population, 15-64 years, (Mn), India, 1990-2050F**



Source: World Bank

The working class is often busy, with little time for health prevention, physical activity or holistic and grooming services which promote a healthy work life balance. These factors taken in the context of a population where incidences of non-communicable diseases and health risk factors are growing (e.g. high cholesterol, hypertension, sedentary diets, and work related stress), creates increased demand for products and services relating to preventative healthcare, wellness, and holistic health services.

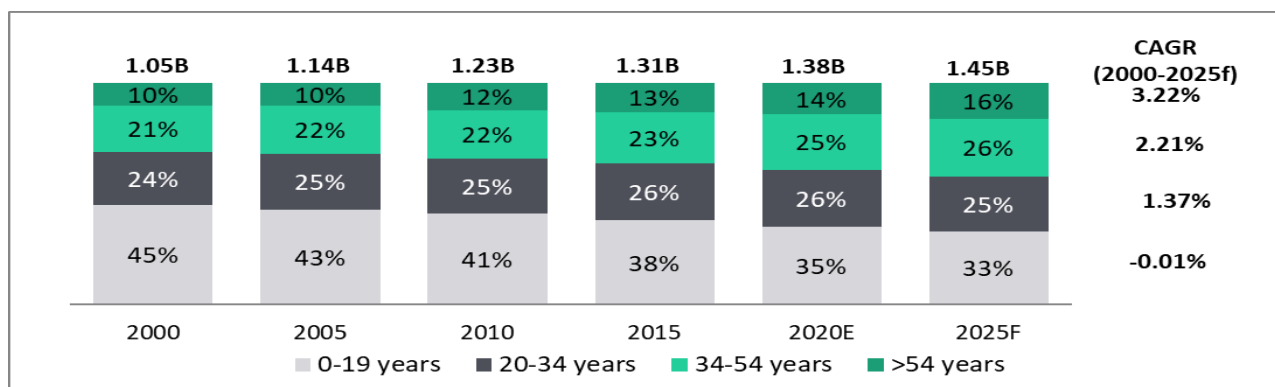
Additionally, the demand for cosmetic and beauty products is increasing in younger male consumers who, driven by the rapid expansion of the internet and social media, are increasingly becoming interested in aesthetic treatments, beauty, hair and skin care, and personal products. As reported by Google trends data, males have an average of 3.2 'online touch points' for these products, whereas females are recording 3.0 'online touch points' per month, wherein 'online touch points' are all the electronic interactions that take place between a brand and its consumers along the buying journey, from first discovery to follow-up after a sale. This trend and increased demand for these categories of products will see the health and wellness market continue to expand in medium and long term.

#### **Population by Age Group**

India's population is progressively aging. An estimated 14% of the total population were over 54 years in 2020 and this is expected to grow to 16% of the total population by 2025. Whilst some growth is anticipated in the 35-54 year and 20-34 year age groups, the proportion of the total population under 19 years is expected to decline from 35% in 2020 to 33% in 2025.

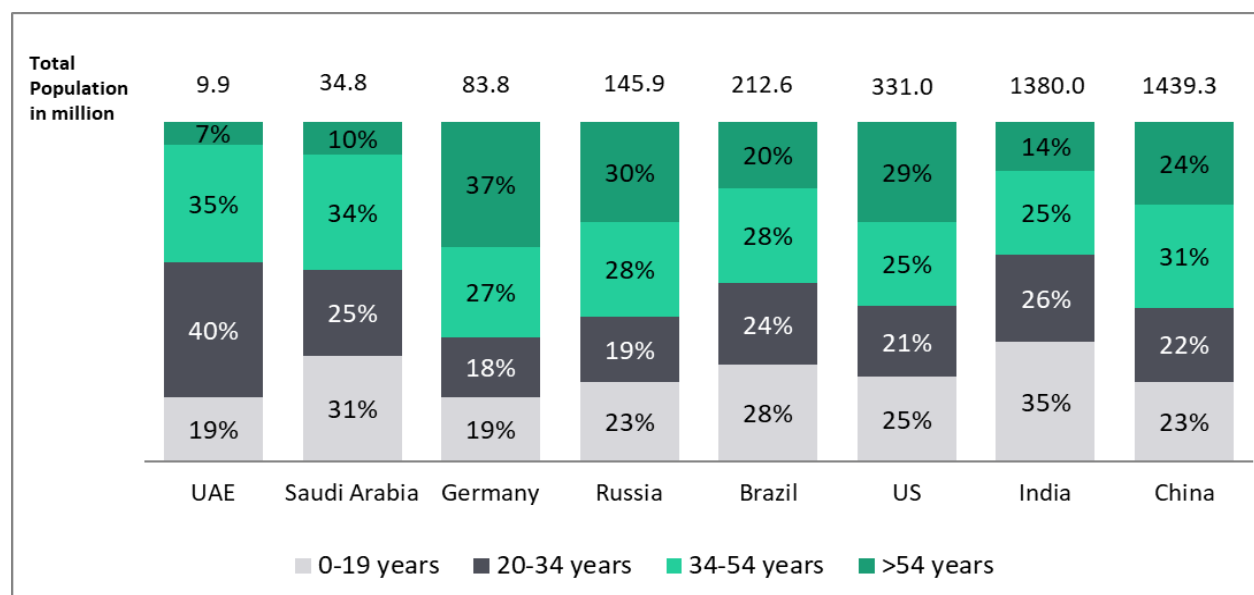
An aging population combined with growth in chronic and non-communicable diseases will continue to place pressure on the health system, driving greater demand for acute care, preventative care, and wellness products and solutions.

**Exhibit 8: Population by Age Group, India, 2000-2025F**



Source: United Nations Population Division, World Population Prospects (2019 Revision), Frost & Sullivan Analysis

**Exhibit 9: Population by Age Group, Selected Country Comparison, 2020E**



Source: United Nations Population Division, World Population Prospects (2019 Revision), Frost & Sullivan Analysis

### ***Rising female participation in the workforce with awareness of global beauty trends***

The number of working females within the general population has grown from around 127.1 million in 1990 to more than 210 million in 2019. This is driven by rising literacy levels, an expanding economy which is creating greater job opportunities, and is further influenced by increase in literacy rates amongst females and decreasing gender gap.

Women are found to be the primary decision makers in consumer purchases, and as household income and standards of living increase, women are anticipated to drive a greater number of consumer decisions in the medium term. Females frequently consume products and services in beauty salon treatments, personal care products, cosmetics, and skin care products like face washes and facial kits. Accordingly, growth in wellness and cosmetic segments is expected.

**Exhibit 10: Total Female Working Population, (Mn), India, 1990-2020**



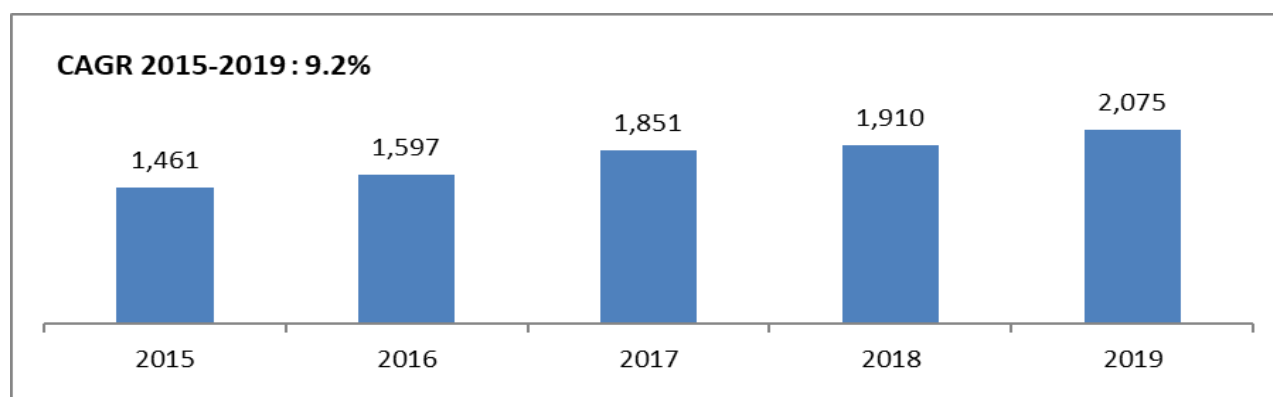
Source: World Bank

### ***Growth in discretionary spending***

Private final consumption in India grew from USD 1,461 billion in 2015 to USD 2,075 billion in 2019 at a CAGR of 9.2%. This growth has increased household capacity for spending on food, housing, consumer goods, transportation, healthcare, and communication. Personal goods and services are the third largest spending category at 17% of total, whilst food is number one (26% of total), and transport is second (18% of total). Private final consumption expenditure is

expected to increase as the economy continues to grow. This growth will continue to fuel greater consumption in the personal goods and services market.

**Exhibit 11: Private Final Consumption Expenditure (USD Bn), India, 2015-2019**

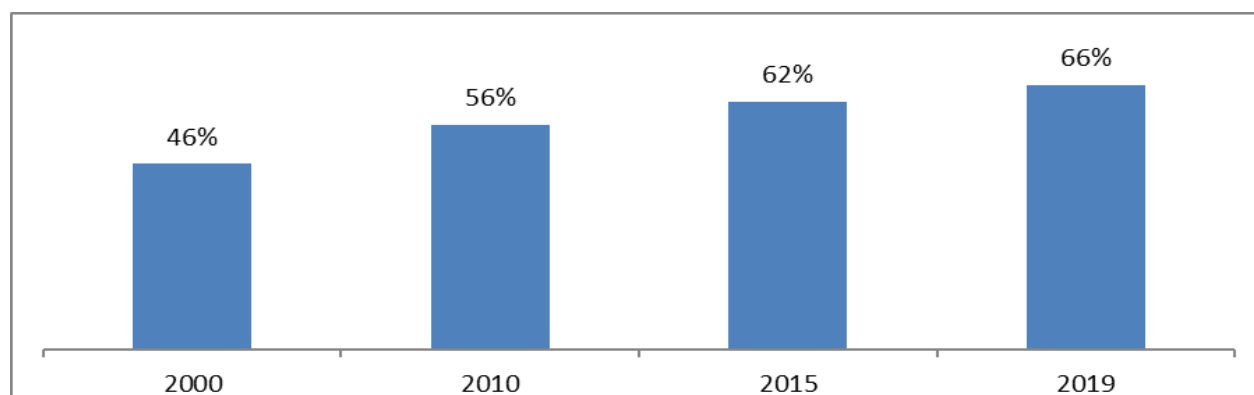


Source: World Bank

***Growing prevalence of lifestyle diseases due to physical inactivity and unhealthy diet***

The incidence of non-communicable diseases (NCDs) continues to increase. In 2019, NCDs were responsible for approximately 66% of all deaths in India. Whilst various government and public health initiatives are attempting to reduce this volume, deaths relating to NCDs are expected to increase in the short and medium terms. This continued growth will drive additional demand for health and wellness products and services.

**Exhibit 12: Share of Non-communicable diseases – Causes of death, India, 2000-2019**



Source: WHO department of health statistics and information system

Among the most common problems:

- **Diabetes:** The International Diabetic Federation determined that India was home to about 77 million diabetics (age 20-79) in 2019, behind only China with 116 million. India's number is projected to double to 153 million by 2045.
- **Obesity:** Obesity has reached epidemic proportions globally, with approximately 1.9 billion adults overweight and at least 600 million of them clinically obese. India is ranked third globally with nearly 65 million obese people in 2017. Surveys conducted by Lohar et al. reported the number of overweight Indians aged 20-69 years is likely to double by 2040 (quadrupling in the smaller 55-69 age group), and the number of obese adults is likely to triple.
- **Cardiovascular disease:** Cardiovascular diseases are the leading cause of death globally, accounting for 31.4% of all deaths (17.8 million) in 2016. Unhealthy diet, lack of physical activity, tobacco use, harmful use of alcohol,

and genetics are contributing factors. In India, cardiovascular diseases were responsible for 43.2% of NCD deaths in 2016 (or about 2.6 million of the total 9.3 million deaths).

- **Cancer:** Cancer is responsible for about 9% of NCD deaths in India. According to the Indian Council of Medical Research, the country had 1.39 million cancer cases in 2020, with 1.57 million expected by 2025.

#### ***Increasing social media exposure; internet and smartphone use***

India is one of the largest markets for social networking giants Facebook, LinkedIn, and Instagram. Companies use these platforms to connect directly with consumers via online discussions about beauty and personal care issues and experiences. Social media is a cost-effective marketing tool for small businesses. More than 50% of the consumers use online videos and social media to research and shortlist beauty and cosmetics. Also, basket size of consumer purchasing online is 40% higher than the basket size for offline consumers.

Participants in the Indian Wellness and Beauty industry have utilised online retailing, creating interactive mobile applications for prompting their products and services, offering promotions, conducting consumer engagement activities and health related activities such as monitoring physical activity, calculating body mass index, and seeking subject matter expert advice and diet tips.

The COVID-19 pandemic and associated lockdowns have increased consumers usage of online and mobile platforms and caused an increase in on-line shopping. Order volume in the personal care, beauty, and wellness category of eCommerce grew more than 95% in Q4 2020 as compared to the same period of 2019—the highest in the industry.

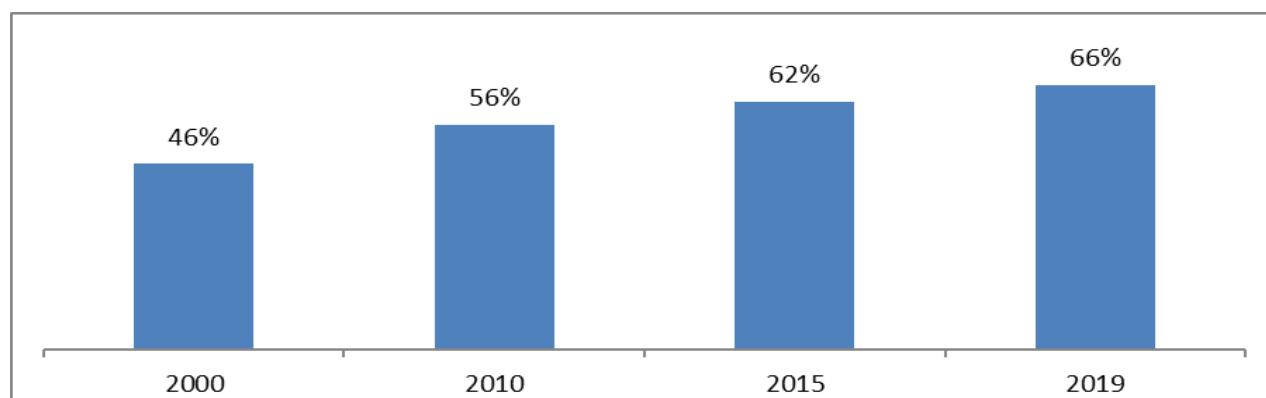
#### ***Emergence of wellness tourism aiding the growth of Wellness and Beauty industry***

India is increasingly becoming one of the most prominent global destinations for healthcare and wellness tourism. Consumers are increasingly seeking services offered in India as they are lower cost, higher quality, and greater availability of skilled manpower to deliver these services. Medical tourists are increasingly availing of traditional healthcare and cosmetic/aesthetic medical procedures, in addition to wellness and holistic services such as yoga, meditation retreats, Ayurveda treatments and other alternative medicine therapies. The Ministry of Tourism, Government of India reported the number of medical tourist visas have increased by 50% between 2016 and 2018.

#### ***Growing shift towards prevention and wellness***

Rise in non-communicable diseases is expected to cost the Indian economy around USD 5 trillion dollars in lost productivity between 2012 and 2030. Recognising the gravity of this situation, the government of India launched national prevention program for cancer, diabetes, cardiovascular diseases, and stroke (NPCDCS). In 2015-2016 expenditure on preventative healthcare represented 5.3% of total healthcare expenditure which increased to 6.7% in 2016-2017.

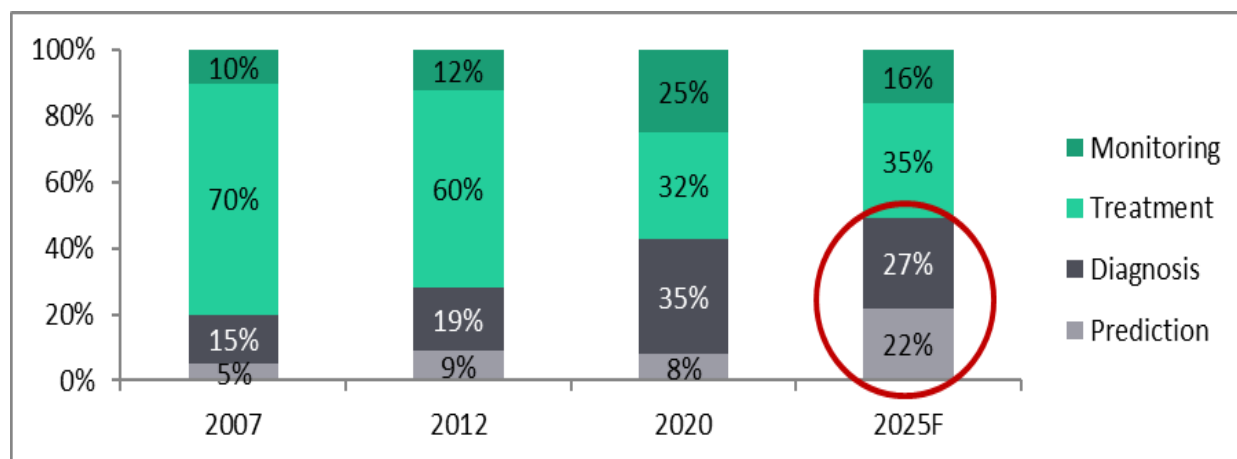
**Exhibit 13: Total Expenditure on Preventive Healthcare (USD Mn), India, 2014-2017**



Source: National Health Accounts Report 2016-17, MOH&FW, November 2019 release

The distribution of healthcare expenditure by function is showing a positive trend toward prediction and diagnosis, whereby investment in prediction is expected to grow from 5% of total healthcare expenditure in 2007 to around 22% in 2025, and investment in prevention is expected to grow from 15% to 27% in the same period.

**Exhibit 14: Healthcare Expenditure by Function, India, 2007-2025F**



Source: Frost & Sullivan Analysis

This shift will have a number of positive impacts, for example, for the Indian population, early prediction and detection of disease will enable earlier treatment and better health outcomes; it will lower overall healthcare expenditure in the long term, as identifying and treating illness early reduces the longer term acute treatment costs whilst also reducing the incidence of long term costly chronic illnesses; and, the greater awareness in the population will see an increase in the consumption of preventative, holistic, value orientated mass products, personalised services and alternative lifestyle treatments as consumers seek mechanisms to reduce their risk potential of getting disease.

### ***Health consciousness and preventive solutions***

Consumers are pursuing healthier lifestyles, influenced by exposure to global beauty and fashion trends through popular social media platforms and increasing curative healthcare costs which are becoming increasingly prohibitive. Consequently, people have become more health conscious and physically active in a bid to remain fit, healthy and prevent larger health issues.

### ***Time-starved consumers***

Today's consumers prefer convenient, accessible, and timely solutions, rather than more extensive and time-consuming procedures. Weight management products, for example, have gained favour over the last 2 to 3 years.

### ***Changing disease patterns***

Eczema and psoriasis are common skin ailments today and incidences are increasing amongst the Indian population, driven by exposure to pollution, ultraviolet light, and global warming. Photosensitive skin disorders are increasing at a faster pace, creating demand for new lines of sun care, and prevention and treatment products and services.

## **Wellness and Beauty Industry Snapshot**

### ***Overall Size and Growth Trends - Wellness and Beauty Industry***

The revenue of Wellness and Beauty industry in India for the year 2020, both products and services, is estimated to be between USD 24-25 billion. The industry is expanding, historically growing at a CAGR of 8-10% for the past three to five years. Growth is expected to increase to CAGR of 10-12% over the next five years and estimated to reach USD 40-42 billion in 2025.

**Exhibit 15: Segments of the Wellness and Beauty Industry**

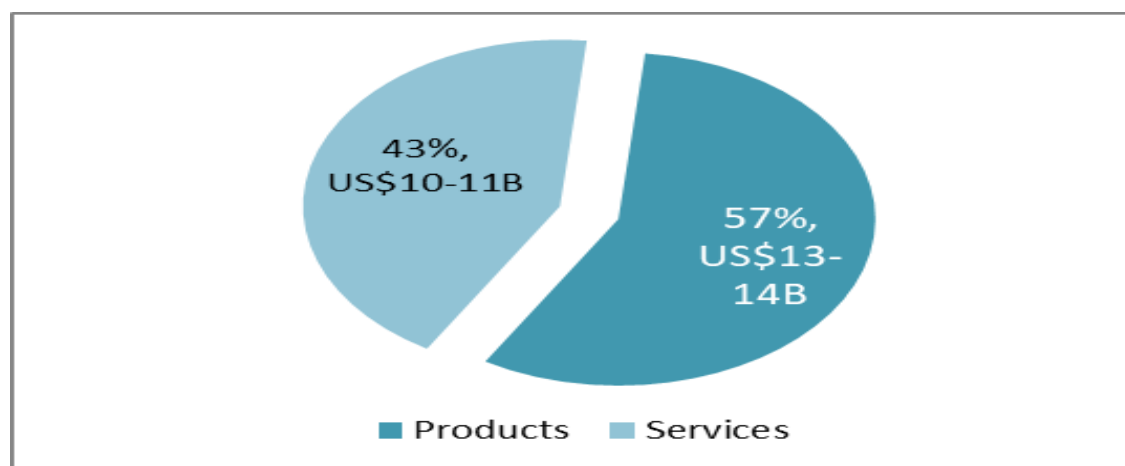


Source: Frost& Sullivan Research and Analysis

### **Products and Services**

The product segment dominated the industry with nearly 57% of the total market share.

**Exhibit 16: Market distribution of Products vs. Services, Wellness and Beauty Industry, India, 2020**



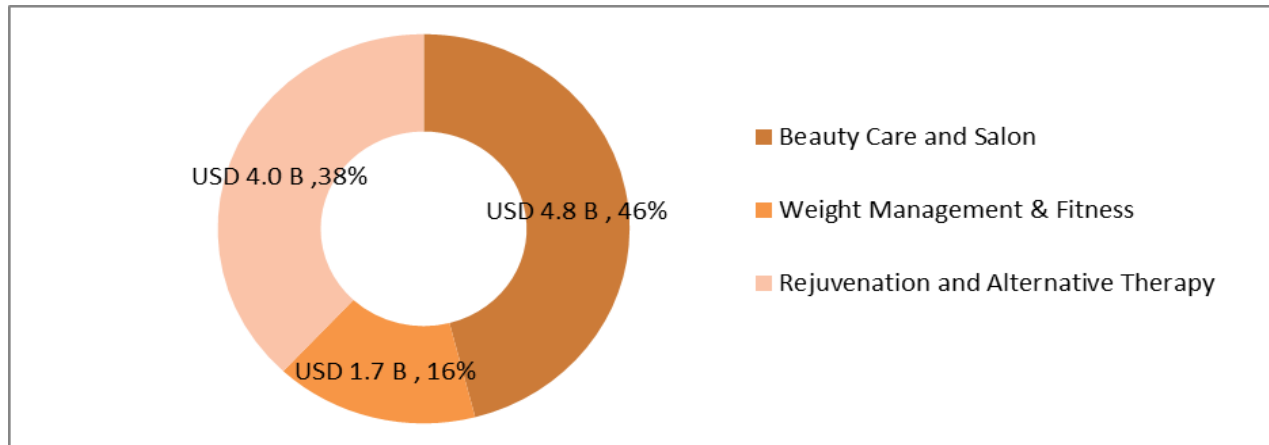
Source: Frost& Sullivan Research & Analysis

### **Wellness and Beauty Services Industry**

#### **Market Size and Segment Share**

The Wellness and Beauty Services industry in India stood nearly at USD 10.4 billion in 2020 and has grown at a CAGR of 8-9% over 2017 - 2020. Over the next five years, growth is expected to increase to CAGR of 12-14%, reaching USD 19.1 billion by 2025.

**Exhibit 17: Wellness and Beauty Services Breakdown, India, 2020**



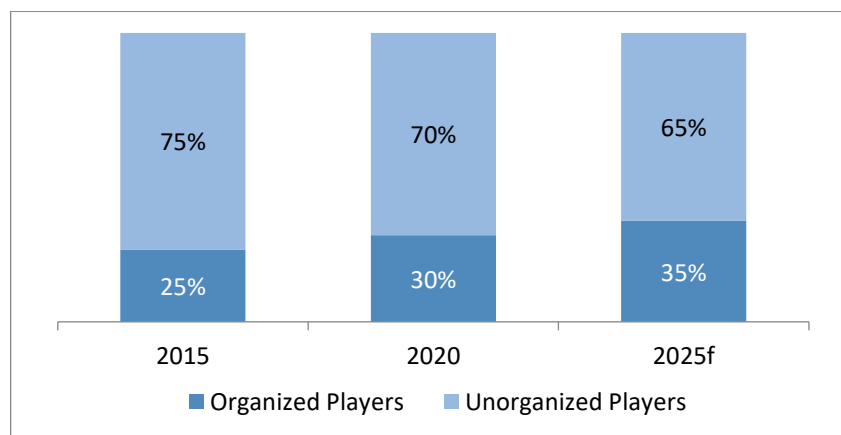
Source: Frost & Sullivan Research and Analysis

**Wellness and Beauty Services Industry – Organised vs. Unorganised sector**

About 30 % of Wellness and Beauty services players in India are in the organised sector and this sector is expected to grow at a higher rate than the unorganised sector. Unorganised participants control 70% of the market primarily because of low entry barriers and the absence of strict regulations.

The growth and sustainability of unorganised sector is dependent on the quality of the service provided and training offered to improve the skills of the service provider. Thus, skill development is a key aspect for market growth and sustainability, which is creating new revenue streams and focus areas for the high-end brands and training providers.

**Exhibit 18: Organised vs. Unorganised market distribution of Wellness and Beauty Services Industry, India. 2015-2025**



Source: Frost & Sullivan Research and Analysis

In the beauty services sector, the landscape is changing, and growth is driven by domestic and international organised participants including VLCC, Naturals, Lakme Salon, Jawed Habib Hair and Beauty, Jean Claude Beguine and Toni & Guy rapidly expanding their networks through a franchising model. Revenue growth is being driven by providers expanding beyond traditional metropolitan centers and Tier 1 cities, to Tier 2, 3 and 4 cities.

As a result of the Covid-19 pandemic, consumers are increasingly drawn to better known and recognised brands with high hygiene and safety standards, this trend is expected to accelerate a shift toward organised players.



Based on these factors, the organised segment is expected to grow its market share to around 30-35% in 2025 from about 25-30% in 2020. Weight management, Wellness and Beauty service outlets will fuel this growth, where there are currently approximately 500-600 outlets, and this is expected to grow to around 1,500. Outlet expansion is being driven by higher demand for preventative healthcare services and rising density of urban areas.

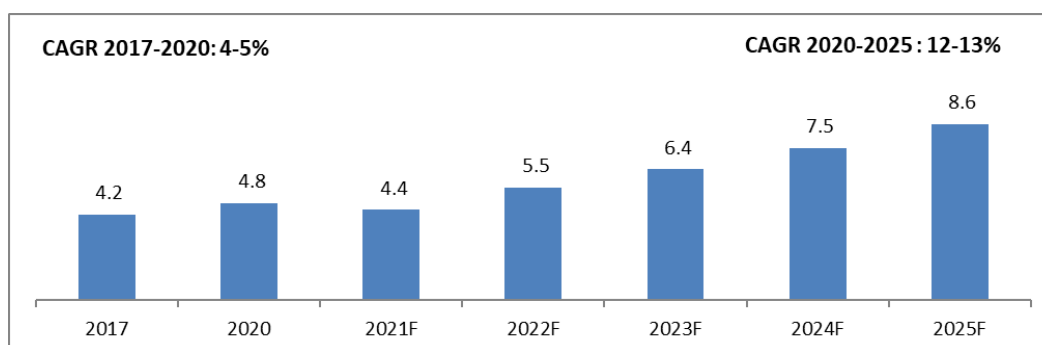
Within the unorganised segment, beauty care, salon, weight management and fitness revenues totaled around USD 6.5 billion in 2020, representing approximately 65-70% of total market share; whereas the organised segment represented approximately 30-35% of the market, and is expected to grow at a CAGR of 15-20% over the next five years.

### ***Services Segment Analysis***

#### ***Beauty Care and Salons***

The Beauty Care and Salon industry was around USD 4.2 billion in 2017 and grew to USD 4.8 billion in 2020 at a CAGR of 4-5%, where the organised sector accounted for 25-30% (USD 1.2-1.4 billion) of the total market in 2020. As per Frost & Sullivan Report this market is expected to grow to around USD 8.6 billion in 2025 at a CAGR of 12-13%. Growth is driven by higher consumer demand, existing player expansion and the emergence of new foreign companies (e.g. Toni & Guy, Truefitt & Hill, and Marie Claire), additional beauty eCommerce start-ups (Be U Salon and, Yes Madam) and only service aggregators (Urban Company and Quikr).

**Exhibit 19: Beauty Care and Salon Market Size (USD Bn), India, 2020-2025F**

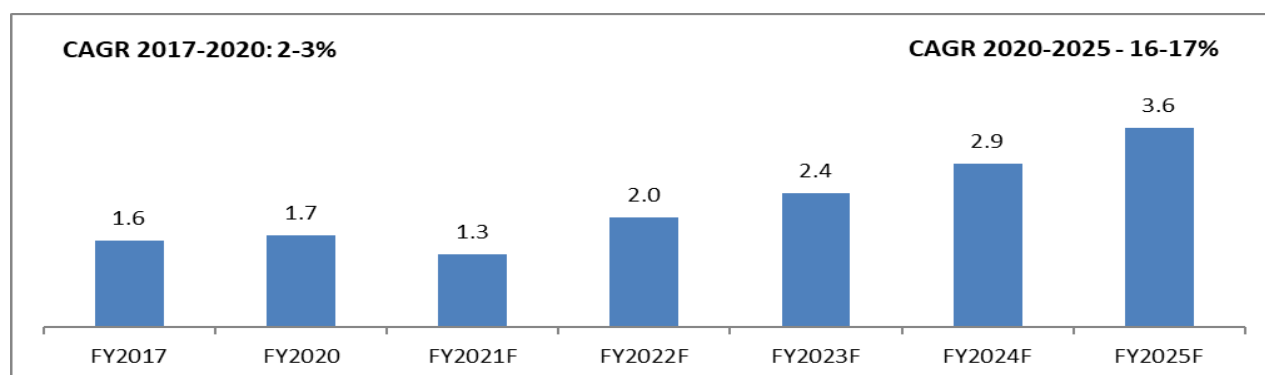


Source: Frost & Sullivan Research and Analysis, Company Websites

#### ***Weight Management and Fitness***

The Weight Management and Fitness industry grew from USD 1.6 billion in 2017 to USD 1.7 billion in 2020 at CAGR of 2-3%, with organised provider segment equating to approximately 25-30%. As per Frost & Sullivan Report this market is expected to grow to USD 3.6 billion in 2025 at a CAGR of 16-17%, driven by increased consumer activity in metros, min-metros, and tier 1 cities.

**Exhibit 20: Weight Management and Fitness Market Size (USD Bn), India, 2020-25F**



Source: Frost & Sullivan Research and Analysis, Company Websites

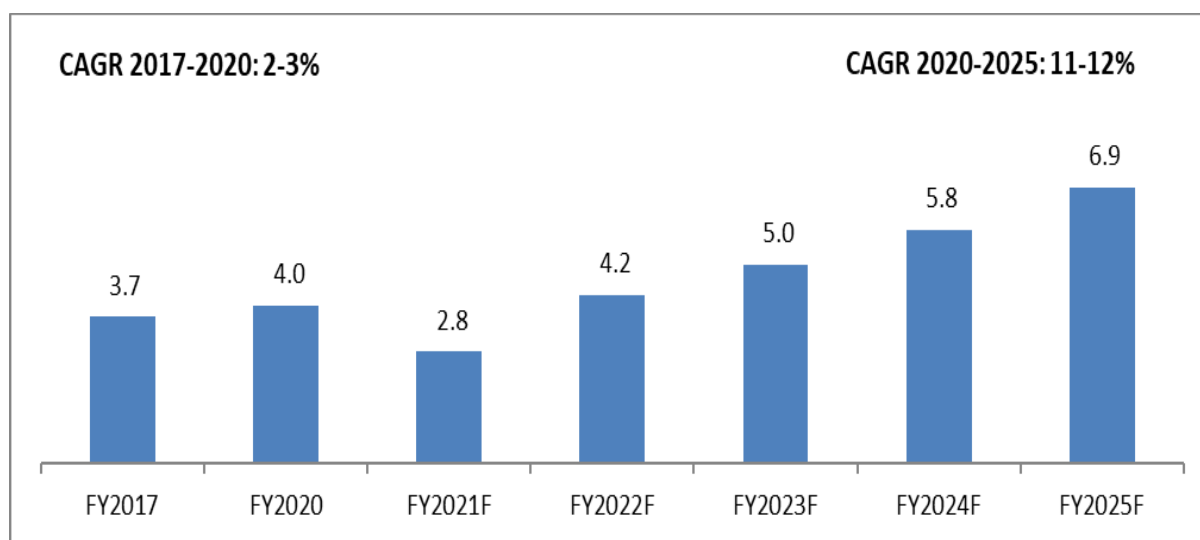
Although both weight management and fitness relate to physical well-being, the services are entirely different, where weight management treatments include diet plans, body therapies and appliance based solutions; and fitness programs relate to physical workouts, aerobics, and similar activities in gymnasiums. The weight management segment is valued at USD 0.4-0.5 billion in FY2020 and is expected to double to USD 1 billion by FY2025.

In the weight management segment, VLCC is the pioneer and market leader in India with approximately 20-22% of the market. The remaining 78-80% of the market is occupied by providers such as Kolors, Vibes, Health Total, and Health Sanctuary as well as individual players.

#### *Spa / Rejuvenation and Alternate Therapies Industry*

The spa / rejuvenation and alternate therapies industry grew from USD 3.7 billion in 2017 to USD 4.0 billion in 2020 at a CAGR of 2-3%. The market is expected to grow to USD 6.9 billion in 2025 at a CAGR of 11-12%.

**Exhibit 21: Spa / Rejuvenation and Alternate Therapies Market Size (USD Bn), India, 2020-2025F**



Source: Frost & Sullivan Research and Analysis, Company Websites

#### *Aesthetic Dermatology*

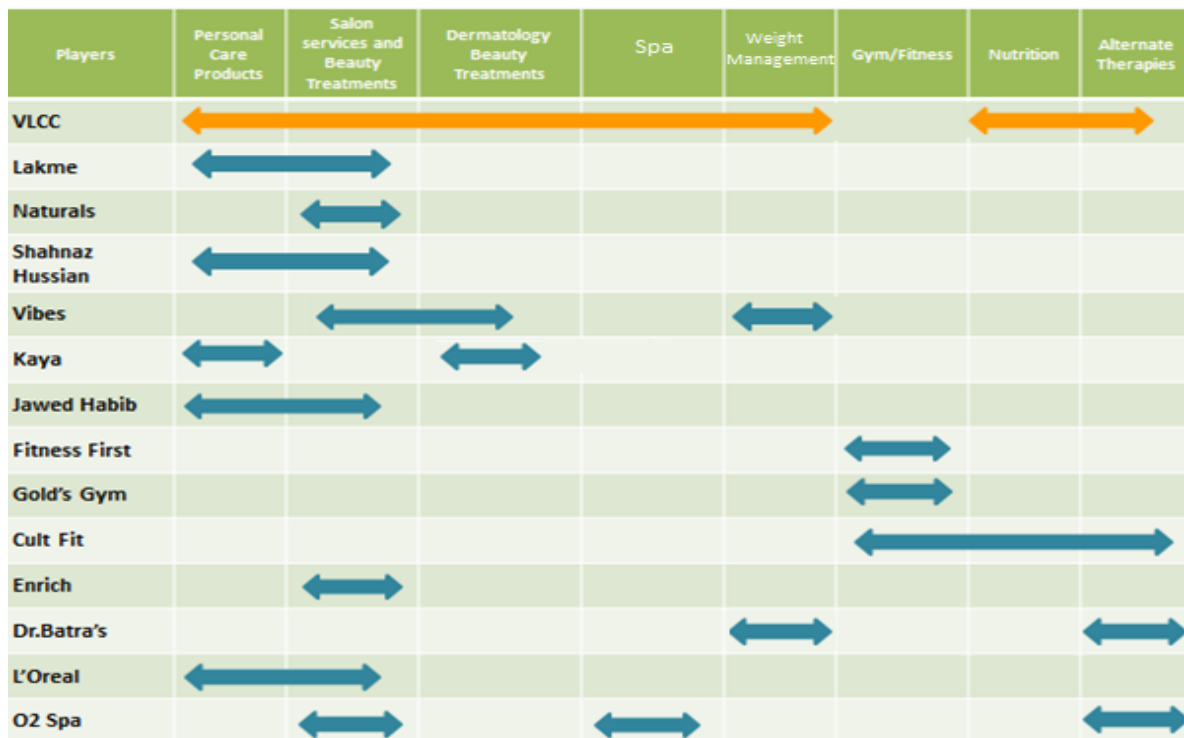
Over the last four to five years, there has been a significant increase in on-line searches for non-invasive or minimally invasive aesthetic dermatology procedures in India. With increased awareness and safety of such treatments, there has been greater consumer demand for solutions to improve their appearance and cure skin defects rather than opt for surgical interventions which are more painful and risky.

The aesthetic dermatology segment is estimated at USD 0.8-0.9 billion in FY2020 and is expected to grow at a CAGR of 16-18% over next five years. VLCC is second largest player in this segment with ~11% market share of the organised market, providing the latest technologies in laser and dermatology treatments.

#### *Organised Participants' Service Portfolio*

With the largest scale and breadth of operations within the Wellness and Beauty services industry in India, VLCC has positioned itself as a full-service provider in the mid-market to premium space. Most players in the organised segment of the Wellness and Beauty services industry usually offer one or two service categories to consumers.

**Exhibit 22: Organised Participant Positioning**



Source: Frost & Sullivan Research and Analysis, Company annual reports

Most branded players are in specific or niche segments like skin care, hair salons, beauty salons or fitness. However, VLCC has the most diverse portfolio and presence in all service areas. VLCC is one of the few players in the industry to have successfully accomplished the transition from a Wellness and Beauty services company to a Wellness and Beauty services and products company.

**Exhibit 23: Main Industry Participants' Space Requirements, 2020**

Company	Average Space Requirement (sq. ft.)	Services offered	Type of Outlet
Gold's Gym	Tier I or metro cities: 5,000-7,000	Regular gym	Franchisee + company operated
	Tier II or III cities: 3,000-4,000	Regular gym	
VLCC	2,500-5,000	Wellness and Beauty clinics	Largely Company operated
Lakme Salon	900-1,000	Salon	Largely Franchisee operated
Naturals	200-1,200	Salon	Largely Franchisee operated
Jawed Habib	400-1,000	Hair studio	Largely Franchisee operated

Source: Frost & Sullivan Research & Analysis, Company Websites

In the services sectors some of the established participants include Jawed Habib, Naturals, Gold's Gym, Lakme Salon, Green Trends, Kaya, Enrich and VLCC. Most of these participants have been in the market for more than a decade and have regularly upgraded their services and areas of focus in this time. With disposable income increasing and industrialization moving towards tier 2 and tier 3 cities, the Wellness and Beauty industry is expected to grow to cater to this new audience from emerging geographies in the country.

Using a franchise model to enable expansion is a popular, cost effective route, and relatively fast route health and wellness companies can take to achieve geographical expansion. Most participants have expanded their network using franchised models and having varied size of outlets, with the average size of new outlets being 200-1,000 square feet.

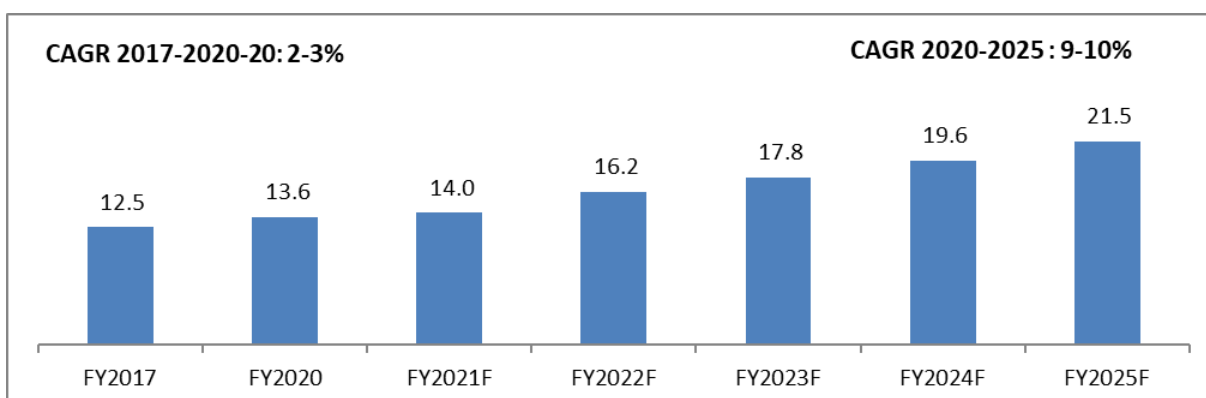
On the other hand, VLCC is one of the largest players in the Beauty & Wellness Services industry in India, with the widest footprint of company operated clinics. They have expanded to over 200 outlets, majority of which are Company operated, and are mainly located in Metro and Tier-1 cities. However, the Company has adopted the franchise model to expand into tier 2 and tier 3 cities, where the average outlet size is 800-2,000 square feet, which has enabled expedited growth in its network in key growth geographies and helped generate an efficient ROI for investors.

### **Wellness and Beauty Products**

#### **Market Size and Segment Share**

The Wellness and Beauty Products market in India grew from USD 12.5 billion in 2017 to USD 13.6 billion in 2020 at a CAGR of 2-3%. As per the Frost & Sullivan Report, this market is expected to grow to USD 21.5 billion in 2025 at a CAGR of 9-10%.

**Exhibit 24: Wellness and Beauty Products Market Size (USD Bn), India, 2017-2025F**



Source: Frost & Sullivan Research and Analysis, Company Websites

At a segment level, skincare represents nearly USD 1.6-1.8 billion, sun care around USD 0.1 billion and expected to grow at a CAGR of 11-12% between 2020 and 2025, and the body firming segment is estimated to be USD 0.1 billion.

**Exhibit 25: Wellness and Beauty Products – Some Key Segments Market Size in India, (2020)**



Source: Frost & Sullivan Research and Analysis

Other key product categories in the segment are bath and body, representing nearly 22-24% market share, hair care has around 18-20% market share, and the remaining is contributed by color cosmetics, deodorants, fragrances, etc.

## Segment Characteristics

**Exhibit 26: Wellness and Beauty Product Segment Characteristics**

Key Segments	Market Size (USD Bn)	CAGR (FY2020 -25)	Characteristics	Key Players
<b>Skin Care</b>	<b>1.6-1.8</b>	<b>6-8%</b>	<ul style="list-style-type: none"> <li>Consists of key sub segments like Anti-Ageing, Skin whitening and Face wash, etc.</li> <li>Growing at a CAGR of 8-10%, the demand for Anti-aging and skin whitening products is on the rise, especially in urban areas.</li> </ul>	<ul style="list-style-type: none"> <li>HUL</li> <li>L'Oreal</li> <li>Emami</li> <li>VLCC</li> <li>Lotus</li> <li>Amway</li> </ul>
<b>Sun Care</b>	<b>~0.1</b>	<b>11-12%</b>	<ul style="list-style-type: none"> <li>SPF active range of products that provide protection from the harmful UVA and UVB radiations.</li> <li>Following the high demand, companies have launched products with high SPF ratio and non-sticky gel format and products with oil protection and anti-inflammatory properties.</li> </ul>	<ul style="list-style-type: none"> <li>HUL</li> <li>L'Oreal</li> <li>VLCC</li> <li>Lotus</li> </ul>
<b>Body Firming and Shaping</b>	<b>~0.1</b>	<b>12-14%</b>	<ul style="list-style-type: none"> <li>These products act on the stubborn cellulite in the skin generally accumulated around arms, thighs, buttocks, abdomen and are available in various formats like Gels, Oils, and Lotions.</li> <li>Desire to stay slim, fit coupled with busy work life are contributing to the demand for Body firming and shaping products.</li> </ul>	<ul style="list-style-type: none"> <li>Amway</li> <li>VLCC</li> <li>Oriflame</li> </ul>
<b>Facial Kits</b>	<b>~0.05</b>	<b>15-16%</b>	<ul style="list-style-type: none"> <li>Facial kits offer a quick and easy solution for protecting skin simply on Do It Yourself (DIY) basis and keep it healthy and radiant while protecting from environmental pollution and dirt.</li> <li>Due to the ease and convenience in use – facial kits have become increasing popular amongst consumers</li> </ul>	<ul style="list-style-type: none"> <li>VLCC</li> <li>Lotus</li> <li>Biotique</li> <li>Shahnaz Husain</li> <li>Nature's Essence</li> </ul>

Source: Frost& Sullivan Research and Analysis

VLCC predominately focuses on nascent and fast-growing segments which have limited competition, such as facial kits, body firming/shaping products and sun-care, distribution driver products like bleaches. As a result of this approach, the Company has established itself as a key player in these segments.

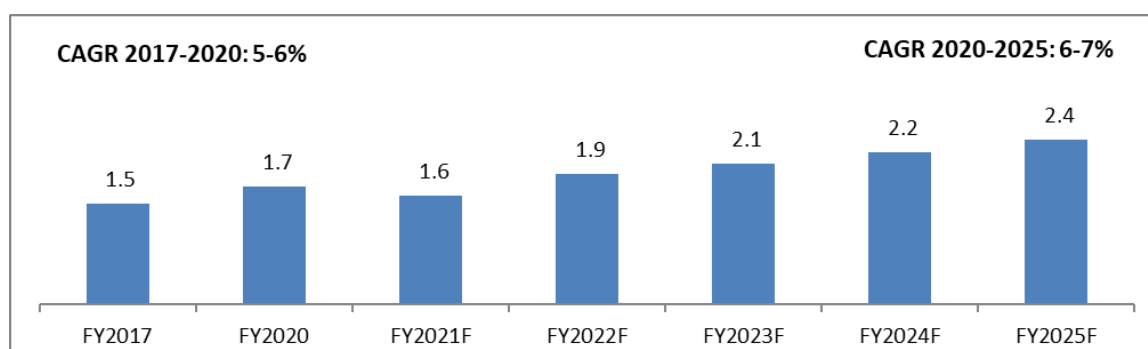
In the context of participants who carry a wide offering, L'oreal Group (including Garnier) offers a range of products in skincare, sun care, and body shaping products, but does not have presence in the facial kits segment. Other key industry participants have a strong presence in skincare and sun care and have less or no presence in the body shaping and facial kits product segment. The range of products offered by VLCC is the widest among these participants, and the brand has a strong presence in all the four segments. The VLCC range of sun-care products is amongst the widest in the category, while in the bleaches segment, it competes with a very limited number of pan-India branded players.

## Top Competitors by Segment

### Skin Care

Skincare is a major segment of the Wellness and Beauty Products industry with an estimated market size at USD 1.7 billion in FY 2020, growing at a CAGR of 5-6% from 2017-2020. As per Frost & Sullivan Report, the skincare segment is expected to grow at a CAGR of 6-7% over the period FY 2020-2025 to reach USD 2.4 billion by FY 2025. Indian consumers have become conscious about the signs of aging and want to look young and attractive. As a result, products like anti-aging creams, serums, and gels to combat sagging skin, wrinkles and pigmentation are witnessing higher demand. Consumers also are becoming more aware of derma-cosmetics (skin solutions based on cosmetics and dermatological science using ingredients derived from plants).

**Exhibit 27: Skin Care Product Revenue (USD Bn), India, 2020-2025F**



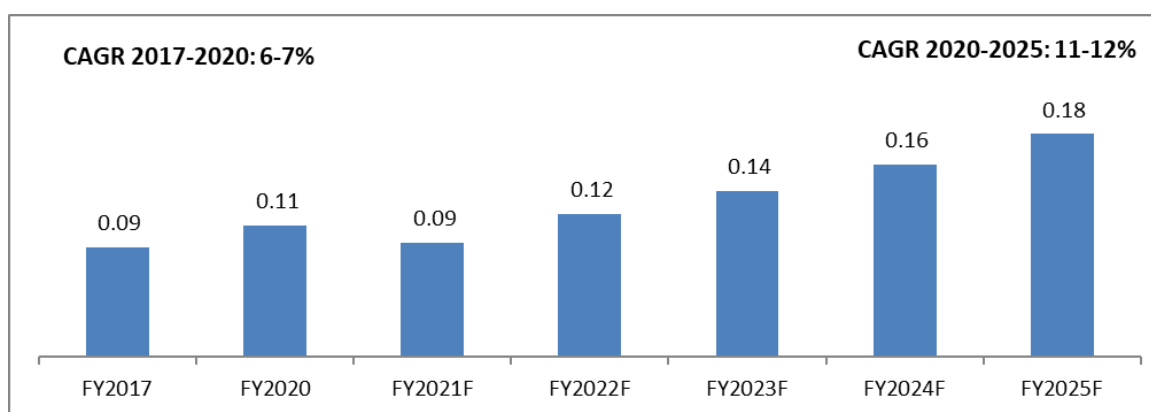
Source: Frost & Sullivan Research and Analysis, Company Websites

HUL remains the segment leader in skin-care with a share of more than 50%, whilst L'Oreal, Nivea, Himalaya and Amway are the other key players in this segment. In recent years, skin brightening and anti-aging products have taken the beauty care market by storm, with almost all key participants launching product lines in these areas. VLCC has a strong presence in the regime skin solutions segment and its range is among the most comprehensive in terms of skin-type solutions.

### Sun Care

With an estimated market size of nearly USD 0.11 billion in FY 2020, the sun care market has been growing at a CAGR of 16-18% from 2017-2020. As per Frost & Sullivan Report, this segment is expected to grow at CAGR 11-12%, reaching USD 0.18 billion in 2025. The SPF range provides protection from harmful UVA and UVB rays that cause tanning, sunburn, and premature aging. Sun care products have become popular among working women, especially in urban areas.

**Exhibit 28: Sun Care Product Revenue (USD Bn), India, 2020-2025F**



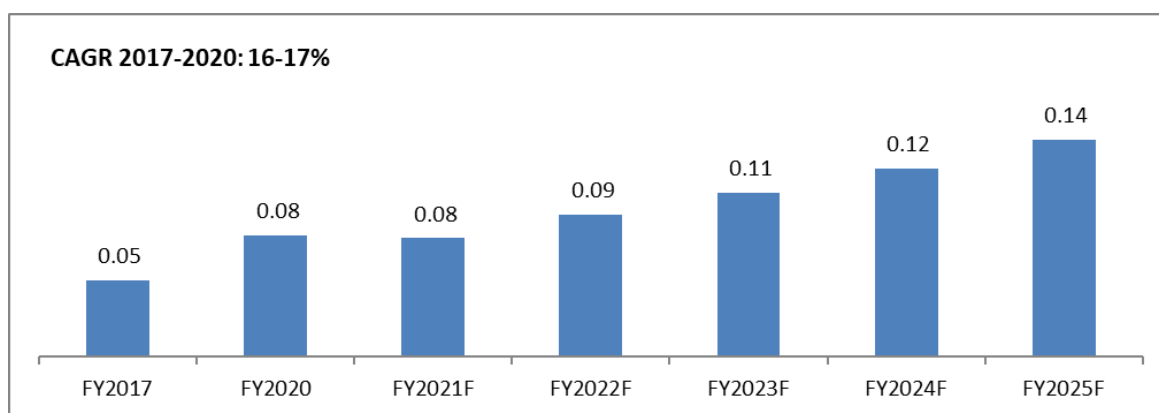
Source: Frost & Sullivan Research and Analysis, Company Websites

Owing to its wider distribution network, Hindustan Unilever has maintained a dominant position in the sun care product segment. Under its various brands, including Ponds and Lakmé, Hindustan Unilever Ltd. leads the sun care market with a share of 28-30%, while Lotus Herbals continues to be one of the leading players, on account of its continued focus on sun care, with a revenue market share of 20-22%, followed by VLCC.

### *Body Firming and Shaping*

The body firming and shaping market is estimated to be around USD 0.08 billion in FY 2020 and has been growing at a considerably higher rate (16-17%) than other segments of the Wellness and Beauty industry (2017-2020). As per Frost & Sullivan Report this segment is expected to grow at a CAGR of 12-13% over the next five years to reach USD 0.14 billion by FY 2025. The effects of work-life imbalances and poor eating habits have encouraged more consumers to focus on health and appropriate body weight.

**Exhibit 29: Body Firming and Shaping Product Revenue (USD Bn), India, 2020-2025F**



Source: Frost & Sullivan Research and Analysis, Company Websites

VLCC has approximately 14-16% of the body firming and shaping product market, and has emerged as a leading brand in this segment. The other key participants like Amway, Oriflame and Avon have significant presence via direct selling channels, with Amway leading the market segment under its brand Artistry with a market share of around 35-40%.

### *Facial Kits*

The retail facial kits segment is estimated to be around USD 0.05 billion in FY 2020 and has been growing at a rate of 19-20% from FY2017-2020. This segment is expected to grow at a CAGR of 15-16% over the next 5 years to reach USD 0.1 billion by FY 2025. Key participants include VLCC, Lotus Herbals, Biotique, Shahnaz Husain, and Nature's Essence.

VLCC has a market share of 55-60% in this segment with a wide range of products including Papaya Fruit, Party Glow, Gold, Pearl, Silver, Diamond, Chocolate, and De-Pigmentatin kits.

## **Emerging segments in Wellness and Beauty industry**

### *Professional Products Market*

The professional products market constitutes products used in various types of outlets in the Wellness and Beauty industry, such as hair care and skin care items used in beauty salons.

The growth within the professional products industry can be directly attributed to the increased demand in the salon services industry in India. Professional products have seen a similar trend as observed in the salon services industry due to direct correlation of the services offered by salons and the products which form the part of these services.

Hair care and skincare are the main constituents of this industry. The two categories show a distinct trend with hair care being dominated by few international brands like L'Oreal, Schwarzkopf, and Wella, whereas the skincare category is highly fragmented with multiple options of domestic and international brands.

### ***High value Aesthetic Dermatology Procedures***

The demand and acceptance of non-invasive or minimally invasive procedure like fillers, derma-abrasion, peels, etc. is increasing among consumers, especially in urban areas. Earlier these procedures were considered expensive and required a lot of recovery time. However, with technological advancements, these have become more cost-effective, less time consuming and less painful. Further, celebrities and influencers are publically opting for and acknowledging personal consumption of these procedures, which has motivated people to follow the trend and emulate their favorite personalities.

### **COVID-19's Impact on Consumers and the Wellness and Beauty Industry**

#### ***COVID-19 impact on Preventive Healthcare consciousness***

Although the Wellness & Beauty services and products market has been adversely affected in the immediate past 12-18 months by the COVID-19 pandemic, and this negative impact may continue to have a bearing on customer sentiment for the immediate future. The positive fall out for the Wellness industry has been the growing conviction across all age groups to invest in proactive healthcare and wellness. Being healthy and fit has become more consequential than ever before. More and more people across even younger age groups are embracing proactive health management and giving attention to nurture their mind, body and soul. It is estimated that preventive or proactive healthcare will have higher consumption in the coming months and years. Leading Wellness & Beauty domain players like VLCC are well positioned to benefit from this increased demand.

The COVID-19 pandemic has caused consumers to prioritize safety and hygiene; they are purchasing fewer non-essential items and spending more time at home during lockdowns, and travel or work restrictions. Consumer focus has shifted towards self and family care and mental well-being. The pandemic has also led to digital health and wellness as a new emerging global consumption theme. In 2019, digital health and wellness services were estimated to have a worth of over 106 billion USD globally. And due to the global pandemic, the worth of these types of services is predicted to increase up to 28.5% more until 2026. It is also expected for this sector to have a fast production of services in all facets of health and wellness.

Heightened consumer awareness with regard to investment in proactive health care and wellness brought on by the pandemic, will be a significant factor that will contribute to the wellness services and products business having a sharper recovery. Leading players in the Wellness & Beauty industry such as HUL, L'Oreal and VLCC are strongly positioned to benefit from this recovery and continue growing their respective businesses.

The pandemic has highlighted the significance of hygiene and quality standards. This is leading to increasing inclination towards professional establishments with organised set up and large scale presence. This dynamic is expected to significantly favor the organised sector and the industry is set to witness a rapid shift from the unorganized to organised sector.

### **Government and Private Sector Initiatives to Promote the Wellness and Beauty Industry**

#### ***Government Initiatives***

The Government of India established the Ministry of AYUSH (Ayurveda, Yoga & Naturopathy, Unani, Siddha, Sowa-Rigpa and Homoeopathy) in 2014 to support alternative medicine systems through research, workshops, and skill development. New eCommerce platforms NirogStreet and svaasth.com have also contributed to generating awareness about these therapies and making them accessible to consumers.

The Government of India also launched Ayushman Bharat program in 2018 which promotes health and wellness by setting up wellness centers across the country, promoting medical tourism, and exempting yoga services from taxation. The burgeoning Wellness and Beauty industry has created a huge demand for skilled gym trainers, skin clinicians and cosmeticians, beauty therapists, and nail artists.

Several government initiatives support skill development.

- **The Skill Initiative Program** run by the Ministry of Skill Development and Entrepreneurship (MSDE) was launched in 2015 with a 5-year goal of providing more than 400 million people with vocational training. Wellness, beauty, yoga, naturopathy, and spa courses are included. The National Skill Development Corporation supports these efforts. Schemes include **Pradhan Mantri Kaushal Vikas Yojana** for short-term training or



recognition of prior skills through accredited and affiliated training partners and centers; the **National Skill Development Mission**, under the National Policy for Skill Development and Entrepreneurship, aims to strengthen institutional training, overseas employment, and public infrastructure for sustainable livelihoods; and the **Skill Loan Scheme** for people pursuing training programs offers loans ranging from USD 74 to USD 2,212.

- **Pradhan Mantri Kaushal Kendras**, launched by the MSDE in 2017, focuses on standardization of infrastructure, provision of financial support, and improvement in training. In the Union Budget for 2019-2020, the government outlaid USD 0.5 billion for the scheme and an additional USD 1.4 billion for training of 5 million apprentices.
- **The National Skill Training Institute for Women** (formerly known as the Regional Vocational Training Institute) provides courses in beauty care, cosmetology, fashion design, and dress making; develops instructional trainers; and offers need-based training for aspiring entrepreneurs.
- **The Mudra Yojana scheme for women** provides financial support ranging from USD 697 to USD 69,700 to help female entrepreneurs establish their own businesses.
- **Beauty & Wellness Sector Skill Council (B&WSSC)** : A not-for-profit organization promoted by Confederation of Indian Industry (CII) with financial support from National Skill Development Corporation (NSDC), under the aegis of Ministry of Skill Development and Entrepreneurship, to establish an effective and efficient eco-system for development and imparting of skills in Beauty and Wellness industry including content & curriculum, courses, information databases, delivery systems, standardization of the accreditation and certification process to enhance employability of the Indian workforce globally. Mrs. Vandana Luthra, Founder VLCC Group, was the founding Chairperson from 2014 to 2020. Since inception in 2014, it has grown to have a presence in 29 States & 7 Union Territories, for training and certifying over 0.7 million youth by helping them become more employable / self-employable, with a certificate in Beauty and Wellness, recognised by the Government of India.

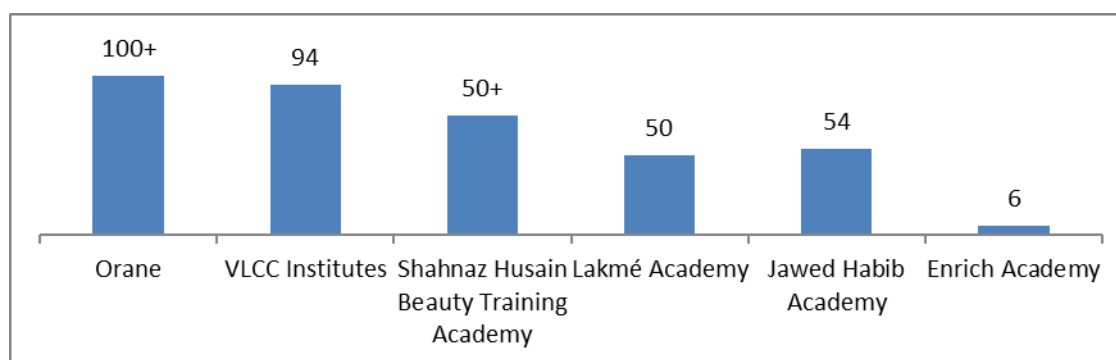
According to KPMG report (KPMG Report: *Human resources and skill requirements in beauty and wellness sector*, 2013), beauty salon segment is expected to grow to 12.1 million in 2022, up from 6.7 million in 2017, almost doubling in a five year period. The Government of India has taken initiatives to train women in the sector, with at least 0.7 million being trained since the inception of Beauty & Wellness Sector Skill Council.

### ***Private Sector Initiatives***

Organised industry participants are gaining traction in the Indian market by developing skilled professionals in their private training institutes. International accreditations by the Comité International d'Esthétique et de Cosmétologie (CIDESCO), and the Accreditation Council for Education in Nutrition and Dietetics are prized. Exclusive training academies help companies develop and retain talent.

The government of India has also partnered with certain brands such as VLCC, LabourNet, and Orane Academy. The best achievement of these training centers includes development of standards in materials and curriculum for training in the beauty and salon sector. CIDESCO (Comité International d'Esthétique et de Cosmétologie) which is considered to be a world standard for beauty and salon training has partnered with Wellness and Beauty players in India to improve the quality of skilled professionals, with the aim to achieve global standards. VLCC Institute is one of the CIDESCO certified schools in the country. On an annual basis, the VLCC Institute has been able to train more than 20,000 students and improve both quality of personnel and the financial status of the workforce. VLCC has training academies across the country, making it one of the largest professional training academies in beauty & nutrition segment with Lakme, Orane, and Enrich Salons etc. being other key players. Orane was launched in 2009 and has 100 plus training institutes. Lakme Academy has coverage across 66 cities in the country and provides both online and center based training courses.

**Exhibit 30: Leading Companies' Training Institute Centers, India, 2020**



Source: Company websites, FICCI

Training can be conducted in-house or on-the-job training. As no single entity assesses, certifies, or standardises training programs for the industry, quality varies widely. Unregulated providers may not expose candidates to adequate practical training.

### **Regulatory Environment**

The Wellness and Beauty industry in India does not have a well-defined regulatory framework to protect consumers or ensure that they receive quality, hygienic services. Low barriers to entry make it easy for small, unregulated, and unorganised players to enter the market. The National Accreditation Board of Hospitals and Healthcare (NABH) has voluntary standards for organizations who provide wellness services, and accreditation indicates centers have qualified and trained professionals and provide quality services that meet global standards.

Some regulations have been implemented or are under development, for example:

- **Nutraceuticals:** The first regulation for health supplements and nutraceuticals (by the Food Safety and Standards Authority of India in January 2018) provides comprehensive rules and general conditions for the manufacture and sale of food for health supplements, nutraceuticals, special dietary use, special medical purposes, and other functional and normal purposes. It includes chapters regarding essential composition; requirements related to claims and labeling; permitted use of additives; and limits for contaminants, toxins, and residues.
- **Alternative therapies:** Rule 158B of the 'Drug and Cosmetics Rules, 1945' details requirements for the submission of proof of safety and effectiveness for licensing of AYUSH drugs. Government agencies including NABH and the Quality Association of India provide guidelines for effective product and service delivery.

### **Key Trends – Wellness and Beauty Industry**

#### ***Demand of Natural / Professionally Recommended Products***

Increase in consumer awareness for the potential hazards associated with the use of chemicals and artificial ingredients have increased demand for natural and organic products. Additionally, demand for Derma Cosmetics – skin solutions based on cosmetics and dermatological science using the ingredients derived from plants – is gradually increasing due to increased consumer awareness. Also, younger people are now focusing on wellness much earlier in their life, in comparison to their preceding generation.

#### ***In-house production***

Increasing revenue and retaining customers is a major aim of industry players, and product portfolio expansion is a key element for business growth. To increase revenue realization per customer, leading players have started in-house production and usage of their own Wellness and Beauty products in Spa, clinics, and wellness centers, etc. This has enabled leading players to considerably increase their topline over last few years.

### ***Rise of digital platform – expansion in the customer base***

Digital solutions are playing a major role in all forms of business, helping players reach larger customer bases faster, and without large capital investment for the platform. Numerous small scale businesses are exploring online channels such as Amazon, Flipkart, Facebook, and Instagram to sell their products as these channels require smaller investments and offer broad reach and scale. There is also a rising trend of mobile app centric, subscription-based wellness / weight-management options.

### ***Expansion in Tier-II and III cities***

Rising employment and increasing consumer focus on aesthetics and wellbeing is driving higher demand in tier 2 and tier 3 cities. Social media penetration has increased in non-urban areas after the launch of 4G telecom services, which has greatly facilitated the penetration of latest Wellness and Beauty trends in these areas. Leading organised players such as VLCC, Lakme Salon, Naturals and Jawed Habib Hair & Beauty Limited have started launching fitness centers, salons, Spa and beauty centers in Tier II and III cities over last 2-3 years and currently in FY2021 have around 25-40% of their outlets in non-metro cities.

### ***Emergence of on-demand, at-home services***

Changes to consumer lifestyle have led to additional product offerings entering the market, e.g. on-demand at home services. The demand for this popular option amongst consumers has seen rapid growth. Market players are offering convenient, fast, and hygienic solutions for a quick at home makeover, driving demand for in-home kits. Urban Company, QuikrEasy and Housejoy are the leading players in at-home services segment and have rapidly penetrated the market during the Covid-19 pandemic, enabled by rising consumer preference for at home services due to fear of transmission of infection in physical outlets.

### ***Entry of international participants***

Growth prospects and opportunities in the industry have attracted many international players to the Indian Wellness and Beauty market. Establishment of training centers by the existing players has reduced barriers and risks of market entry, as there are more skilled and trained professionals available in the market. International players such as L’Oreal Academy, Lakme Academy have started offering international Wellness and Beauty courses, further increasing the number of trained and skilled manpower in India.

### ***Increased consumption for wellness, including preventive / proactive healthcare related services and products***

With growing consumer awareness, Wellness and Beauty products and services are fast becoming an integral part of everyday life for an increasingly large number of consumers. Younger people are increasingly adopting wellness and / or fitness regimens at early stages of their life, driven by increased popular culture trends and higher consumer awareness of, and preferences for, preventative healthcare options over higher cost curative treatments. This trend has become further accelerated recently, since the outbreak of the COVID-19 pandemic.

### ***Opportunity to connect with substantially larger audience through online presence***

Social media is an increasingly effective and important channel for players to connect with consumers, and companies are responding by increasing their investment in online influencers in an effort to increase their social platform presence and increase their reach to existing and additional consumers. It is anticipated this increased focus and investment will be difficult for players in the beauty segments, as their existing budgets are often limited.

### **Key Challenges – Wellness and Beauty Industry**

Whilst the Wellness and Beauty industry is growing rapidly, there remain some opportunities for which if addressed, can enable even greater industry expansion.

### ***Lack of skilled professionals***

Historically the industry has lacked skilled professionals and has seen high attrition rates. The industry is responding, with private players establishing new training institutes across the country, and the public sector is implementing a range of measures to establish new institutes and vocational training programs.

#### ***Increase in low standard/quality products***

The market is largely unorganised and unregulated which enables sub-standard products to enter the market. Expansion of E-Commerce platforms has enabled these products to obtain wider market reach, leading to significant financial losses to the industry and lower consumer trust, impacting even reputable brands.

#### ***Increasing competition from International players***

Leading domestic players in the industry are facing increased competition from the international players, who enter the market with considerable financial strength. The international players such as HUL, P&G, and L'Oreal have large marketing budgets and launch their globally successful business models in the Indian market, enabling them to bring their products and services to market quickly.

#### ***Insufficient regulation***

Few regulations exist within the market, enabling unorganised players to thrive and produces a fragmented market structure. The market has witnessed establishment of outlets with poor hygiene, low quality infrastructure and standards, as there is limited regulation to control these standards. Implementation of strict regulations by the Government will help improve the industry and move towards a formalised and organised structure.

#### ***Capacity utilization and lack of awareness***

Due to the highly fragmented and unorganised structure of the industry, the overall capacity utilisation of the industry remains low. Lack of awareness about the availability of new and advanced technologies in the beauty industry drives lower adoption of new technology and services, for instance aesthetic dermatology is assumed to be expensive.

#### ***Increasing influence of social media on beauty products industry***

Social media is an increasingly effective and important channel for players to connect with consumers, and companies are responding by increasing their investment in online influencers in an effort to increase their social platform presence and increase their reach to existing and additional consumers. It is anticipated this increased focus and investment will be difficult for players in the beauty segments, as their existing budgets are often limited.

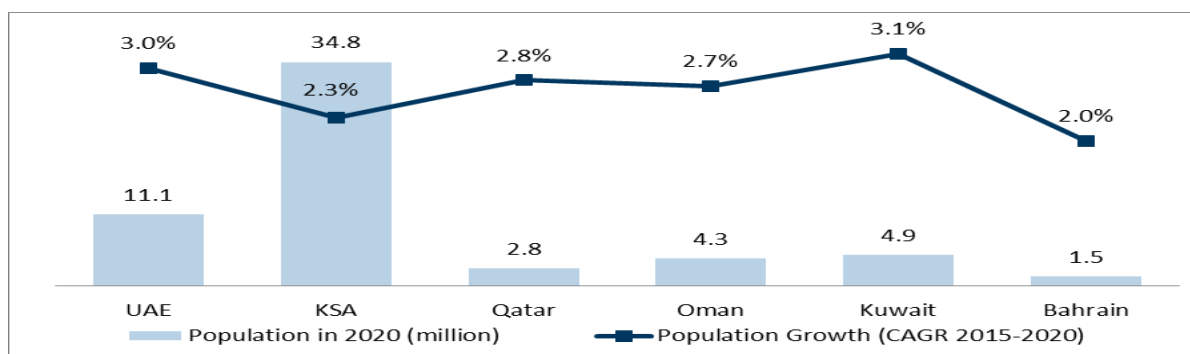
#### ***Shift in Retail Landscape***

With the emergence of eCommerce giants such as Amazon, small scale players are gaining online market share due to far less quality differentiation among products, e.g. Flipkart. This has become a formidable challenge for the established players due to the increasing market share of eCommerce players in the Wellness and Beauty product segments.

### **Wellness and Beauty Industry in the GCC**

#### **The GCC Demographic Overview**

#### **Exhibit 31: The GCC - Population and Growth Rate**



Source: IMF

### ***Population and Growth Rate***

Among the countries in the GCC, the Kingdom of Saudi Arabia (KSA) has the highest population, followed by the United Arab Emirates (UAE) and Kuwait.

Countries in the GCC have witnessed tremendous growth in their infrastructure, economies, and societies. Expanding economic development and higher availability of better paying jobs, GCC countries have witnessed an inflow of expatriates, which has boosted population growth.

The gross national disposable income of GCC Countries increased from USD 359.4 billion in 2002 to USD 1,252.1 billion in 2016, growing at an average annual rate of 10.5%. The KSA accounts for 49.3% of total US dollar - gross national disposable income in 2016, while UAE accounts for around 25%.

The cosmopolitan GCC population is responsible for the rapid growth in the region's Wellness and Beauty industry and is further propelled by government-sponsored programs promoting sports and exercise. The UAE has some of the world's most cutting-edge medical and sports science facilities, making it a hub for wellness tourism.

### **Growth Drivers**

#### ***Rising incidence of lifestyle related diseases and obesity***

Overweight and obesity are amongst the top major health issues in the GCC. Increasing levels of economic development, poor diets, and sedentary lifestyle have all been driving factors. As a result, obesity and overweight rates have increased in the region, resulting in a surge in diabetes, cardiovascular disease, and other lifestyle diseases. Around 30% or more of the population in these countries are obese ( $\geq 30$  kg/m<sup>2</sup>), and more than 60% have a weight range higher than normal ( $\geq 25$  kg/m<sup>2</sup>). KSA has one of the highest overweight and obesity incidences in the world. Female obesity prevalence is higher, as compared to that of males with KSA; whilst UAE female obesity prevalence in 2016 was 42% and 41% in males.

#### ***Massive demand for advanced and premium beauty services and products***

Green beauty and skincare products have had a significant impact on the industry, especially as consumers become more conscious about product ingredients. Increased consumer knowledge and demand for products which improve their wellbeing and are better for the environment and society as a whole, have taken root in the region. The regional market for natural and organic cosmetics is expected to rise annually by 12-15% over the next five years from 2020-2025.

#### ***Cultural factors affecting consumer behavior***

The young and aspirational population is focused on investing in personal grooming in a society where globally bestselling brands are closely correlated with social status. GCC consumers spend significantly more on their personal image than Western consumers. Wellness & Beauty services are of the most expensive market categories for an average Arabian woman, spending USD 3,800 per year. Other cultural factors also contributed to the region's growing demand

for global beauty brands. Moreover, rising employment rates have made Wellness & Beauty services and products more accessible and affordable, enabling customers to spend more.

### ***Increasing awareness of importance of skincare as part of appearances***

The region's harsh weather continues to drive up demand for a variety of personal care and beauty services among GCC consumers. The younger generation is particularly aware of the detrimental effects of the hot, dry, and humid climate on their physical appearance, and takes precautions to mitigate these factors, at the same time they are experimenting with new cosmetics treatments and products. Changes in lifestyle is driving the beauty market's constant growth and redefining customer behavior for both mass and luxury product segments, both online and in-store.

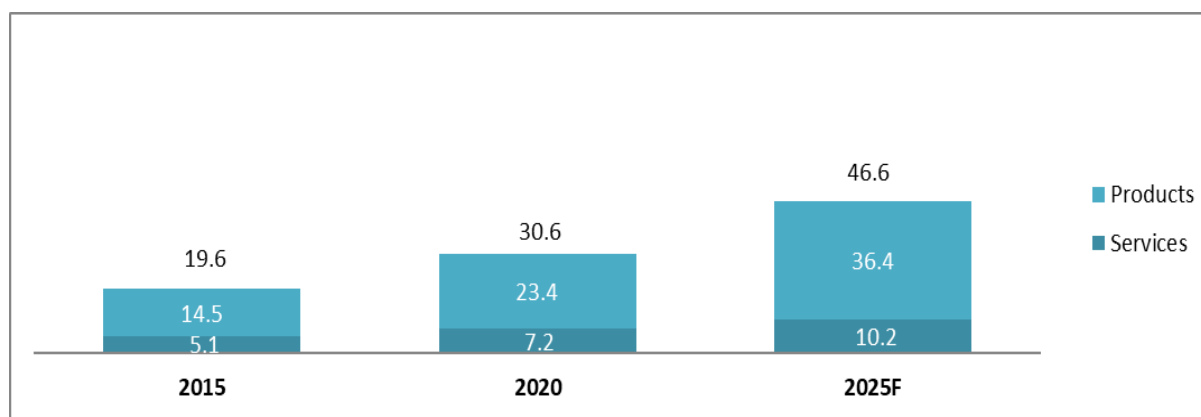
### ***The undeniable impact of social media***

Increasing internet penetration has played a significant role in increasing cosmetics and beauty consciousness amongst GCC populations. Active social media users in the GCC countries has been rapidly increasing over last 2-3 years with 93.3% and 98.9% active social media users in KSA and UAE respectively, of a total population of 34.8 million and 11.1 million population respectively in 2020. The popularity of social media influencers sharing their beauty routines is growing, and both local and international beauty brands are turning to influencers to raise brand awareness and reach potential customers.

### **Overall Size and Growth Trends**

Wellness and Beauty products and services revenue in the region reached an estimated USD 30.6 billion in 2020 and as per Frost & Sullivan Report it is expected to climb to USD 46.6 billion by 2025. While demand dropped in 2020, due to a combination of COVID-19 pandemic-related lockdowns, a decline in the expatriate population and foreign tourist numbers, and low oil prices, consumer demand for products and services that will make them feel and look good is returning. The skin care segment will most likely be the first to recover in 2021.

**Exhibit 32: Wellness and Beauty Industry Revenue (USD Bn), GCC, 2015-2025F**



Source: Frost & Sullivan analysis

Although the products industry is increasingly being consolidated, unorganised independent businesses still dominate the services space. Approximately 20 to 25 main players offer cosmetology-related services in the region.

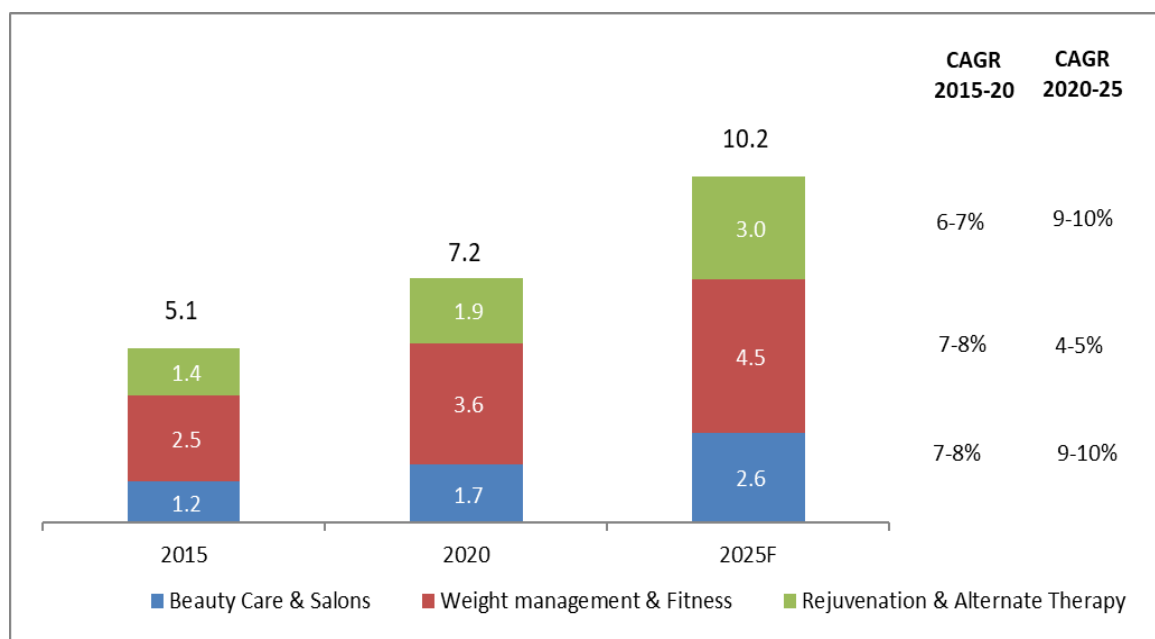
Most of the GCC's 2,000 Spa are stand-alone outlets and are unorganised; 69% are in hotels and resorts, and the remainder includes day spa and salon spa. Few participants have a presence in more than one country. Product sales (mainly fragrances, sun care, hair care, bath and shower, hand care, facial kits, anti-agers, and skin whiteners) contribute to about 75% of industry revenue.

The wellness & beauty market in the GCC region is poised to grow around 8-10% in the next five years, and it is expected key players such as VLCC, Kaya Clinic, Cosmesurge who have successful experiences operating Wellness and Beauty clinics in the GCC countries, are well positioned to benefit from market growth in the wellness & beauty segments.

### Service Segments and Characteristics

The beauty care and salon industry holds about 25% share of the overall Wellness & Beauty services market while fitness, as well as spa and alternate therapy, share the remaining 75%. In terms of growth, the beauty care and salon industry is expected to grow at a CAGR of 9-10% between 2020 and 2025. The fitness industry, as well as spa and alternate therapies, are expected to grow at a CAGR of 4-5% and 9-10% respectively during the same period.

**Exhibit 33: Wellness and Beauty Services Revenue (USD Bn), GCC, 2015-2025F**



Source: Frost & Sullivan Analysis, Company Websites

### Service Segment Analysis

#### Beauty Care and Salons

The Beauty Care and Salon market was worth USD 1.7 billion in 2020 and it is dominated by small unorganised participants that provide regular beauty services. As per Frost & Sullivan Report the Beauty Care and Salon Industry is expected to grow at a CAGR of 9-10% between 2020 and 2025. The UAE and the KSA are the main markets, generating a combined 80% of the region's revenue. Regional growth is being propelled by a young, affluent, fashion and beauty-conscious population influenced by social media.

VLCC, Amro, The Grooming Company, Toni & Guy and Jean Claude Beguine are the key organized players in the wellness and beauty service space.

#### Weight Management and Fitness

The USD 3.7 billion (2020) Weight Management and Fitness market includes weight management programmes, nutrition counseling, gym memberships, coaches, and involvement in sports and active leisure, exercise, and mindful movement. This segment is expected to grow at a CAGR of 9-10% between 2020-2025. Fitness is especially important to the younger population. In KSA, for example, modern gyms and fitness centers can now be found all around the country, with the number of private/commercial gyms increasing 250% between 2013 and 2018. Several countries have massive CrossFit cultures, with Kuwait hosting one of the most recent CrossFit competitions. Public and private sector support has contributed to the popularity of mass recreation activities. In 2017, the Saudi government as part of its liberalization efforts approved yoga as a sport after decades of prohibition. In the years since, a new yoga studio industry has emerged in cities across the country.

“Sport for all” programs and campaigns in the region encourage fitness and participation in sports. The UAE, KSA, Oman, and Qatar have developed official national priorities and policies to promote fitness, which include investments in new sports fields, playgrounds, and recreational centers.

The UAE and KSA contribute about 75% of market revenue (USD 2.8 billion in 2020).

Over the last 3-4 years, due to increasing consumer awareness, increasing number of bariatric surgeries, growing adoption of online weight loss and weight management programs, rise in disposable income in developing economies, increasing government initiatives for creating awareness among obese populations and aggressive marketing by the fitness players, there has been a rapid growth in number of weight management clinics across the GCC region. In weight management service segment (excluding Gyms), VLCC is the largest player in GCC with maximum number of Clinics to cater to the growing market. Other key players in this segment are CosmeSurge and The Kaya Skin Clinic.

### ***Spa and Alternative Therapy***

Spa market revenue was estimated at USD 1.9 billion in 2020 and as per Frost & Sullivan Report it is expected to grow at a CAGR of 8-9% between 2020 and 2025. The spa industry, long associated with elegance and pampering, is finally catching up to the region’s well-developed hospitality industry. Spa market in UAE was estimated at USD 984 million in 2020 and it remains the largest market in the region with its cosmopolitan residents embracing spa visits, exercise, and healthy eating. Talise Spa, Anantara Spa, CHI The Spa, the Zayed Complex for Herbal Research and Traditional Medicine, and Six Senses Spa are among the largest players.







In preparation for Expo 2021 in Dubai and the FIFA World Cup 2022 in Qatar, new hotels and resort properties are appearing. All GCC countries consider tourism to be a significant factor in economic diversification and are investing in large-scale resort spa projects.


### ***Aesthetic Dermatology***

Over last 2-3 years, there has been an increase in searches for aesthetic dermatology procedures in the GCC region. With increased awareness and safety of these treatments, there has been an increase in the number of people seeking non-invasive or minimally invasive aesthetic dermatology solutions to improve their appearance and cure skin defects. VLCC is the leading player in laser and aesthetic dermatology segment. Other key players in this segment are Kaya clinic, Cosmesurge, Cacoona clinic and Silkor.

## **Exhibit 34: Spa Market, GCC, 2017**



		Number of Spa	Spa revenue in USD Mn	Spa Employment
	<b>UAE</b>	~1,000	984	~27,400
	<b>KSA</b>	~500	345	~9,115
	<b>Qatar</b>	~120	145	~2,600
	<b>Kuwait</b>	~135	134	~2,900
	<b>Oman</b>	~105	125	~2,240
	<b>Bahrain</b>	~130	177	2,900



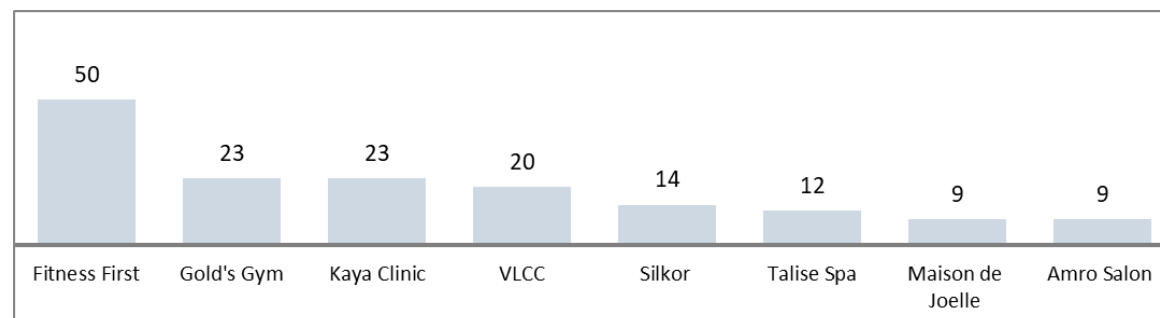
**Exhibit 35: Organised Participant Positioning**



Source: Frost & Sullivan Analysis

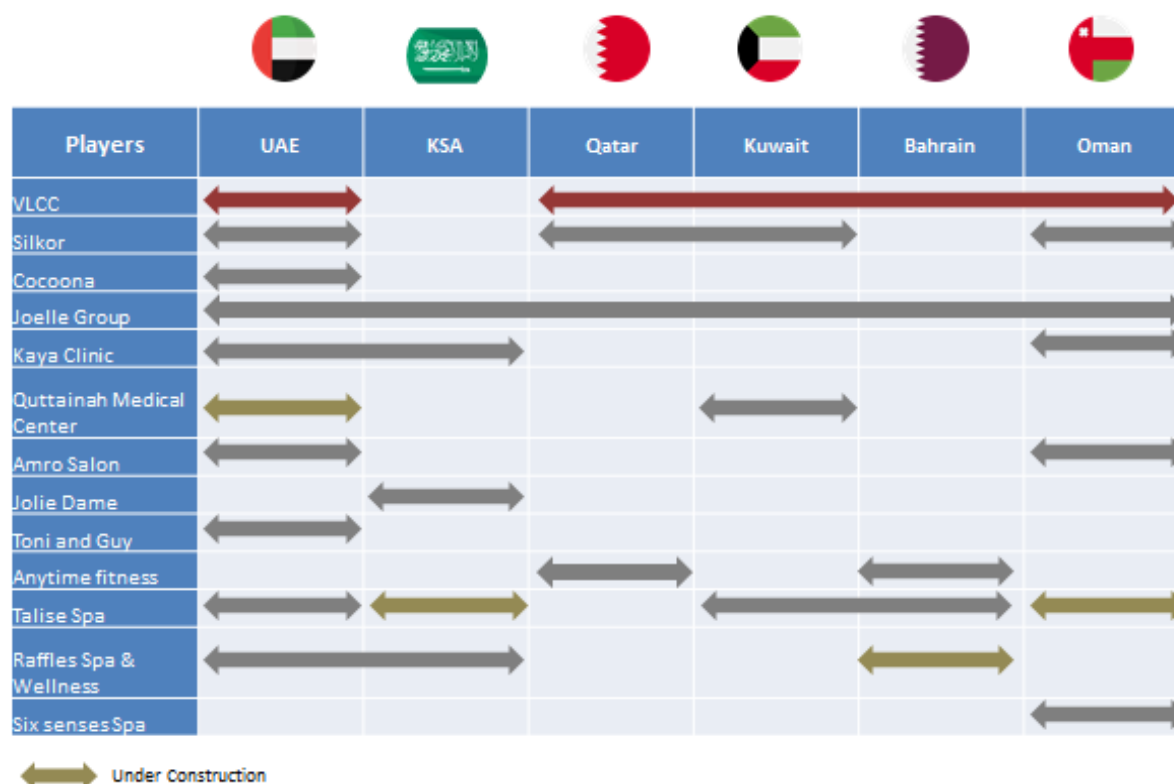
Among the key players, VLCC is the only provider who offers a wide range of services within the Wellness & Beauty segments. The remaining players, such as the Joelle Group, Kaya Skin Care, Six Senses Spa, Gold's Gym, Silkor, Cocoon, etc., have a narrower range of services and mainly offer niche services like fitness, cosmetic procedures, or salon services only. However, the brands mentioned above have a wide footprint as compared to standalone centers.

**Exhibit 36: Number of Outlets of Key Participants in the GCC Wellness and Beauty Services Market, 2021**



Source: Frost & Sullivan Analysis, Company Websites

**Exhibit 37: Presence of Top Participants in the GCC Wellness and Beauty Services Market, 2021**



Frost & Sullivan Research and Analysis, Company Websites

Source:

VLCC is among the very few participants in the wellness services space which is present in five of the six countries of the GCC. With respect to the GCC region and East Africa, it operates 20 wellness clinics across UAE, Oman, Bahrain, Qatar, Kuwait and Kenya, and has the widest breadth of services offered among the participants who are present in most of the countries in the GCC Region, and is considered the largest participant within the wellness and beauty domain in the region.

### ***Skill Development and Training Services***

There is a clear shortage of Wellness and Beauty professionals in the GCC. Many big players considered the undersupply of beauty schools and training programs in the region as an opportunity.

- **The International School of Aesthetics and Spa (ISAS)** is a contemporary organization known for teaching advanced methodologies using acclaimed cosmetic brands, a progressive approach, professional faculty, and customised training programs for aspiring hairdressers, beauty and spa practitioners, grooming consultants, and entrepreneurs. ISAS is one of only a few beauty schools in India and Dubai that offers world-class accreditations including CIDESCO and VTCT. ISAS also offers beauty courses in Qatar, Oman, and Kuwait.
- **London College of Make-up** offers makeup and hairstyling artistry courses. It is the UAE's largest private college, offering both certificate and diploma levels of the internationally recognised International Make-up Association qualifications from London. It also offers online courses for international students and others who prefer virtual attendance.
- **The Healing Zone Training Centre** provides technical training for the health and beauty industries. The first-of-its-kind centre in the Middle East opened in September 1999 in Dubai and delivers a wide variety of qualifications, including from the Confederation of International Beauty Therapy and Cosmetology in the United Kingdom, CIDESCO in Switzerland, and BABTAC or Healing Zone Training Centre certificates of attendance at workshops. Certifications include a 1-year beauty diploma, a certificate in facial services, and diplomas in massage and lymphatic drainage. Online courses are offered.
- **Fitness First** has developed a full range of fitness certification courses for personal trainers and instructors. Those who complete all three qualification courses in personal training are considered fully qualified and can work in any Fitness First branch.

### **Organised Participants' Service Portfolio**

The majority of market participants are present in only a few segments, VLCC is the lone exception with a comprehensive service portfolio. VLCC has created meaningful presence across salon services, wellness and weight management treatments, beauty treatments, aesthetic dermatology and alternative therapies among others, and offers the widest breadth of services among the participants and is present in most of the countries in the GCC Region.

### **Exhibit 38: Organised Participants' Service Portfolio**

Players	Personal care products	Salons	Derma/ beauty treatment	Rejuvenation	Weight Management	Gym/ fitness	Nutrition	Alternate Therapies
VLCC								
Silkor								
Cocoona								
Joelle Group								
Kaya Clinic								
Quttainah Medical Center								
CosmeSurge								
Amro Salon								
Jolie Dame								
Toni and Guy								
Anytime fitness								
Talise Spa								
Raffles Spa & Wellness								
Six senses Spa								


Source: Frost & Sullivan Analysis, Company Websites








### Impact of COVID-19 on Consumers and the Wellness and Beauty Industry

The COVID-19 pandemic has accelerated a change in consumer buying habits. When shopping malls were temporarily closed, eCommerce boomed; Noon, Namshi, Instashop, Amazon, and Carrefour all witnessed increased consumer demand. According to Euromonitor's 2020 digital market survey, smartphones were used to make 49% of beauty, fitness, and personal care purchases in the UAE. As consumers emerge from lockdowns and other restrictions and prioritise health and wellness, they will increasingly seek products which make them look and feel good. Product quality will become increasingly important, and skin care likely will be the first segment to recover in the region.

The COVID-19 pandemic has caused consumers to prioritise safety and hygiene. Temporary fitness center closures have prompted consumers to seek online fitness regimes. Immunity-boosting vitamins, minerals, supplements, and nutraceuticals are becoming part of a proactive, preventive, and long-term approach to health and wellness. The pandemic has also led to digital health and wellness as a new emerging global theme, with customers also actively consuming wellness and health related options available on-line.

For businesses, digital transformation has been the most effective way to remain relevant. Virtual workouts allowed gyms and fitness studios to generate income. Motion Cycling, an indoor cycling studio, even rented out stationary bikes so members could virtually attend cycling classes from home. Regional brands have changed their strategies: Unilever Arabia, for example, focused on resilient products including antibacterial hand soaps, wipes, and sanitisers; and in recent months, it aggressively promoted its Lifebuoy soap brand, capitalizing on the message of good hygiene and hand washing. Smaller players have struggled as they lacked the resources to adapt. Companies will continue to invest in online channels over the next few years.

Exhibit 39: COVID-19 IMPACT ON VARIOUS SEGMENTS		
Segment	Impact	
Gyms		

Spa services		
In person fitness classes		
Salon services		
Medico-Aesthetics		
Facial / Skincare		
Nails		
Body Care		

 Low impact
  Medium impact
  High impact

### Trends Shaping the Wellness and Beauty Market

- **Social media influencers:** Businesses have been relying on social media influencers to communicate with customers and promote their products. 2020 statistics from Global Media Insights showed that ~93% of the Saudi population was active internet users and 68% had active social media accounts. In the UAE, ~99% of the population was active social media users.
- **Booming service market:** Services are an important part of the wellness industry as consumers seek personal trainers, nutritionists, and counseling services for their physical and mental health needs.
- **Changing social norms:** Women in some parts of the GCC have historically faced fitness barriers ranging from social pressures against exercising in public to legal and religious laws banning mixed-gender facilities and classes and some forms of exercise or movement. This is slowly changing with governments' social liberalisation initiatives, particularly in KSA. In 2017, the country began issuing licenses for luxury women-only gyms and recognised yoga as a sport after banning it for decades.
- **Smart diagnostic tools:** Today's consumers are looking for ways to track their daily habits, measure personal progress, and tailor products to their needs. High-tech or wearable devices such as electric facial cleansers are gaining momentum, and major players in the beauty and personal care industry including Unilever, P&G, Reckitt Benckiser, L'Oreal, Avon, and J&J have introduced smart diagnostic devices or product-related apps for skin and hair care.
- **Clean and sustainable products:** Natural/clean skin care products, cosmetics, multivitamins, food service subscriptions, and sleep aids are common, and demand is increasing for premium organic beauty products. The term "blue beauty" refers to safe, sustainably sourced, ocean-safe ingredients and reused, recyclable, or refillable packaging.
- **Wellness retreats:** Although secondary wellness travelers are dominant in the region, the industry is beginning to establish offerings that appeal to primary wellness travelers. Transformative trips focus on physical and mental wellness, with a wide range of services from yoga and meditation to digital detoxes and Ayurvedic practices.
- **"Skinimalist" approach:** Women are beginning to reduce the number of products in their skincare routines, either out of concern for sustainability or to help their skin "detox" from harsh chemicals.
- **Digital transformation and personalization:** Digital channels are here to stay. To connect and engage with a wider base of customers, providers will continue to build seamless omnichannel capabilities including apps and targeted marketing, and rethink elements of the supply chain including package sizes and delivery methods.

### Wellness and Beauty Industry Challenges

- **Lack of regulatory consistency:** Despite the governments' recent legislation and incentives, the GCC's Wellness & Beauty industry players struggle from a lack of regulatory consistency across the GCC, making it a tedious process for players to operate in different countries. This is also seen in some countries where different cities have different regulations.

- **Difficulty in attracting, retaining and developing qualified professionals:** In the GCC, availability of skilled and trained manpower in Wellness & Beauty industry is a big challenge. In some GCC countries therapist, technicians, and gym instructors' need to be registered, this entails cumbersome procedures and waiting time. Talent attraction and retention are also hindered by a lack of educational Wellness & Beauty institutes.
- **Quality and standardization of services:** The Wellness & Beauty industry in the GCC attracts professionals from a variety of countries, each with their own practices. Technicians, beauticians, and instructors come from all over the world. One of the major challenges is managing workers from various backgrounds, approaches, and procedures, as well as developing standards for all employees to follow.
- **Price competition:** In order to attract clients, unorganised players provide beauty/spa/fitness facilities at lower prices. Thus, organised players face price competition from unorganised players and therefore need to rely on other factors to gain customers.
- **Participants without licenses:** The presence of unregistered doctors and technicians providing services at low rates raises concerns about the overall quality of services. Periodic raids by health officials are being conducted to ensure that this pattern does not happen.

## Conclusion

There is huge opportunity in the fast growing wellness sector, which in the post-COVID-19 era will become even more relevant for consumers of all ages, given the heightened awareness towards proactive and preventive healthcare and wellness. The pandemic has also led to digital health and wellness as a new emerging global theme, with customers also actively consuming wellness and health related options available on-line. There is immense potential of new opportunities as spending on health and wellness has become a necessity rather than discretionary making business highly scalable. Due to COVID-19 pandemic, unfortunately lots of small unorganised sector businesses in the wellness services and skills domain have shut or are shutting their operations. Industry is getting consolidated & becoming more organized than ever before. For organised players like VLCC, there exists clear opportunity to get multifold new customers making business even more predictable. Further, with the advent of digitisation and maturing E-Commerce ecosystem, the wellness services and beauty products industry is set on the trajectory of becoming boundary-less and customer-age agnostic rather than getting constrained by the physical presence, thereby making businesses more profitable and sustainable.

## OUR BUSINESS

*Some of the information in the following section, especially information with respect to our plans and strategies, contain certain forward-looking statements that involve risks and uncertainties. You should read the chapter “Forward-Looking Statements” on page 16 for a discussion of the risks and uncertainties related to those statements and the section “Risk Factors” on page 24 for a discussion of certain risks that may affect our business, financial condition, or results of operations. Our actual results may differ materially from those expressed in, or implied by, these forward-looking statements.*

*Unless otherwise indicated, industry data in this section has been derived from the report titled “Wellness and Beauty Industry Report” dated May 2021 (the “**F&S Report**”) prepared and released by F&S Limited and commissioned by us, for a fee, in connection with the Offer. Unless otherwise indicated, all financial, operational, industry and other related information derived from the F&S Report and included herein with respect to any particular year refers to such information for the relevant fiscal year. For details, see “Certain Conventions, Presentation of Financial Industry and Market Data and Currency of Presentation” on page 13.*

*Unless otherwise stated, or the context otherwise requires, the financial information used in this section is derived from our Restated Consolidated Summary Statements included in this Draft Red Herring Prospectus on page 238.*

### OVERVIEW

Founded by Mrs. Vandana Luthra as a beauty and weight management services centre in 1989, our Company was incorporated in 1996. Our Company was among the first multi-outlet corporate operations in the Wellness & Beauty Industry, which was at the time mostly composed of individually operated, small scale businesses. Since inception, the Company’s mission has been to transform lives by making Wellness & Beauty accessible to women and men. In over 30 years of operation, the VLCC brand has grown to become synonymous with Wellness & Beauty in Indian households. As a testament, VLCC has received recognition as a “Superbrand” by Superbrands India in 2017 and Superbrands GCC in 2016. This is also reflected in VLCC’s recognition through awards in the “Beauty, Wellness & Personal Care Products Category” in 2020 by ASSOCHAM and also as one of India’s most trusted brands in the wellness sector in the annual India’s Most Trusted Brands Survey from 2015 to 2019.

We have built a strategic integrated business model on the basis of pillars that consist of our three core businesses:

- VLCC branded Wellness & Beauty clinics (“**VLCC Wellness Clinics**” or “**Wellness Clinics**”);
- VLCC branded personal care products (“**Personal Care Products**”); and,
- VLCC branded institutes for skill development in beauty and nutrition (“**VLCC Institutes**” or “**Institutes**”).

We are one of the largest players in the Wellness & Beauty services industry in India, with the widest footprint of company operated clinics. (*Source: F&S Report*) We are one of the few players in the industry to have successfully accomplished the transition from a Wellness & Beauty services company to a Wellness & Beauty services and products company (*Source: F&S Report*). As of March 31, 2021, we serve customers across 310 locations in 143 cities and across 12 countries in South Asia, South East Asia, the Gulf Cooperation Council Region (“**GCC Region**”) and East Africa. We have created an ecosystem of comprehensive services and products, including wellness programs, weight management solutions, personal care products, nutraceutical products and skill development training that is aimed to professionalize the industry, with well-built research and development (“**R&D**”) supporting the three businesses, wherein customer and service delivery insights are proactively utilised to develop efficacious Personal Care Products and enhanced technical and practical training curriculum for our Institutes.

The opportunity in the Indian Wellness & Beauty Industry is substantial, forecasted to grow at a CAGR of 10-12% in the next five years and is expected to reach US\$ 40-42 billion by Fiscal 2025. The Wellness & Beauty Industry is experiencing a rapid shift from unorganised to organised sector. The organised sector is expected to grow its market share to around 30-35% in Fiscal 2025 from about 25-30% in Fiscal 2020. (*Source: F&S Report*)

There is growing conviction across all age groups to invest in wellness and proactive healthcare, especially in the wake of the COVID-19 pandemic. (*Source: F&S Report*). We believe that this, coupled with VLCC’s brand recognition with

customers, the scale and breadth of our operations across India and international markets and our bespoke integrated business model, makes our business well positioned for sustained, competitive and profitable growth.

Between our Wellness & Beauty services, Personal Care Products and Institutes businesses, our brand has catered to over 2.8 million customers in Fiscal 2021 alone, a year which was impacted by COVID-19 pandemic. We estimate that in the last 5 years alone we have catered to approximately 10 million customers, including repeat customers, i.e., customers who had availed any of our services in any previous fiscal year, at our Wellness Clinics in India (the “**Repeat Customers**”).

Our focus on delivery of service and customer engagement during COVID-19 pandemic has helped us improve our sales from Repeat Customers, which grew from 50.6% in Fiscal 2020 to 60.5% in Fiscal 2021 for Wellness Clinics in India.

Our integrated business model is unique in that it is empowered by customer data continuously collected from customers across different demographics, ethnicities, and nationalities. We believe that our analysis and interpretation of this exclusive customer database provides us with a nuanced understanding and insight into the constantly evolving Wellness & Beauty Industry. In addition, we believe our operations in the relatively more developed and competitive markets in South East Asia and the GCC Region provide us with insights on emerging trends and new technologies. We strive to use both our customer database and our global insights to develop and integrate each of our three businesses to create sustainable growth.

We believe that we have, over the last several years successfully extended our brand from just a services company to a services and products brand in the overall Wellness & Beauty domain, and are on a path now to extend our enterprise-wide business from a brick-and-mortar set up to an omni-channel presence including significant on-line and mobile app based expansion in the next phase of our growth, which we believe has vast potential. We had total income of ₹ 5,652.42 million and profit/(loss) for the year after tax of ₹ 62.42 million, with EBITDA of ₹ 1,501.19 million in Fiscal 2021..

A brief overview of our three businesses, how they are integrated and how they support growth for each other is set forth below.

### ***VLCC Wellness Clinics***

VLCC, having the most diverse portfolio and presence in all service areas, has among the largest scale and breadth of operations within the Wellness & Beauty Industry in India. (*Source: F&S Report*) Our ambition is to make Wellness & Beauty services accessible to a wide spectrum of customers. In India, we have an extensive reach with 191 Wellness Clinics spread across 106 cities in 23 states, 88 of which are franchisee operated. While our Company operated Wellness Clinics are located mostly in Metropolitan and Tier I Cities, our franchisee operated Wellness Clinics are located largely in Tier II and Tier III Cities, which extends our reach farther and deeper into India. We also operate 25 Wellness Clinics in UAE, Qatar, Oman, Kuwait, Bahrain, Kenya, Sri Lanka, Bangladesh, and Nepal. All of these Wellness Clinics outside India are Company operated except one in UAE, two in Bahrain and one in Nepal which are franchisee operated.

We have consistently endeavoured to lead the market by building a comprehensive Wellness & Beauty services and products portfolio. We leverage over three decades of experience and combine it with insights from an extensive database of customers to introduce services and price points for a broad spectrum of customers in domestic and international markets. We enjoy a high level of customer satisfaction and retention. For example, 60.5% of our sales in Fiscal 2021 came from Repeat Customers at our Wellness Clinics in India.

We have entered into an exclusive endorsement agreement with the Indian Medical Association (“**IMA**”) for a period of five years from December 2019 wherein our wellness and weight management programmes have been approved, and we have been “Recommended by IMA”. Indian Medical Association is the national organisation of doctors of modern medicine, with a membership base of over 330,000 doctors.

We provide comprehensive Wellness & Beauty solutions, catering to a broad spectrum of clients’ needs across service categories, such as:

- Wellness therapies, including immunity boosting packages and post-COVID-19 recovery programs;
- Weight management packages, delivered through nutrition management, physical activity regimen and behavioural counselling;



- Body contouring using advanced USFDA approved appliances;
- Advanced beauty treatments and therapies for skin and hair;
- Minimally invasive aesthetic dermatology procedures;
- Laser hair reduction; and
- Regular beauty parlour services, including hair styling, hair colouring, grooming, etc.

These services and solutions are supervised and / or delivered by medical doctors, dermatologists, nutritionists, physiotherapists, fitness experts, and qualified beauty professionals. To complement the services, we have a diversified products portfolio, including for home use that strengthens and sustains the results delivered to the customer.

As regards obesity, India is ranked third globally with nearly 65 million obese people in 2017. It has been determined that the number of overweight Indians aged 20-69 years is likely to double by 2040, and the number of obese adults is likely to triple. (*Source: F&S Report*) In the weight management segment, VLCC is the pioneer and market leader in India, with 20-22% of the market share in Fiscal 2020. (*Source: F&S Report*)

In India, the aesthetic dermatology segment is estimated at US\$ 0.8-0.9 billion in Fiscal 2020 and is expected to grow at a CAGR of 16-18% over next five years. VLCC is the second largest player in this segment with approximately 11% market share of the organized market, providing the latest technologies in laser and dermatology treatments. (*Source: F&S Report*)

Given the above factors, we believe that our broad reach, taken together with our extensive services offerings, strategically position us successfully to compete across a wide range of services categories against competitors who focus on one or few niche categories and sub-categories in the Wellness & Beauty market.

### ***Personal Care Products***

We believe that our 30 years of experience as a successful Wellness & Beauty services provider combined with insights from our extensive customer database, positions us strongly for driving our growth in the personal care products business. We are focused on building a carefully curated portfolio of innovative and differentiated Personal Care Products, targeting fast growing, underserved market opportunities, where competition is limited or fragmented, e.g., Facial Kits.

We have leveraged our exclusive customer database, and our insights regarding evolving Wellness & Beauty needs, derived from our Wellness Clinics, to build and grow a diversified portfolio of natural skincare, hair-care, and body-care products in-house, under the *VLCC Natural Sciences<sup>TM</sup>* brand through our subsidiary VLCC Personal Care Limited.

As of March 31, 2021, we marketed over 118 products in skin care, hair care, and body care categories in India. Out of these, we manufactured 108 products at our own manufacturing plants in Haridwar (Uttarakhand), and in Goalpara (Assam). We also have a manufacturing facility in Singapore for premium skin-care products. The manufacturing plants at Haridwar and Singapore are cGMP certified. We also manufacture an additional 57 products used in-house as consumables in treatments and therapies at our Wellness Clinics, and for training at our Institutes.

Our growing distribution network reaches over 110,000 retail outlets in India, including stores staffed by over 930 beauty advisors as of March 31, 2021, who exclusively promote our Personal Care Products, apart from retail outlets in the overseas markets, including salons and aesthetic dermatology clinics in the South East Asia region. We also sell these products from our 216 Wellness Clinics and 94 Institutes in all the countries that they operate in. As a part of our omni-channel distribution approach, we are also actively leveraging our strong brand recognition and trust to expand presence in online channels such as e-commerce platforms/websites, which contributed to 26.4% sales of our subsidiary, VLCC Personal Care Ltd. in Fiscal 2021. Our sale of products through e-commerce channels has increased from 9.6% to 26.4% of our total products sales in India between Fiscal 2020 and Fiscal 2021. Such sales have increased by 129.1%, from ₹ 167.44 million in Fiscal 2020 to ₹ 383.59 million in Fiscal 2021.

Our subsidiary, GVig Singapore, manufactures and sells a range of premium skin-care lines - *BelleWave<sup>TM</sup>* (Treatment and Home-care line) and *SkinMTX<sup>TM</sup>* (Aesthetic Dermatology maintenance line), both of which have received the “Beauty Insider Singapore Annual Beauty and Wellness Award 2021”. Through one of our other subsidiaries, VLCC

On-line Services Private Limited, we also sell a range of Nutraceuticals and Personal Care Products, under the brand *VLCC Wellscience™*, through the direct-selling route.

### **VLCC Institutes**

One of the key opportunities in the Wellness & Beauty domain is the gap in training and the resulting paucity of a highly skilled workforce. (Source: *F&S Report*) Recognising this gap, we opened our Institutes to teach entry-level and advanced level skill enhancement courses in beauty and nutrition. This enables us to create a skilled workforce, not only for the Wellness & Beauty Industry but also for our Wellness Clinics, the best of whom we utilize to provide the quality of service necessary to achieve high customer satisfaction at our Wellness Clinics. We believe this is reflected in percentage of in-house customers in our Wellness Clinics, which stood at 59.8% in Fiscal 2021.

VLCC has been one of the participants that has witnessed tremendous growth in the shortest duration, as we expanded the number of skill development institutes across cities, thus increasing the number of workforces being trained as well. Further, VLCC Institute is one of the CIDESCO certified schools in the country. The Company has training academies across the country, making it one of the largest professional training academies in beauty and nutrition segment. (Source: *F&S Report*)

We also serve as a recruitment hub for other Wellness & Beauty players across the country. Post course completion, placements and internships are ensured through associations with salons, beauty and wellness organizations, clinics, hotels, FMCG companies etc., thereby increasing the attractiveness of our Institutes. When these students join the Wellness & Beauty services industry, we believe they have a high propensity to continue using our Personal Care Products for treatments and retailing in their career, given that they have been trained using the same products. In addition, we provide refresher trainings to our alumni, further strengthening their familiarity with our Personal Care Products.

We believe our Institutes extend our mission of transforming lives by helping create employment and entrepreneurial opportunities, especially for women to enable their financial independence. As of March 31, 2021, we operated 94 Institutes, located in 67 cities across India, of which 42 were franchisee operated. Between Fiscal 2019 to Fiscal 2021, we trained 7,300 students annually on an average at our Institutes. We are an active part of the Government of India's "Skill India Mission" and have trained over 2,450 students annually on an average under various skill development initiatives by the Central and certain State Governments between Fiscal 2019 to Fiscal 2021.

We are an approved training partner of the National Skill Development Corporation (NSDC), Government of India. To enhance the quality of training, we have alliances with global certification organizations such as International Accreditation Organisation ("IAO") and Comite International D'esthetique et de Cosmetologie ("CIDESCO"). Our Institutes follow a blended approach of on-line plus off-line teaching methods to ensure quality training with economic efficiencies. The theory is covered on-line via digital media, while the practicals are conducted on-campus.

### **Assessment of COVID-19 impact on Company's business**

India declared COVID-19 as a "notified disaster" on March 14, 2020 and imposed a nationwide lockdown on March 24, 2020, as a result of which our operations were moderately to severely impacted for two to five months for Wellness Clinics and Personal Care Products business, and for six months for our Institutes in the first half of Fiscal 2021. The outbreak of COVID-19 pandemic and the lockdowns also had an adverse impact on the Wellness Clinics and Personal Care Products businesses in the other countries in South Asia and GCC Region. In the GCC Region, lockdown was implemented from the last week of March 2020. This led to closure of our Wellness Clinics in the GCC Region for two to five months. The time frame for which the COVID-19 pandemic's impact shall prevail remains uncertain. For details, please see "Risk Factors – The COVID-19 pandemic has affected our regular business operations and the extent to which it may continue to do so in the future is uncertain and depends on the severity and duration of the COVID-19 pandemic" on page 26 of the DRHP. The pandemic has temporarily impacted our same store sales growth. The COVID-19 outbreak also led to suspension of our new outlet expansion plans.

In April and May 2021, India experienced a second severe wave of the COVID-19 pandemic, leading to most State Governments progressively imposing lockdowns or early closure of our Wellness Clinics and Institutes, leading to further business disruption. In the wake of COVID-19, salons, spas, gyms, wellness and beauty clinics have been under constant watch by the Government owing to physical proximity in conducting the services offered, due to which the Government has been enforcing stringent norms and announcing their temporary shutdown. As of July 31, 2021, all our Wellness

Clinics and Institutes in India and the GCC Region are operational. Our footfalls and sales have since started to recover, although not yet to levels we saw prior to the COVID-19 crisis

Post COVID-19 outbreak, wellness and proactive healthcare have become active customer consumption themes and shall remain so for the foreseeable future. Leading Wellness & Beauty domain players like VLCC are well positioned to ride this wave. While like most other industries, the Wellness & Beauty services and products businesses too have been adversely affected by the COVID-19 pandemic, whose after-effects may continue to have a bearing on customer sentiment for the immediate future, being healthy and fit has become more consequential than ever before with more and more people across age groups embracing proactive health management and giving attention to nurture their mind, body and soul. *(Source: F&S Report)* We believe this has made our wellness services and products ever more relevant and will provide further growth impetus for our businesses in India and the GCC Region. Heightened consumer awareness with regards to investment in proactive health care and wellness brought on by the pandemic, will be a significant factor that will contribute to the wellness services and products business having a sharper recovery. *(Source: F&S Report)* This will enable leading players in the Wellness & Beauty domain to be strongly positioned to lead this recovery and continue growing their respective businesses.

### **Measures taken by Company to mitigate COVID-19 impact**

Immediately upon imposition of the nationwide lockdowns in South Asia and the GCC Region, we used the opportunity to relook at our business across all parameters, such as customer centricity, cost structures, revenue drivers and processes, and reshaped it to become more streamlined and stronger, further re-energising the business model.

During early stages itself of the COVID-19 outbreak, we recognised the need to pivot with the fast-changing healthcare dynamics and took immediate action. As a first step, our research and development (“**R&D**”) department was quickly able to formulate hand sanitizers which we launched in May 2020. Our R&D and technical teams immediately commenced work on extending the curative and weight loss portfolio of our Wellness Clinics to include ‘Proactive Health Care’ and we launched immunity boosting packages immediately upon the easing of the lockdown curbs after the first wave of the COVID-19 pandemic. We have since continued to proactively address the changing needs of consumers driven by the COVID-19 pandemic by launching customised COVID-19 recovery programmes to address the after-effects of the COVID-19 virus infection in patients. Simultaneously, we devised innovative modes of service delivery, which included a combination of in-Wellness Clinic and digital delivery such as online consultations by our domain experts, webinars, on-demand, at-home services, and online classes for our Institutes students. We also rationalized our cost structure, which resulted in reduction in other expenses as per the Restated Consolidated Summary Statements, by 45.9% from ₹ 2,390.85 million in Fiscal 2020 to ₹ 1,292.54 million in Fiscal 2021.

We are continuing to emphasise on improving profitability and working towards growth which is profit accretive. To this end, we have sharpened our focus on locations, services and products delivering higher margins. We have been proactive in conducting vaccination drives for our employees in India and various other countries. Further, in the GCC Region, we have also conducted a sanitization drive in line with respective government health protocols. In the wake of the lockdowns imposed, we have obtained a license to conduct tele-medicine and consultation for our Wellness Clinics in Qatar.

### **Relevance of the Company in the post COVID-19 scenario**

A positive fall out of the COVID-19 pandemic outbreak has been that being healthy and fit has become more consequential than ever before. *(Source: F&S Report)* More and more people across even younger age groups are embracing proactive health management and giving attention to nurture their mind, body, and soul and preventive or proactive healthcare will be a significant consumption theme in the coming months and years. Leading Wellness & Beauty domain players like VLCC are well positioned to ride this wave.

It is our understanding that proactive healthcare requires a complete 360 degrees view of an individual’s health, which entails more than just clinical data. We believe that the social determinants of health are lifestyle, dietary, economic, and social factors that can comprise a large extent of a patient’s wellness. VLCC’s wellness and weight management protocols have over the years evolved to cover these aspects holistically, making us well placed to participate in the growing market for proactive healthcare services. As a wellness services player with over 30 years of industry knowledge, we believe that our relevance in the post COVID-19 period will be even greater, as demand for proactive healthcare products and services is expected to grow.

As a result of the COVID-19 pandemic, customers are increasingly drawn towards better known and recognized brands with high hygiene and safety standards, a trend which is expected to accelerate the shift towards organized players. (Source: F&S Report) Further, while the older population's predisposition to various chronic diseases will put a burden on the curative healthcare infrastructure, but by emphasizing preventive care in the larger 20-54 age group (about 51% of the population) a larger crisis may be averted. (Source: F&S Report) Furthermore, as regards health insurance policies, the retail premiums and group policy premiums are expected to continue to increase in near future, with both retail and group insurance policies including outpatient services along with preventive health and wellness services. This is expected to help in increased uptake of preventive and wellness services over next three to five years. (Source: F&S Report)

## **COMPETITIVE STRENGTHS**

While the COVID-19 pandemic has had an impact on our business and may continue to affect recovery of our business in the short term, we believe that with the heightened consumer awareness with regard to investing in proactive health care and wellness brought on by the pandemic, the wellness services and products business will have a sharper recovery and as one of the leading players in the Wellness & Beauty domain, we are strongly positioned to lead this recovery and continue growing our business owing to the following competitive strengths that have enabled us to achieve and retain the leadership status over the last three decades.

### ***VLCC's stature as a leading brand in the Indian Wellness & Beauty Industry***

With over 30 years of operations, the VLCC brand is well known to and enjoys a high level of trust by customers and has been recognized as a "Superbrand" by Superbrands India in 2017 and Superbrands GCC in 2016. This is also reflected in VLCC's recognition through awards in the "Beauty, Wellness & Personal Care Products Category" in 2020 by ASSOCHAM and also as one of India's most trusted brands in the wellness sector in the annual India's Most Trusted Brands Survey from 2015 to 2019.

We have evolved from a "weight management services" brand to a holistic "wellness and beauty" brand, having successfully expanded our brand equity within the Wellness & Beauty domain to span Wellness & Beauty services, Personal Care Products, and skill development in beauty and nutrition, and have simultaneously profitably extended our brand reach to address the needs of international customers across ethnicities in South East Asia, the GCC Region and East Africa. (Source: F&S Report)

We have entered into an exclusive endorsement agreement with the IMA, wherein our wellness and weight management programmes have been approved, and we have been "Recommended by IMA". We are well positioned to benefit from growth opportunities in India. The Indian Wellness & Beauty market opportunity is substantial, growing at a CAGR of 10-12% in the next few years and is expected to reach US\$ 40-42 billion by Fiscal 2025. The Wellness & Beauty Industry is experiencing a rapid shift from unorganised to organised sector. The organised sector is expected to grow its market share to around 30-35% in Fiscal 2025 from about 25-30% in Fiscal 2020. (Source: F&S Report) Weight management, Wellness & Beauty service outlets will fuel the growth in the organised sector, where there are currently approximately 500-600 outlets, and this is expected to grow to around 1,500 outlets. (Source: F&S Report) The market is expected to continue growing strongly, driven by macro factors such as a young population, urbanization, more nuclear and dual income families, increasing discretionary spending, increasing media exposure and social media influence. Due to increased penetration of the internet and social media, awareness about health and wellness has increased to a large extent over last few years. In the private sector too, wellness players, in response to these trends, have responded by expanding their focus from traditional offerings like curative healthcare and value-oriented mass products, to preventive healthcare and personalized services. (Source: F&S Report) Indian customers are increasing their spending on Wellness & Beauty products and services. Further, weight and lifestyle related diseases are on the rise. Wellness & Beauty no longer remain discretionary in the customer mindset; customers have begun treating Wellness & Beauty as necessary expenditure. Further, increasing reliance on professional services and clinics with higher level of hygiene are supporting the transition from largely unorganized to organized structure of the Wellness & Beauty Industry. We believe that increased customer awareness and growing health consciousness is creating a growing customer need for holistic, proactive health and well being solutions. As a leading and trusted brand in the Wellness & Beauty Industry, we believe that we stand to gain as more individuals adopt Wellness & Beauty services as part of their lifestyle.

VLCC is also uniquely positioned as a trusted Wellness & Beauty brand in the GCC Region, having grown from an Indian diaspora-centric brand to a pan-Arabic speaking customer base. Awarded the Superbrand, GCC status in 2016, VLCC enjoys a high level of consumer trust in the countries it operates in. With our first Wellness Clinic opening in

Dubai in December 2005, we now have 20 Wellness Clinics operating across UAE, Qatar, Oman, Bahrain, Kuwait, and Kenya, as of March 31, 2021. We believe we have established a strong footprint and high visibility in the region. We believe that we were quickly able to deliver a strong performance given our established brand familiarity amongst the large Indian population in these countries. We have since scaled our reach to cover a majority of Arabic-speaking local population, with over 72.0% of active customer base in these regions comprising of non-Indians during Fiscal 2021.

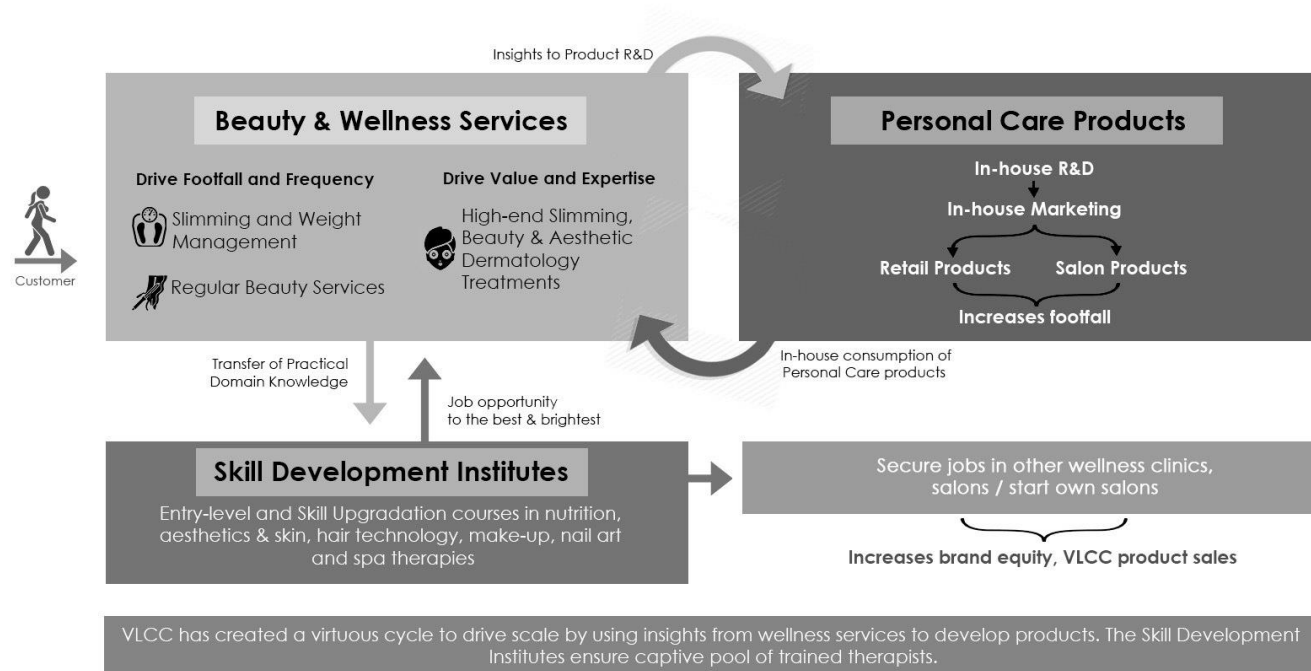
We believe our investments and our accumulated experience in navigating the various regulatory and compliance frameworks in the highly regulated GCC Region makes us uniquely placed to challenge competitive headwinds, if any. With the Wellness & Beauty Industry in the GCC Region poised to grow by 8-10% in the next five years, (*Source: F&S Report*) we believe that given our experience of successfully operating Wellness Clinics in the GCC Region and insights gained thereof, positions us strongly to participate in the growth of the Wellness & Beauty domain this region, especially when we enter the Kingdom of Saudi Arabia market, which is the largest market in the region.

We believe that we are the pioneer in this area amongst the Indian companies from our industry operating in the GCC Region, and have been able to successfully identify and streamline the process under a complex regulatory regime, despite entry-level difficulties being high for any new entrants.

### ***Bespoke integrated business model and capability to leverage scale, scope, and breadth***

Starting as a weight management and beauty services business, we have built a bespoke integrated business model with three core businesses i.e. our Wellness Clinics, Personal Care Products, and Institutes, under a singular, unifying brand, creating opportunities for customers to engage with the brand “VLCC” across multiple touch points.

We believe the synergies that we derive from the format of our Wellness Clinics, which offer diverse range of services from wellness and weight management to beauty treatments, laser, aesthetic dermatology and regular beauty services, coupled with our Personal Care Products and Institutes businesses are a source of competitive advantage, as illustrated in the diagram below:



We believe that in the COVID-19 pandemic, our integrated business model has gained even greater relevance, with Wellness & Beauty clinics being the window to track fast changing customer trends, enhancing ability to pivot with changing times. For example, in the initial stages of the COVID-19 concerns in the fourth quarter of Fiscal 2020, basis customer feedback from our Wellness Clinics, we were able to immediately commence work on developing hand

sanitizers and launch them by May 2020. Similarly, based on feedback from our customers, we were also able to launch immunity building and post-COVID-19 recovery programs for our Wellness Clinics.

Our bespoke business model delivers the following advantages:

*Drives new customer traffic and frequency:* We believe that weight management, and our routine beauty and grooming services, which are relatively low-cost, recurring services for customers, drive footfall traffic and frequency of visits and serve as an entry point for new customers. We then seek to convert customer inquiries into package sales through consultation with experienced therapists, which we believe increases repeat business and brand-loyalty over time.

*Drives bill value and margins:* We believe that regardless of the entry point of a customer for our services, once our customers have experienced any one of our services in the Wellness Clinics, our extensive portfolio of offerings across weight management, wellness, regular beauty and grooming services and higher value therapies, treatments and procedures, targeted through our customer relationship management system, creates opportunities to cross-sell and up-sell between services as well as between services and products. We have had a consistently high level of Repeat Customers, for example, in Fiscal 2021 and Fiscal 2020, 60.5% and 50.6%, respectively, of our sales came from Repeat Customers.

*Comprehensive and relevant portfolio of Wellness & Beauty products and services, catering to the needs of a diverse range of customers across income levels:* Our Wellness Clinics offer a diverse range of services from wellness and weight management to beauty treatments, laser and aesthetic dermatology and regular beauty and grooming services, which are packaged at several price points making them affordable to a wide spectrum of customers across socio-economic classification (“SEC”) segments. We believe that this model has enabled us to operate our Wellness Clinics profitably not just in Metropolitan Cities catering to diverse catchment areas covering a wide SEC spectrum but also in Tier II and Tier III Cities.

*Innovative, differentiated products created from the insights and knowledge generated through the exclusive customer database:* We use insights derived from our exclusive database of customers who use our Wellness & Beauty services to feed into our product and services development and innovation engine, with the objective of creating differentiated and innovative products and services that seek to address gaps in niche, under-served, fast growing categories of the Wellness & Beauty Industry.

*In-house capabilities across the product value chain:* We have developed extensive in-house capabilities across the Personal Care Products value chain, such as in R&D, marketing, and manufacturing, with the objective of creating innovative, differentiated, and compelling products. In addition, we have continuously expanded our distribution across traditional trade, modern trade, e-commerce, third party and professional channels. We also manufacture products that are used as consumables in treatments and therapies at, or retailed exclusively through, our Wellness Clinics and for training at our Institutes.

*Quality service, delivered by a team of skilled, well-trained services staff sourced from the VLCC Institutes:* We aim to convert a key limitation on growth (the availability of skilled service staff) into a unique competitive advantage with our own pipeline of trained personnel. We absorb the best talent from our Institutes in our Wellness Clinics. In addition, we have a team of in-house medical doctors, dermatologists, nutritionists, physiotherapists, and fitness experts at our Wellness Clinics to conduct scientific diagnosis and develop customized treatments best suited for each client. Each Wellness Clinic in all countries is staffed with a team of industry experts including medical doctors, nutritionists, dermatologists, cosmetologists, physiotherapists, fitness trainers and wellness counsellors, among others. While some of our Institutes’ alumni join our Wellness Clinics, others go on to work in other similar businesses or become entrepreneurs. Since we have trained them with our Personal Care Products and procedures, we believe it creates a ready market for our Personal Care Products as well. We believe this also enables customers to experience the VLCC brand beyond our Wellness Clinics, creating further awareness for our brand.

We believe that the range and breadth of our wellness services and beauty products, positions us well to capture customers from a key source of growth – mostly the unorganized sector, and cross-sell and up-sell to customers as their Wellness & Beauty needs and regimes evolve.

*Capability to identify and innovate a differentiated product portfolio*

We believe that creating a substantial, scaled products business is important to create a robust business model that can help to increase revenues and margins, both of which help to better absorb the fixed cost and expense characteristic of the services business. We are one of the few companies in the industry to have successfully accomplished the transition from a services company to a services and products company. (Source: F&S Report) While this is difficult, given the need for completely different capabilities, we believe we have been able to gradually transform our services focused company to a services and product company due to:

*Clear strategic choices informed by insights from our services customer database:* In extending our brand equity built around services into a complementary Personal Care Products portfolio, we have leveraged our understanding and insights of Wellness & Beauty regimes and customer needs, to carefully select and target fast growing, underserved market opportunities in either ‘Right-to-Win’ or ‘Right-to-Compete’ segments, given our Wellness & Beauty services legacy and supported by proprietary formulations.

*Our focus on right-to-win, underserved market opportunities with significant room for growth:* VLCC has focused on nascent and fast-growing categories which have limited competition, such as facial kits, body firming/shaping products and sun-care as also distribution driver products like bleaches and has established itself as a key participant in these segments. (Source: F&S Report) Capitalising on our established standing as a well-known Wellness & Beauty services brand and leveraging our unique knowledge gained from delivering efficacious problem-solution treatments for skin, hair and body at our Wellness Clinics, we have developed and expanded a portfolio of products to address significant opportunities in niche categories. For example, our VLCC branded facial kits, which are sold both through retail channels and through our own Wellness Clinics to meet the demand for customers to get ‘salon professional’ results at home through DIY (‘Do It Yourself’) kits in between salon services. We have a market share of 30-35% in the facial kits segment with a wide range of products including papaya fruit, party glow, gold, pearl, silver, diamond, chocolate, and de-pigmentation facial kits. (Source: F&S Report) VLCC has a strong presence in the regime skin solutions segment and its range is among the most comprehensive in terms of skin type solutions. (Source: F&S Report) Another example of right-to-win play is in the body care category, wherein we seek to leverage our brand equity in weight management and body-shaping services, to compete through our ‘VLCC Shape Up™’ range of anti-cellulite, firming and body shaping propositions, instead of more developed segments, such as body moisturizing. We have emerged as a leading brand in the segment of ‘body firming and shaping’, with approximately 14-16% market share. (Source: F&S Report) Other niche products from our DIY kits range include the low-competition segment of our ‘VLCC Pediglow Foot Care Kit’ and the ‘VLCC Pedicure-Manicure Hand & Foot Care Kit’. Further, we drive trial purchases for our products through our Wellness & Beauty services. We believe these product categories that are still under-served by the other personal care brands will provide considerable room for growth as awareness and adoption of such products accelerates with rising consciousness towards importance of wellbeing, enabling our customers to feel healthy and look good.

*Our focus on right-to-competite categories, with room for both weighted and numerical distribution growth:* In our retail market presence, we focus on relatively low-competition, adjacent product lines rather than competing head-to-head with older, market leading brands, to improve market position. The key focus segments for us in these categories are regimen-based skincare for both daily use, including problem-solution regimens, and also bleaches and suncare. The VLCC range of suncare products is amongst the widest in the category, while in the bleaches segment we compete with very limited pan-India branded players. (Source: F&S Report)

While the higher ticket size, low competition, regimen-based lines are primarily sold through our over 930 ‘Beauty Advisors’, who are placed in multi-brand retail stores and exclusively sell our products, as part of our weighted distribution strategy, the marked-to-market, lower priced (relative to our regimen-based lines) sun-care range and bleaches are largely sold in non-Beauty Advisor retail stores and are also numeric distribution expansion drivers.

Our daily regimen product options and problem-solution based product lines are illustrated in the table below:

	VLCC Daily Regimen Product Options			
Skin Type	Cleansers	Toner	Moisturizer	UV Protection
Normal	VLCC Wild Turmeric Face Wash	VLCC Rose Water Toner	VLCC Honey Moisturiser	VLCC 3D Youth Boost Sun Screen Gel Crème SPF 40  PA+++
Oily	VLCC Melia Face Wash VLCC Charcoal Face Wash	VLCC Punarnava Astringent	VLCC Lavang Moisturiser	VLCC Matt Look Sun Screen Gel Crème SPF 30   PA+++
Dry	VLCC Wild Turmeric Face Wash	Rose Water Toner	VLCC Pista Massage Cream	VLCC Radiance Pro Sun Screen Gel SPF 30  PA+++
Sensitive	Sandal Cleansing Milk,	Rose Water Toner	VLCC Honey Moisturiser	VLCC Radiance Pro Sun Screen Gel SPF 30  PA+++

	VLCC Problem - Solution Regimen-based Product Lines			
Category	Cleanser	Serum	Moisturiser - Day	Moisturiser - Night
Anti-Aging	VLCC Foaming Face Wash	VLCC Vitalift Serum	VLCC Nourishing Day Cream	VLCC Hydrating Night Cream
Skin Brightening	VLCC Snigdha Face Wash	VLCC Snigdha Serum	VLCC Snigdha Day Cream c SPF25	VLCC Snigdha Night Cream

**Substantial in-house capabilities across the product value chain:** To support our product strategy, we have systematically developed in-house capabilities in product development, R&D, manufacturing, quality control, and marketing to create a dedicated, scalable, product centric organization. Our ISO 9001:2015, cGMP manufacturing capability at Haridwar, Uttarakhand in India has been augmented by our subsidiary, Global Vantage Innovative Group Pte Ltd, Singapore (“**GVig Singapore**”). Nearly all our products are manufactured in plants through our Subsidiaries in India and Singapore. We believe we have strong quality control processes and strong internal marketing capability.

### ***Attractive financial structure***

**Integrated yet diversified business mix, well balanced between India and international services; services and Personal Care Products businesses:** The ratio of our revenue from operations in India and overseas was 63:37 in Fiscal 2021, while the ratio of our overall Services to Personal Care Products business was 67:33 in the same period. We believe this enables us to mitigate market risks in terms of geographical diversification, helps deliver a more efficient tax structure, helps balance working capital needs between our services and Personal Care Products business and enables more efficient absorption of fixed cost services infrastructure with more rapid scaling driven by the Personal Care Products business.

**Model with net negative working capital and strong operating cash flows:** We have a track record of expansion into new markets as well as new geographies financed through cash generated from operations. Our business comprises a complementary mix of services offered by our Wellness Clinics, which operate on negative working capital, and distribution of our Personal Care Products, which requires investment in working capital. This complementary working capital model enables simultaneous expansion of our network of our Wellness Clinics as well as our Personal Care Products business. Our net cash flow from operating activities for Fiscals 2019, 2020 and 2021 was ₹ 1,745.96 million, ₹ 1,171.80 million, and ₹ 1,214.57 million, respectively, as per our Restated Consolidated Summary Statements. We believe that this gives us an ability to expend and use our internally generated funds for opportunistic, organic as well as in-organic, growth in the Wellness & Beauty Industry.

**Strong contributions from low tax, overseas markets:** A substantial portion of our revenues from our Subsidiaries located in the GCC Region have either nil or very low tax applicable to their income. For Fiscal 2021, our revenue contribution from business in the GCC Region was 30.2%. We also enjoy tax benefits available to our Subsidiary, VLCC Personal Care Limited, for having its manufacturing plant in Assam, which is eligible for location-based tax benefit u/s 80IE of Income Tax Act. This gives us an advantage to retain a part of our profits to invest in our future growth.

**Sharp focus on growing high margin services and products; consistently increasing margins:** We have focused on increasing sales of high margin services and products, resulting in consistent increase in profitability.

### ***Experienced promoters and strong management capability***

Our Promoters, Mrs. Vandana Luthra and Mr. Mukesh Luthra have over 30 years and 23 years of experience, respectively, in the Wellness & Beauty Industry. Mrs. Vandana Luthra is a recipient of the prestigious Padma Shri Award (2013), India’s fourth highest civilian honour, for her contribution to trade and industry and was the founding chairperson of the Beauty & Wellness Sector Skill Council from 2014 to 2020. She has been named among the most powerful businesswomen by several organisations over past decade, including the Femina (Power Women List 2020), Forbes Magazine (Asia’s 50 Power Businesswomen 2016), and Fortune (India’s Most Powerful Businesswomen 2011 - 2017) among others. She was also conferred the ‘Haryana Gaurav Samman’ by the Government of Haryana (India) at its Global NRI Summit in 2017 for contribution towards wellness and beauty industry globally. Our Promoters, together with our management team, have led our growth, executing a detailed strategy of domestic scale-up, selective international expansion and integrating new businesses while minimizing capital expenditure. We believe our vision and track record of growth has enabled us to successfully attract and retain high quality talent, with the requisite experience, as our business has grown, and our talent needs have evolved. Our executive and operational management team comprises of individuals with extensive and relevant experience in large companies and our senior management team members in India have worked at our Company for an average of 10.5 years. We have also invested in creating a strong second line of management for our businesses. Furthermore, customer facing employees at our Wellness Clinics, like



physiotherapists, beauty therapists, hairstylists and the like have worked at our Company for an average of 5.7 years. This has also helped us to retain clients, e.g., 59.8% of our customers in Fiscal 2021 were Repeat Customers in India. Our people have been our key asset in successfully building a sustainably growing, competitive, integrated products and service delivery platform.

## GOALS & STRATEGIES

There is huge opportunity in the fast-growing wellness sector, which in the post- COVID-19 era will become even more relevant for consumers of all ages, given the heightened awareness towards proactive and preventive healthcare and wellness. There is immense potential of new opportunities as spending on health and wellness has become a necessity rather than discretionary making business highly scalable. Due to COVID-19 pandemic, unfortunately lots of small unorganised sector businesses in the wellness services and skills domain have shut or are shutting their operations. The Wellness & Beauty Industry is getting consolidated and becoming more organized than ever before. For organised players like VLCC, there exists clear opportunity to get multifold new customers making business even more predictable. Further, with the advent of digitisation and maturing e-commerce ecosystem, the Wellness & Beauty Industry is set on the trajectory of becoming boundary-less and customer-age agnostic rather than getting constrained by the physical presence, thereby making businesses more profitable and sustainable. (*Source: F&S Report*) We believe these factors will aid us in continuing to deliver scalable and sustainable growth.

Our goal is sustainable, competitive, profitable, and responsible growth for the overall business, through a comprehensive strategy leveraging our category leading brand, our scale, and our bespoke, integrated business model. We will seek to achieve this through the following:

- Leverage technology and digital initiatives across our businesses for transformation into a digitally led, future-ready Wellness & Beauty enterprise with an omni-channel presence;
- Accelerate growth of our Personal Care Products business;
- Increase pace of expansion of our Wellness Clinics and Institutes in India, and capitalize on our experience in the GCC Region to explore new opportunities in untapped markets in the GCC Region;
- Enhance same store sales growth; and
- Continue to build on our brand visibility and customer loyalty.

### ***Leverage technology and digital initiatives across our businesses for transformation into a digitally led, future-ready Wellness & Beauty enterprise with an omni-channel presence***

We believe our digital transformation initiatives planned across revenue growth and cost / capital efficiency pillars would deliver substantial benefits beyond organic growth, both in terms of revenue and profitability. This transformation is aimed at ensuring that we are able to capitalise on and even lead emerging trends, with a strong off-line and on-line presence across wellness and beauty fields.

The COVID-19 pandemic has also led to digital health and wellness as a new emerging global consumption theme. In 2019, digital health and wellness services were estimated to have a worth of over US\$ 106 billion globally. And due to the global pandemic, the worth of these types of services is predicted to increase up to 28.5% more until 2026. (*Source: F&S Report*) It is also expected for this sector to have a fast production of services in all facets of health and wellness. (*Source: F&S Report*) With our deep domain knowledge and expertise in the wellness domain, we believe we are well positioned to take advantage of these developments.

COVID-19 pandemic has reinforced the already growing trend of online shopping, it has encouraged experimentation, coaxing consumers to explore different ways to access products and services and accelerating certain behaviours that have long been simmering in the background. Research papers showcase that since the outbreak, a significant percentage of consumers have increased their mobile shopping, and most customers are likely to maintain their current increased use after isolation measures are lifted. (*Source: F&S Report*) Recognizing this trend we have actively focused on our Personal Care Products e-commerce business. Post lockdowns on account to COVID-19 pandemic, our products sales through e-commerce channels have gone up significantly, and the share of e-commerce channel has grown from 9.6% in Fiscal

2020 to 26.4% in Fiscal 2021. The sales through e-commerce channels grew 129.1%, from ₹ 167.44 million in Fiscal 2020 to ₹ 383.59 million in Fiscal 2021.

We plan to differentiate ourselves by being a solutions and experience provider of packages of products and services that fully address the customer's everyday health, Wellness & Beauty needs, through an omni-channel approach which would encompass both brick-and-mortar operations as well as a significant digital and online presence for our wellness services, personal care products and skill development offerings. This is termed by us as the 'phygital' approach.

Our digital efforts shall be focused on reinventing interactions and wowing the customers at a continuum of touch points that together provide an engaging VLCC brand experience. Our online commerce model aims to heavily leverage our Wellness Clinics and Institutes. We aim to build a long-term e-commerce strategy covering strategic and operational levers such as assortment, pricing, promotions, marketing, and analytics. Strengthening our digital presence will enable us to gain a deeper understanding of the consumer behaviour and is expected to gain a wider market share in our key product categories.

The traditional mindset on wellbeing is now changing to include dimensions like better health, fitness, mindfulness, sleep, nutrition and appearance. We believe that with VLCC's brand strength and extensive physical presence in the wellness space across India and Middle East, we are well positioned to capture each of these dimensions by implementing the phygital approach. We will continue to innovate by adopting, embracing, and blending the digital capabilities to our physical presence, brand prowess, and deep knowledge base on well-being across all these dimensions. Newer service and product offerings based on global benchmarks and phygital capabilities will help us further solidify our market dominance in this fast-growth sector of health and wellness.

We believe our investments in digital transformation will significantly widen our customer base and reach, apart from enhancing customer engagement. The digital initiatives being adopted are aimed at providing capabilities at different layers and cover the following:

*Digitally led Immersive Omni-Channel Customer Accumulation and Engagement:* Our digital engagement is aimed to be robust and diversified by balancing it between the traditional store format and digitization, both for our customer accumulation and engagement. We aim to target customers who are willing to experiment with and use new channels such as mobile/ online shopping thereby enabling an integrated and seamless experience. This is expected to help increase the lifetime value of omni-channel customers, by strengthening the engagement with each customer. Further, we aim to reach customers at the right time, through their preferred channel(s) and establish mechanisms to offer a unique and distinct experience for those who are less digitally inclined, by choice or by economic status, than others. We are focused on building an ecosystem around proactive health, wellness, and beauty. We aim to generate product pull through content management and awareness marketing and ensure a stronger supply chain management / availability of products, with clutter breaking packaging. We intend to reskill service staff so they can build content-rich experiences and better understand, map and serve, the end-to-end customer journey.

*Advanced Technology Infrastructure:* We believe we have developed deep and unique customer insights through years of pioneering experience, relationships, and analytics. Continued investments in technology infrastructure will enable us to better manage our service product offerings, improve operating efficiencies and enhance customer engagement as well as retention by integrating our sales, delivery, and customer service functions. For details of the proposed investment in technology infrastructure, please see "*Objects of the Offer*" on page 92. We aim to build an enterprise-wide technology stack, including technology interfaces and strong data engines that support an AI-powered digital health platform. We intend to establish sophisticated technology integrations such as robotics, augmented reality, virtual reality, voice assistance, predictive intelligence tools, and intuitive, real-time self-service digital interfaces, allowing customers to engage and interact from anywhere. We aim to develop real-time system integration with third-party marketplaces for our e-commerce vertical, including integration with outward logistics, multi-tier stocking, analytics-led physical and digital inventory separation, and end-to-end lifecycle tracking.

*Mobile App:* Our key focus will be on integrating our existing Wellness & Beauty services offerings with technology driven, mobile app-based customer acquisition, service delivery and customer satisfaction initiatives. With the launch of our mobile app, our customers will widely benefit from the online experience, layering above the wide presence of our brick-and-mortar wellness clinics. We intend to customise the mobile app to track the customer's case history on diagnosis, clinical data, fitness data, health risk assessment, with artificial intelligence providing insights like behavioural health risks to monitor customer progress. We intend to launch wearables to track and analyse key parameters of customers such as sleep and activity, and, biochemical parameters such as calorie intake, blood sugar, pulse rate, etc. We

also aim to develop and establish online consultations to enhance human asset utilization by improving efficiencies and reducing idle times. We believe these initiatives, supported with strong technological infrastructure, will enable us to achieve greater economies of scale. The VLCC skill development mobile app which was launched recently and is in the process of upgradation will ensure that we digitize the end-to-end learning process for the students. The integrated blended learning format, enabled by the mobile app, will deliver higher reach to enrol and continuously upgrade a larger student body, with theory component and demos, of all courses being delivered through mobile app or, online classes, and only practicals being held at the Institutes.

*Digital/ Social Media Assets:* We have a strong media and social media presence. We will continue to aggressively build on this through higher digital marketing spends and increased engagement with customers on digital and content management/ OTT media platforms. As of July 15, 2021, the Company had approximately 2.27 million Facebook followers, 0.35 million Instagram followers, 0.03 million Youtube followers.

*Deep Data Analytics Capabilities:* With a focus on building a strong technology platform, with our large customer base, so as to cross/ up-sell, we aim to invest in deep data analytics capabilities that allow us to effectively track the trends on customer requirements and provide customized/ personalized health, Wellness & Beauty services solutions to customers.

*Unification of Customer base across businesses:* We aim to unify our customer base so as to capture all digital interactions and create insights for our innovation, capture client lifecycle value, the trends and needs, and converge products, services, data and technology, to create sustainable value for our customers. We aim to achieve this through a cross-functional approach across marketing, IT, and customer service. This will enable us to establish a system whereby we can get a view of any customers interaction with us irrespective of the touch point used by the customer.

*Build Industry Partnerships:* We plan to forge new strategic partnerships across the industry as the rise of direct-to-consumer platforms further fragments channels and invest in data and customer relationship management technology to drive frictionless commerce and engagement. We also plan to leverage association for health foods, aligned to the weight management and preventive healthcare programs, aimed to provide post-COVID-19 rehabilitation.

In summary, we believe our digital transformation initiatives across revenue growth and cost / capital efficiency pillars would deliver incremental benefits beyond organic growth, both in terms of revenue and profitability.

#### ***Accelerate growth of our Personal Care Products business***

We have successfully expanded our VLCC brand from Wellness & Beauty services to also include Personal Care Products. Our products business has contributed 33.7% to the total revenue from operations in Fiscal 2021 as per the Restated Consolidated Summary Statements, an increase from contribution of 28.5% in Fiscal 2019. We will continue to innovate, and drive differentiated products targeting underserved, fast growing market opportunities. Specifically, we will seek to innovate in our Personal Care Products business through emphasis on the following:

*Category Focus, building on breakthroughs already achieved, through higher marketing spends:* In Fiscal 2021, 69.6% of our products revenues came from our range of facial kits, body shaping products, bleaches and suncare. Having developed these ‘hero categories’ through consistent investment in market-place initiatives, we are now moving on to develop ‘product heroes’ within each of these focus categories through sustained advertising and marketing behind a few select variants within these ‘hero categories’, e.g., in the facial kits category, where we have a market share of 30-35% in the facial kits market with a wide range of variants including papaya fruit, party glow, gold, pearl, silver, diamond, chocolate, and de-pigmentation facial kits. (Source: F&S Report), we will be aggressively promoting our gold and diamond facial kits, which contributed to 38.1% of our facial kits’ sales in Fiscal 2021.

*Focus to continue driving higher distribution reach through an omni-channel approach, including building on the significant E-commerce channel growth already achieved:* Our growth in distribution reach will continue through an omni-channel approach to target the larger universe of customers, through both on-ground and on-line distribution expansion. With regard to on-ground distribution, our current in-market execution focuses on attaining a high weighted distribution for the categories that VLCC operates in. Weighted distribution and share among handlers will continue to be the key execution metrics that will be focused upon in the larger cities, while up-country towns will continue to be serviced through wholesale. In the modern trade channel, we are already present across branded modern retail store chains and our focus will be to continue improving throughput from this channel. E-commerce will also be a key growth driver. Our sale of products through e-commerce channels has increased from a 9.6% to 26.4% of our total products sales in India between Fiscal 2020 and Fiscal 2021. In absolute terms also, the sale through e-commerce channel has gone up by

129.1%, from ₹ 167.44 million in Fiscal 2020 to ₹ 383.59 million in Fiscal 2021. We will continue to build on this growth by further strengthening our relationships with all the leading online platforms including selectively launching exclusive, online-only products across top categories. We will also substantially build up our marketing initiatives in this space and allocate investments accordingly, while simultaneously leveraging analytics for decision making across building blocks and improving profitability.

*Drive brand awareness to further scale our existing product portfolio:* We will increase marketing investments substantially, which we believe will not only generate higher customer pull for our Personal Care Products but will also benefit our businesses enterprise-wide, by further strengthening the VLCC master brand. It will also strengthen leveraging our scale and brand awareness to develop wider and deeper distribution channels.

*Breakthrough Products:* The in-house R & D capability will continue to focus on developing differentiated products, as was done in the case of Facial Kits, that will help to further establish VLCC into newer categories which have advanced formulation and clear consumer benefit. The R & D thrust will be to look at the development blueprint with entirely new actives. The payoffs of these products will be clear and sharply defined and the launches will be sustained with right visibility and the required investment. The focus of execution shall be to achieve higher weighted distribution for these new launches in the initial phase.

*Premiumisation and growing new segments:* New variants in ‘hero categories’ have been launched with premium pricing, e.g., charcoal facial kit and hydra facial kits. Additionally, product categories like anti-ageing offer an opportunity for VLCC to foray into the premium skincare, with premium cues, both in terms of products and pricing. We believe, consistent advertising in relevant media including digital thrust, and ensuring a sharp on-ground execution which is in line with a new launch and competition share, will ensure success in the premium segment. We will also look at other opportunities for further premiumisation, e.g., ‘made-to-order’ skin-care creams, basis consultations at our Wellness Clinics or on-line. Our Singapore manufacturing facility has the capability to manufacture small lots to enable this.

*Continue to invest in and build R&D capability:* We aim to leverage our insights from our exclusive customer database, with our existing R&D capability, which we will continue to build on with strategic partnerships, alliances, and acquisitions where appropriate. See “*Competitive Strengths – Capability to identify and innovate a differentiated product portfolio.*”

*Further drive product sales from own VLCC Wellness Clinics:* We will continue to build on cross-selling and up-selling opportunities for our products as a part of the consultation and package sales process, especially as a follow-on between services for advanced therapies and procedures.

***Increase pace of expansion of our Wellness Clinics and Institutes in India, and capitalize on our experience in the GCC Region to explore new opportunities in untapped markets in GCC Region***

The Wellness & Beauty services industry in India stands nearly at US\$ 10.4 billion in 2020 and has grown at a CAGR of 8-9% over 2017 - 2020. Over the next five years, growth is expected to increase to CAGR of 12-14%, reaching US\$ 19.1 billion by 2025. (Source: F&S Report) The organized segment is expected to grow its market share to around 30-35% in 2025 from about 25-30% in 2020. Weight management, wellness and beauty service outlets will fuel this growth, where there are currently approximately 500-600 outlets, and this is expected to grow to around 1,500. Outlet expansion is being driven by higher demand for preventative healthcare services and rising density of urban areas. (Source: F&S Report). Furthermore, the distribution of healthcare expenditure by function is also showing a positive trend toward prediction and diagnosis, whereby investment in prediction is expected to grow from 5% of total healthcare expenditure in 2007 to around 22% in 2025, and investment in prevention is expected to grow from 15% to 27% in the same period, indicating a positive trend towards proactive and preventive healthcare. (Source: F&S Report)

We believe the above factors, coupled with the increasing awareness of customers across age groups for the need to proactively invest in wellness, given the rising cost of curative healthcare and the heightened sensitivity to strengthen body immunity brought on by the COVID-19 pandemic, have made our wellness services and products ever more relevant. With growing focus on wellness over the last year VLCC is strongly positioned to maximise the opportunity in a large and fast-growing market.

Further, apart from consumer spending slated to increase with rise in level of disposable income in India, the growth opportunity for adding new Wellness Clinics and Institutes is manifold, given the growing urbanisation and increase in

population density across Metropolitan Cities, Tier I, Tier II and Tier III Cities. We believe that our strong presence in the Indian market positions us well to capitalise on this anticipated growth.

While the drive to expand our network and open new Company operated as well as franchisee operated wellness clinics and institutes has been temporarily affected on account of the COVID-19 pandemic, we continue to identify and evaluate catchment area and location opportunities and intend to increase the pace of expansion as the COVID-19 pandemic begins to recede.

Our expansion plan in India for the next two years will be aimed at increasing both penetration and spread. In Metropolitan and Tier I Cities where we are already present, we will be focused on increasing penetration by opening new Wellness Clinics and Institutes, which would be Company operated. We believe with increasing number of outlets in a given city, we will be better able to capitalise on economies of scale which will enable us to drive better margins and enhance profitability, while also ensuring that we continue to be within easy reach of existing and prospective customers who may not want to travel time-consuming distances as population and traffic densities increase over time.

In Tier II and Tier III Cities in India we intend to increase our geographic spread through opportunity-based opening of new franchisee operated Wellness Clinics and Institutes. We already have a presence across 97 cities with 130 franchisee operated Clinics and Institutes in India, with Wellness & Beauty offerings catering to a variety of customer segments with varying income profiles, which we believe makes us well-positioned to attract customers from the large unorganized sector as the market in these cities evolves. This opportunity has been further recognized in recent months with the second outbreak of the COVID-19 pandemic, which is driving customers to seek wellness solutions and beauty services from brands that they can trust to deliver quality services in a safe and hygienic environment.

With respect to the GCC Region and East Africa, where we operate 20 Wellness Clinics across UAE, Qatar, Oman, Kuwait, Bahrain and Kenya, VLCC is the only participant that offers a wide service range across Wellness & Beauty field. In the weight management services segment (excluding gyms), VLCC is the largest player in the GCC Region with the maximum number of Wellness Clinics to cater to the growing market. (Source: F&S Report) Further, in laser and aesthetic dermatology segment, VLCC is one of the leading players in GCC Region. (Source: F&S Report) The majority of market participants in the GCC Region are present in only a few segments. VLCC is the lone exception with a comprehensive service portfolio. VLCC has created a meaningful presence across salon services, wellness and weight management treatments, beauty treatments, aesthetic dermatology and alternative therapies among others and offers the widest breadth of services among the participants who are present in most of the countries in the GCC Region. (Source: F&S Report) Our revenue from our Wellness Clinics in the GCC Region and Africa comprised 30.2% of consolidated total revenue from operations in Fiscal 2021. In terms of growth, the beauty care and salon industry in the GCC Region is expected to grow at a CAGR of 9-10% between 2020 and 2025. (Source: F&S Report) We believe that our strong presence in the GCC Region market positions us well to capitalise on this anticipated growth.

We believe our investments and our accumulated experience in navigating the various regulatory and compliance frameworks in the highly regulated GCC Region will allow us to accelerate project implementation time and drive down costs as we expand in the region. Expansion through a combination of Company operated and franchisee operated Wellness Clinics will further keep capital expenditure costs low while ensuring continued geographic expansion, especially in the Kingdom of Saudi Arabia, which we believe is the biggest growth opportunity in the region. The Kingdom of Saudi Arabia has one of the highest overweight and obesity incidences in the world. (Source: F&S Report) With the Wellness & Beauty market in the GCC Region poised to grow at 8-10% in the next five years, companies such as VLCC have experience of successfully operating Wellness & Beauty clinics in the GCC Region and insights gained thereof, positions these players strongly to participate in the growth of the Wellness & Beauty domain this region. (Source: F&S Report)

We will also be actively pursuing emerging opportunities and formats in the Wellness & Beauty services delivery area, through the following:

*Disciplined expansion into areas complementary to our existing offering:* While we continue to build our strong, well defined, core business with leadership economics, we will also look at expanding into complementary areas of opportunity within the wellness domain, such as on-line nutrition counselling/advisory and preventive healthcare clinics focusing on key lifestyle-related and chronic diseases.

*Lateral expansion into Wellness & Beauty clinics on a residential model:* We have entered into a memorandum of understanding with Minor Hotel Group Limited (“**Minor Hotels**”), an international hotel owner and operator, currently

with a diverse portfolio of over 500 properties and amongst the largest hospitality and leisure conglomerates in the world, to operate wellness clinics at properties owned, managed and provided by Minor Hotels.

*Grow the VLCC wellness services business by attracting customers from the unorganized Wellness & Beauty Industry:* As a well-known and trusted category-leading brand, we believe we are well placed to gain from the overall expansion of the wellness market. We operate across a broad range of Wellness & Beauty services and products with a comprehensive portfolio of services catering to a variety of customer segments with varying income profiles, through our extensive network of our Wellness Clinics, including in Tier II and Tier III Cities, which we believe makes us well-positioned to attract customers from the large unorganized sector as the market evolves. This opportunity has been further strengthened in recent months with the outbreak of the COVID-19 pandemic, which is driving customers to seeking wellness solutions and beauty services from brands that they can trust to deliver quality services in a safe and hygienic environment.

*Strive to lead market trends and innovation:* To ensure that we constantly innovate and update our product and services portfolio as market needs evolve, we will continue to leverage the insights from our exclusive customer database and our perspectives from our international operations to bring new services and products, treatments, procedures and technologies to our portfolio.

#### ***Enhance same store sales growth***

*Strive to lead market trends and innovation:* To ensure that we constantly innovate and update our product and services portfolio as market needs evolve, we will leverage the insights from our exclusive consumer database and our perspectives from our international operations, including deep investments into research and measurable findings to bring new services and products, treatments, procedures and leading USFDA approved technologies to our portfolio.

*Continue to expand portfolio of high value services with value added, technologically advanced, premium services:* We seek to leverage our customer insights, and our exposure to leading trends and technologies from overseas markets, with an aim to lead innovation and gain multi-fold market share for high value services such as body contouring, aesthetic dermatology anti-aging procedures including fillers and peels as well as laser hair removal, and hair rejuvenation treatments and procedures.

*Make infrastructural modifications to the existing clinics:* We seek to upgrade the customer experience by enhancing the infrastructure of our existing Wellness Clinics. This would help us gain market share of the younger consumer segment and, in the service domain of hair and beauty treatments.

*Grow our VLCC Institutes business to meet anticipated demand without substantial investments or infrastructure costs:* We will continue to expand our existing menu of skill upgradation courses with additional placement-focused courses, e.g., immunity building, yoga and mindfulness, and portfolio make up training. The ‘VLCC Institute’ mobile app launched recently will ensure that we digitize the end-to-end learning process for the students. The blended learning format, enabled by the mobile app, will deliver higher reach to get a larger student body by enabling end-to-end student experience from choosing the course, course delivery, certification, and post-certification upgradation(s).

*Develop another vertical in our VLCC Institutes business to meet anticipated demand of trained resources for Wellness, Beauty, and allied Industries:* We will expand our existing business to create an academy to continuously funnel trained workforce to the Wellness & Beauty Industry. This workforce shall be at all levels, right from skilled therapists to clinic heads. This shall further be expanded to serve the needs of allied industries, in terms of trained human resource, including for retail and FMCG industry.

We aim to scale up our involvement in Government projects under “Skill India Mission” initiatives. We work with the Central Government and State governments in India to support skill-building initiatives by providing training at our Institutes under various schemes and initiatives, such as the Skill Development Initiative Scheme with various State governments, the National Urban Livelihood Mission and the “Pradhan Mantri Kaushal Vikas Yojana” initiated by the NSDC and the Ministry of Skill Development and Entrepreneurship. We seek to build upon these existing agreements and opportunities to capitalize and develop our vocational education business, which we believe allows us to increase our geographic presence and brand visibility without substantial investment on infrastructure costs.

*Marketing Push to increase customer demographic depth:* Our association with major events in the industry, like title sponsorship of the Femina Miss India 2020 pageant, will further enable us to build on the glamour positioning for the VLCC brand and strengthen our relationship with younger consumer segments.

***Continue to build on our brand visibility and customer loyalty***

VLCC, with the most diverse portfolio and presence in all service areas, has among the largest scale and breadth of operations within the Wellness & Beauty Industry in India. *(Source: F&S Report)* Furthermore, in the GCC Region. VLCC has created a meaningful presence across salon services, wellness and weight management treatments, beauty treatments, aesthetic dermatology and alternative therapies among others and offers the widest breadth of services among the participants who are present in most of the countries in the GCC Region. *(Source: F&S Report)* Accordingly, our pan-India and pan-GCC operations allow us to optimally invest in branding and promotional activities to create clutter-breaking and high visibility communication. We will seek to continue building on this brand visibility and customer loyalty through marketing efforts such as higher advertising spends across digital and social media, print, television, and radio as well as hyper-local events and activities. We will also seek to continue to sponsor headline events like the title sponsorship for the VLCC Femina Miss India 2020 pageant. Through these initiatives we also aim to increase our customer demographic depth and strengthen our relationship with younger consumer segments. We also seek to generate contemporary educational content and engage in brand associations in the future. To further extend the VLCC brand reach and visibility, we will look at selective brand licencing opportunities to cover adjunct categories within the Health, Wellness and Beauty domains.

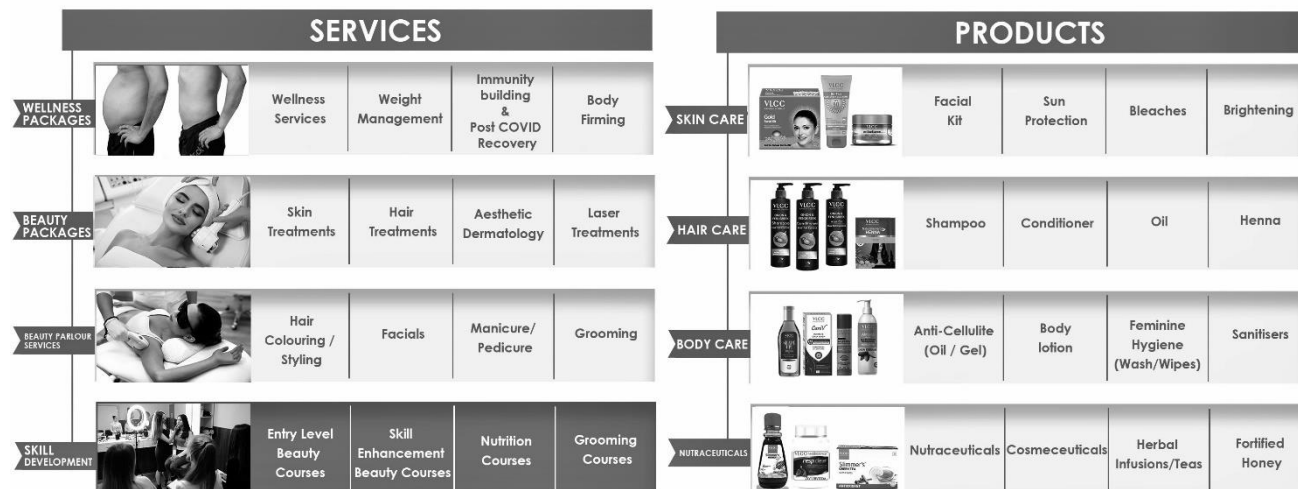
**DESCRIPTION OF OUR BUSINESS**

In the Indian Wellness & Beauty services market, we are one of the largest player and have the widest footprint of company operated model across all the players in India. *(Source: F&S Report)* We have presence spanning a wide spectrum of the Wellness & Beauty services value chain and Personal Care Product offerings through our integrated platform. Since the opening of our first weight management and beauty clinic in India in 1989, we have been pioneers in the development of the Wellness & Beauty Industry in India. We have consistently expanded our offerings through additions of new and technologically advanced Wellness & Beauty services and products.

We have served on an average over 35,550 unique customers monthly in the last three Fiscals, including Fiscal 2021 which was impacted due to COVID-19 pandemic, through our extensive network of Wellness Clinics including 216 Wellness Clinics in 122 cities in 10 countries across South Asia, South East Asia, the GCC Region and East Africa. 191 of our Wellness Clinics are in India and 25 Wellness Clinics are overseas. In addition, we offer over 118 Personal Care Products distributed through over 110,000 retail outlets in India, apart from retail outlets in 11 other countries. Further, during Fiscal 2021, 60.5% of our revenues at our Wellness Clinics in India were from Repeat Customers.

Our businesses are set forth in the diagram below:

# VLCC

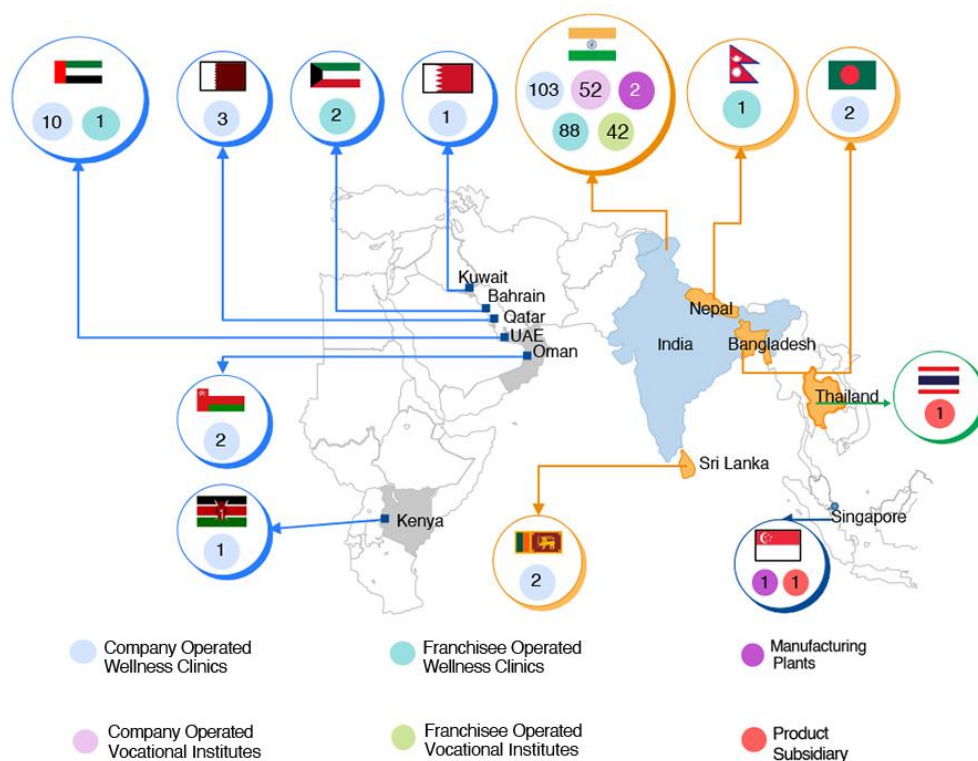


Our integrated business model is a source of sustainable competitive advantage. It allows us to develop and take advantage of significant up-selling and cross-selling opportunities created by the dynamics of our three core businesses: services, products and skill development. See “*Competitive strengths — Bespoke integrated business model and capability to leverage scale, scope and breadth*” on page 162. In our Wellness & Beauty services business, we cross-sell between our weight management solutions, wellness and beauty services to our customers and also up-sell high-end body contouring and beauty treatments, all of which we offer under one roof.

Based on customer data that we collect and analyse at our Wellness Clinics, we conduct in-house research and development to create products and formulations, and to manufacture and market our Personal Care Products for the retail market and professional channels. With our Institutes, we create a skilled and qualified pool of potential employees, as well as a ready market for our Personal Care Products among our Institute alumni, who are trained with them while gaining their certification from our Institutes.

The diagram set forth below illustrates our global footprint as of March 31, 2021.





The following table sets forth the breakdown of revenue generated from our Company operated Wellness Clinics and Institutes and from franchisee operated Wellness Clinics and Institutes for the period mentioned below:

Revenue Stream	Revenue generated (in ₹ million)		
	Fiscal 2021	Fiscal 2020	Fiscal 2019
VLCC Wellness Clinics - India & International (Company operated)	3,108.58	4,722.80	5,337.59
VLCC Institutes (Company operated)	355.81	642.90	640.10
VLCC Wellness Clinics and Institutes (Franchisee operated)	66.90	105.32	117.96

The table below gives the break-up of revenue from Wellness Clinics, Institutes and products:

Revenue Stream	Fiscal 2021	(%)*	Fiscal 2020	(%)*	Fiscal 2019	(%)*
Services: Wellness Clinics (India) (I)	1,496.40	28.1%	2,655.78	34.5%	2980.19	35.0%
Services: International (Bangladesh and Sri Lanka) (II)	90.04	1.7%	195.37	2.5%	181.38	2.1%
Services: Wellness Clinics (South Asia) (III = I+II)	1,586.44	29.8%	2,851.15	37.0%	3,161.58	37.1%
Services: Wellness Clinics (GCC Region) (IV)	1,569.50	29.5%	1,946.04	25.3%	2,262.85	26.5%
Services: Institutes (V)	375.34	7.0%	673.83	8.8%	671.13	7.9%
Sale of Products (VI)	1,797.89	33.7%	2,224.66	28.9%	2,428.70	28.5%
<b>Revenue from Operations (III+IV+V+VI)</b>	<b>5,329.18</b>	<b>100.0%</b>	<b>7,695.68</b>	<b>100.0%</b>	<b>8,524.26</b>	<b>100.0%</b>

\* (%) column represents percentage of income from operations.

Our key focus for the last few years has been on Wellness Clinics, Personal Care Products and Institutes businesses in India, while simultaneously growing overseas operations. We will continue to pursue this strategy. In Fiscal 2021, share of our India Wellness Clinics Revenue was lower in comparison to International Wellness Clinics on account of the comparatively longer COVID-19 pandemic related lockdowns and disruptions in India.

### VLCC Wellness Clinics - Wellness & Beauty Services

Our Wellness & Beauty services include weight management, wellness, beauty, and grooming services, which are offered at our 216 Wellness Clinics across 122 cities in 10 countries. These include weight management programs, wellness programs including immunity building, beauty packages, skin and hair treatments, non-invasive and minimally invasive aesthetic dermatology procedures, laser hair reduction, regular salon services, physiotherapy, nail care, fitness programs,

Ayurveda and therapeutic massage services. We incorporate the use of advanced appliances and treatment products in our services. We have a team of in-house domain experts at our Wellness Clinics to conduct scientific diagnosis and develop customized treatments best suited for each customer. Every Wellness Clinic in all countries is staffed by a qualified and trained team of domain experts including medical doctors, nutritionists, dermatologists, cosmetologists, physiotherapists, fitness trainers and wellness counsellors and other specialists and sales staff. This team works closely with each customer to analyse their needs to recommend the most appropriate treatments and personalize those treatments accordingly. Once the relevant service or treatment is completed, our therapists invite the customer to provide detailed feedback on the quality of our service or complete a designated customer feedback form available at all our Wellness Clinics.

### ***Customer acquisition and retention***

We adhere to a customer-centric, systematic approach for attracting new customers and winning repeat business from our existing customer base. Our approach consists of five stages for customer acquisition and retention as provided below.

- (i) *Customer Lead generation:* We generate prospective customer leads largely through on-line and digital marketing as well as through alliances, on-ground events, and promotions. Once prospective customers enquire about a treatment or service in person, by phone or through our website or social media handles, we offer a free consultation to the customer on his or her first visit to our Wellness Clinic. We enter the customer's information into our Customer Relationship Management ("CRM") database which later helps us to thoroughly analyse the customer's preferences and purchase patterns.
- (ii) *Initial consultation for weight management and wellness packages:* Our initial consultation called a "zero session" includes a holistic individualized assessment that is based on a "five protocol approach" which comprises: (i) a medical assessment and monitoring by specialists including doctors (both full-time and part-time); (ii) dietary counselling and meal planning by nutrition counsellors; (iii) cosmetic and dermatological examination; (iv) a physical activity assessment and regimen planning by physiotherapists; and (v) lifestyle and behavioural modification mentoring by counsellors. Based on the medical history of the customer and on test results, including a Body Composition Analysis ("BCA") and professional assessments, we formulate a customized package of treatments that suit each customer's needs, and which is focused on dietary modification, physical activity regimen and lifestyle modification counselling.
- (iii) *Enrolment/execution:* Once customers enroll in a weight management/wellness or beauty treatment package; our trained professional staff provides customized treatment with the objective of delivering tangible and measurable results and engages customers to address any outstanding issues and recommend other solutions that we offer.
- (iv) *Financial Option:* We offer our customers to avail our services through EMI payments for higher ticket items. This in turn enables a larger base of customers to avail our services.
- (v) *Completion/feedback:* We request post-treatment feedback from customers once they complete their service packages. Based on the feedback received, our staff recommends ancillary offerings (our wellness/ beauty services or Personal Care Products). Customer feedback received at the Wellness Clinic-level also enables us to assess and improve the quality of our offerings.
- (vi) *Follow-up:* Customers who are added to our database receive updates on promotions and new services or Personal Care Products on a periodic basis. Our marketing team follows up with each customer to encourage their return for the same treatment or recommends other service offerings. We have a high incidence of Repeat Customers and 60.5% of our revenue came from such Repeat Customers in Fiscal 2021.

### ***Site selection process***

We have strict selection standards for the locations of our Wellness Clinics and Institutes. These include: (i) the traffic level, profile, and visibility of the location; (ii) local demographics and spending patterns; (iii) the existence of a centralized shopping area; and (iv) the suitability of the location to our VLCC brand. Our regional operational teams shortlist locations for new Wellness Clinics with our projects team assessing the site for technical suitability. One member

of our senior management from our corporate office then visits the shortlisted sites, reviews the business potential based on the nearby locality and foot traffic and finalizes the memorandum of understanding with the relevant lessor as per our standard form contract. Thereafter, in some cases, we commission third parties to conduct legal due diligence to minimize disruptions to our operations over the term of the agreement. Following these clearances, we execute a lease agreement for a period of between five to nine years, generally, with no option for the lessor to terminate except in case on non-payment of rentals.

### ***VLCC Wellness Clinics in India***

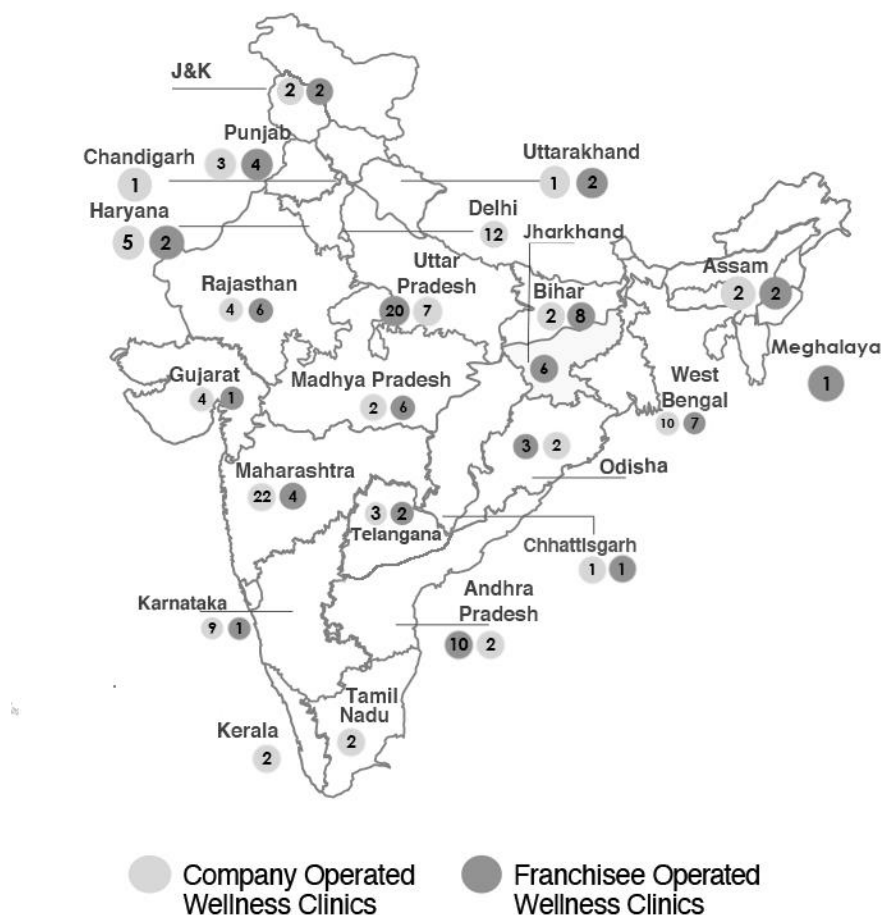
We have expanded our operations to 191 Wellness Clinics in India as of March 31, 2021, of which 103 were Company operated and 88 were franchised. Our 191 Wellness Clinics in India are strategically located throughout the country to serve customers. While our Company operated Wellness Clinics are primarily located in Metropolitan and Tier I Cities, our franchisees operate mostly in Tier II and Tier III Cities of India. With respect to our franchisee-operated Wellness Clinics, we receive sign-up fees and royalty income from the franchisees, which we record as revenue from operations.

The following table sets forth the regional and tier-wise distribution of our Wellness Clinics as of March 31, 2021:

<b>Tier-wise City – India</b>	<b>Number of Wellness Clinics</b>	<b>Region in India</b>	<b>Number of Wellness Clinics</b>
Metropolitan Cities	67	North Region	70
Tier I Cities	41	South Region	37
Tier II Cities	37	East Region	45
Tier III Cities	46	West Region	39
<b>Total Wellness Clinics in India</b>	<b>191</b>	<b>Total Wellness Clinics in India</b>	<b>191</b>

The number of our Wellness Clinics in India has changed from 193 as of March 31, 2019, to 201 as of March 31, 2020 to 191 as of March 31, 2021. Our Wellness Clinics on franchisee operated model include the VLCC Wellness & Beauty clinics as well as the VLCC salon formats. We open new Wellness Clinics pursuant to a strict site selection process and also relocate existing Wellness Clinics for reasons including expiry of lease and availability of better or economical lease terms in the same area. For example, between Fiscal 2019 to Fiscal 2021, we opened 17 Company operated Wellness Clinics in India, which included new Wellness Clinics, as well as relocation of some existing Wellness Clinics. We converted 10 Company operated Wellness Clinics to franchisee operated model, and closed 20 Company operated Wellness Clinics, based on performance, between Fiscal 2019 to Fiscal 2021.

As of March 31, 2021, our Wellness Clinics were present across regions and states in India as illustrated in the following map:



Our revenue streams at our Wellness Clinics services consist of the following:

***Revenue from sales of Wellness & Beauty packages to customers***

For services provided through packages, customers must visit our Wellness Clinic for a series of consultation and/or therapy sessions to achieve the desired results. Our wellness packages include weight management, pain management, body shaping & firming, chronic disease management and immunity boosting, among others. Our beauty packages include advanced anti-ageing /anti-acne/anti-pigmentation skin treatments, advanced hair treatments and hair transplant services. Revenue from sale of services comprised 96.2% of our revenue from operations at our Wellness Clinics in India in Fiscal 2021, the balance 3.8% being from sale of products. Generally, the average ticket size for packages is larger than for a single session of regular beauty services. In our business, ticket size depends on the size of packages booked by a customer as well as increases in the prices of our services. We receive payment in advance from our customers for packages resulting in negative working capital. For accounting purposes, we recognize the revenue over the period of the packages and accordingly defer our revenue. See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Significant Accounting Policies*” on page 332.

### ***Revenue from sales of Personal Care Products from Wellness Clinics***

We sell our Personal Care Products as home-care kits along with our packages and also sell them along with services, which constituted approximately 3.8% of our revenue from operations at our Wellness Clinics in India in Fiscal 2021. We have also integrated our Singapore-based Personal Care Products business with our wellness services business across geographies by using GVig Singapore's premium *BelleWave™* and *SkinMTX™* range of skin-care lines manufactured in Singapore for treatments and therapies in our Wellness Clinics as well as selling them from these Wellness Clinics as home-care kits at premium price point.

The following table sets forth the typical arrangements for Company operated Wellness Clinics in India:

Particulars	Details
Cities	Primarily Metropolitan, Tier I and Tier II Cities
Area	Approximately 2,500-4,000 square feet (average 3,000 square feet)
Location	Near residential areas and main marketplaces
Lease Period	Five to nine years (with only the Company having option to terminate before the term period for no reason and the lessor having the right to terminate on account of non-payment of rent)
Staff	On an average 17 employees, including therapists, nutrition counsellors, beauticians, hair stylists, full-time/part-time doctors, cosmetologists, and managers

The following table sets forth the typical arrangements for franchisee operated Wellness Clinics in India:

Particulars	Details
Cities	Primarily Tier I, Tier II and Tier III Cities
Commercial arrangements	Sign-up fee of ₹ 0.5 million to ₹ 1.5 million, excluding GST, and revenue sharing is either fixed and/ or is ranging from 12% to 17% of monthly revenue generated by franchisee operated Wellness Clinics or fixed amount per month, depending on size and potential of area
Term	Five years – with a non-compete covenant of two years post termination Renewable after five years for additional three years on payment of renewal fees to VLCC
VLCC support	Training, marketing, and offering expertise, manuals, and quality audits

### ***VLCC Wellness Clinics in the GCC Region, East Africa, and rest of Indian subcontinent***

Out of our revenue from our Wellness Clinics located internationally, the share of revenue from our Wellness Clinics located in UAE is largest at 50.2%, followed by Qatar at 37.4% in Fiscal 2021. The share of Wellness Clinics in Bangladesh, Sri Lanka, and Kenya, as percentage of revenues derived from our international Wellness Clinics is 4.5%, 1.4%, 0.7%, respectively, for Fiscal 2021. The table below sets forth the breakdown of our international Wellness Clinics by location as of March 31, 2021.

Location	Number of VLCC Wellness Clinics
UAE (Company operated)	10
UAE (Franchisee operated)	1
Qatar (Company operated)	3
Oman (Company operated)	2
Kuwait (Company operated)	1
Bahrain (Franchisee operated)	2
Kenya (Company operated)	1
Bangladesh (Company operated)	2
Sri Lanka (Company operated)	2
Nepal (Franchisee operated)	1
<b>Total</b>	<b>25</b>

*Note: All our Wellness Clinics in the international market also operate under the VLCC brand*

We commenced our international operations in December 2005, with the opening of our first Wellness Clinic in Dubai, UAE. High levels of weight related problems, high per capita income, and relative recognition of the VLCC brand amongst the Indian diaspora in the GCC Region made it an attractive destination for our business expansion. In our very first year of operation in UAE through our subsidiary, VLCC International LLC, we recorded positive profit after tax. We have since expanded our presence across the UAE and, as of March 31, 2021, we have 10 company operated Clinics across Dubai, Sharjah, Abu Dhabi, Al Ain and Ras Al-Khaimah. Further expanding to other countries in the GCC Region, we began operations in Oman in April 2008, Bahrain in November 2008, Qatar in January 2011, and Kuwait in July

2014. Our International expansion also includes one Wellness Clinic in Nairobi, Kenya, which was opened in Fiscal 2015, with our joint venture partner, Yana Investments Limited, who owns a 30.0% stake in our subsidiary, VLCC Wellness (East Africa) Limited.

The customers of our services in the GCC Region now are largely local and expatriate Arabs, followed by Asian customers, demonstrating the acceptance that the VLCC brand has gained in demographics outside of the Indian diaspora in the GCC Region, with over 72.0% of our customers in Fiscal 2021 from the GCC Region being non-Indians.

The following table sets forth the typical arrangements for our Wellness Clinics in the GCC Region and East Africa.

Particulars	Details
Area	Approximately 5,500 square feet Separate areas for males and females in the GCC Region
Location	Majority in high streets and busy market areas
Lease Period	Five years – extendable
Staff	On average 20 employees, including therapists, nutrition counsellors, beauticians, hair stylists, part-time medical professionals, cosmetologists, and managers

## Product Business

We operate our Personal Care Products business through our subsidiary, VLCC Personal Care Limited in India as well as through our subsidiaries, GVig Singapore in Singapore and VLCC Online Services Private Limited in India. As of March 31, 2021, our Personal Care Products include 188 SKUs of 108 skin care, hair care and body care products manufactured in-house in India and 10 third party manufactured products, sold from over 110,000 retail outlets in India through over 490 distributors. We also have distribution channels internationally. Sales of products through our Wellness Clinics and our Institutes accounted for 3.9% of our total Personal Care Product sales for Fiscal 2021. The remainder of our products are sold through exclusive beauty advisors, retailers, and e-commerce websites. Our sale of products through e-commerce channels has increased from a 9.6% to 26.4% of our total products sales in India between Fiscal 2020 and Fiscal 2021. In absolute terms also, the sale through e-commerce channel has gone up by 129.1%, from ₹ 167.44 million in Fiscal 2020 to ₹ 383.59 million in Fiscal 2021. Our subsidiary in Singapore, GVig Singapore manufactures skincare and other Personal Care Products and has distribution arrangements for sales across South East Asia. Our subsidiary in India, VLCC Online Services Private Limited, sells VLCC branded nutraceuticals, supplements, home hygiene and Personal Care Products through the direct selling channel. These products are manufactured either by our subsidiaries, VLCC Personal Care Limited, India and Celblos Dermal Research Pte. Ltd., Singapore or are sourced from third party manufacturers.

Our principal categories of product offerings under the VLCC brand include the following:

- (i) Skin-care products including sun protection products, anti-aging and skin-hydrating / rejuvenation products;
- (ii) Facial-care products including of do-it-yourself single use facial kits, multiple use facial kits, bleaches face washes and face masks;
- (iii) Weight management and body-shaping products including anti-cellulite products and massage oils and gels;
- (iv) Hair-care products including shampoos, conditioners and hair oils;
- (v) Nutraceuticals and supplements including immunity builders, whey protein and herbal infusions; and
- (vi) Personal hygiene products including hand sanitizers, wipes and feminine care wash.

Our Personal Care Products enjoy high level of retail brand awareness and acceptance and professional advocacy by trained VLCC Wellness Clinic staff and our Institutes' graduates. We have successfully built a diversified revenue base of trusted and established products under the VLCC brand with a high level of visibility among service-providing professionals and customers in their respective categories.

GVig Singapore, through its subsidiaries located in Singapore, manufactures and sells skincare and other Personal Care Products. GVig Singapore, through its subsidiary Bellewave Cosmetics Pte. Ltd., has partnered with a Swiss firm, which supplies bulk materials formulated and has research and development expertise. GVig Singapore's main brands are *BelleWave™* and *SkinMTX™* which are distributed across Asia. *BelleWave™* products are distributed by third party distributors through agreements in Singapore, Vietnam, Malaysia, Thailand, Taiwan, Hong Kong and sold from beauty salons and spas in these countries. *SkinMTX™*, which is a premium range of skin care solutions, is distributed to aesthetic dermatologists in Indonesia, Thailand, New Zealand, and Oman.

Our subsidiary, VLCC Online Services Private Limited sells nutraceuticals, health supplements, home hygiene and Personal Care Products through the direct selling route and as of March 31, 2021 has a network of over 31,200 direct sales associates pan-India.

### **VLCC Institutes**

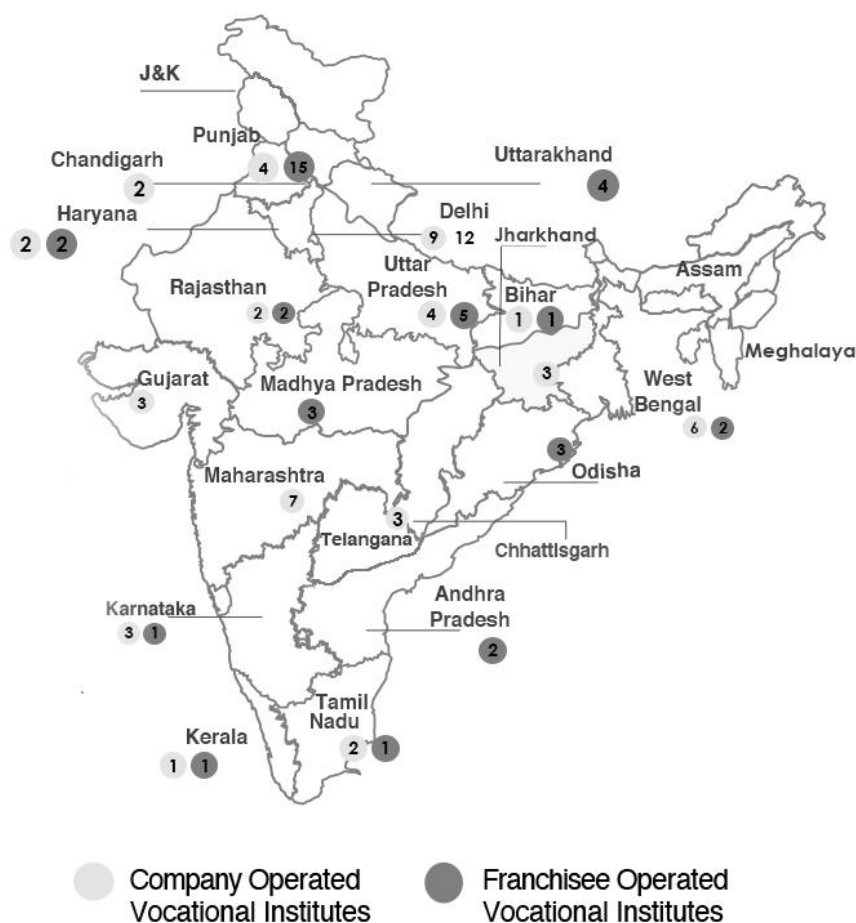
As of March 31, 2021, we operated 94 Institutes across India, of which 52 were Company operated and 42 were franchisee operated. Revenue from our Institutes comprised 7.0% of our total revenue during Fiscal 2021. Our Institutes offer significant cross-selling opportunities, as we are a major provider of trained personnel in the Indian beauty industry, and we train our students using VLCC branded Personal Care Products. We offer entry level and skills enhancement beauty courses and nutrition courses. The long-term, short-term, certificate-based and correspondence courses offered by our Institutes range from a few days to 15 months, based on course category, and span the Wellness & Beauty spectrum, including cosmetology, skin-care, hair-care, makeup, clinical nutrition, sports and fitness nutrition and child-care nutrition. Despite the lockdown conditions, we trained over 6,740 students in Fiscal 2021 at our Institutes.

Our Institutes follow a blended approach of online plus offline teaching methods to ensure quality training with economic efficiencies. The theory is covered on-line via digital media, while the practicals are hands-on. Post course completion, placements and internships are ensured through relationships with renowned organisations, thereby increasing attractiveness of our Institutes.

We also work with the Central Government and various State governments in India to support their skill-building initiatives by providing training at our Institutes under various schemes and initiatives. For instance, we are presently registered as a vocational training provider under the Skill Development Initiative Scheme with various State governments for providing training at our Institutes. We have trained students under the Skill Development Initiative scheme under the Ministry of Labour and Employment in the states of Arunachal Pradesh, Nagaland, and Mizoram. With the introduction of the National Urban Livelihood Mission by the Ministry of Housing and Urban Poverty Alleviation of India, we also trained students in Uttarakhand, Jharkhand, and Chandigarh. In addition, we trained students under “Hunar Se Rozgar Tak”, a skill development program of the Ministry of Tourism in Punjab through the Punjab Heritage and Tourism Promotion Board. We are empanelled with the Beauty & Wellness Sector Skill Council (“**Sector Skill Council**”) and represent the industry in the capacity of a governing body member. Pursuant to initiatives of this Sector Skill Council, we have trained students under the National Skill Certification and Monetary Reward scheme (branded as the “**STAR Scheme**”) promoted by NSDC. We also trained students under the “Pradhan Mantri Kaushal Vikas Yojana”, an initiative of the NSDC and the Ministry of Skill Development and Entrepreneurship. We have also signed a memorandum of understanding with the Ministry of Minority Affairs to train students in the states of Gujarat, Rajasthan, Uttar Pradesh, Arunachal Pradesh, and Nagaland. Further, we have partnered with globally renowned accreditation and certification partners such as CIDESCO and International Accreditation Organisation, among others.

We have developed dedicated skill development infrastructure for Government skill initiatives in Bhopal, Indore, Gwalior, Ranchi, Jamshedpur, Chandigarh, and Bangalore, by entering into agreements for this purpose.

As of March 31, 2021, our Institutes were present across regions and states in India as illustrated in the following map:



### ***Brand building of our Wellness & Beauty services and products***

To strengthen our position in the Wellness & Beauty Industry, we undertake extensive sales and marketing to promote our brand on a continuous basis. These activities are integral to creating, maintaining and enhancing brand visibility and correspondingly to create, sustain and enhance our market share in the industry. We drive our marketing initiatives through mass communications channels such as on-line and digital, television, press, radio and cinema and well as sponsorship of high-visibility national-level events and hyper-local, event-based on-ground promotional activities. We also market our Personal Care Products through a variety of popular retail channels to enhance our brand visibility and outreach to customers.

During the Fiscal 2021, we held the title sponsorship for Femina Miss India 2020. Our association with similar events is set to enhance our brand recognition among younger customers, who are more inclined towards proactively maintaining Wellness & Beauty regimes. Additionally, we have partnered with celebrities and social media influencers to promote VLCC services and products in form of educational videos, and this will increase VLCC face time with prospective and existing customers and consistently add value to their daily regimes.

### ***Sales and service network***

Our Wellness Clinics are currently present in 10 countries across South East Asia, the GCC Region and East Africa, namely India, Sri Lanka, Bangladesh, Nepal, UAE, Qatar, Oman, Kuwait, Bahrain and Kenya. We also have operational



subsidiaries in Singapore and Thailand for our Personal Care Products business. We are operating through our Subsidiaries in the GCC Region, African and South East Asian markets, which offer significant potential for our wellness services and products and exhibit similar underlying characteristics as our other existing markets, such as rising Wellness & Beauty spending, increasing life expectancy and a strong emphasis on brands as a proxy for quality and reliability.

The breadth of our portfolio of wellness services and products in each country varies as a result of the length of time we have operated a particular business in a particular country, the development of our specialty sales force within each of our businesses and the registration process required to obtain approval for our products in each country. For our Personal Care Products business, while our approach to expansion of distribution channels varies depending on the specific market opportunity, we typically enter a new geographic market through a distributorship model to leverage our partners' local market knowledge and existing relationships. Our Personal Care Products are sold through various channels including modern retail outlets, neighbourhood retailers, pharmacies, professional salons, third party e-commerce channels and direct sales to institutional clients. A range of our Personal Care Products and Nutraceuticals are sold through a network of individual direct sales associates.

## Manufacturing

### Plants

As of March 31, 2021, 108 Personal Care Products were manufactured in-house in India, at our two manufacturing plants in India (one at Haridwar, Uttarakhand and one at Goalpara, Assam) and 10 products were third-party manufactured. The *BelleWave™* and *SkinMTX™* range of skin-care products are manufactured by our subsidiary in Singapore. The manufacturing plants at Haridwar and Singapore are cGMP certified. Since we manufacture the majority of our Personal Care Products in-house, we are able to ensure quality control and benefit from economies of scale. We have made, and continue to make, significant investments in our manufacturing plants.

The following tables set forth the specifications of our manufacturing plants as of March 31, 2021:

#### Haridwar, Uttarakhand, India

<b>Installed capacity</b>	Approximately 78.9 million units for Fiscal 2021
<b>Key facilities</b>	Quality control lab, packaging area, bulk manufacturing area, warehouse, and administrative block
<b>Capacity utilization</b>	57.9%, 58.4% and 75.1% in Fiscal 2019, 2020 and 2021 respectively
<b>Area allocated</b>	Approximately 77,500 square feet as of March 31, 2021
<b>Area utilized for the plant</b>	Approximately 48,000 square feet as of March 31, 2021
<b>Production capabilities</b>	Oils, Gels, Creams, Lotions and Powders filled in-bottles, tubes, jars and sachets

*As certified by M.S. Agarwal, Chartered Engineer, through certificate dated May 5, 2021*

#### Goalpara, Assam, India

<b>Installed capacity</b>	Approximately 5.29 million units
<b>Key facilities</b>	Quality control lab, packaging area, bulk manufacturing area, warehouse, and administrative block
<b>Capacity utilization</b>	14.1%, 66.4% and NIL in Fiscal 2019, 2020 and 2021 respectively
<b>Area allocated</b>	Approximately 236,806 square feet as of March 31, 2021
<b>Area utilized for the plant</b>	Approximately 32,000 square feet as of March 31, 2021
<b>Production capabilities</b>	Oils, Gels, Creams and Lotions filled in bottles, tubes, and jars

*As certified by Rabi Sankar Dutta, Chartered Engineer, through certificate dated May 25, 2021*

#### Singapore

<b>Installed capacity</b>	Approximately 2.376 million units (on a single shift basis)
<b>Key facilities</b>	Quality control lab, packaging area, bulk manufacturing area, warehouse, filling area
<b>Capacity utilization</b>	29.2%, 22.6%, and 18.3% in Fiscal 2019, 2020 and 2021 respectively
<b>Area allocated</b>	Approximately 5,300 square feet
<b>Area utilized for the plant</b>	Approximately 4,700 square feet
<b>Production capabilities</b>	Oils, gels, creams, lotions, powders filled in bottles, tubes and jars

*As certified by Mukesh Raj & Co., Chartered Accountants, through certificate dated August 8, 2021*

Our first Indian manufacturing plant has been established at Plot No. 11, 12, Sector 6A, Integrated Industrial Estate, BHEL, Ranipur, Haridwar (“**Haridwar Plant**”), on land that has been leased from the State Industrial Development Corporation of Uttaranchal Limited by our subsidiary, VPCL, for a term of 90 years effective from March 22, 2006 for the manufacture of ayurvedic medicaments and cosmetic products and allied and ancillary activities. For details of approvals in relation to our manufacturing plants, see “*Government and Other Approvals – Approvals in relation to our Manufacturing Facilities*” on page 376.

The Haridwar Plant is cGMP-certified and comprises bulk manufacturing area, a quality control laboratory, filling area, packaging area, administrative block, and a warehouse.

Our second Indian manufacturing plant has been established at Industrial Growth Center, AIDC, Matia (Mornoi), Dist-Goalpara, Assam-783101 (“**Goalpara Plant**”), on land that has been leased from the Assam Industrial Development Corporation Limited by our subsidiary, VPCL, for 20 years effective from February 16, 2017 for the manufacture of ayurvedic medicaments and cosmetic products and allied and ancillary activities. For details of approvals in relation to our manufacturing plants, see “*Government and Other Approvals – Business Approvals – Manufacturing units*”.

The Goalpara Plant comprises bulk manufacturing area, a quality control laboratory, filling area, packaging area, administrative block, and a warehouse.

The Singapore Plant, situated at BLK 194 Pandan Loop, #07-10 Pantech Business Hub, Singapore 128383 (“**Singapore Plant**”), acquired by us pursuant to our acquisition of GVig Singapore, is cGMP-certified and has a state of the art in-house research and development laboratory, bulk production, filling section, packaging and labelling areas and warehouse facility.

### ***Third party manufacturing arrangements***

We sourced 10 products in Fiscal 2021 through third party manufacturing arrangements, such as VLCC Kajal, VLCC *Slimmer’s™* range of honey and herbal infusions, VLCC Advanced Germ Kill Spray and Wipes and VLCC *CareV™* Intimate Hygiene Wipes, etc. Further, GVig Singapore, through its subsidiary Bellewave Cosmetics Pte. Ltd., also has a bulk manufacturing and formulation development agreement for Personal Care Products with a Swiss firm.

### ***Quality control***

Our quality control and assurance programs are designed to enable us to maintain compliance with all applicable governmental mandates regarding the safe manufacture of Personal Care Products. Quality control policies and procedures are enforced and monitored at all of our manufacturing plants. Our Haridwar Plant and Singapore Plant are cGMP certified.

We follow a process-driven approach for our product testing practices. Our product development begins with a detailed testing of raw materials in accordance with national and international pharmacopoeia norms including those of India, Britain, the U.S. as well as the Ayurvedic Pharmacopoeia of India. We test raw materials on both the formulation development stage at the research and development level and on the commercial production stage at the factory level. We follow and monitor standard operating and testing procedures that are consistent with Indian standards for cosmetic products (finished goods). Our products also undergo stability studies, accelerated stability studies and real-time stability studies to ascertain the shelf life of our products in addition to microbiological analysis to ensure usage safety of our products. Control samples from each batch of production are stored and maintained to serve as reference samples for any future cross-checking or referencing. We have also received an ISO 14001:2015 certification for environment management practices at our Haridwar Plant.

We have a stringent quality monitoring system at our Wellness Clinics. We have periodic reporting systems of key performance indicators relating to delivery of services to customers, such as the number of sessions provided, success rates, weight loss and net promoter score (a management tool we use to gauge the loyalty of our customer relationships). Many of these reports are generated by our software, which removes biases and minimizes error. Based on the reports, our technical team at the Wellness Clinics, regional or corporate level, takes necessary action to provide an enhanced quality experience to our customers. We also incentivize the operating teams at our Wellness Clinics based on the quality of service they provide to their customers and, where necessary, take corrective action to improve ongoing quality of service.

We also recognize the importance of quality control in our franchisee operated Wellness Clinics in Tier II and Tier III Cities. We provide our own CRM software to franchisee Wellness Clinics, which captures all information of the customers and the execution of services provided to them. Our teams regularly visit franchisee operated Wellness Clinics and monitor the quality of their services through observation and training, meeting with customers, review of data collected by the CRM software and other similar methods.

### ***Delivery and warehousing***

We have a warehouse at our Haridwar Plant. Cartons and packages filled with finished goods are stacked and stored in this warehouse for transport to clearing and forwarding locations in different states of India. We also have agreements with logistics companies for distribution of our products across the country. From the clearing and forwarding (“C&F”) locations, goods are billed and dispatched to distributors across the state and also warehoused by them at their own cost. Similarly, for Modern Trade and e-commerce companies, stocks are billed and dispatched from the C&F to their respective distribution centres. We also have a warehouse in Singapore to distribute GVig Singapore products to distributors across South East Asia.

### ***Distribution***

As of March 31, 2021, 118 types of VLCC Personal Care Products were distributed to over 110,000 retail outlets in India with access to general trade, pharmacies as well as modern trade retail shops. As of March 31, 2021, we had a total of over 490 distributors in India and over 930 exclusive beauty advisors. In each of the international markets in which we operate, we typically have one distributor for each country to market and sell our Personal Care Products to salons, spas, and retail outlets.

### ***Pricing***

Price is an important competitive factor for all our businesses. Our revenue growth also depends on our ability to correctly price our products and services. We aim to manage the pricing of our products and services for both new and existing customers across our various businesses to provide customers with quality products and services at an attractive price, while seeking to maximize the long-term value of our customer base. Pricing of our Personal Care Products is principally determined by our target customer profile and our competitors’ pricing. For our Wellness Clinics in India, we have two levels of pricing, one for larger cities and another for smaller cities. We review our price structure periodically and adjust the price depending on various factors including capacity utilization, target customer profile and pricing of our competitors.

Our pricing is very competitive in the market, and customer feedback and proprietary data we collect from our Wellness Clinics allow us to closely monitor customer spending trends and quickly adjust our pricing, if necessary.

### ***Raw materials and packaging materials***

The primary raw materials for our Personal Care Products consist of herbal extracts, active ingredients, essential oils, perfumes, blend oils, preservatives, colours and base chemicals. The supply and demand of these materials are driven by standard commodity market dynamics. Our four primary packaging materials are plastic bottles, plastic jars, plastic tubes, and laminates. Due to our size and the growth opportunities of our suppliers along with the growth of our business, we are typically able to negotiate more favourable prices and terms than our smaller competitors. Contracts are negotiated periodically for raw materials and primary packaging materials, based on our sales trends.

The majority of our raw materials and packaging materials are for our India manufacturing operations purchased on a centralized basis. The scale of our operations has enabled us to negotiate attractive terms with our suppliers. We have strong relationships with the majority of the suppliers and have not faced any challenges in supply or quality of supplies in the past. However, we are constantly expanding our list of trusted vendors and searching for alternative materials to optimize costs in addition to transacting directly with the principal suppliers to avoid sourcing of important raw materials through intermediary distributors.

### ***Delivery infrastructure for Wellness Services and Personal Care Products business***

We operate a unique wellness clinic format in the Wellness & Beauty Industry, which has been successful in diverse geographic and demographic markets. For example, in India, our Wellness Clinics locations range from presence in large cities like Delhi and Mumbai to Tier III Cities like Gurdaspur and Tirupati. Our Wellness Clinics in India, which vary in

size by market and are approximately 2,500 to 4,000 square feet, carry a broad selection of VLCC Personal Care and *BelleWave™* Products and are staffed by highly experienced and knowledgeable personnel who are able to educate our customers about product features and assist in product selection. Our 191 Wellness Clinics in India are strategically located throughout the country in 23 states. All Company-operated Wellness Clinics are located in Metropolitan, Tier I and Tier II Cities, while our franchisees operate primarily in Tier II and Tier III Cities. We intend to continue opening new outlets in cities where we are already present, in a combination of Company operated and franchisee operated Wellness Clinics depending on the city. In the Tier II and III Cities where we are currently not present, we will open new outlets through the franchisee model, leveraging our existing scale in those markets to lower the initial operating costs of new Wellness Clinics.

We operate both our Wellness Clinics and sell our Personal Care Products in 10 countries, i.e. India, UAE, Qatar, Oman, Kuwait, Bahrain, Kenya, Sri Lanka, Bangladesh, and Nepal. We also sell our Personal Care Products in other overseas markets like Australia, New Zealand, Fiji, Mauritius, South Africa, Botswana, Russia, and United States, apart from countries across South East Asia.

We enter into arrangements with clearing and forwarding agents and distributors in India on a routine basis to help facilitate the storage and distribution of our Personal Care Products. Such arrangements are typically non-exclusive and with respect to a certain region or territory where such clearing and forwarding agents or distributors operate. Our products are supplied to clearing and forwarding agents based on demand in that region or territory, and these products are then sold to distributors, dealers, wholesalers and our Wellness Clinics and Institutes. Pursuant to our distribution agreements, our Personal Care Products are supplied to distributors as per orders they place from time to time, subsequent to which they market and sell our products to retailers.

### ***Research and Development***

We engage in a variety of research and development activities and continue to invest significantly in our new services and products development. These activities principally involve the development of new services and products, improvement in the quality of existing services and products, improvement and modernization of production processes and the development and implementation of new technologies to enhance the quality and value of both current and proposed services as well as product lines. For our Personal Care Products business, we have established an R&D unit with a dedicated team at the Haridwar Plant. There is also R&D capability at our Singapore operations, both for product formulation development as well as trend spotting for latest developments in the region in the Wellness & Beauty space. We also have teams of domain experts from several specialist domains including medicine, nutrition, physiotherapy, ayurveda, aesthetic dermatology and cosmetology at both our Corporate Office and at our Wellness Clinics that research, develop and conduct quality as well as efficacy tests on Wellness & Beauty services and products. These teams have extensive relevant experience of development in this field. These teams are responsible for, among other things, performing quality testing on our products and services and developing new technologies and processes. Our research and development efforts and expertise have enabled us to successfully develop and introduce innovative and effective services and products to our customers.

### ***Internal control system***

We have appointed reputable internal audit firms to review our internal control systems and receive internal audits by such firms from time to time. In Fiscal 2021, the internal audit of our Wellness Clinics in India was conducted by Mazars, while that of our Personal Care Products business, including factory and warehouse operations, was conducted by MGC Global, both international audit and consulting firms. We also have in-house regional finance teams across the country, which in addition to their regular accounting and compliance functions, are also responsible for monitoring and auditing the various functions of our Wellness Clinics and the inventory of Personal Care Products.

### ***Competition***

As a diversified and one of the largest players in the Wellness & Beauty services Industry, (*Source: F&S Report*) we have a comprehensive repertoire of Wellness & Beauty services ranging from routine beauty services to value added, high technology, premium weight management and aesthetic dermatology treatments and procedures.

In the Wellness & Beauty services business in India, with a pan-country footprint, our primary competition is local and regional chains. We regard the large, unorganized sector and such local and regional semi organized players as our primary competition and source of growth, from whom we capture customers to a substantially superior offering at a

premium price. Growth is driven by higher consumer demand, existing player expansion and the emergence of new foreign companies, additional beauty e-commerce start-ups, and only service aggregators. (Source: F&S Report)

We are also often compared with other companies in the beauty and fitness industry, most of which are focused on narrow segments or niches in the market, offering some of the services that we provide. Among key organized participants in the industry, we have the most diversified portfolio and presence in all segments. We are one of the few industry participants to have an integrated ecosystem of Wellness & Beauty services, products, and training, which provides us with a unique competitive advantage over any other organised or unorganised player in the market. (Source: F&S Report)

In the retail products category, given our strategy to focus on under-served, fast growing niche opportunities, we do not directly compete with any of the incumbent multinational brands, which tend to focus on high volume, centre of market product lines.

### **Information Technology**

We recognize the importance and benefits of information technology in our industry and have invested in maintaining reliable and advanced information technology systems to improve our operations and efficiency. We implemented the enterprise resource planning (“ERP”) software Microsoft Navision in Fiscal 2012 for our Personal Care Products business, covering all functions including production and procurement planning, sales accounting and financial management. We have also begun implementing the use of a sales force automation software for our Personal Care Products business in India, which will help us in gathering outlet reach, secondary sales and inventory data on a live basis and aid us in planning our marketing expenditures in a more market-focused approach.

We are using a customized, front-end Customer Relationship Management software called “CRM” at all our Wellness Clinics in India and the GCC Region, with front-end sales fully integrated with our back-end software. We receive data daily from this software at the corporate level and generate various reports which are required for analysis, customer relationship management and financial reports.

The combination of difficult to replicate on-ground presence with full scale online delivery model will be beneficial for our operations. We have also adopted a combination of online plus offline model in our skill development institutes to ensure easy flow of training with social distancing even during times of COVID-19.

### **Insurance**

Our insurance currently includes coverage relating to standard fire and special risks such as burglary, damage to properties caused by fire, lightning or explosion, physical loss or damage to project property works as well as relating to professional liability and product liability. We have insurance coverage for commercial general liability, cash in safe, fidelity, cash in transit, stock in transit, public liability insurance for customer claims as well as a medical insurance policy for our employees who are not already covered by the Employees’ State Insurance in India. We also have a director’s and officers’ policy for any liability for our directors and senior management. As of March 31, 2021, aggregate of our property, plant and equipment, inventories, and cash and cash equivalent were ₹ 3,466.90 million derived from the Restated Consolidated Summary Statements. These are duly insured for a total of ₹ 7,987.52 million, which represented an approximate coverage of 230.4% (taking into account overlapping coverage across policies). Our existing insurance coverage is adequate, and our existing insurance coverage is generally in line with international and industry standards in India.

### **Employees**

As of March 31, 2021, we had 2,967 full-time employees, of which 2,109 were employees of our Company and the remainder were employees of our Subsidiaries. We seek to attract quality professionals. As of March 31, 2021, 70.0% employees were women of our Wellness Clinics and Institutes. In our Wellness & Beauty services operations in South Asia, including India, all our heads of Company operated Wellness Clinics and Institutes are women, while in the GCC Region, women head 17 out of the 18 Company operated Wellness Clinics. Also, all except one of our area and regional management heads of our Wellness Clinics business are women. We believe this has contributed significantly to our goal of ensuring empowerment of women. We arrange for employees to participate in development training and advanced training throughout their employment, with most of such programs being run in-house. We have also adopted an incentive-based model wherein all employees at our Wellness Clinics may be rewarded on a monthly basis based on various performance parameters. This promotes a sense of entrepreneurship at the managerial level. We aim to develop

a collaborative culture at various levels of administration, sales and product and services development within our Company. Our attrition rate at the senior level is well controlled and our Company has amicable relations with its employees.

Our manpower planning is based on empirical data from our research and development as well as on the industry benchmark. We emphasize a robust talent acquisition and retention mechanism and our Institutes embody our objective of training and ultimately attracting qualified professionals to our Company. For our wellness services business, we believe that our employees are our most valuable assets. In addition to recruiting from our Institutes, we continue to invest in our employees to upgrade their skills and competencies through various learning and development initiatives, such as half-yearly advanced training by our senior service specialists or sales managers. We carry out a complete evaluation on each of our employees yearly and rate their performances. We provide performance-linked incentives to sales and delivery teams at our Company as well as profit sharing schemes with managers at the Wellness Clinics level, which help effective monitoring of revenue, timely execution of services and control on expenses. We provide our employees with retirement and maternity benefits and medical insurance coverage for employees who are not already covered under the Government's Employees' State Insurance. In addition to maintaining a comprehensive incentive structure for our Personal Care Products sales staff, we also offer career enhancement opportunities to our employees to gain experience in our different business divisions and operations in 12 countries.

### **Properties**

Our principal network of company operated outlets consists of 103 Wellness Clinics in India, 21 Wellness Clinics in overseas markets and 52 Institutes in India, which are all located in leased premises with lease contracts of five to nine years. These also include 88 franchisee operated Wellness Clinics and 42 franchisee operated Institutes in India and 4 franchisee operated Wellness Clinics overseas, for which the premises are procured by the franchisee directly. We, through our Subsidiaries, own our corporate offices in Gurgaon, India, and Singapore, in addition to two manufacturing plants in India and one in Singapore. The lease agreements have been executed at an arms-length basis with third parties that are not related to our Company or Promoters.

Our Wellness Clinics and Institutes are subject to substantial wear and tear due to various operational reasons such as repeated usage, higher maintenance expenditures, a need for up-gradation and better safety features. In addition, we are, from time to time, required to meet the changing needs of our existing and future customers and students, which would increase our ability to compete more effectively. We periodically undertake refurbishment of our Wellness Clinics, which primarily comprises of costs relating to such as interior costs and furniture and equipment costs, amongst other costs.

### **Environmental, health, safety, and security matters**

We are committed to upholding procedures to protect the environment and enforce environmental, health, safety and security mechanisms through accountability at all levels, suitable policies, feedback and full compliance by each employee and contractor to all policies we develop. We require adherence to these policies as they are crucial elements for sustainable development and continued success. Our subsidiary, VLCC Personal Care Products Limited holds an ISO 14001:2015 certification for its environmental management system for manufacturing of ayurvedic, herbal hair care, skin care and body care products.

### **Intellectual Property**

Our general policy is to seek intellectual property protection for those inventions and improvements likely to be incorporated into our products or to give us a competitive advantage. We rely on a variety of copyrights, trade secrets, trademarks, and proprietary information to maintain and enhance our competitive position. We own our principal brand name, "VLCC®", with the registration of trademarks in India and countries where we have operations, including in the GCC Region, South East Asia and South Asia, Kenya, and Saudi Arabia. Our trademarks also include *Slimmer's™*, *VLCC Institute - Creating Wellness Experts™* and *Shape Up™* which have been registered or applied for. The intellectual property rights registered in the name of our Company are legally held, and all formalities in this regard have been complied with. Our brands in Singapore, *BelleWave™* and *SkinMTX™*, are registered in the name of our subsidiary in Singapore.

For further details of the intellectual property registered in the name of or applied for by the Company, see "*Government and Other Approvals*" on page 374.

## Corporate Social Responsibility

Our Company has a strong thrust in Corporate Social Responsibility (“**CSR**”) since 2001, when we instituted our charter in-house for CSR. Our CSR initiatives are focused on two themes – “Women empowerment” through financial independence and “Anti-Obesity” centred around raising awareness about the ills of being overweight and obesity and the importance of leading a healthy lifestyle.

Woman empowerment has been at the core of our philosophy from inception. Started by a woman entrepreneur, employing 70.0% women, our focus has been on empowering women by equipping them with skills through scholarships or subsidized training at our Institutes to make them employable or pursue entrepreneurial opportunities, thereby achieving financial independence.

Since 2008, we have been working in partnership with a non-governmental organization based in India, Kinship for Humanitarian Social and Holistic Intervention (“**Khushii**”) to provide vocational skills training to underprivileged women. We have also supported Khushii with their Swatantra Shikshaantra Tributary School in New Delhi, India, in which, along with remedial education, we provide nutrition and beauty culture knowledge and training.

In addition to this, we have been partnering with the Central Government and State governments in India to support their skill-building initiatives by providing training at our Company operated Institutes under various schemes and initiatives. We are registered as a vocational training provider under the Skill Development Initiative Scheme with various State governments for providing training at our Institutes.

Our other CSR focus area of Anti-Obesity initiatives is consonant with our core mission of enabling women and men to feel good, look good and get more out of life. Starting 2001, we began our Anti-Obesity Day™ initiative to raise global awareness about being over-weight or obesity and its ill-effects. The Anti-Obesity Day™ is observed on November 26<sup>th</sup> every year, as part of our annual campaign between November and December. Our anti-obesity campaign includes organizing health camps and mass counselling sessions, hosting talk shows with the health experts and disseminating special literature on obesity. We also collaborate with healthcare organizations and leading media in India and the GCC Region for this initiative, for example, on Anti-Obesity Day, 26<sup>th</sup> November 2019, as part of our commitment to the Government of India backed Fit India Mission, we organized a nation-wide walkathon, the flagship event of which was held in New Delhi and flagged off by Minister of State (Independent Charge), Ministry of Youth Affairs and Sports, Government of India. We have also been running an annual public service campaign, ‘Take the Orange Pledge: Stand Up India’, aimed at creating awareness about the need to live an active and healthy lifestyle. As of June 30, 2021 over 5.36 million people have clicked the orange button on our website, [www.orangepledge.com](http://www.orangepledge.com), and symbolically taken the ‘Orange Pledge’, committing themselves to lead a healthier and more active lifestyle.

## KEY REGULATIONS AND POLICIES

*We are primarily engaged in the business of manufacturing Wellness Products, providing Wellness Services and operating Vocational Training Institutes. There are no specific laws and regulations currently in force governing the wellness industry in India, however the following description is a summary of certain laws in India, which are applicable to our Company. The information below has been obtained from sources available in the public domain. The summary of laws and policies set forth below may not be exhaustive and is only intended to provide general information to investors and is neither designed nor intended to substitute for professional legal advice.*

### **Laws relating to Wellness Services and manufacture of Personal Care Products**

#### ***Drugs and Cosmetics Act, 1940 (“DCA”)***

The DCA regulates the import, manufacture, distribution and sale of drugs and cosmetics in India as well as aspects relating to labelling, packing and testing. The DCA prohibits *inter-alia* the manufacture and sale of (i) drugs and cosmetics which are not of standard quality or are misbranded, adulterated or spurious (ii) any patent or proprietary medicine, unless the true formula or list of active ingredients is displayed in the prescribed manner on the label, together with the quantities thereof (iii) any drug which by means of any statement, design or device accompanying it or by any other means, purports or claims to prevent, cure or mitigate any such disease or ailment, or to have any such other effect as may be prescribed (iv) any cosmetic containing any ingredient which may render it unsafe or harmful for use under the directions indicated or recommended. It further prohibits *inter-alia* the exhibition, offer for sale, distribution or sale of any drug or cosmetic which has been imported or manufactured in contravention of any of the provisions of DCA or any rule made there under. The DCA makes it mandatory for every person involved in *inter-alia*, manufacture and sale of drugs and cosmetics to operate under the conditions of a license issued to them for the said purpose. The DCA also prohibits the import of certain categories of drugs and cosmetics. It further mandates that every person holding a license must keep and maintain such records, registers and other documents as may be prescribed which may be subject to inspection by the relevant authorities.

Further the DCA regulates the manufacture and sale of Ayurvedic Siddha and Unani drugs (“**ASU drug**”) and lays down the conditions when an ASU drug shall be deemed to be misbranded, adulterated or spurious. DCA also mandates that from such date as the State Government may, by notification in the official gazette, specify in this behalf, no person shall *inter alia* manufacture, sell or distribute (i) any misbranded, adulterated or spurious ASU drug, (ii) any patent or proprietary medicine, unless the true list of all its ingredients is displayed in the prescribed manner on the label, (iii) any ASU drugs which are in contravention of any provisions of the DCA. The DCA further prohibits the sale, stocking, exhibiting, offer for sale or distribution of such ASU drugs which have been manufactured in contravention of any of the provisions of the DCA. It also empowers the Central Government to prohibit the manufacture, sale or distribution of ASU drug if it is satisfied that in public interest it is necessary or expedient to do so and if it is satisfied on the basis of any evidence or other material available before it that the use of ASU drug is likely to involve any risk to human beings or animals or that it does not have the therapeutic value claimed or purported to be claimed for it. Penalties in terms of fine and imprisonment are prescribed under the DCA for contravention of its provisions.

#### ***The Drugs and Cosmetics Rules, 1945 (“DC Rules”)***

The DC Rules lay down the process for obtaining various approvals and licenses for import, manufacture, distribution and sale of drugs and cosmetics in India as well as aspects relating to labelling, packing and testing as required under the DCA, including licenses required for new drugs and imported drugs. The DC Rules empower the licensing authority to grant or renew the licence for the manufacture and sale of drugs. The DC Rules also set-out the conditions for the grant or renewal of licenses for the manufacture and sale of drugs and cosmetics.

DC Rules provide for grant of a certificate of Good Manufacturing Practices (“**GMP**”) to manufacturers of ASU drugs if they comply with the requirements set out in these rules. The GMP provides for general requirements for, including but not limited to, location and surroundings of the factory building, maintenance of water systems, waste disposal mechanisms, warehousing, sanitation in manufacturing premises, health, clothing and sanitation of workers etc.



### ***The Food Safety and Standards Act, 2006 (“FSS Act”)***

FSS Act provides for the establishment of the Food Safety and Standards Authority of India, which establishes food safety standards for the manufacture, storage, distribution, sale and import of food. It is also required to provide scientific advice and technical support to the Government of India and Indian state governments in framing the policy and rules relating to food safety and nutrition. The FSS Act also sets forth requirements relating to the licensing and registration of food businesses, general principles for food safety, responsibilities of food business operators and liability of manufacturers and sellers, and provides for adjudication of such issues by the Food Safety Appellate Tribunal.

In exercise of powers under the FSS Act, FSSAI has framed, inter alia, the Food Safety and Standard Rules, 2011 (“FSSR”). The FSSR sets out the enforcement structure of ‘commissioner of food safety’, ‘food safety officer’ and ‘food analyst’ and procedures of taking extracts of books of accounts and other relevant documents, seizure of food articles, sampling of food articles and analysis. The Food Safety and Standards (Licensing and Registration of Food Businesses) Regulations, 2011 provide for the conditions and procedures for registration and licensing process for food business and lays down general requirements to be fulfilled by various food business operator, including petty food business operators as well as specific requirements to be fulfilled by businesses dealing with certain food products.

### ***The Legal Metrology Act, 2009 (“Legal Metrology Act”)***

The Legal Metrology Act, as amended, which came into force on March 1, 2011 was enacted to establish and enforce standards of weights and measures and to regulate trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure or number. It repealed and replaced the Standard of Weights and Measures Act, 1976 and the Standards of weights and Measures (Enforcement) Act, 1985. The Legal Metrology (Packaged Commodities) Rules, 2011 framed under the Legal Metrology Act lay down specific provisions applicable to packages intended for retail sale, wholesale packages and for export and import of packaged commodities and also provide for registration of manufacturers and packers. Further, states may, after consultation with the Central Government, frame state specific rules under this Act to provide for the time limits for verification of weights and measures, maintenance of registers and records, manner of notifying government authorities, fees for compounding of offences etc.

### ***Shops and Establishment Acts in various states***

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 under the respective legislations. 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. Different States have different penalties prescribed for contraventions of their respective legislations.

### ***Consumer Protection Act, 2019 (“COPRA”)***

The COPRA, which came into force from July 2020, repealed the Consumer Protection Act, 1986. The COPRA provides a mechanism for the consumer to file a complaint against a service provider in cases of unfair trade practices, restrictive trade practices, deficiency in services, unlawful pricing and serving of food that may be hazardous to life. It provides for a three tier consumer grievance redressal mechanism at the national, state and district levels. Noncompliance of the orders of the redressal commissions attract criminal penalties. The COPRA has, *inter alia*, introduced a Central Consumer Protection Council to promote, protect and enforce the rights of consumers and provides for mediation cells for the early settlement of disputes between the parties. The COPRA places liability on a product manufacturer / product service provider / product seller to compensate for the harm caused due to a defective product or deficiency in services. The COPRA also enables the Central Government to take measures for preventing unfair trade practices in e-commerce.

## **Labour Laws**

### ***The Factories Act, 1948 (“Factories Act”)***

Factories Act defines a ‘factory’ to cover any premises which employs ten or more workers on any day of the preceding twelve months and in which manufacturing process is carried on with the aid of power or any premises where at least twenty workers are employed in a manufacturing process.

Each State Government has enacted rules in respect of the prior submission of plans and their approval for the establishment of factories and registration and licensing of factories. The Factories Act provides that an occupier of a factory i.e. the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors, must ensure the health, safety and welfare of all workers. There is a prohibition on employing children below the age of fourteen years in a factory. The Factories Act also provides for imposition of fines and imprisonment of the manager and occupier of the factory in case of any contravention of the provisions of the Factories Act.

The employment of workers, depending on the nature of activity, is regulated by a wide variety of generally applicable labour laws, including the Industrial Disputes Act, 1947, Contract Labour (Regulation and Abolition) Act, 1970, Payment of Wages Act, 1936, the Minimum Wages Act, 1948, the Payment of Gratuity Act, 1972, the Employee's State Insurance Act, 1948, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Shop and Establishment Act, 1948, the Trade Unions Act, 1926, the Payment of Bonus Act, 1965, Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013 and the Maternity Benefit Act, 1961, among others.

To rationalize and reform labour laws in India, the Government has enacted the following codes:

- Code on Wages, 2019, which regulates and amalgamates wage and bonus payments and subsumes four existing laws namely – the Payment of Wages Act, 1936, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, and the Equal Remuneration Act, 1976. It regulates, inter alia, the minimum wages payable to employees, the manner of payment and calculation of wages and the payment of bonus to employees.
- Industrial Relations Code, 2020, which consolidates and amends laws relating to trade unions, the conditions of employment in industrial establishments and undertakings, and the investigation and settlement of industrial disputes. It subsumes and simplifies the Trade Unions Act, 1926, the Industrial Employment (Standing Orders) Act, 1946 and the Industrial Disputes Act, 1947.
- Code on Social Security, 2020, which amends and consolidates laws relating to social security, and subsumes various social security related legislations, inter alia including the Employee's State Insurance Act, 1948, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Maternity Benefit Act, 1961 and the Payment of Gratuity Act, 1972. It governs the constitution and functioning of social security organisations such as the employee's provident fund and the employee's state insurance corporation, regulates the payment of gratuity, the provision of maternity benefits and compensation in the event of accidents that employees suffer, among others.
- Occupational Safety, Health and Working Conditions Code, 2020, which amends and consolidates laws regarding the occupational safety, health and working conditions of persons employed in an establishment. It subsumes various enactments including, among others, the Factories Act, 1948 and the Contract Labour (Regulation and Abolition) Act, 1970.

While certain portions of the Code on Wages, 2019, have now been enforced by the Ministry of Labour and Employment, the remainder of these codes shall become effective on the day that the Government shall notify for this purpose.

## **Environment Laws**

### ***The Water (Prevention and Control of Pollution) Act, 1974***

The Water (Prevention and Control of Pollution) Act, 1974 ("**Water Act**") aims to prevent and control water pollution and to maintain or restore water purity. The Water Act provides for one central pollution control board, as well as various state pollution control boards, to be formed to implement its provisions. Under the Water Act, any person intending to establish any industry, operation or process or any treatment and disposal system likely to discharge sewage or other pollution into a water body, is required to obtain the prior consent of the relevant state pollution control board.

Additionally, the Water (Prevention and Control of Pollution) Cess Act, 1977 ("**Water Cess Act**") requires a person carrying on any operation or process, or treatment and disposal system, which consumes water or gives rise to sewage effluent or trade effluent, other than a hydel power unit, to pay a cess in this regard. The cess to be paid is to be calculated on the basis of the amount of water consumed by such industry and the industrial purpose for which the water is consumed, as per the rates specified under the Water Cess Act.

### ***The Air (Prevention and Control of Pollution) Act, 1981***

The Air (Prevention and Control of Pollution) Act, 1981 (“**Air Act**”), aims to prevent, control and abate air pollution, and stipulates that no person shall, without prior consent of the relevant state pollution control board, establish or operate any industrial plant which emits air pollutants in an air pollution control area. The central pollution control board and state pollution control boards constituted under the Water Act perform similar functions under the Air Act as well. Not all provisions of the Air Act apply automatically to all parts of India, and the state pollution control board must notify an area as an “air pollution control area” before the restrictions under the Air Act apply.

### ***The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2016***

The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2016, as amended (“**Hazardous Wastes Rules**”) regulate the collection, reception, treatment, storage and disposal of hazardous waste by imposing an obligation on every occupier and operator of a facility generating hazardous waste to dispose of such waste without harming the environment. Every occupier and operator of a facility generating hazardous waste must obtain approval from the relevant state pollution control board. The occupier is liable for damages caused to the environment resulting from the improper handling and disposal of hazardous waste and must pay any fine that may be levied by the respective state pollution control board.

## **Laws relating to Intellectual Property**

### ***The Trade Marks Act, 1999***

In India, trademarks enjoy protection under both statutory and common law. Indian trademark law permits the registration of trademarks for goods and services. The Trade Marks Act, 1999 (“**Trademark Act**”) governs the statutory protection of trademarks and for the prevention of the use of fraudulent marks in India. Certification marks and collective marks can also be registered under the Trademark Act. An application for trademark registration may be made by individual or joint applicants by any person claiming to be the proprietor of a trade mark, and can be made on the basis of either use or intention to use a trademark in the future.

Applications for a trademark registration may be made for in one or more international classes. Once granted, trademark registration is valid for ten years unless cancelled. If not renewed after ten years, the mark lapses and the registration has to be restored. While both registered and unregistered trademarks are protected under Indian Law, the registration of trademarks offers significant advantages to the registered owner, particularly with respect to proving infringement. The Trademark (Amendment) Act, 2010 has been enacted by the GoI to amend the Trademark Act to enable Indian nationals as well as foreign nationals to secure simultaneous protection of trademark in other countries, and to empower the Registrar of Trademarks to do so. It also seeks to simplify the law relating to transfer of ownership of trademarks by assignment or transmission and to bring the law generally in line with international practice.

### ***The Patents Act, 1970***

The Patents Act, 1970 (“**Patents Act**”) governs the patent regime in India. Being a signatory to the Agreement on Trade Related Aspects of Intellectual Property Rights (“**TRIPS**”), India is required to recognize product patents as well as process patents. In addition to broad requirement that an invention satisfy the requirements of novelty, utility and non-obviousness in order for it to avail patent protection, the Patents Act further provides that patent protection may not be granted to certain specified types of inventions and materials even if they satisfy the above criteria. The Patents Act also prohibits any person resident in India from applying for a patent for an invention outside India without making an application for the invention in India. The term of a patent granted under the Patents Act is for a period of twenty years from the date of filing of the application for the patent.

### ***The Copyright Act, 1957***

The Copyright Act, 1957 (“**Copyright Act**”) governs copyright protection in India. Under the Copyright Act, copyright may subsist in original literary, dramatic, musical or artistic works, cinematograph films and sound recordings. While copyright registration is not a prerequisite for acquiring or enforcing a copyright in an otherwise copyrightable work, registration constitutes prima facie evidence of the particulars entered therein and may expedite infringement proceedings and reduce delay caused due to evidentiary considerations. Once registered, copyright protection of a work lasts for a period of sixty years following the demise of the author.

Reproduction of a copyrighted work for sale or hire, issuing of copies to the public, performance or exhibition in public, making a translation of the work, making an adaptation of the work and making a cinematograph film of the work without consent of the owner of the copyright are all acts which expressly amount to an infringement of copyright.

#### **Laws relating to Taxation**

The tax related laws that are pertinent include the Income Tax Act 1961 and the Central Goods and Services Tax Act, 2017. In addition, we may be subject to professional tax and other taxes under various state legislations.

## HISTORY AND CERTAIN CORPORATE MATTERS

### Brief history of our Company

Our Company was originally incorporated as ‘*Curls & Curves (India) Private Limited*’, a private limited company under the Companies Act, 1956 and a certificate of incorporation was issued by the RoC on October 23, 1996 at Delhi. Subsequently, the name of our Company was changed to ‘*Curls & Curves (India) Limited*’ upon conversion of our Company into a public company pursuant to a special resolution passed by our shareholders on March 5, 1999 and a fresh certificate of incorporation consequent upon change of name on conversion to public limited company was issued by the RoC on April 20, 1999. Further, the name of our Company was again changed to ‘*VLCC Health Care Limited*’, to reflect the business of our Company, pursuant to a special resolution passed by our shareholders dated October 18, 2004 and a fresh certificate of incorporation consequent upon change of name was issued by the RoC on November 18, 2004.

### Changes in the Registered Office of our Company

The details of change in the Registered Office of our Company are as below:

Effective Date	Details of change	Reason for change
July 25, 2006	The address of the Registered Office of our Company was changed from D-58, Panchsheel Enclave, New Delhi 110 017 to M-14 Greater Kailash-II, Commercial Complex, New Delhi 110 048, India.	Expansion needs, administrative convenience and greater operational efficiency

### Our Main Objects

The main objects of our Company as contained in our Memorandum of Association are:

1. *“To promote, encourage, establish, provide, maintain, conduct, operate, organise, subsidise, franchise and run health clubs, slimming and weight management centers, beauty parlours, yoga centers, ayurveda centres, wellness centres, nutrition counselling centres, physiotherapy centres, swimming pools, gymnasiums, residential spa, high-end hair treatment centres, skin-care and dermal-cosmetology centres, education institutes, including providing these services through on-line / at-home model, and to run the business as beauticians, manicurists, hairdressers, cosmetologists, nutritionists/dieticians, makers and suppliers of all kinds of wigs and to run retail operations in the following categories of business – beauty products and services, health and wellness products, consumer food – products and services, apparels and lifestyle products and to conduct classes, seminars, demonstrations, education and training programs for betterment of body and beauty care, and Vocational Training or Skill Development.*
2. *To carry on in India or elsewhere the business to establish, run, manage, construct, build, take on hire or lease, maintain, organise, promote, provide, acquire, buy, sell, franchise, convert, develop, erect, and to handle health centres, yoga centres, immunization centres, massage houses, beauty saloons, clinics, maternity and family planning units, gymnasiums, swimming pools, hospitals, blood banks, poly clinics, natural cure centres, chain of such retail salons and beauty shops, massage houses, prenatal and antenatal centers, sauna and steam bath, nursing homes, pathological laboratories, sports clubs, health foods outlets, diagnostic centres, medical and other centres.*
3. *To carry on the business of sale, purchase, import, export of beauty products, health products, and the machinery and tools related to beauty parlours, health centres, food outlets and to take and provide consultancy overseas.”*

The main object clause and objects incidental or ancillary to the main objects of the Memorandum and Articles of Association enable our Company to undertake its existing activities and activities which it has carried out until now.

## Amendments to our Memorandum of Association

Set out below are the amendments to our Memorandum of Association in the last ten years:

Date of change/ shareholders' resolution	Nature of amendment
August 14, 2015	<p>The authorised share capital of our Company was increased to ₹ 500 million divided into 50,000,000 Equity Shares.</p> <p>The ancillary objects sub-clause was substituted with a new sub-clause and the other objects clause was deleted in conformity with the provisions of the Companies Act, 2013.</p> <p>The liability clause was substituted with a new liability clause and the subscriber clause renumbered as Clause VI, in conformity with the provisions of the Companies Act, 2013.</p>
September 28, 2016	The Object Clause was altered to introduce related activities connected to the wellness and weight management including ayurveda centres, wellness centres, nutrition counselling centres, physiotherapy centres, high-end hair treatment centres, skin-care and dermal-cosmetology centres and other related activities and was accordingly replaced with the current object Clause III A titled “– <i>Our Main Objects</i> ” on page 194.

## Key Awards and Accreditations

Calendar Year	Accreditations
<i>VLCC Health Care Limited</i>	
2015	<ul style="list-style-type: none"> <li>The Trust Research Advisory listed VLCC as one of “India’s most trusted wellness brand” in the healthcare and wellness category.</li> </ul>
2016	<ul style="list-style-type: none"> <li>“VLCC” listed as one of India's most trusted brand in the category of Healthcare – Wellness in the 6<sup>th</sup> edition of The Brand Trust Report, India Study 2016.</li> </ul>
2017	<ul style="list-style-type: none"> <li>“VLCC” listed as one of India's most trusted brand in the category of Healthcare – Wellness in the 7<sup>th</sup> edition of The Brand Trust Report, India Study 2017.</li> </ul>
2018	<ul style="list-style-type: none"> <li>“VLCC” listed as one of India's most trusted brand in the category of Healthcare – Wellness in the 8<sup>th</sup> edition of The Brand Trust Report, India Study 2018.</li> </ul>
2019	<ul style="list-style-type: none"> <li>“VLCC” listed as one of India's most trusted brand in the category of FMCG - Cosmetics in the 9<sup>th</sup> edition of The TRA’s Brand Trust Report, India Study 2019.</li> </ul>
2020	<ul style="list-style-type: none"> <li>VLCC products such as VLCC Gold Facial Kit was awarded “Facial Kit of the Year” and VLCC Bamboo Charcoal Facial Kit as “Anti-pollution Product of the Year” in 2020 by ASSOCHAM</li> </ul>
<i>VLCC Personal Care Limited</i>	
2018	<ul style="list-style-type: none"> <li>Certificate issued by Intertek Certification Limited for implementation of a quality management system in accordance with ISO 9001:2015 and ISO 14001: 2015 for manufacturing and distribution of ayurvedic &amp; cosmetics skin care, hair care and body care products</li> </ul>
2020	<ul style="list-style-type: none"> <li>Certificate issued by Intertek Italia Spa for conforming to F101-6-COS intertek’s cosmetic program in accordance with ISO 22716:2007 for manufacturing and distribution of ayurvedic &amp; cosmetics skin care, hair care and body care products</li> </ul>
<i>VLCC International LLC</i>	
2017	<ul style="list-style-type: none"> <li>‘VLCC’ recognized as a ‘Superbrand’ by Superbrands India Private Limited.</li> </ul>
<i>Global Vantage Innovative Group Pte Ltd</i>	
2021	Awarded the “Annual Beauty & Wellness Awards 2021”

## Major Events and Milestones

The table below sets forth some of the major events in the history of our Company:

Calendar Year	Details
1989	First beauty and weight management services centre was launched by Mrs. Vandana Luthra in New Delhi
1996	Incorporation of our Company
2004	Private equity investment by Shine Limited (CLSA)
2005	First overseas Company operated wellness & beauty clinic opened (Dubai, UAE)

Calendar Year	Details
2009	Manufacturing facility set up at Haridwar, India.
2013	Acquisition of Global Vantage Innovative Group Pte Ltd as a Subsidiary in Singapore.
2013	Entered into an agreement with Yana Investments Limited in relation to setting up VLCC wellness clinics in Kenya.
2014	Acquisition of VLCC Wellness Research Centre Private Limited as a Subsidiary.
2017	Opened up 2nd manufacturing facility set-up in India at Goalpara (Assam)
2019	MoU signed with Minor Group for operating Wellness Clinics in their hotel properties
2019	“VLCC Wellness and Weight Management Programmes Recommended by IMA” approval from Indian Medical Association

### **Significant financial and/or strategic partnership**

Our Company does not have any strategic and/or financial partners.

### **Launch of key products or services, entry in new geographies or exit from existing markets, capacity/facility creation or location of plants**

For details of key products or services launched by our Company, entry into new geographies or exit from existing markets, capacity/facility creation, location of plants to the extent applicable, see “*Our Business*” on page 156.

### **Time/cost overrun**

Our Company has not experienced time and cost overrun in relation to the projects executed by us.

### **Defaults or rescheduling of borrowings with financial institutions/banks, conversion of loans into equity by our Company.**

There has been no rescheduling of borrowings with financial institutions or banks or conversion of loans into equity in relation to our Company.

### **Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamation, any revaluation of assets etc. if any, in the last ten years.**

Except as disclosed below, our Company has not undertaken any material acquisitions or divestments of any business/undertakings, and has not undertaken any mergers, amalgamations or any revaluation of assets, in the last 10 years.

***Share purchase agreement dated October 5, 2012, amongst Mr. Wang Li, Ms. Yap Yann Fang, Mr. Chong Boo Wan, Mr. Wong Tze Peng, Mr. Charlie Ching Wee Chun (collectively, the “Sellers”), VLCC International Inc. and Wyann International (M) Sdn. Bhd(“Wyann SPA”)***

Pursuant to Wyann SPA, VLCC International Inc. purchased 380,000 equity shares of Wyann from the Sellers, constituting 76% of its issued, subscribed and paid-up capital for a total consideration of MYR 4.56 million. Further, pursuant to a business transfer agreement dated January 31, 2019, Wyann has transferred its business to Elegant Beauty & Aesthetic Wellness Sdn.

***Share purchase agreement dated July 23, 2013, amongst Mr. Goo Teck Bing, MDM. Leyau Ah Hwa, Mr. Ko Chuan Aun, Ms. Le Hoai, VLCC Singapore Pte Ltd, Global Vantage Innovative Group Pte. Ltd (“GVig Singapore”) and Ms. Song Mei Cheng (“GVig SPA”)***

Pursuant to GVig SPA, VLCC Singapore Pte. Ltd. purchased 3,478,660 ordinary shares of GVig Singapore, constituting 80% of its issued, subscribed and paid-up capital. Further, pursuant to a share transfer deed, Ms. Song Mei Cheng transferred 217,416 ordinary shares constituting 5% of the total paid up capital of GVig Singapore to VLCC Singapore Pte. Ltd. on October 9, 2014.

***Share purchase agreement dated September 30, 2014 amongst Mrs. Vandana Luthra, Ms. Pallavi Luthra, VLCC Personal Care and VLCC Wellness Research (formerly “Natraj Woollen and Finishing Mills Private Limited”) (“VLCC Wellness SPA”)***

Pursuant to VLCC Wellness SPA, 5,000 equity shares of VLCC Wellness Research constituting 100.00% of its issued, subscribed and paid-up capital were acquired by VLCC Personal Care for a total consideration of ₹ 150.00 million on December 9, 2014.

***Share purchase agreement dated May 30, 2017 amongst Brand Equity Treaties Limited (“BETL”), VLCC Personal Care Limited (“VLCC Personal Care”) and VanityCube Mobile SPA and Salon Private Limited (“VanityCube”) (“VanityCube SPA”)***

Pursuant to VanityCube SPA, VLCC Personal Care agreed to acquire 9,598 equity shares of face value of ₹. 10 of VanityCube held by BETL for an amount of ₹ 9.00 million subject to the terms and conditions mentioned therein.

***Share subscription and shareholders agreement dated June 5, 2017, amongst Pragya Upadhyay, Renu Bisht, Other Angel Investor (as specified in schedule 1), Unicorn India Ventures Trust (“Unicorn”), VLCC Personal Care Limited (“VLCC Personal Care”) and VanityCube Mobile SPA and Salon Private Limited (“VanityCube”) (“VanityCube SSA”)***

Pursuant to VanityCube SSA, VLCC Personal Care has agreed to invest upto a maximum of ₹ 162 million on prorata basis in few tranches over the next three years on the terms and conditions as mentioned therein. As on the date of this Draft Red Herring Prospectus, VLCC Personal Care, our Subsidiary holds 684,346 equity shares of VanityCube. VLCC Personal Care, our Subsidiary currently holds 77.38% of the fully-diluted paid up share capital of VanityCube.

Our Company has not revalued its assets during the ten years preceding this Draft Red Herring Prospectus.

## **Material Agreements**

### **A. Share Purchase and Shareholders’ Agreements**

***1. Shareholders’ agreement dated November 13, 2014, among our Company, Promoters and Leon International Limited, as amended by way of amendment agreements dated March 11, 2015, September 17, 2015 and August 7, 2021 (“Leon SHA”) to which OIH Mauritius Limited is a confirming party***

Our Company, Promoters, Leon International Limited (“**Leon**”) and OIH Mauritius Limited (“**OIH**”), as a confirming party, entered into the Leon SHA in order to set out the respective rights and obligations of our Company, Promoters and Leon as a shareholder of 5,141,718 Equity Shares, representing 13.65% equity shareholding in our Company, which were transferred to Leon from Shine Limited pursuant to a deed of adherence dated November 10, 2010.

Pursuant to this agreement, certain key preferential rights were available to Leon, such as right to nominate a Director on our Board whose prior written consent would be required to implement all reserved matters, nominate an observer to attend, but not hold any voting rights, at all meetings of our Board, right of first offer, tag-along rights, anti-dilution rights and a right but no obligation to tender all or part of its shareholding in the initial public offering by our Company. Further, in terms of the Leon SHA, the parties may terminate this agreement through a mutual written consent, else it shall automatically get terminated on the earlier of:

- Leon, alongwith any of its respective affiliates, ceasing to hold any Equity Shares; or
- In the event of an initial public offering of our Company.

The parties to the Leon SHA have executed multiple amendment agreements pursuant to which certain of their rights and obligations under the Leon SHA have been amended, including an agreement dated August 7, 2021 in terms of which the Leon SHA will terminate upon consummation of the Offer.



2. ***Share subscription agreement dated January 24, 2007 (“OIH SSA”) and investors’ rights agreement dated January 24, 2007, among our Company, Promoters and OIH Mauritius Limited, as amended by way of amendment agreements dated July 15, 2010, February 7, 2011, March 11, 2015, September 17, 2015, July 14, 2021 and August 7, 2021 (“OIH SHA”) (collectively, the “OIH Agreements”) to which Leon is a confirming party***

Our Company entered into the OIH SSA, pursuant to which OIH subscribed to 5,000,000, 0% compulsorily fully convertible debentures of ₹ 100 each (“CCDs”) at an aggregate consideration of ₹ 500 million, which were subsequently converted into 341,132 Equity Shares on March 8, 2011. Further, our Company, Promoters and OIH entered into the OIH SHA in order to set out the respective rights and obligations of our Company, Promoters and OIH as an investor holding 5,692,621 Equity Shares, representing 15.11% of the equity stake in our Company. Leon was a confirming party to the amendment agreements dated February 7, 2011, March 11, 2015 and September 17, 2015.

Pursuant to the OIH SHA, there are certain key preferential rights available to OIH, such as right to nominate a Director and an observer on our Board (provided it continued to hold at least 5% of the equity share capital of our Company), membership on the committees of our Board, requirement for prior written consent of its nominee Director in relation to reserved matters, right of first offer, tag-along rights, anti-dilution rights and a right but no obligation to tender all or part of its shareholding in the initial public offering by our Company. Further, in terms of the OIH SHA, the parties may terminate this agreement through a mutual written consent, else it shall automatically get terminated on the earlier of:

- OIH, along with any of its respective affiliates, ceasing to hold any Equity Shares equal to or greater than the threshold limit; or
- in the event of an initial public offering of our Company.

Further, parties to the OIH SHA will also be obliged to indemnify the other parties against any direct or indirect liability, loss, damage, claim, settlement, cost or expense asserted arising out of any material misrepresentation or breach of any representation or warranty, undertaking or agreement or obligation required to be performed pursuant to the OIH SHA.

The parties to the OIH SHA have executed multiple amendment agreements pursuant to which certain of their rights and obligations under the OIH SHA have been amended, including an agreement dated July 14, 2021, in relation to the sale of 3,795,081 Equity Shares held by OIH to Mr. Vikrant Puri. Further, in terms of an agreement dated August 7, 2021, the OIH SHA will terminate upon consummation of the Offer.

For further details, see section titled “*Capital Structure*” on page 75.

**B. Other Material Agreements**

***Share subscription and shareholders’ agreement dated April 23, 2014, among Mr. Mukesh Luthra, Leon, Tiger Nominees Limited and Algoth Limited (“Algoth Agreement”), Loan agreement dated April 23, 2014, among Mr. Mukesh Luthra, Leon and Algoth Limited (“Loan Agreement”) as amended by way of an amendment agreement dated September 6, 2018 (“Loan Amendment Agreement”)***

Mr. Mukesh Luthra, our Promoter, is a party to the Algoth Agreement, pursuant to which Algoth Limited (“**Algoth**”) subscribed to 999 equity shares (“**Algoth Shares**”) of Leon, representing 99.9% of the subscribed and paid up share capital of Leon, for an aggregate consideration of USD 999. Tiger Nominees Limited (“**Tiger**”) held, and continues to hold, the remaining one equity share of Leon and Mr. Mukesh Luthra is the beneficial owner of this equity share (“**Tiger Share**”).

Under the Algoth Agreement, Algoth has right to require Tiger or Mr. Mukesh Luthra to purchase Algoth Shares in the following manner:

- (a) Any time after date of closing of the subscription under the Algoth Agreement (“**Closing**”), Algoth may require Tiger or Mr. Mukesh Luthra to purchase the Algoth Shares, at such price as would

provide Algoth a minimum guaranteed return of 10% internal rate of return, net of taxes and corporate costs (in USD) on the investment amount., calculated from Closing up to the date of sale of the Algoth Shares to Mr. Mukesh Luthra, Tiger or any person nominated by Mr. Mukesh Luthra (“**MGRI**”); and

- (b) In the event the initial public offering or a strategic sale of equity shares of our Company is not completed with three years of Closing, Algoth may require, pursuant to exercise of its put option, for Mr. Mukesh Luthra to purchase the Algoth Shares for cash, at MGRI. Further, Mr. Mukesh Luthra shall cause Tiger to subscribe to 99,999 equity shares of Leon, upon a written request from Algoth.

In addition to subscription of Algoth Shares, Algoth has also extended a loan for USD 9.99 million to Leon pursuant to the Loan Agreement. In terms of the Loan Agreement read with the Loan Amendment Agreement, the loan is repayable along with applicable interest and additional handling fee chargeable by Algoth.

As security for the loan, Tiger has pledged the Tiger Share in favour of Algoth, and an assignment in respect of Leon’s assets was created and share certificates for equity shares of our Company were deposited with Algoth. Pursuant to a letter dated June 1, 2021, Algoth has waived (i) its right to enforce the pledge on the Equity Shares being offered for sale in the Offer by Leon (“**Leon OFS Shares**”) under the Loan Agreement read with the Repayment Letter, to facilitate (a) the offer for sale of the Leon OFS Shares pursuant to the Offer; and (b) the lock-in of any Leon OFS Shares which may remain unsold post the completion of the Offer, for a period of one year from the date of allotment of equity shares in the Offer, or such other period as may be prescribed under applicable laws, and (ii) its rights under the Loan Agreement read with the Loan Amendment Agreement, in relation to the repayment of the payable loan amount, until repayment of the loan by Leon pursuant to completion of the Offer. Mr. Mukesh Luthra has given a personal guarantee to secure the loan and has also undertaken that he will not extend any further guarantees or securities without the prior written consent of Algoth.

#### **C. Agreements with Key Managerial Personnel, Director, Promoters or any other employee**

There are no agreements entered into by our Key Managerial Personnel or Promoters or Directors or any other employee of our Company, either by themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of our Company, as on the date of this Draft Red Herring Prospectus.

#### **D. Details of material guarantees given to third parties by our Promoter, offering his shares in the Offer for Sale**

Our Promoter Selling Shareholder has not given any material guarantees to third parties with respect to the Equity Shares of our Company.

#### **E. Other Agreements**

Mrs. Vandana Luthra, one of our Promoters has entered into a technical know-how agreement dated July 1, 2019, with our Company, pursuant to which she was entitled to an amount of ₹ 1.77 million per month in Fiscal 2021. Mrs. Vandana Luthra has also entered into another similar technical know-how agreement dated July 1, 2019 with our Subsidiary, VLCC Personal Care Limited, pursuant to which she was entitled to an amount of ₹ 1.77 per month in Fiscal 2021.

Except as disclosed above, as on the date of this Draft Red Herring Prospectus, our Company has not entered into any subsisting material agreements (other than in the ordinary course of business of our Company) and there are no subsisting shareholders’ agreements with respect to our Company. For details with respect to agreements in relation to the business and operations of our Company, see “*Our Business*” on page 156.

#### **Holding Company**

As on the date of DRHP, our Company does not have a holding company.

#### **Joint Ventures**

As on the date of DRHP, our Company does not have any joint ventures.

**Subsidiaries**

For details, please refer to section '*Our Subsidiaries*' on page 201.

## OUR SUBSIDIARIES

As of the date of this Draft Red Herring Prospectus, our Company has twenty-six Subsidiaries, comprising two direct Subsidiaries and twenty-four step-down Subsidiaries, as set forth below:

### 1. VLCC Personal Care Limited (“VLPC”)

#### *Corporate Information*

VLPC (originally incorporated as VL Bodycare Private Limited) was incorporated on September 06, 2000 as a private limited company under the Companies Act, 1956. Its CIN is U52212DL2000PLC107566 and its registered office is situated at M-14, Greater Kailash - II, Commercial Complex, New Delhi – 110048, India.

VLPC is enabled under its objects to carry the business of manufacture, export, import, purchase, pack, replace or otherwise deal in all type of cosmetics products their integral accessories & instruments inclusive of talcum powder, face cream, face foundation and skin creams, hair dyes, shaving soaps, medicine soaps, lipsticks, eye liner, hair remover, mascara, hair oils, sprays, perfumes and other cosmetics in India as well as outside India.

#### *Capital Structure*

The authorised share capital of VLPC is ₹ 50,000,000 divided into 5,000,000 equity shares of face value of ₹ 10 each.

#### *Shareholding*

The following table sets forth the details of the shareholding of VLPC:

Sr. No.	Name of the shareholder	Number of equity shares of face value ₹ 10 each	Percentage of total holding (%)
1.	VLCC Health Care Limited	4,374,994	100.00
2.	Mr. Mukesh Luthra *	1	negligible
3.	Mrs. Vandana Luthra *	1	negligible
4.	Ms. Meera Luthra *	1	negligible
5.	Ms. Pallavi Luthra *	1	negligible
6.	Mr. Anurag Bhatia *	1	negligible
7.	Mr. Sandeep Ahuja *	1	negligible
	<b>Total</b>	<b>4,375,000</b>	<b>100.00</b>

\* The beneficial interest of these shares are held with our Company, hence 100% of the equity share capital is held with our Company

#### *Amount of accumulated profits or losses*

As of March 31, 2021, there are no accumulated profits or losses of VLPC, not accounted for, by our Company.

### 2. VLCC International Inc.

#### *Corporate Information*

VLCC International Inc. was incorporated on December 2, 2004 under the laws of the British Virgin Islands. Its registration number is 627967 and its registered office is situated at QUIJANO & Associates (BVI) Limited, Quijano Chambers, P. Box No. 3159, Road Town, Tortola, British Virgin Islands.

VLCC International Inc. is engaged in the business of investments, to acquire shares/ stocks/ debentures, as authorized under the objects clause of its memorandum of association.

### Capital Structure

The authorised share capital of VLCC International Inc. is USD 10,000,000 divided into 10,000,000 shares of USD 1 each.

### Shareholding

The following table sets forth the details of the shareholding of VLCC International Inc.:

Sr. No.	Name of the shareholder	Number of shares of face value USD 1 each	Percentage of total holding (%)
1.	VLCC Health Care Limited	4,450,457	100.00
	<b>Total</b>	<b>4,450,457</b>	<b>100.00</b>

### Amount of accumulated profits or losses

As of March 31, 2021, there are no accumulated profits or losses of VLCC International Inc., not accounted for, by our Company.

## 3. VLCC Online Services Private Limited (“VLCC Online Services”)

### Corporate Information

VLCC Online Services was incorporated on March 11, 2016 as a private limited company under the Companies Act, 2013. Its CIN is U93000HR2016PTC058548 and its registered office is situated at 64, HSIIDC Sector 18, Maruti Industrial Area, Gurgaon 122 015, India

VLCC Online Services carries on the business of *inter alia* providing solutions and services related to beauty and wellness including preventive healthcare through web-technologies, internet, apps, and e-commerce and any other source in India and overseas as authorized under the objects clause of its memorandum of association.

### Capital Structure

The authorised share capital of VLCC Online Services is ₹ 20,000,000 divided into 260,000 equity shares of face value of ₹10 each and 1,740,000 redeemable non-cumulative preference shares of ₹ 10 each.

### Shareholding

The following table sets forth the details of the shareholding of VLCC Online Services:

Sr. No.	Name of the shareholder	Number of equity shares of face value ₹ 10 each	Percentage of total holding (%)
1.	VLCC Personal Care Limited.	190,014	76.00
2.	Sandeep Ahuja (Nominee of VLCC Personal Care Limited)*	1	negligible
3.	Lajinder Bawa	39,178	15.67
4.	Rathin Mathur	1,627	0.65
5.	Rahul Nath	19,200	7.68
	<b>Total</b>	<b>250,020</b>	<b>100.00</b>

\* The beneficial interest of these share is held with VLPC, our Subsidiary.

14,00,000 0.01% redeemable non-cumulative preference shares of ₹ 10 each has been allotted to VLPC (amounting to ₹ 14.0 million)

*Amount of accumulated profits or losses*

As of March 31, 2021, there are no accumulated profits or losses of VLCC Online Service, not accounted for, by our Company.

**4. VanityCube Mobile Spa and Salon Private Limited (“VanityCube”)**

*Corporate Information*

VanityCube was incorporated on July 31, 2014 as a private limited company under the Companies Act, 2013. Its CIN is U74900MP2014PTC032983 and its registered office is situated at Jamuna Bhawan, Physical College Road, Shivpuri, Madhya Pradesh – 473551, India

VanityCube is enabled under its objects to carry on the business of providing salon and spa services and other related activities within India, which is the business it is currently engaged in.

*Capital Structure*

The authorised share capital of VanityCube is ₹ 61,500,000 divided into 150,000 equity shares of face value of ₹10 each and 6,000,000 compulsorily convertible preference shares of ₹10 each.

*Shareholding*

The following table sets forth the details of the shareholding of VanityCube:

Sr. No.	Name of the shareholder	Number of equity shares of face value ₹ 10 each	Percentage of total holding (%)
1.	VLCC Personal Care Limited	17,998	12.50
2.	Pragya Upadhyay	50,000	34.73
3.	Renu Bisht Balwant	50,000	34.73
4.	Unicorn India Ventures Trust	15,066	10.47
5.	Other individuals	10,900	7.57
	<b>Total</b>	<b>143,964</b>	<b>100.00</b>

54,45,000 compulsory convertible preference shares (“CCPS”) of ₹ 10 each has been issued to VLCC Personal Care and 539,800 CCPS are issued to Unicorn India Ventures Trust, they own 91% and 9% Preference share capital respectively.

*Amount of accumulated profits or losses*

As of March 31, 2021, there are no accumulated profits or losses of VanityCube, not accounted for, by our Company.

**5. VLCC Wellness Research Centre Private Limited (“VLCC Wellness Research”)**

*Corporate Information*

VLCC Wellness Research (originally incorporated as Natraj Woollen and Finishing Mills Private Limited) was incorporated on December 12, 1981 under the Companies Act, 1956. Its CIN is U73100DL1981PTC012796 and its registered office is situated at M-14, Greater Kailash II, Commercial Complex, New Delhi 110048.

VLCC Wellness Research is enabled under its objects to *inter alia* carry on the business qualitative and quantitative desk and field research in the wellness domain, including beauty, slimming and fitness products, services, appliances, dietary supplements, nutraceuticals, wellness foods and beverages, colour cosmetics, cosmetic treatments, ayurvedic, unani and siddha products and services and all related aids and accessories of every description, as also opening of research centres anywhere in India and overseas and all other allied activities but is currently not engaged in any business activities.

### *Capital Structure*

The authorised share capital of VLCC Wellness Research is ₹ 500,000 divided into 5,000 equity shares of ₹ 100 each.

### *Shareholding*

The following table sets forth the details of the shareholding of VLCC Wellness Research:

Sr. No.	Name of the shareholder	Number of equity shares of face value ₹ 100 each	Percentage of total holding (%)
1.	VLCC Personal Care Limited	4,998	100.00
2.	Mr. Sandeep Ahuja *	1	negligible
3.	Mr. Narinder Kumar *	1	negligible
	<b>Total</b>	<b>5,000</b>	<b>100.00</b>

\* The beneficial interest of these shares is held with VLPC, hence 100% of the equity share capital is held with VLPC, a wholly owned subsidiary of our Company.

### *Amount of accumulated profits or losses*

As of March 31, 2021, there are no accumulated profits or losses of VLCC Wellness Research, not accounted for, by our Company.

## **6. VLCC International LLC**

### *Corporate Information*

VLCC International LLC a limited liability company, was formed vide memorandum of association duly attested by the Notary Public of Dubai on August 14, 2005 under the laws of the United Arab Emirates. Its registration number is 575578 and its registered office is situated at 3101, AI Saqr Business Tower, P.O. Box -52411, Dubai, UAE.

VLCC International LLC is enabled under its objects to carry on the business of *inter alia* owning, managing and operating fitness, beauty and health centres, medical spa, medical center, poly clinic which is also the business it is currently engaged in.

### *Capital Structure*

The authorised share capital of VLCC International LLC is AED 300,000 divided into 300 shares of AED 1,000 each.

### *Shareholding*

The following table sets forth the details of the shareholding of VLCC International LLC:

Sr. No.	Name of the shareholder	Number of shares of face value AED 1000 each	Percentage of total holding (%)
1.	VLCC International Inc.	147	49.00
2.	Dr Juma Abdul Rahman Al Matrooshi (Sponsor)*	153	51.00
	<b>Total</b>	<b>300</b>	<b>100.00</b>

\* Beneficial interest of 51% sponsor's stake holding is also held by VLCC International Inc. and accordingly 100% economical interest is with VLCC International Inc, a wholly owned subsidiary of our Company

*Amount of accumulated profits or losses*

As of March 31, 2021, there are no accumulated profits or losses of VLCC International LLC, not accounted for, by our Company.

**7. VLCC (Middle East) L.L.C. (“VLCC Middle East”)**

*Corporate Information*

VLCC Middle East a limited liability company, was registered by the Dubai Chamber of Commerce and Industry, on December 7, 2004 under the laws of the United Arab Emirates. Its license number is 563601 and its registered office is situated at Office no.306, Saeed Bin Thani Bin Khalaf Building, Al Thani, P.O. Box 52411 Deira - Naif, Dubai, United Arab Emirates

VLCC Middle East is enabled under its objects to carry on the business of general trading and accordingly it is engaged in the business of trading of beauty products and equipments.

*Capital Structure*

The authorised share capital of VLCC Middle East is AED 300,000 divided into 300 shares of AED 1,000 each.

*Shareholding*

The following table sets forth the details of the shareholding of VLCC Middle East:

Sr. No.	Name of the shareholder	Number of shares of face value AED 1000 each	Percentage of total holding (%)
1.	VLCC International Inc.	147	49.00
2.	Dr Abdel Rahman Ibrahim Abdel Aziz Shuhail (Sponsor) *	153	51.00
	<b>Total</b>	<b>300</b>	<b>100.00</b>

\* Pursuant to an agreement entered into with Mr. Abdel for the balance 51.00% shareholding not held by VLCC International Inc., the risks and rewards of the business rests entirely with VLCC International Inc. and accordingly VLCC International Inc. has 100% economic interest in VLCC Middle East.

*Amount of accumulated profits or losses*

As of March 31, 2021, there are no accumulated profits or losses of VLCC Middle East, not accounted for, by our Company.

**8. VLCC Overseas Limited**

*Corporate Information*

VLCC Overseas Limited was incorporated as an offshore company with limited liability on May 3, 2010 under the laws of the Jebel Ali Free Zone Authority, United Arab Emirates. Its license number is 138362 and its registered office is situated at P.O. Box 52411, Dubai, United Arab Emirates.

VLCC Overseas Limited is enabled under its objects to carry on the business of *inter alia* an investment and holding company, including investment in companies in the wellness domain outside the United Arab Emirates, which is also the business it is currently engaged in.

*Capital Structure*

The authorised share capital of VLCC Overseas Limited is AED 10,000 divided into 1,000 shares of AED 10 each.



### Shareholding

The following table sets forth the details of the shareholding of VLCC Overseas Limited:

Sr. No.	Name of the shareholder	Number of shares of face value AED 10 each	Percentage of total holding (%)
1.	VLCC International Inc.	1,000	100.00
	<b>Total</b>	<b>1,000</b>	<b>100.00</b>

### Amount of accumulated profits or losses

As of March 31, 2021, there are no accumulated profits or losses of VLCC Overseas Limited, not accounted for, by our Company.

## 9. VLCC Healthcare (Bangladesh) Private Limited (“VLCC Healthcare Bangladesh”)

### Corporate Information

VLCC Healthcare Bangladesh was incorporated on June 20, 2010 under the laws of Bangladesh. Its registration number is C-85212/10 and its registered office is situated at, 4th Floor, House No. 101, Gulshan Avenue, Gulshan II, Dhaka 1212, Bangladesh.

VLCC Healthcare Bangladesh is enabled under its objects to carry on the business of *inter alia* running health clubs, beauty parlours, yoga centres, swimming pools, gymnasiums, residential spa, which is also the business it is currently engaged in

### Capital Structure

The authorised share capital of VLCC Healthcare Bangladesh is TK 100,000,000 divided into 1,000,000 equity shares of TK 100 each.

### Shareholding

The following table sets forth the details of the shareholding of VLCC Healthcare Bangladesh:

Sr. No.	Name of the shareholder	Number of shares of face value TK 100 each	Percentage of total holding (%)
1.	VLCC Overseas Limited	839,027	100.00
2.	Har Singh Gusain*	01	negligible
	<b>Total</b>	<b>839,028</b>	<b>100.00</b>

\*Beneficial interest of these shares is also held by VLCC Overseas Limited, hence 100% economical interest is with VLCC Overseas Limited, a wholly owned subsidiary of VLCC International Inc.

### Amount of accumulated profits or losses

As of March 31, 2021, there are no accumulated profits or losses of VLCC Healthcare Bangladesh, not accounted for, by our Company.

## 10. VLCC Personal Care (Bangladesh) Private Limited (“VLCC PC Bangladesh”)

### Corporate information

VLCC PC Bangladesh was incorporated on August 5, 2012 under the laws of Bangladesh. Its registration number is C-103876/12 and its registered office is situated at RM Center, 4th floor, 101, Gulshan Avenue, Gulshan-2, Dhaka 1212, Bangladesh.

VLCC PC Bangladesh is enabled under its objects to carry on the business of *inter alia* manufacturing and processing personal care, beauty care and cosmetics products and their integral accessories and instruments, import and export of the same, which is also the business it is currently engaged in.

#### *Capital Structure*

The authorised share capital of VLCC PC Bangladesh is TK 50,000,000 divided into 500,000 equity shares of TK 100 each.

#### *Shareholding*

The following table sets forth the details of the shareholding of VLCC PC Bangladesh:

Sr. No.	Name of the shareholder	Number of shares of face value TK 100 each	Percentage of total holding (%)
1.	VLCC Overseas Limited	113,104	100.00
2.	Hasina Akter*	1	negligible
	<b>Total</b>	<b>113,105</b>	<b>100.00</b>

*\*Beneficial interest of these share is also held by VLCC Overseas Limited hence, 100% economical interest is with VLCC Overseas Limited, a wholly owned subsidiary of VLCC International Inc.*

#### *Amount of accumulated profits or losses*

As of March 31, 2021, there are no accumulated profits or losses of VLCC PC Bangladesh, not accounted for, by our Company.

### **11. VLCC Education Lanka (Private) Limited (“VLCC Education”)**

#### *Corporate information*

VLCC Education was incorporated on July 13, 2010 under the laws of Sri Lanka. Its registration number is 73162 and its registered office is situated at No. 14, Wijerama Mawatha, Colombo 7, Sri Lanka.

VLCC Education is enabled under its objects to carry on the business of running training institute to provide vocational courses in beauty therapy, hair dressing and make up but is not currently engaged in any activities.

#### *Capital Structure*

The authorised capital of VLCC Education is 1 equity share of LKR 10.

#### *Shareholding*

The following table sets forth the details of the shareholding of VLCC Education:

Sr. No.	Name of the shareholder	Number of shares of face value LKR 10 each	Percentage of total holding (%)
1.	VLCC Overseas Limited	1	100.00
	<b>Total</b>	<b>1</b>	<b>100.00</b>

#### *Amount of accumulated profits or losses*

As of March 31, 2021, there are no accumulated profits or losses of VLCC Education, not accounted for, by our Company.

## 12. VLCC Healthcare Lanka (Private) Limited (“VLCC Healthcare Lanka”)

### *Corporate information*

VLCC Healthcare Lanka was incorporated on June 23, 2010 under the laws of Sri Lanka. Its registration number is PV 72849 and its registered office is situated at No.14, Wijerama Mawatha, Colombo 7, Sri Lanka.

VLCC Healthcare Lanka is enabled under its objects to carry on the business of health services, such as weight management, skincare and hair care, as well as beauty services which is also the business it is currently engaged.

### *Capital Structure*

The authorised capital of VLCC Healthcare Lanka is LKR 90,515,010 divided into 9,051,501 equity shares of LKR 10 each.

### *Shareholding*

The following table sets forth the details of the shareholding of VLCC Healthcare Lanka:

Sr. No.	Name of the shareholder	Number of shares of face value LKR 10 each	Percentage of total holding (%)
1.	VLCC Overseas Limited	9,051,501	100.00
	<b>Total</b>	<b>9,051,501</b>	<b>100.00</b>

### *Amount of accumulated profits or losses*

As of March 31, 2021, there are no accumulated profits or losses of VLCC Healthcare Lanka, not accounted for, by our Company.

## 13. VLCC Europe Limited

### *Corporate information*

VLCC Europe Limited was incorporated on July 3, 2003 under the Companies Act 1985. Its registration number is 4820568 (for England and Wales) and its registered office is situated at Suite LG, 11 St. James's Place, London SW1A 1NP.

VLCC Europe Limited is enabled under its objects to carry on the business of general commercial company in connection with *inter alia* the manufacture, export, import and retail of articles of commercial, personal household use, but is currently not engaged in any business activities and is a dormant company.

### *Capital Structure*

The authorised share capital of VLCC Europe Limited is GBP 1,000,000 divided into 1,000,000 shares of GBP 1 each.

### *Shareholding*

The following table sets forth the details of the shareholding of VLCC Europe Limited:

Sr. No.	Name of the shareholder	Number of shares of face value GBP 1 each	Percentage of total holding (%)
1.	VLCC International Inc.	1	100.00
	<b>Total</b>	<b>1</b>	<b>100.00</b>

*Amount of accumulated profits or losses*

As of March 31, 2021, there are no accumulated profits or losses of VLCC Europe Limited, not accounted for, by our Company.

**14. VLCC International Qatar Co. - W.L.L. (“VLCC Qatar”)**

*Corporate information*

VLCC Qatar was incorporated on April 18, 2010 under the laws of the State of Qatar. Its commercial registration number is 45699 and its registered office is situated at P.O Box-16380, Area No.55, Al Waab Street, Doha, Qatar

VLCC Qatar is engaged in the business of owning, managing and operating health clinics, wellness centres, slimming and weight management centres, fitness centres and beauty salons, spas, Moroccan baths and Vocational training for both men and women. Supply distribution and trading in non-medical cosmetics and non-medical pharmaceutical cosmetics and carrying on all or any activities which is/ are complementary or related or ancillary to such business as authorized under the objects clause of its memorandum of association.

*Capital Structure*

The authorised share capital of VLCC Qatar is QAR 200,000 divided into 100 shares of QAR 2,000 each.

*Shareholding*

The following table sets forth the details of the shareholding of VLCC Qatar:

Sr. No.	Name of the shareholder	Number of shares of face value QAR 2000 each	Percentage of total holding (%)
1.	International Project Development Co. (Sponsor) *	51	51.00
2.	VLCC International Inc.	49	49.00
	<b>Total</b>	<b>100</b>	<b>100.00</b>

*\*Beneficial interest of 51% holding is also held by VLCC International Inc, hence 100% economical interest is with VLCC International Inc., a wholly owned subsidiary of our Company*

*Amount of accumulated profits or losses*

As of March 31, 2021, there are no accumulated profits or losses of VLCC Qatar, not accounted for, by our Company.

**15. VLCC International - Kuwait Health Care Institute Limited Liability Company (“VLCC International Kuwait”)**

*Corporate information*

VLCC International Kuwait was incorporated on January 13, 2014 under the laws of the State of Kuwait. Its commercial registration number is 350678 and its registered office is situated at Al Salmiya, Baghdad Street, Block 9, Building No 510, Kuwait.

VLCC International Kuwait is engaged in the business of health care institute- ladies beauty saloon as authorized under the objects clause of its memorandum of association.

### *Capital Structure*

The authorised share capital of VLCC International Kuwait is KWD 25,000 divided into 100 shares of KWD 250 each.

### *Shareholding*

The following table sets forth the details of the shareholding of VLCC International Kuwait:

Sr. No.	Name of the shareholder	Number of shares of face value KWD 250 each	Percentage of total holding (%)
1.	VLCC International Inc	49	49.00
2.	Loay Abdul Aziz Khalid Abdul Razak (sponsor)*	51	51.00
	<b>Total</b>	<b>100</b>	<b>100.00</b>

*\*Beneficial interest of 51% holding is also held by VLCC International Inc, hence 100% economical interest is with VLCC International Inc., a wholly owned subsidiary of our Company.*

### *Amount of accumulated profits or losses*

As of March 31, 2021, there are no accumulated profits or losses of VLCC International Kuwait, not accounted for, by our Company.

## **16. VLCC International Limited Liability Company (“VLCC Oman”)**

### *Corporate information*

VLCC Oman was incorporated on September 1, 2007 under the laws of the Sultanate of Oman. Its commercial registration number is 1027262 and is currently in the process of being renewed. Its principal office is situated at P.O. Box 1039, Postal Code 117, Sultanate of Oman and its main office is situated at Way no. 1622, Building no. 1596, Qurum, Sultanate of Oman.

VLCC Oman is enabled under its objects to carry on the business of inter alia owning, managing and operating slimming and weight management centres and clinics, which is also the business it is currently engaged in.

### *Capital Structure*

The authorised share capital of VLCC Oman is Omani Rial 150,000 divided into 150,000 shares of Omani Rial 1 each.

### *Shareholding*

The following table sets forth the details of the shareholding of VLCC Oman:

Sr. No.	Name of the shareholder	Number of shares of face value Omani Rial 1 each	Percentage of total holding (%)
1.	VLCC International Inc.	148,500	99.00
2.	Ms. Babita Mandal *	1,500	1.00
	<b>Total</b>	<b>150,000</b>	<b>100.00</b>

*\* Beneficial interest of these shares is also held by VLCC International Inc. hence, 100% economic interest is with VLCC International Inc., a wholly owned subsidiary of our Company*

*Amount of accumulated profits or losses*

As of March 31, 2021, there are no accumulated profits or losses of VLCC Oman, not accounted for, by our Company.

**17. VLCC Wellness (East Africa) Limited (“VLCC East Africa”)**

*Corporate information*

VLCC East Africa was incorporated on June 6, 2013 under the laws of Kenya. Its registration number is CPR/2013/105068 and its registered office is situated at L.R. No. 205/49, 49 Riverside Drive, P.O. Box 55358-00200, Nairobi.

VLCC East Africa is enabled under its objects to carry on the business of ownership and management of slimming and weight management, beauty centres, clinics and salons, wellness, rehabilitation centres, moroccan and eastern bath facilities, derma skin care facilities, massage and relaxation centres, educational and vocational training institutes, which is also the business it is currently engaged in.

*Capital Structure*

The authorised share capital of VLCC East Africa is KES 1,000,000 divided into 100,000 shares of KES 10 each.

*Shareholding*

The following table sets forth the details of the shareholding of VLCC East Africa:

Sr. No.	Name of the shareholder	Number of shares of face value KES 10 each	Percentage of total holding (%)
1.	VLCC International Inc.	620,764	70.00
2.	Yana Investments Limited	266,041	30.00
	<b>Total</b>	<b>886,805</b>	<b>100.00</b>

*Amount of accumulated profits or losses*

As of March 31, 2021, there are no accumulated profits or losses of VLCC East Africa, not accounted for, by our Company.

**18. Wyann International (M) Sdn Bhd (“Wyann”)**

*Corporate information*

Wyann was incorporated on May 25, 2010 under the laws of Malaysia. Its registration number is 201001018481 (902187-V) and its registered office is situated at Third Floor, No. 79 (Room A), Jalan SS21/60, Damansara Utama, Petaling Jaya, Selangor - 47400 Malaysia.

Wyann is enabled under its objects to carry on the business of establishing & operating slimming centres, health studios and also manufacturing and trading in beauty products. Currently, it is undergoing winding up proceedings.

*Capital Structure*

The authorised share capital of Wyann is RM 500,000 divided into 500,000 shares of RM 1 each and preference share capital of RM 860,000 divided into 860,000 redeemable convertible preference shares of RM 1 each.

### *Shareholding*

The following table sets forth the details of the shareholding of Wyann:

Sr. No.	Name of the shareholder	Number of shares of face value RM 1 each	Percentage of total holding (%)
1.	VLCC International Inc.	380,000	76.00
2.	Ms. Yap Yann Fang	120,000	24.00
	<b>Total</b>	<b>500,000</b>	<b>100.00</b>

Wyann has also issued redeemable convertible preference shares amounting to RM 6,604,949 to VLCC International Inc., that constitutes 100% of the issued preference share capital of Wyann.

### *Amount of accumulated profits or losses*

As of March 31, 2021, there are no accumulated profits or losses of Wyann, not accounted for, by our Company.

## **19. VLCC Singapore Pte. Ltd. (“VLCC Singapore”)**

### *Corporate information*

VLCC Singapore was incorporated on April 23, 2010 under the laws of the Republic of Singapore. Its registration number is 201008712K and its registered office is situated at 237 Pandan Loop, Westech Building, No. 05-03, Singapore 128424.

VLCC Singapore is engaged in the business of wholesale trade of a variety of goods without a dominant product, under the objects clause of its memorandum of association

### *Capital Structure*

The issued, subscribed and paid-up capital of VLCC Singapore is divided into 1 ordinary share of USD 1 and 5,747,481 ordinary shares of SGD 1 each.

### *Shareholding*

The following table sets forth the details of the shareholding of VLCC Singapore:

Sr. No.	Name of the shareholder	Number of shares of face value USD 1 or SGD 1 each	Percentage of total holding (%)
1.	VLCC International Inc.	5,747,481 (SGD Share)	100.00
2.	VLCC International Inc.	1(USD Share)	negligible
	<b>Total</b>		<b>100.00</b>

### *Amount of accumulated profits or losses*

As of March 31, 2021, there are no accumulated profits or losses of VLCC Singapore, not accounted for, by our Company.

## **20. Global Vantage Innovative Group Pte Ltd (“GVig Singapore”)**

### *Corporate information*

GVig Singapore was incorporated on October 19, 2011 under the laws of the Republic of Singapore. Its registration number is 201131279N and its registered office is situated at 237 Pandan Loop, Westech Building, No. 05-03, Singapore 128424.

GVig Singapore is engaged in the business of being an investment holding company, as authorised under the objects clause of its memorandum of association.

*Capital Structure and Shareholding*

The following table sets forth the details of the shareholding of GVig Singapore:

Sr. No.	Name of the shareholder	Number of shares of face value SGD 1 each	Percentage of total holding (%)
1.	VLCC Singapore Pte. Ltd	3,696,076	85.00
2.	Song Mei Cheng	652,249	15.00
	<b>Total</b>	<b>4,348,325</b>	<b>100.00</b>

*Amount of accumulated profits or losses*

As of March 31, 2021, there are no accumulated profits or losses of GVig Singapore, not accounted for, by our Company.

**21. Bellewave Cosmetics Pte. Ltd. (“Bellewave”)**

*Corporate information*

Bellewave was incorporated on February 23, 2004 under the laws of the Republic of Singapore. Its registration number is 200402006K and its registered office is situated at 237 Pandan Loop, Westech Building, No. 05-03, Singapore 128424.

Bellewave is enabled in the business of sale of cosmetics & toiletries under the objects clause of its memorandum of association.

*Capital Structure and Shareholding*

The following table sets forth the details of the shareholding of Bellewave:

Sr. No.	Name of the shareholder	Number of shares of face value SGD 4.29 each	Percentage of total holding (%)
1.	Global Vantage Innovative Group Pte Ltd	482,690	100.00
	<b>Total</b>	<b>482,690</b>	<b>100.00</b>

*Amount of accumulated profits or losses*

As of March 31, 2021, there are no accumulated profits or losses of Bellewave, not accounted for, by our Company.

**22. Celblos Dermal Research Centre Pte. Ltd. (“Celblos”)**

*Corporate information*

Celblos (formerly Excel Beauty Solution Pte. Ltd.) was incorporated on September 21, 2005 under the laws of the Republic of Singapore. Its registration number is 200513140H and its registered office is situated at 237 Pandan Loop, No. 05-03 Westech Building, Singapore 128424.

Celblos is engaged in the business of manufacturer of beauty and skin care products and conducting research and experimental development in beauty and skincare products, under the objects clause of its memorandum of association.



### *Capital Structure and Shareholding*

The following table sets forth the details of the shareholding of Celblos:

Sr. No.	Name of the shareholder	Number of shares of face value SGD 1 each	Percentage of total holding (%)
1.	Global Vantage Innovative Group Pte Ltd	1,000,000	100.00
	<b>Total</b>	<b>1,000,000</b>	<b>100.00</b>

### *Amount of accumulated profits or losses*

As of March 31, 2021, there are no accumulated profits or losses of Celblos, not accounted for, by our Company.

## **23. Excel Beauty Solution Sdn Bhd (“Excel Beauty”)**

### *Corporate information*

Excel Beauty was incorporated on October 14, 2004 under the laws of Malaysia. Its registration number is 200401030881 (Old 669389K) and its registered office is situated at No 9, Jalan Indah 16, Taman Cheras Indah, 56100, Kuala Lumpur, Malaysia.

Excel Beauty is engaged to carry on the business of wholesale of perfumeries, cosmetics, soap and toiletries, under the objects clause of its memorandum of association.

### *Capital Structure*

The authorised share capital of Excel Beauty is RM 90,000 divided into 90,000 equity shares of RM 1 each.

### *Shareholding*

The following table sets forth the details of the shareholding of Excel Beauty:

Sr. No.	Name of the shareholder	Number of shares of face value RM 1 each	Percentage of total holding (%)
1.	Celblos Dermal Research Centre Pte Ltd	90,000	100.00
	<b>Total</b>	<b>90,000</b>	<b>100.00</b>

### *Amount of accumulated profits or losses*

As of March 31, 2021, there are no accumulated profits or losses of Excel Beauty, not accounted for, by our Company.

## **24. VLCC Holding (Thailand) Co., Ltd. (“VLCC Holding Thailand”)**

### *Corporate information*

VLCC Holding Thailand was incorporated on November 18, 2014 under the laws of the Kingdom of Thailand. Its registration number is 0105557170714 and its registered office is situated at 973, President Tower, 11th Floor, Room 11G, 11 H, Ploenchit Road, Lumpin, Pathumwan, Bangkok – 10330, Thailand

VLCC Holding Thailand is engaged in the business of holding and investing in assets of company and related group under the objects clause of its memorandum of association .

### *Capital Structure*

The authorised capital of VLCC Holding Thailand is THB 510,000 divided into 51,000 ordinary shares of THB 10 each.

### *Shareholding*

The following table sets forth the details of the shareholding of VLCC Holding Thailand:

Sr. No.	Name of the shareholder	Number of shares of face value THB 10 each	Percentage of total holding (%)
1.	Wellness Product International	25,549	50.10
2.	VLCC Singapore Pte Ltd	25,448	49.90
3.	Mr Sandeep Ahuja	1	negligible
4.	Mr Mukesh Luthra	1	negligible
5.	Mr Rakesh	1	negligible
	<b>Total</b>	<b>51,000</b>	<b>100.00</b>

### *Amount of accumulated profits or losses*

As of March 31, 2021, there are no accumulated profits or losses of VLCC Thailand, not accounted for, by our Company.

## **25. VLCC Wellness (Thailand) Co., Ltd. (“VLCC Wellness Thailand”)**

### *Corporate information*

VLCC Wellness Thailand was incorporated on December 1, 2014 under the laws of the Kingdom of Thailand. Its registration number is 0105557178227 and its registered office is situated at 973, President Tower, 11th Floor, Room 11G, 11 H, Ploenchit Road, Lumpin, Pathumwan, Bangkok – 10330, Thailand

VLCC Wellness Thailand is engaged in the business of selling and distribution of *inter alia* skincare, haircare, body care and other beauty and slimming products under the objects clause of its memorandum of association.

### *Capital Structure*

The authorised capital of VLCC Wellness Thailand is THB 1,000,000 divided into 100,000 ordinary shares of THB 10 each.

### *Shareholding*

The following table sets forth the details of the shareholding of VLCC Wellness Thailand:

Sr. No.	Name of the shareholder	Number of shares of face value THB 10 each	Percentage of total holding (%)
1.	VLCC Holding (Thailand) Co., Ltd	50,100	50.10
2.	VLCC Singapore Pte Ltd	49,899	49.90
3.	Mr Sandeep Ahuja	1	negligible
	<b>Total</b>	<b>100,000</b>	<b>100.00</b>

### *Amount of accumulated profits or losses*

As of March 31, 2021, there are no accumulated profits or losses of VLCC Wellness Thailand, not accounted for, by our Company.

## 26. VLCC Healthcare Egypt LLC (“VLCC Healthcare Egypt”)

### *Corporate information*

VLCC Healthcare Egypt was incorporated on October 17, 2010 under the laws of Egypt. Its commercial registration number is 48552 and its registered office is situated at 47<sup>th</sup> Building, First Sector of the North 90 Street, the City Centre, Fifth Settlement, New Cairo, Egypt.

VLCC Healthcare Egypt is enabled under its objects to carry on the business of establishing and operating beauty and body care centres, but is not currently engaged in any activities and is a dormant company.

### *Capital Structure*

The authorised share capital of VLCC Healthcare Egypt is EGP 60,000 divided into 600 shares of EGP 100 each.

### *Shareholding*

The following table sets forth the details of the shareholding of VLCC Healthcare Egypt:

Sr. No.	Name of the shareholder	Number of shares of face value EGP 100 each	Percentage of total holding (%)
1.	VLCC International Inc.	594	99.00
2.	VLCC Overseas Limited	6	1.00
	<b>Total</b>	<b>600</b>	<b>100.00</b>

### *Amount of accumulated profits or losses*

As of March 31, 2021, there are no accumulated profits or losses of VLCC Healthcare Egypt not accounted for, by our Company.

## OUR MANAGEMENT

### Our Board of Directors

In terms of our Articles of Association, our Company is required to have not less than three Directors and not more than 15 Directors. As on the date of this Draft Red Herring Prospectus, our Board comprises of six Directors, including three Independent Directors, one Executive Director (who is our Managing Director), and two Non-Executive Directors (including a Nominee Director).

The following table sets forth details regarding our Board as on the date of this Draft Red Herring Prospectus.

Name, Date of Birth, Designation, Address, Occupation, Term, Period of Directorship and DIN	Age (years)	Other Directorships
<b>Mr. Mukesh Luthra</b>  <i>Date of Birth:</i> July 29, 1958  <i>Designation:</i> Chairman and Non-Executive Director  <i>Address:</i> Villa E -101, 381-101, Frond E, Palm Jumeirah, Dubai, UAE  <i>Occupation:</i> Business  <i>Term:</i> Liable to retire by rotation  <i>Period of directorship:</i> Director since October 23, 1996  <i>DIN:</i> 00296830	63	<i>Indian Companies</i> <ul style="list-style-type: none"> <li>Rajawongse Properties &amp; Real Estate Development Private Limited.</li> </ul> <i>Foreign Companies</i>  None.
<b>Mr. Jayant Khosla</b>  <i>Date of Birth:</i> August 09, 1963  <i>Designation:</i> Managing Director and Group Head  <i>Address:</i> B 99, Gulmohar Park, Vasant Vihar – 2, South West Delhi – 110049  <i>Occupation:</i> Service  <i>Term:</i> Term of three years with effect from January 10, 2019 until January 9, 2022*  <i>Period of directorship:</i> Director since January 10, 2019  <i>DIN:</i> 08321843	58	<i>Indian Companies</i> <ul style="list-style-type: none"> <li>VLCC Personal Care Limited; and</li> <li>VLCC Online Services Private Limited.</li> </ul> <i>Foreign Companies</i> <ul style="list-style-type: none"> <li>VLCC Health Care Lanka (P) Limited; and</li> <li>VLCC International Inc.</li> </ul>
<b>Mr. Sanjay Kapoor</b>  <i>Date of Birth:</i> February 28, 1962  <i>Designation:</i> Independent Director  <i>Address:</i> 606 B, The Magnolias, DLF Golf Links, DLF Phase 5, Gurgaon – 122009  <i>Occupation:</i> Professional	59	<i>Indian Companies</i> <ul style="list-style-type: none"> <li>Onmobile Global Limited;</li> <li>Tanla Platforms Limited; and</li> <li>Tech-Connect Retail Private Limited.</li> </ul> <i>Foreign Companies</i> <ul style="list-style-type: none"> <li>Saudi Telecom Company.</li> </ul>

Name, Date of Birth, Designation, Address, Occupation, Term, Period of Directorship and DIN	Age (years)	Other Directorships
<p><i>Term:</i> Term of five years with effect from September 9, 2020 until September 7, 2025</p> <p><i>Period of directorship:</i> Director since September 09, 2015</p> <p><i>DIN:</i> 01973450</p>		
<p><b>Mr. Sanjay Mehta</b></p> <p><i>Date of Birth:</i> October 31, 1962</p> <p><i>Designation:</i> Independent Director</p> <p><i>Address:</i> C-6, Ground Floor, Maharani Bagh, Delhi – 110 065</p> <p><i>Occupation:</i> Professional</p> <p><i>Term:</i> Term of five years with effect from September 28, 2019 until September 27, 2024</p> <p><i>Period of directorship:</i> Director since August 1, 2004</p> <p><i>DIN:</i> 00297971</p>	58	<p><i>Indian Companies</i></p> <ul style="list-style-type: none"> <li>Independent News Service Private Limited; and</li> <li>VLCC Personal Care Limited.</li> </ul> <p><i>Foreign Companies</i></p> <ul style="list-style-type: none"> <li>VLCC International Inc.;</li> <li>VLCC International LLC (UAE);</li> <li>VLCC International Qatar Co. WLL;</li> <li>VLCC Singapore Pte Ltd;</li> <li>Global Vantage Innovative Group Pte Ltd; and</li> <li>Bellewave Cosmetics Pte Ltd.</li> </ul>
<p><b>Mr. Rajiv Krishan Luthra</b></p> <p><i>Date of Birth:</i> August 01, 1957</p> <p><i>Designation:</i> Independent Director</p> <p><i>Address:</i> 3/15, Shanti Niketan, New Delhi - 110021</p> <p><i>Occupation:</i> Professional</p> <p><i>Term:</i> Term of five years with effect from June 28, 2021 until June 27, 2026</p> <p><i>Period of directorship:</i> Director since June 28, 2016</p> <p><i>DIN:</i> 00022285</p>	64	<p><i>Indian Companies</i></p> <ul style="list-style-type: none"> <li>Network18 Media &amp; Investments Limited;</li> <li>DLF Limited;</li> <li>Tv18 Broadcast Limited;</li> <li>Mylan Laboratories Limited;</li> <li>Paani Foundation; and</li> <li>Mylan Laboratories India Private Limited;</li> </ul> <p><i>Foreign Companies</i></p> <ul style="list-style-type: none"> <li>Symphony International Holdings Limited; and</li> <li>Singapore International Arbitration Centre.</li> </ul>
<p><b>Ms. Roshini Bakshi</b></p> <p><i>Date of Birth:</i> March 30, 1967</p> <p><i>Designation:</i> Nominee Director**</p> <p><i>Address:</i> 257, Ocean Drive, Singapore 098605</p> <p><i>Occupation:</i> Professional</p> <p><i>Term:</i> Liable to retire by rotation</p> <p><i>Period of directorship:</i> Director since September 03, 2020</p> <p><i>DIN:</i> 01832163</p>	54	<p><i>Indian Companies</i></p> <ul style="list-style-type: none"> <li>Persistent Systems Limited; and</li> <li>JM Financial Products Limited.</li> </ul> <p><i>Foreign Companies</i></p> <ul style="list-style-type: none"> <li>Everlife Holdings Pte. Limited</li> </ul>

\* Re-appointed for a further term of three years with effect from January 10, 2022 until January 9, 2025, pursuant to our board resolution dated March 30, 2021 and shareholders' resolution dated March 31, 2021.

\*\* Nominee of OIH Mauritius Limited.

## **Brief Profiles of our Directors**

**Mr. Mukesh Luthra** is one of our Promoters and the Chairman and Non-Executive Director of our Company. He has been associated with our Company since its incorporation and has over 25 years of experience in the wellness sector. Mr Mukesh Luthra holds an advanced diploma in international business management from the Association of Business Managers & Administrators, United Kingdom.

**Mr. Jayant Khosla** is the Managing Director and Group Head of our Company. He has several years of experience in telecom, retail and insurance sectors. He holds a bachelor's degree in mechanical engineering from the University of Delhi and a post graduate diploma in management from the Indian Institute of Management, Ahmedabad. Prior to joining our Company, he served as the Chief Executive Officer in reputed organizations such as Landmark Arabia, Landmark Retail, Bharti Airtel International (Netherlands) B.V., Future Generali India Life Insurance and Essar Telecom Africa. He was granted US Permanent Residency from year 2001 to 2011 by US immigration authorities under the coveted immigration category of EB-1A visa (E11) based on remarkable achievements by him in his field of work. He is part of the prestigious list of "Distinguished Alumni" published by the Delhi Technology University in 2019.

**Mr. Sanjay Kapoor** is an Independent Director of our Company. He has several years of experience in telecom and office automation sectors. He holds a master's degree in business administration from Cranfield University, United Kingdom and is a graduate of the Wharton Advanced Management Program. He is presently a Senior Advisor of Boston Consultancy Group. He is also the former Chairman of Micromax Informatics Limited, prior to which he was the Chief Executive Officer for India and South Asia for Bharti Airtel Limited and Director - Operations Support for Modi Xerox Limited. He has served on the GSMA Board from March 2009 to February 2013, including as member of the Executive Committee from September 2011. He also has been an Independent Director at Indus Towers, PVR Limited and Bennett Coleman and Company Limited. He currently serves on the board of Onmobile Global Limited, Tanla Platforms Limited, Tech-Connect Retail Private Limited and Saudi Telecom Company (KSA).

**Mr. Sanjay Mehta** is an Independent Director of our Company. He has several years of experience in telecom sector. He is a member of The Institute of Chartered Accountants of India since January 1986. He was a Partner at Arthur Andersen and S.R. Batliboi & Co. LLP, leading their telecommunications industry and business process risk consulting practices. He became a Founder Partner at BMR Advisors in 2004 and led their risk advisory practice.

**Mr. Rajiv Krishan Luthra** is an Independent Director of our Company. He has over 30 years of experience in the legal sector. He has a bachelor's degree in law and is alumni of the Harvard Law School Leadership Programs. Founder and Managing Partner of L&L Partners Law Offices (formerly Luthra & Luthra Law Offices), an Indian law firm, Mr. Luthra has advised the Indian government and major domestic and international corporations. He has advised the Government of India in relation to WTO disputes, as well as, assisted several of its Ministries in the drafting / review of policies & legislation. He has been inducted in the 'Hall of Fame' for Corporate and M&A, India by Legal 500 and has recently been recognized as 'Asia Best Lawyer', by IFLR 1000. He is a recipient of the 'National Law Day Award' presented by the Hon'ble Prime Minister of India, and the Hon'ble Chief Justice of India.

**Ms. Roshini Bakshi** is a Nominee Director in our Company. She has several years of experience in general management and marketing. She holds a master's degree in business administration from the Indian Institute of Management, Ahmedabad. She is a Managing Director, Private Equity at Everstone Capital Asia Pte Ltd based out of Singapore and has also previously served in leadership roles for the Walt Disney Company.

### **(a) Terms of appointment of Executive Director**

Mr. Jayant Khosla has been appointed as Managing Director and Group Head for a period of three years with effect from January 10, 2019, pursuant to a resolution of our Board dated January 10, 2019 and a resolution of our shareholders at the EGM dated January 10, 2019. He has been further reappointed for a term of three years with effect from January 10, 2022 until January 9, 2025 pursuant to our board resolution dated March 30, 2021 and shareholders' resolution dated March 31, 2021.

Based on the recommendation of the Nomination and Remuneration Committee, Mr. Jayant Khosla is entitled to a consolidated salary, inclusive of perquisites, allowances up to a maximum of ₹ 30 million per annum, with an increment

of up to 20% over the consolidated salary paid for the previous year.

In addition, Mr. Jayant Khosla has been granted 376,680 options pursuant to the VLCC Employee Stock Option Plan, 2015 and 376,680 options pursuant to the VLCC Employee Option Plan 2021, which would be vested in a phased manner on achievement of certain EBDITA linked milestone as per the provisions under its policy.

The total remuneration paid to our Executive Director for all services in all capacities to our Company, including contingent or deferred compensation accrued for the year during Financial Year 2021 is ₹ 15.45 million.

**(b) Sitting fees details of our Non-executive and Independent Directors**

Our Board, pursuant to resolutions dated July 31, 2014 and September 8, 2015 has approved the payment of sitting fees of ₹ 100,000 and ₹ 50,000 to our Non-Executive Directors for attending meetings of our Board and committees, respectively. Our Non-Executive Directors do not receive any other remuneration.

The details of sitting fees paid to our Non-Executive Directors in Fiscal 2021 are as follows:

Name of Director	Designation	Sitting fees paid in Fiscal 2021 (₹)*
Mr. Mukesh Luthra	Chairman and Non-Executive Director	Nil
Mr. Sanjay Kapoor	Independent Director	0.60
Mr. Sanjay Mehta	Independent Director	0.60
Mr. Rajiv Krishan Luthra	Independent Director	0.50
Ms. Roshini Bakshi	Nominee Director	Nil

**Remuneration paid or payable 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 a bonus or profit sharing plan for our Directors.

**Shareholding of Directors**

The Articles of Association of our Company do not require our Directors to hold any qualification shares. As on the date of this Draft Red Herring Prospectus, except for Mr. Mukesh Luthra, who holds 9,178,094 Equity Shares in our Company, none of our other Directors hold Equity Shares. For further details see the section titled “*Capital Structure*” on page 75.

**Relationships between Directors**

None of our Directors are related to each other.

**Details of Service Contracts**

There are no service contracts entered into with any Directors which provide for benefits upon termination of employment.

**Interest of Directors**

All of our Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses, if any, payable to them. Our Directors may also be regarded as interested to the extent of the Equity Shares, if any, held by them or their relatives, and to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares, held by them, if any as also to the extent of stock options that may be granted to them from time to time under the VLCC ESOP 2015 and the VLCC ESOP 2021, if any. For further details regarding the shareholding of our Directors as well as the VLCC ESOP 2015 and VLCC ESOP 2021, see the sections titled “*Capital Structure – Shareholding of our Directors and Key Managerial Personnel*” and “*Capital Structure – Employee Stock Option Schemes*” on pages 82 and

83.

Our nominee Director, Ms. Roshini Bakshi, nominated pursuant to the terms of the OIH SHA, is interested to the extent of the shareholding of OIH Mauritius Limited in our Company. For further details of these agreements see the section titled “*History and Certain Corporate Matters – Material Agreements*” on page 197.

Except to the extent of the participation of Mr. Mukesh Luthra in the Offer for Sale, there is no material existing or anticipated transaction whereby Directors will receive any portion of the proceeds from the Offer.

Some of our Directors hold positions as directors on the board of directors of our Subsidiaries. In consideration for these services, they may be paid managerial remuneration in accordance with the provisions of the applicable law.

Except for Mukesh Luthra, one of our Promoters, none of our other Directors have any interest in the formation or promotion of our Company other than in the ordinary course of business.

No sum has been paid or agreed to be paid to any of our Directors or to the firms or companies in which they are interested as members in cash or shares or otherwise by any person, either to induce them to become or to qualify them, as directors or otherwise for services rendered by such Directors or by such firms or companies in connection with the promotion or formation of our Company.

#### *Interest in property*

Our Directors have no interest in any property acquired by our Company within three preceding years or proposed to be acquired by our Company.

None of our Directors have any interest in any transaction for acquisition of land, construction of building and supply of machinery.

#### *Payment of benefit (non-salary related)*

No non-salary related amount or benefits were paid or were intended to be paid to our Directors within the two preceding years from the date of filing of this Draft Red Herring Prospectus.

#### **Other confirmations**

Our Directors are not, and for the five years prior to the date of filing the DRHP have not been on the board of any listed company whose shares have been / were suspended from being traded on the BSE Limited or the National Stock Exchange of India Limited.

None of our Directors have been or are directors on the board of listed companies which have been or were delisted from any stock exchange(s).

For details of our Directors’ association with the securities market, see the section titled “*Other Regulatory and Statutory Disclosures*” on page 377.

#### **Changes in our Board during the last three years**

<b>Name</b>	<b>Date of Change</b>	<b>Reason</b>
Mr. Jayant Khosla	January 10, 2019*	Appointed as the Managing Director and Group Head
Ms. Shabana Azmi	September 28, 2019	Completed her tenure as an Independent Director
Mr. Sandeep Ahuja	December 12, 2019	Resigned as the Whole-time Director
Mr. Sameer Sushil Sain	September 03, 2020	Resigned as the Nominee Director
Ms. Roshini Bakshi	September 03, 2020	Appointed as the Nominee Director

*\*Reappointed for a further term of three years with effect from January 10, 2022 pursuant to our board resolution dated March 30, 2021 and shareholders’ resolution dated March 31, 2021.*

#### **Borrowing Powers**

Pursuant to a resolution of the shareholders of our Company passed at the EGM held on June 4, 2021, the Board has been



authorized to borrow sums of money for the purpose of our Company with or without security upon such terms and conditions as the Board may think fit which, together with the moneys borrowed by our Company (apart from the temporary loans obtained or to be obtained from our Company's banker in the ordinary course of business) shall not exceed at any time the amount of ₹ 3,500 million over and above the aggregate of the paid-up share capital, security premium and free reserves of our Company.

## Corporate Governance

The Corporate Governance provisions of the SEBI ICDR Regulations and SEBI Listing Regulations will be applicable to us immediately upon the listing of the Equity Shares on the Stock Exchanges. We are in compliance with the requirements of the applicable regulations, including the Companies Act, SEBI ICDR Regulations and SEBI Listing Regulations in respect of corporate governance including constitution of the Board and committees thereof and formulation of policies. The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board committees, as required under law.

Our Board has been constituted in compliance with the Companies Act, the SEBI ICDR Regulations, SEBI Listing Regulations and in accordance with best practices in corporate governance. The Board of Directors functions either as a full board or through various committees constituted to oversee specific operational areas.

## Audit Committee

The audit committee of our Company ("**Audit Committee**") was last re-constituted by a resolution of our Board dated May 31, 2021 and its terms of reference were last revised by a resolution of the Board dated May 31, 2021. The Audit Committee currently comprises of:

Name	Position in the committee	Designation
Mr. Sanjay Mehta	Chairman	Independent Director
Mr. Sanjay Kapoor	Member	Independent Director
Ms. Roshini Bakshi	Member	Nominee Director*

\*Nominee of OIH Mauritius Limited

The Company Secretary shall act as secretary to the Audit Committee.

The scope and function of the Audit Committee is in accordance with Section 177 of the Companies Act, 2013 and the SEBI LODR Regulations and its terms of reference include the following:

*Scope and terms of reference:* The Audit Committee would perform the following functions with regard to accounts and financial management:

- oversight of financial reporting process and the disclosure of financial information relating to the Company to ensure that the financial statements are correct, sufficient and credible;
- recommendation for appointment, re-appointment, replacement, remuneration and terms of appointment of auditors of the Company and the fixation of the audit fee;
- approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- formulation of a policy on related party transactions, which shall include materiality of related party transactions;
- reviewing, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given;
- examining and reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
  - Changes, if any, in accounting policies and practices and reasons for the same
  - Major accounting entries involving estimates based on the exercise of judgment by management
  - Significant adjustments made in the financial statements arising out of audit findings
  - Compliance with listing and other legal requirements relating to financial statements

- f. Disclosure of any related party transactions; and
- g. Modified opinion(s) in the draft audit report.
- 7. reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
- 8. reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the Offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- 9. reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- 10. approval of any subsequent modification of transactions of the Company with related parties and omnibus approval for related party transactions proposed to be entered into by the Company, subject to the conditions as may be prescribed  
Explanation: The term "related party transactions" shall have the same meaning as provided in Clause 2(zc) of the SEBI Listing Regulations and/or the applicable Accounting Standards and/or the Companies Act, 2013.
- 11. scrutiny of inter-corporate loans and investments;
- 12. valuation of undertakings or assets of the Company, wherever it is necessary;
- 13. evaluation of internal financial controls and risk management systems;
- 14. reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- 15. reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- 16. discussion with internal auditors of any significant findings and follow up thereon;
- 17. reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- 18. discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- 19. recommending to the board of directors the appointment and removal of the external auditor, fixation of audit fees and approval for payment for any other services;
- 20. looking into the reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- 21. reviewing the functioning of the whistle blower mechanism;
- 22. monitoring the end use of funds raised through public offers and related matters;
- 23. overseeing the vigil mechanism established by the Company, with the chairman of the Audit Committee directly hearing grievances of victimization of employees and directors, who used vigil mechanism to report genuine concerns in appropriate and exceptional cases;
- 24. approval of appointment of chief financial officer (i.e., the whole-time finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- 25. reviewing the utilization of loans and/or advances from / investment by the holding company in the subsidiary exceeding ₹ 1,000,000,000 or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing;
- 26. consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders; and
- 27. carrying out any other functions required to be carried out by the Audit Committee as contained in the SEBI Listing Regulations or any other applicable law, as and when amended from time to time.

The Audit Committee is also required to 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 management;
- c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
- d. Internal audit reports relating to internal control weaknesses;
- e. The appointment, removal and terms of remuneration of the chief internal auditor;
- 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) where the Equity Shares are proposed to be listed in terms of the SEBI Listing Regulations; and
- ii. annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice in terms of the SEBI Listing Regulations.
- g. review the financial statements, in particular, the investments made by any unlisted subsidiary.

The Audit Committee shall have powers, including the following:

1. to investigate any activity within its terms of reference
2. to seek information from any employee
3. to obtain outside legal or other professional advice; and
4. to secure attendance of outsiders with relevant expertise, if it considers necessary; and
5. Such other powers as may be prescribed under the Companies Act and SEBI Listing Regulations.

#### ***Stakeholder Relationship Committee***

The stakeholder relationship committee (“**Stakeholder Relationship Committee**”) was last re-constituted by a resolution of our Board dated May 31, 2021 and its terms of reference were last revised by a resolution of the Board dated May 31, 2021. The Stakeholders Relationship Committee currently comprises of:

<b>Name</b>	<b>Position in the committee</b>	<b>Designation</b>
Mr. Mukesh Luthra	Chairman	Chairman and Non-Executive Director
Mr. Jayant Khosla	Member	Managing Director and Group Head
Mr. Sanjay Mehta	Member	Independent Director
Mr. Sanjay Kapoor	Member	Independent Director

The scope and function of the Stakeholders’ Relationship Committee is in accordance with Section 178 of the Companies Act, 2013 and the SEBI LODR Regulations. The terms of reference of the Stakeholders’ Relationship Committee of our Company include:

*Scope and terms of reference:* The Stakeholders Relationship Committee shall be responsible, amongst others, for:

1. Considering and specifically looking into various aspects of interest of shareholders, debenture holders and other security holders;
2. Resolving the grievances of the security holders of the listed entity including complaints related to transfer of shares or debentures, including non-receipt of share or debenture certificates and review of cases for refusal of transfer / transmission of shares and debentures, non-receipt of annual report or balance sheet, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc. and assisting with quarterly reporting of such complaints;
3. review of measures taken for effective exercise of voting rights by shareholders;
4. Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;
5. 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;
6. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the registrar and share transfer agent of the Company and to recommend measures for overall improvement in the quality of investor services;
7. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company; and
8. Carrying out such other functions as may be specified by the Board from time to time or specified/provided under the Companies Act or SEBI Listing Regulations, or by any other regulatory authority.

### ***Nomination and Remuneration Committee***

The remuneration committee and the ESOP compensation committee had been constituted on March 30, 2009 and March 09, 2007, respectively. The remuneration committee was re-designated the nomination and remuneration committee and merged with the ESOP compensation committee by a resolution of our Board dated July 31, 2014 (“**Nomination and Remuneration Committee**”). The Nomination and Remuneration Committee was last re-constituted by a resolution of our Board dated May 31, 2021 and its terms of reference were last revised by a resolution of the Board dated May 31, 2021. The Nomination and Remuneration Committee currently comprises of:

<b>Name</b>	<b>Position in the committee</b>	<b>Designation</b>
Mr. Sanjay Kapoor	Chairman	Independent Director
Mr. Rajiv Krishan Luthra	Member	Independent Director
Mr. Sanjay Mehta	Member	Independent Director

The scope and function of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act, 2013 and the SEBI LODR Regulations. The terms of reference of the Nomination and Relationship Committee of our Company include:

*Scope and terms of reference:* The Nomination and Remuneration Committee is responsible, among other things, for:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors of the Company (the “Board” or “Board of Directors”) a policy relating to the remuneration of the directors, key managerial personnel and other employees (“Remuneration Policy”).

The Nomination and Remuneration Committee, while formulating the above policy, should ensure that:

- a) the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run our Company successfully;
  - b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short- and long-term performance objectives appropriate to the working of the Company and its goals.
2. Formulation of criteria for evaluation of independent directors and the Board;
  3. Devising a policy on Board diversity;
  4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal and carrying out evaluation of every director’s performance (including independent director) either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance. The Company shall disclose the remuneration policy and the evaluation criteria in its annual report;
  5. Analysing, monitoring and reviewing various human resource and compensation matters;
  6. Deciding whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
  7. 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;
  8. Recommending to the board, all remuneration, in whatever form, payable to senior management and other staff, as deemed necessary;
  9. Administering, monitoring and formulating detailed terms and conditions of the employee stock option scheme, if any, of the Company;
  10. Reviewing and approving the Company’s compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;
  11. Performing such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, if applicable;
  12. Framing suitable policies, procedures and systems to ensure that there is no violation of securities laws, as amended from time to time, including:
    - a) the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
    - b) the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, by the trust, the Company and its employees, as applicable; and
  13. Performing such other activities as may be delegated by the Board or specified/ provided under the Companies Act,

2013 to the extent notified and effective, as amended or by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended or by any other applicable law or regulatory authority.

### ***Corporate Social Responsibility Committee***

The corporate social responsibility committee of our Company (“**CSR Committee**”) was last re-constituted by a resolution of our Board dated May 31, 2021 and its terms of reference were last revised by a resolution of the Board dated May 31, 2021. The CSR Committee currently comprises:

<b>Name</b>	<b>Position in the committee</b>	<b>Designation</b>
Mr. Jayant Khosla	Chairman	Managing Director and Group Head
Mr. Sanjay Kapoor	Member	Independent Director
Mr. Sanjay Mehta	Member	Independent Director

The terms of reference of the CSR Committee are as listed in Section 135 of the Companies Act, 2013. In addition, the CSR Committee is also authorised to/ responsible for the following:

1. formulate and recommend to the Board, a “Corporate Social Responsibility Policy” which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 and the rules made thereunder, as amended, monitor the implementation of the same from time to time, and make any revisions therein as and when decided by the Board;
2. identify corporate social responsibility policy partners and corporate social responsibility policy programmes;
3. review and recommend the amount of expenditure to be incurred on the activities referred to in clause (a) and the distribution of the same to various corporate social responsibility programs undertaken by the Company;
4. delegate responsibilities to the corporate social responsibility team and supervise proper execution of all delegated responsibilities;
5. 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;
6. any other matter as the Corporate Social Responsibility Committee may deem appropriate after approval of the Board or as may be directed by the Board, from time to time; and
7. exercise such other powers as may be conferred upon the Corporate Social Responsibility Committee in terms of the provisions of Section 135 of the Companies Act;

In addition to the above committees, the following committee has been constituted by our Board:

### ***IPO Committee***

The IPO Committee was last re-constituted by a resolution of our Board dated May 31, 2021 and its terms of reference were last revised by a resolution of the Board dated May 31, 2021. The IPO Committee comprises:

<b>Name</b>	<b>Position in the committee</b>	<b>Designation</b>
Mr. Mukesh Luthra	Chairman	Chairman and Non-Executive Director
Mr. Jayant Khosla	Member	Managing Director and Group Head
Ms. Roshini Bakshi	Member	Nominee Director

*Scope and terms of reference:* The IPO Committee shall have the powers:

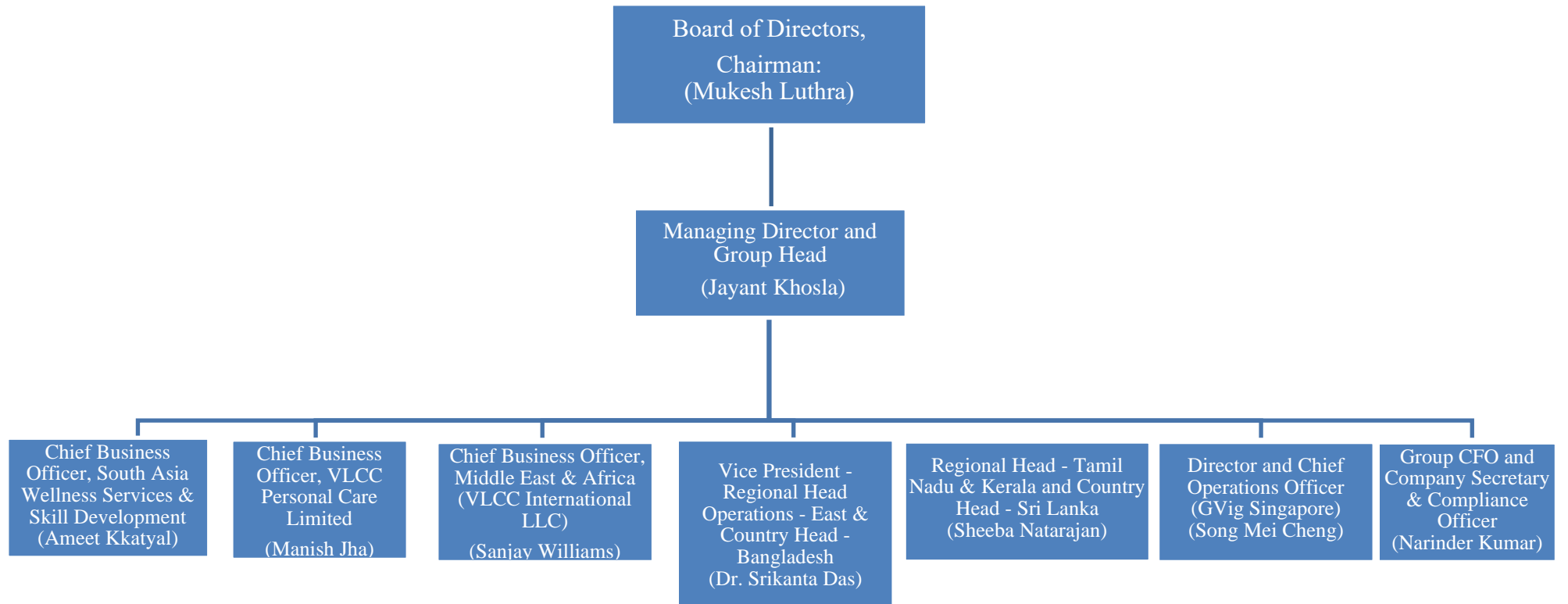
1. to decide, negotiate and finalise the pricing, the terms of the issue of the Equity Shares and all other related matters regarding the Pre-IPO Placement, if any, including the execution of the relevant documents with the investors, in consultation with the book running lead managers appointed in relation to the Offer (“BRLMs”)
2. to decide in consultation with the BRLMs the actual size of the Offer and taking on record the number of equity shares, having face value of ₹10 per equity share (the “Equity Shares”), and/or reservation on a competitive basis, and/or any rounding off in the event of any oversubscription and/or any discount to be offered to retail individual bidders or eligible employees participating in the Offer and all the terms and conditions of the Offer, including without limitation timing, opening and closing dates of the Offer, price band, allocation/allotment to eligible persons pursuant to the Offer, including any anchor investors, and to accept any amendments, modifications, variations or

- alterations thereto
3. to appoint, instruct and enter into agreements with the BRLMs, and in consultation with BRLMs appoint and enter into agreements with intermediaries, co-managers, underwriters, syndicate members, brokers, escrow collection bankers, auditors, independent chartered accountants, refund bankers, registrar, grading agency, monitoring agency, industry expert, legal counsels, depositories, custodians, credit rating agencies, printers, advertising agency(ies), and any other agencies or persons (including any successors or replacements thereof) whose appointment is required in relation to the Offer and to negotiate and finalize the terms of their appointment, including but not limited to execution of the mandate letters and offer agreement with the BRLMs, and the underwriting agreement with the underwriters, and to terminate agreements or arrangements with such intermediaries
  4. to make any alteration, addition or variation in relation to the Offer, in consultation with the BRLMs or SEBI or such other authorities as may be required, and without prejudice to the generality of the aforesaid, deciding the exact Offer structure and the exact component of issue of Equity Shares
  5. to finalise, settle, approve, adopt and arrange for submission of the draft red herring prospectus ("DRHP"), the red herring prospectus ("RHP"), the Prospectus, the preliminary and final international wrap and any amendments, supplements, notices, clarifications, reply to observations, addenda or corrigenda thereto, to appropriate government and regulatory authorities, respective stock exchanges where the Equity Shares are proposed to be listed ("Stock Exchanges"), the Registrar of Companies, National Capital Territory of Delhi and Haryana ("Registrar of Companies"), institutions or bodies
  6. to invite the existing shareholders of the Company to participate in the Offer to offer for sale the Equity Shares held by them at the same price as in the Offer
  7. to take all actions as may be necessary and authorised in connection with the offer for sale and to approve and take on record the approval of the selling shareholder(s) for offering their Equity Shares in the offer for sale and the transfer of Equity Shares in the offer for sale
  8. to issue advertisements in such newspapers and other media as it may deem fit and proper, in consultation with the relevant intermediaries appointed for the Offer in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("SEBI ICDR Regulations"), Companies Act, 2013, as amended and other applicable laws
  9. to decide the total number of Equity Shares to be reserved for allocation to eligible categories of investors, if any, and on permitting existing shareholders to sell any Equity Shares held by them
  10. to open separate escrow accounts as the escrow account to receive application monies from anchor investors/underwriters in respect of the bid amounts and a bank account as the refund account for handling refunds in relation to the Offer and in respect of which a refund, if any will be made
  11. to open account with the bankers to the Offer to receive application monies in relation to the Offer in terms of Section 40(3) of the Companies Act, 2013, as amended
  12. to do all such deeds and acts as may be required to dematerialise the Equity Shares and to sign and/or modify, as the case may be, agreements and/or such other documents as may be required with the Central Depository Services (India) Limited, registrar and transfer agents and such other agencies, as may be required in this connection, with power to authorise one or more officers of the Company to execute all or any such documents
  13. to negotiate, finalise, sign, execute and deliver or arrange the delivery of the offer agreement, syndicate agreement, share escrow agreement, cash escrow and sponsor bank agreement, underwriting agreement, agreements with the registrar to the Offer, monitoring agency and the advertising agency(ies) and all other agreements, documents, deeds, memorandum of understanding and other instruments whatsoever with the registrar to the Offer, monitoring agency, legal advisors, auditors, Stock Exchanges, BRLMs and other agencies/ intermediaries in connection with Offer with the power to authorize one or more officers of the Company to execute all or any of the aforesaid documents
  14. to make any applications, seek clarifications, obtain approvals and seek exemptions, if necessary, from the Stock Exchange, the Securities and Exchange Board of India ("SEBI"), the Reserve Bank of India ("RBI"), Registrar of Companies and such other statutory and governmental authorities in connection with the Offer, as required by applicable law, and to accept, on behalf of the Board, such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, exemptions, permissions and sanctions as may be required, and wherever necessary, incorporate such modifications / amendments as may be required in the DRHP, RHP and the Prospectus
  15. to make in-principle and final applications for listing and trading of the Equity Shares on one or more Stock Exchanges, to execute and to deliver or arrange the delivery of the equity listing agreement(s) or equivalent documentation to the Stock Exchanges and to take all such other actions as may be necessary in connection with obtaining such listing
  16. to determine and finalize, in consultation with the BRLM, the price band for the Offer and minimum bid lot for the

purpose of bidding, any revision to the price band and the final Offer price after bid closure, and to finalize the basis of allocation and to allot the Equity Shares to the successful allottees and credit Equity Shares to the demat accounts of the successful allottees in accordance with applicable laws and undertake other matters in connection with or incidental to the Offer, including determining the anchor investor portion, in accordance with the SEBI ICDR Regulations

17. to issue receipts/allotment advice/confirmation of allocation notes either in physical or electronic mode representing the underlying Equity Shares in the capital of the Company with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations, including listing on one or more stock exchange(s), with power to authorise one or more officers of the Company to sign all or any of the aforementioned documents
18. to approve the code of conduct, suitable insider trading policy, whistle blower/vigil mechanism policy, risk management policy and other corporate governance requirements considered necessary by the Board or the IPO Committee or as required under applicable law
19. to seek, if required, the consent and waivers of the parties with whom the Company has entered into various commercial and other agreements such as Company's lenders, joint venture partners, all concerned governmental and regulatory authorities in India or outside India, and any other consents that may be required in connection with the Offer in accordance with the applicable laws
20. to determine the price at which the Equity Shares are offered, issued, allocated, transferred and/or allotted to investors in the Offer in accordance with applicable regulations in consultation with the BRLMs and/or any other advisors, and determine the discount, if any, proposed to be offered to eligible categories of investors
21. to settle all questions, difficulties or doubts that may arise in relation to the Offer, as it may in its absolute discretion deem fit
22. to do all acts and deeds, and execute all documents, agreements, forms, certificates, undertakings, letters and instruments as may be necessary for the purpose of or in connection with the Offer
23. to authorize and approve the incurring of expenditure and payment of fees, commissions, brokerage and remuneration in connection with the Offer
24. to withdraw the DRHP or RHP or to decide not to proceed with the Offer at any stage, in consultation with the BRLMs and in accordance with the SEBI ICDR Regulations and applicable laws
25. to determine the utilization of proceeds of the fresh issue and accept and appropriate proceeds of the fresh issue in accordance with applicable laws
26. to submit undertaking/certificates or provide clarifications to the SEBI, Registrar of Companies and the relevant Stock Exchange(s) where the Equity Shares are to be listed; and
27. to authorize and empower officers of the Company (each, an "Authorized Officer(s)"), for and on behalf of the Company, to execute and deliver, on a several basis, any agreements and arrangements as well as amendments or supplements thereto that the Authorized Officer(s) consider necessary, appropriate or advisable, in connection with the Offer, including, without limitation, engagement letter(s), memoranda of understanding, the listing agreement(s) with the Stock Exchange(s), the registrar's agreement and memorandum of understanding, the depositories' agreements, the offer agreement with the BRLMs (and other entities as appropriate), the underwriting agreement, the syndicate agreement with the BRLMs and syndicate members, the cash escrow and sponsor bank agreement, confirmation of allocation notes, allotment advice, placement agents, registrar to the Offer, bankers to the Company, managers, underwriters, escrow agents, accountants, auditors, legal counsel, depositories, advertising agency(ies), syndicate members, brokers, escrow collection bankers, auditors, grading agency, monitoring agency and all such persons or agencies as may be involved in or concerned with the Offer, if any, and to make payments to or remunerate by way of fees, commission, brokerage or the like or reimburse expenses incurred in connection with the Offer by the BRLMs and to do or cause to be done any and all such acts or things that the Authorized Officer(s) may deem necessary, appropriate or desirable in order to carry out the purpose and intent of the foregoing resolutions for the Offer; and any such agreements or documents so executed and delivered and acts and things done by any such Authorized Officer(s) shall be conclusive evidence of the authority of the Authorized Officer and the Company in so doing.

## Management Organization Structure





## Key Managerial Personnel

In addition to Mr. Jayant Khosla, our Managing Director and Group Head, the following persons are our Key Managerial Personnel as of the date of this Draft Red Herring Prospectus. For details of the brief profile of Mr. Jayant Khosla, see “- *Brief profiles of our Directors*” on page 219. The brief profiles of our other Key Managerial Personnel are as set out below:

**Mr. Narinder Kumar**, is our Group Chief Financial Officer and Company Secretary & Compliance Officer. He has been associated with our Company since May 20, 2002. He holds a bachelor’s degree in commerce (honours) from the University of Delhi, a master’s degree in commerce from the University of Delhi, is a fellow member of the Institute of Company Secretaries of India, a fellow member of the Institute of Chartered Accountants of India (“ICAI”), was placed in the top 50 ranks merit list in the intermediate and final examinations conducted by ICAI in November 1984 and May 1986 respectively, and is also an associate member of the Institute of Cost and Works Accountants of India. He has in the past been associated with International Travel House Limited (a listed company of the ITC group) as their head of finance and company secretary, Indian Farmers Fertilizers Cooperative Limited and JKBM Limited (Chemical Division), Systems America (India) Limited as general manager (finance & accounts) & company secretary, Commerce One India as head finance and company secretary. He has been awarded CFO100 Roll of Honour in 2012 by CFO Institute in India. In Fiscal 2021, he received a gross compensation of ₹ 5.81 million from our Company.

**Mr. Manish Jha**, is the Chief Business Officer of VLPC, our Subsidiary. He has been associated with our Company since December 09, 2019. He was also previously associated with VLCC Personal Care Limited for the period from July 6, 2012 until September 18, 2017, when he resigned as the Vice President – Sales and Marketing. He holds bachelor’s of science (physics honours) from University of Gauhati and a master’s degree in business administration from Lalit Narayana Mishra Institute of Economic Development & Social Change. He has also in the past been associated with VST Industries Limited, Bharti Tele-Ventures Limited, Henkel India Limited, Shahnaz Ayurvedic and Cavinkare Private Limited. In Fiscal 2021, he received a gross compensation of ₹ 6.06 million from VLCC Personal Care Limited, our Subsidiary.

**Mr. Ameet Kkatyal**, is the Chief Business Officer of South Asia Wellness Services & Skill Development of our Company. He has been associated with our Company since January 18, 2019. He holds a bachelor’s degree in commerce (honours) from the University of Delhi. He is also an Anti-Money Laundering Specialist from Association of Certified Anti-Money Laundering Specialists (ACAMS), certified SAP FICO from Siemens AG, and a Chartered Accountant from the Institute of Chartered Accountants of India (“ICAI”). He has in the past been associated with Clutch Group LLC, as their Vice President of India Operations, BMR Advisors and Pricewaterhouse as an Associate in the Assurance & Business Advisory Services. He has extensive experience in managing large global teams across marquee organizations. He has lead cross-border engagements, and worked across geographies in the US, UK, EMEA & APAC. In Fiscal 2021, he received a gross compensation of ₹ 7.31 million from our Company.

**Mr. Sanjay Williams**, is the Chief Business Officer – Middle East & Africa of VLCC International LLC, our Subsidiary. He has been associated with our Company since February 18, 2020. He holds completed special management program from Indian Institute of Management Calcutta and post graduate diploma in marketing and sales management from Institute of Management Studies, New Delhi, YMCA. He has in the past been associated with Loreal India Private Limited and Wesley International Limited. In Fiscal 2021, he received a gross compensation of AED 0.56 million (₹ 11.14 million) from VLCC International LLC, our Subsidiary.

**Ms. Sheeba Natarajan**, is our Regional Head of wellness services for Tamil Nadu & Kerala and Country Head Srilanka. She has been associated with our Company since October 1, 1999. She holds a bachelor’s degree in nutrition and dietetics from University of Madras and a post graduation diploma in certified nutrition support dietitian from Tamilnad hospitals. She has also completed Executive MBA programme from Vinaya Missions University. She has in the past been associated with Devaki hospitals and Harvey heart Hospitals as a Clinical Nutritionist. She has been awarded VLCC Magic Hands Award for Best Area Manager – 2005-2006 and Best Centre Head – 2004-2005. Also, her case study /thesis titled “- metabolic management of hyper-and hypocalcemia” was published in the international journal of clinical nutrition-1994. In Fiscal 2021, she received a gross compensation of ₹ 2.28 million from our Company

**Dr. Srikanta Das**, is our Vice President - Regional Head Operations- East & Country Head – Bangladesh, Wellness Services. She has been associated with our Company since March 1, 2000. She holds a degree of bachelor of medicine and surgery (M.B.B.S.) from Silchar Medical College, Assam and a post-graduation medical diploma in Dermatology

Venerology and Leprosy from Mangalore University. She has in the past been associated with St. Joseph's Hospital as a skin specialist. She has been awarded VLCC Magic Hands Awards for Best Regional Head in 2013-2014, Best Regional Head in 2012-2013 and Best Area Head in 2010-2011. In Fiscal 2021, she received a gross compensation of ₹ 1.88 million from our Company.

**Ms. Song Mei Cheng**, is the Director and Chief Operations Officer of GVig Singapore, our Subsidiary. She has been associated with our Company since March 2006. She holds bachelor of science (honours) in business management studies from University of Bradford and has obtained CIDESCO certification. She has been awarded as Enterprise Singapore and Singapore Standards Council Commendation Award for contribution to Singapore Standardization Programme. In Fiscal 2021, she received a gross compensation of SGD 0.27 million (₹ 14.92 million) from GVig Singapore, our Subsidiary.

All Key Managerial Personnel are permanent employees on the rolls of our Company or our Subsidiaries, as applicable.

#### **Details of Service Contracts of our Key Managerial Personnel**

Our Key Managerial Personnel have not entered into any other contractual arrangements with our Company or our Subsidiaries, as the case may be.

No officer of our Company, including Key Managerial Personnel, whether employed by our Company or our Subsidiaries, is entitled to any benefit upon termination of such officer's employment or superannuation.

#### **Interest of Key Managerial Personnel**

None of our Key Managerial Personnel have any interest in our Company except to the extent of remuneration, benefits, reimbursement of expenses incurred by them in the ordinary course of business and of stock options that may be granted to them from time to time under the VLCC ESOP 2015 and the VLCC ESOP 2021.

The details of our Key Managerial Personnel who hold Equity Shares as on the date of this Draft Red Herring Prospectus is as follows:

<b>Name</b>	<b>No. of Equity Shares</b>	<b>% of pre-Offer capital</b>
Mr. Narinder Kumar	130,179	0.35
<b>Total</b>	<b>130,179</b>	<b>0.35</b>

For further details regarding the shareholding of our Key Managerial Personnel, see the sections titled "*Capital Structure – Shareholding of our Directors and Key Managerial Personnel*" and "*Capital Structure – Employee Stock Option Schemes*" on pages 82 and 83.

#### **Arrangements and Understanding with Major Shareholders, customers, suppliers and others**

Except for our nominee Director, Ms. Roshini Bakshi, who was nominated pursuant to the terms of the OIH SHA, none of our Directors or Key Managerial Personnel have been appointed pursuant to any arrangement or understanding with our major shareholders, customers, suppliers or others. For further details, see "*History and Certain Corporate Matters – Material Agreements*" on page 197.

#### **Nature of Family Relationship among Key Managerial Personnel**

None of our Key Managerial Personnel are related to each other or to the Directors.

## Changes in our Key Managerial Personnel

The changes in our Key Managerial Personnel during the last three years are as follows:

Name	Date of Change	Reason
Mr. Jayant Khosla	January 10, 2019	Appointed as the Managing Director and Group Head
Mr. Ameet Kkatyal	April 01, 2019	Appointed as the Chief Business Officer of South Asia Wellness Services & skill Development
Mr. Gaurav Parashar	June 24, 2019	Appointed as the Chief Operating Officer - Sales & Marketing
Mr. Natrajan M. V.	June 30, 2019	Cessation as the CEO - Product Business
Mr. Sachin Agarwal	August 03, 2019	Cessation as the Company Secretary
Mr. Narinder Kumar	September 16, 2019	Redesignated from Group CFO to Group CFO and Company Secretary
Mr. Gaurav Parashar	December 05, 2019	Cessation as the Chief Operating Officer - Sales & Marketing
Mr. Manish Jha	December 09, 2019	Appointed as the Head Sales & Marketing of VLPC
Mr. Sanjay Williams	April 01, 2020	Appointed as the Chief Business Officer - Middle East and Africa
Mr. Sanjeev Setia	April 05, 2020	Cessation as the Chief Business Officer - Middle East and Africa
Mr. Manish Jha	May 01, 2020	Re-designated as the Chief Business Officer of VLPC
Mr. Ameet Kkatyal	May 01, 2020	Transfer to VLCC Health Care Limited as Chief Business Officer of South Asia Wellness Services & Skill Development
Mr. Deepanshu Khurana	June 19, 2020	Cessation as the Chief Business Officer – Integrated Services

## Bonus or Profit Sharing Plan for the Key Managerial Personnel

The remuneration paid to our Key Managerial Personnel includes a performance bonus which is determined on an individual basis depending upon the achievement of targets set for them.

## Scheme of Employee Stock Option or Employee Stock Purchase

For details of the VLCC ESOP 2007, VLCC ESOP 2015 and the VLCC ESOP 2021, see the section titled “*Capital Structure – Employee Stock Option Schemes*” on page 83.

## Payment or benefit to officers of our Company (non-salary related)

No amount of benefit has been paid or given to any officer of our Company within the two preceding years from the date of filing of this Draft Red Herring Prospectus or is intended to be paid, other than in the ordinary course of their employment.

## OUR PROMOTERS AND PROMOTER GROUP

### Our Promoters

The Promoters of our Company are Mrs. Vandana Luthra and Mr. Mukesh Luthra.

As on the date of this Draft Red Herring Prospectus, our Promoters hold, in aggregate, 25,885,562 Equity Shares, which constitute 68.72 % of the issued, subscribed and paid-up Equity Share capital of our Company. Further, as on the date of this Draft Red Herring Prospectus, our Promoters along with our Promoter Group collectively hold an aggregate of 31,032,287 Equity Shares, aggregating to 82.38 % of the issued, subscribed and paid-up Equity Share capital of our Company. For further details, see “*Capital Structure – Notes to Capital Structure – Build-up of the shareholding of our Promoters in our Company*” on page 77.

**Brief profile of our Promoters is as under:**



Identification Particulars	Details
PAN	AABPL9077H
Driving license number	N.A.
Aadhaar Card	[REDACTED]
Date of birth	July 12, 1959
Address	C-42, Anand Niketan, New Delhi 110 021, India

**Mrs. Vandana Luthra**, aged 62 years, has 31 years of experience in the beauty and wellness sector and is associated with our Company since its incorporation in 1996. She is a recipient of the Padma Shri award for her contributions to trade and industry and was the founding chairperson of the Beauty & Wellness Sector Skill Council. She has featured in Fortune magazine’s listings of “50 Most Powerful Women in Business in India” from 2011 to 2017 as well as in Forbes magazine’s 2016 list of “50 Asia Power Women” and the Femina magazine’s “Power List 2020”. Recently, she has been honoured with the Haryana Gaurav Samman award by the Government of Haryana (India) at its Global NRI Summit in 2017.



Identification Particulars	Details
PAN	AAPPL0340R
Driving license number	DL12 20020003630
Aadhaar Card	[REDACTED]
Date of birth	July 29, 1958
Address	Villa E -101, 381-101, Frond E, Palm Jumeirah, Dubai, UAE

**Mr. Mukesh Luthra**, aged 63 years, is the Chairman and Non- executive Director of our Board. For further details, see “*Our Management*” on page 217.

We confirm that the details of the PAN, passport numbers and bank account numbers in relation to our Promoters will be submitted to the Stock Exchanges at the time of filing of the Draft Red Herring Prospectus with the Stock Exchanges.

### Change in control of our Company

Our Promoters are the original promoters of our Company and there has been no change in control of our Company in the last five years immediately preceding the date of this Draft Red Herring Prospectus.

## **Interest of Promoters**

### *Interest of Promoters in the Promotion of our Company*

Our Promoters are interested in our Company to the extent of their or their relatives' shareholding and directorship in our Company, the dividend declared and other distributions in respect of the said Equity Shares held by them. For further details see "Capital Structure" on page 75.

### *Interest of Promoters in the Property of our Company*

Our Promoters do not have any interest in any property acquired by our Company within three years preceding the date of this Draft Red Herring Prospectus or proposed to be acquired by our Company.

### *Interest of Promoter in acquisition of land, construction of building and supply of machinery, etc.*

As on the date of filing of the Draft Red Herring Prospectus, our Promoters are not interested in any transaction for acquisition of land, construction of buildings and supply of machinery.

### *Interest of Promoters in our Company other than as Promoters*

Except as stated in this section and the sections titled "Our Business", "Our Management", "History and Certain Corporate Matters" and "Financial Indebtedness" on pages 156, 217, 194 and 365, our Promoters do not have any interest in our Company other than as promoters.

### *Interest of Promoter being a member of a firm or company*

None of our Promoters are interested as a member of a firm or company, and no sum has been paid or agreed to be paid to our Promoters or to such firm or company in cash or shares or otherwise by any person for services rendered by him or by such firm or company in connection with the promotion or formation of our Company.

## **Payment or benefit to our Promoters and Promoter Group**

Mrs. Vandana Luthra, one of our Promoters has entered into a technical know-how agreement dated July 1, 2019, with our Company, pursuant to which she was entitled to an amount of ₹ 1.77 million per month in Fiscal 2021. Mrs. Vandana Luthra has also entered into another similar technical know-how agreement dated July 1, 2019 with our Subsidiary, VLCC Personal Care Limited, pursuant to which she was entitled to an amount of ₹ 1.77 per month in Fiscal 2021.

For further details, see sections "Related Party Transactions" and "Our Management" beginning on page 321 and 217 respectively.

Except for transactions disclosed in this sub-section, no amount or benefit has been paid by our Company to our Promoters or the members of our Promoter Group in the two years preceding the date of this Draft Red Herring Prospectus.

## **Material guarantees given by our Promoters**

There is no material guarantee given by our Promoters to third parties, with respect to the Equity Shares of the Company.

## **Disassociation by the Promoters in the Last Three Years**

Our Promoters have not disassociated themselves as a promoter from any venture during the three years preceding the date of filing of this Draft Red Herring Prospectus.

## **Promoter Group**

### **(a) Natural Persons**

In addition to our Promoters, who are married to each other, the natural persons forming part of our Promoter Group are as follow:

S. No.	Name	Relation with Promoters
1.	Mr. Rajesh Luthra	Brother of Mr. Mukesh Luthra
2.	Ms. Meera Luthra	Daughter of Mr. Mukesh Luthra and Mrs. Vandana Luthra
3.	Ms. Pallavi Luthra	Daughter of Mr. Mukesh Luthra and Mrs. Vandana Luthra

Further, we have submitted an exemption application dated August 12, 2021 with SEBI seeking an exemption from providing specific information, confirmations and disclosures to be included in this Draft Red Herring Prospectus (and subsequently, the Red Herring Prospectus and the Prospectus in relation to the Offer) from Mr. Nishith Arora, brother of Mrs. Vandana Luthra, or other body corporates in which he is interested, as members of the 'promoter group' of our Company.

**(b) Companies and entities**

The companies and entities that form part of our Promoter Group are as follows:

S. No.	Name of Promoter Group Entity
<i>Companies</i>	
1.	Leon International Limited
2.	Rajawongse Properties & Real Estate Development Private Limited
3.	VLCC Personal Care Limited
4.	VLCC International Inc.
5.	Future Med Devices Private Limited
<i>Firms</i>	
6.	Luthra & Associates

## OUR GROUP COMPANIES

As per the SEBI ICDR Regulations, for the purpose of identification of group companies, our Company has considered companies (other than our Subsidiaries) with which our Company has entered into related party transactions during the period for which the Restated Consolidated Summary Statements has been included in this Draft Red Herring Prospectus, *i.e.*, Fiscals 2021, 2020 and 2019 as covered under the applicable accounting standards, and (ii) such other companies as considered material by the Board, in accordance with the Materiality Policy.

For the purposes of (ii) above, in terms of the Materiality Policy, a company (other than our Subsidiaries) shall be considered material and disclosed as a group company if:

- (a) our Company or our Promoters hold 10% or more of the equity share capital of such company; and
- (b) the Company has entered into one or more transactions with such company during the last completed fiscal year, which individually or cumulatively in value exceeds 5% of the total consolidated revenue of the Company for that fiscal year as per the Restated Consolidated Summary Statements.

Based on the above, our Company does not have any group company as on the date of this Draft Red Herring Prospectus.

## **DIVIDEND POLICY**

The declaration and payment of dividends will be recommended by the Board of Directors and approved by the Shareholders, at their discretion, subject to the provisions of the Articles of Association and the Companies Act. The dividend, if any, will depend on a number of factors, including but not limited to the future expansion plans and capital requirements, profit earned during the Fiscal, liquidity and applicable taxes including dividend distribution tax payable by our Company. In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under loan or financing arrangements our Company is currently availing of or may enter into to finance our fund requirements for our business activities. Dividends can only be paid in cash to shareholders listed on the register of shareholders or those persons whose names are entered as beneficial owners in the record of the depositary on the date specified as the record date or book closure date.

Our Company has not declared any dividends for Fiscals 2021, 2020 and 2019. Further our Company has not declared any dividend in the current Fiscal till the filing of this Draft Red Herring Prospectus. As on the date of filing of this Draft Red Herring Prospectus, our Company does not have a formal dividend policy. For details, see *“Risk Factors – Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures”* on page 47.



**SECTION V: FINANCIAL INFORMATION**  
**FINANCIAL STATEMENTS**

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**Independent Auditors’ Examination Report on the Restated Consolidated Summary Statements of assets and liabilities as at March 31, 2021, March 31, 2020 and March 31, 2019 and the related Restated Consolidated Summary statements of profits and losses (including other comprehensive income), Restated Consolidated Summary Statement of cash flows and statements of changes in equity for each of the years ended March 31, 2021, March 31, 2020 and March 31, 2019 of VLCC Health Care Limited (collectively, the “Restated Consolidated Summary Statements”)**

To  
The Board of Directors  
VLCC Health Care Limited  
64, HSIDC Sector 18, Maruti Industrial Area,  
Gurgaon – 122015, Haryana, India

Dear Sirs,

1. We, S.R. Batliboi & Associates LLP ("we" or "us" or "SRBA") have examined the attached Restated Consolidated Summary Statements of VLCC Health Care Limited ('the Company') and its subsidiaries (the Company and its subsidiaries together referred as "the Group") as at and for each of the years ended March 31, 2021, 2020 and 2019, annexed to this report and prepared by the Company for the purpose of inclusion in the Draft Red Herring Prospectus ("DRHP") to be filed by the Company with the Securities and Exchange Board of India ("SEBI") in connection with the proposed Initial Public Offer ("IPO") of equity shares of face value of Rs 10 each of the Company and an offer for sale by the selling shareholders of the Company (collectively, the "Offering"). The Restated Consolidated Summary Statements, which have been approved by the Board of Directors of the Company, have been prepared in accordance with the requirements of:
  - a) Section 26 of Part I of Chapter III of the Companies Act 2013 (the "Act");
  - b) Relevant provisions of 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 Prospectus (Revised 2019) issued by Institute of Chartered Accountants of India ("ICAI"), (the "Guidance Note").

**Management’s Responsibility for the Restated Ind AS Consolidated Summary Statements**

2. The preparation of the Restated AS Consolidated Summary Statements, which are to be included in the DRHP is the responsibility of the Management of the Company. The Restated Consolidated Summary Statements has been prepared by the management of the Company on the basis of preparation stated in the paragraph 2.1 of Annexure V to the Restated Consolidated Summary Statements. The management of the Company is responsible for designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Consolidated Summary Statements. The management of the Company are also responsible for identifying and ensuring that the Company complies with the Act, ICDR Regulations and Guidance Note.

**Auditors’ Responsibilities**

3. We have examined such Restated Consolidated Summary Statements taking into consideration:
  - a) The terms of reference and terms of our engagement agreed with you vide our engagement letter dated July 1, 2021, requesting us to carry out the assignment, in connection with the proposed Offering of the Company;
  - b) The Guidance Note. The Guidance Note also requires that we comply with ethical requirements of 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 and the ICDR Regulations in connection with the Offering of the Company.

#### **Restated Consolidated Summary Statements as per audited consolidated financial statements**

4. These Restated Consolidated Summary Statements have been compiled by the Management of the Company from the audited Ind-AS consolidated financial statements of the Group as at and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 prepared in accordance with the Indian Accounting Standards ("Ind AS"), as prescribed under section 133 of the Act read with the 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 August 6, 2021, December 29, 2020 and September 16, 2019 respectively.
5. For the purpose of our examination, we have relied upon auditor's reports issued by us dated August 6, 2021, December 29, 2020 and September 16, 2019 on the audited Ind-AS consolidated financial statements of the Group as at and for each of the years ended March 31, 2021, March 31, 2020 and March 31, 2019 respectively as referred in paragraph 4 above.
6. As indicated in our audit reports referred to in paragraph 5 above:-
  - a) we did not audit the financial statements and other information related to subsidiaries and 1 Trust (listed in Annexure I) whose financial statements reflected the total assets of Rs. 27,938 lakhs, Rs. 29,673 lakhs and Rs. 24,120 lakhs as at March 31, 2021, March 31, 2020 and March 31, 2019 respectively, total revenues (before intercompany eliminations) of Rs. 20,406 lakhs, Rs. 25,562 lakhs and Rs. 29,956 lakhs and net cash inflows/(outflows) of Rs. 460 lakhs, Rs. (580 lakhs) and Rs. (26 lakhs) for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 respectively included in the audited Ind-AS consolidated financial statements. Those financial statements and other financial information were audited and reported upon by other auditors.
  - b) certain of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.
7. The other respective auditors of these subsidiaries (to the extent listed in Annexure II), have examined the restated summary statements of the respective subsidiaries included in these Restated Consolidated Summary Statements and have confirmed that the restated summary statements of these respective subsidiaries:
  - (a) have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial years ended March 31, 2020 and March 31, 2019 to reflect the same accounting treatment as per the accounting policies as at and for the year ended March 31, 2021 and
  - (b) does not contain any qualifications requiring adjustments.
8. 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 of these respective subsidiaries submitted by Other Auditor for the respective years, we report that Restated Consolidated Summary Statements of the Group as attached to this report, read with basis of preparation and respective significant accounting policies given in Annexure V as described in paragraph 1 and that these Restated Consolidated Summary Statements:
  - (a) have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial years ended March 31, 2020 and March 31, 2019 to reflect the same accounting treatment as per the accounting policies as at and for the year ended March 31, 2021;
  - (b) have been made after incorporating adjustments and regroupings for the material amounts in the respective financial years to which they relate;

- (c) there are no qualifications in the auditors' reports on the audited consolidated financial statements of the Company as at and for each of the years ended March 31, 2021, March 31, 2020 and March 31, 2019 which require any adjustments to the Restated Consolidated Summary Statements. Further, qualifications included in the Annexure to the auditors' report issued under Companies (Auditor's Report) Order, 2016, as applicable on the Company and its subsidiaries in India, on the financial statement for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 do not require any corrective adjustment in the Restated Consolidated Summary Statements have been disclosed in Part C of Annexure VI to the Restated Consolidated Summary Statements.

The auditors' reports on the audited consolidated financial statements of the Company as at and for the years ended March 31, 2020 and March 31, 2021, included Emphasis of matter, and which did not require any adjustments to the Restated Consolidated Summary Statements and are stated below:

For the year ended March 31, 2020

We draw attention to Annexure VI Part C in the Restated Consolidated Summary Statements for the year ended March 31, 2020, which describes the management's evaluation of impact of uncertainties related to COVID-19 and its consequential effects on the Group's financial performance. Our opinion is not modified in respect of this matter.

For the year ended March 31, 2021

We draw attention to Annexure VI Part C in the Restated Consolidated Summary Statements for the year ended March 31, 2020, which describes the management's evaluation of impact of uncertainties related to COVID-19 and its consequential effects on the Group's financial performance. Our opinion is not modified in respect of this matter.

- (d) have been prepared in accordance with the Act, ICDR Regulations and Guidance Note.

9. We have not audited financial statements of the Group as of any date or for any period subsequent to March 31, 2021. Accordingly, we express no opinion on the financial position, results of operations, cash flows and statement of changes in equity of the Group as of any date or for any period subsequent to March 31, 2021.
10. The Restated Consolidated Summary Statements do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited Ind AS consolidated financial statements mentioned in paragraph 4 above.
11. This report should not be in any way construed as a reissuance or re-dating of any of the previous audit reports issued by us nor should this report be construed as a new opinion on any of the audited Ind AS consolidated financial statements referred to herein.
12. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

13. Our report is intended solely for the use of the Board of Directors for inclusion in the DRHP to be filed with Securities and Exchange Board of India, National Stock Exchange of India Limited and BSE Limited in connection with the proposed Offering as set forth in the paragraph 1 above of this report. Our report should not be used, referred to or distributed for any other purpose.

For S.R. Batliboi & Associates LLP  
ICAI Firm Registration No.: 101049W/ E300004  
Chartered Accountants

per Yogender Seth  
Partner  
Membership No: 094524  
UDIN: 21094524AAAACS3549  
Date: August 6, 2021

Annexure 1

Entity	Auditor	Period
VLCC International Inc and its subsidiaries	Grant Thornton	2020-21; 2019-20 and 2018-19
VLCC Wellness Research Center Private Limited	Ravi Ranjan & Co LLP	2020-21; 2019-20 and 2018-19
VLCC Online Services Private Limited	ASR & Co	2020-21; 2019-20 and 2018-19
Vanity Cube Spa and Salon Private Limited	ASR & Co	2020-21; 2019-20 and 2018-19
VLCC Employee Welfare Trust	Ravi Ranjan & Co LLP	2020-21; 2019-20 and 2018-19

Annexure 2

Entity	Auditor	Period
VLCC International Inc and its subsidiaries	Grant Thornton	2020-21; 2019-20 and 2018-19
Vanity Cube Spa and Salon Private Limited	ASR & Co	2020-21; 2019-20 and 2018-19

Annexure I

Restated Consolidated Summary Statement of Assets and Liabilities

	Notes	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>				
<b>I. Non-current assets</b>				
Property, plant and equipment	4	2,511.53	2,807.72	2,878.32
Capital work in progress	4	48.20	29.50	-
Goodwill	6	193.24	191.56	196.50
Other intangible assets	5	25.67	36.63	49.96
Right-of-use assets	29	1,747.20	2,139.81	2,398.88
Intangible assets under development	5	-	-	0.53
Financial assets:				
Investments	7(a)	0.02	0.02	0.02
Loans	7(c)	87.44	70.57	82.10
Other financial assets	7(e)	33.75	72.00	10.06
Income tax assets (net)	16	32.38	47.15	52.99
Deferred tax assets (net)	16	526.46	491.75	494.43
Other non-current assets	9	8.75	6.95	7.00
<b>Total Non-current assets</b>		<b>5,214.64</b>	<b>5,893.66</b>	<b>6,170.79</b>
<b>II. Current assets</b>				
Inventories	8	571.99	735.24	660.10
Financial assets:				
Trade receivables	7(b)	468.60	347.42	507.36
Loans	7(c)	97.95	121.70	109.18
Cash and cash equivalents	7(d)	383.38	121.43	422.73
Other financial assets	7(e)	8.19	14.99	12.06
Other current assets	9	178.40	278.91	239.86
<b>Total Current assets</b>		<b>1,708.51</b>	<b>1,619.69</b>	<b>1,951.28</b>
<b>Total Assets (I+II)</b>		<b>6,923.15</b>	<b>7,513.35</b>	<b>8,122.08</b>
<b>EQUITY AND LIABILITIES</b>				
<b>III. Equity</b>				
Equity share capital	10	376.68	376.68	376.68
Other equity	11	420.79	373.22	410.43
<b>Equity attributable to equity holders of the parent</b>		<b>797.47</b>	<b>749.90</b>	<b>787.11</b>
Non-controlling interests		(36.74)	(40.70)	(39.98)
<b>Total Equity</b>		<b>760.73</b>	<b>709.20</b>	<b>747.13</b>
<b>LIABILITIES</b>				
<b>IV. Non-current liabilities</b>				
Contract liabilities	12	85.98	100.44	84.00
Financial liabilities:				
Borrowings	13(a)	505.59	532.43	682.16
Lease liabilities	29	1,457.80	1,608.88	1,812.79
Other financial liabilities	13(c)	20.25	20.68	10.17
Provisions	14	112.77	125.51	107.84
<b>Total non-current liabilities</b>		<b>2,182.39</b>	<b>2,387.94</b>	<b>2,696.96</b>
<b>V. Current liabilities</b>				
Contract liabilities	12	761.42	646.73	767.79
Financial liabilities:				
Borrowings	13(a)	509.58	625.88	558.16
Lease liabilities	29	510.93	664.14	686.72
Trade payables	13(b)			
- Total outstanding dues of micro enterprises and small enterprises		24.13	25.26	21.51
- Total outstanding dues of creditors other than micro enterprises and small enterprises		1,610.36	1,937.75	2,047.05
Other financial liabilities	13(c)	378.33	376.95	413.26
Provisions	14	89.13	48.76	76.76
Other current liabilities	15	96.15	90.74	106.74
<b>Total current liabilities</b>		<b>3,980.03</b>	<b>4,416.21</b>	<b>4,677.99</b>
<b>Total Liabilities</b>		<b>6,162.42</b>	<b>6,804.15</b>	<b>7,374.95</b>
<b>Total equity and liabilities (III+IV+V)</b>		<b>6,923.15</b>	<b>7,513.35</b>	<b>8,122.08</b>

Notes:

The above Restated Consolidated Summary Statements of Assets and Liabilities should be read in conjunction with the Significant accounting policies forming part of Restated Consolidated Summary Statements appearing in Annexure V and Summary Statement of Restatement Adjustments to Audited Consolidated Financial Statements in Annexure VI.

This is the Restated Consolidated Summary Statement of Assets and Liabilities referred to in our report of even date.

**For S.R. Batliboi & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 101049W/E300004

For and on behalf of the Board of Directors of  
**VLCC Health Care Limited**  
CIN No.-U74899DL1996PLC082842

**Yogender Seth**  
Partner  
Membership No. : 94524

**Jayant Khosla**  
Managing Director  
DIN No. 08321843

**Mukesh Luthra**  
Chairman  
DIN No.00296830

Place: Gurugram  
Date: August 06, 2021

**Narinder Kumar**  
Group Chief Financial Officer and Company Secretary  
Membership No. : FCS 3594

Annexure II  
Restated Consolidated Summary Statement of Profit and Loss

	Notes	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>REVENUE</b>				
Revenue from operations	17	5,329.18	7,695.68	8,524.26
Other income	18	323.24	54.55	88.83
<b>Total income (I)</b>		<b>5,652.42</b>	<b>7,750.23</b>	<b>8,613.09</b>
<b>EXPENSES</b>				
Cost of materials consumed	19	976.21	1,318.67	1,261.40
Purchase of stock-in-trade	20	88.63	125.94	189.01
(Increase)/ Decrease in inventories of stock-in-trade	20	86.10	(95.37)	(8.11)
Employee benefits expense	21	1,707.75	2,531.28	3,075.05
Finance costs	22	458.45	544.37	532.23
Depreciation and amortization expense	23	991.32	1,067.11	1,195.16
Other expenses	24	1,292.54	2,390.85	2,862.74
<b>Total expenses (II)</b>		<b>5,601.00</b>	<b>7,882.85</b>	<b>9,107.48</b>
<b>Restated profit / (loss) before exceptional items and tax (III)= (I-II)</b>		<b>51.42</b>	<b>(132.62)</b>	<b>(494.39)</b>
Exceptional items (IV)	24(a)	-	32.71	38.13
<b>Restated profit / (loss) before tax (V)= (III-IV)</b>		<b>51.42</b>	<b>(165.33)</b>	<b>(532.52)</b>
<b>Tax expense:</b>				
Current tax	16	21.43	23.02	17.42
Adjustment of tax relating to earlier years	16	2.16	-	(0.49)
Deferred tax credit	16	(34.60)	(35.25)	(22.40)
<b>Total tax expense / (credit) (VI)</b>		<b>(11.00)</b>	<b>(12.23)</b>	<b>(5.47)</b>
<b>Restated profit / (loss) for the year after tax VII=(V-VI)</b>		<b>62.42</b>	<b>(153.10)</b>	<b>(527.05)</b>
<b>Other comprehensive income</b>				
Items that will not be reclassified to profit or loss in subsequent periods:	25			
- Re-measurement losses on defined benefit plans		(12.84)	(2.33)	(21.22)
- Income tax credit		0.11	-	0.02
Items that will be reclassified to profit or loss in subsequent periods:				
- Exchange differences on translation of foreign operations		1.73	30.94	6.98
<b>Restated other comprehensive profit /(loss) for the year, net of tax (VIII)</b>		<b>(11.00)</b>	<b>28.61</b>	<b>(14.22)</b>
<b>Restated total comprehensive profit /(loss) of the year, net of tax (IX) = (VII+VIII)</b>		<b>51.42</b>	<b>(124.49)</b>	<b>(541.27)</b>
<b>Restated profit / (loss) for the year after tax</b>				
Attributable to :				
Equity holders of parent		61.26	(154.00)	(486.98)
Non- controlling interests		1.16	0.90	(40.07)
		<b>62.42</b>	<b>(153.10)</b>	<b>(527.05)</b>
<b>Restated other comprehensive profit /(loss) for the year, net of tax</b>				
Attributable to :				
Equity holders of parent		(13.80)	31.81	(16.12)
Non- controlling interests		2.80	(3.20)	1.90
		<b>(11.00)</b>	<b>28.61</b>	<b>(14.22)</b>
<b>Restated total comprehensive profit /(loss) of the year, net of tax</b>				
Attributable to :				
Equity holders of parent		50.26	(125.39)	(501.21)
Non- controlling interests		1.16	0.90	(40.07)
		<b>51.42</b>	<b>(124.49)</b>	<b>(541.27)</b>
<b>Restated earnings/(loss) per share: (INR)</b>				
Basic, computed on the basis of profit attributable to equity holders	26	<b>1.63</b>	<b>(4.09)</b>	<b>(12.93)</b>
Diluted, computed on the basis of profit attributable to equity holders		<b>1.62</b>	<b>(4.09)</b>	<b>(12.93)</b>

**Note:**

The above Restated Consolidated Summary Statements of Profit and Loss should be read in conjunction with the Significant accounting policies forming part of Restated Consolidated Summary Statements appearing in Annexure V and Summary Statement of Restatement Adjustments to Audited Consolidated Financial Statements in Annexure VI.

This is the Restated Consolidated Summary Statement of Profit and Loss referred to in our report of even date.

**For S.R. Batliboi & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration Number:101049W/E300004

For and on behalf of the Board of Directors of  
**VLCC Health Care Limited**  
CIN No.-U74899DL1996PLC082842

**Yogender Seth**  
Partner  
Membership No. : 94524

**Jayant Khosla**  
Managing Director  
DIN No. 08321843

**Mukesh Luthra**  
Chairman  
DIN No.00296830

Place: Gurugram  
Date: August 06, 2021

**Narinder Kumar**  
Group Chief Financial Officer and Company Secretary  
Membership No. : FCS 3594



**Annexure III**

**Restated Consolidated Summary Statement of Cash Flows**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>A. Cash flow from operating activities:</b>			
<b>Profit /(Loss) before tax and after exceptional items (as restated)</b>	<b>51.42</b>	<b>(165.33)</b>	<b>(532.52)</b>
<b>Adjustments to reconcile profit before tax to net cash flows:</b>			
Depreciation of property, plant and equipment and amortisation of intangible assets and right-of-use assets	991.32	1,067.11	1,195.16
Impairment of goodwill	-	7.86	-
Allowance for doubtful trade receivables	118.29	113.90	(48.10)
Allowance for doubtful advances	7.67	3.10	1.40
Provision for doubtful trade receivable written back	(2.57)	-	-
Liabilities written back	(43.33)	(0.29)	-
Provision for inventories	47.69	87.39	40.99
Provision for decommissioning liabilities	0.72	0.68	0.68
Disposal of substantial assets of subsidiary	-	-	38.10
Loss on sale of property, plant and equipment	1.30	3.60	0.80
Finance costs	458.45	544.37	532.23
Lease concessions	(222.12)	-	-
Gain on derecognition of lease liability	(20.78)	-	-
Interest income	(11.30)	(13.30)	(17.20)
Unrealised foreign exchange (gain) / loss	(0.90)	3.00	0.20
<b>Operating profit before working capital changes</b>	<b>1,375.86</b>	<b>1,652.09</b>	<b>1,211.74</b>
<b>Movements in working capital:</b>			
(Decrease)/increase in trade payables and other financial liabilities	(247.22)	(213.09)	49.13
(Decrease)/increase in other liabilities	111.04	(152.57)	117.30
(Decrease)/increase in provisions	16.75	(22.74)	9.94
Decrease/ (increase) in trade receivables, loans and other financial assets	(233.76)	85.28	288.20
Decrease/(increase) in inventories	110.09	(147.47)	(40.60)
Decrease/(increase) in other assets	90.63	(12.50)	117.30
	(152.46)	(463.09)	541.27
<b>Cash generated from operations</b>	<b>1,223.39</b>	<b>1,189.00</b>	<b>1,753.01</b>
Direct taxes paid (net of refunds)	(8.82)	(17.20)	(7.05)
<b>Net cash flow from operating activities (A)</b>	<b>1,214.57</b>	<b>1,171.80</b>	<b>1,745.96</b>
<b>B. Cash flow from investing activities:</b>			
Proceeds from sale of property, plant and equipment	9.46	9.14	16.43
Purchase of property, plant and equipment including capital advance	(182.98)	(271.82)	(435.36)
Interest received	3.58	12.76	17.30
(Investment)/proceeds from bank deposits	45.05	(60.00)	2.40
<b>Net cash used in investing activities (B)</b>	<b>(124.89)</b>	<b>(309.92)</b>	<b>(399.23)</b>
<b>C. Cash flow from financing activities:</b>			
Proceeds from borrowings	176.99	408.40	136.74
Repayments of borrowings	(208.10)	(563.33)	(458.84)
Increase/(decrease) in cash credits (net)	(96.30)	(2.30)	0.20
Payment of principal portion of lease liabilities	(246.83)	(468.25)	(438.87)
Interest paid	(453.49)	(537.70)	(531.33)
<b>Net cash used in financing activities (C)</b>	<b>(827.73)</b>	<b>(1,163.18)</b>	<b>(1,292.10)</b>
<b>D. Net increase/ (decrease) in cash and cash equivalents (A + B +C)</b>	<b>261.95</b>	<b>(301.30)</b>	<b>54.63</b>
Cash and cash equivalents at the beginning of the year	121.43	422.73	368.10
<b>Cash and cash equivalents at the end of the year</b>	<b>383.38</b>	<b>121.43</b>	<b>422.73</b>

**VLCC Health Care Limited**  
(All amounts in INR million unless otherwise stated)

**Annexure III**

**Restated Consolidated Summary Statement of Cash Flows**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Components of cash and cash equivalents:</b>			
Balances with banks:			
- On current account	219.18	97.07	155.19
- Deposits with original maturity of less than three months	-	0.89	0.84
Cash on hand	75.25	17.20	103.26
Cheques on hand	25.11	3.85	102.76
Credit card receivables	63.84	2.42	60.68
<b>Total cash and cash equivalents (refer note 7(d) of Annexure VII)</b>	<b>383.38</b>	<b>121.43</b>	<b>422.73</b>

**Note:**

The above Restated Consolidated Summary Statements of Cash flows should be read in conjunction with the Significant accounting policies forming part of Restated Consolidated Summary Statements appearing in Annexure V and Summary Statement of Restatement Adjustments to Audited Consolidated Financial Statements in Annexure VI.

This is the Restated Consolidated Summary Statement of Cash Flows referred to in our report of even date

**For S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number:101049W/E300004

For and on behalf of the Board of Directors of

**VLCC Health Care Limited**

**CIN No.-U74899DL1996PLC082842**

**Yogender Seth**

Partner

Membership No. : 94524

**Jayant Khosla**

Managing Director

DIN No. 08321843

**Mukesh Luthra**

Chairman

DIN No.00296830

Place: Gurugram

Date: August 06, 2021

**Narinder Kumar**

Group Chief Financial Officer and Company Secretary

Membership No. : FCS 3594

## **VLCC Health Care Limited**

**All amounts in INR Millions (unless otherwise stated)**

### **Annexure V – Significant accounting policies forming part of Restated Consolidated Summary Statements**

#### **1. Corporate information**

VLCC Health Care Limited (the “Company” or the “Parent”) together with its subsidiaries (collectively referred to as “Group”) is engaged in the business of maintaining and running beauty, slimming, fitness and health centres at various locations, sale of beauty products and also provide vocational training in beauty and nutrition. The Group has presence in India, Middle East, Asia and Africa.

The parent company is an unlisted public limited company domiciled and incorporated in India on October 23, 1996 under the provisions of erstwhile Companies Act 1956; replaced with Companies Act 2013 w.e.f. April 01, 2014. The registered office of the Company is located at M-14, Greater Kailash-II, Commercial Complex, New Delhi.

The Group’s Restated Consolidated Summary Statements as at and for the years ended March 31, 2021, 2020 and 2019 were authorised for issue in accordance with a resolution passed by Board of Directors on August 06, 2021.

#### **2. Significant accounting policies**

##### **2.1 Basis of preparation**

The restated consolidated summary statements of the Group comprise of the Restated Consolidated Summary Statement of Assets and Liabilities as at March 31, 2021, March 31, 2020 and March 31, 2019 and the related Restated Consolidated Summary Statement of Profit and Loss (including other comprehensive income), Restated Consolidated Summary Statement of cash flows and Restated Consolidated Summary Statements of Changes in Equity for each of the years ended March 31, 2021, March 31, 2020 and March 31, 2019 and the Notes to the restated consolidated summary statements (hereinafter referred to as the “Restated Consolidated Summary Statements”)

These Restated Consolidated Summary Statements prepared by the Management of the Group have been prepared specifically for the purpose of inclusion in the Draft Red Herring Prospectus (‘DRHP’) to be filed by the Company with the Securities and Exchange Board of India (“SEBI”), National Stock Exchange of India Limited and BSE Limited in connection with its proposed Initial Public Offer (“IPO”) of its equity shares.

The Restated Consolidated Summary Statements which have been approved by the Board of Directors of the Company, have been prepared in accordance with the requirements of:

- a) Section 26 of Part I of Chapter III of the Companies Act 2013 (the “Act”) as amended from time to time;
- b) Relevant provisions of The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended to date (the “SEBI ICDR Regulations”) issued by the Securities and Exchange Board of India (the “SEBI”) on September 11, 2018 as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992; and
- c) The Guidance Note on Reports in Company Prospectuses (as amended) issued by the Institute of Chartered Accountants of India (“ICAI”), as amended from time to time (the “Guidance Note”).

These Restated Consolidated Summary Statements have been prepared from the audited consolidated financial statements of the Group as at and for the years ended March 31, 2021, March 31, 2020 and March 31 2019 which are prepared in accordance with 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 of the Holding Company at their meetings held on August 06, 2021, December 29, 2020 and September 16, 2019 respectively, on which an unmodified audit opinion was issued vide audit reports dated August 06, 2021, December 29, 2020 and September 16, 2019, respectively.

The Restated Consolidated Summary Statements have been prepared on the accrual and going concern basis, and the

**VLCC Health Care Limited****All amounts in INR Millions (unless otherwise stated)****Annexure V – Significant accounting policies forming part of Restated Consolidated Summary Statements**

historical cost convention, except for certain financial assets and liabilities measured at fair value as specifically required by Ind AS. (Refer accounting policies)

The accounting policies have been consistently applied by the Group in the preparation of the Restated Consolidated Summary Statements and are consistent with those adopted in the preparation of restated consolidated summary statements for the year ended March 31, 2021. These Restated Consolidated Summary Statements do not reflect the effects of events that occurred subsequent to the respective dates of auditor's reports on the audited consolidated financial statements as mentioned above.

The Restated Consolidated Summary Statements:

- (a) have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping / reclassifications retrospectively in the financial years ended March 31, 2021, March 31, 2020 and March 31, 2019 to reflect the same accounting treatment as per the accounting policies as at and for the year ended March 31, 2021; and
- (b) do not require any adjustment for qualification as there are no qualifications in the underlying audit reports.

The Restated Consolidated Summary Statements are presented in Indian rupees ('Rupees' or 'Rs.' or 'INR') and all values are rounded to the nearest millions, unless stated otherwise.

**2.2 Basis of consolidation**

Subsidiaries are all entities over which Group exercises control. The determination of control for the purpose of consolidation is done as per Ind-AS 110. The Group controls an investee or an entity when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- i) Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).
- ii) Exposure, or rights, to variable returns from its involvement with the investee, and
- iii) The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Non-controlling interests (NCI) is the equity in the subsidiary not attributable to a Parent and presented separately from the Group's equity. Non-controlling interest consists of the amount at the date of business combination and its

## **VLCC Health Care Limited**

**All amounts in INR Millions (unless otherwise stated)**

### **Annexure V – Significant accounting policies forming part of Restated Consolidated Summary Statements**

share of the changes in equity since that date.

Restated Consolidated Summary Statements is prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the Restated Consolidated Summary Statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's Financial Information in preparing the Restated Consolidated Summary Statements to ensure conformity with the Group's accounting policies.

The Restated Unconsolidated Financial Statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Parent Company, i.e., year ended on March 31, 2021, March 31, 2020 and March 31, 2019.

#### **Consolidation procedure:**

- Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- Offset (eliminate) the carrying amount of the Parent's investment in each subsidiary and the Parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill / reserve.
- Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Restated Consolidated Summary Statement of Profit and Loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the Parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

### **2.3 Business combination and goodwill**

Business combinations (other than those under common control) are accounted for using the acquisition method under Ind-AS 103. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. 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

## **VLCC Health Care Limited**

**All amounts in INR Millions (unless otherwise stated)**

### **Annexure V – Significant accounting policies forming part of Restated Consolidated Summary Statements**

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.
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share – based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.
- Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

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. This includes the separation of embedded derivatives in host contracts by the acquire

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 *Financial Instruments*, is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, 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.

#### **2.4 Summary of significant accounting policies**

Significant accounting policies adopted in the preparation of these Restated Consolidated Summary Statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

##### **a) Current versus non-current classification**

The Group presents assets and liabilities in the balance sheet based on current/ 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
- Held primarily for the purpose of trading

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- 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
- It is held primarily for the purpose of trading
- 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 Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

**b) Foreign currencies**

The Group's Restated Consolidated Summary Statements are presented in INR, which is also the Parent Company's functional currency. For each entity the Group determines the functional currency and items included in the Restated unconsolidated Summary Statements of each entity are measured using that functional currency. Functional currency is the currency of the primary economic environment in which the entities forming part of Group operates and is normally the currency in which the entities forming part of Group primarily generates and expends cash. The Group uses the direct method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to Restated Consolidated statement of profit or loss reflects the amount that arises from using this method.

**Transactions and balances**

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the group uses an average rate if the average approximates the actual rate at the date of the transaction.

**Measurement of foreign currency monetary items at the Balance Sheet date**

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

**Treatment of exchange differences**

Exchange differences arising on settlement or translation of monetary items are recognised in Restated consolidated statement of profit or loss with the exception of the following:

- Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign

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operation are recognised in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g., consolidated financial statements when the foreign operation is a subsidiary), such exchange differences are recognised initially in OCI. These exchange differences are reclassified from equity to profit or loss on disposal of the net investment.

**Measurement of foreign currency non-monetary items at the Balance Sheet date**

- Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.
- Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

**Group companies**

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their restated consolidated statements of profit and loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in restated consolidated statement of profit and loss.

**c) Fair value measurement**

The Group measures financial instruments at fair value which required to be measured 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.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:



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- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Restated Consolidated Summary Statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

**d) Revenue recognition**

Revenue is measured based on the consideration specified in a contract with a customer net of variable consideration e.g., discounts, volume rebates, any payments made to a customer (unless the payment is for a distinct good or service received from the customer). The Group recognises revenue when it transfers control over a product or service to a customer. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

**Revenue from services**

Revenue from regular beauty sales is recognised as services are provided to the customers.

Revenue in respect of tuition fees received from students for courses run by the Group and also those launched under various schemes by the Government of India is recognised over the period of the course as the Group believes that the obligation is towards the full course rather than a particular session. Fees are recorded at invoice value, net of discounts, rebate, incentives if any.

Revenue in respect of non-refundable lump sum fees received from the franchisees or infrastructure provider is recognised over the period of the contract.

Revenue in respect of royalty received from the franchisees is recognised on accrual basis at the end of each month in terms of the agreement.

**Revenue from products**

Revenue from sale of products is recognized when the Group transfers the control of goods to the customer as per the terms of contract, generally on delivery of the products. 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. In determining the transaction price, the Group considers the effects of variable consideration, non-cash considerations and consideration payable to the customer (if any). The Group believes that the control gets transferred to the customer on delivery of the goods to the customers.

**Rights of return**

Certain contracts provide a customer with a right to return the damaged goods within a specified period.

The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in Ind AS 115 on constraining estimates of variable consideration are also applied in order to determine the amount of variable

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consideration that can be included in the transaction price. For goods that are expected to be returned, the Group recognises a refund liability. A right of return asset (included in inventory) is also recognised for the right to recover products from a customer.

**Non-cash consideration**

The Group receives advertising services in return of sale of products to select customers. The fair value of such non-cash consideration received from the customer is included in the transaction price when goods are delivered to the customer. The Group applies the requirements of Ind AS 113 Fair Value Measurement in measuring the fair value of the non-cash consideration. If the fair value cannot be reasonably estimated, the non-cash consideration is measured indirectly by reference to the stand-alone selling price of the goods sold.

**Variable consideration:****Volume rebates**

Variable consideration in the form of volume rebates is recognised at the time of sale made to the customers and are offset against the amount's receivable from them. To estimate the variable consideration for the expected future rebates, the Group applies the expected value method. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimates of variable consideration and recognises a liability for the expected future rebates.

**Display charges**

The Group commonly pays retailers, charges to have their goods displayed prominently on shelves. As these charges do not provide a good or service distinct from sale of products by the Group, this is treated as a reduction to the transaction price.

**Interest income**

Income from interest on time deposits is recognised on the time proportion method taking into consideration the amount outstanding and the applicable interest rates using the effective interest rate (EIR).

EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

**Dividends**

Revenue is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

**e) Government Grants**

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e., by equal annual instalments.

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When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

**f) Taxes**

Income taxes consist of current taxes and changes in deferred tax liabilities and assets.

**Current income tax**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws. 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 Restated consolidated statement of 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.

Advance taxes and provisions for current income taxes are presented in the restated consolidated statement of assets and liabilities after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intends to settle the asset and liability on a net basis.

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

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 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

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of 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

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- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting 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.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum Alternative Tax (MAT) provisions are applicable to the Group. Credit of MAT is recognised as deferred tax asset only when it is probable that taxable profits will be available against which credit can be utilised. In the year in which MAT becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the statement of profit and loss. The Group reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit entitlement to the extent it is no longer probable that the Group will pay normal tax during the specified period.

**g) Property, plant and equipment**

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses if any. Cost directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by the management.

Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. The cost of property, plant and equipment includes interest on borrowings attributable to acquisition of qualifying assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. All other repair and maintenance costs are recognised in Restated consolidated statement of profit and loss as incurred.

Capital work in progress includes projects which are not ready for their intended use. It is stated at cost, comprising direct cost, related incidental expenses and attributable interest, net of accumulated impairment losses, if any.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to note 3 and 14 regarding significant accounting judgements, estimates and assumptions and provisions for further information about the recorded decommissioning provision.

On transition to Ind AS, the group has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 01, 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition

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of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Restated consolidated statement of profit and loss when the asset is derecognised.

Depreciation on all property, plant and equipment is provided on the straight-line method over the estimated useful life of the assets at rates specified in Schedule II to the Act. Freehold Land is not depreciated as it has unlimited useful life.

The overall range of useful life for the Group is as follows:

<b>Particulars</b>	<b>Useful life (Years)</b>
Building	30 Years
Plant and equipment	10-15 years
Furniture and fixtures	7 -10 years
Vehicles	4 -8 years
Office equipment	5-10 years
Computers:	
• Servers	6 years
• Desktops/ laptops	3 -4 years

- Leasehold improvements are amortized over the period of lease, generally the lease period is 9 years.

- All assets costing Rs.5,000 or below are depreciated in full on pro-rata basis from the date of their acquisition.

Depreciation on addition to property, plant and equipment is provided on pro-rata basis from the date the assets are acquired/installed. Depreciation on sale/deduction from property, plant and equipment is provided for up to the date of sale, deduction, discard as the case may be.

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.

**h) Goodwill and Intangible assets**

Goodwill represents the cost of acquired business as established at the date of acquisition of the business in excess of the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities less accumulated impairment losses, if any. Goodwill is tested for impairment annually or when events or circumstances indicate that the implied fair value of goodwill is less than the carrying amount.

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its intangible assets recognised as at April 01, 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of the intangible assets.

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

The useful lives of intangible assets are assessed as either finite or indefinite.

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. Intangible

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assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. 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. The amortisation expense on intangible assets with finite lives is recognised in the restated consolidated statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets are amortised over their estimated useful life as follows:

<b>Particulars</b>	<b>Useful life (Years)</b>
Computer software	6 years
Trademarks	10 years

The estimated useful life of the intangible assets and the amortization period are reviewed at the end of each financial year and the amortization method is revised to reflect the changed pattern.

The residual values, useful lives and methods of depreciation of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

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. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Restated consolidated statement of profit or loss when the asset is derecognised.

**i) Borrowing cost**

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of cost of that asset. Other borrowing costs are recognised as an expense in the Statement of Profit and Loss in the period in which they are incurred.

Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

**j) Leases**

On initial application of Ind AS 116, the Group recognised a lease liability measured at the present value of all the remaining lease payments, discounted using the Group's incremental borrowing rate at April 1, 2019 whereas the Group has elected to measure ROU at its carrying amount as if Ind AS 116 had been applied since the lease commencement date, but discounted using the Group's incremental borrowing rate at April 1, 2019.

For the purpose of preparing Restated Consolidated Summary Statements, the Group had adopted Ind AS 116 effectives from April 01, 2018 using modified retrospective approach.

**Group as a lessee**

The Group's lease asset classes primarily consist of leases for land and buildings and other equipment. Other equipment majorly includes machines for providing services to customers. The Group assesses whether a contract contains a lease, at 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

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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 low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include 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 shorter of the lease term and useful life of the underlying asset.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Equipment – 9 months to 61 months
- Premises – 12 months to 159 months

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are re-measured with a corresponding adjustment to the related right of use asset if the Group changes its assessment of 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 has accordingly applied the practical expedient, as per Ind AS 116, for the rent concessions/ rent waivers received due to Covid-19 Pandemic by recognising that in other income.

**k) Inventories**

Raw materials, components, stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the 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 of raw materials, components and stores and spares is determined on a First in First Out (FIFO) basis. Stores and spares which do not meet the definition of property, plant and equipment are accounted as inventories.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis.

Cost includes all expenses incurred in bringing the goods to their present location and condition including octroi and other levies, transit insurance and receiving charges. Work in Progress and finished goods include appropriate proportion of overheads wherever applicable. Goods in transit are valued at cost excluding import duties.

Traded goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

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The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount based on estimates of future cash flows arising from continuing use of such assets and from its ultimate disposal. A provision for impairment loss is recognised where it is probable that the carrying value of an asset exceeds the amount to be recovered through use or sale of the asset.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or cash generating unit (CGU's) recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at March 31 and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

**m) Provisions and Contingent liabilities****Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**Decommissioning liability**

The Group records a provision for decommissioning costs of a leased facility. 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 cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. 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. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.



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A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the Restated Consolidated Summary Statements.

**n) Retirement and other employee benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund are charged to the Restated consolidated statement of profit and loss for the year when an employee renders the related service. The Group has no obligation, other than the contribution payable to the provident fund.

The Group operates a funded defined benefit gratuity plan for its employees. Benefits payable to eligible employees of the Group with respect to gratuity, a defined benefit plan is accounted for on the basis of an actuarial valuation as at the balance sheet date. In accordance with the Payment of Gratuity Act, 1972, the plan provides for lump sum payments to vested employees on retirement, death while in service or on termination of employment in an amount equivalent to 15 days basic salary for each completed year of service. Vesting occurs upon completion of five years of service. The present value of such obligation is determined by the projected unit credit method and adjusted for past service cost and fair value of plan assets as at the balance sheet date through which the obligations are to be settled. The expected return on plan assets is based on the assumed rate of return of such assets.

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.

Accumulated leave is treated as short-term employee benefit as the Group has no unconditional right to defer the liability. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. Such compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss.

Effective the year ended March 31, 2021, the amendment in Ind AS 19 on Plan Amendment, Curtailment or Settlement became applicable. The amendments required the Group to (i) use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and (ii) recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The Group does not have any impact on account of this amendment.

**o) Employee Share-based payments**

The Group has formulated employee Stock Option Plan as approved & modified by Compensation Committee / Board of Directors of the Group from time to time. The Plan provides for grant of Stock Options to eligible employees of the Group and its subsidiaries to acquire equity shares of the Group that vest in a graded manner and that are to be exercised within a specified period. The options are to be converted into one share at a predetermined price to be exercised in accordance with the plan.

The exercise price of the options shall be fair market value on the date of grant per option. That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the

**VLCC Health Care Limited****All amounts in INR Millions (unless otherwise stated)****Annexure V – Significant accounting policies forming part of Restated Consolidated Summary Statements**

performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Under the approved plan, the Group has issued shares to the VLCC Employee Welfare Trust at fair market value determined on the date of issue which is holding the shares on behalf of the employees.

**p) 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.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through restated consolidated statement of profit and loss are recognised immediately in Restated consolidated statement of profit and loss.

**Financial assets****Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

**Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

**VLCC Health Care Limited****All amounts in INR Millions (unless otherwise stated)****Annexure V – Significant accounting policies forming part of Restated Consolidated Summary Statements**

- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

**Debt instruments at amortised cost**

A ‘debt instrument’ is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is most applicable to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) 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 EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables.

**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.

**Impairment of financial assets**

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets and credit risk exposure.

The Group follows ‘simplified approach’ for recognition of impairment loss allowance on trade receivables.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the restated consolidated statement of profit and loss. This amount is reflected under the head ‘other expenses’ in the restated consolidated statement of profit and loss.

**Financial liabilities****Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or as payables, as appropriate.

**VLCC Health Care Limited****All amounts in INR Millions (unless otherwise stated)****Annexure V – Significant accounting policies forming part of Restated Consolidated Summary Statements**

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.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, etc.

**Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

**Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to restated consolidated statement of profit and loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the restated consolidated statement of profit or loss.

**Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the 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 restated consolidated statement of profit and loss.

**Financial guarantee contracts**

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

**Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the restated consolidated statement of profit or loss.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the restated consolidated statement of assets and liabilities if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**VLCC Health Care Limited****All amounts in INR Millions (unless otherwise stated)****Annexure V – Significant accounting policies forming part of Restated Consolidated Summary Statements****q) Cash and Cash equivalents**

Cash and cash equivalent in the restated consolidated statement of assets and liabilities comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

**Cash Flow Statement**

Cash flows are reported using the indirect method, whereby loss 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.

For the purpose of the Restated consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

**r) Earnings/ (Loss) per share**

Basic earnings/(loss) per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings/(loss) per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date.

Dilutive potential equity shares are determined independently for each period presented.

**s) Dividend**

The Company recognises a liability to pay dividend to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. A corresponding amount is recognised directly in equity.

**t) Treasury shares**

The group has created a VLCC Employee Welfare Trust for providing share-based payment to its employees. The group uses trust as a vehicle for distributing shares to employees under the employee remuneration schemes. The Group has issued shares to the trust at fair market value determined on the date of issue which is holding the shares on behalf of the employees. The group treats trust as its extension and shares held by the trust are treated as treasury shares.

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in equity. Share options exercised during the reporting period are satisfied with treasury shares.

**u) Segment reporting**

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Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Operating decision-maker is responsible for allocating resources and assessing performance of the operating segments and makes strategic decisions. Refer Note 34 for segment information presented.

**v) Exceptional Items**

On certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Group is such that its disclosure improves the understanding of the performance of the Group. Such income or expense is classified as an exceptional item and accordingly disclosed in the Restated Consolidated Summary Statements. Significant impact on the Restated Consolidated Summary Statements arising from disposal of substantial assets of subsidiary, impairment of goodwill and provision for doubtful debts (other than major lines of business that meet the definition of a discontinued operations) are considered and reported as exceptional items.

**w) Contributed Equity**

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

**3. Significant accounting judgements, estimates and assumptions**

The preparation of Restated Consolidated Summary Statements in conformity with Ind AS requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The management believes that the estimates used in preparation of the Restated Consolidated Summary Statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known/ materialise.

**3.1 Significant judgements**

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

**Revenue recognition**

- The Group's contracts with customers could include promises to transfer multiple products and services to a customer over a period of time. The Group assesses the products/services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as discounts, price concessions, etc. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct

**VLCC Health Care Limited****All amounts in INR Millions (unless otherwise stated)****Annexure V – Significant accounting policies forming part of Restated Consolidated Summary Statements**

product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Group allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

- The Group uses judgement to determine an appropriate standalone selling price for a performance obligation. The Group allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract.

- The Group exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Group considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

**Share-based payments**

The Group initially measures the cost of equity-settled transactions with employees using a black-scholes model to determine the fair value of the option granted. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 35.

**Taxes**

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

**Defined benefit plans (gratuity benefits)**

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

Further details about gratuity obligations are given in Note 33.

**VLCC Health Care Limited****All amounts in INR Millions (unless otherwise stated)****Annexure V – Significant accounting policies forming part of Restated Consolidated Summary Statements****Provision for decommissioning**

In measuring the provision for site restoration obligation, the Group uses the technical estimates to determine the expected cost of dismantling and removing the improvement or infrastructure for properties under lease. Discount rates are determined based on the government bond rate of a similar period as the liability.

**Determining the lease term of contracts with renewal and termination options**

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate. Further details on leases are disclosed in note 30.

**Estimation of incremental borrowing rate**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted normally using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group uses an incremental borrowing rate, term and currency of the contract. Generally, the Group uses its incremental borrowing rate (IBR) as the discount rate. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available. Further details on leases are disclosed in Note 30.



Annexure IV  
Restated Consolidated Summary Statement of Changes in Equity

a. Equity Share Capital	Number of shares (in millions)	Amount
As at April 1, 2018	37.67	376.68
Add : Issued during the year	-	-
As at March 31, 2019	37.67	376.68
As at April 1, 2019	37.67	376.68
Add : Issued during the year	-	-
As at March 31, 2020	37.67	376.68
As at April 1, 2020	37.67	376.68
Add : Issued during the year	-	-
As at March 31, 2021	37.67	376.68

b.	Other Equity										
Particulars	Attributable to the equity holders of the Parent									Non Controlling Interests (NCI)	Total
	Reserves and Surplus						Other equity		Total other equity		
	Security premium	General reserve	Legal Reserve	Treasury Shares	Share-based payments Reserve	Retained earnings	Foreign Currency translation reserve	Reserve on transactions with NCI #			
As at April 1, 2018	642.96	32.68	5.81	(3.27)	-	182.24	60.53	(3.00)	917.96	(8.11)	909.85
Restated loss for the year	-	-	-	-	-	(486.98)	-	-	(486.98)	(40.07)	(527.05)
Restated other comprehensive income/(loss) for the year, net of tax	-	-	-	-	-	(21.22)	5.08	-	(16.15)	1.90	(14.25)
NCI on business combination during the year	-	-	-	-	-	-	-	(4.40)	(4.40)	6.30	1.90
As at March 31, 2019	642.96	32.68	5.81	(3.27)	-	(325.96)	65.61	(7.40)	410.43	(39.98)	370.45
Ind AS 116 transition adjustment (Refer Part B of Annexure VI)	-	-	-	-	-	85.17	-	-	85.17	-	85.17
As at April 1, 2019	642.96	32.68	5.81	(3.27)	-	(240.79)	65.61	(7.40)	495.60	(39.98)	455.62
Restated profit / (loss) for the year	-	-	-	-	-	(154.00)	-	-	(154.00)	0.90	(153.10)
Transfer to retained earnings on disposal of subsidiary*	-	-	(0.00)	-	-	0.00	-	-	-	-	-
NCI on business combination during the year	-	-	-	-	-	-	-	(0.19)	(0.19)	1.58	1.39
Restated other comprehensive income/(loss) for the year, net of tax	-	-	-	-	-	(2.33)	34.14	-	31.81	(3.20)	28.61
As at March 31, 2020	642.96	32.68	5.81	(3.27)	-	(397.12)	99.75	(7.59)	373.22	(40.70)	332.52
As at April 1, 2020	642.96	32.68	5.81	(3.27)	-	(397.12)	99.75	(7.59)	373.22	(40.70)	332.52
Restated profit / (loss) for the year	-	-	-	-	-	61.26	-	-	61.26	1.16	62.42
Transfer to retained earnings on disposal of subsidiary	-	-	(0.02)	-	-	0.02	-	-	-	-	-
Share-based payments expenses	-	-	-	-	0.11	-	-	-	0.11	-	0.11
Restated other comprehensive income / (loss) for the year, net of tax	-	-	-	-	-	(12.73)	(1.07)	-	(13.80)	2.80	(11.00)
As at March 31, 2021	642.96	32.68	5.79	(3.27)	0.11	(348.57)	98.68	(7.59)	420.79	(36.74)	384.05

# Reserve on transactions with non-controlling interest is created on account of additional investment of Nil (March 31, 2020: 590,000, March 31, 2019: 2,650,000) preference shares of INR 10 each in Vanitycube mobile spa and salon P Ltd.

\* Absolute amount before rounding off during the year ended March 31, 2021 is INR 15,331 (March 31, 2020 is INR 3,055, March 31, 2019: Nil) under legal reserve and retained earnings.  
Also refer note 11 on other equity.

Notes:

The above Restated Consolidated Summary Statements of Changes in Equity should be read in conjunction with the Significant accounting policies forming part of Restated Consolidated Summary Statements appearing in Annexure V and Summary Statement of Restatement Adjustments to Audited Consolidated Financial Statements in Annexure VI.

This is the Restated Consolidated Summary Statement of Changes in Equity referred to in our report of even date.

For S.R. Batliboi & Associates LLP  
Chartered Accountants  
ICAI Firm Registration Number:101049W/E300004

For and on behalf of the Board of Directors of  
VLCC Health Care Limited  
CIN No.-U74899DL1996PLC082842

Yogender Seth  
Partner  
Membership No. : 94524

Jayant Khosla  
Managing Director  
DIN No. 08321843

Mukesh Luthra  
Chairman  
DIN No.00296830

Place: Gurugram  
Date: August 06, 2021

Narinder Kumar  
Group Chief Financial Officer and Company Secretary  
Membership No. : FCS 3594

Annexure VI

Summary Statement of Restatement Adjustments to Audited Consolidated Financial Statements

Part A: Reconciliation between audited profit / (loss) and restated profit / (loss)

Particulars	Note	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Audited profit / (loss) for the year after tax		62.42	(153.10)	(442.36)
<b>Restatement adjustments</b>				
<b>Impact of Ind AS 116</b>				
(Increase)/decrease in total expenses	Part A, Note 1			
Depreciation of Right-of-use assets		-	-	(567.23)
Interest on lease liabilities		-	-	(240.63)
Other expenses - Rent		-	-	685.24
<b>A. Restated profit / (loss) for the year before tax</b>		<b>62.42</b>	<b>(153.10)</b>	<b>(564.98)</b>
<b>B. Tax adjustments</b>		<b>-</b>	<b>-</b>	<b>37.93</b>
<b>C. Restated profit / (loss) for the year after tax (A+B)</b>		<b>62.42</b>	<b>(153.10)</b>	<b>(527.05)</b>

Reconciliation between audited equity and restated equity

Particulars	Note	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
A. Audited equity		760.73	709.20	832.30
<b>Adjustments</b>				
<b>Change in accounting policies</b>				
(i) Ind AS 116- Leases (refer note 1 below)	Part A, Note 1	-	-	(84.68)
(ii) Others		-	-	(0.49)
<b>B. Total impact on adjustments</b>		<b>-</b>	<b>-</b>	<b>(85.17)</b>
<b>C. Total Equity in Restated Consolidated Summary Statement of Assets and Liabilities (A+B)</b>		<b>760.73</b>	<b>709.20</b>	<b>747.13</b>

Notes to adjustments:

- 1 Ind AS 116 - Leases has been notified and effective for financial statements from April 01, 2019 which prescribes the accounting of the lease contracts entered in the capacity of the lessee and a lessor. The Group has applied Ind AS 116 for preparing the Ind AS audited financial statements for the period beginning from April 01, 2019. For the purpose of preparing restated consolidated financial statement, Ind AS 116 has been applied with effect from April 01, 2018.

Effective April 01, 2018, the Group has recognised lease liability measured at an amount equal to present value of remaining lease payments and corresponding Right of Use asset at an amount equivalent to lease liability adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before April 01, 2018.

Part B: Reconciliation of other equity as per audited financial statements with other equity as per restated consolidated summary statements as at March 31, 2021, March 31, 2020 and March 31, 2019:

The Group has followed the same accounting policy choices (transition options as per Ind AS 116) as adopted on April 01, 2019 for transition to Ind AS 116, while preparing the restated consolidated summary statements for each of the year ended March 31, 2021, March 31, 2020 and March 31, 2019. As specified in the Guidance Note, the Retained Earning computed under restated consolidated summary statements for the year ended March 31, 2019 and Retained Earning computed on transition (using modified retrospective approach) to Ind AS 116 on April 01, 2019, differs due to restatement adjustments made for the year ended March 31, 2019. Accordingly, the closing Retained Earning as at March 31, 2019 of the Restated Consolidated Summary Statement of Assets and Liabilities has not been carried forward to Restated Consolidated Summary Statement of Assets and Liabilities as at April 01, 2019. The reconciliation of the same is as follows:

Particulars	Amount
<b>Other equity</b>	
<b>Retained earnings :</b>	
Balance as at March 31, 2019 as per restated consolidated Summary statement of Assets and Liabilities	(325.96)
Add: Adjustment on account of transition to Ind AS 116	85.17
<b>Balance as at April 01, 2019 as per audited financial statements for year ended March 31, 2020</b>	<b>(240.79)</b>

Annexure VI

Summary Statement of Restatement Adjustments to Audited Consolidated Financial Statements

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**Part C: Non-adjusting events**

- (a) Audit qualifications for the respective years, which do not require any adjustments in the restated consolidated financial statements are as follows:  
There are no audit qualification in auditor's report for the financial year ended March 31, 2021, March 31, 2020 and March 31, 2019.
- (b) Emphasis of matter included in the Auditors' reports and other audit qualifications included in the Annexure to the auditors' reports issued under Companies (Auditor's Report) Order, 2016, on the consolidated financial statements for the year ended March 31, 2021 and March 31, 2020 which do not require any corrective adjustment in the Restated Statements are as follows:

**As at and for the year ended March 31, 2021 and as at March 31, 2020**

The auditor's report on the consolidated financial statements as at and for the years ended March 31, 2021 and 2020 included the following Emphasis of Matter paragraph, which does not require any adjustment in the restated consolidated summary statement:

We draw attention to note 42 in the consolidated financial statements, which describes the possible effects of uncertainties relating to COVID-19 pandemic on the Group's financial performance as assessed by the management. Our Opinion is not modified in respect of this matter.

- (c) Clause (vii) (a) of Annexure to the auditors' reports issued under Companies (Auditor's Report) Order, 2016

**As at and for the year ended March 31, 2021**

Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, value added tax, goods and service tax, cess and other statutory dues have not been regularly deposited with the appropriate authorities and there have been significant delays in large number of cases. The provisions relating to duty of excise are not applicable to the Group. The above matters do not require adjustment to restated financial statements.

**As at and for the year ended March 31, 2020 and March 31, 2019**

Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, value added tax, goods and service tax, cess and other statutory dues have been regularly deposited with the appropriate authorities though there has been slight delay in a few cases. The provisions relating to duty of excise are not applicable to the Group. The above matters do not require adjustment to restated financial statements.

**Part D: Material re-grouping**

Appropriate regroupings have been made in the Restated Consolidated Summary Statements of assets and liabilities, Restated Consolidated Summary Statement of profit and loss and Restated Consolidated Summary Statements of cash flows, wherever required, by reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows, in order to bring them in line with the accounting policies and classification as per the audited consolidated financial statements of the Group for the year ended March 31, 2021 prepared in accordance with Schedule III (Division II) of Companies Act, 2013 (as amended), requirements of Ind AS 1- "Presentation of financial statements" and other applicable Ind AS principles and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2018, as amended.

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Annexure VII : Notes to the restated consolidated summary statements

4 Property, plant & equipment and Capital work in progress

	Land	Buildings	Plant and Machinery	Furniture and fixtures	Vehicles	Office equipment	Leasehold improvements	Computers	Total	Capital work in progress #
<b>Gross Block (At cost)</b>										
<b>As at April 1, 2018</b>	26.10	221.29	630.51	151.45	90.35	487.01	3,079.03	52.12	<b>4,737.86</b>	15.40
Add: Additions	-	0.13	26.93	11.61	0.50	174.68	172.34	6.65	<b>392.84</b>	-
Less: Disposals*	-	-	(46.12)	(4.61)	(2.91)	(47.67)	(57.51)	0.03	<b>(158.79)</b>	-
Less: Capitalisation	-	-	-	-	-	-	-	-	-	(15.40)
Translation adjustments**	-	-	-	2.21	1.07	33.46	130.26	6.82	<b>173.82</b>	-
<b>As at March 31, 2019</b>	<b>26.10</b>	<b>221.42</b>	<b>611.32</b>	<b>160.66</b>	<b>89.01</b>	<b>647.48</b>	<b>3,324.12</b>	<b>65.62</b>	<b>5,145.73</b>	-
Add: Additions	1.79	0.14	37.57	12.36	-	92.51	83.19	4.10	<b>231.66</b>	29.50
Less: Disposals*	-	-	(17.54)	(4.90)	(2.88)	(9.34)	(44.47)	(1.26)	<b>(80.39)</b>	-
Translation adjustments**	-	-	-	2.84	0.37	26.09	203.40	7.15	<b>239.85</b>	-
<b>As at March 31, 2020</b>	<b>27.89</b>	<b>221.56</b>	<b>631.35</b>	<b>170.96</b>	<b>86.50</b>	<b>756.74</b>	<b>3,566.24</b>	<b>75.61</b>	<b>5,536.85</b>	<b>29.50</b>
Add: Additions	-	0.89	24.59	9.63	1.68	102.18	14.18	3.17	<b>156.32</b>	18.70
Less: Disposals*	-	-	(28.39)	(3.22)	(21.16)	(10.39)	(53.21)	(1.12)	<b>(117.49)</b>	-
Translation adjustments**	-	-	-	(1.04)	(0.55)	29.46	(109.49)	6.50	<b>(75.12)</b>	-
<b>As at March 31, 2021</b>	<b>27.89</b>	<b>222.45</b>	<b>627.55</b>	<b>176.33</b>	<b>66.47</b>	<b>877.99</b>	<b>3,417.72</b>	<b>84.16</b>	<b>5,500.56</b>	<b>48.20</b>
<b>Accumulated Depreciation</b>										
<b>As at April 1, 2018</b>	-	20.51	155.32	54.23	37.51	190.00	1,185.17	46.11	<b>1,688.85</b>	-
Add: Charge (refer note 23)	-	9.59	65.24	19.55	13.89	88.78	403.81	11.95	<b>612.81</b>	-
Less: Disposals*	-	-	(35.43)	(4.30)	(2.74)	(3.36)	(56.45)	(1.09)	<b>(103.37)</b>	-
Translation adjustments**	-	-	-	1.21	0.51	16.76	45.69	4.95	<b>69.12</b>	-
<b>As at March 31, 2019</b>	-	<b>30.10</b>	<b>185.13</b>	<b>70.69</b>	<b>49.17</b>	<b>292.18</b>	<b>1,578.22</b>	<b>61.92</b>	<b>2,267.41</b>	-
Add: Charge (refer note 23)	-	9.10	52.51	17.76	13.32	75.94	249.15	8.97	<b>426.75</b>	-
Less: Disposals*	-	-	(11.91)	(4.09)	(1.41)	(8.44)	(40.64)	(1.09)	<b>(67.58)</b>	-
Translation adjustments**	-	-	-	1.64	(0.29)	4.29	92.57	4.34	<b>102.55</b>	-
<b>As at March 31, 2020</b>	-	<b>39.20</b>	<b>225.73</b>	<b>86.00</b>	<b>60.79</b>	<b>363.97</b>	<b>1,879.30</b>	<b>74.14</b>	<b>2,729.13</b>	-
Add: Charge (refer note 23)	-	9.12	60.48	14.09	5.79	74.66	228.15	4.63	<b>396.92</b>	-
Less: Disposals*	-	-	(26.71)	(2.73)	(14.05)	(9.31)	(52.84)	(1.08)	<b>(106.72)</b>	-
Translation adjustments**	-	-	-	(0.66)	(0.55)	(5.16)	(24.85)	0.92	<b>(30.30)</b>	-
<b>As at March 31, 2021</b>	-	<b>48.32</b>	<b>259.50</b>	<b>96.70</b>	<b>51.98</b>	<b>424.16</b>	<b>2,029.76</b>	<b>78.61</b>	<b>2,989.03</b>	-
<b>Net carrying value</b>										
<b>As at March 31, 2019</b>	<b>26.10</b>	<b>191.32</b>	<b>426.19</b>	<b>89.97</b>	<b>39.84</b>	<b>355.30</b>	<b>1,745.90</b>	<b>3.70</b>	<b>2878.32</b>	-
<b>As at March 31, 2020</b>	<b>27.89</b>	<b>182.36</b>	<b>405.62</b>	<b>84.96</b>	<b>25.71</b>	<b>392.77</b>	<b>1,686.94</b>	<b>1.47</b>	<b>2807.72</b>	<b>29.50</b>
<b>As at March 31, 2021</b>	<b>27.89</b>	<b>174.13</b>	<b>368.05</b>	<b>79.63</b>	<b>14.49</b>	<b>453.83</b>	<b>1,387.96</b>	<b>5.55</b>	<b>2511.53</b>	<b>48.20</b>

# Capital work in progress as at March 31, 2021 and March 31, 2020 majorly comprises of leasehold improvements.

\* Disposals includes asset write off of Gross book value for March 31, 2021 amounting to INR 71.7 million (net book value of INR 13.7 million), Gross book value for March 31, 2020 amounting to INR 23.9 million (net book value of INR 9.9 million), Gross book value for March 31, 2019 amounting to INR 171.4 million (net book value of INR 68.9 million).

\*\*Adjustments represent amount of foreign exchange fluctuation on conversion of foreign operations.

Movable property, plant and equipment both present and future are charged against secured loan (refer note 13).

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**Annexure VII : Notes to the restated consolidated summary statements (Continued)**

**5 Other intangible assets and Intangible assets under development**

	Computer software	Trademarks	Total	Intangible assets under development
<b>Gross block (At cost)</b>				
<b>As at April 1, 2018</b>	97.22	0.04	97.26	-
Add: Additions	1.57	-	1.57	0.53
<b>As at March 31, 2019</b>	<b>98.79</b>	<b>0.04</b>	<b>98.83</b>	<b>0.53</b>
Add: Additions	1.14	-	1.14	-
Less: Disposals	-	-	-	(0.53)
<b>As at March 31, 2020</b>	<b>99.93</b>	<b>0.04</b>	<b>99.97</b>	-
Add: Additions	1.12	-	1.12	-
<b>As at March 31, 2021</b>	<b>101.05</b>	<b>0.04</b>	<b>101.09</b>	-
<b>Accumulated amortisation</b>				
<b>As at April 1, 2018</b>	33.75	0.04	33.79	-
Add: Amortisation charge	15.08	-	15.08	-
<b>As at March 31, 2019</b>	<b>48.83</b>	<b>0.04</b>	<b>48.87</b>	-
Add: Amortisation charge	14.47	-	14.47	-
<b>As at March 31, 2020</b>	<b>63.30</b>	<b>0.04</b>	<b>63.34</b>	-
Add: Amortisation charge	12.08	-	12.08	-
<b>As at March 31, 2021</b>	<b>75.38</b>	<b>0.04</b>	<b>75.42</b>	-
<b>Net carrying value</b>				
<b>As at March 31, 2019</b>	<b>49.96</b>	-	<b>49.96</b>	<b>0.53</b>
<b>As at March 31, 2020</b>	<b>36.63</b>	-	<b>36.63</b>	-
<b>As at March 31, 2021</b>	<b>25.67</b>	-	<b>25.67</b>	-

**6 Goodwill**

	Amount
<b>Gross block (At cost)</b>	
<b>As at April 1, 2018</b>	194.67
Effects of exchange translation*	1.83
<b>As at March 31, 2019</b>	<b>196.50</b>
Impairment of goodwill (refer note 24(a))	(7.86)
Effects of exchange translation*	2.92
<b>As at March 31, 2020</b>	<b>191.56</b>
Effects of exchange translation*	1.68
<b>As at March 31, 2021</b>	<b>193.24</b>

\*Effects of exchange translation represent foreign exchange fluctuation on account of conversion of foreign operations.

On September 01, 2013, VLCC Singapore Pte Ltd, acquired an 80% stake in Global Vantage Innovative Group Pte Ltd, Singapore ("GVIG"), thereby obtaining control. In the year 2015, VLCC Singapore Pte Ltd acquired an additional 5% interest in the voting shares of the GVIG, increasing its ownership interest from 80% to 85%. The acquisition had resulted in the goodwill of AED 3,948,058 equivalent to INR 71.50 million on business acquisition.

On September 30, 2014, the Group acquired an 100% stake in VLCC Wellness Research Centre Private Limited ("VWRC"), thereby obtaining control. The acquisition had resulted in the goodwill of INR 116.25 million on business acquisition.

**Annexure VII : Notes to the restated consolidated summary statements (Continued)**

**6(i) Impairment tests for Goodwill**

Goodwill is tested for impairment annually as at March 31 and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount to which the goodwill relates. When the recoverable amount is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

<b>The following are the key assumptions for the CGU:-</b>	<b>March 31, 2021</b>	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Revenue (% of annual growth)	11.00%	10.00%	10.00%
Pre-tax discount rate (%)	9.50%	9.50%	9.50%
Operating Margin (% of sales)	13.00%	9.00%	9.00%

Management has determined the values assigned to each of the above key assumptions based on the past performance and specific risk relating to the business. The Group has performed impairment testing and no impairment charge has been identified.

**Significant estimate: Impact of possible changes in key assumptions:-**

**Sensitivity analysis:**

If the estimated operating margin used in the value-in-use calculation for the projection had been 1% lower than management's estimates at March 31, 2021, the Group would still have a higher recoverable amount and no additional impairment against the carrying amount of goodwill will be charged.

If the pre-tax discount rate applied to the cash flow projections had been 1% higher than management's estimates, the recoverable amount of the Group would still be higher than the carrying amount and no impairment against the carrying amount of goodwill would have to be recorded.

The Group has considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amount to exceed its recoverable amount.

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Annexure VII : Notes to the restated consolidated summary statements (Continued)

7 Financial Assets

7(a) Non-current investments

Investment in unquoted instruments (fully paid)

Investment in government securities  
(6 year national savings certificate (pledged with sales tax authorities))

March 31, 2021	March 31, 2020	March 31, 2019
0.02	0.02	0.02
<b>0.02</b>	<b>0.02</b>	<b>0.02</b>

7(b) Trade receivables

Unsecured

- Considered good  
- Considered doubtful

Less: Impairment allowance for doubtful trade receivables

- Credit impaired

March 31, 2021	March 31, 2020	March 31, 2019
468.60	347.42	507.36
239.25	213.80	64.12
<b>707.85</b>	<b>561.22</b>	<b>571.48</b>
(239.25)	(213.80)	(64.12)
<b>468.60</b>	<b>347.42</b>	<b>507.36</b>
<b>468.60</b>	<b>347.42</b>	<b>507.36</b>

Total trade receivables

The allowance for doubtful accounts as of March 31, 2021, March 31, 2020 and March 31, 2019 and changes in the allowance for doubtful accounts during the year ended as of that date were as follows:

March 31, 2021	March 31, 2020	March 31, 2019
213.80	64.12	130.10
25.45	149.68	(65.98)
<b>239.25</b>	<b>213.80</b>	<b>64.12</b>

Opening balance

Add: Provision / (reversal) of trade receivables-credit impaired

Closing balance

No trade receivables are due from directors or other officers of the Group either severally or jointly with any other person or from firms or private companies respectively in which any director is a partner, a director or a member.

Trade receivables are non-interest bearing and are generally on terms of 0 to 30 days.

7(c) Loans

(Unsecured considered good unless otherwise stated)

Non current

Security deposits  
- Considered good  
- Considered doubtful

Less: credit impaired

Current

Security deposits  
Advance to employees  
- Considered good  
- Considered doubtful

Less: credit impaired

Other advances

March 31, 2021	March 31, 2020	March 31, 2019
87.45	70.58	82.11
15.97	15.97	15.97
103.42	86.55	98.08
(15.97)	(15.97)	(15.97)
<b>87.44</b>	<b>70.57</b>	<b>82.10</b>
75.37	94.35	84.02
19.58	21.35	-
5.22	-	19.16
24.80	21.35	-
(5.22)	-	19.16
19.58	21.35	19.16
3.00	6.00	6.00
<b>97.95</b>	<b>121.70</b>	<b>109.18</b>

7(d) Cash and cash equivalents

Balances with banks:

- On current account  
- Deposits with original maturity of less than three months (refer note (i))

Cash on hand \*

Cheques on hand

Credit card receivables

March 31, 2021	March 31, 2020	March 31, 2019
219.18	97.07	155.19
-	0.89	0.84
75.25	17.20	-
25.11	3.85	103.26
63.84	2.42	102.76
<b>383.38</b>	<b>121.43</b>	<b>422.73</b>

\* Includes foreign currencies equivalent to INR millions

10.55 6.94 12.99

## Annexure VII : Notes to the restated consolidated summary statements (Continued)

## 7(e) Other financial assets (refer note (i))

	March 31, 2021	March 31, 2020	March 31, 2019
<b>Non Current</b>			
Deposits with original maturity of more than twelve months	33.75	71.86	9.91
Interest accrued on bank deposits	-	0.14	0.15
	<b>33.75</b>	<b>72.00</b>	<b>10.06</b>
<b>Current</b>			
Deposits with original maturity of more than three months but less than twelve months	0.46	3.71	5.05
Deposits with original maturity of more than twelve months	7.42	1.36	1.87
Insurance claims	-	2.80	-
Interest accrued on fixed deposit	0.31	0.14	0.06
Other receivable*	-	6.98	5.08
	<b>8.19</b>	<b>14.99</b>	<b>12.06</b>

\* Other receivable includes accrued purchase volume discount as at March 31, 2021: Nil (March 31, 2020: 6.98 million, March 31, 2019: 5.08 million)

## Note:

- (i) Out of above deposits referred in note 7(d) & 7(e), deposits with banks in favour of government authorities

**Breakup of Financial Asset at amortised cost**

	March 31, 2021	March 31, 2020	March 31, 2019
<b>Non-current</b>			
Investment in government securities (refer note 7(a))	0.02	0.02	0.02
Security deposits (refer note 7(c))	87.44	70.57	82.10
Deposits with original maturity of more than twelve months (refer note 7(e))	33.75	71.86	9.91
Interest accrued on bank deposits (refer note 7(e))	-	0.14	0.15
<b>Total non-current financial asset carried at amortised cost</b>	<b>121.21</b>	<b>142.59</b>	<b>92.18</b>
<b>Current</b>			
Trade receivables (refer note 7(b))	468.60	347.42	507.36
Security deposits (refer note 7(c))	75.37	94.35	84.02
Advance to employees (refer note 7(c))	19.58	21.35	19.16
Other advances (refer note 7(c))	3.00	6.00	6.00
Cash and cash equivalents (refer note 7(d))	383.38	121.43	422.73
Deposits with original maturity of more than three months but less than twelve months (refer note 7(e))	0.46	3.71	5.05
Deposits with original maturity of more than twelve months (refer note 7(e))	7.42	1.36	1.87
Insurance claims (refer note 7(c))	0.00	2.80	0.00
Interest accrued on fixed deposit (refer note 7(c))	0.31	0.14	0.06
Other receivable (refer note 7(c))	-	6.98	5.08
<b>Total current financial asset carried at amortised cost</b>	<b>958.12</b>	<b>605.54</b>	<b>1051.33</b>
<b>Total financial asset carried at amortised cost</b>	<b>1079.33</b>	<b>748.13</b>	<b>1143.50</b>

## 8 Inventories

	March 31, 2021	March 31, 2020	March 31, 2019
Raw Materials (at cost)	75.82	86.13	74.96
Less : Provision for slow moving and obsolete inventory	(11.43)	(7.41)	(5.58)
(A)	<b>64.39</b>	<b>78.72</b>	<b>69.38</b>
Packing Materials (at cost)	105.58	116.16	115.23
Less : Provision for slow moving and obsolete inventory	(40.69)	(27.53)	(21.15)
(B)	<b>64.89</b>	<b>88.63</b>	<b>94.08</b>
Work in progress (at cost)	2.71	3.50	2.04
(C)	<b>2.71</b>	<b>3.50</b>	<b>2.04</b>
Finished goods (at lower of cost or net realisable value) [refer note (i) below] (including stock in transit INR 10.7 million (March 31, 2020: INR 12.8 million, March 31, 2019: INR 5.4 million))	145.66	219.44	149.16
Less : Provision for slow moving and obsolete inventory	(51.66)	(33.88)	(6.81)
(D)	<b>94.00</b>	<b>185.56</b>	<b>142.35</b>
Stock in trade (acquired for trading) [refer note (ii) below] (Incl. stock in transit INR 1.3 millions (March 31, 2020: INR 0.8 millions, March 31, 2019: INR 0.2 million))	154.63	166.16	142.52
Less : Provision for slow moving and obsolete inventory	(13.67)	(11.46)	(3.83)
(E)	<b>140.96</b>	<b>154.70</b>	<b>138.69</b>



**Annexure VII : Notes to the restated consolidated summary statements (Continued)**

Consumables (at cost) (Incl. stock in transit INR 13.6 millions (March 31, 2020: INR 2.6 millions, March 31, 2019: INR 6.2 millions))	205.04	224.13	213.56
(F)	<b>205.04</b>	<b>224.13</b>	<b>213.56</b>
<b>Total</b>	<b>(A+B+C+D+E+F)</b>	<b>571.99</b>	<b>735.24</b>
		<b>660.10</b>	

- (i) Finished goods include goods for March 31, 2021 aggregating to INR 108.4 million (March 31, 2020: INR 109.2 million, March 31, 2019: INR 74.9 million) lying with C&F agents.
- (ii) Stock-in-trade includes finished goods for March 31, 2021 aggregating to INR 10.7 million (March 31, 2020: INR 10.5 million (March 31, 2019: INR 24.2 million) lying with C&F agents.
- (iii) The Group has a policy to perform physical verification of inventory at regular intervals including year end. On account of lockdown announced in various jurisdictions where the Group operates and the inability to travel coupled with social distancing norms imposed post lockdown and the volume of inventory involved, the physical verification of inventory was not performed as at March 31, 2020. The same has been performed subsequently and no material discrepancies were noticed on such verification.

**9 Other assets**

(Unsecured, considered good, unless otherwise stated)

**Non- Current**

	March 31, 2021	March 31, 2020	March 31, 2019
Capital advances	-	0.41	1.33
Tax paid under protest			-
(i) Value added tax / service tax	6.24	3.18	2.91
(ii) Luxury tax	1.85	1.85	1.85
Prepaid expenses	0.66	1.51	0.91
(A)	<b>8.75</b>	<b>6.95</b>	<b>7.00</b>
<b>Unsecured, considered doubtful</b>			
Sales tax paid under protest	2.30	2.30	2.10
	2.30	2.30	2.10
Provision for doubtful advances	(2.30)	(2.30)	(2.10)
(B)	<b>-</b>	<b>-</b>	<b>-</b>
(A+B)	<b>8.75</b>	<b>6.95</b>	<b>7.00</b>

	March 31, 2021	March 31, 2020	March 31, 2019
<b>Current</b>			
Advance to suppliers	68.10	108.47	75.18
Balances with government authorities (including GST refund receivable*)	59.49	90.50	88.84
Duty drawback	0.57	-	0.84
Focus product scheme (FPS) receivable	3.48	4.88	12.86
Prepaid expenses	46.75	75.06	62.14
(A)	<b>178.40</b>	<b>278.91</b>	<b>239.86</b>
<b>Considered doubtful</b>			
Excise duty credit receivable	1.59	1.59	-
Advance to suppliers	5.74	5.74	-
Focus product scheme (FPS) license	2.45	-	-
	9.78	7.33	-
Less: Provision for doubtful advances	(9.78)	(7.33)	-
(B)	<b>-</b>	<b>-</b>	<b>-</b>
(A+B)	<b>178.40</b>	<b>278.91</b>	<b>239.86</b>

\* GST refund is receivable under budgetary support offered by the Government of India as per scheme notified vide Notification dated Oct 05, 2017 issued by DIPP and as per CBEC Circular No. 1060/9/2017-CX dated Nov 27, 2017.

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**Annexure VII : Notes to the restated consolidated summary statements (Continued)**

**10 Share Capital**

**Authorised share capital**

50,000,000 (March 31, 2020: 50,000,000, March 31, 2019: 50,000,000) equity shares of INR 10 each

**Issued, subscribed and fully paid-up shares**

37,668,283 (March 31, 2020: 37,668,283, March 31, 2019: 37,668,283) equity shares of INR 10 each

**Total issued, subscribed and fully paid-up share capital**

As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
500.00	500.00	500.00
376.68	376.68	376.68
<b>376.68</b>	<b>376.68</b>	<b>376.68</b>

**a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year**

**Equity shares of INR 10 each issued, subscribed and fully paid:**

**As at April 01, 2018**

Issued during the year

**As at March 31, 2019**

Issued during the year

**As at March 31, 2020**

Issued during the year

**As at March 31, 2021**

No. of shares in millions	Amount
37.67	376.68
-	-
<b>37.67</b>	<b>376.68</b>
-	-
<b>37.67</b>	<b>376.68</b>
-	-
<b>37.67</b>	<b>376.68</b>

**b) Terms/ rights attached to equity shares:**

The Group has only one class of equity shares having a par value of INR 10 per share. Each holder of the equity shares is entitled to one vote per share. The Group declares and pays dividends in Indian Rupees. The dividend proposed by the board of directors is subject to the approval of shareholders in the ensuing annual general meeting.

During the year no interim/ final dividend has been paid or proposed by the Parent.

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) Details of shareholders holding more than 5% shares in the Group**

Equity Shares of INR 10 each fully paid	As at March 31, 2021		As at March 31, 2020		As at March 31, 2019	
	No. of shares (in millions)	% holding in the equity shares	No. of shares (in millions)	% holding in the equity shares	No. of shares (in millions)	% holding in the equity shares
Mr. Mukesh Luthra	9.18	24.37%	9.18	24.37%	9.18	24.37%
Mrs. Vandana Luthra	16.71	44.35%	16.71	44.35%	16.71	44.35%
Leon International Limited	5.14	13.65%	5.14	13.65%	5.14	13.65%
M/s OIH Mauritius Limited (formerly known as M/s Indivision India Partners)	5.69	15.11%	5.69	15.11%	5.69	15.11%

**d) Shares reserved for issue under options :**

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Group, refer note 34.

Annexure VII : Notes to the restated consolidated summary statements (Continued)

11 Other Equity

Particulars	Attributable to the equity holders of the parent								Total other equity
	Reserves and Surplus						Other equity		
	Security premium (refer note (i))	General reserve (refer note (ii))	Legal Reserve (refer note (iii))	Treasury Shares (refer note (iv))	Share-based payments Reserve (refer note (v))	Retained earnings (refer note (vi))	Foreign Currency translation reserve (refer note (vii))	Reserve on transactions with NCI #	
As at April 1, 2018	642.96	32.68	5.81	(3.27)	-	182.24	60.53	(3.00)	917.95
Restated loss for the year	-	-	-	-	-	(486.98)	-	-	(486.98)
Restated other comprehensive income/(loss) for the year, net of tax	-	-	-	-	-	(21.22)	5.08	-	(16.14)
NCI on business combination during the year	-	-	-	-	-	-	-	(4.40)	(4.40)
As at March 31, 2019	642.96	32.68	5.81	(3.27)	-	(325.96)	65.61	(7.40)	410.43
Ind AS 116 transition adjustment (Refer Part B of Annexure VI)	-	-	-	-	-	85.17	-	-	85.17
As at April 1, 2019	642.96	32.68	5.81	(3.27)	-	(240.79)	65.61	(7.40)	495.60
Restated loss for the year	-	-	-	-	-	(154.00)	-	-	(154.00)
Transfer to retained earnings on disposal of subsidiary*	-	-	(0.00)	-	-	0.00	-	-	-
NCI on business combination during the year	-	-	-	-	-	-	-	(0.19)	(0.19)
Restated other comprehensive income/(loss) for the year, net of tax	-	-	-	-	-	(2.33)	34.14	-	31.81
As at March 31, 2020	642.96	32.68	5.81	(3.27)	-	(397.12)	99.75	(7.59)	373.22
As at April 1, 2020	642.96	32.68	5.81	(3.27)	-	(397.12)	99.75	(7.59)	373.22
Restated profit for the year	-	-	-	-	-	61.26	-	-	61.26
Transfer to retained earnings on disposal of subsidiary	-	-	(0.02)	-	-	0.02	-	-	-
Share-based payments	-	-	-	-	0.11	-	-	-	0.11
Restated other comprehensive loss for the year, net of tax	-	-	-	-	-	(12.73)	(1.07)	-	(13.81)
As at March 31, 2021	642.96	32.68	5.79	(3.27)	0.11	(348.57)	98.68	(7.59)	420.79

# Reserve on transactions with non-controlling interest is created on account of additional investment of Nil (March 31, 2020: 590,000, March 31, 2019: 2,650,000) preference shares of INR 10 each in Vanitycube Mobile Spa and Salon Pvt Ltd.

\* Absolute amount before rounding off during the year ended March 31, 2021 is INR 15,331 (March 31, 2020 is INR 3,055, March 31, 2019: Nil) under legal reserve and retained earnings.

**Nature & purpose of reserves:**

- (i) **Security premium:** Represents the premium received upon issues of shares in earlier years and can be utilized as per the provisions of Companies Act, 2013 (as amended).
- (ii) **General reserve:** The amount in general reserve has been recorded as per Companies (Transfer of Profits to Reserves) Rules, 1975 in earlier years. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.
- (iii) **Legal reserve:** The legal reserve is created as per Memorandum of Association of the various foreign operations. In accordance with the provisions of the Commercial Companies Law of various foreign companies in gulf countries, an amount equivalent to 10% of the Company's net profit before appropriations is required to be transferred to a non-distributable reserve until such time as a minimum of certain percentage of the share capital is set aside as per laws of that country. It is not available for distribution unless provided in the local laws governing the foreign operations.
- (iv) **Treasury shares:** represent the value of shares held by VLCC Employee welfare Trust (ESOP Trust) on behalf of the employees.
- (v) **Share-based payments reserve:** The share options-based payment reserve is used to recognise the grant date fair value of options issued to employees under Employee stock option plan.
- (vi) **Retained earnings:** Retained earnings are the profits/(loss) that the Group has earned/incurred till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings includes re-measurement loss / (gain) on defined benefit plans, net of taxes that will not be reclassified to Restated Consolidated Summary Statement of profit and loss. Retained earnings is a free reserve available to the Group and eligible for distribution to shareholders, in case where it is having positive balance representing net earnings till date.
- (vii) **Foreign currency translation reserve:** Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity.

**Annexure VII : Notes to the restated consolidated summary statements (Continued)**

<b>12 Contract liabilities</b>			
		<b>March 31, 2021</b>	<b>March 31, 2020</b>
<b>Non-current</b>			<b>March 31, 2019</b>
Deferred revenue		72.89	94.41
Deferred grant liability		13.09	6.03
	(A)	<b>85.98</b>	<b>100.44</b>
<b>Current</b>			
Deferred revenue		670.99	541.20
Deferred grant liability		1.97	1.15
Advance from customers		41.64	59.36
Advance from franchisee		46.82	45.02
	(B)	<b>761.42</b>	<b>646.73</b>
	(A+B)	<b>847.40</b>	<b>747.17</b>
Contract liabilities consists of:			
(i) Revenue relating to unexecuted packages of beauty, slimming and vocational training services and for which amount has been received in advance from customers and are non refundable;			
(ii) Revenue relating to franchisee sign up fee for which amount has been received in advance from franchisee and are non refundable and are recognized over the period of contract with the franchisee.			
<b>13 Financial Liabilities</b>			
<b>13(a) Borrowings</b>			
		<b>March 31, 2021</b>	<b>March 31, 2020</b>
<b>Non current</b>			<b>March 31, 2019</b>
Term loans from banks (Secured) (refer note (1) below)		684.93	717.93
Term loan - Others (Unsecured) (refer note 2(i) below)		132.06	120.00
Vehicle loans from banks/others (Secured) (refer note (1) below)		5.09	12.43
		<b>822.08</b>	<b>850.36</b>
Current Maturities of long term borrowing disclosed under "other current financial liabilities" [refer note 13(c)]		(316.49)	(317.93)
<b>Total non-current (A)</b>		<b>505.59</b>	<b>532.43</b>
<b>Current</b>			
Term Loans - others (Unsecured) (refer note 2(ii) below)		50.00	70.00
Cash credit (Secured) (refer note (3) below)		409.58	505.88
Cash credit (Unsecured) (refer note (3) below)		50.00	50.00
<b>Total current (B)</b>		<b>509.58</b>	<b>625.88</b>
<b>Total (A+B)</b>		<b>1,015.17</b>	<b>1,158.31</b>
<b>Aggregate secured loans (A)</b>			
Non current		373.53	412.43
Current (including current maturities of long term borrowings)		726.07	823.81
		<b>1,099.60</b>	<b>1,236.24</b>
<b>Aggregate unsecured loans (B)</b>			
Non current		132.06	120.00
Current		100.00	120.00
		<b>232.06</b>	<b>240.00</b>
<b>Aggregate borrowings (A+B)</b>		<b>1,331.66</b>	<b>1,476.24</b>
<b>1 Details of terms of repayment and security provided in respect of the secured long-term borrowings:</b>			
		<b>March 31, 2021</b>	<b>March 31, 2020</b>
<b>Term loan from banks:</b>			<b>March 31, 2019</b>
HDFC Bank [refer note (i)]		-	34.86
ICICI Bank [refer note (ii)]		42.37	57.50
Yes Bank [refer note (iii)]		28.73	41.87
Yes Bank [refer note (iv)]		90.65	106.80
Yes Bank [refer note (v)]		47.27	-
HDFC Bank [refer note (vi)]		46.55	54.22
HDFC Bank [refer note (vii)]		61.90	-
UOB Bank [refer note (viii)]		18.05	18.27
UOB Bank [refer note (ix)]		31.77	32.04
UOB Bank [refer note (x)]		23.30	23.28
UOB Bank [refer note (xi)]		8.93	10.68
UOB Bank [refer note (xii)]		12.81	13.11
National Bank of Fujairah, UAE [refer note (xiii)]		272.60	325.36
Axis Bank UAE [refer note (xiv)]		-	-
ICICI Bank, UAE [refer note (xv)]		-	-
<b>Vehicle loans:</b>			
Emirates National Bank of Dubai [refer note (xvi)]		-	4.57
HDFC Bank [refer note (xvii)]		3.01	5.41
Kotak Mahindra Prime Limited [refer note (xviii)]		-	1.20
ICICI Bank Limited [refer note (xix)]		2.08	1.19
		<b>690.02</b>	<b>730.36</b>

**Note 13(a) on borrowing continued**

**Notes:**

- Term loan of USD 3,000,000 obtained from HDFC Bank by VLCC International Inc. The effective interest rate on the loan is LIBOR + 350 bps per annum. Originally the loan is repayable in 60 monthly instalments. This loan has been fully repaid during the year.
- The loan is obtained from ICICI Bank by the Company and is secured by a first pari passu charge on all current assets and movable fixed assets both present and future. Originally the loan is repayable in 60 monthly instalments out of these 16 monthly instalments of INR 2.65 million each along with interest at Base rate plus 3.10% are pending as on March 31, 2021.
- The loan is obtained from Yes Bank by the Company and is secured by a first pari passu charge on all current assets and movable fixed assets both present and future. Originally the loan is repayable in 54 monthly instalments out of these balance 11 monthly instalments of INR 2.61 million each along with interest at MCLR plus 2.05% are pending as on March 31, 2021.

**Annexure VII : Notes to the restated consolidated summary statements (Continued)**

- (iv) The loan is obtained from Yes Bank by the Company and is secured by a first pari passu charge on all current assets and movable fixed assets both present and future. Originally the loan is repayable in 60 monthly instalments out of these balance 24 monthly instalments of INR 3.77 million each along with interest at MCLR plus 1.95% are pending as on March 31, 2021.
- (v) The Loan under Emergency Credit Line Guaranteed Scheme of National Credit Guarantee Trustee Company Limited, is taken from Yes Bank by the Company on a interest rate at MCLR plus 1% subject to maximum of 9.25% p.a. The loan is secured by second charge on all current assets and movable fixed assets and charge on assets financed through this Loan. Originally the loan is repayable in 36 monthly instalment's of INR 1.31 million each, presently under 12 month moratorium period. Repayment of Loan shall be commenced from February, 2022.
- (vi) The term loan is taken from HDFC Bank by VLCC Personal Care Limited, one of the subsidiaries of the Company on a interest rate at MCLR plus 0.45% p.a for the purpose of new plant at Guwahati. The loan is secured by an exclusive charge on the land, building and movable assets located at the new manufacturing facility situated at Guwahati and second pari passu charge on all current assets of the Company. Originally the loan is repayable in 60 monthly instalment's out of which 26 monthly instalments of INR 1.64 million each and the last instalment of INR 3.83 million was repayable as on March 31, 2021.
- (vii) The Guaranteed Emergency Credit Line (GECL) term loan is taken from HDFC Bank by VLCC Personal Care Limited, one of the subsidiaries of the Company on a interest rate at 7.45% p.a. The loan is secured as an extension of second ranking charge over existing primary and collateral securities including mortgage credited in favour of the bank. Originally the loan is repayable in 36 monthly instalment's of INR 1.72 million each, presently under 12 month moratorium period. Repayment of Loan shall be commenced from December 07, 2021.
- (viii) Loan obtained from UOB bank by Bellewave Cosmetics Pte Ltd, one of the subsidiaries of the Company to finance the acquisition of leasehold property. The loan is secured by a charge of the leasehold property and personal guarantee of director of Bellewave Cosmetics Pte Ltd and corporate guarantee of Global Vantage Innovative Group Pte Ltd. Loan carries an effective interest rate of 2.48% per annum. Originally the loan is repayable in 240 monthly instalments commencing from December 2009 out of these, balance 114 monthly instalments of INR 0.15 million each including interest are pending as on March 31, 2021.
- (ix) Loan obtained from UOB bank by Bellewave Cosmetics Pte Ltd, one of the subsidiaries of the Company and is secured by a charge of the leasehold property and personal guarantee of director of Bellewave Cosmetics Pte Ltd and corporate guarantee of Global Vantage Innovative Group Pte Ltd. Loan carries an effective interest rate of 2.48% per annum. Originally the loan is repayable in 240 monthly instalments commencing from June 2011 out of these, balance 133 monthly instalments of INR 0.22 million each including interest are pending as on March 31, 2021.
- (x) Loan obtained from UOB bank by Bellewave Cosmetics Pte Ltd, one of the subsidiaries of the Company and is secured by a charge of the leasehold property and personal guarantee of director of Bellewave Cosmetics Pte Ltd and corporate guarantee of Global Vantage Innovative Group Pte Ltd. Loan carries an effective interest rate of 1.75% per annum. Originally the loan is repayable in 300 monthly instalments commencing from August 2015 out of these, balance 244 monthly instalments of INR 0.08 million each including interest are pending as on March 31, 2021.
- (xi) Loan obtained from UOB bank by Bellewave Cosmetics Pte Ltd, one of the subsidiaries of the Company and is secured by a charge of the leasehold property and personal guarantee of director of Bellewave Cosmetics Pte Ltd and corporate guarantee of Global Vantage Innovative Group Pte Ltd. Loan carries an effective interest rate of 2.37% per annum below the Bank's commercial financing rate of 6.25%. Originally the loan is repayable in 36 monthly instalments commencing from September 2018 out of these, balance 13 monthly instalments of INR 0.63 million each including interest are pending as on March 31, 2021.
- (xii) Loan obtained from UOB bank by Bellewave Cosmetics Pte Ltd, one of the subsidiaries of the Company and is secured by a charge of the leasehold property and personal guarantee of director of Bellewave Cosmetics Pte Ltd and corporate guarantee of Global Vantage Innovative Group Pte Ltd. Loan carries an effective interest rate of 2.28% per annum. Originally the loan is repayable in 82 monthly instalments commencing from January 2021 out of these, balance 79 monthly instalments of INR 0.15 million each including interest are pending as on March 31, 2021.
- (xiii) Term loan from National Bank of Fujairah obtained by VLCC International LLC. The effective interest rate on the loan is one month EIBOR + 475 bps per annum. The loan is secured by charge on Fixed Assets, assignment of receivables and corporate guarantee of VLCC international Inc, VLCC (Middle East) LLC and VLCC Health Care Limited. Loan is repayable as on March 31, 2021 in 3 different instalments, INR 10.39 million payable in 22 monthly instalments, INR 0.11 million payable in 22 monthly instalments and INR 0.49 million each in 17 monthly instalments and also a revolving loan of INR 33.4 million.
- (xiv) Loan facility of USD 3,000,000 obtained from Axis Bank by VLCC International LLC which is secured by the assignment of credit card receivables of the subsidiary, an exclusive charges over the current assets and fixed assets of the subsidiary. Corporate guarantee of VLCC Health Care Limited and VLCC International Inc. and post dated cheques for the term loan instalment of the subsidiary. Originally the loan is repayable in 60 monthly instalments. The effective interest rate on term loan is 6 month LIBOR +375 bps per annum. The outstanding loan is repayable in 28 instalments of USD 50,000 each as on March 31, 2019. This loan has been fully repaid as on March 31, 2020.
- (xv) Loan obtained from ICICI Bank by VLCC International LLC and is secured by td, first pari passu charge on all current and movable fixed assets both present and future. Originally the loan is repayable in 48 monthly instalments. The loan is repayable in 28 monthly instalments of USD 104,167 each along with interest at LIBOR plus 350 points. This loan has been fully repaid as on March 31, 2020.
- (xvi) The vehicle loan is taken from Emirates National Bank of Dubai by VLCC International LLC on a interest rate of 5.16%-5.6% p.a . The loans are secured by hypothecation of respective vehicles., repayable in 18 monthly instalments of AED 20,450 along with interest. This loan has been fully repaid during the year.
- (xvii) The vehicle loan is taken from HDFC Bank by the Company on a interest rate of 8%-8.3% p.a . The loans are secured by hypothecation of respective vehicles., repayable in 14 monthly instalments of INR 0.23 million along with interest.
- (xviii) The vehicle loan is taken from Kotak Mahindra Prime Ltd. by the Company on a interest rate of 9.39% p.a . The loans are secured by hypothecation of respective vehicles, repayable in 8 monthly instalments of INR 0.15 million along with interest. This loan has been fully repaid during the year.
- (xix) The Vehicle loan is taken from ICICI Bank by the Company and carries interest rate of 8.51% p.a .The loans are secured by hypothecation of respective vehicles, and repayable in 68 monthly instalments of INR 0.026 million along with interest.
- (xx) The Reserve Bank of India, in March this year, offered a relief measure to the borrowers in the form of EMI moratorium on all term loans for three months till May 31, 2020. This was further extended by another three months till August 31, 2020. In total, Reserve Bank of India has offered a moratorium of six-months between March 1, 2020 and August 31, 2020. The Group has opted to avail this relief and defer its principal and interest payments in relation to its outstanding term loans as on March 31, 2020.
- (xxi) All the covenants covered in all the term loans have been complied with during the year ended March 31, 2021. Some of the financial covenants of HDFC Bank for the year ended March 31, 2020 and March 31, 2019 was not met by VLCC Personal Care Ltd, one of the subsidiary of the Company and the same was informed to the bank.

**2 Details of Term Loans - others (Unsecured):-**

- (i) The unsecured loan amounting to INR 120 millions (March 31, 2020: INR 120 millions, March 31, 2019: 120 million) has been taken from Palm Land Hospitality Private Limited by the Company and is payable by June 2024 along with interest at 12% p.a.  
  
The unsecured loan amounting to KD 50,000 equivalent to INR 12.1 millions (March 31, 2020: Nil, March 31, 2019: Nil) has been taken from Mrs. Eiman GH A Alyafai of Kuwaiti by VLCC International LLC and is payable within five years along with fixed interest at KD of 1500 quarterly.
- (ii) The Company has availed unsecured interest free loan amounting to INR 50 millions (March 31, 2020: INR 70 millions, March 31, 2019: Nil) from Mr. Mukesh Luthra, Chairman of the Company. The loan is repayable on demand.

Annexure VII : Notes to the restated consolidated summary statements (Continued)

3 Details of terms of repayment provided in respect of the current borrowings other than term loan:

**Cash Credit**

	March 31, 2021	March 31, 2020	March 31, 2019
<b>Secured:</b>			
Yes Bank [refer note (b)]	61.45	39.31	63.59
HDFC Bank [refer note (c)]	213.43	299.60	293.04
Axis Bank Limited [refer note (d)]	1.25	20.00	0.17
Mashreq Bank [refer note (e)]	-	-	51.36
National Bank of Fujairah [refer note (f)]	33.44	46.96	-
	<b>309.57</b>	<b>405.87</b>	<b>408.16</b>
<b>Working capital demand loan from banks:</b>			
Yes Bank [refer note (g)]	100.00	100.00	100.00
	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
<b>Unsecured:</b>			
Yes Bank Limited [refer note (h)]	50.00	50.00	50.00
	<b>50.00</b>	<b>50.00</b>	<b>50.00</b>
<b>Total</b>	<b>459.57</b>	<b>555.87</b>	<b>558.16</b>

- (a) The Group has not defaulted in repayment of loans and interest during the year ended March 31, 2021, March 31, 2020 and March 31, 2019.
- (b) Cash credit loan from Yes bank is secured against first pari passu charge on all the current assets (both current & future) excluding current assets located at Matia Industrial Growth Centre(Assam) & second pari passu charge on all the moveable property, plant and equipment (both current & future) except vehicle & MFA located at Matia Industrial Growth Centre(Assam) and payable on demand along with interest at MCLR plus 0.90%.
- (c) The loan is secured by a first pari passu charge on all current assets and second pari passu charge on all movable property, plant and equipment, both present and future along with interest of HDFC Bank MCLR Rate + 0.60% (Margin) per annum.
- (d) The loan is secured by a first pari passu charge on all current assets and movable property, plant and equipment, both present and future and payable on demand along with interest at base rate plus 1.10%.
- (e) Secured by the assignment of receivables, assignment of insurance policies covering stocks, hypothecation of stocks, irrevocable assignment of credit card receivables.
- (f) Secured by charge on property, plant and equipment, assignment of receivables and corporate guarantee of VLCC international Inc, VLCC (Middle East) LLC and VLCC Health Care Limited
- (g) Working capital demand loan from Yes bank is secured against first pari passu charge on all the current assets (both current & future) excluding current assets located at Matia Industrial Growth Centre(Assam) & second pari passu charge on all the moveable property, plant and equipment (both current & future) except vehicle & MFA located at Matia Industrial Growth Centre(Assam), exclusive charge on immovable property, plant and equipment on Haridwar Plan, payable on demand along with interest at MCLR plus 2%.
- (h) The loan is payable on demand along with interest at base rate plus 0.50%.

13(b) Trade payables

	March 31, 2021	March 31, 2020	March 31, 2019
Total outstanding dues of micro and small enterprises (refer note 27 for details of dues to micro and small enterprises)	24.13	25.26	21.51
Total outstanding dues of creditors other than micro and small enterprises	1,610.36	1,937.75	2,047.05
<b>Total</b>	<b>1,634.48</b>	<b>1,963.01</b>	<b>2,068.55</b>

Trade payables are non-interest bearing and are normally settled in 60-90 day terms.

13(c) Other financial liabilities

	March 31, 2021	March 31, 2020	March 31, 2019
<b>Non- Current</b>			
Security deposits received	20.25	20.68	10.17
(A)	<b>20.25</b>	<b>20.68</b>	<b>10.17</b>
<b>Current</b>			
Current maturities of long term borrowings (refer note 13(a))	316.49	317.93	341.60
Interest accrued but not due on borrowings	15.98	11.02	4.43
Interest payable on security deposits	0.46	0.42	0.38
Security deposits received	0.46	1.09	9.54
Payable for capital purchases	44.94	46.49	57.31
(B)	<b>378.33</b>	<b>376.95</b>	<b>413.26</b>
(A+B)	<b>398.58</b>	<b>397.63</b>	<b>423.43</b>

Reconciliation of liabilities arising from financing activities:

	As at April 01, 2018	Cash flows	Non-cash changes	As at March 31, 2019
Borrowings (including cash credit) [refer note 13(a)]	1,864.60	(321.90)	39.22	1,581.92
Lease liabilities (refer note 29)	2,388.89	(679.50)	790.12	2,499.51
<b>Total liability from financing activity</b>	<b>4,253.49</b>	<b>(1,001.40)</b>	<b>829.34</b>	<b>4,081.43</b>
	As at April 01, 2019	Cash flows	Non-cash changes	As at March 31, 2020
Borrowings (including cash credit) [refer note 13(a)]	1,581.92	(157.23)	51.54	1,476.23
Lease liabilities (refer note 29)	2,412.63	(710.24)	570.64	2,273.02
<b>Total liability from financing activity</b>	<b>3,994.55</b>	<b>(867.47)</b>	<b>622.18</b>	<b>3,749.26</b>
	As at April 01, 2020	Cash flows	Non-cash changes	As at March 31, 2021
Borrowings (including cash credit) [refer note 13(a)]	1,476.23	(127.40)	(17.18)	1,331.66
Lease liabilities (refer note 29)	2,273.02	(456.20)	151.90	1,968.73
<b>Total liability from financing activity</b>	<b>3,749.25</b>	<b>(583.60)</b>	<b>134.72</b>	<b>3,300.39</b>

Annexure VII : Notes to the restated consolidated summary statements (Continued)

<b>14 Provisions</b>			
<b>Non- current</b>		<b>March 31, 2021</b>	<b>March 31, 2020</b>
<b>Provision for employee benefits</b>			<b>March 31, 2019</b>
Provision for gratuity (Refer to note 32)		106.13	118.89
	(A)	<b>106.13</b>	<b>118.89</b>
<b>Other provisions</b>			
Provision for decommissioning liabilities (refer note (i) below)		6.64	6.62
	(B)	<b>6.64</b>	<b>6.62</b>
<b>Total non-current</b>	<b>(A+B)</b>	<b>112.77</b>	<b>125.51</b>
<b>Current</b>		<b>March 31, 2021</b>	<b>March 31, 2020</b>
<b>Provision for employee benefits</b>			<b>March 31, 2019</b>
Provision for gratuity (Refer to note 32)		35.25	22.01
Provision for compensated absences		51.68	25.22
	(A)	<b>86.93</b>	<b>47.23</b>
<b>Other provisions</b>			
Provision for decommissioning liabilities (refer note (i) below)		2.20	1.53
	(B)	<b>2.20</b>	<b>1.53</b>
<b>Total current</b>	<b>(A+B)</b>	<b>89.13</b>	<b>48.76</b>
<b>(i) Provision for decommissioning liabilities</b>			
According to operating lease agreements entered by the Group, it has to incur cost for restoring lease premises to the original condition at the time of expiry of lease period. Approximately 50% of the outflow is expected to be in 1-3 years. Remaining outflow is expected to be in 4-9 years.			
		<b>March 31, 2021</b>	<b>March 31, 2020</b>
At the beginning of the year		8.15	7.49
Arising during the year		0.69	0.66
<b>At the end of the year</b>		<b>8.84</b>	<b>8.15</b>
<b>15 Other liabilities</b>		<b>March 31, 2021</b>	<b>March 31, 2020</b>
<b>Current</b>			<b>March 31, 2019</b>
Statutory dues		96.15	90.74
		<b>96.15</b>	<b>90.74</b>
<b>16 Income tax</b>			
The major components of income tax expense for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 are:			
<b>(i) Profit and loss</b>		<b>March 31, 2021</b>	<b>March 31, 2020</b>
<b>Tax Expense:</b>			<b>March 31, 2019</b>
Current tax		21.43	23.02
Adjustments in respect of current income tax of previous year		2.16	-
<b>Deferred tax:</b>			
Relating to origination and reversal of temporary differences		(34.60)	(35.25)
<b>Income tax expense reported in the Restated Consolidated Summary Statement of profit or loss</b>		<b>(11.00)</b>	<b>(12.23)</b>
<b>(ii) Other Comprehensive Income</b>		<b>March 31, 2021</b>	<b>March 31, 2020</b>
<b>(a) Deferred tax related to items recognised in OCI during the year:</b>			<b>March 31, 2019</b>
Net gain on remeasurements of defined benefit plans		(0.11)	-
<b>Income tax charged to restated OCI</b>		<b>(0.11)</b>	<b>(0.02)</b>
<b>(b) Non-current tax asset/ (liabilities) (net)</b>			
Tax assets		609.87	683.94
Tax (liabilities)		(577.49)	(636.79)
<b>Non-current tax assets (net)</b>		<b>32.38</b>	<b>47.15</b>

Annexure VII : Notes to the restated consolidated summary statements (Continued)

Note 16 on Income tax continued

Reconciliation of tax expense and the accounting profit multiplied by applicable tax rate of respective jurisdiction for March 31, 2021, March 31, 2020 and March 31, 2019:

Particulars	March 31, 2021	March 31, 2020	March 31, 2019
<b>Restated profit / (loss) before tax and after exceptional items:</b>	51.42	(165.33)	(532.52)
Income tax expense @ Holding Company's domestic tax rate of 27.82% (March 31, 2020: 27.82%, March 31, 2019: 34.608%)	14.31	(46.00)	(184.29)
Adjustments in respect of current income tax of previous years	2.16	-	(0.49)
<b>Tax impacts of following items:</b>			
Tax effect on differential tax rates in various jurisdictions	(20.95)	(10.62)	39.65
Non-deductible expenses for tax purposes	18.92	12.41	3.92
Tax (credit)/charge due to (increase)/decrease in tax rate	(6.73)	20.99	6.71
Deferred tax not recognised due to reasonable certainty, net of utilisation	(15.45)	8.76	129.15
Others (net)	(3.26)	2.22	(0.12)
<b>At the effective income tax rate as applicable</b>	<b>(11.00)</b>	<b>(12.23)</b>	<b>(5.47)</b>
<b>Income tax expense reported in the restated consolidated summary statement of profit or loss</b>	<b>(11.00)</b>	<b>(12.23)</b>	<b>(5.47)</b>

Balance sheet

Deferred tax assets relates to the following

	March 31, 2021	March 31, 2020	March 31, 2019
Property, plant and equipment / intangible assets	112.96	111.09	118.57
Leases	52.46	33.22	45.35
Employee benefits	36.54	29.68	18.81
Provision for inventory	34.18	20.87	10.88
Provision for doubtful trade receivables	82.64	38.65	24.37
Provision for doubtful advances	5.12	2.51	2.07
Provision for doubtful deposits	4.34	4.34	5.40
Carry forward losses/unabsorbed depreciation	57.62	72.05	88.08
MAT credit entitlement	150.75	165.55	165.53
Others	(10.15)	13.79	15.36
<b>Total deferred tax assets</b>	<b>526.46</b>	<b>491.75</b>	<b>494.43</b>

Statement of profit and loss

Deferred tax assets relates to the following

	March 31, 2021	March 31, 2020	March 31, 2019
Depreciation/amortisation on property, plant and equipment/intangible assets	1.96	(7.75)	4.80
Leases	19.24	(12.13)	37.93
Employee benefits	6.87	10.87	(0.22)
Provision for doubtful deposits	-	(1.06)	0.16
Carry forward losses/unabsorbed depreciation	(14.42)	(16.03)	0.76
Provision for doubtful debts/provision for impairment	43.99	14.28	(21.35)
Provision for inventory	13.31	9.99	(1.64)
Provision for doubtful advances	2.61	0.60	1.24
MAT credit utilised	(14.80)	(0.04)	-
Others (net)	(24.06)	(1.40)	0.74
	<b>34.70</b>	<b>(2.68)</b>	<b>22.42</b>

Ind AS 116 transition adjustments (refer part A of Annexure VI)

- Charged directly to retained earnings	-	37.93	-
<b>Total deferred tax assets (net)</b>	<b>34.70</b>	<b>35.25</b>	<b>22.42</b>

The Group offsets tax assets and liabilities if and only if, it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Movement in deferred tax assets

	March 31, 2021	March 31, 2020	March 31, 2019
At the beginning of the year	491.75	494.43	472.01
Ind AS 116 transition adjustments (refer part A of Annexure VI)	-	(37.93)	-
<b>Balance as at April 01</b>	<b>491.75</b>	<b>456.50</b>	<b>472.01</b>
Tax credit recognised in profit and loss	34.60	35.25	22.40
Tax credit recognised in OCI	0.11	-	0.02
<b>At the end of the year</b>	<b>526.46</b>	<b>491.75</b>	<b>494.43</b>

(i) As the Group has brought forward unused tax losses, deferred tax asset has been recognised to the extent of probable future taxable profits against which temporary deductible differences can be adjusted over next few years. Deferred tax asset not recognised due to lack of evidence of recoverability in near future amounting to INR 2.52 million (March 31, 2020: INR 73.70 million, March 31, 2019: INR 117.10 million).

Deferred tax not recognised since it is not probable that taxable profit will be available against which the unutilised tax losses and temporary differences can be utilized as assessed at March 31, 2021, March 31, 2020 and March 31, 2019:

Maturity analysis of carry forward losses and unabsorbed depreciation are as follows:

Year ending	March 31, 2021	March 31, 2020	March 31, 2019
<b>Carry forward losses</b>			
March 31, 2028	-	84.16	164.65
March 31, 2025	8.99	49.29	56.89
	<b>8.99</b>	<b>133.45</b>	<b>221.54</b>
<b>Unabsorbed depreciation for indefinite period</b>	<b>451.64</b>	<b>534.72</b>	<b>534.72</b>

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**Annexure VII : Notes to the restated consolidated summary statements (Continued)**

**17 Revenue from operations**

	<b>March 31, 2021</b>	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Sale of products [refer note (i) below]	1,796.61	2,208.27	2,400.48
Sale of services [refer note (ii) below]	3,531.29	5,471.02	6,095.65
Other operating revenues [refer note (iii) below]	1.28	16.39	28.13
<b>Revenue from operations</b>	<b>5,329.18</b>	<b>7,695.68</b>	<b>8,524.26</b>

**Notes:**

**(i) Sale of services comprises:**

Wellness and beauty services	3,108.58	4,722.80	5,337.59
Tuition fees	355.81	642.90	640.10
Income from franchisees	23.70	20.94	27.96
Royalty income	43.20	84.38	90.00
<b>Total sale of services</b>	<b>3,531.29</b>	<b>5,471.02</b>	<b>6,095.65</b>

**(ii) Sale of products**

	<b>1,796.61</b>	<b>2,208.27</b>	<b>2,400.48</b>
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**(iii) Other operating revenues comprise:**

Focus product scheme license	0.55	0.80	2.45
GST-refund	-	15.09	21.05
Subsidy from government	-	-	3.31
Duty drawback	0.74	0.49	1.32
	<b>1.28</b>	<b>16.39</b>	<b>28.13</b>

**Revenue from operations (i+ii+iii)**

	<b>5,329.18</b>	<b>7,695.68</b>	<b>8,524.26</b>
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**(iv) Timing of revenue recognition**

Goods/services transferred at a point in time	2,390.68	3,220.65	3,333.60
Services transferred over time	2,938.50	4,475.03	5,190.66
	<b>5,329.18</b>	<b>7,695.68</b>	<b>8,524.26</b>

**(v) Revenue based on geographical location**

India	3,366.20	5,148.07	5,594.56
Middle East	1,606.65	2,041.74	2,313.90
Asia	309.24	483.19	579.30
Rest of the world	47.09	22.68	36.50
<b>Revenue from operations</b>	<b>5,329.18</b>	<b>7,695.68</b>	<b>8,524.26</b>

**(vi) Contract balances**

Trade receivable	468.60	347.42	507.36
Contract liabilities	847.40	747.17	851.79

Trade receivables are non-interest bearing and are generally on terms of 0 to 30 days.

Contract liabilities consist of unearned revenue, which is recorded when the Group has received consideration in advance of transferring the performance obligations under the contract to the customer.

**(a) Changes in unearned revenue during the year ended March 31, 2021, March 31, 2020 and March 31, 2019 were as follows:**

	<b>March 31, 2021</b>	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Opening balance	635.61	773.08	763.30
Add: Revenue earned	645.32	548.89	683.73
Less: Revenue recognized	(537.06)	(686.35)	(673.95)
<b>Closing balance</b>	<b>743.88</b>	<b>635.61</b>	<b>773.08</b>

**Annexure VII : Notes to the restated consolidated summary statements (Continued)**

<b>(b) Performance obligations</b>			
	<b>March 31, 2021</b>	<b>March 31, 2020</b>	<b>March 31, 2019</b>
<b>The transaction price allocated to the remaining performance obligations for deferred revenue</b>			
Revenue expected to be recognised upon delivery of goods / services:			
Within one year	670.99	541.20	690.48
More than one year	72.89	94.41	82.60
	<b>743.88</b>	<b>635.61</b>	<b>773.08</b>
The performance obligation is satisfied upon delivery of goods or services to the customers.			
<b>(vii) Right of return assets and refund liabilities</b>			
Right of return assets (included in inventories)	-	-	8.22
Refund liability (netted off from trade receivables)	8.23	7.03	43.69
<b>(viii) Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price</b>			
Revenue as per contracted price	5,629.15	8,259.13	9,077.57
<u>Less: adjustments</u>			
Sales discounts and schemes	(255.89)	(485.46)	(465.90)
Display charges	(44.09)	(77.99)	(87.41)
<b>Revenue from operations</b>	<b>5,329.18</b>	<b>7,695.68</b>	<b>8,524.26</b>
<b>(ix)</b> It is not practicable to furnish the broad heads in view of the considerable number of items diverse in size and nature.			

**18 Other income**

	<b>March 31, 2021</b>	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Interest from banks on deposits			
[Taxes deducted at source INR 0.1 million (March 31, 2020: INR 0.1 million), March 31, 2019: INR 0.1 million)]	2.10	2.97	2.43
Interest on security deposits (refer note (i))	8.60	9.65	13.41
Interest on deferred grant liability	0.60	0.49	-
Interest on loans and advances	0.01	0.12	0.27
Interest on income tax refund*	-	0.00	1.12
Liabilities written back	43.33	0.29	-
Insurance claims received	2.57	-	-
Miscellaneous income	23.13	15.16	7.62
Net gain on foreign currency transactions and translation	-	25.87	9.98
Provision for doubtful assets written back	-	-	48.10
Lease concessions** (refer note 29)	222.12	-	-
Gain on derecognition of lease liability	20.78	-	-
Reversal of provision for obsolete and slow moving Inventory	-	-	5.90
<b>Total</b>	<b>323.24</b>	<b>54.55</b>	<b>88.83</b>

\* Absolute amount of interest on income tax refund for the year ended March 31, 2020 is INR 1,582.

**Note (i)**

Interest on security deposits at fair value has been measured using effective interest rate method and the difference between fair value and transaction value of the security deposit has been recognised as deferred lease expense and deferred lease expenses has been added to ROU and amortised as depreciation as per Ind AS 116.

\*\* During the year ended March 31, 2021, consequential to COVID-19 pandemic, the group has negotiated several lease concessions with the landlords. Further, in view of recent amendments by the Companies (Indian Accounting Standards) Amendment Rules, 2020, the Company has elected to apply the practical expedient of not assessing the lease concessions as a lease modification, as per MCA notification dated July 24, 2020 on Ind AS 116 for lease concessions received on account of COVID-19 pandemic.

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Annexure VII : Notes to the restated consolidated summary statements (Continued)

19 Cost of materials consumed

Material consumed

A. Raw material consumed

	March 31, 2021	March 31, 2020	March 31, 2019
Opening stock	86.13	74.96	78.45
Add: Purchases	240.67	327.36	331.70
	326.80	402.32	410.15
Less: Closing stock	75.82	86.13	74.96
	<b>250.98</b>	<b>316.19</b>	<b>335.19</b>

B. Packing material consumed

Opening stock	116.16	115.22	104.60
Add: Purchases	202.48	352.34	353.04
	318.64	467.56	457.64
Less: Closing stock	105.58	116.16	115.22
	<b>213.06</b>	<b>351.40</b>	<b>342.42</b>

C. Consumables

Opening stock	224.13	213.56	217.72
Add: Purchases	493.08	661.65	579.63
	717.21	875.21	797.35
Less: Closing stock	205.04	224.13	213.56
	<b>512.17</b>	<b>651.08</b>	<b>583.79</b>

Total (A+B+C)

	<b>976.21</b>	<b>1,318.67</b>	<b>1,261.40</b>
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20 Changes in inventories of finished goods, stock-in-trade and work-in-progress

Inventories at the end of the year

- Finished goods	145.66	219.44	149.16
- Stock-in-trade	154.63	166.16	142.52
- Work in progress	2.71	3.50	2.04
	<b>303.00</b>	<b>389.10</b>	<b>293.72</b>

Inventories at the beginning of the year

- Finished goods	219.44	149.18	145.51
- Stock-in-trade	166.16	142.51	137.57
- Work in progress	3.50	2.04	2.53
	<b>389.10</b>	<b>293.73</b>	<b>285.61</b>

(Increase) / decrease in inventories

	<b>86.10</b>	<b>(95.37)</b>	<b>(8.11)</b>
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Purchase of stock in trade for resale

	<b>88.63</b>	<b>125.94</b>	<b>189.01</b>
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21 Employee benefits expense

	March 31, 2021	March 31, 2020	March 31, 2019
Salaries, wages and bonus	1,616.45	2,373.93	2,914.76
Contribution to provident and other funds	50.04	87.91	80.30
Share based payment expense (refer note 34)	0.11	-	-
Gratuity expenses (Refer to note 32)	27.96	37.13	31.03
Staff welfare expenses	13.19	32.30	48.96
<b>Total</b>	<b>1,707.75</b>	<b>2,531.28</b>	<b>3,075.05</b>

**Annexure VII : Notes to the restated consolidated summary statements (Continued)**

**22 Finance cost**

	<b>March 31, 2021</b>	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Interest on			
-Term loan	57.13	73.90	79.32
-Cash credit	51.29	55.83	51.79
-Others	25.31	11.13	5.81
Consumer financing	78.08	111.15	102.34
Other finance cost	36.54	49.68	51.66
Interest on lease liabilities (Refer to note 29)	209.38	242.00	240.63
Unwinding of discount and effect of changes in discount rate on provisions	0.72	0.68	0.68
<b>Total</b>	<b>458.45</b>	<b>544.37</b>	<b>532.23</b>

**23 Depreciation and amortization expense**

	<b>March 31, 2021</b>	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Depreciation of property, plant & equipment (Refer to note 4)	396.92	426.75	612.85
Amortization of intangible assets (Refer to note 5)	12.08	14.47	15.08
Amortization of Right-of-use assets (Refer to note 29)	582.32	625.89	567.23
<b>Total</b>	<b>991.32</b>	<b>1,067.11</b>	<b>1,195.16</b>

**24 Other expenses**

	<b>March 31, 2021</b>	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Rent (Refer to note 29)	49.20	67.06	118.04
Advertisement and sales promotion	256.37	768.78	1,133.10
Consumables	1.27	3.27	4.10
Power and fuel	10.10	17.03	16.30
Electricity and water	79.76	123.55	129.20
Repairs and maintenance			
- Building	26.12	34.99	32.80
- Equipment	6.44	11.89	14.40
- Others	66.09	96.86	138.00
Insurance	18.90	17.10	18.00
Rates & taxes	22.64	30.03	22.08
Communication expenses	35.32	45.78	54.30
Travelling and conveyance	69.39	176.17	285.50
Vehicle running and maintenance	4.60	12.01	14.50
Printing and stationery	7.14	10.90	15.10
Freight and forwarding charges	56.88	70.22	87.58
Sub-contracting expenses	28.96	48.55	52.10
Commission to clearing and forwarding agent	76.80	110.26	93.40
Expenditure on corporate social responsibility	-	1.82	2.30
Legal and professional charges	90.28	201.73	243.90
Payments to auditors (refer to note (i) below)	10.39	9.08	10.15
House keeping charges	88.11	163.58	175.60
Office expenses	39.37	63.42	62.00
Generator rent and maintenance charges	10.07	18.77	22.10
Warehouse charges	10.20	16.55	23.28
Directors sitting fees	1.70	1.20	2.30
Impairment allowance on trade receivables (Net of bad debts written off INR 53.6 million (March 31, 2020: INR 32.1 million, March 31, 2019: INR 19.7 million)	118.29	113.85	-
Provision for doubtful advances (net of written off)	7.67	3.11	1.40
Provision for obsolete and slow moving Inventory (net of written off)	47.69	87.39	40.99
Advance written off	6.26	18.38	1.10
Loss on property, plant and equipment sold / scrapped	1.30	3.56	0.80
Net loss on foreign currency transactions and translation	15.12	-	-
Infrastructure usage expenses	20.07	26.41	10.97
Miscellaneous expenses	10.04	17.55	37.35
<b>Total</b>	<b>1,292.54</b>	<b>2,390.85</b>	<b>2,862.74</b>

**Annexure VII : Notes to the restated consolidated summary statements (Continued)**

<b>Note (i)</b>	<b>March 31, 2021</b>	<b>March 31, 2020</b>	<b>March 31, 2019</b>
<b>Payment to Auditors</b>			
Payments to the auditors comprises (net of service tax input credit, where applicable):			
- Audit fee	5.44	4.10	9.31
In other capacity:			
- Other services	0.03	0.53	0.48
- Reimbursement of expenses	0.60	0.32	0.36
Payment to other auditors	4.32	4.13	-
<b>Total</b>	<b>10.39</b>	<b>9.08</b>	<b>10.15</b>

**24(a) Exceptional items**

	<b>March 31, 2021</b>	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Disposal of substantial assets of subsidiary (refer note (i))	-	-	38.13
Impairment of goodwill (refer note (ii))	-	7.86	-
Provision for doubtful debt (refer note (iii))	-	24.85	-
<b>Total</b>	<b>-</b>	<b>32.71</b>	<b>38.13</b>

- (i) During the previous year ended March 31, 2019, Wyann International SDN BHD, one of Group's subsidiary has entered into a business transfer agreement to dispose their business operations and fixed assets.
- (ii) The Group has impaired goodwill, arising on account of acquisition of one of the subsidiaries of Group, "Vanitycube Mobile Spa and Salon P Ltd.", amounting to Nil (March 31, 2020: INR 7.86 million, March 31, 2019: Nil), based on Group's assessment of future operations and financial position of the subsidiary.
- (iii) Provision against trade receivables on account of Covid 19 assessment (refer note 40) of Nil ((March 31, 2020: INR 24.85 million, March 31, 2019: Nil) has been recorded in the statement of profit and loss.

**25 Other Comprehensive Income ('OCI')**

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

	<b>March 31, 2021</b>	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Re-measurement losses on defined benefit plans	(12.84)	(2.33)	(21.11)
Income tax effect	0.11	-	0.02
	<b>(12.73)</b>	<b>(2.33)</b>	<b>(21.09)</b>

**26 Calculation of earnings / (loss) per share (EPS)**

	<b>March 31, 2021</b>	<b>March 31, 2020</b>	<b>March 31, 2019</b>
The following reflects the profit and share data used in the basic and diluted EPS computation:			
Nominal value of equity shares (INR)	10.00	10.00	10.00
Restated Profit / (loss) attributable to equity shareholders for computing basic and dilutive EPS (A)	<b>61.26</b>	<b>(154.00)</b>	<b>(486.98)</b>
Weighted average number of equity shares outstanding during the year for computing Basic EPS (B)	37.67	37.67	37.67
Dilutive effect of share based payments on weighted average number of equity shares outstanding during the year	0.15	-	-
Weighted average number of equity shares outstanding during the year for computing diluted EPS (C)	37.82	37.67	37.67
<b>Basic earning / (loss) per share (A/B)</b>	<b>1.63</b>	<b>(4.09)</b>	<b>(12.93)</b>
<b>Diluted earning / (loss) per share (A/C)</b>	<b>1.62</b>	<b>(4.09)</b>	<b>(12.93)</b>

There have been no transactions involving equity shares or potential equity shares between the reporting date and the date of authorisation of these restated consolidated financial statements.

Weighted average number of shares is the number of ordinary shares outstanding at the beginning of the period adjusted by the number of equity shares/options issued during year, multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares/options granted are outstanding as a proportion of total number of days during the year.

## Annexure VII : Notes to the restated consolidated summary statements (Continued)

- 27 The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the entrepreneurs memorandum number as allocated after filing of the memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at the year-end has been made in the financial statements based on information available with the Group as under:

	March 31, 2021	March 31, 2020	March 31, 2019
The amounts remaining unpaid to suppliers as at the end of the year			
-Principal	20.90	21.31	19.07
-Interest	3.24	3.95	2.43
-the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-	-
-the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	0.85	2.00	-
-The amount of interest accrued and remaining unpaid at the end of each accounting year	2.29	3.49	0.70
-the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	1.43	1.93	1.80

## 28 Contingent liabilities and commitments (to the extent not provided for)

## (i) Contingent liabilities

	March 31, 2021	March 31, 2020	March 31, 2019
Other money for which the Group is contingently liable			
- Value added tax [refer note (a) below]	22.15	22.15	17.80
- Entry tax [refer note (b) below]	7.85	7.85	4.40
- Service tax [refer note (c) below]	8.97	2.30	2.66
- Luxury tax [refer note (d) below]	4.04	3.25	3.25
- Customs duty [refer note (e) below]	-	9.06	9.06
- Income tax [refer note (f) below]	9.56	10.11	18.73
- Claims against the Group not acknowledged as debts [refer note (g) below]	4.57	1.56	11.82
	<b>57.14</b>	<b>56.28</b>	<b>67.72</b>

- (a) The group has 12 cases (March 31, 2020: 13 cases and March 31, 2019: 13 cases) with respect to demand of VAT for different states for which appeals are pending with Commissioner (Appeals) of respective state.
- (b) Entry tax demand comprise demand from VAT authorities of West Bengal under West Bengal Tax on Entry of Goods into Local Areas Act, 2012 for the period 2013-14 to 2017-18 amounting to INR 7.85 million (March 31, 2020: 7.85 million, March 31, 2019: 4.40 million) which are pending before the appellatant authorities. The tax demands are mainly on account of non-payment of tax on goods imported into the state. On a appeal filed by many corporates, the Calcutta High Court had held the entry tax introduced in the 2012-2013 budget by West Bengal government as unconstitutional.
- (c) The group has 12 (March 31, 2020: 10 cases and March 31, 2019: 11 cases) cases for service tax out of which, 6 cases (March 31, 2020: 6 cases and March 31, 2019: 8 cases) are pending with CESTAT and 6 cases (March 31, 2020: 4 cases and March 31, 2019: 3 cases) with Appellate authorities .
- (d) The group has 2 cases (March 31, 2020: 1 case and March 31, 2019: 1 case) of luxury tax out of which 1 case (March 31, 2020: 1 case and March 31, 2019: 1 case) is pending with Appellate tribunal (commercial tax) and one with Appellate authorities.
- (e) Demand for customs duty aggregating to INR Nil (March 31, 2020: INR 9.06 million, March 31, 2019: INR 9.06 million) for the year 2012-16 is disputed by the Group and the Group had preferred an appeal with CESTAT. On similar matter for another consignment, CESTAT vide its order dated June 30, 2017 has already set aside the demand and gave order in favour of the Group. The commissioner of Customs (Appeal) vide order dated July 4, 2020 has set aside the demand and gave order in favour of the Group for the year 2012-16 also.

**Annexure VII : Notes to the restated consolidated summary statements (Continued)**

**Note 28(i) on contingent liabilities continued**

**(f) Income Tax Demands:**

- Demand for assessment year 2011-12 is disputed by the Group and the Group had preferred an appeal before Commissioner of Income Tax (Appeals) which was substantially decided in favour of the Group in Oct 2020 and consequently the demand has been reduced to INR 4.81 million from INR 11.6 million. Now the Appeal is pending for hearing with Income Tax Appellant Tribunal (ITAT). The Group has deposited INR 1 million (March 31, 2020: INR 1 million, March 31, 2019: INR 1 million) under protest.
- Demand for assessment year 2012-13 is disputed by the Group and the Group had preferred an appeal before Commissioner of Income Tax (Appeals) which was substantially decided in favour of the Group in the financial year 2016-17 and consequently the demand has been reduced to INR 0.69 million from INR 7.3 million. Now the Appeal is pending with ITAT which is pending for hearing .
- Demand for assessment year 2013-14 is disputed by the Group and the Group had preferred an appeal before Commissioner of Income Tax (Appeals) which was substantially decided in favour of the Group in the financial year 2017-18 and consequently the demand has been reduced to INR 0.44 million. Now the Appeal is pending with ITAT which is pending for hearing .
- Demand for the assessment year 2014-15 for income tax aggregating to INR 2.2 million (March 31, 2020: INR 2.2 million, March 31, 2019: INR 2.2 million) is disputed by the Group and preferred an appeal before Commissioner of Income Tax (Appeals) which was substantially decided in favour of the Group in the financial year 2018-19 and consequently the demand has been reduced to INR 0.57 million. Now the Appeal is pending with ITAT which is pending for hearing.

Income tax demand comprise demand from the Indian tax authorities for payment of additional tax of INR 2.1 million (March 31, 2020: INR 2.1 million, March 31, 2019: INR 3.8 million) upon completion of their tax review for the for the assessment years 2017-18. The tax demands are mainly on account of disallowance of a portion of the tax holiday claimed by the subsidiary of the Group under the Income tax Act. The matter are pending before the Commissioner of Income tax (Appeals).

- Demand for the assessment year 2015-16 for income tax aggregating to INR 0.98 million (March 31, 2020: INR 0.98 million, March 31, 2019: INR 0.98 million) is disputed by the Group and preferred an appeal which is pending for hearing before ITAT.

- (g) Legal cases not provided for INR 4.57 million (March 31, 2020: INR 1.6 million, March 31, 2019: INR 11.8 million) as the Group has been legally advised that the outcome is likely to be in favour of the Group.

The Group is contesting the above demands and the management based on its internal assessment and based on advise from consultants believe that its position will likely be upheld in the appellate process and the probability of any outflow is less likely. Accordingly, no tax or legal expense has been accrued in these financial statements for the above demands. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the Group's financial position and results of operations and hence no provision has been made in respect of above matters.

- (h) The Group also evaluated the consequent impact of compliance with applicable laws including minimum wages act on some of its Covid initiatives and has recorded provisions on best estimates.

**(ii) Capital commitments**

	March 31, 2021	March 31, 2020	March 31, 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for:			
- Property, plant and equipment	1.83	1.83	0.80

The Group has commitments for purchase/sale orders which are issued after considering requirements per operating cycle for purchase/sale of goods and services, employee benefits. The Group does not have any long term commitment or material non-cancellable contractual commitments/contracts which might have a material impact on the financial statements.

**Annexure VII : Notes to the restated consolidated summary statements (Continued)**

**29 Lease related disclosures**

The Group has leases for beauty & wellness centres, training institutes, office building, warehouses and related facilities and equipment's. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and right of use assets. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublease the asset to another party, the right-of-use asset can only be used by the Group. Some leases contain an option to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings and other premises the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group is required to pay maintenance fees in accordance with the lease contracts.

**A First time adoption of Ind AS 116- Leases**

Effective April 01, 2019 the Group adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 01, 2019 using the modified retrospective method. ROU are measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date and any initial direct costs less any lease incentives received. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

For the purpose of preparing restated consolidated financial statement, Ind AS 116 has been applied retrospectively with effect from April 01, 2018.

**The following is the summary of practical expedients elected on initial application:**

1. Applying a single discount rate to a portfolio of leases with reasonably similar characteristics
2. 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.
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
4. The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying Ind AS 17 and Appendix C to Ind AS 17, determining whether an arrangement contains a lease.

**The effect of adoption of Ind AS 116 is as follows:**

Particulars	March 31, 2021	March 31, 2020	March 31, 2019
<b>Restated consolidated summary statement of assets and liabilities</b>			
<b>Assets</b>			
<b>Non-current assets</b>			
Right-of-use assets	1,747.20	2,139.81	2,398.88
<b>Total assets</b>	<b>1,747.20</b>	<b>2,139.81</b>	<b>2,398.88</b>
<b>Liabilities</b>			
Lease liabilities - Non current	1,457.80	1,608.88	1,812.79
Lease liabilities - current	510.93	664.14	686.72
<b>Total liabilities</b>	<b>1,968.73</b>	<b>2,273.02</b>	<b>2,499.51</b>
<b>Restated consolidated summary statement of profit and loss</b>			
Depreciation expense of right-of-use assets	582.32	625.89	567.23
Rent	(456.20)	(710.24)	(679.50)
Interest on lease liabilities	209.38	242.00	240.63
Gain on termination of lease contracts	(20.78)	-	-
Rent waiver on lease liabilities	(222.12)	-	-
<b>Restated loss for the period/ year</b>	<b>92.60</b>	<b>157.64</b>	<b>128.36</b>
<b>Restated consolidated summary statement of cash flow</b>			
Impact on restated loss before tax	(92.60)	(157.64)	(128.36)
Depreciation expense of right-of-use assets	582.32	625.89	567.23
Interest on lease liabilities	209.38	242.00	240.63
Gain on termination of lease contracts	(20.78)	-	-
Rent waiver on lease liabilities	(222.12)	-	-
<b>Cash generated from operations (A)</b>	<b>456.20</b>	<b>710.24</b>	<b>679.50</b>



**Annexure VII : Notes to the restated consolidated summary statements (Continued)**

**Note 29 on Lease related disclosures continued..**

Particulars	March 31, 2021	March 31, 2020	March 31, 2019
Interest received	-	-	-
Lease receipts	-	-	-
<b>Net cash flows from investing activities (B)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Payment of principal portion of lease liabilities	(246.83)	(468.25)	(438.87)
Payment of interest portion of lease liabilities	(209.38)	(242.00)	(240.63)
<b>Net cash outflows from financing activities (C)</b>	<b>(456.20)</b>	<b>(710.24)</b>	<b>(679.50)</b>
<b>Net increase in cash and cash equivalents during the year (A+B+C)</b>	<b>-</b>	<b>-</b>	<b>-</b>

There is no material impact on other comprehensive income or the basic and diluted loss per share.

**B Lease payments not included in measurement of lease liability**

The Group has lease contracts for office premises having a lease term ranging from 1-13 years.

The expense relating to payments not included in the measurement of the lease liability is as follows:

INR millions

Particulars	March 31, 2021	March 31, 2020	March 31, 2019
Short-term leases	26.98	67.89	147.19
Variable lease payments	0.90	0.99	0.99

**C Total cash outflow for leases (net of lease concessions) for the year ended March 31, 2021 was INR 456.20 million (March 31, 2020: INR 710.24 million, March 31, 2019: INR 679.50 million).**

**D Maturity of lease liabilities**

The lease liabilities are secured by the related underlying assets. Future minimum lease payments were as follows:

March 31, 2021	Minimum lease payments due			
	Within 1 year	1-5 years	More than 5 years	Total
Lease payments	658.42	1,568.85	159.51	<b>2,386.78</b>

March 31, 2020	Minimum lease payments due			
	Within 1 year	1-5 years	More than 5 years	Total
Lease payments	731.81	2,072.69	280.84	<b>3,085.34</b>

March 31, 2019	Minimum lease payments due			
	Within 1 year	1-5 years	More than 5 years	Total
Lease payments	719.63	2,131.04	627.02	<b>3,477.70</b>

**E Right-of-Use Assets and Lease liabilities**

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2021, March 31, 2020 and March 31, 2019:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
<b>Balance at the beginning (after adjusting prepaid rent and lease equalization reserve)</b>	2,139.82	2,398.88	2,414.56
Ind AS 116 transition adjustments (refer part B of Annexure VI)	-	40.83	-
<b>Balance as at April 01</b>	<b>2,139.82</b>	<b>2,439.71</b>	<b>2,414.56</b>
Additions (after adjusting prepaid rent)	318.70	288.42	512.50
Derecognition on account of preclosure	(117.49)	-	-
Deletions	(86.18)	-	-
Depreciation	(582.31)	(625.86)	(567.23)
Currency translation reserve	74.67	37.55	39.05
<b>Balance at the end</b>	<b>1,747.20</b>	<b>2,139.82</b>	<b>2,398.88</b>

Annexure VII : Notes to the restated consolidated summary statements (Continued)

Note 29 on Lease related disclosures continued..

The following is the movement in lease liabilities during the year ended March 31, 2021, March 31, 2020 and March 31, 2019:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
<b>Balance at the beginning</b>	2,273.02	2,499.51	2,388.89
Ind AS 116 transition adjustments (refer part B of Annexure VI)	-	(86.88)	-
<b>Balance as at April 01</b>	<b>2,273.02</b>	<b>2,412.63</b>	<b>2,388.89</b>
Additions	317.85	281.20	505.19
Derecognition on account of preclosure	(138.26)	-	-
Finance cost accrued during the year	209.32	242.00	240.63
Payment of lease liabilities	(456.20)	(710.24)	(679.50)
Adjustment for covid related rent concessions/waivers	(222.12)	-	-
Currency translation reserve	(14.88)	47.44	44.30
<b>Balance at the end</b>	<b>1,968.73</b>	<b>2,273.02</b>	<b>2,499.51</b>

The following is the break up of current and non-current of lease liabilities:

<b>Current</b>	510.93	664.14	686.72
<b>Non current</b>	1457.80	1608.88	1812.79
<b>Total</b>	<b>1968.73</b>	<b>2273.02</b>	<b>2499.51</b>

As described in Note 2.2, the MCA issued Covid-19-Related Rent Concessions - amendment to Ind AS 116 Leases to provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic.

Many lessors have provided rent concessions to lessees as a result of the Covid-19 pandemic. Rent concessions can include rent holidays or rent reductions for a period of time, possibly followed by increased rent payments in future periods. Applying the requirements in Ind AS 116 for changes to lease payments, particularly assessing whether the rent concessions are lease modifications and applying the required accounting, could be practically difficult in the current environment. The objective of the amendment is to provide lessees that have been granted Covid-19 related rent concessions with practical relief, while still providing useful information about leases to users of the financial statements.

As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification. The practical expedient applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic.

The Group has accordingly not applied modification accounting, as per Ind AS 116, for the rent concessions / rent waivers received due to Covid-19 Pandemic. As a result, the Group has recognised INR 222.12 million (March 31, 2020: Nil, March 31, 2019: Nil) in the consolidated summary statement of profit and loss respectively.

**Annexure VII : Notes to the restated consolidated summary statement (Continued)**

**30 Related party transactions**

The names of related parties of the Group as required to be disclosed under Ind AS 24 is as follows:

**(a) Names of related parties and related party relationship:**

**Key Management Personnel (KMP) as defined under Ind AS**

- (i) Mukesh Luthra, Chairman
- (ii) Jayant Khosla, Managing Director
- (iii) Sanjay Mehta, Independent Director
- (iv) Sanjay Kapoor, Independent Director
- (v) Rajiv Krishan Luthra, Independent Director
- (vi) Shabana Azmi, Independent Director till Sep 28, 2019
- (vii) Sameer Sushial Sain, Investor's Nominee Director till Sep 03, 2020
- (viii) Roshni Bakshi, Investor's Nominee Director (w.e.f. Sep 03, 2020)
- (ix) Narinder Kumar, Group CFO & Company Secretary
- (x) Sandeep Ahuja, Executive Director till December 31, 2019

**Relative of Key Management Personnel**

- (i) Vandana Luthra, wife of Mukesh Luthra

The restated consolidated financial statement of the Group includes subsidiaries (including step down subsidiaries) and Trust listed in the table below:

Name of the entity	Relationship	Country of Incorporation	% of holding and voting power either directly or indirectly		
			As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b><u>Indian Subsidiaries:</u></b>					
VLCC Personal Care Ltd	Subsidiary	India	100%	100%	100%
VLCC Wellness Research Centre P Ltd	Subsidiary	India	100%	100%	100%
VLCC Online Services P Ltd	Subsidiary	India	76%	76%	76%
Vanitycube Mobile Spa And Salon P Ltd	Subsidiary	India	77.69%	77.69%	77.69%
<b><u>Foreign Subsidiaries:</u></b>					
VLCC International Inc.	(a) Subsidiary	British Virgin Islands	100%	100%	100%
VLCC International LLC [subsidiary of (a)]	Subsidiary	UAE	100%*	100%*	100%*
VLCC Middle East LLC [subsidiary of (a)]	Subsidiary	UAE	100%*	100%*	100%*
VLCC International Limited Liability Company [subsidiary of (a)]	Subsidiary	Sultanate of Oman	100%	100%**	100%**
VLCC Europe Limited [subsidiary of (a)]	Subsidiary	England and Wales	100%	100%	100%
VLCC International Qatar Co W.L.L. [subsidiary of (a)]	Subsidiary	Qatar	100%*	100%*	100%*
VLCC Healthcare Egypt LLC [subsidiary of (a)]	Subsidiary	Egypt	100%	100%	100%
Wyann International SDN BHD [subsidiary of (a)]	Subsidiary	Malaysia	76%	76%	76%
VLCC Wellness (East Africa) Limited [subsidiary of (a)]	Subsidiary	Kenya	70%	70%	70%
VLCC International Kuwait Health Care Institute Limited Liability Company [subsidiary of (a)]	Subsidiary	Kuwait	100%*	100%*	100%*
VLCC Overseas Limited [subsidiary of (a)]	(b) Subsidiary	UAE	100%	100%	100%
VLCC Health Care (Bangladesh) Pvt Ltd [subsidiary of (b)]	Subsidiary	Bangladesh	100%	100%	100%
VLCC Personal Care (Bangladesh) Pvt Ltd [subsidiary of (b)]	Subsidiary	Bangladesh	100%	100%	100%
VLCC Healthcare Lanka (Pvt) Ltd [subsidiary of (b)]	Subsidiary	Sri Lanka	100%	100%	100%
VLCC Education Lanka (Pvt) Ltd [subsidiary of (b)]	Subsidiary	Sri Lanka	100%	100%	100%
VLCC Singapore Pte Ltd [subsidiary of (a)]	(c) Subsidiary	Singapore	100%	100%	100%
Global Vantage Innovative Group Pte Ltd (Gvig) [subsidiary of (c)]	(d) Subsidiary	Singapore	85%	85%	85%
Celblos Dermal Research Centre Pte Ltd [subsidiary of (d)]	Subsidiary	Singapore	85%	85%	85%
Excel Beauty Solution SDN BHD [subsidiary of (d)]	Subsidiary	Malaysia	85%	85%	85%
Bellewave Cosmetics Pte Ltd [subsidiary of (d)]	Subsidiary	Singapore	85%	85%	85%
VLCC Holding (Thailand) Co.Ltd [subsidiary of (c)]	(e) Subsidiary	Thailand	49.90%***	49.90%***	49.90%***
VLCC Wellness (Thailand) Co.Ltd [subsidiary of (c)]	Subsidiary	Thailand	75%	75%	75%
<b><u>Controlled Trust:</u></b>					
VLCC Employee Welfare Trust	Trust	India			

\* Out of this, 49% is held directly by VLCC International Inc. and for the balance 51% shareholding, the Company has entered into an agreement with the other shareholders whereby the risk and rewards of the business rest entirely with VLCC International Inc. and accordingly, VLCC International Inc. has 100% economic interest in these companies.

\*\* Out of this, 70% is held directly by VLCC International Inc. and for the balance 30% shareholding, the Company has entered into an agreement with the other shareholder whereby the risk and rewards of the business rest entirely with VLCC International Inc. and accordingly, VLCC International Inc. has 100% economic interest in this company.

\*\*\* VLCC Singapore Pte Ltd holds 49.90% of the voting rights in VLCC Holding (Thailand) Co.Ltd while other shareholder holds all the Class A preference shares in VLCC Holding (Thailand) Co.Ltd. VLCC Singapore Pte Ltd also controls the affairs and the board of directors of VLCC Holding (Thailand) Co.Ltd. The chairman is appointed by VLCC Singapore Pte Ltd and all significant rights in respect of dividend is enjoyed by VLCC Singapore Pte Ltd. Accordingly, VLCC Singapore Pte Ltd is considered to be the holding company of VLCC Holding (Thailand) Co.Ltd.

Annexure VII : Notes to the restated consolidated summary statement (Continued)

Note 30 on Related party transactions continued..

Details of related party transactions during the year ended March 31, 2021, March 31, 2020 & March 31, 2019 and outstanding balance as at March 31, 2021, March 31, 2020 & March 31, 2019:

	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
<b>A. <u>Director sitting fees</u></b>			
Mr. Sanjay Mehta, Independent Director	0.60	0.60	0.65
Mr. Sanjay Kapoor, Independent Director	0.60	0.60	0.65
Mrs. Shabana Azmi, Independent Director	-	-	0.45
Mr. Rajiv Krishan Luthra, Independent Director	0.50	-	0.50
<b>B. <u>Expenses</u></b>			
<i>Relatives of Key management personnel</i>			
<b>Professional Fees</b>			
- Vandana Luthra	0.55	38.65	35.14
<b>C. <u>Balance outstanding at the end of the year-</u></b>			
<b>Trade payables</b>			
<i>Relatives of Key management personnel</i>			
- Vandana Luthra	-	5.96	3.16
<b>Compensation of Key management personnel of the Group</b>			
Short-term employee benefits	37.13	62.97	59.11
Termination benefits	0.46	6.82	1.45
<b>Total compensation paid to key management personnel</b>	<b>37.59</b>	<b>69.79</b>	<b>60.57</b>

Remuneration to the key managerial personnel does not include the provisions made for gratuity and leave encashment, as they are determined on an actuarial basis for the group as a whole.

Also refer note 34 for employee share based payments.

The following are the details of the transactions eliminated during the year ended March 31, 2021, March 31, 2020 and March 31, 2019:

Name of the related party	Transaction for the year ended		
	March 31, 2021	March 31, 2020	March 31, 2019
<b>(i) <u>VLCC Health Care Limited</u></b>			
<b><u>Sale of goods</u></b>			
- VLCC Healthcare (Bangladesh) Pvt Ltd	0.72	-	0.52
- Bellawave Cosmetics Pte Ltd	-	0.28	2.54
- VLCC International Qatar Co W.L.L.	-	0.12	-
- Vanitycube Mobile Spa And Salon Private Limited	-	0.01	3.15
<b>Commission charged on corporate guarantee</b>			
- VLCC International LLC	7.80	3.70	-
<b><u>Dividend Income</u></b>			
- VLCC Personal Care Limited	40.00	-	-
<b><u>Purchase of goods</u></b>			
- VLCC Personal Care Limited	28.26	66.57	87.01
- VLCC Online Services Private Limited	2.30	2.93	13.65
- Bellawave Cosmetics Pte Ltd	11.50	17.67	14.66
<b>Rent Expenses</b>			
- VLCC Wellness Research Centre Pvt Ltd	1.98	4.46	5.94
<b>Investment in Equity Shares</b>			
- VLCC International Inc.	-	83.76	79.59

Annexure VII : Notes to the restated consolidated summary statement (Continued)

Note 30 on Related party transactions continued..

		Transaction for the year ended		
		March 31, 2021	March 31, 2020	March 31, 2019
(ii)	<b><u>VLCC Personal Care Limited</u></b>			
	<b><u>Sale of goods</u></b>			
	- VLCC Online Services Private Limited	9.76	5.76	2.47
	- VLCC Vanity Cube Mobile SPA and Saloon Private Limited	-	0.95	4.61
	- Bellewave Cosmetics Pte Ltd., Singapore	1.10	3.62	5.24
	- Celblos Dermal Research Centre Pte Ltd.	0.26	1.79	0.29
	- VLCC Healthcare Lanka (P) Ltd	-	-	1.79
	- VLCC Healthcare (Bangladesh) Pvt Ltd	0.41	1.64	1.65
	- VLCC Middle East LLC	10.49	12.83	63.55
	- VLCC Wellness (East Africa) Ltd	-	-	1.69
	- VLCC International, Qatar	0.37	0.40	1.77
	<b><u>Expenses recovered on account of freight</u></b>			
	- VLCC Middle East LLC	0.84	1.40	5.07
	- VLCC Healthcare (Bangladesh) Pvt Ltd	0.12	0.41	0.14
	- VLCC Wellness (East Africa) Ltd	-	-	0.60
	- VLCC Healthcare Lanka (P) Ltd	-	-	0.24
	- Bellewave Cosmetics Pte. Ltd.	-	0.01	0.09
	- Celblos Dermal Research Centre Pte. Ltd.	-	0.33	0.07
	- VLCC International, Qatar	0.03	0.20	0.25
	<b><u>Purchase of goods</u></b>			
	- Bellewave Cosmetics Pte Ltd, Singapore	-	0.27	20.84
	- VLCC Health Care Limited	-	-	0.45
	- VLCC Online Services Private Limited	-	-	7.89
	<b><u>Rent</u></b>			
	- VLCC Wellness Research Centre P Ltd	1.54	3.47	4.62
	- VLCC Health Care Limited	2.10	1.91	1.74
	<b><u>Market support fees (discontinued w.e.f. December 31, 2018)</u></b>			
	- VLCC Singapore PTE Limited	-	-	186.45
	- VLCC Middle East LLC	-	-	249.49
(iii)	<b><u>VLCC Online Services Private Limited</u></b>			
	<b><u>Sale of goods</u></b>			
	- Vanitycube Mobile Spa & Saloon Pvt. Ltd	-	-	0.02
(iv)	<b><u>VLCC Middle East</u></b>			
	<b><u>Sale of goods</u></b>			
	VLCC International LLC	7.04	22.61	32.21
	VLCC International Limited Liability Company	1.17	1.99	2.66
	VLCC Wellness (East Africa) Limited	-	0.79	0.28
	VLCC International Kuwait Health Care Institute Limited Liability Company	0.79	0.83	0.96
	<b><u>Purchase of goods</u></b>			
	VLCC Singapore Pte Ltd	3.80	10.94	13.74
(v)	<b><u>VLCC Singapore Pte Ltd</u></b>			
	<b><u>Sale of goods</u></b>			
	VLCC International Qatar Co W.L.L.	2.42	4.57	5.14
	VLCC Health Care (Bangladesh) Pvt Ltd	-	1.15	0.59
	Wyann International	-	0.10	5.59
(vi)	<b><u>VLCC Overseas Limited</u></b>			
	<b><u>Dividend Income</u></b>			
	VLCC Health Care (Bangladesh) Pvt Ltd	12.49	18.22	-

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Annexure VII : Notes to the restated consolidated summary statement (Continued)

**31 Expenditure on Corporate Social Responsibility**

Section 135(5) of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, requires that the board of directors of every eligible company, shall ensure that the company spends, in every financial year, at least 2% of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy. The details of CSR expenditure is as follows:

	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
(a) Gross amount required to be spent by the Group during the year	-	0.88	0.90
(b) Amount approved by the Board to be spent during the year	-	1.82	2.30
	In cash	Yet to be paid in cash	Total
(c) Amount spent during the year ending on March 31, 2021:			
(i) Construction/acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	-	-	-
(d) Amount spent during the year ending on March 31, 2020:			
(i) Construction/acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	1.82	-	1.82
(e) Amount spent during the year ending on March 31, 2019:			
(i) Construction/acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	2.30	-	2.30
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
(f) Details related to spent obligations:			
- Donation to Khushi foundation	-	1.82	2.30
	-	<b>1.82</b>	<b>2.30</b>

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Annexure VII : Notes to the restated consolidated summary statements (Continued)

32 Gratuity and other post-employment benefit plans

a) Defined contribution plans

The Group makes contribution towards employees' provident fund, and employees' state insurance plan scheme. Under the schemes, the Group is required to contribute a specified percentage of payroll cost, as specified in the rules of the schemes, to these defined contribution schemes. The Group has recognized during the year as expense towards contribution to these plans as below:

	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Provident fund	43.86	75.56	62.12
Employees' state insurance scheme and other funds	6.18	12.36	18.18
<b>Total</b>	<b>50.04</b>	<b>87.91</b>	<b>80.30</b>

b) Gratuity scheme

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. This is a funded benefit plan for qualifying employees. The Company makes contributions to the VLCC Health Care Limited Employees Group Gratuity Scheme("Gratuity Trust"). Policies are taken by the Gratuity Trust created by Company to cover the liability of the Company. The scheme provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment. Vesting occurs upon completion of five years of service.

	March 31, 2021 Within India Funded	March 31, 2021 Within India Non Funded	March 31, 2021 Outside India Non Funded	Total	March 31, 2020 Within India Funded	March 31, 2020 Within India Non Funded	March 31, 2020 Outside India Non Funded	Total	March 31, 2019 Within India Funded	March 31, 2019 Within India Non Funded*	March 31, 2019 Outside India Non Funded	Total
<b>Change in benefit obligation</b>												
Present value of obligation as at the beginning of the year	73.59	13.30	54.57	141.47	66.61	13.02	53.78	133.42	54.41	10.54	46.55	111.50
Add: Current service cost	8.65	2.27	8.98	19.90	10.07	2.78	15.35	28.20	9.65	3.27	10.64	23.56
Add: Past service cost *	-	-	-	-	-	0.01	-	0.01	-	0.00	-	0.00
Add: Interest cost	4.60	0.82	2.45	7.87	4.80	0.92	3.13	8.84	4.07	0.76	3.45	8.28
Add: Actuarial (gain) / loss	7.61	(0.43)	5.93	13.11	(0.04)	(0.45)	6.72	6.23	6.71	(0.61)	14.72	20.83
Less: Benefits paid	(17.40)	(2.00)	(18.97)	(38.37)	(7.90)	(2.98)	(29.27)	(40.15)	(8.23)	(0.91)	(24.51)	(33.65)
Currency Translation Reserve	-	-	(1.91)	(1.91)	-	-	5.01	5.01	-	-	2.93	2.93
<b>Present value of obligation as at the end of the year</b>	<b>77.12</b>	<b>13.96</b>	<b>51.05</b>	<b>142.07</b>	<b>73.54</b>	<b>13.30</b>	<b>54.71</b>	<b>141.56</b>	<b>66.61</b>	<b>13.05</b>	<b>53.78</b>	<b>133.45</b>
<b>Change in plan assets</b>												
Plan assets at the beginning of the year	0.66	-	-	0.66	7.99	-	-	7.99	10.62	-	-	10.62
Add: Expected return on plan assets	0.04	-	-	0.04	0.64	-	-	0.64	0.75	-	-	0.75
Add: Contribution by the Company	-	-	-	-	-	-	-	-	5.00	-	-	5.00
Fund charges	(0.03)	-	-	(0.03)	(0.03)	-	-	(0.03)	-	-	-	-
Less: Benefits paid	-	-	-	-	(7.90)	-	-	(7.90)	(8.23)	-	-	(8.23)
Add: Actuarial gain / (loss)	0.01	-	-	0.01	(0.03)	-	-	(0.03)	(0.28)	-	-	(0.28)
<b>Plan assets at the end of the year</b>	<b>0.69</b>	<b>-</b>	<b>-</b>	<b>0.69</b>	<b>0.66</b>	<b>-</b>	<b>-</b>	<b>0.66</b>	<b>7.85</b>	<b>-</b>	<b>-</b>	<b>7.85</b>
<b>Present value of obligation</b>	<b>77.12</b>	<b>13.96</b>	<b>51.05</b>	<b>142.07</b>	<b>73.54</b>	<b>13.30</b>	<b>54.71</b>	<b>141.56</b>	<b>66.61</b>	<b>13.05</b>	<b>53.78</b>	<b>133.45</b>
<b>Less: Fair value of plan assets</b>	<b>(0.69)</b>	<b>-</b>	<b>-</b>	<b>(0.69)</b>	<b>(0.66)</b>	<b>-</b>	<b>-</b>	<b>(0.66)</b>	<b>(7.85)</b>	<b>-</b>	<b>-</b>	<b>(7.85)</b>
<b>Net assets/(liability)</b>	<b>76.44</b>	<b>13.96</b>	<b>51.05</b>	<b>141.38</b>	<b>72.88</b>	<b>13.30</b>	<b>54.71</b>	<b>140.89</b>	<b>58.76</b>	<b>13.05</b>	<b>53.78</b>	<b>125.60</b>
<b>Liability/ (asset) recognized in the financial statements</b>	<b>76.44</b>	<b>13.96</b>	<b>51.05</b>	<b>141.38</b>	<b>72.88</b>	<b>13.30</b>	<b>54.71</b>	<b>140.89</b>	<b>58.76</b>	<b>13.05</b>	<b>53.78</b>	<b>125.60</b>
Current	24.73	3.71	6.88	35.25	12.42	1.91	7.68	22.01	9.23	1.92	13.00	24.15
Non-current	51.71	10.25	44.17	106.13	60.55	11.39	46.90	118.84	49.52	11.11	40.80	101.42

\*Absolute amount for past service cost under change in benefit obligation within India not funded during the year ended March 31, 2019 is 2,289.

The following tables summarise the components of net benefit expense recognised in the Statement of profit or loss and the funded status and amounts recognised in the balance sheet:

	March 31, 2021 Within India Funded	March 31, 2021 Within India Non Funded	March 31, 2021 Outside India Non Funded	Total	March 31, 2020 Within India Funded	March 31, 2020 Within India Non Funded	March 31, 2020 Outside India Non Funded	Total	March 31, 2019 Within India Funded	March 31, 2019 Within India Non Funded	March 31, 2019 Outside India Non Funded	Total
<b>Net defined benefit cost/(Income) included in Statement of profit &amp; loss at period end</b>												
Current service cost	8.85	2.30	8.98	20.13	10.07	2.78	15.35	28.20	9.65	3.27	10.64	23.56
Add: Past service cost	-	-	-	-	-	-	-	-	-	0.00	-	0.00
Add: Interest cost	4.56	0.82	2.45	7.83	4.88	0.93	3.13	8.94	3.23	0.76	3.45	7.44
<b>Net cost</b>	<b>13.41</b>	<b>3.12</b>	<b>11.43</b>	<b>27.96</b>	<b>14.95</b>	<b>3.71</b>	<b>18.48</b>	<b>37.13</b>	<b>12.88</b>	<b>4.03</b>	<b>14.09</b>	<b>31.00</b>

Annexure VII : Notes to the restated consolidated summary statements (Continued)

Re-measurement gains/(losses) on defined benefit plans recognised in Other Comprehensive Income	March 31, 2021 Within India Funded	March 31, 2021 Within India Non Funded	March 31, 2021 Outside India Non Funded	Total	March 31, 2020 Within India Funded	March 31, 2020 Within India Non Funded	March 31, 2020 Outside India Non Funded	Total	March 31, 2019 Within India Funded	March 31, 2019 Within India Non Funded	March 31, 2019 Outside India Non Funded	Total
Effect of change in financial assumptions	24.62	4.17	1.18	29.96	3.93	0.77	1.00	5.70	1.05	0.14	1.04	2.23
Effect of Change in Demographic	(13.25)	(2.27)	-	(15.52)	(0.14)	-	-	(0.14)	-	-	-	-
Effect of experience adjustments	(4.02)	(2.22)	4.65	(1.59)	(3.93)	(1.22)	3.97	(1.18)	5.67	(0.75)	13.68	18.60
Return on plan assets (excluding Interest)	(0.01)	-	-	(0.01)	-	-	-	-	0.28	-	-	0.28
<b>Total remeasurements recognised in OCI (gain)/loss</b>	<b>7.34</b>	<b>(0.33)</b>	<b>5.83</b>	<b>12.84</b>	<b>(0.14)</b>	<b>(0.45)</b>	<b>4.97</b>	<b>4.37</b>	<b>7.00</b>	<b>(0.61)</b>	<b>14.72</b>	<b>21.11</b>

Economic assumptions	March 31, 2021	March 31, 2020	March 31, 2019
Discount rate	4.57% to 7.19%	6.24%	7.19%
Rate of increase in compensation levels	4% to 8%	4% to 5%	4% to 5%

Demographic assumptions	March 31, 2021	March 31, 2020	March 31, 2019
Retirement age (years)	60 years	60 years	60 years
Mortality rate	IALM [2012-2014]	IALM [2012-2014]	IALM [2012-2014]
Employee turnover / attrition rate - all Ages	15% to 58%	15%	15%
<b>Composition of the plan assets is as follows:</b>			
Bond fund	100%	100%	100%

A quantitative sensitivity analysis for significant assumption as at March 31, 2021, March 31, 2020 and March 31, 2019 are as shown below:

	March 31, 2021 Within India Funded	March 31, 2021 Within India Non Funded	March 31, 2021 Outside India Non Funded	Total	March 31, 2020 Within India Funded	March 31, 2020 Within India Non Funded	March 31, 2020 Outside India Non Funded	Total	March 31, 2019 Within India Funded	March 31, 2019 Within India Non Funded	March 31, 2019 Outside India Non Funded	Total
Defined Benefit Obligation- Discount Rate +1%	(2.83)	(0.56)	(1.32)	(4.71)	(4.10)	(0.79)	(4.31)	(9.20)	(3.61)	(7.96)	(3.61)	(15.18)
Defined Benefit Obligation- Discount Rate -1%	3.03	0.60	1.45	5.09	4.54	0.88	5.08	10.49	3.98	8.82	4.13	16.92
Defined Benefit Obligation- Salary Escalation Rate +1%	2.91	0.57	1.47	4.95	4.57	0.88	5.14	10.59	4.05	8.92	4.22	17.19
Defined Benefit Obligation- Salary Escalation Rate -1%	(2.77)	(0.55)	(1.35)	(4.67)	(4.20)	(0.81)	(4.43)	(9.45)	(3.73)	(8.19)	(3.75)	(15.67)

The expected benefit payments in future years are as follows:

	March 31, 2021 Within India Funded	March 31, 2021 Within India Non Funded	March 31, 2021 Outside India Non Funded	Total	March 31, 2020 Within India Funded	March 31, 2020 Within India Non Funded	March 31, 2020 Outside India Non Funded	Total	March 31, 2019 Within India Funded	March 31, 2019 Within India Non Funded	March 31, 2019 Outside India Non Funded	Total
Next 1 year	25.01	3.76	6.60	35.37	12.61	1.95	8.37	22.94	10.57	1.96	12.82	25.35
Next 2-5 years	70.40	7.76	36.92	115.08	59.62	7.17	28.03	94.82	59.10	6.81	40.37	106.28
Next 6-10 years	73.35	9.14	35.47	117.97	133.20	11.44	41.37	186.01	129.35	11.63	42.69	183.66

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 1.92 to 2.07 years (March 31, 2020: 5.27 years, March 31, 2019: 5.29 years).

Note:

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

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**Annexure VII : Notes to the restated consolidated summary statements (Continued)**

**33 Segment Reporting**

The Group's operations predominantly relates to providing beauty and slimming services (wellness and beauty service), sale of related products through wellness centres and vocational trainings at institutes for imparting trainings relating to beauty, slimming and fitness. Based on the management approach as defined in Ind AS 108, the Chief Operating Decision maker (CODM) evaluates the Group's performance and allocates resources based on analysis of various performance indicators pertaining to following three reportable segments:

(i) Slimming & beauty services (wellness and beauty service) wherein the Group has the business of maintaining and running beauty, slimming, fitness and health centres at various locations;

(ii) Vocational training at various institutes for imparting education relating to beauty and nutrition.

(iii) Product Business where Group has the business of selling its own manufactured products and other products procured from outside.

No operating segments have been aggregated to form the above reportable operating segments.

**Segment revenue and results**

Revenues and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reportable segment have been allocated on the basis of associated revenues of the segment and manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses.

**Segment assets and liabilities**

Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable.

Fixed assets that are used interchangeably amongst segments are not allocated to segments.

Reportable Segments	Wellness & Beauty services	Vocational training institute	Sale of product	Total March 31, 2021	Wellness & Beauty services	Vocational training institute	Sale of product	Total March 31, 2020	Wellness & Beauty services	Vocational training institute	Sale of product	Total March 31, 2019
<b>Revenue</b>												
Sales	3,155.96	375.34	1,797.89	5,329.19	4,797.19	673.83	2,224.66	7,695.68	5,424.43	671.13	2,428.70	8,524.26
Other income	260.33	35.40	27.50	323.23	9.06	0.44	45.05	54.55	17.20	0.80	70.83	88.83
<b>Total Revenue</b>	<b>3,416.29</b>	<b>410.74</b>	<b>1,825.39</b>	<b>5,652.42</b>	<b>4,806.25</b>	<b>674.27</b>	<b>2,269.71</b>	<b>7,750.23</b>	<b>5,441.63</b>	<b>671.93</b>	<b>2,499.53</b>	<b>8,613.09</b>
<b>Segment Expenses</b>												
Cost of materials consumed/goods sold	479.26	33.02	638.66	1,150.94	605.61	45.54	698.10	1,349.25	542.35	47.36	852.60	1,442.31
Employee benefits expense	1,228.15	191.40	288.20	1,707.75	1,849.36	238.88	443.04	2,531.28	2,336.30	222.64	516.11	3,075.05
Depreciation and amortization expense	843.52	75.95	68.00	987.47	905.26	87.80	70.41	1,063.47	1,111.07	19.34	59.33	1,189.74
Finance costs other than interest on lease liabilities				249.07				302.36				291.59
Interest on lease liabilities	175.67	30.90	2.81	209.38	205.93	32.84	3.23	242.00	142.34	38.93	59.36	240.63
Other expenses	588.87	112.20	591.23	1,292.30	1,204.24	223.17	959.65	2,387.06	1,546.67	284.58	1,030.10	2,861.35
Unallocated expenses	-	-	-	0.24	-	-	-	3.79	-	-	-	1.39
Unallocated depreciation and amortization expense	-	-	-	3.85	-	-	-	3.64	-	-	-	5.42
<b>Total expenses</b>	<b>3,315.47</b>	<b>443.47</b>	<b>1,588.90</b>	<b>5,601.00</b>	<b>4,770.40</b>	<b>628.23</b>	<b>2,174.43</b>	<b>7,882.85</b>	<b>5,678.73</b>	<b>612.85</b>	<b>2,517.50</b>	<b>9,107.48</b>
<b>Segment result -Profit/ (loss)</b>	<b>100.82</b>	<b>(32.73)</b>	<b>236.49</b>	<b>51.42</b>	<b>35.85</b>	<b>46.04</b>	<b>95.28</b>	<b>(132.62)</b>	<b>(237.10)</b>	<b>59.08</b>	<b>(17.97)</b>	<b>(494.39)</b>
Exceptional items				-				(32.71)				(38.13)
Tax expenses				11.00				12.23				5.47
<b>Net profit / (loss) after tax</b>				<b>62.42</b>				<b>(153.10)</b>				<b>-527.05</b>

Annexure VII : Notes to the restated consolidated summary statements (Continued)

Other Information												
Reportable Segments	Wellness & Beauty services	Vocational training institutes	Sale of product	Total March 31, 2021	Wellness & Beauty services	Vocational training institutes	Sale of product	Total March 31, 2020	Wellness & Beauty services	Vocational training institutes	Sale of product	Total March 31, 2019
Segment assets	4,217.72	381.26	1,753.40	6,352.38	4,906.73	430.97	1,638.23	6,975.93	5,653.05	158.82	1,769.11	7,580.98
<b>Unallocated assets</b>												
Deferred tax assets				526.46				491.75				494.43
Others				44.31				45.67				46.67
<b>Total Assets</b>				<b>6,923.15</b>				<b>7,513.35</b>				<b>8,122.08</b>
Segment liabilities	3,989.29	289.10	550.70	4,829.09	4,112.07	517.59	696.14	5,325.80	4,893.93	228.72	668.27	5,790.92
<b>Unallocated liabilities</b>												
Borrowings				1,331.67				1,476.24				1,581.92
Others				1.65				2.11				2.11
<b>Total Liabilities</b>				<b>6,162.41</b>				<b>6,804.15</b>	<b>4,893.93</b>	<b>228.72</b>	<b>668.27</b>	<b>7,374.95</b>
<b>Capital expenditure</b> (including capital advances and capital work in progress)	155.31	11.15	16.52	182.98	246.78	8.57	16.47	271.82	410.71	8.25	16.40	435.36
<b>Depreciation and amortization</b>												
Depreciation of Property, plant & equipment	327.36	15.45	50.26	393.07	353.61	17.78	51.72	423.11	537.40	19.34	50.69	607.43
Amortization of intangible assets	8.82	-	3.26	12.08	9.74	-	4.73	14.47	9.95	-	5.13	15.08
Amortization of right-of-use assets	507.34	60.50	14.48	582.32	541.87	70.06	13.96	625.89	504.05	51.78	11.40	567.23
Unallocated depreciation of property, plant & equipment				3.85				3.64				5.42
	<b>843.52</b>	<b>75.95</b>	<b>68.00</b>	<b>991.32</b>	<b>905.22</b>	<b>87.84</b>	<b>70.41</b>	<b>1,067.11</b>	<b>1,051.40</b>	<b>71.12</b>	<b>67.22</b>	<b>1,195.16</b>

The amount of revenue from external customers broken down by location of the customers is shown in the table below:

	March 31, 2021	March 31, 2020	March 31, 2019
India	3,366.20	5,148.07	5,594.56
Middle East	1,606.65	2,041.74	2,313.89
Asia	309.24	483.19	579.30
Rest of the world	47.09	22.68	36.50
<b>Total revenue per Restated Consolidated Summary Statement of profit and loss</b>	<b>5,329.18</b>	<b>7,695.68</b>	<b>8,524.25</b>

Information about major customers: No single customer represents 10% or more of the Group's total revenue for the year ended March 31, 2021, March 31, 2020 and March 31, 2019.

	March 31, 2021	March 31, 2020	March 31, 2019
<b>Non-current operating assets:</b>			
India	2,967.52	3,464.85	3,743.98
Outside India	2,247.12	2,428.81	2,426.81
<b>Total</b>	<b>5,214.65</b>	<b>5,893.66</b>	<b>6,170.79</b>

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**Annexure VII : Notes to the restated consolidated summary statements (Continued)**

**34 Disclosures on Employee share based payments**

Employee Stock Option Scheme at VLCC Health Care Limited

In a general meeting held on June 26, 2007, the shareholders of the company through a special resolution approved an employee stock option plan which provides for grant of Stock Options to eligible employees of the Company and its subsidiaries to acquire equity shares of the Company. The options are to be converted into one equity share at a predetermined price determined at the time of the grant. The options granted vest in a graded manner and are to be exercised within a period of 6 years from the date of vesting. Under the approved plan, the Company has issued 941,706 shares in tranches to the VLCC Employee Welfare Trust at fair market value determined on various date of issue and the trust is holding the shares on behalf of employees till the period the granted options are exercised by the employees in accordance with the plan. Out of these, 450,193 Options have been exercised by 12 employees on May 04, 2015.

The ESOP plan 2007 was replaced/substituted with the approval of shareholders at general meeting held on January 12, 2016, with a new plan called "VLCC Employee Stock Option Plan 2015" (ESOP Plan 2015) for all the outstanding and not granted, lapsed options lying under the present VLCC Employee Stock Option Plan 2007 as on December 11, 2015 had been transferred to the new Plan and ESOP Plan 2007 will continue only for options granted under that Plan. The Plan got modified by Shareholders vide its meeting on Jan 10, 2019 and again on March 31, 2021 with respect to options to be granted to Managing Director. The vesting of the options to the Managing Director is after 1 year from grant date. The Company granted 376,680 options to Managing Director on March 31, 2021 under ESOP Plan 2015 and cancelled earlier grant given to Managing Director of the Company.

In a general meeting held on March 31, 2021, the shareholders of the company through a special resolution approved a new VLCC Employee Stock Option Plan (ESOP Plan 2021) which provides for grant of Stock Options to eligible employees of the Company and its subsidiaries to acquire equity shares of the Company. The options are to be converted into one equity share at a predetermined price determined at the time of the grant. The options granted vest in a graded manner except for Managing Director and are to be exercised within a period of 6 years from the date of vesting. Under the approved plan, the company has made available 941,706 options for allotment at fair market value on various dates of issue. The Company granted 376,680 options to Managing Director on March 31, 2021 under ESOP Plan 2021 also. The shareholders of the company also approved giving Option of equal or more of 1% of the capital to any employee under ESOP Plan 2021.

**Employee stock options details as at the Balance Sheet date are as follows:**

**ESOP Plan 2007**

Particulars	During the year ended March 31, 2021		During the year ended March 31, 2020		During the year ended March 31, 2019	
	Options (Numbers)	Weighted average exercise price per option (INR)	Options (Numbers)	Weighted average exercise price per option (INR)	Options (Numbers)	Weighted average exercise price per option (INR)
<b>Options exercisable at the end of the year:</b>	<b>50,000</b>	<b>56</b>	<b>60,000</b>	<b>78</b>	<b>81,571</b>	<b>81</b>
Granted during the year:	-	-	-	-	-	-
Vested during the year:	-	-	-	-	-	-
Exercised during the year:	-	-	-	-	-	-
Lapsed/Forfeited during the year:	16,000	56	10,000	190	21,571	87
<b>Options exercisable at the end of the year:</b>	<b>34,000</b>	<b>56</b>	<b>50,000</b>	<b>56</b>	<b>60,000</b>	<b>78</b>
Options available for grant:	-	-	-	-	-	-

**ESOP Plan 2015**

Particulars	During the year ended March 31, 2021		During the year ended March 31, 2020		During the year ended March 31, 2019	
	Options (Numbers)	Weighted average exercise price per option (INR)	Options (Numbers)	Weighted average exercise price per option (INR)	Options (Numbers)	Weighted average exercise price per option (INR)
<b>Options exercisable at the end of the year:</b>	<b>3,84,680</b>	<b>183</b>	<b>3,84,680</b>	<b>183</b>	<b>8,000</b>	<b>192</b>
Granted during the year:	3,76,680	185	-	-	3,76,680	183
Vested during the year:	-	-	-	-	-	-
Exercised during the year:	-	-	-	-	-	-
Lapsed/Forfeited during the year:	3,84,680	183	-	-	-	-
<b>Options exercisable at the end of the year:</b>	<b>3,76,680</b>	<b>185</b>	<b>3,84,680</b>	<b>183</b>	<b>3,84,680</b>	<b>183</b>
Options available for grant:	80,833	-	56,833	-	46,833	-

**Annexure VII : Notes to the restated consolidated summary statements (Continued)**

**ESOP Plan 2021**

Particulars	During the year ended March 31, 2021		During the year ended March 31, 2020		During the year ended March 31, 2019	
	Options (Numbers)	Weighted average exercise price per option (INR)	Options (Numbers)	Weighted average exercise price per option (INR)	Options (Numbers)	Weighted average exercise price per option (INR)
<b>Options exercisable at the end of the year:</b>	-	-	-	-	-	-
Granted during the year:	7,53,360	185	-	-	-	-
Vested during the year:	-	-	-	-	-	-
Exercised during the year:	-	-	-	-	-	-
Lapsed/Forfeited during the year:	-	-	-	-	-	-
<b>Options exercisable at the end of the year:</b>	<b>7,53,360</b>	<b>185</b>	-	-	-	-
Options available for grant:	1,88,346	-	-	-	-	-

ESOP Plan	Number of Options granted & outstanding as on March 31, 2021	Vesting Period
ESOP Plan 2007	34,000	1/3 - one year from grant date or on IPO, whichever is later 1/3 after 1 year from first vesting date 1/3 after 2 year from first vesting date
ESOP Plan 2015	3,76,680	1 year from grant date
ESOP Plan 2021	3,76,680	1 year from grant date
ESOP Plan 2021	3,76,680	1/3 - one year from grant date 1/3 - 2 years from grant date 1/3 - 3 years from grant date

The weighted average contractual life for the share options outstanding as at March 31, 2021 is 4-6 years (March 31, 2020: 4-6 years, March 31, 2019: 4-6 years). The range of exercise price for the options outstanding at the end of the year is INR 181.23 (March 31, 2020: INR 169.55, March 31, 2019: INR 169.03). The Weighted average fair value of options granted under ESOP schemes, (computed using discounted cash flow and black Scholes method) during the year ended March 31, 2021 is INR 226.86

The following tables list the inputs to the models used for the years ended March 31, 2021, March 31, 2020 and March 31, 2019:

	March 31, 2021	March 31, 2020 *	March 31, 2019
Dividend yield (%)	0%	-	0%
Expected volatility (%)	47.73%- 50.71%	-	0.50%
Risk-free interest rate (%)	5.47%- 6.08%	-	7.48%
Expected life of share options (years)	4-6 years	-	6 years
Weighted average share price (INR )	185.00	-	115.23
Model used	Black Scholes	-	Black Scholes

\* No option has been granted during the financial year ended March 31, 2020.

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

There are no options in other Companies in the Group.

There are no non-market performance conditions existing as at March 31, 2021, March 31, 2020 and March 31, 2019.

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Annexure VII : Notes to the restated consolidated summary statements (Continued)

**35 Financial instruments - Financial risk management objectives and policies**

The Group's principal financial liabilities comprise trade payables, borrowings, interest accrued, employee related payables and capital creditors. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group's principal financial assets includes security deposits, trade receivables and cash and cash equivalents.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior level management oversees the management of these risks and is supported by team handling treasury function that advises on the appropriate financial risk governance framework.

**A. Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk.

The sensitivity analysis in the following sections relate to the position as at March 31, 2021, March 31, 2020 and March 31, 2019. Sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities.

**(i) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. Group does not have any fixed rate borrowings as at year end.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, being a 0.50 % increase or decrease in the interest rate, with all other variables held constant, the Group's profit before tax is affected through the impact on floating rate of borrowings, as follows:

	<b>Increase/ decrease in basis points</b>	<b>Effect on profit before tax</b>
<b>March 31, 2021</b>		
INR Borrowings	+50	(6.66)
INR Borrowings	-50	6.66
<b>March 31, 2020</b>		
INR Borrowings	+50	(7.38)
INR Borrowings	-50	7.38
<b>March 31, 2019</b>		
INR Borrowings	+50	(7.91)
INR Borrowings	-50	7.91

**(ii) Foreign currency risk**

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the Group operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar, Singapore Dollar and Euro against the functional currencies of respective entities.

The Group does not hedge any foreign currency exposure as the amount involved is non material as of now.

The carrying amounts of the Group's financial assets and liabilities denominated in different currencies are as follows:

As at	<b>March 31, 2021</b>		<b>March 31, 2020</b>		<b>March 31, 2019</b>	
	<b>Financial assets</b>	<b>Financial liabilities</b>	<b>Financial assets</b>	<b>Financial liabilities</b>	<b>Financial assets</b>	<b>Financial liabilities</b>
United States Dollar (USD)	31.95	27.96	2.08	32.64	2.42	34.34
Singapore Dollar (SGD)	-	0.35	-	0.34	0.28	-
EURO	-	5.65	0.06	-	0.06	-
Others	2.83	5.71	0.12	0.06	0.11	0.05
<b>Total</b>	<b>34.78</b>	<b>39.67</b>	<b>2.26</b>	<b>33.03</b>	<b>2.87</b>	<b>34.39</b>

**Annexure VII : Notes to the restated consolidated summary statements (Continued)**

The following tables demonstrate the sensitivity to a reasonably possible change in USD, SGD and EURO exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities including foreign currency derivatives. The Group's exposure to foreign currency changes for all other currencies is not material.

	<b>March 31, 2021</b>		<b>March 31, 2020</b>		<b>March 31, 2019</b>	
	Change in USD rate	Effect on profit before tax	Change in USD rate	Effect on profit before tax	Change in USD rate	Effect on profit before tax
<b>US Dollars</b>	+5%	0.20	+5%	(1.53)	+5%	(1.60)
	-5%	(0.20)	-5%	1.53	-5%	1.60
<b>Euro</b>	+5%	(0.28)	+5%	0.00	+5%	0.00
	-5%	0.28	-5%	(0.00)	-5%	(0.00)
<b>SGD</b>	+5%	(0.02)	+5%	(0.02)	+5%	0.01
	-5%	0.02	-5%	0.02	-5%	(0.01)

**(iii) Commodity risk:**

Since, the Group is engaged in providing beauty and slimming services (wellness and beauty services), sale of related products through wellness centres and vocational trainings at institutes for imparting educational trainings relating to beauty, slimming and fitness, hence, the Group is not exposed to the price volatility of commodities.

**B. Credit risk**

Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligations.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure. Significant revenue is collected by the Group in advance before rendering the services to the retail customers.

The customer credit risk is managed by the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on the individual credit limits are defined in accordance with this assessment and outstanding customer receivables are regularly monitored.

Ind AS requires an entity to recognise in profit or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised in accordance with Ind AS 109. The Group assesses at each date of statements of financial position whether a financial asset or a group of financial assets is impaired. Expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. The Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information.

The ageing analysis of trade receivables (net) as of the reporting date is as follows:

	<b>Less than 6 months</b>	<b>More than 6 months</b>	<b>Total</b>
Trade Receivables as at March 31, 2021	375.27	93.33	<b>468.60</b>
Trade Receivables as at March 31, 2020	265.41	82.01	<b>347.42</b>
Trade Receivables as at March 31, 2019	413.19	94.17	<b>507.36</b>

The carrying amount of trade receivables represents the maximum credit exposure.

**Annexure VII : Notes to the restated consolidated summary statements (Continued)**

**C. 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 asset. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including loans from banks at an optimised cost. The table below provides the details regarding contractual maturities of financial liabilities.

	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Less than 1 year</b>			
- Borrowings	509.58	625.88	558.16
- Lease liabilities	510.93	664.14	686.72
- Trade payables	1,634.49	1,963.01	2,068.55
- Other financial liabilities	378.33	376.95	413.26
<b>Total</b>	<b>3,033.33</b>	<b>3,629.98</b>	<b>3,726.69</b>
<b>More than 1 year</b>			
- Borrowings	505.59	532.43	682.16
- Lease liabilities	1,457.80	1,608.88	1,812.79
- Other financial liabilities	20.25	20.68	10.17
<b>Total</b>	<b>1,983.64</b>	<b>2,161.99</b>	<b>2,505.12</b>

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Annexure VII : Notes to the restated consolidated summary statements (Continued)

36 Capital Management

The Group's policy is to maintain strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of business. The management monitors the return on capital and profitability.

The Group seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position. The primary objective of the Group's capital management is to maximise the shareholder value.

Group monitors capital using gearing ratio which is calculated as underlying net debt divided by total equity plus underlying net debt. The Group's policy is to keep the gearing ratio below 75%. The Group measures underlying net debt as total liabilities, comprising interest bearing loans and borrowings, excluding any dues to subsidiaries or Group company less cash and cash equivalents. For the purpose of Capital management, total capital includes issued equity capital, share premium and all other reserves attributable to the equity holders of the Group.

**Group's adjusted net debt to equity ratio at March 31, 2021, March 31, 2020 and March 31, 2019 are as follows:**

**Gearing ratio**

	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Borrowings (including current maturities of long-term borrowings) (Refer to note 13(a))	1,331.66	1,476.23	1,581.92
Less: cash and cash equivalents (Refer to note 7(d))	(383.38)	(121.43)	(422.73)
<b>Net debt</b>	<b>948.28</b>	<b>1,354.80</b>	<b>1,159.19</b>
Total Equity	760.73	709.20	747.13
<b>Total Equity</b>	<b>760.73</b>	<b>709.20</b>	<b>747.13</b>
<b>Total Equity and net debt</b>	<b>1,709.01</b>	<b>2,064.00</b>	<b>1,906.32</b>
<b>Gearing ratio (Net Debt/ Total Equity)</b>	<b>55.49%</b>	<b>65.64%</b>	<b>60.81%</b>

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2021, March 31, 2020 and March 31, 2019.

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**Annexure VII : Notes to the restated consolidated summary statements (Continued)**

**37 Fair values**

The management has assessed the fair value of all the financial assets and liabilities including cash and cash equivalents, trade receivable, security deposits, other financial assets, investments, trade payables and other financial liabilities, approximate their carrying amounts which is at amortised cost.

The carrying amounts of other items carried at amortised cost are reasonable approximation of their fair values.

Accordingly, the Group does not have any financial instruments to be classified under three levels of fair value measurement hierarchy in accordance with Ind AS 113. Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments.

Particulars	March 31, 2021			March 31, 2020			March 31, 2019		
	FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost
<b>ASSETS</b>									
<b><u>Non-current assets</u></b>									
<b>Financial assets</b>									
- Investments	-	-	0.02	-	-	0.02	-	-	0.02
- Loans	-	-	87.44	-	-	70.57	-	-	82.10
- Other financial assets	-	-	33.75	-	-	72.00	-	-	10.06
<b><u>Current assets</u></b>									
<b>Financial assets</b>									
- Trade receivables	-	-	468.60	-	-	347.42	-	-	507.36
- Loans	-	-	97.95	-	-	121.70	-	-	109.18
- Cash and cash equivalents	-	-	383.38	-	-	121.43	-	-	422.73
- Other financial assets	-	-	8.19	-	-	14.99	-	-	12.06
<b>LIABILITIES</b>									
<b><u>Non-current liabilities</u></b>									
<b>Financial liabilities</b>									
- Borrowings	-	-	505.59	-	-	532.43	-	-	682.16
- Lease liabilities	-	-	1,457.80	-	-	1,608.88	-	-	1,812.79
- Other financial liabilities	-	-	20.25	-	-	20.68	-	-	10.17
<b><u>Current liabilities</u></b>									
<b>Financial liabilities</b>									
- Borrowings	-	-	509.58	-	-	625.88	-	-	558.16
- Lease liabilities	-	-	510.93	-	-	664.14	-	-	686.72
- Trade payable	-	-	1,634.49	-	-	1,963.01	-	-	2,068.55
- Other financial liabilities	-	-	378.33	-	-	376.95	-	-	413.26

Long term borrowings includes term loan from the bank which are contracted at floating rates of interest, reset at short intervals. Accordingly, the carrying value of such long term borrowings approximate their fair value.

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**Annexure VII : Notes to the restated consolidated summary statements (Continued)**

**38 Fair value hierarchy**

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

Level 1: This level of hierarchy includes financial assets that are measured by reference to quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: This level of hierarchy includes financial assets that are measured using inputs, other than quoted prices included within level 1, that are observable for such items, directly or indirectly.

Level 3: This level of hierarchy includes items measured using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instruments nor based on available market data.

Specific valuation techniques used to value financial instruments is discounted cash flow analysis.

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

**Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2021, March 31, 2020 and March 31, 2019:**

Particulars	Total	Fair value measurement using		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Financial assets measured at fair value</b>				
Investments at fair value through profit or loss	-	-	-	-
Investments at fair value through other comprehensive income	-	-	-	-
<b>Other financial assets</b>	-	-	-	-
<b>Financial liabilities measured at fair value</b>	-	-	-	-
<b>Other financial liabilities</b>	-	-	-	-
	-	-	-	-

There are no transfer between levels during the period ended March 31, 2021, March 31, 2020 and March 31, 2019.

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**Annexure VII : Notes to the restated consolidated summary statements (Continued)**

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**39 Material partly-owned subsidiaries:**

Ind AS 112.12 requires the information only in respect of subsidiaries that have non-controlling interests that are material to the reporting entity (i.e., the Group). A subsidiary may have significant non-controlling interest per se, but disclosure is not required if that interest is not material at the Group level.

The Group has concluded that there are subsidiaries with non-controlling interests but are not material to the Group.

**40 Estimation uncertainty relating to the global health pandemic on COVID-19:**

In the last month of FY2020, the COVID-19 pandemic developed rapidly into a global crisis forcing governments to enforce lockdowns of all economic activity. Abrupt closure of business activities during month of from April to June, 2020 due to COVID-19 lockdown impacted Group operations. The Group instituted cost restructuring exercises and efficiency improvements which resulted in savings through continued focus on cost controls process efficiencies that results in profitable growth in the current economic scenario. The Group has taken steps to optimize its expenses including putting on hold the discretionary expenses, salary cuts and leave without pay etc. The Group maintained robust customer engagement and launched new post Covid related packages to attract customers e.g. preventive health care products & services and immunity boosting packages.

The country also witnessed second wave of COVID-19 in April 2021. The Group has continued its cost optimization exercise to achieve profitable growth and conserve cash.

There are no material changes or commitments affecting the financial position of the Group which have occurred between the end of the financial year and the date of authorisation of financial statements. The Group continues to be confident of realising the carrying value of assets as well as continuing its operations.

- 41** In the Group, one of the subsidiary, VLCC Personal Care has receivables of INR 337.44 million (March 31, 2020 : INR 356.07 million, March 31, 2019: 315.24 million) as recoverable from another subsidiary, VLCC Middle East LLC on account of sale of personal care products. These amounts are expected to be recovered over next few years. The Group had obtained no objection from the authorised dealer for extending the realisation till October 15, 2019. The Company has applied to authorised dealer, who in turn has applied to RBI to extend the period of realisation. The group does not expect material financial implications on account of delay under the existing RBI regulations.

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Annexure VII : Notes to the restated consolidated summary statements (Continued)

42 Statutory Group Information

				Net assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income		
Name of the entity		Country of Incorporation	Principle Activity	% of holding and voting power either directly or indirectly	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated OCI	Amount	As % of consolidated Total OCI	Amount
(i) <b>Parent</b>												
VLCC Health Care Limited		India	Operating beauty & slimming center and education institutes	100	52%	392.83	-118%	(73.46)	69%	(7.60)	-157%	(82.06)
March 31, 2021				100	67%	473.90	82%	(125.10)	1%	0.14	102%	(124.96)
March 31, 2020				100	71%	528.42	37%	(193.73)	49%	(7.00)	37%	(200.72)
March 31, 2019				100								
(ii) <b>Subsidiaries</b>												
<b>India</b>												
1	VLCC Personal Care Ltd:	India	Manufacturing and trading of	100	125%	947.24	115%	71.77	-2%	0.27	137%	72.05
	March 31, 2021		personal care products	100	129%	914.48	49%	(74.91)	2%	0.46	61%	(74.45)
	March 31, 2020			100	138%	1,029.48	36%	(191.17)	0%	0.05	35%	(191.12)
	March 31, 2019			100								
2	VLCC Wellness Research Centre P Ltd	India	Investment and general trading	100	6%	42.67	-1%	(0.89)	0%	-	-2%	(0.89)
	March 31, 2021			100	6%	43.56	1%	(1.00)	0%	-	1%	(1.00)
	March 31, 2020			100	6%	44.57	0%	1.42	0%	-	0%	1.42
	March 31, 2019			100								
3	VLCC Online Services P Ltd	India	Trading of neutraceuticals	76	1%	7.48	2%	1.12	0%	-	2%	1.12
	March 31, 2021		products	76	1%	6.12	1%	(1.32)	0%	-	1%	(1.32)
	March 31, 2020			76	1%	7.17	0%	(0.10)	0%	-	0%	(0.10)
	March 31, 2019			76								
4	Vanitycube Mobile Spa And Salon P Ltd	India	Beauty Services at home	77.69	-1%	(9.86)	4%	2.77	0%	-	5%	2.77
	March 31, 2021			77.69	-2%	(12.64)	1%	(1.47)	0%	-	1%	(1.47)
	March 31, 2020			77.69	-2%	(18.51)	7%	(34.52)	0%	-	6%	(34.52)
	March 31, 2019			77.69								
<b>Foreign Subsidiaries</b>												
1	VLCC International Inc.	(a) British Virgin Islands	General Commercial Company	100	120%	913.53	-28%	(17.72)	0%	-	-34%	(17.72)
	March 31, 2021			100	136%	963.46	196%	(300.67)	0%	-	245%	(300.67)
	March 31, 2020			100	147%	1,098.62	7%	(38.08)	0%	-	7%	(38.08)
	March 31, 2019			100								
2	VLCC International LLC [subsidiary of (a)]	UAE	Operating beauty, slimming, fitness and health centres	100 *	93%	705.64	125%	77.83	26%	(2.87)	143%	74.96
	March 31, 2021			100 *	92%	654.03	-19%	28.57	-4%	(1.16)	-22%	27.41
	March 31, 2020			100 *	68%	508.29	-20%	105.25	44%	(6.31)	-18%	98.94
	March 31, 2019			100 *								

Annexure VII : Notes to the restated consolidated summary statements (Continued)

Note 42 on Group Information continued

				Net assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
Name of the entity	Country of Incorporation	Principle Activity	% of holding and voting power either directly or indirectly	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated OCI	Amount	As % of consolidated Total OCI	Amount
3 VLCC Middle East LLC [subsidiary of (a)]	UAE	Trading of personal care products									
March 31, 2021			100 *	-60%	(455.23)	-11%	(7.02)	0%	-	-13%	(7.02)
March 31, 2020			100 *	-65%	(463.99)	15%	(22.88)	0%	-	19%	(22.88)
March 31, 2019			100 *	-54%	(402.21)	6%	(29.46)	-1%	0.19	5%	(29.27)
4 VLCC International Limited Liability Company [subsidiary of (a)]	Sultanate of Oman	Operating beauty, slimming, fitness and health centres									
March 31, 2021			100	2%	12.21	-60%	(37.44)	0%	-	-71%	(37.44)
March 31, 2020			100 **	2%	14.01	5%	(8.37)	0%	-	7%	(8.37)
March 31, 2019			100 **	4%	33.09	0%	(0.91)	0%	-	0%	(0.91)
5 VLCC Europe Limited [subsidiary of (a)]	England and Wales	General Commercial Company									
March 31, 2021			100	0%	0.00	0%	-	0%	-	0%	-
March 31, 2020			100	0%	0.00	0%	-	0%	-	0%	-
March 31, 2019			100	0%	0.00	0%	-	0%	-	0%	-
6 VLCC International Qatar Co W.L.L. [subsidiary of (a)]	Qatar	Operating beauty, slimming, fitness and health centres									
March 31, 2021			100 *	38%	290.73	34%	20.98	25%	(2.73)	35%	18.25
March 31, 2020			100 *	40%	283.44	-25%	38.11	-6%	(1.70)	-30%	36.40
March 31, 2019			100 *	34%	255.26	-1%	2.98	48%	(6.77)	1%	(3.79)
7 VLCC Healthcare Egypt LLC [subsidiary of (a)]	Egypt	Operating beauty, slimming, fitness and health centres									
March 31, 2021			100	0%	-	0%	-	0%	-	0%	-
March 31, 2020			100	0%	-	0%	-	0%	-	0%	-
March 31, 2019			100	0%	-	0%	-	0%	-	0%	-
8 Wyann International SDN BHD [subsidiary of (a)]	Malaysia	Operating beauty, slimming, fitness and health centres									
March 31, 2021			76	-4%	(32.96)	0%	(0.19)	0%	-	0%	(0.19)
March 31, 2020			76	-10%	(69.10)	-28%	42.11	0%	-	-34%	42.11
March 31, 2019			76	-4%	(29.27)	20%	(105.61)	0%	-	20%	(105.61)
9 VLCC Wellness (East Africa) Limited [subsidiary of (a)]	Kenya	Operating beauty, slimming, fitness and health centres									
March 31, 2021			70	2%	18.16	-9%	(5.56)	0%	-	-11%	(5.56)
March 31, 2020			70	4%	25.52	4%	(5.38)	0%	-	4%	(5.38)
March 31, 2019			70	4%	28.98	1%	(5.23)	0%	-	1%	(5.23)

Annexure VII : Notes to the restated consolidated summary statements (Continued)

Note 42 on Group Information continued

Name of the entity	Country of Incorporation	Principle Activity	% of holding and voting power either directly or indirectly	Net assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
				As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated OCI	Amount	As % of consolidated Total OCI	Amount
10 VLCC International Kuwait Health Care Institute Limited Liability Company [subsidiary of (a)]	Kuwait	Operating beauty, slimming, fitness and health centres	100*	17%	127.10	-59%	(36.62)	0%	-	-70%	(36.62)
March 31, 2021			100*	23%	164.95	33%	(50.04)	0%	-	41%	(50.04)
March 31, 2020			100*	25%	189.28	13%	(67.43)	0%	-	13%	(67.43)
March 31, 2019											
11 VLCC Overseas Limited [subsidiary of (a)]	(b) UAE	Investment and general trading									
March 31, 2021			100	19%	144.78	17%	10.44	0%	-	20%	10.44
March 31, 2020			100	22%	152.68	-3%	3.97	0%	-	-3%	3.97
March 31, 2019			100	21%	157.66	-1%	7.22	0%	-	-1%	7.22
12 VLCC Health Care (Bangladesh) Pvt Ltd [subsidiary of (b)]	Bangladesh	Operating beauty, slimming, fitness and health centres	100	11%	84.46	-6%	(3.79)	0%	-	-7%	(3.79)
March 31, 2021			100	15%	105.19	-18%	28.02	0%	-	-23%	28.02
March 31, 2020			100	12%	89.29	-3%	17.59	0%	-	-3%	17.59
March 31, 2019											
13 VLCC Personal Care (Bangladesh) Pvt Ltd [subsidiary of (b)]	Bangladesh	Trading of personal care products	100	-4%	(33.20)	0%	(0.05)	0%	-	0%	(0.05)
March 31, 2021			100	-5%	(34.53)	0%	0.35	0%	-	0%	0.35
March 31, 2020			100	-2%	(18.11)	1%	(4.32)	0%	-	1%	(4.32)
March 31, 2019											
14 VLCC Healthcare Lanka (Pvt) Ltd [subsidiary of (b)]	Sri Lanka	Operating beauty, slimming, fitness and health centres	100	0%	0.99	-1%	(0.59)	0%	0.02	-1%	(0.57)
March 31, 2021			100	0%	1.71	-3%	4.89	0%	(0.07)	-4%	4.82
March 31, 2020			100	0%	(2.07)	1%	(4.71)	0%	0.06	1%	(4.65)
March 31, 2019											
15 VLCC Education Lanka (Pvt) Ltd [subsidiary of (b)]	Sri Lanka	Vocational Beauty Courses	100	0%	-	0%	-	0%	-	0%	-
March 31, 2021			100	0%	-	0%	-	0%	-	0%	-
March 31, 2020			100	0%	-	0%	-	0%	-	0%	-
March 31, 2019			100	0%	-	0%	-	0%	-	0%	-
16 VLCC Singapore Pte Ltd [subsidiary of (a)]	(c) Singapore	General Commercial Company									
March 31, 2021			100	42%	318.34	-1%	(0.35)	0%	-	-1%	(0.35)
March 31, 2020			100	42%	301.20	2%	(3.32)	0%	-	3%	(3.32)
March 31, 2019			100	43%	320.14	0%	0.72	0%	-	0%	0.72

Annexure VII : Notes to the restated consolidated summary statements (Continued)

Note 42 on Group Information continued

Name of the entity	Country of Incorporation	Principle Activity	% of holding and voting power either directly or	Net assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
				As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated OCI	Amount	As % of consolidated Total OCI	Amount
17 Global Vantage Innovative Group Pte Ltd (Gvig) [subsidiary of (c)]	(d)	Singapore	Investment and holding company								
March 31, 2021			85	25%	188.49	0%	(0.29)	0%	-	-1%	(0.29)
March 31, 2020			85	25%	178.41	0%	(0.33)	0%	-	0%	(0.33)
March 31, 2019			85	25%	187.99	0%	(0.65)	0%	-	0%	(0.65)
18 Celblos Dermal Research Centre Pte Ltd [subsidiary of (d)]		Singapore	Manufacturing and trading of personal care products								
March 31, 2021			85	-11%	(81.69)	4%	2.32	0%	-	4%	2.32
March 31, 2020			85	-11%	(79.42)	35%	(53.40)	0%	-	44%	(53.40)
March 31, 2019			85	-4%	(29.31)	7%	(35.30)	0%	-	7%	(35.30)
19 Excel Beauty Solution SDN BHD [subsidiary of (d)]		Malaysia	Trading of personal care products								
March 31, 2021			85	0%	(0.18)	0%	(0.05)	0%	-	0%	(0.05)
March 31, 2020			85	0%	(0.13)	0%	(0.10)	0%	-	0%	(0.10)
March 31, 2019			85	0%	(1.38)	0%	(0.08)	0%	-	0%	(0.08)
20 Bellewave Cosmetics Pte Ltd [subsidiary of (d)]		Singapore	Trading of personal care products								
March 31, 2021			85	30%	229.86	15%	9.08	0%	-	17%	9.08
March 31, 2020			85	29%	208.57	7%	(10.80)	0%	-	9%	(10.80)
March 31, 2019			85	31%	230.23	-2%	12.64	0%	-	-2%	12.64
21 VLCC Holding (Thailand) Co.Ltd [subsidiary of (c)]	(e)	Thailand	Investment and holding company								
March 31, 2021			49.90 ***	0%	(1.06)	-1%	(0.34)	0%	-	-1%	(0.34)
March 31, 2020			49.90 ***	0%	(0.73)	0%	(0.27)	0%	-	0%	(0.27)
March 31, 2019			49.90 ***	0%	(0.43)	0%	(0.26)	0%	-	0%	(0.26)
22 VLCC Wellness (Thailand Co.Ltd [subsidiary of (e)]	(e)	Thailand	Selling and distribution of personal care products								
March 31, 2021			75	0%	3.40	1%	0.77	0%	-	1%	0.77
March 31, 2020			75	0%	2.66	-3%	4.97	0%	-	-4%	4.97
March 31, 2019			75	0%	(2.31)	0%	0.64	0%	-	0%	0.64
(iii) <b>Controlled Trust</b>											
VLCC Employee Welfare Trust		India	Employee welfare Trust								
March 31, 2021				0%	(3.31)	0%	(0.01)	0%	-	0%	(0.01)
March 31, 2020				0%	(3.31)	0%	(0.01)	0%	-	0%	(0.01)
March 31, 2019				0%	(3.29)	0%	(0.02)	0%	-	0%	(0.02)

Annexure VII : Notes to the restated consolidated summary statements (Continued)

Note 42 on Group Information continued

			Net assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
Name of the entity	Country of Incorporation	Principle Activity	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated OCI	Amount	As % of consolidated Total OCI	Amount
(iv) Intercompany elimination/ Adjustment on consolidation										
				(3,049.69)		49.69		1.90		51.59
				(3,120.86)		355.30		30.93		386.23
				(3,454.45)		36.08		5.55		41.63
Total Amount										
March 31, 2021			100%	760.73	100%	62.42	100%	(11.00)	100%	52.42
March 31, 2020			100%	709.20	100%	(153.10)	100%	28.61	100%	(122.49)
March 31, 2019			100%	747.13	100%	(527.05)	100%	(14.22)	100%	(539.27)

- \* Out of this, 49% is held directly by VLCC International Inc. and for the balance 51% shareholding, the Company has entered into an agreement with the other shareholders whereby the risk and rewards of the business rest entirely with VLCC International Inc. and accordingly, VLCC International Inc. has 100% economic interest in these companies.
- \*\* Out of this, 70% is held directly by VLCC International Inc. and for the balance 30% shareholding, the Company has entered into an agreement with the other shareholder whereby the risk and rewards of the business rest entirely with VLCC International Inc. and accordingly, VLCC International Inc. has 100% economic interest in this company.
- \*\*\* VLCC Singapore Pte Ltd holds 49.90% of the voting rights in VLCC Holding (Thailand) Co.Ltd while other shareholder holds all the Class A preference shares in VLCC Holding (Thailand) Co.Ltd. VLCC Singapore Pte Ltd also controls the affairs and the board of directors of VLCC Holding (Thailand) Co.Ltd. The chairman is appointed by VLCC Singapore Pte Ltd and all significant rights in respect of dividend is enjoyed by VLCC Singapore Pte Ltd. Accordingly, VLCC Singapore Pte Ltd is considered to be the holding company of VLCC Holding (Thailand) Co.Ltd.

**Notes:**  
The above Restated Consolidated Summary Statements should be read in conjunction with the Significant accounting policies forming part of Restated Consolidated Summary Statements appearing in Annexure V and Summary Statement of Restatement Adjustments to Audited Consolidated Financial Statements in Annexure VI.

As per our report of even date

**For S.R. Batliboi & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration Number:101049W/E300004

For and on behalf of the Board of Directors of  
**VLCC Health Care Limited**  
CIN No.-U74899DL1996PLC082842

**Yogender Seth**  
Partner  
Membership No. : 94524

**Jayant Khosla**  
Managing Director  
DIN No. 08321843

**Mukesh Luthra**  
Chairman  
DIN No.00296830

Place: Gurugram  
Date: August 06, 2021

**Narinder Kumar**  
Group Chief Financial Officer and Company Secretary  
Membership No. : FCS 3594



## OTHER FINANCIAL INFORMATION

The accounting ratios required under Paragraph 11 of Part A of Schedule VI of the SEBI ICDR Regulations and other Non-GAAP measures are given below:

Particulars	Fiscal 2021	Fiscal 2020	Fiscal 2019
	₹ million		
Restated Profit / (loss) attributable to equity shareholders for computing basic and dilutive EPS (A)	61.26	(154.00)	(486.98)
Weighted average number of equity shares outstanding during the year for computing Basic EPS (B)	37.67	37.67	37.67
Weighted average number of equity shares outstanding during the year for computing diluted EPS (C)	37.82	37.67	37.67
Basic Restated Earning Per Share = A/ B in ₹	1.63	(4.09)	(12.93)
Diluted Restated Earning Per Share = A/ C in ₹	1.62	(4.09)	(12.93)
Net Worth, restated (D)	709.65	661.01	732.17
Net Asset Value per Equity Share = D/B in ₹	18.84	17.55	19.44
Earning Before Interest, Taxes, Depreciation and Amortization (EBITDA) (E)	1,501.19	1,478.86	1,233.00
Total Income (F)	5,652.42	7,750.23	8,613.09
EBITDA Margin (EBITDA as % of Total Income) = (E/F)	26.6%	19.1%	14.3%

The audited standalone financial statements of our Company and our Material Subsidiaries as at and for the financial years ended March 31, 2021, March 31, 2020 and March 31, 2019 (collectively, the “**Audited Financial Statements**”) are available at <https://www.vlccwellness.com/India/financial-result/>. Our Company is providing a link to this website solely to comply with the requirements specified in the SEBI ICDR Regulations. The Audited Financial Statements and the reports thereon do not constitute, (i) a part of this Draft Red Herring Prospectus; or (ii) a prospectus, a statement in lieu of a prospectus, an offering circular, an offering memorandum, an advertisement, an offer or a solicitation of any offer or an offer document to purchase or sell any securities under the Companies Act, the SEBI ICDR Regulations, or any other applicable law in India or elsewhere in the world. The Audited Financial Statements and the reports thereon should not be considered as part of information that any investor should consider to subscribe for or purchase any securities of our Company, or any entity in which it or its shareholders have significant influence and should not be relied upon or used as a basis for any investment decision. None of the entities specified above or any of its advisors, nor any BRLMs or the Selling Shareholders, nor any of their respective employees, directors, affiliates, agents or representatives accept any liability whatsoever for any loss, direct or indirect, arising from any information presented or contained in the Audited Financial Statements, or the opinions expressed therein.

### Non-GAAP Measures

Certain non-GAAP measures and other operating matrices like net worth, return on net worth, net asset value per equity share, EBITDA, EBITDA Margin, current ratio (**Non-GAAP Measures**) presented in this Draft Red Herring Prospectus are a supplemental measure of our performance and liquidity that are not required by, or presented in accordance with, Ind AS, IFRS or US GAAP. Further, these Non-GAAP Measures and other operating matrices are not a measurement of our financial performance or liquidity under Ind AS, IFRS or US GAAP and should not be considered in isolation or construed as an alternative to cash flows, profit for the period / year or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, IFRS or US GAAP. In addition, these Non-GAAP Measures are not a standardised term, hence a direct comparison of similarly titled Non-GAAP Measures and other operating matrices between companies may not be possible. Other companies may calculate the Non-GAAP Measures and other operating matrices differently from us, limiting its usefulness as a comparative measure. Although the Non-GAAP Measures and other operating matrices are not a measure of performance calculated in accordance with applicable accounting standards, our

Company's management believes that it is useful to an investor in evaluating us because it is a widely used measure to evaluate a company's operating performance.

#### Reconciliation of non-GAAP measures

Reconciliation for the following non-GAAP financial measures included in this Draft Red Herring Prospectus, EBITDA, EBITDA margin, return on net worth, net asset value per equity share, current ratio and total borrowing are given below:

#### Reconciliation of EBITDA and EBITDA margin

The table below reconciles restated profit for the years to EBITDA. EBITDA is calculated as restated profit / (loss) for the years plus total tax expense, exceptional items, depreciation and amortization expense, and finance costs, while EBITDA Margin is the percentage of EBITDA divided by total income. EBITDA thus calculated would be inclusive of other income.

Particulars	Fiscal 2021	Fiscal 2020	Fiscal 2019
	₹ million		
Profit / (Loss) for the year after tax	62.42	(153.10)	(527.05)
Adjustments:			
Add: Total Tax expense / (credit)	(11.00)	(12.23)	(5.47)
Add: Exceptional items	-	32.71	38.13
Add: Depreciation and amortization expense	991.32	1,067.11	1,195.16
Add: Finance Costs	458.45	544.37	532.23
<b>Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) (A)</b>	<b>1,501.19</b>	<b>1,478.86</b>	<b>1,233.00</b>
Total Income (B)	5,652.42	7,750.23	8,613.09
<b>EBITDA Margin (EBITDA as % of Total Income) (A/B)</b>	<b>26.6%</b>	<b>19.1%</b>	<b>14.3%</b>

#### Net Worth, as restated:

Particulars	Fiscal 2021	Fiscal 2020	Fiscal 2019
	₹ million		
<b>(a) Equity share capital</b>	<b>376.68</b>	<b>376.68</b>	<b>376.68</b>
<b>(b) Other equity:</b>	<b>332.97</b>	<b>284.33</b>	<b>355.49</b>
(i) Security premium	642.96	642.96	642.96
(ii) General reserve	32.68	32.68	32.68
(iii) Legal reserve	5.79	5.81	5.81
(iv) Retained earnings	(348.57)	(397.12)	(325.96)
(v) Share based payment Reserve	0.11	-	-
<b>Net Worth</b>	<b>709.65</b>	<b>661.01</b>	<b>732.17</b>

#### Return on restated net worth:

Particulars	Fiscal 2021	Fiscal 2020	Fiscal 2019
	₹ million (except percentages)		
Net Worth, as restated (I)	709.65	661.01	732.17
Restated Profit / (loss) attributable to equity shareholders (II)	61.26	(154.00)	(486.98)
<b>Return on Net Worth (RoNW) = (II)/ (I) in %</b>	<b>8.6%</b>	<b>(23.3)%</b>	<b>(66.5)%</b>

**Reconciliation of Net Asset Value per equity share:**

Particulars	Fiscal 2021	Fiscal 2020	Fiscal 2019
	₹ million except per share		
Net Worth, as restated (I)	709.65	661.01	732.17
Weighted average number of equity shares outstanding during the year -Basic (II)	37,668,283	37,668,283	37,668,283
<b>Net Asset Value per equity share (I)*10^6/(II)</b>	<b>18.84</b>	<b>17.55</b>	<b>19.44</b>

**Reconciliation of Current Ratio:**

Particulars	Fiscal 2021	Fiscal 2020	Fiscal 2019
	₹ million except ratio		
Current Assets (I)	1,708.51	1,619.69	1,951.28
Current Liabilities (II)	3,980.03	4,416.21	4,677.99
<b>Current Ratio (III = I /II)</b>	<b>0.43</b>	<b>0.37</b>	<b>0.42</b>

**Total Borrowing:**

Particulars	Fiscal 2021	Fiscal 2020	Fiscal 2019
	₹ million		
Non-current liabilities Financial liabilities - Borrowings (I)	505.59	532.43	682.16
Current liabilities Other financial liabilities - Current maturity of long term debt (II)	316.49	317.93	341.60
Current liabilities Financial liabilities - Borrowings (III)	509.58	625.88	558.16
<b>Total Borrowing (IV = I + II + III)</b>	<b>1331.66</b>	<b>1476.24</b>	<b>1581.92</b>

## **RELATED PARTY TRANSACTIONS**

For details of the related party transactions, as per the requirements under Ind AS 24, read with the SEBI ICDR Regulations, for the Fiscals ended March 31, 2021, March 31, 2020 and March 31, 2019, see “*Restated Consolidated Summary Statements – Annexure VII – Note 30 – Related party transactions*” on page 297.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion is intended to convey management's perspective on our financial condition and results of operations for the Fiscals ended March 31, 2021, 2020 and 2019. You should read the following discussion and analysis of our Restated Consolidated Summary Statements and results of operations in conjunction with the sections entitled "Summary Financial Information" and "Financial Information" on pages 63 and 238, respectively. This discussion contains forward-looking statements and involves numerous risks and uncertainties, including, but not limited to, those described in the section entitled "Risk Factors" on page 24 and "Our Business" on page 156. Actual results could differ materially from those contained in any forward-looking statements and for further details regarding forward-looking statements, kindly refer to the section entitled "Forward-Looking Statements" on page 16.*

*The Restated Consolidated Summary Statements included in this Draft Red Herring Prospectus which are derived from audited consolidated financials as at and for the Fiscals ended March 31, 2021, 2020 and 2019 prepared and presented in accordance with Ind AS, in each case restated in accordance with the requirements of Section 26 of the Companies Act, 2013 read with Rule 4 of Companies (Prospectus and Allotment of Securities) Rules 2014, as amended, the SEBI ICDR Regulations and the Guidance Note on "Reports in Company Prospectus (Revised 2019)" issued by the ICAI (the "**Guidance Note**"). Our Fiscal ends on March 31 of each year. Accordingly, unless otherwise stated, all references to a particular Fiscal are to the 12 months period ended March 31 of that year.*

*Unless otherwise indicated, industry data in this section has been derived from the report titled Wellness and Beauty Industry Report" dated May 2021 (the "**F&S Report**") prepared and released by F&S Limited and commissioned by us, for a fee, in connection with the Offer. Unless otherwise indicated, all financial, operational, industry and other related information derived from the F&S Report and included herein with respect to any particular year refers to such information for the relevant fiscal year. For details, see "Certain Conventions, Presentation of Financial Industry and Market Data and Currency of Presentation" on page 13.*

### Business Overview

Founded by Mrs. Vandana Luthra as a beauty and weight management services centre in 1989, our Company was incorporated in 1996. Our Company was among the first multi-outlet corporate operations in the Wellness & Beauty Industry, which was at the time mostly composed of individually operated, small scale businesses. Since inception, the Company's mission has been to transform lives by making Wellness & Beauty accessible to women and men. In over 30 years of operation, the VLCC brand has grown to become synonymous with Wellness & Beauty in Indian households. As a testament, VLCC has received recognition as a "Superbrand" by Superbrands India in 2017 and Superbrands GCC in 2016. This is also reflected in VLCC's recognition through awards in the "Beauty, Wellness & Personal Care Products Category" in 2020 by ASSOCHAM and also as one of India's most trusted brands in the wellness sector in the annual India's Most Trusted Brands Survey from 2015 to 2019.

We have built a strategic integrated business model on the basis of pillars that consist of our three core businesses:

- VLCC branded Wellness & Beauty clinics ("**VLCC Wellness Clinics**" or "**Wellness Clinics**");
- VLCC branded personal care products ("**Personal Care Products**"); and,
- VLCC branded institutes for skill development in beauty and nutrition ("**VLCC Institutes**" or "**Institutes**").

We are one of the largest players in the Wellness & Beauty services industry in India, with the widest footprint of company operated clinics. (Source: F&S Report) We are one of the few players in the industry to have successfully accomplished the transition from a Wellness & Beauty services company to a Wellness & Beauty services and products company (Source: F&S Report). As of March 31, 2021, we serve customers across 310 locations in 143 cities and across 12 countries in South Asia, South East Asia, the Gulf Cooperation Council Region ("**GCC Region**") and East Africa. We have created an ecosystem of comprehensive services and products, including wellness programs, weight management solutions, personal care products, nutraceutical products and skill development training that is aimed to professionalize the industry, with well-built research and development ("**R&D**") supporting the three businesses, wherein customer and service delivery insights are proactively utilised to develop efficacious Personal Care Products and enhanced technical and practical training curriculum for our Institutes.

The opportunity in the Indian Wellness & Beauty Industry is substantial, forecasted to grow at a CAGR of 10-12% in the next five years and is expected to reach US\$ 40-42 billion by Fiscal 2025. The Wellness & Beauty Industry is experiencing a rapid shift from unorganised to organised sector. The organised sector is expected to grow its market share to around 30-35% in Fiscal 2025 from about 25-30% in Fiscal 2020. (Source: F&S Report)

There is growing conviction across all age groups to invest in wellness and proactive healthcare, especially in the wake of the COVID-19 pandemic. (Source: F&S Report). We believe that this, coupled with VLCC's brand recognition with customers, the scale and breadth of our operations across India and international markets and our bespoke integrated business model, makes our business well positioned for sustained, competitive and profitable growth.

Between our Wellness & Beauty services, Personal Care Products and Institutes businesses, our brand has catered to over 2.8 million customers in Fiscal 2021 alone, a year which was impacted by COVID-19 pandemic. We estimate that in the last 5 years alone we have catered to approximately 10 million customers, including repeat customers, i.e., customers who had availed any of our services in any previous fiscal year, at our Wellness Clinics in India (the “Repeat Customers”).

Our focus on delivery of service and customer engagement during COVID-19 pandemic has helped us improve our sales from Repeat Customers, which grew from 50.6% in Fiscal 2020 to 60.5% in Fiscal 2021 for Wellness Clinics in India.

Our integrated business model is unique in that it is empowered by customer data continuously collected from customers across different demographics, ethnicities, and nationalities. We believe that our analysis and interpretation of this exclusive customer database provides us with a nuanced understanding and insight into the constantly evolving Wellness & Beauty Industry. In addition, we believe our operations in the relatively more developed and competitive markets in South East Asia and the GCC Region provide us with insights on emerging trends and new technologies. We strive to use both our customer database and our global insights to develop and integrate each of our three businesses to create sustainable growth.

We believe that we have, over the last several years successfully extended our brand from just a services company to a services and products brand in the overall Wellness & Beauty domain, and are on a path now to extend our enterprise-wide business from a brick-and-mortar set up to an omni-channel presence including significant on-line and mobile app based expansion in the next phase of our growth, which we believe has vast potential. We had total income of ₹ 5,652.42 million and profit/(loss) for the year after tax of ₹ 62.42 million, with EBITDA of ₹ 1,501.19 million in Fiscal 2021.

A brief overview of our three businesses, how they are integrated and how they support growth for each other is set forth below.

### ***VLCC Wellness Clinics***

VLCC, having the most diverse portfolio and presence in all service areas, has among the largest scale and breadth of operations within the Wellness & Beauty Industry in India. (Source: F&S Report) Our ambition is to make Wellness & Beauty services accessible to a wide spectrum of customers. In India, we have an extensive reach with 191 Wellness Clinics spread across 106 cities in 23 states, 88 of which are franchisee operated. While our Company operated Wellness Clinics are located mostly in Metropolitan and Tier I Cities, our franchisee operated Wellness Clinics are located largely in Tier II and Tier III Cities, which extends our reach farther and deeper into India. We also operate 25 Wellness Clinics in UAE, Qatar, Oman, Kuwait, Bahrain, Kenya, Sri Lanka, Bangladesh, and Nepal. All of these Wellness Clinics outside India are Company operated except one in UAE, two in Bahrain and one in Nepal which are franchisee operated.

We have consistently endeavoured to lead the market by building a comprehensive Wellness & Beauty services and products portfolio. We leverage over three decades of experience and combine it with insights from an extensive database of customers to introduce services and price points for a broad spectrum of customers in domestic and international markets. We enjoy a high level of customer satisfaction and retention. For example, 60.5% of our sales in Fiscal 2021 came from Repeat Customers at our Wellness Clinics in India.

We have entered into an exclusive endorsement agreement with the Indian Medical Association (“IMA”) for a period of five years from December 2019 wherein our wellness and weight management programmes have been approved, and we have been “Recommended by IMA”. Indian Medical Association is the national organisation of doctors of modern medicine, with a membership base of over 330,000 doctors.

We provide comprehensive Wellness & Beauty solutions, catering to a broad spectrum of clients' needs across service categories, such as:

- Wellness therapies, including immunity boosting packages and post-COVID-19 recovery programs;
- Weight management packages, delivered through nutrition management, physical activity regimen and behavioural counselling;
- Body contouring using advanced USFDA approved appliances;
- Advanced beauty treatments and therapies for skin and hair;
- Minimally invasive aesthetic dermatology procedures;
- Laser hair reduction; and
- Regular beauty parlour services, including hair styling, hair colouring, grooming, etc.

These services and solutions are supervised and / or delivered by medical doctors, dermatologists, nutritionists, physiotherapists, fitness experts, and qualified beauty professionals. To complement the services, we have a diversified products portfolio, including for home use that strengthens and sustains the results delivered to the customer.

As regards obesity, India is ranked third globally with nearly 65 million obese people in 2017. It has been determined that the number of overweight Indians aged 20-69 years is likely to double by 2040, and the number of obese adults is likely to triple. *(Source: F&S Report)* In the weight management segment, VLCC is the pioneer and market leader in India, with 20-22% of the market share in Fiscal 2020. *(Source: F&S Report)*

In India, the aesthetic dermatology segment is estimated at US\$ 0.8-0.9 billion in Fiscal 2020 and is expected to grow at a CAGR of 16-18% over next five years. VLCC is the second largest player in this segment with approximately 11% market share of the organized market, providing the latest technologies in laser and dermatology treatments. *(Source: F&S Report)*

Given the above factors, we believe that our broad reach, taken together with our extensive services offerings, strategically position us successfully to compete across a wide range of services categories against competitors who focus on one or few niche categories and sub-categories in the Wellness & Beauty market.

### ***Personal Care Products***

We believe that our 30 years of experience as a successful Wellness & Beauty services provider combined with insights from our extensive customer database, positions us strongly for driving our growth in the personal care products business. We are focused on building a carefully curated portfolio of innovative and differentiated Personal Care Products, targeting fast growing, underserved market opportunities, where competition is limited or fragmented, e.g., Facial Kits.

We have leveraged our exclusive customer database, and our insights regarding evolving Wellness & Beauty needs, derived from our Wellness Clinics, to build and grow a diversified portfolio of natural skincare, hair-care, and body-care products in-house, under the *VLCC Natural Sciences<sup>TM</sup>* brand through our subsidiary VLCC Personal Care Limited.

As of March 31, 2021, we marketed over 118 products in skin care, hair care, and body care categories in India. Out of these, we manufactured 108 products at our own manufacturing plants in Haridwar (Uttarakhand), and in Goalpara (Assam). We also have a manufacturing facility in Singapore for premium skin-care products. The manufacturing plants at Haridwar and Singapore are cGMP certified. We also manufacture an additional 57 products used in-house as consumables in treatments and therapies at our Wellness Clinics, and for training at our Institutes.

Our growing distribution network reaches over 110,000 retail outlets in India, including stores staffed by over 930 beauty advisors as of March 31, 2021, who exclusively promote our Personal Care Products, apart from retail outlets in the overseas markets, including salons and aesthetic dermatology clinics in the South East Asia region. We also sell these products from our 216 Wellness Clinics and 94 Institutes in all the countries that they operate in. As a part of our omni-channel distribution approach, we are also actively leveraging our strong brand recognition and trust to expand presence in online channels such as e-commerce platforms/websites, which

contributed to 26.4% sales of our subsidiary, VLCC Personal Care Ltd. in Fiscal 2021. Our sale of products through e-commerce channels has increased from 9.6% to 26.4% of our total products sales in India between Fiscal 2020 and Fiscal 2021. Such sales have increased by 129.1%, from ₹ 167.44 million in Fiscal 2020 to ₹ 383.59 million in Fiscal 2021.

Our subsidiary, GVig Singapore, manufactures and sells a range of premium skin-care lines - *BelleWave*<sup>TM</sup> (Treatment and Home-care line) and *SkinMTX*<sup>TM</sup> (Aesthetic Dermatology maintenance line), both of which have received the “Beauty Insider Singapore Annual Beauty and Wellness Award 2021”. Through one of our other subsidiaries, VLCC On-line Services Private Limited, we also sell a range of Nutraceuticals and Personal Care Products, under the brand *VLCC Wellscience*<sup>TM</sup>, through the direct-selling route.

### ***VLCC Institutes***

One of the key opportunities in the Wellness & Beauty domain is the gap in training and the resulting paucity of a highly skilled workforce. (*Source: F&S Report*) Recognising this gap, we opened our Institutes to teach entry-level and advanced level skill enhancement courses in beauty and nutrition. This enables us to create a skilled workforce, not only for the Wellness & Beauty Industry but also for our Wellness Clinics, the best of whom we utilize to provide the quality of service necessary to achieve high customer satisfaction at our Wellness Clinics. We believe this is reflected in percentage of in-house customers in our Wellness Clinics, which stood at 59.8% in Fiscal 2021.

VLCC has been one of the participants that has witnessed tremendous growth in the shortest duration, as we expanded the number of skill development institutes across cities, thus increasing the number of workforces being trained as well. Further, VLCC Institute is one of the CIDESCO certified schools in the country. The Company has training academies across the country, making it one of the largest professional training academies in beauty and nutrition segment. (*Source: F&S Report*)

We also serve as a recruitment hub for other Wellness & Beauty players across the country. Post course completion, placements and internships are ensured through associations with salons, beauty and wellness organizations, clinics, hotels, FMCG companies etc., thereby increasing the attractiveness of our Institutes. When these students join the Wellness & Beauty services industry, we believe they have a high propensity to continue using our Personal Care Products for treatments and retailing in their career, given that they have been trained using the same products. In addition, we provide refresher trainings to our alumni, further strengthening their familiarity with our Personal Care Products.

We believe our Institutes extend our mission of transforming lives by helping create employment and entrepreneurial opportunities, especially for women to enable their financial independence. As of March 31, 2021, we operated 94 Institutes, located in 67 cities across India, of which 42 were franchisee operated. Between Fiscal 2019 to Fiscal 2021, we trained 7,300 students annually on an average at our Institutes. We are an active part of the Government of India’s “Skill India Mission” and have trained over 2,450 students annually on an average under various skill development initiatives by the Central and certain State Governments between Fiscal 2019 to Fiscal 2021.

We are an approved training partner of the National Skill Development Corporation (NSDC), Government of India. To enhance the quality of training, we have alliances with global certification organizations such as International Accreditation Organisation (“IAO”) and Comite International D'esthetique et de Cosmetologie (“CIDESCO”). Our Institutes follow a blended approach of on-line plus off-line teaching methods to ensure quality training with economic efficiencies. The theory is covered on-line via digital media, while the practicals are conducted on-campus.

### **Significant Factors Affecting our Financial Condition and Results of Operations**

Our financial condition and results of operations have been, and are expected to be, influenced by numerous factors, including but not limited to those described below. These are expected to affect the overall growth prospects of our Company and our ability to implement our strategies.

### ***Effectiveness of our investments in brand building for our Personal Care Products business***

Our products business has contributed 33.7% to the revenue from operations in Fiscal 2021, an increase of 4.8% from 28.9% in Fiscal 2020. We believe there are significant growth opportunities for our Personal Care Products offerings. We, therefore, seek to make continuous investments in enhancing our brand presence, visibility and recognition in geographies where we currently operate or intend to expand in the future, as well as by diversifying the VLCC brand in the minds of customers beyond its historic association with weight management products. We



have invested, and in the short term we intend to continue to invest in additional advertisement and sales promotion expenses which may affect our profitability and results of operations.

We have also integrated our Singapore-based products business with our wellness services business across geographies by using GVig Singapore's premium *BelleWave*<sup>TM</sup> and *SkinMTX*<sup>TM</sup> range of skin-care lines manufactured in Singapore for treatments and therapies in the VLCC Wellness Clinics, as well as selling them from these clinics as home-care kits at premium price point. Our marketing efforts include mass communications over various media including television, print, radio, cinema, digital and online as well as by way of discounts and other schemes as well as sponsorships to promote the sales of our Personal Care Products. We also sell our Personal Care Products through a variety of popular retail channels to enhance our brand visibility and outreach to customers and by continuously adding sales channels to our mix. We drive our marketing initiatives through mass communication channels such as on-line and digital, television, press, radio and cinema and well sponsorship of high-visibility national-level events and hyper local, event based on-ground promotional activities, all of which require substantial expenditure. In order to further expand our Personal Care Products business, we will continue to require an increase in our expenditure on the marketing of such products and our brand but the increase in our sales of such products may not be commensurate with such expenses which may affect our financial condition.

***Ability to transform from a brick-and-mortar business model to omni-channel presence including digital, with active online presence***

COVID-19 pandemic has reinforced the already growing trend of online shopping, it has encouraged experimentation, coaxing consumers to explore different ways to access products and services and accelerating certain behaviours that have long been simmering in the background. Research papers showcase that since the outbreak, a significant percentage of consumers have increased their mobile shopping, and most customers are likely to maintain their current increased use after isolation measures are lifted. (Source: F&S Report)

The COVID-19 pandemic has also led to digital health and wellness as a new emerging global consumption theme. In 2019, digital health and wellness services were estimated to have a worth of over 106 billion USD globally. And due to the global pandemic, the worth of these types of services is predicted to increase up to 28.5% more until 2026. It is also expected for the Wellness & Beauty Industry sector to have a fast production of services in all facets of health and wellness. (Source: F&S Report)

We plan to differentiate ourselves by being a solutions and experience provider, by providing packages of products and services that fully address the customer's everyday health, Wellness & Beauty needs, through an omni-channel approach which would encompass both brick-and-mortar operations as well as a significant digital and online presence for our wellness services, personal care products and skill development offerings. Our digital efforts shall be focused on reinventing interactions and wowing the customers at a continuum of touch points that together provide an engaging VLCC brand experience. Our online commerce model will aim to heavily leverage our Wellness Clinics and Institutes as well as Personal Care Products. We aim to build a long-term e-commerce strategy covering strategic and operational levers such as assortment, pricing, promotions, marketing, and analytics.

Our sale of products through e-commerce channels has increased from a 9.6% to 26.4% of our total products sales in India between Fiscal 2020 and Fiscal 2021. In absolute terms also, the through e-commerce channel has increased by 129.1% from ₹ 167.44 million in Fiscal 2020 to ₹ 383.59 million in Fiscal 2021. As of July 15, 2021, we had approximately 2.27 million Facebook followers, 0.35 million Instagram followers, 0.03 million Youtube followers. We have a strong media and social media presence. We will continue to aggressively build on our online presence through higher digital marketing spends and increased engagement with customers on digital and content management/ over-the-top media platforms. With the launch of our mobile app for Wellness & Beauty services, our customers will widely benefit from the online experience, layering above the wide presence of our brick and mortar Wellness Clinics. We intend to customise the mobile app to track the customer's case history on diagnosis, clinical data, fitness data, health risk assessment, with artificial intelligence providing insights like behavioural health risks to monitor customer progress. If any of the offerings which we launch from time to time do not meet standards for quality and performance or customers' subjective expectations, our brand reputation and customer retention may be impacted, and such negative response may be amplified through various social media platform. While we strive to deliver wellness and beauty solutions through our products and services, there is always a risk of our social media campaigns facing backlash, which can be misconstrued as setting unrealistic standards for human body. In the instance the digital business model does not achieve growth as expected, it may adversely affect our results of operations, cash flows and operating profits.

### ***Ability to continue diversification of our geographical presence and our products successfully***

Our business strategy has focused on transitioning the business from a wellness services business focused on India to a business with a strong, diversified mix of revenue from both services and products in India and international markets that we believe have attractive growth opportunity. This strategic diversification of our business has helped us to diversify revenue streams and reduce reliance on any one business. This diversification has been achieved through our strategy to grow in select, yet primarily contiguous, markets to India.

As of March 31, 2021, we have an extensive network of 216 Wellness Clinics in 122 cities in 10 countries across South Asia, South East Asia, the GCC Region and East Africa and 94 Institutes in India. 191 of our Wellness Clinics are in India and 25 Wellness Clinics are overseas. VLCC has the most diverse portfolio and presence in all service areas, and has among the largest scale and breadth of operations within the Wellness & Beauty Industry in India. (Source: F&S Report) In the weight management services segment (excluding gyms), VLCC is the largest player in the GCC Region with maximum number of Wellness Clinics to cater to the growing market. (Source: F&S Report) In addition, we offer over 118 Personal Care Products distributed through over 110,000 retail outlets in India, apart from retail outlets in 11 other countries. While we expect these investments will lead to improved margins in the short to medium term as a result of (i) achieving economies of scale for our Personal Care Products business; (ii) the opening of new Wellness Clinics and Institutes in our existing markets; (iii) the introduction of new services and products; and (iv) taking advantage of our low operating leverage with the addition of new outlets as well as improved brand awareness for our products in India and in the GCC Region, any failure to continue to diversify our products and our geographical locations or the rate of such growth being slower than expected will result in adverse effect on our results of operations, profits, margins and financial condition.

### ***Employee benefit expenses***

Employee benefits expense is a major component of our total expenses because our wellness services, which rely heavily on the hands-on skills of our employees, comprise the majority of our business offering. However, there has been a reduction in the employee benefit expenses as a result of COVID-19 pandemic. Our employee benefits expense for Fiscals 2019, 2020 and 2021 was ₹ 3,075.05 million, ₹ 2,531.28 million and ₹ 1,707.75 million, respectively, which is 35.7%, 32.7% and 30.2% of our total income, respectively, derived from the Restated Consolidated Summary Statements.

As we grow our business by opening a number of new outlets every year, we expect that our employee related expenses will increase. Further, we may need to increase the number of employees for our existing Wellness Clinics in line with growth in revenue post easing of impact of COVID-19 pandemic. If we are unable to grow our revenues proportionately to our employee related expenses, our results of operations and financial condition may be adversely affected. See “Risk Factors - There have been delays on account of COVID-19 in payment of statutory dues of our Company”, on page 37 of this DRHP.”

### ***Cost of materials used by us***

Cost of material in our services business are consumables that are used for delivery of services and cost of material for our Personal Care Products business are raw material and packing material being used to manufacture various products. Our cost of material gets impacted with change of mix of business between services and products, Also our cost of material gets impacted with change of mix of service revenue, for example our cost of material for wellness services, including weight management is much lower than cost for aesthetic dermatology services. Our cost of materials consumed (including purchases of stock-in-trade and (increase)/ decrease in inventories of stock-in-trade) represented 16.7%, 17.4% and 20.4% of our total income in Fiscal 2019, 2020 and 2021, respectively, derived from the Restated Consolidated Summary Statements.

### ***Effects of tax benefits***

A substantial portion of our revenues of our subsidiaries located in GCC Region have either nil or very low tax applied to their income. For Fiscal 2021, our revenue contribution from business in the GCC Region was 30.2% of our revenue from operations. The tax benefits available to our subsidiaries, including for our Personal Care Products business having location based tax exemption, give us an advantage to retain a part of our profits to invest in our future growth. Tax and other levies imposed by the central and state governments in India that affect our tax liability include central and state taxes and other levies, income tax, turnover tax, goods and services tax, stamp duty and other special taxes and surcharges which are introduced on a temporary or permanent basis from time to time. The final determination of our tax liabilities involves the interpretation of local tax laws and related regulations in each jurisdiction as well as the significant use of estimates and assumptions regarding the scope of future operations and results achieved and the timing and nature of income earned, and expenditures incurred.

Our total tax expense / (credit) for Fiscal 2019, 2020 and 2021 respectively was, (0.1)%, (0.2)% and (0.2)% of our total income derived from the Restated Consolidated Summary Statements. We also have carry forward of unabsorbed depreciation and losses of past, which will be adjusted against future profits thereby tax payout would be lower than standard rate in future. We believe the tax benefits available to our subsidiary companies gives us an advantage to retain a part of our profits to invest in our future growth. However, if such tax benefits are not available to us, either due to change in laws or due to change in the jurisdiction of our operations, then our financial conditions may be adversely affected.

### ***Impact of COVID-19***

In the last month of Fiscal 2020, the COVID-19 pandemic developed rapidly into a global crisis forcing governments to enforce lockdowns of all economic activity. With the abrupt closure of business activities from April to June 2020 due to COVID-19 pandemic, we recorded a decrease of revenue from operations. To mitigate the impact, we launched various relevant new services and products to attract customers, including immunity boosting and post-COVID-19 recovery packages as well as hand sanitizer and other hygiene related products. We maintained customer and employee engagement to remain connected and with ensuring client and employee safety, in accordance with the WHO guidelines. We also undertook an extensive cost restructuring and efficiency enhancement exercise, which resulted in significant savings and delivered profitable growth even in a tough market environment. The Group has taken steps to optimize its expenses including putting on hold the discretionary expenses, salary cuts and leave without pay etc. With the unlocking process, the economic situation was gradually normalising from mid-May 2020 to March 2021, whereby India was hit by the second wave of COVID-19 in April 2021 and state-wise lockdowns were announced in April 2021. With the second wave of the COVID-19 pandemic again impacting revenue in the period, we have continued our cost optimization exercise to maintain profitable growth and conserve cash. The outbreak of COVID-19 pandemic and the lockdowns also had an adverse impact on our businesses in the South Asian and GCC Region. In the GCC Region, lockdown was implemented from the last week of March 2020. This led to closure of our Wellness Clinics in the GCC Region for two to five months. The time frame for which the COVID-19 pandemic's impact shall prevail remains uncertain.

As of the date of this Draft Red Herring Prospectus, the impact of COVID-19 continues to affect our business and there can be no assurance that there will not be a continued occurrence or a recurrence of an outbreak of COVID-19 pandemic (including any further mutations of COVID-19), or another significant global outbreak of a severe communicable disease. Therefore, the full impact of the COVID-19 pandemic is still unknown and difficult to predict. If we are unable to respond appropriately to the pandemic, or if customers do not perceive our response to be adequate for a particular region or our Company as a whole, we could suffer damage to our reputation and our brand, which could adversely affect our business in the future. Also, any adverse developments in the COVID-19 pandemic that may arise in the future, could adversely affect our consolidated results of operations, financial position and cash flows in ways that cannot necessarily be foreseen. The Group continues to be confident of realising the carrying value of assets as well as continuing its operations.

### ***Foreign Currency Fluctuations***

We present our consolidated financial statements in Indian Rupee. As a result, we must translate the assets, liabilities, revenue and expenses of all of our operations with a functional currency other than Indian Rupee, including the UAE Dirham, Qatari Riyal, Omani Rial, Kuwaiti Dinar, Kenyan Shilling, Sri Lankan Rupee, Bangladeshi Taka and Singapore Dollar, into Indian Rupee at then applicable exchange rates. These translations could significantly affect the comparability of our results between financial periods and/or result in significant changes to the carrying value of our assets, liabilities and stockholders' equity. We record the effects of these translations in our consolidated balance sheet as exchange differences on retranslation of foreign operations.

As a result of our operations in various countries, we generate a portion of our sales and incur a significant portion of our expenses in currencies other than the Indian Rupee, including the UAE Dirham, Qatari Riyal, Omani Rial, Kuwaiti Dinar, Kenyan Shilling, Sri Lankan Rupee, Bangladeshi Taka and Singapore Dollar. Typically, our costs and the corresponding sales are denominated in the same currency. Occasionally, however, we are unable to match sales received in foreign currencies with costs paid in the same currency, and our results of operations are consequently impacted by currency exchange rate fluctuations. Some of the raw materials we require for our Personal Care Products packaging are imported into India and are payable by us in seven to ten days after the receipt of goods. Similarly, we also export products out of India that are payable to us in U.S. dollars. These imports and exports are not significant relative to our overall purchases and sales in India and accordingly, we have in the past not taken any steps to mitigate the effect of exchange rate fluctuations.

### ***Key Performance Indicators***

The table below gives the revenue break-up from our Wellness Clinics, Institutes and products businesses:

Revenue Stream	Fiscal 2021	(%)*	Fiscal 2020	(%)*	Fiscal 2019	(%)*
Services: Wellness Clinics (India) (I)	1,496.40	28.1%	2,655.78	34.5%	2980.19	35.0%
Services: International (Bangladesh and Sri Lanka) (II)	90.04	1.7%	195.37	2.5%	181.38	2.1%
Services: Wellness Clinics (South Asia) (III = I+II)	1,586.44	29.8%	2,851.15	37.0%	3,161.58	37.1%
Services: Wellness Clinics (GCC Region) (IV)	1,569.51	29.5%	1,946.04	25.3%	2,262.85	26.5%
Services: Institutes (V)	375.34	7.0%	673.83	8.8%	671.13	7.9%
Sale of Products (VI)	1,797.89	33.7%	2,224.66	28.9%	2,428.70	28.5%
<b>Revenue from Operations (III+IV+V+VI)</b>	<b>5,329.18</b>	<b>100.0%</b>	<b>7,695.68</b>	<b>100.0%</b>	<b>8,524.26</b>	<b>100.0%</b>

\* (%) column represents percentage of revenue from operations.

### VLCC Wellness Clinics – India

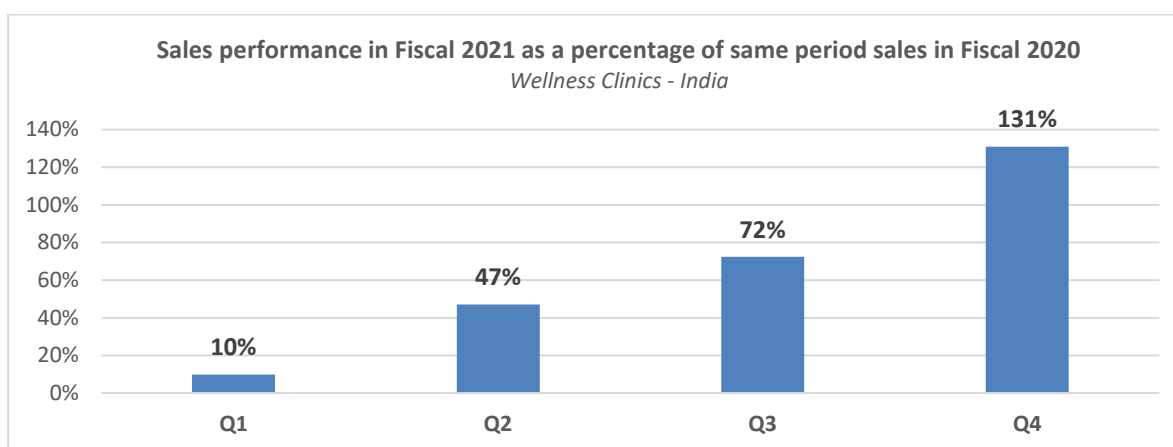
The table below sets forth the sales break-up and the average ticket size at our Wellness Clinics in India for the past three Fiscals:

	Fiscal		
	2021	2020	2019
<b>Sales collection break-up as % of sales from our Wellness Clinics in India</b>			
Wellness packages, including weight management	42.6%	42.3%	41.6%
Beauty packages, including skin and hair treatments	19.6%	18.2%	19.6%
Aesthetic dermatology & laser	27.5%	26.4%	25.6%
Regular beauty services	6.2%	8.5%	8.5%
Sales of products from our Wellness Clinics	4.1%	4.6%	4.7%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Average annual ticket size (₹)</b>	<b>22,545</b>	<b>17,079</b>	<b>19,148</b>

Our average ticket size represents the amounts paid by our customers on weighted average of different services we provide.

As of March 31, 2021, we have 103 company operated Wellness Clinics in India. The market for Wellness & Beauty services in India is highly fragmented and largely in the unorganized sector at the lower and middle end. As part of our long-term strategy to attract and retain high-spending customers, we have been focusing our efforts on offering customers premium treatments, such as aesthetic dermatology, laser and body contouring treatments. This has resulted in a significant increase in our average ticket size, though our overall number of customers has dropped due to the impact of COVID-19 in Fiscal 2021. The trend has been reversing, as with the ease of lockdown, we witnessed increase in customers after July 2020, till the second wave resurgence of COVID-19 pandemic. Our sales collections in March of every year have historically been significantly higher due to push through marketing events, schemes and discount as well as employee incentives. Our sales in the month of March 2020 in Fiscal 2020 got impacted due to lockdown in that month and that affect continued for the next two to five months of Fiscal 2021. The performance of Fiscal 2021 on quarterly basis given below shows that customers began coming back post lockdown and subsequent easing of restrictions in the third quarter of Fiscal 2021. Between Fiscal 2019 to Fiscal 2021, we sold our Wellness Services to 128,396 unique customers annually on an average at our Wellness Clinics in India. Our focus on delivery of service and customer engagement during COVID-19 pandemic has helped us improve our sales from Repeat Customers, which grew from 50.6% in Fiscal 2020 to 60.5% in Fiscal 2021.

The chart below shows our sales collections at our Wellness Clinics in respective quarters of Fiscal 2021 as a percentage of sales collections in the same quarters of Fiscal 2020. Sales from Wellness Clinics in India in the fourth quarter of Fiscal 2021 have grown by 131% compared to sales in the fourth quarter of Fiscal 2020, as sales during the last 10 days of March 2020 were impacted due to nationwide lockdown on account of COVID-19 pandemic in Fiscal 2020. Historically, the last 10 days of March every year is our peak sales period due to aggressive customer schemes and promotion.



#### ***VLCC Wellness Clinics – International***

The revenue from our Wellness Clinics, including sale of products from Wellness Clinics, in the GCC Region comprised 30.2% of our total income for Fiscal 2021. Likewise, revenue from our Wellness Clinics in Bangladesh, Sri Lanka and Kenya for Fiscal 2021 was 1.4%, 0.4% and 0.2%, respectively.

The table below sets forth sales break-up and the average ticket size at our Wellness Clinics in GCC Region for the past three Fiscals:

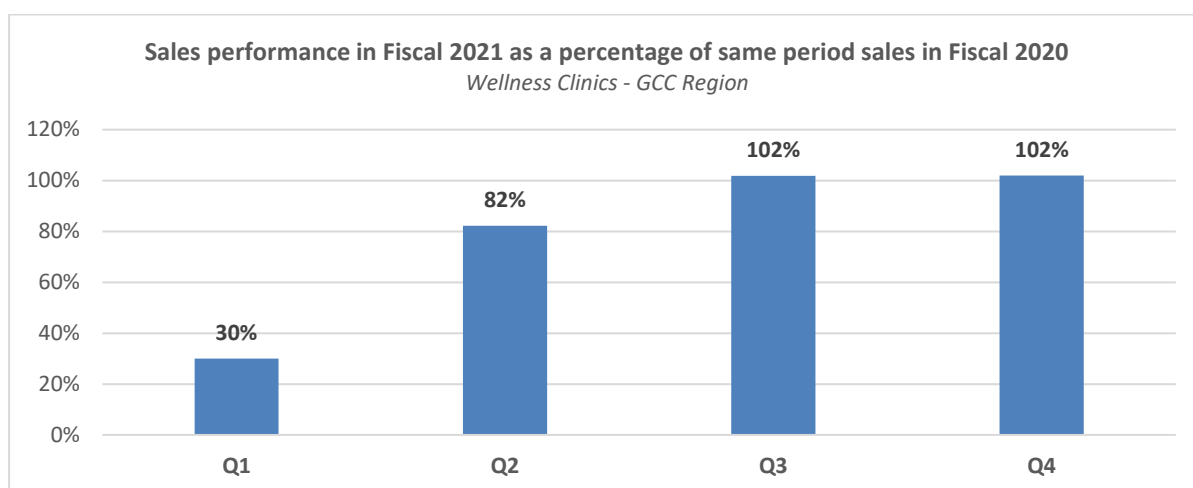
	Fiscal		
	2021	2020	2019
<b>Sales collection break-up % of Sales from our Wellness Clinics in GCC Region</b>			
Wellness packages, including weight management	42.4%	39.4%	43.2%
Beauty packages, including skin and hair treatments	13.6%	13.0%	14.3%
Aesthetic dermatology and laser	39.2%	41.0%	35.5%
Regular beauty services	2.0%	2.5%	3.5%
Sales of products from our Wellness Clinics	2.8%	4.1%	3.5%
<b>Total</b>	<b>100.00%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Average annual ticket size (₹)</b>	<b>67,901</b>	<b>55,348</b>	<b>52,631</b>

We have 20 Wellness Clinics in GCC Region and Kenya as of March 31, 2021 and each Wellness Clinic has separate areas for men and women resulting in higher carpet area and higher revenue per Wellness clinic.

We believe that there is an opportunity to capitalize on our strong and established presence on the back of the rising share of our wellness packages, which grew to a 42.4% share of sales from our Wellness Clinics in GCC Region in Fiscal 2021 from 39.4% in Fiscal 2020. Additionally, our sales from Repeat Customers in our Wellness Clinics in GCC Region also grew from 52.0% in Fiscal 2020 to 54.8% in Fiscal 2021.

The customers of our services in the GCC Region now are largely local and expatriate Arabs, followed by Asian customers, demonstrating the brand acceptance that the VLCC brand has gained in demographics outside of the Indian diaspora in the GCC Region. Between Fiscal 2019 to Fiscal 2021, we sold our Wellness Services to 33,513 unique customers annually on an average at our Wellness Clinics in the GCC Region.

*The chart below shows our sales collections at our Wellness Clinics in respective quarters of Fiscal 2021 as a percentage of sales collections in same quarters of Fiscal 2020. Sales recovery in Fiscal 2021 in the GCC Region started with an impacted first quarter at 30% of Fiscal 2020, stabilized to 82% in second quarter of Fiscal 2021, and breakthrough performances were achieved in third and fourth quarter wherein the sales were even higher than the fourth quarter of Fiscal 2020, despite the second wave and regulated closedown of clinical services due to COVID-19 in the fourth quarter of Fiscal 2021.*



The total revenue of our Wellness Clinics business has been ₹ 5,441.63 million in Fiscal 2019, ₹ 4,806.25 million in Fiscal 2020 and ₹ 3,416.29 million in Fiscal 2021. The EBITDA of our Wellness Clinics business has improved in last three years, and has been ₹ 1,016.31 million in Fiscal 2019, ₹ 1,147.04 million in Fiscal 2020, and ₹ 1,120.01 million in Fiscal 2021. The EBITDA margin of our Wellness Clinics business has improved from 18.7% in Fiscal 2019 to 23.9% in Fiscal 2020 and to 32.8% in Fiscal 2021.

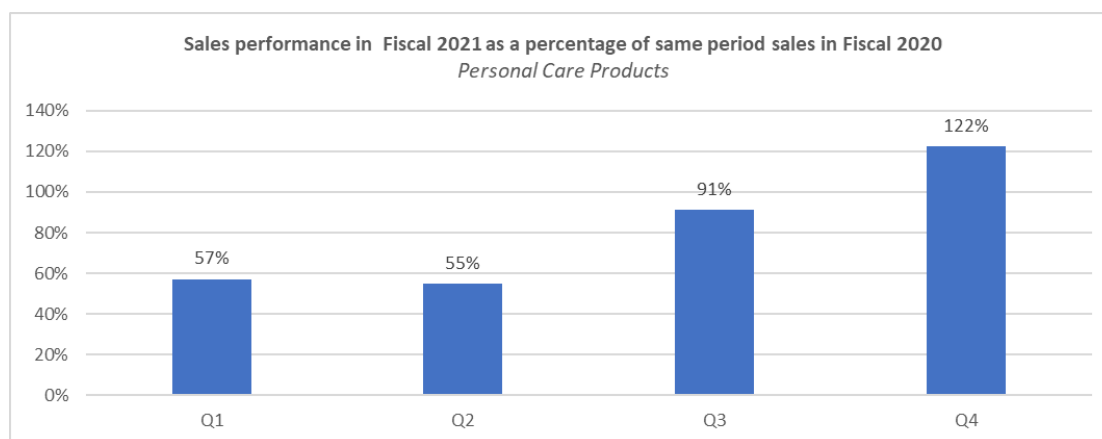
### **Personal Care Products**

Our Personal Care Products are sold through various channels including retail outlets, modern trade, neighborhood retailers, professional salons, third-party online channels, and direct sales to institutional clients. The following table sets forth our Personal Care Products sales by our subsidiary VLCC Personal Care Limited, broken down by distribution channel for the periods indicated.

Channel-wise sales	Fiscal		
	2021	2020	2019
	% of Sales		
<b>Personal Care Products : Sales to other than subsidiaries as % of total Sales made</b>			
General trade channel	45.0%	57.5%	61.4%
Modern trade channel	15.3%	17.3%	13.4%
E-commerce trade channel	26.4%	9.6%	6.4%
Export sales	7.3%	4.1%	5.0%
Others channels	2.5%	6.1%	5.4%
Sales to Wellness Clinics for consumption and retail	3.5%	5.4%	8.4%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Post lockdowns on account to COVID-19 pandemic, our products sales through e-commerce channels have gone up significantly, and the share of e-commerce channel has grown from 9.6% in Fiscal 2020 to 26.4% in Fiscal 2021. The sales through e-commerce channels grew 129.1%, from ₹ 167.44 million in Fiscal 2020 to ₹ 383.59 million in Fiscal 2021.

*As reflected in the chart below, our Personal Care Products saw better performance in the first quarter of Fiscal 2021 as compared to our other businesses, as we launched hand sanitizer aggressively. In the second quarter, products in the pipeline got released with increase in secondary sales. Sales in fourth quarter of Fiscal 2021 have grown by 122% compared to sales in fourth quarter of Fiscal 2020 for our Personal Care Products business in India, as sales in last 10 days of March 2020 were impacted due to dispatch of products not happening due to nationwide lockdown on account of COVID-19 pandemic.*



The total revenue of sale from products business has been ₹ 2,499.53 million in Fiscal 2019, ₹ 2,269.71 million in Fiscal 2020 and ₹ 1,825.39 million in Fiscal 2021. The EBITDA of our products business has improved in last three years and has been ₹ 100.72 million in Fiscal 2019, ₹ 168.92 million in Fiscal 2020, and ₹ 307.30 million in Fiscal 2021. The EBITDA margin of our products business has improved from 4.0% in Fiscal 2019 to 7.4% in Fiscal 2020 and to 16.8% in Fiscal 2021.

### **VLCC Institutes**

As of March 31, 2021, we operated 94 VLCC Institutes, of which 52 were Company operated, and 42 were franchisee operated across various states in India. Between Fiscal 2019 to Fiscal 2021, we trained 7,300 students annually on an average at our Institutes. We are an active part of the Government of India's "Skill India Mission" and have trained over 2,450 students annually on an average under various skill development initiatives by the Central and certain State Governments between Fiscal 2019 to Fiscal 2021. Revenue from our Institutes comprised 7.0% of our restated consolidated revenue during Fiscal 2021. Average ticket size of fees paid by the students for our Wellness & Beauty courses was ₹ 66,677 in Fiscal 2021.

We believe that our Institutes provide significant cross-selling opportunities, as we are a major supplier of trained personnel in the Indian beauty industry, and we train our graduates with VLCC branded Personal Care Products. We offer entry level, skills enhancement and nutrition courses. The VLCC Institutes train personnel with VLCC products and procedures who go on to work in the affiliated sector or become entrepreneurs, which we believe creates a ready market for our Personal Care Products.

The total revenue of our Institutes business has been ₹ 671.93 million in Fiscal 2019, ₹ 674.27 million in Fiscal 2020 and ₹ 410.74 million in Fiscal 2021. The EBITDA of our Institutes business has been ₹ 117.35 million in Fiscal 2019, ₹ 166.68 million in Fiscal 2020, and ₹ 74.12 million in Fiscal 2021. The EBITDA margin of our Institutes business improved from 17.5% in Fiscal 2019 to 24.7% in Fiscal 2020 and in Fiscal 2021, it was at 18.0% on account of the Institutes being closed most of the time in the first and second quarter of Fiscal 2021 as a result of the COVID-19 pandemic.

### **Significant Accounting Policies**

#### **1.1 Basis of Preparation Restated**

The Restated Consolidated Summary Statements relate to the Company together with its Subsidiaries, on a consolidated basis (the "**Group**") and has been specifically prepared for inclusion in the document to be filed by the Company with the SEBI in connection with the proposed Offer.

The restated consolidated summary statements of the Group comprise of the Restated Consolidated Summary Statement of Assets and Liabilities as at March 31, 2021, March 31, 2020 and March 31, 2019 and the related Restated Consolidated Summary Statement of Profit and Loss (including other comprehensive income), Restated Consolidated Summary Statement of cash flows and Restated Consolidated Summary Statements of Changes in Equity for each of the years ended March 31, 2021, March 31, 2020 and March 31, 2019 and the Notes to the restated consolidated summary statements (hereinafter referred to as the "Restated Consolidated Summary Statements")

The Restated Consolidated Summary Statements prepared by the Management of the Group have been prepared specifically for the purpose of inclusion in the Draft Red Herring Prospectus ('DRHP') to be filed by the Company with the Securities and Exchange Board of India ("SEBI"), National Stock

Exchange of India Limited and BSE Limited in connection with its proposed Initial Public Offer (“IPO”) of its equity shares.

The Restated Consolidated Summary Statements which has been approved by the Board of Directors of the Company, have been prepared in accordance with the requirements of:

- Section 26 of Part I of Chapter III of the Companies Act 2013 (the “Act”) as amended from time to time;
- Relevant provisions of The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended to date (the “SEBI ICDR Regulations”) issued by the Securities and Exchange Board of India (the “SEBI”) on September 11, 2018 as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992; and
- The Guidance Note on Reports in Company Prospectuses (as amended) issued by the Institute of Chartered Accountants of India (“ICAI”), as amended from time to time (the “Guidance Note”).

These Restated Consolidated Summary Statements have been prepared from the audited consolidated financial statements of the Group as at and for the years ended March 31, 2021, March 31, 2020 and March 31 2019 which are prepared in accordance with 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 of the Holding Company at their meetings held on July 28, 2021, December 29, 2020 and September 16, 2019 respectively, on which an unmodified audit opinion was issued vide audit reports dated July 28, 2021, December 29, 2020 and September 16, 2019, respectively.

The Restated Consolidated Summary Statements have been prepared on the accrual and going concern basis, and the historical cost convention, except for certain financial assets and liabilities measured at fair value as specifically required by Ind AS. (refer accounting policies)

The accounting policies have been consistently applied by the Group in the preparation of the Restated Consolidated Summary Statements and are consistent with those adopted in the preparation of restated consolidated summary statements for the year ended March 31, 2021. These Restated Consolidated Summary Statements do not reflect the effects of events that occurred subsequent to the respective dates of auditor’s reports on the audited consolidated financial statements as mentioned above.

The Restated Consolidated Summary Statements:

- (a) have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping / reclassifications retrospectively in the financial years ended March 31, 2021, March 31, 2020 and March 31, 2019 to reflect the same accounting treatment as per the accounting policies as at and for the year ended March 31, 2021; and
- (b) do not require any adjustment for qualification as there are no qualifications in the underlying audit reports.

The Restated Consolidated Summary Statements are presented in Indian rupees (‘Rupees’ or ‘Rs.’ or ‘INR’) and all values are rounded to the nearest millions, unless stated otherwise.

## **1.2 Basis of consolidation**

Subsidiaries are all entities over which Group exercises control. The determination of control for the purpose of consolidation is done as per Ind-AS 110. The Group controls an investee or an entity when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- i) Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).
- ii) Exposure, or rights, to variable returns from its involvement with the investee, and



- iii) The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Non-controlling interests (NCI) is the equity in the subsidiary not attributable to a Parent and presented separately from the Group's equity. Non-controlling interest consists of the amount at the date of business combination and its share of the changes in equity since that date.

Restated Consolidated Summary Statements is prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the Restated Consolidated Summary Statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's Financial Information in preparing the Restated Consolidated Summary Statements to ensure conformity with the Group's accounting policies.

The Restated Unconsolidated Financial Statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Parent Company, i.e., year ended on March 31, 2021, March 31, 2020 and March 31, 2019.

**Consolidation procedure:**

- Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- Offset (eliminate) the carrying amount of the Parent's investment in each subsidiary and the Parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill / reserve.
- Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Restated Consolidated Summary Statement of Profit and Loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the Parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

### 1.3 Business combination and goodwill

Business combinations (other than those under common control) are accounted for using the acquisition method under Ind-AS 103. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. 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.
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share – based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.
- Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

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. This includes the separation of embedded derivatives in host contracts by the acquiree

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 *Financial Instruments*, is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity

is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, 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.

#### **1.4 Summary of significant accounting policies**

Significant accounting policies adopted in the preparation of these Restated Consolidated Summary Statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

##### **a) *Current versus non-current classification***

The Group presents assets and liabilities in the balance sheet based on current/ 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
- Held primarily for the purpose of trading
- 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
- It is held primarily for the purpose of trading
- 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 Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

##### **b) *Foreign currencies***

The Group's Restated Consolidated Summary Statements are presented in INR, which is also the Parent Company's functional currency. For each entity the Group determines the functional currency and items included in the Restated unconsolidated Summary Statements of each entity are measured using that functional currency. Functional currency is the currency of the primary economic environment in which the entities forming part of Group operates and is normally the currency in which the entities forming part of Group primarily generates and expends cash. The Group uses the direct method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to Restated Consolidated statement of profit or loss reflects the amount that arises from using this method.

### **Transactions and balances**

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the group uses an average rate if the average approximates the actual rate at the date of the transaction.

### **Measurement of foreign currency monetary items at the Balance Sheet date**

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

### **Treatment of exchange differences**

Exchange differences arising on settlement or translation of monetary items are recognised in Restated consolidated statement of profit or loss with the exception of the following:

- Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognised in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g., consolidated financial statements when the foreign operation is a subsidiary), such exchange differences are recognised initially in OCI. These exchange differences are reclassified from equity to profit or loss on disposal of the net investment.

### **Measurement of foreign currency non-monetary items at the Balance Sheet date**

- Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.
- Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

### **Group companies**

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their restated consolidated statements of profit and loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in restated consolidated statement of profit and loss.

#### **c) *Fair value measurement***

The Group measures financial instruments at fair value which required to be measured 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.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Restated Consolidated Summary Statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

**d) *Revenue recognition***

Revenue is measured based on the consideration specified in a contract with a customer net of variable consideration e.g., discounts, volume rebates, any payments made to a customer (unless the payment is for a distinct good or service received from the customer). The Group recognises revenue when it transfers control over a product or service to a customer. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

**Revenue from services**

Revenue from regular beauty sales is recognised as services are provided to the customers.

Revenue in respect of tuition fees received from students for courses run by the Group and also those launched under various schemes by the Government of India is recognised over the period

of the course as the Group believes that the obligation is towards the full course rather than a particular session. Fees are recorded at invoice value, net of discounts, rebate, incentives if any.

Revenue in respect of non-refundable lump sum fees received from the franchisees or infrastructure provider is recognised over the period of the contract.

Revenue in respect of royalty received from the franchisees is recognised on accrual basis at the end of each month in terms of the agreement.

### **Revenue from products**

Revenue from sale of products is recognized when the Group transfers the control of goods to the customer as per the terms of contract, generally on delivery of the products. 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. In determining the transaction price, the Group considers the effects of variable consideration, non-cash considerations and consideration payable to the customer (if any). The Group believes that the control gets transferred to the customer on delivery of the goods to the customers.

### **Rights of return**

Certain contracts provide a customer with a right to return the damaged goods within a specified period.

The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in Ind AS 115 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, the Group recognises a refund liability. A right of return asset (included in inventory) is also recognised for the right to recover products from a customer.

### **Non-cash consideration**

The Group receives advertising services in return of sale of products to select customers. The fair value of such non-cash consideration received from the customer is included in the transaction price when goods are delivered to the customer. The Group applies the requirements of Ind AS 113 Fair Value Measurement in measuring the fair value of the non-cash consideration. If the fair value cannot be reasonably estimated, the non-cash consideration is measured indirectly by reference to the stand-alone selling price of the goods sold.

### **Variable consideration:**

#### **Volume rebates**

Variable consideration in the form of volume rebates is recognised at the time of sale made to the customers and are offset against the amount's receivable from them. To estimate the variable consideration for the expected future rebates, the Group applies the expected value method. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimates of variable consideration and recognises a liability for the expected future rebates.

#### **Display charges**

The Group commonly pays retailers, charges to have their goods displayed prominently on shelves. As these charges do not provide a good or service distinct from sale of products by the Group, this is treated as a reduction to the transaction price.

### **Interest income**

Income from interest on time deposits is recognised on the time proportion method taking into consideration the amount outstanding and the applicable interest rates using the effective interest rate (EIR).

EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

### **Dividends**

Revenue is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

#### **e) Government Grants**

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e., by equal annual instalments.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

#### **f) Taxes**

Income taxes consist of current taxes and changes in deferred tax liabilities and assets.

### **Current income tax**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws. 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 Restated consolidated statement of 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. Advance taxes and provisions for current income taxes are presented in the restated consolidated statement of assets and liabilities after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intends to settle the asset and liability on a net basis.

### **Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

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 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

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of 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 deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting 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.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum Alternative Tax (MAT) provisions are applicable to the Group. Credit of MAT is recognised as deferred tax asset only when it is probable that taxable profits will be available against which credit can be utilised. In the year in which MAT becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the statement of profit and loss. The Group reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit entitlement to the extent it is no longer probable that the Group will pay normal tax during the specified period.

**g) *Property, plant and equipment***

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses if any. Cost directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by the management.

Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. The cost of property, plant and equipment includes interest on borrowings attributable to acquisition of qualifying assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. All other repair and maintenance costs are recognised in Restated consolidated statement of profit and loss as incurred.



Capital work in progress includes projects which are not ready for their intended use. It is stated at cost, comprising direct cost, related incidental expenses and attributable interest, net of accumulated impairment losses, if any.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to note 3 and 14 regarding significant accounting judgements, estimates and assumptions and provisions for further information about the recorded decommissioning provision.

On transition to Ind AS, the group has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 01, 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Restated consolidated statement of profit and loss when the asset is derecognised.

Depreciation on all property, plant and equipment is provided on the straight-line method over the estimated useful life of the assets at rates specified in Schedule II to the Act. Freehold Land is not depreciated as it has unlimited useful life.

The overall range of useful life for the Group is as follows:

Particulars	Useful life (Years)
Building	30 Years
Plant and equipment	10-15 years
Furniture and fixtures	7 -10 years
Vehicles	4 -8 years
Office equipment	5-10 years
Computers:	
• Servers	6 years
• Desktops/ laptops	3 -4 years

- Leasehold improvements are amortized over the period of lease, generally the lease period is 9 years.
- All assets costing ₹5,000 or below are depreciated in full on pro-rata basis from the date of their acquisition.

Depreciation on addition to property, plant and equipment is provided on pro-rata basis from the date the assets are acquired/installed. Depreciation on sale/deduction from property, plant and equipment is provided for up to the date of sale, deduction, discard as the case may be.

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.

#### ***h) Goodwill and Intangible assets***

Goodwill represents the cost of acquired business as established at the date of acquisition of the business in excess of the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities less accumulated impairment losses, if any. Goodwill is tested for impairment annually or when events or circumstances indicate that the implied fair value of goodwill is less than the carrying amount.

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its intangible assets recognised as at April 01, 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of the intangible assets.

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any

directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

The useful lives of intangible assets are assessed as either finite or indefinite.

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. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. 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. The amortisation expense on intangible assets with finite lives is recognised in the restated consolidated statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets are amortised over their estimated useful life as follows:

Particulars	Useful life (Years)
Computer software	6 years
Trademarks	10 years

The estimated useful life of the intangible assets and the amortization period are reviewed at the end of each financial year and the amortization method is revised to reflect the changed pattern.

The residual values, useful lives and methods of depreciation of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

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. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Restated consolidated statement of profit or loss when the asset is derecognised.

**i) *Borrowing cost***

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of cost of that asset. Other borrowing costs are recognised as an expense in the Statement of Profit and Loss in the period in which they are incurred.

Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

**j) *Leases***

On initial application of Ind AS 116, the Group recognised a lease liability measured at the present value of all the remaining lease payments, discounted using the Group's incremental borrowing rate at April 1, 2019 whereas the Group has elected to measure ROU at its carrying amount as if Ind AS 116 had been applied since the lease commencement date, but discounted using the Group's incremental borrowing rate at April 1, 2019.

For the purpose of preparing Restated Consolidated Summary Statements, the Group had adopted Ind AS 116 effective from April 01, 2018 using modified retrospective approach.

## **Group as a lessee**

The Group's lease asset classes primarily consist of leases for land and buildings and other equipment. Other equipment majorly includes machines for providing services to customers. The Group assesses whether a contract contains a lease, at 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 low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include 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 shorter of the lease term and useful life of the underlying asset.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Equipment – 9 months to 61 months
- Premises – 12 months to 159 months

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are re-measured with a corresponding adjustment to the related right of use asset if the Group changes its assessment of 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 has accordingly applied the practical expedient, as per Ind AS 116, for the rent concessions/ rent waivers received due to COVID-19 pandemic by recognising that in other income.

## **k) Inventories**

Raw materials, components, stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the 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 of raw materials, components and stores and spares is determined on a First in First Out (FIFO) basis. Stores and spares which do not meet the definition of property, plant and equipment are accounted as inventories.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on

normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis.

Cost includes all expenses incurred in bringing the goods to their present location and condition including octroi and other levies, transit insurance and receiving charges. Work in Progress and finished goods include appropriate proportion of overheads wherever applicable. Goods in transit are valued at cost excluding import duties.

Traded goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

***l) Impairment of non-financial assets***

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount based on estimates of future cash flows arising from continuing use of such assets and from its ultimate disposal. A provision for impairment loss is recognised where it is probable that the carrying value of an asset exceeds the amount to be recovered through use or sale of the asset.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or cash generating unit (CGU's) recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at March 31 and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

***m) Provisions and Contingent liabilities***

**Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### **Decommissioning liability**

The Group records a provision for decommissioning costs of a leased facility. 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 cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. 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. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

### **Contingencies**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the Restated Consolidated Summary Statements.

#### ***n) Retirement and other employee benefits***

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund are charged to the Restated consolidated statement of profit and loss for the year when an employee renders the related service. The Group has no obligation, other than the contribution payable to the provident fund.

The Group operates a funded defined benefit gratuity plan for its employees. Benefits payable to eligible employees of the Group with respect to gratuity, a defined benefit plan is accounted for on the basis of an actuarial valuation as at the balance sheet date. In accordance with the Payment of Gratuity Act, 1972, the plan provides for lump sum payments to vested employees on retirement, death while in service or on termination of employment in an amount equivalent to 15 days basic salary for each completed year of service. Vesting occurs upon completion of five years of service. The present value of such obligation is determined by the projected unit credit method and adjusted for past service cost and fair value of plan assets as at the balance sheet date through which the obligations are to be settled. The expected return on plan assets is based on the assumed rate of return of such assets.

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.

Accumulated leave is treated as short-term employee benefit as the Group has no unconditional right to defer the liability. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. Such compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss.

Effective the year ended March 31, 2021, the amendment in Ind AS 19 on Plan Amendment, Curtailment or Settlement became applicable. The amendments required the Group to (i) use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and (ii) recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The Group does not have any impact on account of this amendment.

***o) Employee Share-based payments***

The Group has formulated employee Stock Option Plan as approved & modified by Compensation Committee / Board of Directors of the Group from time to time. The Plan provides for grant of Stock Options to eligible employees of the Group and its subsidiaries to acquire equity shares of the Group that vest in a graded manner and that are to be exercised within a specified period. The options are to be converted into one share at a predetermined price to be exercised in accordance with the plan.

The exercise price of the options shall be fair market value on the date of grant per option. That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Under the approved plan, the Group has issued shares to the VLCC Employee Welfare Trust at fair market value determined on the date of issue which is holding the shares on behalf of the employees.

***p) 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.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through restated consolidated statement of profit and loss are recognised immediately in Restated consolidated statement of profit and loss.

## **Financial assets**

### **Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

### **Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

### **Debt instruments at amortised cost**

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is most applicable to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) 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 EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables.

### **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.

### **Impairment of financial assets**

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets and credit risk exposure.

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the restated consolidated statement of profit and loss. This amount is reflected under the head 'other expenses' in the restated consolidated statement of profit and loss.

## **Financial liabilities**

### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or as payables, as appropriate.

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.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, etc.

### **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

#### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to restated consolidated statement of profit and loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the restated consolidated statement of profit or loss.

#### **Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the 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 restated consolidated statement of profit and loss.

#### **Financial guarantee contracts**

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured



at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

### **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the restated consolidated statement of profit or loss.

### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the restated consolidated statement of assets and liabilities if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### **q) *Cash and Cash equivalents***

Cash and cash equivalent in the restated consolidated statement of assets and liabilities comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

### **Cash Flow Statement**

Cash flows are reported using the indirect method, whereby loss 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.

For the purpose of the Restated consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

#### **r) *Earnings/ (Loss) per share***

Basic earnings/(loss) per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings/(loss) per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date.

Dilutive potential equity shares are determined independently for each period presented.

#### **s) *Dividend***

The Company recognises a liability to pay dividend to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. A corresponding amount is recognised directly in equity.

**t) *Treasury shares***

The group has created a VLCC Employee Welfare Trust for providing share-based payment to its employees. The group uses trust as a vehicle for distributing shares to employees under the employee remuneration schemes. The Group has issued shares to the trust at fair market value determined on the date of issue which is holding the shares on behalf of the employees. The group treats trust as its extension and shares held by the trust are treated as treasury shares.

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in equity. Share options exercised during the reporting period are satisfied with treasury shares.

**u) *Segment reporting***

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Operating decision-maker is responsible for allocating resources and assessing performance of the operating segments and makes strategic decisions.

**v) *Exceptional Items***

On certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Group is such that its disclosure improves the understanding of the performance of the Group. Such income or expense is classified as an exceptional item and accordingly disclosed in the Restated Consolidated Summary Statements. Significant impact on the Restated Consolidated Summary Statements arising from disposal of substantial assets of subsidiary, impairment of goodwill and provision for doubtful debts (other than major lines of business that meet the definition of a discontinued operations) are considered and reported as exceptional items.

**w) *Contributed Equity***

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

**Non-GAAP Measures**

**Earnings before Interest, Taxes, Depreciation and Amortization Expenses ("EBITDA")/ EBITDA Margin**

EBITDA presented in this Draft Red Herring Prospectus is a supplemental measure of our performance and liquidity that is not required by, or presented in accordance with, Ind AS, IFRS or US GAAP. Further, EBITDA is not a measurement of our financial performance or liquidity under Ind AS, IFRS or US GAAP and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability, or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, IFRS or US GAAP. In addition, EBITDA is not a standardised term, hence a direct comparison of EBITDA with other companies may not be possible. Other companies may calculate EBITDA differently from us, limiting its usefulness as a comparative measure. Although EBITDA is not a measure of performance calculated in accordance with applicable accounting standards, our Group's management believes that it is useful to an investor in evaluating us because it is a widely used measure to evaluate a Group's operating performance.

The table below reconciles restated profit for the years to EBITDA. EBITDA is calculated as restated profit / (loss) for the years plus total tax expense, exceptional items, depreciation and amortization expense, and finance

costs, while EBITDA Margin is the percentage of EBITDA divided by total income. EBITDA thus calculated would be inclusive of other income.

#### Reconciliation of EBITDA and EBITDA margin

Particulars	Fiscal 2021	Fiscal 2020	Fiscal 2019
	₹ million		
Profit / (Loss) for the year after tax	62.42	(153.10)	(527.05)
Adjustments:			
Add: Total Tax expense / (credit)	(11.00)	(12.23)	(5.47)
Add: Exceptional items	-	32.71	38.13
Add: Depreciation and amortization expense	991.32	1067.11	1195.16
Add: Finance Costs	458.45	544.37	532.23
<b>Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) (A)</b>	<b>1,501.19</b>	<b>1,478.86</b>	<b>1,233.00</b>
Total Income (B)	5,652.42	7,750.23	8,613.09
<b>EBITDA Margin (EBITDA as % of Total Income) (A/B)</b>	<b>26.6%</b>	<b>19.1%</b>	<b>14.3%</b>

#### Segmental EBITDA

The Group's operations predominantly relate to providing beauty and slimming services (wellness and beauty service), sale of related products through wellness centres and vocational trainings at institutes for imparting trainings relating to beauty and nutrition. The management evaluates the Group's performance and allocates resources based on analysis of various performance indicators as per Ind AS 108 pertaining to following three reportable segments:

- Slimming & beauty services (wellness and beauty service) wherein the Group has the business of maintaining and running beauty, slimming, fitness, and health centres at various locations;
- vocational training institutes for imparting education relating to beauty and nutrition.
- Product Business where Group has the business of selling its own manufactured products and other products procured from outside.

#### Segment results and Segment EBITDA

EBITDA calculation for segment has been calculated based on management approach for segment results as defined in Ind AS 108, wherein revenues and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reportable segment have been allocated on the basis of associated revenues of the segment and manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses. Accordingly, the EBITDA for each segment is calculated as Segment result -Profit/ (loss) for the years plus, depreciation and amortization expense, and interest on lease liability (all calculated on consolidated basis), while EBITDA Margin is the percentage of EBITDA divided by total income (all calculated on an consolidated basis).

#### Wellness and Beauty Services:

Particulars	Fiscal 2021	Fiscal 2020	Fiscal 2019
	₹ million		
Profit / (loss) before tax	100.82	35.85	(237.10)
Adjustments:			
Add: Depreciation and amortization expense	843.52	905.26	1,111.07
Add: Interest on lease liabilities	175.67	205.93	142.34
<b>Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) for Wellness and Beauty Services (A)</b>	<b>1,120.01</b>	<b>1,147.04</b>	<b>1,016.31</b>
Total Income (B)	3,416.29	4,806.25	5,441.63
<b>EBITDA Margin (EBITDA as % of Total Income) (A/B)</b>	<b>32.8%</b>	<b>23.9%</b>	<b>18.7%</b>

**Vocational training institutes ("Institutes") business:**

Particulars	Fiscal 2021	Fiscal 2020	Fiscal 2019
	₹ million		
Profit / (loss) before tax	(32.73)	46.04	59.08
<b>Adjustments:</b>			
Add: Depreciation and amortization expense	75.95	87.80	19.34
Add: Interest on lease liabilities	30.90	32.84	38.93
<b>Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) for institutes (A)</b>	<b>74.12</b>	<b>166.68</b>	<b>117.35</b>
Total Income (B)	410.74	674.27	671.93
<b>EBITDA Margin (EBITDA as % of Total Income) (A/B)</b>	<b>18.0%</b>	<b>24.7%</b>	<b>17.5%</b>

**Sale of Products**

Particulars	Fiscal 2021	Fiscal 2020	Fiscal 2019
	₹ million		
Profit / (loss) before tax	236.49	95.28	(17.97)
<b>Adjustments:</b>			
Add: Depreciation and amortization expense	68.00	70.41	59.33
Add: Interest on lease liabilities	2.81	3.23	59.36
<b>Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) for Sale of products business (A)</b>	<b>307.30</b>	<b>168.92</b>	<b>100.72</b>
Total Income (B)	1,825.39	2,269.71	2,499.53
<b>EBITDA Margin (EBITDA as % of Total Income) (A/B)</b>	<b>16.8%</b>	<b>7.4%</b>	<b>4.0%</b>

**Description of Key Income Statement Line Items**

Below is a summary description of the key elements of the line items of our income statement.

***Revenue from Operations***

Our revenue from operations consists of our gross sale of services and products and other operating revenue.

Our revenue from sale of services consists of an integrated portfolio of weight management, wellness and beauty services through our network of our Wellness Clinics in India and internationally, as well as tuition fees received from students at our Institutes. Sales of services sold to customers at our Wellness Clinics include multi-visit packages for weight management, wellness and beauty services as well as one-session based beauty services. Sale of services also includes our franchisee sign-up fees and royalty income from our franchisees.

Our revenue from sales of products includes sales of skincare, hair-care, body-care products and nutraceutical products.

Our other operating income includes certain benefits and incentives we receive on GST refunds, subsidy from Government and duty drawback on sale of products.

***Other Income***

Other income includes liabilities written back which do not require provisions, lease concession income, miscellaneous income, net gains on foreign currency translation, and provision for doubtful debts and advances written back.

***Expenses***

Expenses includes, among others, cost of materials consumed, purchase of stock-in-trade, employee benefits expense such as salaries and wages paid to our employees, contributions to provident and other funds and incentives and commission paid to employees, lease rental expense, advertisement and sales promotion expenses, other administrative expenses and depreciation and amortization expense. Expenses also include the finance costs, which consist of interest on term loan, cash credit, and other loans, interest on lease liability and other finance cost, e.g., consumer financing charges/credit card charges.

### Exceptional Items

Exceptional items include disposal of substantial assets of subsidiary, impairment of goodwill and provision of doubtful debt.

### Tax Expense

Tax expense includes taxes paid on income, minimum alternate tax paid on booked profits and deferred tax charge (credit).

### Results of Operations based on Restated Consolidated Summary Statements

The following table sets out our financial data derived from our Restated Consolidated Summary Statements for each of the periods indicated and its components expressed as a percentage of the total income for such periods.

(₹ in million)

Particulars	Fiscal 2021		Fiscal 2020		Fiscal 2019	
	(₹ in million)	(%)*	(₹ in million)	(%)*	(₹ in million)	(%)*
<b>Revenue</b>						
Revenue from operations	5,329.18	94.3	7,695.68	99.3	8,524.26	99.0
Other Income	323.24	5.7	54.55	0.7	88.83	1.0
<b>Total Income (I)</b>	<b>5,652.42</b>	<b>100.00</b>	<b>7,750.23</b>	<b>100.0</b>	<b>8,613.09</b>	<b>100.0</b>
<b>Expenses</b>						
Cost of materials consumed	976.21	17.3	1,318.67	17.0	1,261.40	14.6
Purchase of stock-in-trade	88.63	1.6	125.94	1.6	189.01	2.2
(Increase)/ Decrease in inventories of stock-in-trade	86.10	1.5	(95.37)	(1.2)	(8.11)	(0.1)
Employee benefits expense	1,707.75	30.2	2,531.28	32.7	3,075.05	35.7
Depreciation and amortization expense	991.32	17.5	1,067.11	13.8	1,195.16	13.9
Finance costs	458.45	8.1	544.37	7.0	532.23	6.2
Other expenses	1,292.54	22.9	2,390.85	30.8	2,862.74	33.2
<b>Total expenses (II)</b>	<b>5,601.00</b>	<b>99.1</b>	<b>7,882.85</b>	<b>101.7</b>	<b>9,107.48</b>	<b>105.7</b>
<b>Restated profit/ (loss) before exceptional items and tax (III) = (I - II)</b>	<b>51.42</b>	<b>0.9</b>	<b>(132.62)</b>	<b>(1.7)</b>	<b>(494.39)</b>	<b>(5.7)</b>
Exceptional items (IV)	0.00	0.00	32.71	0.4	38.13	0.4
<b>Restated profit/ (loss) before tax (V) = (III-IV)</b>	<b>51.42</b>	<b>0.9</b>	<b>(165.33)</b>	<b>(2.1)</b>	<b>(532.52)</b>	<b>(6.1)</b>
<b>Tax expense:</b>						
Current tax	21.43	0.4	23.02	0.3	17.42	0.2
Adjustment of tax relating to earlier years	2.16	0.04	0.00	0.00	(0.49)	(0.01)
Deferred tax charge/(credit)	(34.60)	(0.6)	(35.25)	(0.5)	(22.40)	(0.3)
<b>Total tax expense/(credit) (VI)</b>	<b>(11.00)</b>	<b>(0.2)</b>	<b>(12.23)</b>	<b>(0.2)</b>	<b>(5.47)</b>	<b>(0.1)</b>
<b>Restated profit/(loss) for the year after tax (VII) = (V-VI)</b>	<b>62.42</b>	<b>1.1</b>	<b>(153.10)</b>	<b>(2.0)</b>	<b>(527.05)</b>	<b>(6.1)</b>
<b>Other comprehensive income</b>						
<b>Items that will not to be reclassified to profit or loss in subsequent periods:</b>						
Remeasurement losses on defined benefit plans	(12.84)	(0.2)	(2.33)	(0.03)	(21.22)	(0.3)
Income tax credit	0.11	0.00	0.00	0.00	0.02	0.00
<b>Items that will be reclassified to profit or loss in subsequent periods:</b>						
Exchange differences on translation of foreign operations	1.73	0.03	30.94	0.4	6.98	0.1
<b>Restated other comprehensive profit/(loss) of the year, net of tax (VIII)</b>	<b>(11.00)</b>	<b>(0.2)</b>	<b>28.61</b>	<b>0.4</b>	<b>(14.22)</b>	<b>(0.2)</b>
<b>Restated total comprehensive profit/(loss) of the year, net of tax (IX) = (VII+VIII)</b>	<b>51.42</b>	<b>0.9</b>	<b>(124.49)</b>	<b>(1.6)</b>	<b>(541.27)</b>	<b>(6.3)</b>

\* (%) column represents percentage of total income.

## Fiscal 2021 compared with Fiscal 2020

### Consolidated Total Income

The following table sets forth our revenue for the years indicated.

	Fiscal			
	2021		2020	
	(₹ million)	% of total income	(₹million)	% of total income
<b>Revenue from Operations</b>				
Sale of products	1,796.61	31.8%	2,208.27	28.5%
Sale of services	3,531.29	62.5%	5,471.02	70.6%
Other operating revenues	1.28	0.0%	16.39	0.2%
<b>Revenue from Operations (I)</b>	<b>5,329.18</b>	<b>94.3%</b>	<b>7,695.68</b>	<b>99.3%</b>
<b>Other income (II)</b>	<b>323.24</b>	<b>5.7%</b>	<b>54.55</b>	<b>0.7%</b>
<b>Total Income (I+II)</b>	<b>5,652.42</b>	<b>100.0%</b>	<b>7750.23</b>	<b>100.0%</b>

### Revenue from Operations

Our revenue from operations decreased from ₹ 7,695.68 million in Fiscal 2020 to ₹ 5,329.18 million in Fiscal 2021, due to the severe impact of COVID-19 and consequent lockdowns and restrictions imposed thereafter. The impact was more severe for the six months period ended September 2020. Our sales do not include sales made by franchisee-operated Wellness Clinics and Institutes. We recognize only the royalty income received from the Franchisee in our financial results.

Revenue from sales of products was ₹ 1,796.61 million in Fiscal 2021, which was a 18.6% decrease from ₹ 2,208.27 million in Fiscal 2020. The decrease was primarily due to impact of COVID-19 and closure of malls and retail outlets for a certain period. However, we grew our reach on e-commerce channels and increased sales from this channel by 129.1% in Fiscal 2021 over Fiscal 2020. Consequently, the share of total revenue through e-commerce channels grew from 9.6% in Fiscal 2020 to 26.4% of sales of products in India.

Revenue from sales of services was ₹ 3,531.29 million in Fiscal 2021, which was a 35.5% decrease from ₹ 5,471.02 million in Fiscal 2020. The sale of wellness and beauty services to customers decreased in Fiscal 2021 largely due impact of COVID-19 in the first six months of the Fiscal 2021 as well as reduced store-level operations, including reduced operating hours post lifting of lockdown and also due to closure of six under-performing Wellness & Beauty Clinics in India and conversion of eight Wellness & Beauty Clinics from Company operated model to franchisee operated model. These also include income from franchisee and royalty income totaling to ₹ 105.32 million in Fiscal 2020 and ₹ 66.90 million in Fiscal 2021, for the franchisee operated Wellness Clinics and Institutes, being share of our revenue out of billing done by franchisee wellness clinics to the customers.

Other operating revenue was ₹ 1.28 million in Fiscal 2021, compared to ₹ 16.39 million in Fiscal 2020. This consisted of duty draw back and other benefits on exports of products, and was lower due to drop in sales and making of certain provisions impacting net other operating revenue in Fiscal 2021.

### Other income

Our other income was ₹ 323.24 million in Fiscal 2021, which was a significant increase of 492.6% from ₹ 54.55 million in Fiscal 2020. The increase is mainly due to:

- Liabilities written back amounting to ₹ 43.33 million in Fiscal 2021 compared to ₹ 0.29 million in Fiscal 2020;
- lease concessions amounting to ₹ 222.12 million in Fiscal 2021 compared to nil in Fiscal 2020; and
- gain on de-recognition of lease liability of ₹ 20.78 million in Fiscal 2021 compared to nil in Fiscal 2020.

### Cost of materials consumed

Cost of materials consumed in Fiscal 2021 was ₹ 976.21 million, which was a decrease of 26.0% from ₹ 1,318.67 million in Fiscal 2020. As a percentage of total income, the cost of materials consumed increased marginally from 17.0% in Fiscal 2020 to 17.3% in Fiscal 2021.

### ***Purchases of stock-in-trade***

Purchases of stock-in-trade in Fiscal 2021 was ₹ 88.63 million, which was a decrease of 29.6% from ₹ 125.94 million in Fiscal 2020. The decrease was due to lower sales as a result of COVID-19 impact. However, as a percentage of total income, purchase of stock in trade remains at 1.6% in Fiscal 2020 and 2021.

### ***(Increase)/Decrease in inventories of stock-in-trade***

Change in inventories of stock-in-trade in Fiscal 2021 was a decrease of ₹ 86.10 million, as against increase in stock-in-trade of ₹ 95.37 million in Fiscal 2020. This was mainly due to sudden lockdown in March 2020 resulting in non-dispatches of our product and hence higher stock was lying at year end. In Fiscal 2021, we effectively managed our supply chain and dispatches were made in time resulting in lesser closing stock as on March 31, 2021.

### ***Employee benefits expense***

Employee benefits expense in Fiscal 2021 was ₹ 1,707.75 million, which was a decrease of 32.5% from ₹ 2,531.28 million in Fiscal 2020, which was primarily due to temporary voluntary reduction in the salaries taken by senior management and certain other employees during the COVID-19 pandemic till September 30, 2020 and productivity improvement as well as a decision to not fill vacancies due to reduction of business caused by pandemic, without impacting quality of service to our customers. Employee benefits expense as a percentage of total income decreased from 32.7% in Fiscal 2020 to 30.2% in Fiscal 2021 primarily due to our cost rationalization measures during COVID-19 across businesses. Decrease in direct employees cost also resulted in decrease in employee benefits e.g. provident fund and other funds, and decrease in related staff welfare expenses.

### ***Other expenses***

Our other expenses include advertisement and sales promotion expenses, rent, impairment allowance of trade receivables and other administration expense. Other expenses decreased by 45.9% from ₹ 2,390.85 million in Fiscal 2020 to ₹ 1,292.54 million in Fiscal 2021, primarily due to a decrease in:

#### ***Advertisement and sales promotion expenses***

Advertisement and sales promotion expenses was ₹ 256.37 million in Fiscal 2021, which was a decrease of 66.7% from ₹ 768.78 million in Fiscal 2020 as a result of lower revenue from operations in our Services Business, and reduced localized marketing expense at the store level on account of store closures as a result of the lockdown on account of COVID-19 pandemic. We also shifted major part of our marketing cost on on-line social media and digital media. Advertisement and sales promotion expenses as a percentage of total income decreased from 9.9% in Fiscal 2020 to 4.5% in Fiscal 2021.

#### ***Other expenses***

Other expenses, excluding advertisement and sales promotion expenses, were ₹ 1,036.17 million in Fiscal 2021, which was a decrease of 36.1% from ₹ 1,622.07 million in Fiscal 2020, primarily due to saving in most of the other administrative expenses which is partly due to reduction of overall working hours of the outlets and also due to negotiation on all expenses. Also, these other administrative expenses as a percentage of total income decreased significantly from 20.9% in Fiscal 2020 to 18.3% in Fiscal 2021.

### ***Finance costs***

Our finance costs consist of interest on term loan, cash credit, others, other finance cost, unwinding of discount and effect of changes in discount rate on provisions were ₹ 458.45 million in Fiscal 2021, which was a decrease of 15.8%, from ₹ 544.37 million in Fiscal 2020, which was primarily due to reduction in interest on other finance cost and interest on lease liabilities, and also due to reduction in other finance with reduction in revenue. Out of total finance cost of ₹ 458.45 million in Fiscal 2021, a major part of finance cost is interest on lease liabilities amounting to ₹ 209.38 million.

### ***Depreciation and amortization expense***

Depreciation and amortization expense decreased by 7.1% from ₹ 1067.11 million in Fiscal 2020 to ₹ 991.32 million in Fiscal 2021 primarily due to reduction in depreciation on property, plant & equipment from ₹ 426.75 million in Fiscal 2021 to ₹ 396.92 million in Fiscal 2020. with closer of few outlets in India, and reduction in

amortization of right-of-use assets from ₹ 625.89 in Fiscal 2020 to ₹ 582.32 in Fiscal 2021 with change in term of lease and pre-closer of few leases.

### ***Tax expense***

Tax expense/ (credit) in Fiscal 2021 was ₹ (11.00) million, compared to ₹ (12.23) million in Fiscal 2020. Our tax expense/ (credit) as a percentage of restated profit/ (loss) for the year before tax was (21.4)% in Fiscal 2021 compared to 7.4% in Fiscal 2020. In Fiscal 2021, we also received tax benefits of unabsorbed depreciation and losses available in some entities. We have lower tax rate in most of the countries in the GCC Region.

### ***Restated total comprehensive profit/(loss) of the year, net of tax***

As a result of the foregoing, total comprehensive profit for the year after tax in Fiscal 2021 was ₹ 51.42 million, which was a significant increase from ₹ (124.49) million in Fiscal 2020, which was mainly due to significant reduction in each component of expense.

### **Fiscal 2020 compared with Fiscal 2019**

#### ***Consolidated Total Income***

The following table sets forth our revenue for the years indicated.

	Fiscal			
	2020		2019	
	(₹ million)	% of total income	(₹million)	% of total income
<b>Revenue from Operations</b>				
Sale of products	2,208.27	28.5%	2,400.48	27.9%
Sale of services	5,471.02	70.6%	6,095.65	70.8%
Other operating revenues	16.39	0.2%	28.13	0.3%
<b>Total revenue from operations (I)</b>	<b>7,695.68</b>	<b>99.3%</b>	<b>8,524.26</b>	<b>99.0%</b>
<b>Other income (II)</b>	<b>54.55</b>	<b>0.7%</b>	<b>88.83</b>	<b>1.0%</b>
<b>Total Income (I+II)</b>	<b>7,750.23</b>	<b>100.0%</b>	<b>8,613.09</b>	<b>100.0%</b>

#### ***Revenue from operations***

Our revenue from operations decreased by 9.7% from ₹ 8,524.26 million in Fiscal 2019 to ₹ 7,695.68 million in Fiscal 2020 as summarized below:

Our revenue from sale of products was ₹ 2,208.27 million in Fiscal 2020, which was an 8.0% decrease from ₹ 2,400.48 million in Fiscal 2019. The decrease was primarily due to loss of business due to sudden lockdown owing to COVID-19 pandemic in March 2020 causing non-dispatch of products against firm orders and exiting from certain markets in GCC Region for our Personal Care Products business resulting in drop in revenue by ₹ 171.10 million.

Revenue from sale of services decreased to ₹ 5,471.02 million in Fiscal 2020, which was a 10.3% decrease from ₹ 6,095.65 million in Fiscal 2019. This decrease was primarily due to closure of our wellness services business in Malaysia which gave us revenue of ₹ 124.24 million in Fiscal 2019. We also lost sales in the month of March 2020 for our Wellness Clinics business due to sudden lockdown on account of COVID-19 pandemic in the month of March 2020. Typically, our sales in the month of March are much higher than sales in other months due to aggressive sales promotions, schemes, discounts and incentives. These also include income from franchisee and royalty income totaling to ₹ 105.32 million in Fiscal 2020 and ₹ 117.96 million in Fiscal 2019, for the franchisee operated Wellness Clinics and Institutes, being share of our revenue out of billing done by franchisee wellness clinics to the customers. Our sales do not include sales made by franchisee operated Wellness Clinics and Institutes. We recognize only the royalty income received from the franchisees in our financial results.

Other operating income in Fiscal 2020 consisted of ₹ 0.49 million duty drawback and ₹ 0.80 million of credit under the Government's "Focus Product Scheme" and ₹ 15.09 million of GST refund that we receive for dispatches from our Haridwar plant, eligible to get tax benefits for location based exemption, and decreased from the other operating income of ₹ 28.13 million in Fiscal 2019, which was primarily due to fall in exports and decrease in GST refund after expiry of period of tax benefits for our Haridwar Plant.



### ***Other income***

Other income decreased to ₹ 54.55 million in Fiscal 2020 from ₹ 88.83 million in Fiscal 2019 as a result of decrease in provision for doubtful assets written back, which amounted to ₹ 48.10 million in Fiscal 2019 compared to nil in Fiscal 2020.

### ***Cost of materials consumed***

Cost of materials consumed in Fiscal 2020 was ₹ 1,318.67 million, which was an increase of 4.5% from ₹ 1,261.40 million in Fiscal 2019. The increase was primarily due to change of business mix towards high material cost services, while our corresponding cost of materials consumed as a percentage of total income increased from 14.7% in Fiscal 2019 to 17.0% in Fiscal 2020.

### ***Purchases of stock-in-trade***

Purchases of stock-in-trade in Fiscal 2020 was ₹ 125.94 million, which was a decrease of 33.4% from ₹ 189.01 million in Fiscal 2019. The decrease was primarily due to higher focus on in-house manufactured products.

### ***(Increase)/Decrease of inventories in stock-in-trade***

Changes of inventories in stock-in-trade in Fiscal 2020 were an increase of ₹ 95.37 million against increase of ₹ 8.11 million in Fiscal 2019. This change was primarily due to increase in stock as on March 31, 2020 due to sudden lockdown hence, the products ready for dispatch could not be delivered.

### ***Employee benefits expense***

Employee benefits expense in Fiscal 2020 was ₹ 2,531.28 million, which was a decrease of 17.7% from ₹ 3,075.05 million in Fiscal 2019. The decrease was due primarily to control of head-count at our corporate office for all our businesses and also due to closure of our business in Malaysia. The employee benefits expense as a percentage of total income was 32.7% in Fiscal 2020, compared to 35.7% in Fiscal 2019.

### ***Other expenses***

Our other expenses include advertisement and sales promotion expenses, rent, impairment allowance of trade receivables and other administration expense.

#### ***Advertisement and sales promotion expenses***

Advertisement and sales promotion expenses were ₹ 768.78 million in Fiscal 2020, which was a decrease of 32.2% from ₹ 1,133.10 million in Fiscal 2019, primarily due to planned control on these expenses as brand image is strong and due to shift online social media to attract new customers. Advertising and sales promotion expenses as a percentage of total income have decreased from 13.2 % in Fiscal 2019 to 9.9% in Fiscal 2020.

#### ***Other expenses***

Other expenses, excluding advertisement and sales promotion expenses were ₹ 1,622.07 million in Fiscal 2020, which was a decrease of 6.2% from ₹ 1,729.64 million in Fiscal 2019 due to reduction in travelling and conveyance expenses, repair and maintenance expenses, etc. However, other expenses as a percentage of total income increased from 20.1% in Fiscal 2019 to 20.9% in Fiscal 2020.

### ***Finance costs***

Finance costs, which consist of interest on borrowing, lease liabilities other interest and credit card charges, were ₹ 544.37 million in Fiscal 2020, which was an increase of 2.3% from ₹ 532.23 million in Fiscal 2019. This also includes interest on lease liabilities of ₹ 242.00 million in Fiscal 2020 as against ₹ 240.63 million in Fiscal 2019. Interest on term loan, cash credit and others in Fiscal 2020 was ₹ 140.86 million as compared to ₹ 136.92 million in Fiscal 2019.

### ***Depreciation and amortization expense***

Depreciation and amortization expense decreased to ₹ 1,067.11 million in Fiscal 2020, which was a decrease of 10.7% from ₹ 1,195.16 million in Fiscal 2019 primarily due to reduction in depreciation of property, plant & equipment by ₹ 186.10 million in Fiscal 2020. This also includes amortization of right-of-use assets of ₹ 625.89 million in Fiscal 2020 compared to ₹ 567.23 million in Fiscal 2019.

### ***Exceptional items***

During Fiscal 2020, the company has an exceptional expense of ₹ 32.71 million mainly for provision for doubtful debts due to impact of COVID-19 and impairment of goodwill, whereas during Fiscal 2019, exceptional expense was ₹ 38.13 million due to disposal of substantial asset of subsidiary.

### ***Tax expense***

Tax expense/ (credit) was ₹ (12.23) million in Fiscal 2020 compared to ₹ (5.47) million in Fiscal 2019. The decrease was due to higher profits in GCC Region which has nil or negligible tax, and tax benefits available under section 80IE of Income Tax Act for our manufacturing plant in Assam for 10 years. Therefore, our tax expense / (credit) as a percentage of restated profit/(loss) before tax was 7.4% in Fiscal 2020 compared to 1.0% in Fiscal 2019.

### ***Restated total comprehensive profit/(loss) of the year, net of tax***

As a result of the foregoing, total comprehensive loss for the year after tax was ₹ (124.49) million in Fiscal 2020 as compared to ₹ (541.27) million in Fiscal 2019. The reduction in loss was largely due to control of expenses, exiting from loss making non-core businesses.

### **Liquidity and Capital Resources**

Our financial condition and liquidity are and will continue to be influenced by a variety of factors, including:

- our ability to generate cash flows from our operations;
- the level of our outstanding indebtedness and the indebtedness of our subsidiaries, and the interest we are obligated to pay on such indebtedness, which affects our net financial expenses;
- prevailing interest rates, which affect our debt service requirements;
- our ability to continue to borrow funds from financial institutions; and
- our capital expenditure requirements, which consist mainly of maintenance of existing facilities and VLCC Wellness Clinics as well as their expansion and machines for our Personal Care Products business.

Our cash requirements consist mainly of the following:

- funding operating activities;
- funding capital expenditures;
- servicing our indebtedness
- investment in information technology infrastructure; and
- paying taxes.

Our sources of liquidity historically consisted, and will consist after the Offer, mainly of the following:

- cash generated from our operating activities;
- borrowings under debt securities; and
- capital contributions from our shareholders.

Our ability to generate cash from our operations depends on our future operating performance, which is in turn dependent, to some extent, on competition as well as general economic, financial, market, regulatory and other factors, many of which are beyond our control, as well as other factors discussed under “*Risk factors*” on page 24.

## Analysis of Cash Flows based on our Restated Consolidated Summary Statements

The following table sets out a summary of our cash flows for the periods indicated.

	Fiscal		
	2021	2020	2019
	(₹ in million)		
Net cash flow from operating activities	1,214.57	1,171.80	1,745.96
Net cash used in investing activities	(124.89)	(309.92)	(399.23)
Net cash used in financing activities	(827.73)	(1,163.18)	(1,292.10)
<b>Cash and cash equivalent at the end of the year</b>	<b>383.38</b>	<b>121.43</b>	<b>422.73</b>

### Net Cash from Operating Activities

Net cash from operating activities was ₹1,214.57 million in Fiscal 2021, which was an increase compared with ₹1,171.80 million in Fiscal 2020. This increase was primarily attributable to increase in profits in Fiscal 2021.

Net cash from operating activities was ₹1,171.80 million in Fiscal 2020, compared with ₹ 1,745.96 million in Fiscal 2019. This decrease was primarily attributable to decrease in trade payables and other financial liabilities in Fiscal 2020 compared to increase in liabilities in Fiscal 2019. Our operating profit before working capital changes in Fiscal 2020 increased to ₹ 1,652.09 million from ₹ 1,211.74 million in Fiscal 2019.

### Net Cash used in Investing Activities

Net cash used in investing activities was ₹ (124.89) million in Fiscal 2021, which was a decrease of ₹ 185.03 million compared with ₹ (309.92) million in Fiscal 2020. This change was primarily attributable to decrease in cash flow used in purchase of property, plant and equipment including capital advance, and increase in proceeds from bank deposits in Fiscal 2021.

Net cash used in investing activities was ₹ (309.92) million in Fiscal 2020, which was a decrease of ₹ 89.31 million compared with ₹ (399.23) million in Fiscal 2019. This change was primarily attributable to decrease in cash flow used in purchase of property, plant and equipment including capital advance in Fiscal 2020 compared to Fiscal 2019.

The purchase of property, plant and equipment including capital advance has been ₹ 182.98 million, ₹ 271.82 million and ₹ 435.36 million for Fiscal 2021, Fiscal 2020 and Fiscal 2019 respectively.

### Net Cash used in Financing Activities

Net cash used in financing activities was ₹ (827.73) million in Fiscal 2021, compared to ₹ (1163.18) million in Fiscal 2020. This change was due to reduction in lease payment after negotiation in Fiscal 2021 and reduction in repayment of bank borrowing in Fiscal 2021.

Net cash from financing activities was ₹ (1,163.18) million in Fiscal 2020, which was an increase from ₹ (1,292.10) million in Fiscal 2019, due to inflow of funds from borrowing in Fiscal 2020.

### Current Ratio

As of March 31, 2019, 2020 and 2021, our current ratio total current assets divided by total current liabilities was 0.42, 0.37 and 0.43 respectively. The current liabilities also include lease liabilities as per Ind AS 116 accounting as well as contract liabilities, as we get money in advance from our customers for Wellness Clinics and Institutes. Excluding these two liabilities, our adjusted current ratio for Fiscal 2021 is 0.63.

### Capital Expenditure

Capital expenditure relates mainly to opening of new facilities, refurbishments and the purchase of machinery and equipment, as well as business acquisitions.

Our purchase of property, plant and equipment including capital advance of ₹ 182.98 million, ₹ 271.82 million and ₹ 435.36 million in Fiscal 2021, Fiscal 2020 and Fiscal 2019, respectively, was primarily for the business of wellness and services, institutes and product sales.

## Contractual Obligations and Commitments

The following table summarizes our contractual obligations and commitments as of March 31, 2021.

	Total	Less than 1 year	More than 1 year
	(₹ million)		
<i>Borrowing:</i>			
Long-term borrowings	505.59	-	505.59
Borrowings due in one year	316.49	316.49	-
Overdraft/ CC borrowings (including other current borrowings)	509.58	509.58	-
<i>Others:</i>			
Future lease payments	2,386.78	658.42	1,728.36

Debt obligations due to be repaid in the next 12 months are expected to be satisfied with operating cash flows. We believe that cash flows from operating activities, together with borrowings made available will be sufficient for the next 12 months to fund currently anticipated capital expenditure requirements, debt service requirements and working capital requirements.

## Liabilities and Indebtedness

Our borrowings consist of secured and unsecured long-term borrowings, including secured bank term loans and vehicle loans, and short-term borrowings. For details of our key borrowings, see the section entitled “*Financial Indebtedness*” on page 365 of this Draft Red Herring Prospectus for more details.

## Contingent Liabilities

From time to time, we provide guarantees in the form of performance bonds in the normal course of our business, and we have provided certain guarantees for the performance of certain of our subsidiaries under their respective credit agreements. For further details, see “*Risk Factors — Contingent liabilities that have not been provided for could adversely affect our financial condition.*” on page 34.

Following is the summary table of our contingent liabilities as of March 31, 2021, as per Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets.

	As of March 31, 2021
	(₹ million)
Claims against the Group not acknowledged as debts	4.57
Other money for which the Group is contingently liable:	
– Value added tax	22.15
– Income tax	9.56
– Luxury tax	4.04
– Service tax	8.97
– Entry tax	7.85

## Qualitative and Quantitative Analysis of Market Risks

We use various financial instruments including loans, cash, trade debtors and trade creditors that arise directly from our operations. The main purpose of these financial instruments is to raise finance for our operations.

The main risks arising from our financial instruments are credit risk, interest rate risk and foreign currency risk. Our directors review and agree on policies for managing each of these risks and they are summarized below.

### Credit risk

We are exposed to credit risk primarily with respect to trade receivables and loans. We manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. The maximum exposure to credit risk is limited to the carrying amounts of receivables and loans as stated in our statement of financial position.

### ***Interest rate risk***

Our exposure to interest rate risk relates primarily to our deposits at financial institutions, bank overdrafts, short-term borrowings, long-term borrowings, debentures and convertible bonds. Most of our financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

### ***Foreign currency risk***

Our exposure to foreign currency risk arises mainly from trading transactions and borrowings that are denominated in foreign currencies.

### ***Reputational risk***

We believe that the recognition and reputation of our “VLCC” brand for our services and products among customers have contributed significantly to the growth and success of our business. Maintaining and enhancing the recognition and reputation of our brand are, therefore, critical to our business and competitiveness. If we fail to maintain our reputation, enhance our brand recognition or increase positive awareness of our services and products, it may be difficult to maintain and grow our customer base, which could have a material adverse effect on our business, prospects, financial condition and results of operations.

### **Unusual or Infrequent Events or Transactions**

The threats posed by the unprecedented COVID-19 pandemic crisis are multifold. In many countries, businesses have been forced to cease or limit their operations for long or indefinite period of time. India declared COVID-19 as a “notified disaster” on March 14, 2020 and imposed a nationwide lockdown on March 24, 2020, as a result of which our operations were moderately to severely impacted for two to five months for Wellness Clinics and for six months for our Institutes in the first half of Fiscal 2021. The outbreak of COVID-19 and the lockdown also had an adverse impact on our businesses in South Asia and GCC Region. In GCC Region, lockdown was implemented from the last week of March 2020. This led to closure of our Wellness Clinics and Institutes in the GCC Region for two to five months. The time frame for which the COVID-19 pandemic’s impact shall prevail still remains uncertain. For details, please refer “*Risk Factors - The COVID-19 pandemic has affected our regular business operations and the extent to which it may continue to do so in the future is uncertain and depends on the severity and duration of the COVID-19 pandemic*” on page 26 of the DRHP. The COVID-19 pandemic also led to suspension of our new outlet expansion plans.

In April and May 2021, India experienced a second severe wave of the COVID-19, leading to most State Governments progressively imposing lockdowns or early closure of our Wellness Clinics, leading to further business disruption. In the wake of COVID-19, salons, spas, gyms, wellness and beauty clinics have been under constant watch by the Government owing to physical proximity in conducting the services offered, due to which the Government has been enforcing stringent norms and announcing their temporary shutdown. As of July 31, 2021, all our Wellness Clinics and Institutes in India and GCC Region are operational. Our footfalls and sales have since started to recover, although not yet to levels we saw prior to the COVID-19 pandemic.

We considered the uncertainty relating to the COVID-19 pandemic in assessing the recoverability of receivables, goodwill, intangible assets, investments and other assets. We have also used the principles of prudence in applying judgements, estimates and assumptions including sensitivity analysis and based on the current estimates, we expect to fully recover the carrying amount of receivables, goodwill, intangible assets, investments and other assets. As the outbreak continues to evolve, we will continue to closely monitor any material changes to future economic conditions.

### **Known Trends or Uncertainties**

Other than as described in the sections entitled “*Risk Factors*” and this “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 24 and 322, respectively, of this Draft Red Herring Prospectus, to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on our income or revenue from operations.

### **Unusual or Infrequent Events or Transactions**

Except as described in this Draft Red Herring Prospectus, to our knowledge, there have been no events or transactions that may be described as “unusual” or “infrequent.”

### **Future Relationship between Cost and Revenue**

Other than as described in the sections entitled “*Risk Factors*” and this “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 24 and 322, respectively, of this Draft Red Herring Prospectus, to our knowledge there are no known factors which will have a material adverse impact on our results of operations or financial condition.

### **New Product or Business**

Other than as described in the sections entitled “*Our Business*” on page 156 of this Draft Red Herring Prospectus, respectively, there are no new products or businesses in which we operate.

### **Competitive Conditions**

We expect competitive conditions in our industry to intensify further as new entrants emerge and as existing competitors seek to emulate our business model and offer similar products and services. For further details, please refer to the sections entitled “*Risk Factors*” and “*Our Business*” on pages 24 and 156, respectively, of this Draft Red Herring Prospectus.

### **Taxes**

For details regarding taxation and the regulatory environment in which the Company operates, see the section entitled “*Key Regulations and Policies*” on page 189.

### **Significant Developments after March 31, 2021**

Except as disclosed elsewhere in this Draft Red Herring Prospectus, there is no subsequent development after the date of our financial information contained in this Draft Red Herring Prospectus which materially and adversely affects, or is likely to affect, our operations or profitability, or the value of our assets, or our ability to pay our material liabilities within the next twelve months.

### **Recent Accounting Pronouncements**

As of the date of this Draft Red Herring Prospectus, there are no recent accounting pronouncements, which would have a material effect on our financial condition or results of operations.

## CAPITALISATION STATEMENT

The following table sets forth our Company's capitalization as at March 31, 2021, derived from our Restated Consolidated Summary Statements, and as adjusted for the Offer. 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 322, 238 and 24, respectively.

(₹ in million)		
Particulars	Pre-Offer as at March 31, 2021	As adjusted for the proposed Offer
<b>Debt</b>		
Current borrowings (A)*	509.58	[●]
Non-current borrowings (including current maturity of long term borrowings) (B)*	822.08	[●]
<b>Total borrowings* (C=A+B)</b>	<b>1,331.66</b>	<b>[●]</b>
<b>Equity</b>		
Equity Share capital*	376.68	[●]
Other Equity*	420.79	[●]
<b>Total equity (D)</b>	<b>797.47</b>	<b>[●]</b>
<b>Non-current borrowings (including current maturity of long term borrowings)/Total equity (B/D)</b>	<b>1.03</b>	<b>[●]</b>
<b>Total Borrowings/Total equity (C/D)</b>	<b>1.67</b>	<b>[●]</b>

\* These terms shall carry the meaning as per Schedule III of the Companies Act, 2013.

Notes:

1) The corresponding post Offer capitalization data for each of the amounts given in the above table is not determinable at this stage pending the completion of the Book Building process and hence the same have not been provided in the above statement.

2) The above statement does not include lease liability as per Ind AS 116 disclosed under other financial liability in the Restated Consolidated Summary Statements.

## FINANCIAL INDEBTEDNESS

Our Company and our Subsidiaries avail credit facilities in the ordinary course of business for purposes such as, *inter alia*, meeting our working capital requirements, capital expenditure for opening of new outlets and refurbishment of existing outlets.

Our Company and Subsidiaries have obtained the necessary consents required under the relevant loan documentation for undertaking activities in relation to the Offer, including effecting a change in our capital structure, change in our shareholding pattern, change in our constitutional documents, change in the management or board composition, amendment to constitutional documents of our Company, as applicable.

For details regarding the resolution passed by our Shareholders on June 4, 2021 authorizing the borrowing powers of our Board, see “*Our Management –Borrowing Powers*” on page 221.

Set forth below is a brief summary of the financial indebtedness, of our Company and our Subsidiaries:

(₹ million)		
Category of borrowing	Sanctioned amount (Rs. million)	Outstanding amount as on March 31, 2021 (Rs. million)*
<b>Borrowings of our Company</b>		
<b>Term loans</b>		
Secured	573.70	213.60
Unsecured	240.00	170.00
<b>Working capital loans/Cash credit facilities</b>		
Secured	85.40	32.00
Unsecured	50.00	50.00
<b>Total (A)</b>	<b>949.10</b>	<b>465.60</b>
<b>Borrowings of our Subsidiaries</b>		
<b>Term loans</b>		
Secured	657.50	443.00
Unsecured	12.10	12.10
<b>Working capital loans/Cash credit facilities</b>		
Secured	480.30	411.00
Unsecured	Nil	Nil
<b>Total (B)</b>	<b>1,149.90</b>	<b>866.10</b>
<b>Total Outstanding (A) + (B)</b>	<b>2,099.00</b>	<b>1,331.70</b>

\*As certified by Mukesh Raj & Co., Chartered Accountants by way of certificate dated August 9, 2021.

### Principal terms of borrowing availed by us:

- Interest:** In terms of the facilities availed by us, the interest rate is typically the base rate of a specified lender and spread per annum, subject to a minimum interest rate. The spread varies between different loans.
- Tenor/availability period:** The tenor of the term loans availed by our Company is typically five years. The tenor of the cash credit facilities and working capital demand loans, overdraft, trade limits availed by us typically ranges from 90 days to two years.
- Security:** In terms of our borrowings where security needs to be created, we are typically required to:
  - Create first pari passu charge on the entire movable fixed assets of our Company (both present and future);
  - Create first pari passu charge on the entire current assets of our Company (both present and future);
  - Create second charge on all current assets of the Subsidiary (both present and future);
  - Create second charge on all moveable fixed assets of the Subsidiary (both present and future);



- future);
- (e) Second charge by way of equitable mortgage on immoveable properties; and
- (f) Execute guarantee(s) in relation to certain borrowings of certain of our Subsidiaries.

This is an indicative list and there may be additional requirements for creation of security under the various borrowing arrangements entered into by us.

4. **Penalty:** We are required to pay penalties or enhanced rates of interest on the facilities typically within a range over and above the normal rate or a prescribed amount on the occurrence of certain events including, but not limited to, default in repayment of loan installments and/or servicing of interest, etc.
5. **Prepayment:** The terms of facilities availed by our Company typically have prepayment provisions which allow for pre-payment of the outstanding loan amount on giving notice to the concerned lender, subject to such prepayment penalties as laid down in the facility agreements. Further, the prepayment of certain loans availed by our Company from certain lender(s) requires prior consent of such lender(s). We may pre-pay at rates in accordance with the terms and conditions agreed upon with a specific lender.
6. **Re-payment:** The cash credit facilities are typically repayable on demand, while the working capital demand loans are typically either repayable on their respective due dates within the maximum tenor or in structured instalments. The term loans are typically repayable in structured instalments.
7. **Restrictive covenants:** The financing arrangements availed by us, requires the relevant lender's prior written consent for carrying out certain actions, including:
  - (a) effecting any change in capital structure, including change in shareholding of our Promoters;
  - (b) effecting any change in ownership and control, including change in management control;
  - (c) effecting any change in constitution, or dissolution /reconstitution;
  - (d) formulating any scheme of merger, consolidation, amalgamation, reconstruction, takeover, acquisition or revaluating assets;
  - (e) implementing any scheme of expansion, undertake any new project or change in the nature of business;
  - (f) amending the charter documents of our Company;
  - (g) investing whether by way of deposits, loans, or investments in share capital or otherwise; and
  - (h) entering into borrowing arrangements.
8. **Events of default:** Borrowing arrangements entered into by us contain standard events of default, including:
  - (a) Defaults in repayment of principal sums of loan;
  - (b) Default in payment of interest;
  - (c) Default in performance or observance of any covenant, condition, representation, warranty or agreement;
  - (d) Ceasing or threatening to cease to carry on business or give notice of intension to do so;
  - (e) Misrepresentation, cross default, insolvency and any proceeding relating to insolvency;
  - (f) Inadequate furnishment of security;
  - (g) Occurrence of any material adverse effect in terms of the financing documents.
9. **Consequences of occurrence of events of default:** Borrowing arrangements entered into by us contain standard consequences in case of an event of default, including:
  - (a) Declaring that the obligations of the borrower to make any further advances shall be cancelled;
  - (b) Enforcing of security in terms of the loan documentation;
  - (c) Suspending further access to the loan facilities; and
  - (d) Exercising any and all rights and recourses available to the lender.

These are indicative lists and there may be additional restrictive covenants under the various borrowing arrangements entered into by us.

For details of financial and other covenants required to be complied with in relation to our borrowings, see “*Risk Factors – We are subject to restrictive covenants and interest rate increases under our financing arrangements and corporate guarantees that could limit our flexibility in managing our business or to use cash or other assets*” on page 47.

## SECTION VI: LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*Except as stated below there is no (i) outstanding criminal proceeding involving our Company, Subsidiaries, Directors or Promoters; (ii) outstanding actions taken by statutory or regulatory authorities involving our Company, Subsidiaries, Directors or Promoters; (iii) outstanding claims for any direct and indirect tax liabilities involving our Company, Subsidiaries, Directors or Promoters; or (iv) other pending litigation as determined to be material by our Board as per the Materiality Policy involving our Company, Subsidiaries, Directors or Promoters. Further, except as stated in this section, there are no disciplinary actions including penalties imposed by SEBI or stock exchanges against our Promoters in the last five Fiscals including any outstanding action.*

*For the purposes of (iv) above, in accordance with the Materiality Policy, pending litigation has been considered 'material' if:*

*Any pending litigation / arbitration proceedings (other than litigations mentioned in point (i) to (iii) above) involving the Company, its Subsidiaries, Directors and/or Promoters shall be considered "material" for the purposes of disclosure in the Offer Documents, if:*

- a) The aggregate monetary claim made by or against the Company, its Subsidiaries, Directors and/or Promoters (individually or in aggregate), in any such pending litigation / arbitration proceeding is equal to or in excess of 0.5% of the total income of the Company, in the most recently completed fiscal year as per the Restated Consolidated Summary Statements, which is ₹ 28.26 million; or*
- b) any such litigation wherein a monetary liability is not quantifiable, or which does not fulfil the threshold as specified in (a) above, but the outcome of which could, nonetheless, have a material adverse effect on the business, operations, performance, prospects, financial position, or reputation of the Company.*

*It is clarified that for the purposes of the above, pre-litigation notices received by our Company, Subsidiaries, Directors or 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 of Directors, not be considered a material litigation until such time that our Company, Subsidiaries, Directors or Promoters, as the case may be, are impleaded as a defendant in proceedings before any judicial / arbitral forum.*

*Further, creditors of our Company to whom amount due by our Company is equal to or in excess of ₹ 81.73 million, being 5.00% of the total consolidated trade payables of the Company as at the end of the latest fiscal year included in the Restated Consolidated Summary Statements, would be considered as material creditors.*

*All terms defined herein in a particular litigation disclosure pertain to that litigation only.*

*We have also disclosed matters relating to direct and indirect taxes involving the Company, Subsidiaries, Directors or Promoters in a consolidated manner giving details of number of cases and total amount involved in such claims.*

*Unless stated to the contrary, the information provided below is as of the date of this Draft Red Herring Prospectus.*

#### **I. Litigation involving our Company**

##### **A. Outstanding criminal litigation involving our Company**

*Criminal proceedings by our Company*

1. Our Company has filed an F.I.R. dated August 2, 2018 at Kasba Police Station, SSD, Kolkata under Sections 467, 468, 471, 472, 420 and 120B of the Indian Penal Code, 1860 against an ex-employee of our Company, for forging signatures and using false documents. Subsequently, a withdrawal petition has also been filed by our Company before the Additional Chief Judicial Magistrate at Alipore praying for the withdrawal of the aforesaid complaint.

*Criminal proceedings against our Company*

Nil

**B. Pending action by statutory or regulatory authorities involving our Company**

1. The Government Labour Officer and Minimum Wages Inspector, office of the Deputy Commissioner of Labour, Ahmedabad (“**Complainant**”) has filed a criminal case number 26 of 2021 dated January 5, 2021, before the Hon’ble Labour Court, Ahmedabad against our Company alleging certain violations under the Gujarat Minimum Wages Rules, 1961. The Complainant has alleged that, *among other things*, our Company as an ‘employer’ under the Minimum Wages Act, 1948, has failed to maintain/ produce/ provide relevant registers and records, including not issuing wage slips to its employees and not maintaining attendance and pay records. The matter is currently pending.
2. The Government Labour Officer and Inspector, office of the Deputy Commissioner of Labour, Ahmedabad (“**Complainant**”) has filed a criminal case number 604 of 2021 dated June 28, 2021, before the Hon’ble Labour Court, Ahmedabad against our Company alleging certain violations under the Payment of Bonus Act, 1965. The Complainant has alleged that, our Company being an ‘establishment’ under the Payment of Bonus Act, 1965, has failed to maintain the registers as are required under Section 26 of the Payment of Bonus Act, 1965, including the bonus records. The matter is currently pending.
3. The Government Labour Officer and Inspector, office of the Deputy Commissioner of Labour, Ahmedabad (“**Complainant**”) has filed a criminal case dated July 6, 2021, before the Hon’ble Labour Court, Ahmedabad against our Company alleging violation of the Payment of Gratuity Act, 1972 and the Payment of Gratuity (Gujarat) Rules, 1973. The Complainant has alleged that, our Company being an ‘establishment’, has failed to record the names of its employees, under Form F, that have completed one year job in its organisation. Further, it has also been alleged that our Company has not published the Payment of Gratuity Act, 1972 and the Payment of Gratuity (Gujarat) Rules, 1973, in violation of Rule 19 of the said rules. The matter is currently pending.

**C. Other material outstanding litigation involving our Company**

An arbitration case bearing number 116 of 2021 (“Case”) has been filed by Mr. Divakar (“Claimant”) before the arbitration tribunal against the Company. In terms of the Case, the Company has not allegedly paid rent and maintenance charges and the Claimant is seeking relief to direct the Company (a) to vacate the possession of the leased premises (b) to pay ₹ 4.38 million towards arrear rents along with interest at 18% p.a. from the date on which each monthly rent fell due, till the date of complete repayment to the Claimant (c) to pay ₹ 3.67 million towards mesne profit along with interest at 18% p.a. from the date on which the mesne profit fell due, till the date of complete repayment to the Claimant (d) to pay monthly mesne profit ₹ 0.73 million starting from March 2021 till the date of handover of the leased property, along with enhancement of 5% every twelve months from April 2021 and along with interest at 18% p.a. from the date on which the monthly mesne profit fell due, till the date of handover of the leased property to the Claimant (e) to pay monthly an amount of ₹ 0.07 million towards non-payment of electricity along with interest at 18% p.a (f) to pay an amount of ₹ 0.31 million towards legal costs and expenses (g) to pay an amount of ₹ 0.02 million towards non-payment of water bill along with interest at 18% p.a.(h) to pay an amount of ₹ 0.01 million towards maintenance of generator along with interest at 18% p.a .

Subsequently, our Company has filed its statement of defense along with counter claim dated August 3, 2021 and have inter alia prayed to (i) pass an order that termination of the lease deed by the Claimant is bad in law (ii) restore the physical possession of the leased premises to our Company, (iii) award damages towards loss of business to the tune of ₹. 21.13 million along with 18% from the date of dispossession October 25, 2020 (iv) award damages towards loss caused to the consumable products to the tune of ₹. 1.42 million along with 18% from the date of dispossession October 25, 2020 (v) award damages towards loss of reputation and brand value caused to the tune of ₹. 10.00 million along with 18% from the date of dispossession October 25, 2020 (vi) award damages towards the cost of setting up alternative premises on lease to the tune of ₹2.36 million along with 18% from the date of dispossession October 25, 2020. The matter is still pending.

## **II. Litigation involving our Subsidiaries**

### **A. Outstanding criminal litigation involving our Subsidiaries**

#### *Criminal proceedings by our Subsidiaries*

1. 100 criminal complaints have been filed by VPCL against certain of its customers before various judicial authorities under Section 138 of the Negotiable Instruments Act, 1881, in relation to cheques which on presentation were dishonoured by the respective banks. The aggregate amount involved in these matters is ₹ 57.77 million. All such matters are currently pending adjudication.
2. VLCC International LLC, our Subsidiary, has filed criminal case number 9976 of 2021 & 1405 of 2021, before a Dubai court in UAE, against an ex-employee for misuse of data hard drive post his discontinuance with our Subsidiary. The matter is still pending.

#### *Criminal proceedings against our Subsidiaries*

1. Mr. V.K. Biyani, Drug Inspector has registered an F.I.R dated June 19, 2012, against VLPC, our Subsidiary, at Police Station Padgha. in relation to the colorant used in Heena Natura Colour (Burgundy 3.16) (“**Product**”). In their response dated December 5, 2016, VLPC has clarified that the said Product was manufactured by Indo Herbs while VLPC was only marketing the said Product having no role in its manufacturing and compliances. Further, VLPC has also confirmed that even though Indo Herbs manufactured the said Product under a valid license issued on June 23, 2011, VLPC had agreed to purchase and market the said Product only after verifying about Indo Herbs and in terms of its agreement dated July 1, 2011. The matter is still pending adjudication.

### **B. Pending action by statutory or regulatory authorities involving our Subsidiaries**

1. Our Subsidiary, VPCL, has filed Writ Petition No. 1335 of 2020 before the High Court of Uttarakhand at Nainital (“**High Court**”) challenging the Excise Commissioner’s order dated July 1, 2020 issued for the suspension of the FL-43 license held by VPCL under the United Provinces Excise Act, 1910 Act (the “**License**”). VPCL was manufacturing hand sanitizers at its Haridwar facility, pursuant to the license issued on February 27, 2020. It was issued a second license on June 8, 2020, from the Ayurvedic and Unani Services, Uttarakhand, to manufacture liquid hand sanitizers from ethanol, in which it was mentioned that VPCL would have to seek permission from the Excise Department, Uttarakhand (“**Excise Department**”) to purchase ethanol. VPCL applied for such permission and received its License from the Excise Department on June 8, 2020. Subsequently, pursuant to a surprise inspection conducted by the Excise Department at the Haridwar facility, the stock of manufactured hand sanitizers and raw materials were seized and a show cause notice dated July 1, 2020 was issued to VPCL alleging, *inter alia*, that VPCL was manufacturing the hand sanitizers without a license from March 2020 until June 8, 2020 and for which denatured spirit had been purchased without an excise permit. The Excise Department also suspended the License vide the said notice, levied penalty of ₹ 0.81 million and sought explanation on the aforesaid irregularities. VPCL responded to the said show cause notice on July 7, 2020 refuting all allegations. The Excise Inspector has also registered a criminal case against VPCL, under Section 63 of the U.P. Excise Act, 1910, for the alleged irregularities in relation to the conditions imposed in the License, which is under consideration before the Court of Chief Judicial Magistrate, Haridwar.

Subsequently, the Excise Department issued an order dated July 31, 2020 wherein the decision on the aforesaid show cause notice dated July 1, 2020 was made subject to the outcome of the Court of Chief Judicial Magistrate, Haridwar. Therefore, VPCL filed Writ Petition No. 1335 of 2020 before the High Court, *amongst others*, seeking (a) quashing of the impugned order of the Excise Department dated July 31, 2020 and the directions contained in its inspection report directing for seizure of all manufactured products and raw materials, and (b) quashing of the show cause notice dated July 1, 2020 including the order suspending the License and imposition of penalty of ₹ 0.81 million. Additionally, the Court of Chief Judicial Magistrate, Haridwar, vide its order dated August 18, 2020 held that since VPCL had started manufacturing the hand sanitizers without requisite license, the permission to release their seized goods was denied. Aggrieved by this decision, VPCL filed a criminal revision petition No. 152/2020 before the Court of Second Additional District and Session Judge, Haridwar (“**Revised Petition**”), however, the Hon’ble Court dismissed the Revision Petition vide its order dated September 30, 2020. Subsequently, the High Court vide its order dated January 12, 2021 has issued an interim direction to VPCL to deposit ₹ 0.50 million to the High Court

and has kept the impugned orders dated July 31, 2020 and July 1, 2020 in abeyance until next date of hearing. While the matter is currently pending adjudication, the License has been renewed by the Excise Department and it remains valid until March 31, 2022.

2. The Legal Metrology Department (Weight & Measures), Rampur had issued a show cause notice dated January 15, 2021 to VLPC, our Subsidiary alleging violation of Sections 18(1) and 36(1) of the Legal Metrology Act, 2009 and Rules 8(1)(a) and 13(5)(1) of the Legal Metrology (Packaged Commodities) Rules, 2011 in relation to its product 'VLCC Natural Sciences Anti Tan Skin Lightening Face Wash Shield Packet'. VLPC has responded to the said notice vide its letter dated January 21, 2021 denying that there was any incorrect declaration of 'Net Quantities' of the said product since it is a combination package of distinct products. Further, VLPC also clarified that all necessary declaration were being printed on the packaging and this combination package was being offered for a limited period and was intended to ensure that the end benefit was received by the customer.
3. The Office of Assistant Commissioner, Food and Drugs Administration (M.S.), Sangli ("**Assistant Commissioner**") had issued a show cause notice dated April 7, 2021, to VLPC, our Subsidiary, alleging that VLCC Natural Sciences Charcoal Peel-Off Mask ("**Product**") was identified as 'spurious cosmetics' by the Government Analyst (M..S.), Drugs Control Laboratory, Mumbai. Accordingly, VLPC was directed to stop the sale and distribution of the Product and recall all the stock. VLPC has responded to the aforesaid notice vide its letter dated June 18, 2021, wherein it has denied all the claims and clarified that the Product has not revealed any unwarranted substance. The matter is currently pending.
4. The Employee Provident Fund Board, Kuala Lumpur, had issued a demand notice to Wyann, our Subsidiary, for an amount of RM 197,343 (approx. ₹ 3.5 million) claiming outstanding payment of contributions, pursuant to Section 45 of the Employees Provident Fund Act, 1991, for the period of assessment from November 2018 until March 2019. The amount has since been paid by the director and other shareholders of the Wyann. The matter is currently pending.
5. The Senior Inspector, Legal Metrology, Muzaffarnagar had filed a case bearing number 1659/9/19 before Hon'ble Court of LD. Chief Judicial Magistrate, Court no 1, Muzaffarnagar against VLPC, our Subsidiary alleging violation of Sections 18(1) and 36(1) of Legal Metrology Act, 2009 and Rules 6(1), 8(1) and 9(3) of the Legal Metrology (Packaged Commodities) Rules, 2011 and Rule 14 of the Legal Metrology (National Standard) Rules, 2011 in relation to its product 'VLCC Natural Sciences Almond Honey Deep Nourishing & Skin Brightening Body Lotion'. Subsequently, a show cause notice dated March 20, 2019 was issued to VLPC to which it is yet to respond. The matter is currently pending.
6. Show cause notices dated June 16, 2021 and June 23, 2021 ("**Notices**") has been issued by the Assistant Controller, Legal Metrology, Udhampur ("**Assistant Controller**") to VLPC, our Subsidiary, for alleged violation of Sections 2(L), 18(1) and 36(1) of Legal Metrology Act, 2009 and Rules 6(1)(e) and 9 of Legal Metrology Packages Commodities Rules 2011 in relation to the packing of 'Insta Glow Diamond Bleach'. Our Subsidiary, has responded to the said Notices vide its letter dated July 6, 2021, clarifying that they were in compliance and therefore denied the allegations. VLPC, also requested the Assistant Controller to consider disposing this matter, however, another show cause notice was issued on July 15, 2021 giving final opportunity to VLPC for a hearing.

**C. Other material outstanding litigation involving our Subsidiaries**

1. Zimmo Trading ("**Zimmo**") had issued a legal notice dated January 1, 2021 to VLCC Middle East, our Subsidiary, who was our distributor for sale of products, demanding payment of ₹ 34.00 million for the marketing expenses incurred by Zimmo on behalf of VLCC Middle East. VLCC Middle East are currently under discussion with Zimmo to settle the matter amicably.
2. A total of 43 civil cases have been filed by certain ex-employees of VLCC International LLC, VLCC Oman, VLCC Qatar and VLCC International Kuwait, our Subsidiaries, seeking recovery of their dues including salary and gratuity payments. While these matters are currently pending before various judicial fora in the respective jurisdictions, some of our Subsidiaries are also separately negotiating these cases with the respective employees for an amicable settlement. The aggregate amount involved in these matters is ₹ 32.00 million and are currently pending adjudication.

### III. Litigation involving our Directors

#### A. Outstanding criminal litigation involving our Directors

Nil

#### B. Pending action by statutory or regulatory authorities involving our Directors

Nil

#### C. Other material outstanding litigation involving our Directors

An erstwhile equity partner of the partnership firms, namely L&L Partners, New Delhi and L&L Partners, Mumbai had filed an arbitration petition bearing number OMP (I) (COMM) No. 339/2020 under the Arbitration and Conciliation Act, 1996, before the Delhi High Court, against Mr. Rajiv Luthra, an Independent Director of our Company. The aforesaid petition was occasioned by the termination of the partnership deeds. The petition was disposed off by a Single Judge of the Delhi High Court and the appeal against the decision of the Single Judge bearing number FAO(OS) (COMM) 13/2021 was disposed off by a Division Bench of the Delhi High Court vide its order dated June 2, 2021. The dispute is now currently pending before an arbitral tribunal and the amount of claim involved is ₹ 520 million

### IV. Litigation involving our Promoters

#### A. Outstanding criminal litigation involving our Promoters

Nil

#### B. Pending action by statutory or regulatory authorities involving our Promoters

Nil

#### C. Other material outstanding litigation involving our Promoters

Nil

#### D. Disciplinary action taken against our Promoters in the five Fiscals preceding the date of this Draft Red Herring Prospectus by SEBI or any stock exchange

Nil

### V Tax proceedings against our Company, Subsidiaries, Directors and Promoters

Set out herein below are details of claims relating to direct and indirect taxes involving our Company, Subsidiaries, Directors and Promoters:

Nature of case	Number of cases	Amount involved* (₹ in million)
<b>Company</b>		
Direct Tax	6	7.49
Indirect Tax	27	25.18
<b>Subsidiaries</b>		
Direct Tax	1	2.07
Indirect Tax	13	17.83
<b>Directors</b>		
Direct Tax	Nil	Nil
Indirect Tax	Nil	Nil
<b>Promoters</b>		
Direct Tax	1	1.23
Indirect Tax	Nil	Nil

\* To the extent quantifiable.

## VI Outstanding Overdues to creditors

As per the Materiality Policy, a creditor of our Company, shall be considered to be material (“**Material Creditors**”) for the purpose of disclosure in this Draft Red Herring Prospectus, if amounts due to such creditor by our Company is equal to or in excess of 5% of the total consolidated trade payables of the Company as at the end of the latest period included in the Restated Consolidated Summary Statements (*i.e.*, as at March 31, 2021). Accordingly, a creditor has been considered ‘material’ by our Company if the amount due to such creditor exceeds ₹ 81.73 million as on March 31, 2021.

As of March 31, 2021, outstanding overdues to Material Creditors, micro, small and medium enterprises and other creditors were as follows:

Particulars	Number of creditors	Amount involved (in ₹ million)
Micro, small and medium enterprises*	30	24.13
Material Creditor(s)	Nil	Nil
Other creditors	1,844	1,610.50
<b>Total</b>	<b>1,874</b>	<b>1,634.63</b>

\* As defined under the Micro, Small and Medium Enterprises Development Act, 2006, as amended.

For details about outstanding overdues to Material Creditors as on March 31, 2021 along with the name and amount involved for each such Material Creditor, see <https://www.vlccwellness.com/India/material-creditor/>. It is clarified that such details available on our Company’s website do not form a part of this Draft Red Herring Prospectus. Anyone placing reliance on any source of information including our Company’s website would be doing so at their own risk.

## VII Material Developments

There have been no material developments, since the date of the last balance sheet disclosed in this Draft Red Herring Prospectus, except as disclosed in “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on page 322.



## GOVERNMENT AND OTHER APPROVALS

*Our Company can undertake the Offer and our Company and Material Subsidiaries can undertake their respective current business activities, including on the basis of the list of material approvals provided below. Other than as stated below, no further material approvals from any regulatory authority are required to undertake the Offer or continue such business activities. In the event that any of the approvals and licenses that are required for our business operations expire in the ordinary course of business, we make applications for their renewal from time to time. Unless stated otherwise, these approvals are valid as on the date of this Draft Red Herring Prospectus. For details in connection with the regulatory and legal framework within which our Company and our Material Subsidiaries operate, see section “Key Regulations and Policies” on page 189.*

### Approvals relating to the Offer

For the approvals and authorisations obtained by our Company and the Selling Shareholders in relation to the Offer, see “Other Regulatory and Statutory Disclosures – Authority for the Offer” on page 377.

### Incorporation details of our Company and Material Subsidiaries

1. Certificate of incorporation dated October 23, 1996 issued by the RoC to our Company, in the name of ‘Curls & Curves (India) Private Limited’.
2. Fresh certificate of incorporation dated April 20, 1999 issued by RoC pursuant to change of name to ‘Curls & Curves (India) Limited’.
3. Fresh certificate of incorporation dated November 18, 2004 issued by the RoC pursuant to change of name to ‘VLCC Health Care Limited’.
4. For incorporation details of our Material Subsidiaries, see “Our Subsidiaries” on page 201.

### Approvals obtained by our Company in relation to our business and operations

We require various approvals to carry on our business in India. Some of these may expire in the ordinary course of business and applications for renewal of these approvals are submitted in accordance with applicable procedures and requirements as disclosed below. We have received the following material approvals pertaining to our business:

#### 1. Tax related approvals

- (a) Permanent Account Number AAACC4808P, issued by the Income Tax Department, Government of India.
- (b) Tax Deduction Account Number DELC06134C, issued by the Income Tax Department, Government of India.
- (c) The import export code number is 0500038244, issued by the Office of the Zonal Director General of Foreign Trade, Government of India.
- (d) Our Company has obtained goods and services tax identification numbers under the applicable provisions of the goods and services tax legislations applicable in the states and union territories where we operate. The GST registration number of our Company is 07AAACC4808P1ZF, for the state of Delhi, where our Registered Office is located.

#### 2. Labour related approvals

We have obtained registrations in the ordinary course of business for its VLCC Wellness Clinics and VLCC Institutes across various states in India under the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952 and the Employees’ State Insurance Act, 1948.

### 3. *Intellectual Property related approvals*

#### *Trademarks*

As on date of this Draft Red Herring Prospectus, our Company has obtained 34 trademark registrations under the Trademarks Act, 1999; 1 trademark applications are presently objected. Further, our Company has also obtained registration of trademarks in Bangladesh, Bahrain, Nepal, Pakistan, and Sri Lanka. We have registered the “VLCC” trademark under various classes with the Registrar of Trademarks in India under the Trademarks Act, 1999. These trademarks are registered in the name of the Company. Additionally, we have also registered the “VLCC” trademark in the name of VLCC International Inc., our Subsidiary under various classes in UAE, Australia, New Zealand, Kenya, Singapore, Canada and Indonesia.

### 4. *Approvals in relation to our operations*

#### **Approvals in relation to our VLCC Wellness Clinics**

We require certain approvals, licenses and registrations under several central or state level acts, rules and regulations to undertake our operations in these clinics, of which the material approvals are registrations under the respective shops and commercial establishment acts of those states, and trade licenses from the respective municipal authorities of areas where our VLCC Wellness Clinics are located, as may be applicable or in force. Certain of these material approvals, licenses and registrations differ based on the location as well as the nature of operations carried out at such locations. Our Company has made renewal applications for such material approvals, licenses and registrations that may have expired in the ordinary course of business.

Stated below is the list of material approvals, licenses and registrations in relation to our material VLCC Wellness Clinics which have expired as of the date of this Draft Red Herring Prospectus:

Sr. No.	Location	Nature of approval
<i>Approvals applied for but not received</i>		
1.	Trivandrum	Trade licenses from the respective municipal authorities
<i>Approvals expired and renewal to be applied for</i>		
2.	Gurugram, DLF Phase I	Trade licenses from the respective municipal authorities

#### **Approvals in relation to our VLCC Institutes**

As of March 31, 2021, our Company owns and/or operates 94 VLCC Institutes in 67 cities across India, of which 42 are franchisee operated. We require certain approvals, licenses and registrations under several central or state level acts, rules and regulations to undertake our operations in these institutes, of which the material approvals are registrations under the respective shops and commercial establishment acts of those states, and trade licenses from the respective municipal authorities of areas where our VLCC Institutes are located, as may be applicable or in force. Certain of these material approvals, licenses and registrations differ based on the location as well as the nature of operations carried out at such locations. Our Company has made renewal applications for such material approvals, licenses and registrations that may have expired in the ordinary course of business.

Stated below is the list of material approvals, licenses and registrations in relation to our material VLCC Institutes which have expired as of the date of this Draft Red Herring Prospectus:

Sr. No.	Location	Nature of approval
<i>Approvals applied for but not received</i>		
1.	Surat Institute – Parle Point	Registrations under the shops and commercial establishment Act
<i>Approvals expired and renewal to be applied for</i>		
2.	Bangalore Institute - Airport Road	Registrations under the shops and commercial establishment Act

## Approvals in relation to our Manufacturing Facilities

As of the date of this Draft Red Herring Prospectus, we operate three manufacturing facilities in (i) Haridwar (Uttarakhand), (ii) Goalpara (Assam) and (iii) Singapore. For our manufacturing facilities located in India, we require various approvals, licenses and registrations under various central and state acts. While some licenses are granted to our Company, certain licenses obtained are specific to certain products we manufacture or specific to each facility, based on location as well as the nature of operations carried out at such facilities. Our material approvals include (a) license for the manufacture of cosmetics for sale and distribution in the domestic market under the Drugs and Cosmetics Act, 1940, (b) no-objection certificates from relevant fire departments, (c) license to work a factory under the Factories Act, 1948, (d) registration under the Contract Labour (Regulation and Abolition) Act, 1970, (e) consent to establish under the environmental laws; (f) registration under legal metrology law; and (g) licenses from the Excise Department.

For our manufacturing facility in Singapore, we require various approvals, licenses and registrations under various acts applicable to that jurisdiction. The material approvals include (a) registration from ministry of manpower, department of industrial safety; (b) registration under workplace safety and health; (c) ISO Certificate for contract manufacturing, filling and packaging of facial skin, hair and body care products (d) registration to import processed food products and food appliances (e) manufacturer registration from Singapore customs

In respect of our manufacturing facilities, we currently hold all such aforementioned material approvals as we are required to obtain, except the following, as of the date of this Draft Red Herring Prospectus:

Sr. No.	Location of manufacturing facility	Nature of approval
<i>Approvals applied for but not received</i>		
1	Goalpara (Assam)	Application dated February 17, 2021 for renewed consent to operate from the Pollution Control Board, Assam under the Water Act, 1974 and Air Act, 1981

## Approvals in relation to our Material Subsidiaries

Our Material Subsidiaries require certain approvals, licenses and/ or registrations under various laws, rules and regulations applicable in each of their respective jurisdictions. Certain of these approvals, licenses and/ or registrations differ on the basis of the location as well as the nature of operations carried out at such locations. Our Material Subsidiaries have obtained approvals, licenses and registrations from appropriate regulatory and governing authorities required to operate their respective businesses in relevant jurisdictions. Certain approvals, licenses and registrations may have lapsed in their ordinary course and our Material Subsidiaries have either made applications to the appropriate authorities in the relevant jurisdictions for renewal of such licenses and/ or approvals or are in the process of making such applications.

Stated below is the list of key registration in relation to our Material Subsidiaries, which have expired:

### 1. UAE

Sr. No.	Entity	Nature of approval
<i>Approvals expired and renewal to be applied for</i>		
1.	VLCC International LLC	Commercial license no – 578190, 598415, CN-1200602, CN – 1200601, 541605, 708971, by department of economic development
2.	VLCC International - Kuwait Health Care Institute Limited Liability Company	Firefighting license

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Offer

Our Board has approved the Offer pursuant to the resolution passed at its meeting held on May 31, 2021 and our Shareholders have approved the Fresh Issue pursuant to a resolution passed at their meeting held on June 4, 2021 under Section 62(1)(c) of the Companies Act, 2013.

This Draft Red Herring Prospectus has been approved and adopted for filing by our Board pursuant to the resolution passed at its meeting held on August 13, 2021.

The Offer for Sale has been authorised by Mr. Mukesh Luthra, pursuant to his consent letter dated August 9, 2021 and the board of directors of Leon and OIH pursuant to resolutions passed at their meetings held on May 12, 2021 and May 19, 2021, respectively. Leon and OIH have consented to their respective participation in the Offer for Sale, to the extent of their respective portion of the Offered Shares, pursuant to their respective consent letters dated August 7, 2021, respectively. For details, see “*The Offer*” on page 61. Our Board of Directors has taken on record the approval for the Offer for Sale by the Selling Shareholders pursuant to its resolution dated May 31, 2021.

Our Company has received in-principle approvals from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively.

### Prohibition by SEBI or other governmental authorities

Our Company, Promoters, Promoter Group, Directors and the persons in control of the Company are not prohibited from accessing the capital market or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any other jurisdiction or any other authority/court.

Each Selling Shareholder, severally and not jointly, confirms that it has not 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.

None of our Directors are associated with securities market related business, in any manner. Further, there has been no outstanding actions initiated by SEBI against our Directors in the five years preceding the date of this Draft Red Herring Prospectus.

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.

Our Company, Promoters and Directors are not declared as fraudulent borrowers by lending banks, financial institutions or consortium, in terms of the RBI Master Direction on Frauds dated July 1, 2016, as amended.

Our Promoters or Directors have not been declared as Fugitive Economic Offenders.

### Compliance with the Companies (Significant Beneficial Owners) Rules, 2018

Our Company, Promoters, the Selling Shareholders, and members of our Promoter Group, are in compliance with the Companies (Significant Beneficial Owners) Rules, 2018, as amended, to the extent applicable to each of them as of the date of this Draft Red Herring Prospectus.

### Eligibility for the Offer

Our Company is eligible for the Offer in accordance with Regulation 6(2) of the SEBI ICDR Regulations, which states as follows:

*“An issuer not satisfying the condition stipulated in sub-regulation (1) shall be eligible to make an initial public offer only if the issue is made through the book-building process and the issuer undertakes to allot at least seventy five per cent. of the offer to qualified institutional buyers and to refund the full subscription money if it fails to do so.”*

We are an unlisted company, not satisfying the conditions specified in Regulation 6(1) of the SEBI ICDR Regulations and are therefore required to allot not less than 75% of the Offer to QIBs to meet the conditions as detailed under Regulation 6(2) of the SEBI ICDR Regulations. In the event we fail to do so, the full application monies shall be refunded to the Bidders, in accordance with the SEBI ICDR Regulations.

Our Company is in compliance with the conditions specified in Regulation 5 of the SEBI ICDR Regulations, to the extent applicable. Our Company confirms that it is also in compliance with the conditions specified in Regulation 7(1) of the SEBI ICDR Regulations, to the extent applicable, and will ensure compliance with the conditions specified in Regulation 7(2) of the SEBI ICDR Regulations, to the extent applicable.

Each Selling Shareholder severally and not jointly confirms, that the Equity Shares being offered by such Selling Shareholder in the Offer have been held by such Selling Shareholder for a period of at least one year prior to the filing of this Draft Red Herring Prospectus with SEBI and are eligible for sale in the offer in accordance with Regulation 8 of the SEBI ICDR Regulations. Our Company shall not make an Allotment if the number or prospective allottees is less than 1,000 in accordance with Regulation 49(1) of the SEBI ICDR Regulations.

#### **DISCLAIMER CLAUSE OF SEBI**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, ICICI SECURITIES LIMITED, DAM CAPITAL ADVISORS LIMITED (FORMERLY IDFC SECURITIES LIMITED) AND IIFL SECURITIES LIMITED AND HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE OUR COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT RED HERRING PROSPECTUS AND EACH OF THE SELLING SHAREHOLDERS WILL BE RESPONSIBLE ONLY FOR THE STATEMENTS SPECIFICALLY CONFIRMED OR UNDERTAKINGS SPECIFICALLY MADE BY SUCH SELLING SHAREHOLDER IN THIS DRAFT RED HERRING PROSPECTUS IN RELATION TO ITSELF OR ITS RESPECTIVE PORTION OF THE OFFERED SHARES. THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT OUR COMPANY AND THE SELLING SHAREHOLDERS DISCHARGE THEIR RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED AUGUST 13, 2021, IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED.**

**THE FILING OF THIS DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGERS, ANY IRREGULARITIES OR LAPSES IN THIS DRAFT RED HERRING PROSPECTUS.**

#### **Disclaimer from our Company, the Selling Shareholders, the Book Running Lead Managers**

Our Company, the Book Running Lead Managers accept no responsibility for statements made in relation to the Company or the Offer other than those in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information,

including our Company's website, [www.vlccwellness.com](http://www.vlccwellness.com), would be doing so at his or her own risk. Each Selling Shareholder, its respective partners, directors, key persons, affiliates, associates and officers accept or undertake no responsibility for any statements including without limitation any statement made by or in relation to the Company or its business or the other Selling Shareholder, other than those specifically undertaken or specifically confirmed by the respective Selling Shareholders in relation to itself and its respective portion of the Offered Shares.

The Book Running Lead Managers accept no responsibility, save to the limited extent as provided in the Offer Agreement and the Underwriting Agreement.

All information shall be made available by our Company, each Selling Shareholder (to the extent of itself and the Offered Shares being specifically confirmed by it), the Book Running Lead Managers to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at Bidding Centres or elsewhere.

None among our Company, the Selling Shareholders or any member of the Syndicate shall be liable for any failure in (i) uploading the Bids due to faults in any software or hardware system or otherwise or (ii) the blocking of Bid Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism.

Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, Underwriters and their respective directors, partners, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not issue, allot, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Selling Shareholders, Underwriters and their respective directors, partners, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

The Book Running Lead Managers and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, the Selling Shareholders and their respective group companies, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with or become customers to our Company, the Selling Shareholders and their respective group companies, affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

#### **Disclaimer in respect of Jurisdiction**

The Offer is being made in India to persons resident in India (who are competent to contract under the Indian Contract Act, 1872, as amended, including Indian nationals resident in India, HUFs, companies, other corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their respective constitution to hold and invest in equity shares, multilateral and bilateral development financial institutions, state industrial development corporations, insurance companies registered with IRDAI, provident funds (subject to applicable law) and pension funds, National Investment Fund, insurance funds set up and managed by army, navy or air force of Union of India, insurance funds set up and managed by the Department of Posts, GoI, systemically important NBFCs registered with the RBI) and permitted Non-Residents including FPIs and Eligible NRIs, AIFs and other eligible foreign investors, if any, provided that they are eligible under all applicable laws and regulations to purchase the Equity Shares. This Draft Red Herring Prospectus does not constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby, in any jurisdiction other than in India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Invitations to subscribe to or purchase the Equity Shares in the Offer will be made only pursuant to the Red Herring Prospectus if the recipient is in India or the preliminary offering memorandum for the Offer, which comprises the Red Herring Prospectus and the preliminary international wrap for the Offer, if the recipient is outside India. No person outside India is eligible to bid for Equity Shares in the Offer unless that person has received the preliminary offering memorandum for the Offer, which contains the selling restrictions for the Offer outside India. Any dispute arising out of the Offer will be subject to the

jurisdiction of appropriate court(s) in Mumbai only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus will be filed with SEBI for its observations. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any offer or sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company or any of the Selling Shareholders since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

**The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in ‘offshore transactions’ in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdictions where such offers and sales are made.**

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

Bidders are advised to ensure that any Bid from them does not exceed investment limits or maximum number of Equity Shares that can be held by them under applicable law. Further, each Bidder where required must agree in the Allotment Advice that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than in accordance with applicable laws.

#### **Disclaimer Clause of BSE**

As required, a copy of this Draft Red Herring Prospectus has been submitted to BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus and the Prospectus prior to the RoC filing.

#### **Disclaimer Clause of NSE**

As required, a copy of this Draft Red Herring Prospectus has been submitted to NSE. The disclaimer clause as intimated by NSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus and the Prospectus prior to the RoC filing.

#### **Listing**

The Equity Shares issued through the Red Herring Prospectus and the Prospectus are proposed to be listed on BSE and NSE. [●] will be the Designated Stock Exchange with which the Basis of Allotment will be finalised. If the permission to deal in and for an official quotation of the Equity Shares is not granted by the Stock Exchanges, our Company shall forthwith repay, without interest, all monies received from the applicants in pursuance of the Red Herring Prospectus in accordance with applicable law. Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading of Equity Shares at the Stock Exchanges are taken within such time prescribed by SEBI. If our Company does not allot Equity Shares pursuant to the Offer within such timeline as prescribed by SEBI, it shall repay without interest all monies received from Bidders, failing which interest shall be due to be paid to the Bidders at the rate of 15% per annum for the delayed period or such other rate prescribed by SEBI.

#### **Consents**

Consents in writing of each of the Selling Shareholders, our Directors, Company Secretary and Compliance officer, legal counsels, the Book Running Lead Managers, the bankers to our Company, relevant third parties, independent chartered accountant and the Registrar to the Offer to act in their respective capacities, have been obtained and consents of Escrow Collection Bank(s), Public Offer Account Bank(s), Refund Bank(s), Sponsor Bank, will be obtained as required under the Companies Act and such consents have not been withdrawn up to

the time of delivery of this Draft Red Herring Prospectus.

### **Experts to the Offer**

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

Our Company has received written consent dated August 13, 2021 from S.R. Batliboi & Associates LLP, Chartered Accountants, to include their name as required under section 26 (1) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this DRHP, and as an “expert” as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditors, and in respect of their (i) examination report, dated August 6, 2021 on our Restated Consolidated Summary Statements; and (ii) their report dated August 13, 2021 on the Statement of Special Tax Benefits in this DRHP and such consent has not been withdrawn as on the date of this DRHP. However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S. Securities Act.

Our Company has also received the consent from Mukesh Raj & Co., Chartered Accountant, to include their name in this Draft Red Herring Prospectus as an “expert” in terms of the Companies Act 2013 to the extent of and in their capacity as a firm of duly qualified chartered accountants and experienced in relation to their certificate dated August 11, 2021.

### **Capital issue during the preceding three years by our Company**

Other than as disclosed in “*Capital Structure*” on page 75, our Company has not made any capital issuances during the three years preceding the date of this Draft Red Herring Prospectus.

### **Particulars regarding public or rights issues by our Company during the last five years and performance vis-à-vis objects**

Our Company has not made any public or rights issues (as defined under the SEBI ICDR Regulations) during the five years preceding the date of this Draft Red Herring Prospectus.

### **Performance vis-à-vis objects –Last issue of Subsidiaries and Promoters**

As on the date of this Draft Red Herring Prospectus, our Company does not have any corporate Promoter. None of our Subsidiaries have made any public issue or rights issue during the five years immediately preceding the date of this Draft Red Herring Prospectus.

### **Underwriting Commission, Brokerage and Selling Commission paid on previous issues of the Equity Shares**

Since this is the initial public offering of Equity Shares, 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 in the five years preceding the date of this Draft Red Herring Prospectus.

### **Capital issue during the previous three years by our listed Group Companies, Subsidiaries or associates of our Company**

As on the date of this Draft Red Herring Prospectus, our Company has no Group Companies. Further, none of the securities of our Subsidiaries are listed on any stock exchange. As on the date of this Draft Red Herring Prospectus, our Company does not have any associates.



### A. ICICI Securities Limited

2. *Summary statement of price information of past issues handled by ICICI Securities Limited*

[illegible]

- (1) Discount of ₹ 8 per equity share offered to eligible employees All calculations are based on Issue Price of ₹ 87.00 per equity share.
- (2) Discount of ₹ 30 per equity share offered to eligible employees All calculations are based on Issue Price of ₹ 305.00 per equity share.
- (3) Discount of ₹ 110 per equity share offered to eligible employees All calculations are based on Issue Price of ₹ 1,101.00 per equity share.
- (4) Discount of ₹ 15 per equity share offered to eligible employees All calculations are based on Issue Price of ₹ 306.00 per equity share.
- (5) Discount of ₹ 42 per equity share offered to eligible employees All calculations are based on Issue Price of ₹ 87.00 per equity share

2021-22*	5	53,913.08	-	-	-	-	3	-	-	-	-	-	-	-
2020-21	14	1,74,546.09	-	-	5	5	2	2	-	-	2	4	2	2
2019-20	4	49,850.66	-	-	2	-	1	1	1	-	-	2	-	1

\* This data covers issues upto YTD

**Notes:**

1. All data sourced from [www.nseindia.com](http://www.nseindia.com), except for Computer Age Management Services Limited for which the data is sourced from [www.bseindia.com](http://www.bseindia.com)

2. Benchmark index considered is NIFTY

30<sup>th</sup>, 90<sup>th</sup>, 180<sup>th</sup> calendar day from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30<sup>th</sup>, 90<sup>th</sup>, 180<sup>th</sup> calendar day is a holiday, in which case we have considered the closing data of the previous trading day.

**B. DAM Capital Advisors Limited (Formerly IDFC Securities Limited)**

1. Price information of past issues (during the current Financial Year and two Financial Years preceding the current Financial Year) handled by DAM Capital Advisors Limited (Formerly IDFC Securities Limited)

Sr. No.	Issue name	Issue size (₹ millions)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1	Mazagon Dock Shipbuilders Limited	4,436.86	145.00	October 12, 2020	214.90	+18.90%, [+5.87%]	+52.90%, [+20.25%]	+45.79%, [+24.34%]
2	Indian Railway Finance Corporation Limited	46,333.79	26.00	January 29, 2021	24.90	-5.19%, [+6.56%]	-18.65%, [+9.02%]	-11.15%, [+15.49%]
3	Laxmi Organic Industries Limited	6,000.00	130.00	March 25, 2021	155.50	+37.85%, [+0.11%]	+71.96% [+10.11%]	Not applicable
4.	Glenmark Life Sciences Limited	15,136.00	720.00	August 6, 2021	750.00	Not applicable	Not applicable	Not applicable

Source: [www.nseindia.com](http://www.nseindia.com)

**Notes:**

(a) Issue size derived from prospectus

(b) Price on NSE is considered for all of the above calculations

(c) % of change in closing price on 30<sup>th</sup> / 90<sup>th</sup> / 180<sup>th</sup> calendar day from listing day is calculated vs issue price. % change in closing benchmark index is calculated based on closing index on listing day vs closing index on 30<sup>th</sup>/ 90<sup>th</sup> / 180<sup>th</sup> calendar day from listing day.

(d) Wherever 30<sup>th</sup>/ 90<sup>th</sup> / 180<sup>th</sup> calendar day from listing day is a holiday, the closing data of the previous trading day has been considered.

(e) The Nifty 50 index is considered as the benchmark index

(f) Not applicable – Period not completed

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 DAM Capital Advisors Limited (Formerly IDFC Securities Limited)*

Financial Year	Total no. of IPOs	Total funds raised (₹ in Millions)	Nos. of IPOs trading at discount on as on 30th calendar days from listing date			Nos. of IPOs trading at premium on as on 30th calendar days from listing date			Nos. of IPOs trading at discount as on 180th calendar days from listing date			Nos. of IPOs trading at premium as on 180th calendar days from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2021-22	1	15,136.00	-	-	-	-	-	-	-	-	-	-	-	-
2020-21	3	56,770.65	-	-	1	-	1	1	-	-	1	-	1	-
2019-20	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Source: www.nseindia.com

**Notes:**

- (a) The information is as on the date of this offer document  
(b) The information for each of the financial years is based on issues listed during such financial year.  
(c) Since 30/180 calendar days, from listing date has not elapsed for few issues, hence data for same is not available

**C. IIFL Securities Limited**

1. *Price information of past issues (during the current Financial Year and two Financial Years preceding the current Financial Year) handled by IIFL Securities Limited*

Sr. No.	Issue name	Issue size (₹ millions)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180 <sup>th</sup> calendar days from listing
1	Antony Waste Handling Cell Limited	2,999.85	315.00	January 1, 2021	436.10	-10.27%, [-2.74%]	-23.21%, [+4.80%]	+2.14%, [+12.34%]
2	MTAR Technologies Limited	5964.14	575.00	March 15, 2021	1,050.00	+69.45%, [-2.84%]	+78.83%, [+5.83%]	N.A.
3	Anupam Rasayan India Ltd	7,600.00	555.00	March 24, 2021	520.00	-0.11%, [-0.98%]	+30.49%, [+8.23%]	N.A.
4	Craftsman Automation Limited	8,236.96	1,490.00	March 25, 2021	1,359.00	-13.82%, [+0.11%]	+16.81%, [+10.11%]	N.A.
5	Suryoday Small Finance Bank Ltd	5,808.39	305.00	March 26, 2021	292.00	-18.38%, [-1.14%]	-26.87%, [-98.46%]	N.A.
6	Nazara Technologies Ltd	5,826.91	1,101.00	March 30, 2021	1,990.00	+62.57%, [0.13%]	+38.22%, [6.84%]	N.A.
7	Barbeque-Nation	4,528.74	500.00	April 7, 2021	489.85	+18.77%, [-0.64%]	+76.97%, [+6.85%]	N.A.

	Hospitality Limited							
8	Macrotech Developers Ltd	25,000.00	486.00	April 19, 2021	436.00	+30.22%, [+5.21%]	+75.43%, [+10.89%]	N.A.
9	Shyam Metalics and Energy Ltd	9,085.50	306.00	June 24, 2021	380.00	+40.95%, [+0.42%]	N.A.	N.A.
10	Krishna Institute of Medical Sciences Limited	21,437.44	825.00	June 28, 2021	1,009.00	+48.10%; [-0.43%]	N.A.	N.A.

Source: www.nseindia.com

Note: Benchmark Index taken as CNX NIFTY. Price on NSE is considered for all of the above calculations. The 30th, 90th and 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 from listing day is a holiday, the closing data of the previous trading day has been considered. % change taken against the Issue Price in case of the Issuer. The Nifty 50 index is considered as the benchmark index. NA means Not Applicable.

## 2. Summary statement of price information of past issues handled by IIFL Securities Limited

Financial Year	Total no. of IPOs	Total funds raised (₹ in Millions)	Nos. of IPOs trading at discount on as on 30th calendar days from listing date			Nos. of IPOs trading at premium on as on 30th calendar days from listing date			Nos. of IPOs trading at discount as on 180th calendar days from listing date			Nos. of IPOs trading at premium as on 180th calendar days from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2019-20	5	65,827.61	-	-	2	-	1	2	1	1	1	-	-	2
2020-21	8	47,017.65	-	-	4	2	1	1	-	-	-	1	1	1
2021-22	4	60,051.68	-	-	-	-	3	1	-	-	-	-	-	-

Source: www.nseindia.com

Note: Data for number of IPOs trading at premium/discount taken at closing price on NSE on the respective date. In case any of the days falls on a non-trading day, the closing price on the previous trading day has been considered. NA means Not Applicable.

### Track record of past issues handled by the Book Running Lead Managers

For details regarding the track record of the Book Running Lead Managers, as specified in circular bearing number CIR/MIRSD/1/2012 dated January 10, 2012 issued by SEBI, please see the websites of the Book Running Lead Managers, as provided in the table below:

S. No.	Name of the Book Running Lead Managers	Website
1.	ICICI Securities Limited	www.icicisecurities.com
2.	DAM Capital Advisors Limited ( <i>Formerly IDFC Securities Limited</i> )	www.damcapital.in
3.	IIFL Securities Limited	www.iiflcap.com

### Stock Market Data of Equity Shares

This being an initial public offer of our Company, the Equity Shares are not listed on any stock exchange and accordingly, no stock market data is available for the Equity Shares.

### Redressal and disposal of investor grievances by our Company

The Registrar Agreement provides for retention of records with the Registrar to the Offer for a period of at least eight years from the date of listing and commencement of trading of the Equity Shares to enable the Bidders to approach the Registrar to the Offer for redressal of their grievances.

All grievances in relation to the Bidding process may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary to whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or first Bidder, Bid cum Application Form number, Bidder DP ID, Client ID, PAN, UPI ID (in case of RIBs using the UPI Mechanism), date of the submission of Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder.

All grievances relating to Bids submitted with Registered Brokers, may be addressed to the Stock Exchanges, with a copy to the Registrar to the Offer. Further, the Bidder shall also enclose a copy of the Acknowledgment Slip duly received from the concerned Designated Intermediary in addition to the information mentioned hereinabove.

In terms of SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/22, dated February 15, 2018, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of the Equity Shares. SCSBs are required to resolve these complaints within 15 days, failing which the concerned SCSB would have to pay interest at the rate of 15% per annum for any delay beyond this period of 15 days.

The Registrar to the Offer shall obtain the required information from the SCSBs and Sponsor Bank for addressing any clarifications or grievances of ASBA Bidders. Our Company, the Book Running Lead Managers and the Registrar to the Offer accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under the SEBI ICDR Regulations. Bidders can contact our Company Secretary and Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund intimations and non-receipt of funds by electronic mode.

Anchor Investors are required to address all grievances in relation to the Offer to the Book Running Lead Managers.

Our Company estimates that the average time required by our Company or the Registrar to the Offer or the relevant Designated Intermediary, for the redressal of routine investor grievances shall be 7 (seven) days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints within 30 days of receipt of complaint or upon receipt of satisfactory documents.

Our Company has obtained authentication on the SCORES in terms of the SEBI circular bearing number CIR/OIAE/1/2013 dated April 17, 2013 and shall comply with SEBI circular bearing number CIR/OIAE/1/2014 dated December 18, 2014 in relation to redressal of investor grievances through SCORES.

Further, our Board has constituted a Stakeholders' Relationship Committee, which is responsible for redressal of grievances of the security holders of our Company. For more information, see "*Our Management*" on page 217. Our Company has not received any investor complaint during the three years preceding the date of this Draft Red Herring Prospectus. Further, no investor complaint in relation to our Company is pending as on the date of this Draft Red Herring Prospectus.

## SECTION VII: OFFER INFORMATION

### TERMS OF THE OFFER

The Equity Shares being issued, offered and Allotted pursuant to the Offer shall be subject to the provisions of the Companies Act, SEBI ICDR Regulations, SCRA, SCRR, the MoA, AoA, SEBI Listing Regulations, the terms of the Red Herring Prospectus, the Prospectus, the abridged prospectus, Bid cum Application Form, the Revision Form, the CAN/Allotment Advice and other terms and conditions as may be incorporated in the Allotment Advice and other documents/certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to laws as applicable, guidelines, rules, notifications and regulations relating to the issue of capital, and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Offer and to the extent applicable or such other conditions as may be prescribed by the SEBI, the Government of India, the Stock Exchanges, the RoC and/or any other authorities while granting its approval for the Offer.

The Equity Shares being offered pursuant to the Offer shall be subject to the provisions of the Companies Act, the Memorandum of Association and Articles of Association and shall rank *pari-passu* in all respects with the existing Equity Shares including in respect of voting and the right to receive dividend. In addition, the Allottees upon Allotment of Equity Shares under the Offer, will be entitled to dividend and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, see “*Description of Equity Shares and Terms of Articles of Association*” on page 416.

#### Mode of Payment of Dividend

Our Company shall pay dividends, if declared, to the Shareholders in accordance with the provisions of the Companies Act, the Memorandum and Articles of Association and provisions of the SEBI Listing Regulations and any other guidelines or directions which may be issued by the Government in this regard. Dividends, if any, declared by our Company after the date of Allotment (pursuant to the transfer of Equity Shares from the Offer for Sale), will be payable to the Bidders who have been Allotted Equity Shares in the Offer, for the entire year, in accordance with applicable laws. For further details, in relation to dividends, see “*Dividend Policy*” and “*Description of Equity Shares and Terms of Articles of Association*” beginning on pages 237 and 416, respectively.

#### Face Value, Offer Price and Price Band

The face value of each Equity Share is ₹10 and the Offer Price at the lower end of the Price Band is ₹[●] per Equity Share and at the higher end of the Price Band is ₹[●] per Equity Share. The Anchor Investor Offer Price is ₹[●] per Equity Share.

The Offer Price, Price Band and the minimum Bid Lot will be decided by our Company and the Selling Shareholders, in consultation with the BRLMs and advertised in [●] editions of the English national newspaper [●], and [●] editions of the Hindi national newspaper [●] (Hindi also being the regional language of Delhi, where our Registered Office is located), each with wide circulation, at least two Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading the same on their websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be pre-filled in the Bid cum Application Forms available on the respective websites of the Stock Exchanges. The Offer Price shall be determined by our Company and the Selling Shareholders in consultation with the BRLMs, after the Bid/Offer Closing Date, on the basis of assessment of market demand for the Equity Shares offered by way of Book Building Process.

At any given point of time, there shall be only one denomination for the Equity Shares.

#### The Offer

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

Expenses for the Offer shall be shared amongst our Company and the Selling Shareholders in the manner specified in “*Objects of the Offer - Offer Expenses*” on page 103.

#### Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, our equity Shareholders shall have the following rights:

- Right to receive dividends, if declared;

- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy, in accordance with the provisions of the Companies Act;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;
- Right of free transferability, subject to applicable laws including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the SEBI Listing Regulations and the Articles of Association of our Company.

For a detailed description of the main provisions of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien, transfer, transmission and/or consolidation/splitting, see “*Description of Equity Shares and Terms of Articles of Association*” on page 416.

#### **Allotment only in dematerialised form**

Pursuant to Section 29 of the Companies Act, 2013 and the SEBI ICDR Regulations the Equity Shares shall be Allotted only in dematerialised form. As per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form. In this context, two agreements have been entered into amongst our Company, the respective Depositories and Registrar to the Offer:

- Tripartite agreement dated February 12, 2015 our Company, NSDL and Registrar to the Offer
- Tripartite agreement dated October 28, 2014 amongst our Company, CDSL and Registrar to the Offer.

#### **Market Lot and Trading Lot**

Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Offer will be in multiples of one Equity Share subject to a minimum Allotment of [●] Equity Shares. For further details, see “*Offer Procedure*” beginning on page 396.

#### **Joint Holders**

Subject to the provisions of the Articles of Association, where two or more persons are registered as the holders of the Equity Shares, they will be deemed to hold such Equity Shares as joint tenants with benefits of survivorship.

#### **Nomination facility to investors**

In accordance with Section 72 of the Companies Act, 2013, read with the Companies (Share Capital and Debentures) Rules, 2014, the sole Bidder, or the first Bidder along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or to the registrar and transfer agents of our Company.

Any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013 shall upon the production of such evidence as may be required by the Board, elect either:

- a) to register himself or herself as the holder of the Equity Shares; or
- b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialized mode, there is no need to make a separate nomination with our Company. Nominations registered with respective Depository Participant of the Bidder would prevail. If the Bidder wants to change the nomination, they are requested to inform their respective Depository Participant.

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

### Bid/Offer Programme

<b>BID/OFFER OPENS ON</b>	<b>[●]<sup>(1)</sup></b>
<b>BID/OFFER CLOSING ON</b>	<b>[●]<sup>(2)</sup></b>

- (1) *Our Company and the Selling Shareholders may, in consultation with the BRLMs, consider participation by Anchor Investors. The Anchor Investor Bid/Offer Period shall be one Working Day prior to the Bid/Offer Opening Date in accordance with the SEBI ICDR Regulations. Our Company may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis, in accordance with the SEBI ICDR Regulations.*
- (2) *Our Company and the Selling Shareholders may, in consultation with the BRLMs, consider closing the Bid/Offer Period for QIBs one day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations*

An indicative timetable in respect of the Offer is set out below:

<b>Event</b>	<b>Indicative Date</b>
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about [●]
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account*	On or about [●]
Credit of Equity Shares to demat accounts of Allottees	On or about [●]
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about [●]

*\* In case of (i) any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) for cancelled/ withdrawn/ deleted ASBA Forms, the Bidder shall be compensated at a uniform rate of ₹100 per day or 15% per annum of the Bid Amount, whichever is higher from the date on which the request for cancellation/ withdrawal/ deletion is placed in the Stock Exchanges bidding platform until the date on which the amounts are unblocked (ii) any blocking of multiple amounts for the same ASBA Form (for amounts blocked through the UPI Mechanism), the Bidder shall be compensated at a uniform rate ₹100 per day or 15% per annum of the total cumulative blocked amount except the original application amount, whichever is higher from the date on which such multiple amounts were blocked till the date of actual unblock; (iii) any blocking of amounts more than the Bid Amount, the Bidder shall be compensated at a uniform rate of ₹100 per day or 15% per annum of the difference in amount, whichever is higher from the date on which such excess amounts were blocked till the date of actual unblock; (iv) any delay in unblocking of non-allotted/ partially allotted Bids, exceeding four Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹100 per day or 15% per annum of the Bid Amount, whichever is higher for the entire duration of delay exceeding four Working Days from the Bid/ Offer Closing Date by the SCSB responsible for causing such delay in unblocking. The post Offer BRLMs shall be liable for compensating the Bidder at a uniform rate of ₹100 per day or 15% per annum of the Bid Amount, whichever is higher from the date of receipt of the Investor grievance until the date on which the blocked amounts are unblocked. Further, investors shall be entitled to compensation in the manner specified in the SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended and SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 in case of delays in resolving investor grievances in relation to blocking/unblocking of funds.*

The above timetable, other than the Bid/Offer Closing Date, is indicative and does not constitute any obligation or liability on our Company or the Selling Shareholders or the BRLMs.

Whilst our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within six Working Days of the Bid/Offer Closing Date, the timetable may be extended due to various factors, such as extension of the Bid/Offer Period by our Company and the Selling Shareholders in consultation with the BRLMs, revision of the Price Band or any delay in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws.

The Selling Shareholder confirms that it shall extend such reasonable support and co-operation in relation to the Offered Shares for completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges within six Working Days from the Bid/ Offer Closing Date or such other period as may be prescribed by SEBI.

In terms of the UPI Circulars, in relation to the Offer, the BRLMs will submit reports of compliance with T+6 listing timelines and activities, identifying non-adherence to timelines and processes and an analysis of entities responsible for the delay and the reasons associated with it.



**SEBI is in the process of streamlining and reducing the post issue timeline for IPOs. Any circulars or notifications from SEBI after the date of this Draft Red Herring Prospectus may result in changes to the above mentioned timelines. Further, the offer procedure is subject to change basis any revised SEBI circulars to this effect.**

**Submission of Bids (other than Bids from Anchor Investors):**

<b>Bid/Offer Period (except the Bid/Offer Closing Date)</b>	
Submission and Revision in Bids	Only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time ("IST"))
<b>Bid/Offer Closing Date</b>	
Submission and Revision in Bids	Only between 10.00 a.m. and 3.00 p.m. IST

**On the Bid/Offer Closing Date, the Bids shall be uploaded until:**

- (i) 4.00 p.m. IST in case of Bids by QIBs and Non-Institutional Bidders, and
- (ii) until 5.00 p.m. IST or such extended time as permitted by the Stock Exchanges, in case of Bids by RIBs.

On Bid/Offer Closing Date, extension of time will be granted by Stock Exchanges only for uploading Bids received by RIBs after taking into account the total number of Bids received and as reported by the BRLMs to the Stock Exchanges.

**It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs would be rejected.**

For the avoidance of doubt, it is clarified that Bids not uploaded on the electronic bidding system or in respect of which full Bid Amount is not blocked by SCSBs or not blocked under the UPI Mechanism in the relevant ASBA Account, as the case may be, will be rejected.

The Registrar to the Offer shall submit the details of cancelled/withdrawn/deleted applications to the SCSB's on daily basis within 60 minutes of the Bid closer time, from the Bid/ Offer Opening Date till the Bid/Offer Closing Date by obtaining the same from the Stock Exchanges. The SCSB's shall unblock such applications by the closing hours of the Working Day and submit a confirmation in respect thereof to the BRLMs and the Registrar to the Offer on a daily basis.

Due to limitation of time available for uploading the Bids on the Bid/Offer Closing Date, Bidders are advised to submit their Bids one day prior to the Bid/Offer Closing Date. Bidders are cautioned that, in the event a large number of Bids are received on the Bid/Offer Closing Date, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under this Offer. Bids will be accepted only during Working Days.

None among our Company, the Selling Shareholders or any member of the Syndicate is liable for any failure in (i) uploading the Bids due to faults in any software/ hardware system or otherwise; and (ii) the blocking of Bid Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism.

Our Company and the Selling Shareholders, in consultation with the BRLMs reserves the right to revise the Price Band during the Bid/Offer Period. The revision in the Price Band shall not exceed 20% on either side, i.e. the Floor Price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly.

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

In case of discrepancy in data entered in the electronic book vis-vis data contained in the Bid cum Application Form for a particular Bidder, the details as per the Bid file received from the Stock Exchanges shall be taken as the final data for the purpose of Allotment.

### **Minimum Subscription**

The requirement of minimum subscription is not applicable to the Offer for Sale in accordance with the SEBI ICDR Regulations. In the event our Company does not receive (i) a minimum subscription of 90% of the Fresh Issue, and (ii) a subscription in the Offer as specified under Rule 19(2)(b) of the SCRR, including devolvement of Underwriters, if any, within 60 days from the date of Bid/ Offer Closing Date, or if the subscription level falls below the thresholds mentioned above after the Bid Closing Date, on account of withdrawal of applications or after technical rejections or any other reason, or if the listing or trading permission is not obtained from the Stock Exchanges for the Equity Shares being offered under the Red Herring Prospectus, the Selling Shareholders, to the extent applicable, and our Company shall forthwith refund the entire subscription amount received. In terms of the SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021, our Company shall within four days from the closure of the Offer, refund the subscription amount received in case of non – receipt of minimum subscription or in case our Company fails to obtain listing or trading permission from the Stock Exchanges for the Equity Shares. If there is a delay beyond the prescribed time, the Selling Shareholders, to the extent applicable, and our Company shall pay interest prescribed under the applicable law.

In the event of under-subscription in the Offer, subject to receiving minimum subscription for 90% of the Fresh Issue and compliance with Rule 19(2)(b) of the SCRR, the Allotment for the valid Bids will be made in the first instance towards subscription for 90% of the Fresh Issue. If there remains any valid Bids in the Offer, Allotment for the balance valid Bids will be made first towards Equity Shares offered pursuant to the Fresh Issue, and only then, towards the Offer for Sale.

Further, the Selling Shareholders and our Company shall ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted shall not be less than 1,000 in compliance with Regulation 49(1) of the SEBI ICDR Regulations failing which the entire application money shall be unblocked in the respective ASBA Accounts of the Bidders. In case of delay, if any, in unblocking the ASBA Accounts within such timeline as prescribed under applicable laws, the Selling Shareholders and our Company shall be liable to pay interest on the application money in accordance with applicable laws.

### **New Financial Instruments**

Our Company is not issuing any new financial instruments through this Offer.

### **Arrangements for Disposal of Odd Lots**

There are no arrangements for disposal of odd lots since our Equity Shares will be traded in dematerialised form only and market lot for our Equity Shares will be one Equity Share.

### **Option to receive Equity Shares in dematerialized form**

Allotment of Equity Shares to successful Bidders will only be in the dematerialized form. Bidders will not have the option of Allotment of the Equity Shares in physical form. The Equity Shares on Allotment will be traded only in the dematerialized segment of the Stock Exchanges.

### **Restrictions, if any on Transfer and Transmission of Equity Shares**

Except for the lock-in of the pre-Offer capital of our Company, minimum Promoters' contribution and the Anchor Investor lock-in and except as provided in the Articles of Association there are no restrictions on transfer of Equity Shares. Further, there are no restrictions on the transmission of shares/debentures and on their consolidation/splitting, except as provided in the Articles of Association. For details see "*Description of Equity Shares and Terms of Articles of Association*" on page 416.

### **Withdrawal of the Offer**

Our Company and the Selling Shareholders, in consultation with the BRLMs, reserve the right not to proceed with the Fresh Issue, and each Selling Shareholder, severally and not jointly, reserves the right not to proceed with the Offer for Sale, in whole or in part thereof, to the extent of their respective portion of the Offered Shares, after the Bid/ Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Bid/ Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer and inform the Stock Exchanges simultaneously. The BRLMs, through the Registrar to the Offer, shall notify the

SCSBs and the Sponsor Bank, to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification and also inform the Bankers to the Offer to process refunds to the Anchor Investors, as the case may be. Our Company shall also inform the same to the Stock Exchanges on which Equity Shares are proposed to be listed. The notice of withdrawal will be issued in the same newspapers where the pre-Offer advertisements have appeared and the Stock Exchanges will also be informed promptly.

In terms of the UPI Circulars, in relation to the Offer, the BRLMs will submit reports of compliance with T+6 listing timelines and activities, identifying non-adherence to timelines and processes and an analysis of entities responsible for the delay and the reasons associated with it. Further, in case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/ Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹ 100 per day for the entire duration of delay exceeding four Working Days from the Bid/ Offer Closing Date by the intermediary responsible for causing such delay in unblocking. The BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking.

If our Company and/or the Selling Shareholders withdraw the Offer after the Bid/ Offer Closing Date and thereafter determines that it will proceed with an issue/ offer for sale of the Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI. Notwithstanding the foregoing, this Offer is also subject to obtaining the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and the final RoC approval of the Prospectus after it is filed with the RoC.

## OFFER STRUCTURE

Offer of up to [●] Equity Shares for cash at a price of ₹[●] per Equity Share (including a premium of ₹[●] per Equity Share) aggregating to ₹[●] million comprising of a Fresh Issue of up to [●] Equity Shares aggregating up to ₹3,000 million by our Company and an Offer for Sale of up to 8,922,672 Equity Shares aggregating up to ₹[●] million, comprising up to 1,883,414 Equity Shares aggregating up to ₹[●] million by Mr. Mukesh Luthra, up to 5,141,718 Equity Shares aggregating up to ₹[●] million by Leon and up to 1,897,540 Equity Shares aggregating up to ₹[●] million by OIH at the Offer Price aggregating up to ₹[●] million offered for sale in the Offer.

The Offer shall constitute [●]% of the post-Offer paid up Equity Share capital of our Company.

Our Company and the Selling Shareholders, in consultation with the BRLMs, may consider a Pre-IPO Placement of up to [●] Equity Shares for cash consideration aggregating up to ₹ 1,000 million. The Pre-IPO Placement will be at a price to be decided by our Company and the Selling Shareholders, in consultation with the BRLMs and the Pre-IPO Placement, if any, will be undertaken prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the Fresh Issue size will be reduced to the extent of such Pre-IPO Placement, subject to applicable law.

The Offer is being made through the Book Building Process.

Particulars	QIBs <sup>(1)</sup>	Non-Institutional Bidders	RIBs
Number of Equity Shares available for Allotment/ allocation <sup>(2)</sup>	Not less than [●] Equity Shares	Not more than [●] Equity Shares available	Not more than [●] Equity Shares available for allocation
Percentage of Offer Size available for Allotment/ allocation	Not less than 75% of the Offer Size shall be available for allocation to QIBs. However, up to 5% of the QIB Portion will be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund Portion will be available for allocation to QIBs	Not more than 15% of the Offer	Not more than 10% of the Offer
Basis of Allotment/ allocation if respective category is oversubscribed	Proportionate as follows (excluding the Anchor Investor Portion): (a) up to [●] Equity Shares shall be available for allocated on a proportionate basis to Mutual Funds only; and (b) [●] Equity Shares shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above. Up to 60% of the QIB Portion Equity Shares may be allocated on a discretionary basis to Anchor Investors of which one-third shall be available for allocation to Mutual Funds only.	Proportionate	Proportionate, subject to the minimum Bid Lot. Allotment to each Retail Individual Bidder shall not be less than the maximum Bid lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares is any, shall be available for allocation on a proportionate basis. For details see, “Offer Procedure” on page 396.

	subject to valid Bid received from Mutual Funds at or above the Anchor Investor Allocation Price		
Minimum Bid	Such number of Equity Shares and in multiple of [●] Equity Shares so that the Bid Amount exceeds ₹200,000	Such number of Equity Shares and in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹200,000	[●] Equity Shares
Maximum Bid	Such number of Equity Shares and in multiple of [●] Equity Shares so that the Bid does not exceed the size of the Offer, subject to applicable limits	Such number of Equity Shares and in multiple of [●] Equity Shares so that the Bid does not exceed the size of the Offer, subject to applicable limits	Such number of Equity Shares and in multiple of [●] Equity Shares so that the Bid Amount does not exceed ₹200,000
Mode of Allotment	Compulsorily in dematerialized form		
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter		
Allotment Lot	A minimum of [●] Equity Shares and thereafter in multiples of one Equity Share		
Trading Lot	One Equity Share		
Who can apply <sup>(3)</sup> <sup>(4)</sup>	Public financial institutions as specified in Section 2(72) of the Companies Act 2013, scheduled commercial banks, mutual funds registered with SEBI, FPIs (other than individuals, corporate bodies and family offices), VCFs, AIFs, state industrial development corporation, insurance company registered with IRDAI, provident fund with minimum corpus of ₹250 million, pension fund with minimum corpus of ₹250 million National Investment Fund set up by the Government, insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India and Systemically Important NBFCs.	Resident Indian individuals, Eligible NRIs on a non-repatriable basis, HUFs (in the name of Karta), companies, corporate bodies, scientific institutions, societies, trusts and FPIs who are individuals, corporate bodies and family offices	Resident Indian individuals, Eligible NRIs and HUFs (in the name of Karta)
Terms of Payment	<p><b>In case of Anchor Investors:</b> Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids<sup>(3)</sup></p> <p><b>In case of all other Bidders:</b> Full Bid Amount shall be blocked in the bank account of the ASBA Bidder (other than Anchor Investors) that is specified in the ASBA Form at the time of submission of the ASBA Form</p>		
Mode of Bidding	Only through the ASBA process (except for Anchor Investors).		

- (1) Our Company and the Selling Shareholders may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price Anchor Investor Allocation Price. In the event of under- subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the Net QIB Portion. For details, see "Offer Structure" on page 393
- (2) Subject to valid Bids being received at or above the Offer Price. This is an Offer in terms of Rule 19(2)(b) of the SCRR in compliance with Regulation 6(2) of the SEBI ICDR Regulations.
- (3) In case of joint Bids, the Bid cum Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Bidder would be required in the Bid cum Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders. Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids, except as otherwise permitted, in any or all categories.

- (4) *Full Bid Amount shall be payable by the Anchor Investors at the time of submission of the Anchor Investor Application Forms provided that any difference between the Anchor Investor Allocation Price and the Anchor Investor Offer Price shall be payable by the Anchor Investor Pay-In Date as indicated in the CAN.*

The Bids by FPIs with certain structures as described under “*Offer Procedure - Bids by FPIs*” on page 401 and having same PAN may be collated and identified as a single Bid in the Bidding process. The Equity Shares Allocated and Allotted to such successful Bidders (with same PAN) may be proportionately distributed. Bidders will be required to confirm and will be deemed to have represented to our Company, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.

Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in the Non-Institutional Portion or the Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company and the Selling Shareholders, in consultation with the BRLMs and the Designated Stock Exchange, on a proportionate basis. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. For further details, see “*Terms of the Offer*” on page 387.

## OFFER PROCEDURE

*All Bidders should read the General Information Document which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations which is part of the abridged prospectus accompanying the Bid cum Application Form. The General Information Document is available on the websites of the Stock Exchanges and the Book Running Lead Managers. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer especially in relation to the process for Bids by RIBs through the UPI Mechanism. The investors should note that the details and process provided in the General Information Document should be read along with this section.*

*Additionally, all Bidders may refer to the General Information Document for information in relation to (i) category of investors eligible to participate in the Offer; (ii) maximum and minimum Bid size; (iii) price discovery and allocation; (iv) payment instructions for ASBA Bidders; (v) issuance of Confirmation of Allocation Note (“CAN”) and Allotment in the Issue; (vi) general instructions (limited to instructions for completing the Bid cum Application Form); (vii) designated date; (viii) disposal of applications; (ix) submission of Bid cum Application Form; (x) other instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds); (xi) applicable provisions of Companies Act relating to punishment for fictitious applications; (xii) mode of making refunds; and (xiii) interest in case of delay in Allotment or refund.*

*SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018 read with its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, has introduced an alternate payment mechanism using Unified Payments Interface (“UPI”) and consequent reduction in timelines for listing in a phased manner. From January 1, 2019, the UPI Mechanism for RIBs applying through Designated Intermediaries was made effective along with the existing process and existing timeline of T+6 days. (“UPI Phase I”). The UPI Phase I was effective till June 30, 2019.*

*With effect from July 1, 2019, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, read with circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 with respect to Bids by RIBs through Designated Intermediaries (other than SCSBs), the existing process of physical movement of forms from such Designated Intermediaries to SCSBs for blocking of funds has been discontinued and only the UPI Mechanism for such Bids with existing timeline of T+6 days was mandated for a period of three months or launch of five main board public issues, whichever is later (“UPI Phase II”). Subsequently, however, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 extended the timeline for implementation of UPI Phase II till further notice. The final reduced timeline of T+3 days will be made effective using the UPI Mechanism for applications by RIBs (“UPI Phase III”), as may be prescribed by SEBI. The Offer will be undertaken pursuant to the processes and procedures under UPI Phase II, subject to any circulars, clarification or notification issued by the SEBI from time to time. Further, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular dated June 2, 2021, has introduced certain additional measures for streamlining the process of initial public offers and redressing investor grievances. This circular shall come into force for initial public offers opening on/or after May 1, 2021, except as amended pursuant to SEBI circular dated June 2, 2021, and the provisions of this circular are deemed to form part of this Draft Red Herring Prospectus.*

*Our Company, the Selling Shareholders, the Book Running Lead Managers do not accept any responsibility for the completeness and accuracy of the information stated in this section and the General Information Document, and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in this Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus.*

*Further, our Company, the Selling Shareholders and the members of the Syndicate are not liable for any adverse occurrences consequent to the implementation of the UPI Mechanism for application in the Offer.*

### **Book Building Procedure**

The Offer is being made through the Book Building Process in accordance with Regulation 6(2) of the SEBI ICDR Regulations wherein not less than 75% of the Offer shall be allocated on a proportionate basis to QIBs,

provided that our Company and the Selling Shareholders may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all

QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not more than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Investors and not more than 10% of the Offer shall be available for allocation to RIBs in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.

Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category except in the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories, at the discretion of our Company and the Selling Shareholders, in consultation with the Book Running Lead Managers, and the Designated Stock Exchange and subject to applicable laws. Under-subscription, if any, in the QIB Portion, would not be allowed to be met with spill-over from any other category or a combination of categories.

The Equity Shares, on Allotment, shall be traded only in the dematerialised segment of the Stock Exchanges.

**Bidders should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms, which do not have the details of the Bidders' depository account, including DP ID, Client ID, UPI ID (in case of RIBs using the UPI Mechanism) and PAN, shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. However, they may get the Equity Shares rematerialised subsequent to Allotment of the Equity Shares in the Offer, subject to applicable laws.**

#### **Phased implementation of unified payments interface**

SEBI has issued the UPI Circulars in relation to streamlining the process of public issue of inter alia, equity shares. Pursuant to the UPI Circulars, the UPI Mechanism has been introduced in a phased manner as a payment mechanism (in addition to mechanism of blocking funds in the account maintained with SCSBs under ASBA) for applications by RIBs through Designated Intermediaries with the objective to reduce the time duration from public issue closure to listing from six Working Days to up to three Working Days. Considering the time required for making necessary changes to the systems and to ensure complete and smooth transition to the UPI payment mechanism, the UPI Circulars have introduced the UPI Mechanism in three phases in the following manner:

**Phase I:** This phase was applicable from January 1, 2019 until March 31, 2019 or floating of five main board public issues, whichever was later. Subsequently, the timeline for implementation of Phase I was extended till June 30, 2019. Under this phase, a RIB had the option to submit the ASBA Form with any of the Designated Intermediary and use his/ her UPI ID for the purpose of blocking of funds. The time duration from public issue closure to listing continued to be six Working Days.

**Phase II:** This phase has become applicable from July 1, 2019 and was to initially continue for a period of three months or floating of five main board public issues, whichever is later. SEBI vide its circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 has decided to extend the timeline for implementation of UPI Phase II until March 31, 2020. Subsequently, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 extended the timeline for implementation of UPI Phase II till further notice. Under this phase, submission of the ASBA Form by RIBs through Designated Intermediaries (other than SCSBs) to SCSBs for blocking of funds has been discontinued and replaced by the UPI Mechanism. However, the time duration from public issue closure to listing continues to be six Working Days during this phase.

**Phase III:** The commencement period of Phase III is yet to be notified. In this phase, the time duration from public issue closure to listing would be reduced to three Working Days.



All SCSBs offering the facility of making application in public issues shall also provide facility to make application using UPI. Our Company will be required to appoint one of the SCSBs as a sponsor bank to act as a conduit between the Stock Exchanges and NPCI in order to facilitate collection of requests and/or payment instructions of the Retail Individual Investors using the UPI.

For further details, refer to the General Information Document available on the websites of the Stock Exchanges and the Book Running Lead Managers and the Book Running Lead Managers.

### **Electronic registration of Bids**

- a. The Designated Intermediary may register the Bids using the online facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the online facilities for Book Building on a regular basis before the closure of the Offer.
- b. On the Bid/Offer Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges and as disclosed in the Red Herring Prospectus.

Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/Allotment. The Designated Intermediaries are given till 1:00 pm on the next Working Day following the Bid/Offer Closing Date to modify select fields uploaded in the Stock Exchanges' Platform during the Bid/Offer Period after which the Stock Exchange(s) send the bid information to the Registrar to the Offer for further processing.

### **Bid cum Application Form**

Copies of the Bid cum Application Form (other than for Anchor Investors) and the abridged prospectus will be available with the Designated Intermediaries at the relevant Bidding Centres, and at our Registered and Corporate Office. An electronic copy of the Bid cum Application Form will also be available for download on the websites of NSE ([www.nseindia.com](http://www.nseindia.com)) and BSE ([www.bseindia.com](http://www.bseindia.com)) at least one day prior to the Bid / Offer Opening Date.

Copies of the Anchor Investor Application Form will be available at the offices of the Book Running Lead Managers.

All Bidders (other than Anchor Investors) shall mandatorily participate in the Offer only through the ASBA process. Anchor Investors are not permitted to participate in the Offer through the ASBA process. RIBs are mandatorily required to use the UPI Mechanism for submitting their bids to Designated Intermediaries and are allowed to use ASBA Process by way of ASBA Forms to submit their bids directly to SCSBs.

RIBs Bidding using the UPI Mechanism must provide the valid UPI ID in the relevant space provided in the Bid cum Application Form and the Bid cum Application Forms that do not contain the UPI ID are liable to be rejected.

ASBA Bidders (including Bidders using the UPI Mechanism) must provide bank account details and authorisation to block funds in their respective ASBA Accounts in the relevant space provided in the ASBA Form and the ASBA Forms that do not contain such details are liable to be rejected or the UPI ID, as applicable, in the relevant space provided in the ASBA Form. Applications made using third party bank account or using third party linked bank account UPI ID are liable for rejection.

ASBA Bidders shall ensure that the Bids are made on ASBA Forms bearing the stamp of the Designated Intermediary, submitted at the Bidding Centres only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp are liable to be rejected. RIBs using UPI Mechanism, may submit their ASBA Forms, including details of their UPI IDs, with the Syndicate, sub-Syndicate members, Registered Brokers, RTAs or CDPs. RIBs authorising an SCSB to block the Bid Amount in the ASBA Account may submit their ASBA Forms with the SCSBs. ASBA Bidders must ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Bid Amount can be blocked by the SCSB or the Sponsor Bank, as applicable at the time of submitting the Bid. In order to ensure timely information to investors, SCSBs are required to send SMS alerts to investors intimating them about Bid Amounts blocked/ unblocked.

Anchor Investors are not permitted to participate in the Issue through the ASBA process. For Anchor Investors, the Anchor Investor Application is available with the Book Running Lead Managers. The Sponsor Bank shall host a web portal for intermediaries (closed user group) from the date of Bid/Offer Opening Date till the date

of listing of the Equity Shares with details of statistics of mandate blocks/unblocks, performance of apps and UPI handles, down-time/network latency (if any) across intermediaries and any such processes having an impact/bearing on the Offer Bidding process.

The prescribed colour of the Bid cum Application Form for the various categories is as follows:

Category	Colour of Bid cum Application Form*
Resident Indians, including QIBs, Non-institutional Investors and Retail Individual Investors, each resident in India and Eligible NRIs applying on a non-repatriation basis	[●]
Non-Residents including Eligible NRIs, their sub-accounts (other than sub-accounts which are foreign corporates or foreign individuals under the QIB Portion), FPIs or FVCIs registered multilateral and bilateral development financial institutions applying on a repatriation basis	[●]
Anchor Investors**	[●]

\* Excluding electronic Bid cum Application Form

\*\* Bid cum Application Forms for Anchor Investors will be made available at the office of the Book Running Lead Managers.

Electronic Bid cum Application forms will also be available for download on the website of NSE ([www.nseindia.com](http://www.nseindia.com)) and BSE ([www.bseindia.com](http://www.bseindia.com)).

The Designated Intermediaries (other than SCSBs) shall submit/deliver the Bid cum Application Form to the respective SCSB, where the Bidder has a bank account and shall not submit it to any non-SCSB bank or any Escrow Bank. Further, SCSBs shall upload the relevant Bid details (including UPI ID in case of ASBA Forms under the UPI Mechanism) in the electronic bidding system of the Stock Exchanges. Stock Exchanges shall validate the electronic bids with the records of the CDP for DP ID/Client ID and PAN, on a real time basis and bring inconsistencies to the notice of the relevant Designated Intermediaries, for rectification and re-submission within the time specified by Stock Exchanges. Stock Exchanges shall allow modification of either DP ID/Client ID or PAN ID, bank code and location code in the Bid details already uploaded.

For RIBs using UPI mechanism, the Stock Exchanges shall share the bid details (including UPI ID) with Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate UPI Mandate Request to RIBs for blocking of funds. The Sponsor Bank shall initiate request for blocking of funds through NPCI to RIBs, who shall accept the UPI Mandate Request for blocking of funds on their respective mobile applications associated with UPI ID linked bank account. The NPCI shall maintain an audit trail for every bid entered in the Stock Exchanges bidding platform, and the liability to compensate RIBs (using the UPI Mechanism) in case of failed transactions shall be with the concerned entity (i.e. the Sponsor Bank, NPCI or the Bankers to the Offer) at whose end the lifecycle of the transaction has come to a halt. The NPCI shall share the audit trail of all disputed transactions/ investor complaints to the Sponsor Banks and the Bankers to the Offer. The Book Running Lead Managers shall also be required to obtain the audit trail from the Sponsor Banks and the Bankers to the Offer for analysing the same and fixing liability. For ensuring timely information to investors, SCSBs shall send SMS alerts for mandate block and unblock including details specified in SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular dated June 2, 2021.

The Sponsor Bank will undertake a reconciliation of Bid responses received from Stock Exchanges and sent to NPCI and will also ensure that all the responses received from NPCI are sent to the Stock Exchanges platform with detailed error code and description, if any. Further, the Sponsor Bank will undertake reconciliation of all Bid requests and responses throughout their lifecycle on daily basis and share reports with the Managers in the format and within the timelines as specified under the UPI Circulars. Sponsor Bank and issuer banks shall download UPI settlement files and raw data files from the NPCI portal after every settlement cycle and do a three way reconciliation with Banks UPI switch data, CBS data and UPI raw data. NPCI is to coordinate with issuer banks and Sponsor Banks on a continuous basis.

**Participation by Promoters, Promoter Group, the Book Running Lead Managers, the Syndicate Members and persons related to Promoters/Promoter Group/the Book Running Lead Managers**

The Book Running Lead Managers and the Syndicate Members shall not be allowed to purchase Equity Shares in this Offer in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the Book Running Lead Managers and the Syndicate Members may Bid for Equity Shares in

the Offer, either in the QIB Portion or in the Non-Institutional Portion as may be applicable to such Bidders, where the allocation is on a proportionate basis, and such subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of the Book Running Lead Managers and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Except as stated below, neither the Book Running Lead Managers nor any associate of the Book Running Lead Managers can apply in the Offer under the Anchor Investor Portion:

- (i) mutual funds sponsored by entities which are associate of the Book Running Lead Managers;
- (ii) insurance companies promoted by entities which are associate of the Book Running Lead Managers;
- (iii) AIFs sponsored by the entities which are associate of the Book Running Lead Managers; or
- (iv) FPIs sponsored by the entities which are associate of the Book Running Lead Managers.

Further, the Promoters and members of the Promoter Group shall not participate by applying for Equity Shares in the Offer. Further, persons related to the Promoters and Promoter Group shall not apply in the Offer under the Anchor Investor Portion. However, a qualified institutional buyer who has any of the following rights in relation to the Company shall be deemed to be a person related to the Promoters or Promoter Group of our Company:

- (i) rights under a shareholders agreement or voting agreement entered into with the Promoters or Promoter Group of our Company;
- (ii) veto rights; or
- (iii) right to appoint any nominee director on our Board.

Further, an Anchor Investor shall be deemed to be an “associate of the Book Running Lead Managers ” if:

- (i) either of them controls, directly or indirectly through its subsidiary or holding company, not less than 15% of the voting rights in the other; or
- (ii) either of them, directly or indirectly, by itself or in combination with other persons, exercises control over the other; or
- (iii) there is a common director, excluding nominee director, amongst the Anchor Investors, the Book Running Lead Managers.

### **Bids by Mutual Funds**

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company and the Selling Shareholders, in consultation with the Book Running Lead Managers, reserve the right to reject any Bid without assigning any reason thereof, subject to applicable law.

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which such Bid has been made.

No Mutual Fund scheme shall invest more than 10% of its NAV in equity shares or equity-related instruments of any single company, provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

### **Bids by Eligible NRIs**

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents ([●] in colour). Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents ([●] in colour).

Eligible NRIs may obtain copies of Bid cum Application Form from the Designated Intermediaries. Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRI Bidders bidding on a repatriation basis by using the Non-Resident Forms should authorise their respective SCSB to block their Non- Resident External (“NRE”) accounts, or Foreign Currency Non-Resident (“FCNR”) Accounts, and eligible NRI Bidders bidding on a non-repatriation basis by using Resident Forms should authorise their respective SCSB to block their Non-Resident Ordinary (“NRO”) accounts for the full Bid Amount, at the time of the submission of the Bid cum Application Form. Eligible NRIs applying on a non-repatriation basis in the Offer through the UPI Mechanism are advised to enquire with their relevant bank, whether their account is UPI linked, prior to submitting a Bid cum Application Form.

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents ([●] in colour). Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents ([●] in colour). Eligible NRIs will be permitted to apply in the Offer through Channel I or Channel II (as specified in the SEBI UPI Circulars). Further, subject to applicable law, Eligible NRIs may use Channel IV (as specified in the SEBI UPI Circulars) to apply in the Offer, provided the UPI facility is enabled for their NRE/NRO accounts.

For details of restrictions on investment by NRIs, see “*Restrictions on Foreign Ownership of Indian Securities*” beginning on page 415.

Participation of Eligible NRIs in the Offer shall be subject to the FEMA Rules.

### **Bids by HUFs**

Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder/applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: “Name of sole or first Bidder/applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*”. Bids/Applications by HUFs may be considered at par with Bids/Applications from individuals.

### **Bids by FPIs**

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) must be below 10% of our total paid-up Equity Share capital on a fully diluted basis. Further, in terms of the FEMA Rules, the total holding by each FPI shall be less than 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Company.

In case of Bids made by FPIs, a certified copy of the certificate of registration issued under the SEBI FPI Regulations is required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason. FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for Non- Residents (blue in colour).

In case the total holding of an FPI increases beyond 10% of the total paid-up Equity Share capital, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants issued that may be issued by our Company, the total investment made by the FPI 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.

It is hereby clarified that bids received from FPIs bearing the same PAN shall be treated as multiple Bids and are liable to be rejected, except for Bids from FPIs that utilize the multiple investment manager structure in accordance with the Operational Guidelines for Foreign Portfolio Investors and Designated Depository Participants issued to facilitate implementation of SEBI FPI Regulations (“**MIM Structure**”), provided such Bids have been made with different beneficiary account numbers, Client IDs and DP IDs. Accordingly, it should be noted that multiple Bids received from FPIs, who do not utilize the MIM Structure, and bear the

same PAN, are liable to be rejected. In order to ensure valid Bids, FPIs making multiple Bids using the same PAN, and with different beneficiary account numbers, Client IDs and DP IDs, are required to provide a confirmation along with each of their Bid cum Application Forms that the relevant FPIs making multiple Bids utilize the MIM Structure and indicate the name of their respective investment managers in such confirmation. In the absence of such confirmation from the relevant FPIs, such multiple Bids are liable to be rejected. Further, in the following cases, the bids by FPIs will not be considered as multiple Bids: involving (i) the MIM Structure and indicating the name of their respective investment managers in such confirmation; (ii) offshore derivative instruments (“ODI”) which have obtained separate FPI registration for ODI and proprietary derivative investments; (iii) sub funds or separate class of investors with segregated portfolio who obtain separate FPI registration; (iv) FPI registrations granted at investment strategy level/sub fund level where a collective investment scheme or fund has multiple investment strategies/sub- funds with identifiable differences and managed by a single investment manager; (v) multiple branches in different jurisdictions of foreign bank registered as FPIs; (vi) Government and Government related investors registered as Category 1 FPIs; and (vii) Entities registered as Collective Investment Scheme having multiple share classes.

With effect from the April 1, 2020, the aggregate limit shall be the sectoral caps applicable to the Indian company as prescribed in the FEMA Rules with respect to its paid-up equity capital on a fully diluted basis. While the aggregate limit as provided above could have been decreased by the concerned Indian companies to a lower threshold limit of 24% or 49% or 74% as deemed fit, with the approval of its board of directors and its shareholders through a resolution and a special resolution, respectively before March 31, 2020, our Company has not decreased such limit and accordingly the applicable limit with respect to our Company is 100%.

FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI, may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only by persons registered as Category I FPIs; (ii) such offshore derivative instruments are issued only to persons eligible for registration as Category I FPIs; (iii) such offshore derivative instruments are issued after compliance with ‘know your client’ norms; and (iv) such other conditions as may be specified by SEBI from time to time.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by or on its behalf, is carried out subject to *inter alia* the following conditions:

- (a) such offshore derivative instruments are transferred only to persons in accordance with Regulation 22(1) of the SEBI FPI Regulations; and
- (b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre-approved by the FPI.

Participation of FPIs in the Offer shall be subject to the FEMA Rules.

### **Bids under Power of Attorney**

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, eligible FPIs, AIFs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹250 million and pension funds with a minimum corpus of ₹250 million (in each case, subject to applicable law and in accordance with their respective constitutional documents), a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws, as applicable must be lodged along with the Bid cum Application Form. Failing this, our Company and Selling Shareholders reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reasons thereof.

Our Company and the Selling Shareholders, in consultation with the Book Running Lead Managers in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form.

### **Bids by SEBI registered VCFs, AIFs and FVCIs**

The SEBI FVCI Regulations, *inter alia*, prescribe the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, amongst others, the investment restrictions on AIFs. Accordingly, the holding in any company by any individual VCF or FVCI registered with SEBI should not exceed 25% of the corpus of the VCF or FVCI. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds in various prescribed instruments, including in public offerings.

Category I AIFs and Category II AIFs cannot invest more than 25% of the investible funds in one investee company. A category III AIF cannot invest more than 10% of the investible funds in one investee company. A VCF registered as a Category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than one-third of its investible funds by way of subscription to an initial public offering of a venture capital undertaking. Pursuant to the repeal of the SEBI VCF Regulations, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up and such fund shall not launch any new scheme after the notification of the SEBI AIF Regulations. Our Company, the Selling Shareholders, the Book Running Lead Managers will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Participation of VCFs, AIFs or FVCIs in the Offer shall be subject to the FEMA Rules.

**All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.**

### **Bids by Limited Liability Partnerships**

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders in consultation with the Book Running Lead Managers reserve the right to reject any Bid without assigning any reason thereof.

### **Bids by Banking Companies**

In case of Bids made by banking companies registered with the RBI, certified copies of (i) the certificate of registration issued by the RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders, in consultation with the Book Running Lead Managers, reserve the right to reject any Bid without assigning any reason thereof, subject to applicable law.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949, as amended, (the "**Banking Regulation Act**"), and the Master Directions - Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, as amended, is 10% of the paid-up share capital of the investee company, not being its subsidiary engaged in non-financial services, or 10% of the bank's own paid-up share capital and reserves, whichever is lower. Further, the aggregate investment by a banking company in subsidiaries and other entities engaged in financial services company cannot exceed 20% of the investee company's paid up share capital and reserves. However, a banking company would be permitted to invest in excess of 10% but not exceeding 30% of the paid-up share capital of such investee company if (i) the investee company is engaged in non-financial activities permitted for banks in terms of Section 6(1) of the Banking Regulation Act, or (ii) the additional acquisition is through restructuring of debt/corporate debt restructuring/strategic debt restructuring, or to protect the bank's interest on loans/investments made to a company. The bank is required to submit a time-bound action plan for disposal of such shares within a specified period to the RBI. A banking company would require a prior approval of the RBI to make (i) investment in excess of 30% of the paid-up share capital of the investee company, (ii) investment in a subsidiary and a financial services company that is not a subsidiary (with certain exceptions prescribed), and (iii) investment in a non-financial services company in excess of 10% of such investee company's paid-up share capital as stated in 5(a)(v)(c)(i) of the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, as amended.

### **Bids by SCSBs**

SCSBs participating in the Offer are required to comply with the terms of the circulars bearing numbers CIR/CFD/DIL/12/2012 and CIR/CFD/DIL/1/2013 dated September 13, 2012 and January 2, 2013, respectively, issued by SEBI. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

### **Bids by Insurance Companies**

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders in consultation with the Book Running Lead Managers reserve the right to reject any Bid without assigning any reason thereof, subject to applicable law.

The exposure norms for insurers are prescribed under the Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016, as amended (“**IRDAI Investment Regulations**”), based on investments in the equity shares of a company, the entire group of the investee company and the industry sector in which the investee company operates. Insurance companies participating in the Offer are advised to refer to the IRDAI Investment Regulations for specific investment limits applicable to them and shall comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time.

### **Bids by Provident Funds/Pension Funds**

In case of Bids made by provident funds/pension funds with minimum corpus of ₹250 million, subject to applicable law, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders in consultation with the Book Running Lead Managers reserve the right to reject any Bid, without assigning any reason thereof.

### **Bids by Systemically Important Non-Banking Financial Companies**

In case of Bids made by Systemically Important Non-Banking Financial Companies registered with RBI, certified copies of:

- (i) the certificate of registration issued by RBI, (ii) certified copy of its last audited financial statements on a standalone basis,
- (iii) a net worth certificate from its statutory auditor, and (iv) such other approval as may be required by the Systemically Important Non-Banking Financial Companies, are required to be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders, in consultation with the Book Running Lead Managers, reserves the right to reject any Bid without assigning any reason thereof, subject to applicable law. Systemically Important NBFCs participating in the Offer shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

The investment limit for Systemically Important NBFCs shall be as prescribed by RBI from time to time.

### **Bids by Anchor Investors**

- (a) In accordance with the SEBI ICDR Regulations, in addition to details and conditions mentioned in this section the key terms for participation by Anchor Investors are provided below. Anchor Investor Application Forms will be made available for the Anchor Investor Portion at the offices of the BRLMs.
- (b) The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount exceeds ₹ 100 million. A Bid cannot be submitted for over 60% of the QIB Portion. In case of a Mutual Fund, separate bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of ₹ 100 million.
- (c) One-third of the Anchor Investor Portion will be reserved for allocation to domestic Mutual Funds.
- (d) Bidding for Anchor Investors will open one Working Day before the Bid/ Offer Opening Date, and will be completed on the same day.

- (e) Our Company in consultation with the Selling Shareholders and the BRLMs may finalise allocation to the Anchor Investors on a discretionary basis, provided that the minimum number of Allottees in the Anchor Investor Portion will not be less than:
  - (i) maximum of two Anchor Investors, where allocation under the Anchor Investor Portion is up to ₹ 100 million;
  - (ii) minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹ 100 million but up to ₹ 2,500 million, subject to a minimum Allotment of ₹ 50 million per Anchor Investor; and
  - (iii) in case of allocation above ₹ 2,500 million under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹ 2,500 million, and an additional 10 Anchor Investors for every additional ₹ 2,500 million, subject to minimum Allotment of ₹ 50 million per Anchor Investor.
- (f) Allocation to Anchor Investors will be completed on the Anchor Investor Bid/Offer Period. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made will be made available in the public domain by the BRLMs before the Bid/ Offer Opening Date, through intimation to the Stock Exchange.
- (g) Anchor Investors cannot withdraw or lower the size of their Bids at any stage after submission of the Bid.
- (h) If the Offer Price is greater than the Anchor Investor Allocation Price, the additional amount being the difference between the Offer Price and the Anchor Investor Offer Price will be payable by the Anchor Investors on the Anchor Investor pay-in date specified in the CAN. If the Offer Price is lower than the Anchor Investor Offer Price, Allotment to successful Anchor Investors will be at the higher price.
- (i) Equity Shares Allotted in the Anchor Investor Portion will be locked in for a period of 30 days from the date of Allotment.
- (j) Neither the BRLMs nor any associate of the BRLMs (except Mutual Funds sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associate of BRLMs or AIFs sponsored by the entities which are associate of the BRLMs or FPIs, other than individuals, corporate bodies and family offices sponsored by the entities which are associate of the BRLMs) shall apply in the Offer under the Anchor Investor Portion.
- (k) Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion will not be considered multiple Bids

**The information set out above is given for the benefit of the Bidders. Our Company, the Selling Shareholders, the Book Running Lead Managers are not liable for any amendments or modification or changes to applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulations, or as specified in this Draft Red Herring Prospectus or as will be specified in the Red Herring Prospectus and the Prospectus.**

#### **Information for Bidders**

The relevant Designated Intermediary will enter a maximum of three Bids at different price levels opted in the Bid cum Application Form and such options are not considered as multiple Bids. It is the Bidder's responsibility to obtain the acknowledgment slip from the relevant Designated Intermediary. The registration of the Bid by the Designated Intermediary does not guarantee that the Equity Shares shall be allocated/Allotted. Such Acknowledgement Slip will be non-negotiable and by itself will not create any obligation of any kind. When a Bidder revises his or her Bid, he /she shall surrender the earlier Acknowledgement Slip and may request for a revised acknowledgment slip from the relevant Designated Intermediary as proof of his or her having revised the previous Bid.



In relation to electronic registration of Bids, the permission given by the Stock Exchanges to use their network and software of the electronic bidding system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Selling Shareholder and/or the Managers are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements, nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus or the Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

### **General Instructions**

Please note that QIBs and Non-Institutional Bidders are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. RIBs can revise their Bid(s) during the Bid/Offer Period and withdraw or lower the size of their Bid(s) until Bid/Offer Closing Date. Anchor Investors are not allowed to withdraw their Bids after the Anchor Investor Bid/Offer Period.

#### ***Do's:***

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals;
2. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;
3. Ensure that you have Bid within the Price Band;
4. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;
5. Ensure that you (other than the Anchor Investors) have mentioned the correct details of ASBA Account (i.e. bank account number or UPI ID, as applicable) in the Bid cum Application Form if you are not an RIB bidding using the UPI Mechanism in the Bid cum Application Form and if you are an RIB using the UPI Mechanism ensure that you have mentioned the correct UPI ID (with maximum length of 45 characters including the handle), in the Bid cum Application Form;
6. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the relevant Bidding Centre (except in case of electronic Bids) within the prescribed time. Bidders (other than Anchor Investors) shall submit the Bid cum Application Form in the manner set out in the General Information Document;
7. RIBs Bidding in the Offer shall ensure that they use only their own ASBA Account or only their own bank account linked UPI ID (only for RIBs using the UPI Mechanism) to make an application in the Offer and not ASBA Account or bank account linked UPI ID of any third party
8. Retail Individual Bidders not using the UPI Mechanism, should submit their Bid cum Application Form directly with SCSBs and/or the designated branches of SCSBs;
9. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the ASBA Form to the relevant Designated Intermediaries;
10. Ensure that the signature of the first Bidder in case of joint Bids, is included in the Bid cum Application Forms. If the first Bidder is not the ASBA Account holder, ensure that the Bid cum Application Form is also signed by the ASBA Account holder;
11. Ensure that the names given in the Bid cum Application Form is/are exactly the same as the names in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain the name of only the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names;
12. Ensure that you request for and receive a stamped acknowledgement in the form of a counterfoil or acknowledgment specifying the application number as a proof of having accepted the Bid cum Application Form for all your Bid options from the concerned Designated Intermediary;

13. Ensure that you submit the revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;
14. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of the circular no. MRD/DoP/Cir-20/2008 dated June 30, 2008 issued by SEBI, may be exempt from specifying their PAN for transacting in the securities market, (ii) Bids by persons resident in the state of Sikkim, who, in terms of the circular dated July 20, 2006 issued by SEBI, may be exempted from specifying their PAN for transacting in the securities market, and (iii) persons/entities exempt from holding a PAN under applicable law, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficial owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;
15. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
16. Ensure that the category and the investor status is indicated in the Bid cum Application Form to ensure proper upload of your Bid in the electronic Bidding system of the Stock Exchanges;
17. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust, etc., relevant documents including a copy of the power of attorney, if applicable, are submitted;
18. Ensure that Bids submitted by any person outside India is in compliance with applicable foreign and Indian laws;
19. However, Bids received from FPIs bearing the same PAN shall not be treated as multiple Bids in the event such FPIs utilise the MIM Structure and such Bids have been made with different beneficiary account numbers, Client IDs and DP IDs.
20. FPIs making MIM Bids using the same PAN, and different beneficiary account numbers, Client IDs and DP IDs, are required to submit a confirmation that their Bids are under the MIM structure and indicate the name of their investment managers in such confirmation which shall be submitted along with each of their Bid cum Application Forms. In the absence of such confirmation from the relevant FPIs, such MIM Bids shall be rejected;
21. Since the Allotment will be in dematerialised form only, ensure that the depository account is active, the correct DP ID, Client ID, UPI ID (for RIBs bidding through UPI mechanism) and the PAN are mentioned in their Bid cum Application Form and that the name of the Bidder, the DP ID, Client ID, UPI ID (for RIBs bidding through UPI mechanism) and the PAN entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as applicable, matches with the name, DP ID, Client ID, UPI ID (for RIBs bidding through UPI mechanism) and PAN available in the Depository database;
22. In case of QIBs and NIIs, ensure that while Bidding through a Designated Intermediary, the ASBA Form is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at <http://www.sebi.gov.in>);
23. Ensure that you have correctly signed the authorisation / undertaking box in the Bid cum Application Form, or have otherwise provided an authorisation to the SCSB or the Sponsor Bank, as applicable, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form at the time of submission of the Bid. In case of RIBs submitting their Bids and participating in the Offer through the UPI Mechanism, ensure that you authorise the UPI Mandate Request, including in case of any revision of Bids, raised by the Sponsor Bank for blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment;

24. Ensure that the Demographic Details are updated, true and correct in all respects;
25. The ASBA Bidders shall use only their own bank account or only their own bank account linked UPI ID for the purposes of making Application in the Offer, which is UPI 2.0 certified by NPCI;
26. Bidders (except RIBs Bidding through the UPI Mechanism) should instruct their respective banks to release the funds blocked in the ASBA account under the ASBA process. In case of RIBs, once the Sponsor Bank issues the Mandate Request, the RIBs would be required to proceed to authorize the blocking of funds by confirming or accepting the UPI Mandate Request to authorize the blocking of funds equivalent to application amount and subsequent debit of funds in case of Allotment, in a timely manner;
27. Bidding through UPI Mechanism shall ensure that details of the Bid are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorize the UPI Mandate Request using his/her UPI PIN. Upon the authorization of the mandate using his/her UPI PIN, a RIB Bidding through UPI Mechanism shall be deemed to have verified the attachment containing the application details of the RIB Bidding through UPI Mechanism in the UPI Mandate Request and have agreed to block the entire Bid Amount and authorized the Sponsor Bank issue a request to block the Bid Amount specified in the Bid cum Application Form in his/her ASBA Account;
28. RIBs bidding using the UPI Mechanism should mention valid UPI ID of only the Bidder (in case of single account) and of the first Bidder (in case of joint account) in the Bid cum Application Form;
29. RIBs using the UPI Mechanism who have revised their Bids subsequent to making the initial Bid should also approve the revised UPI Mandate Request generated by the Sponsor Bank to authorize blocking of funds equivalent to the revised Bid Amount and subsequent debit of funds in case of Allotment in a timely manner;
30. Bids by Eligible NRIs for a Bid Amount of less than ₹200,000 would be considered under the Retail Category for the purposes of allocation and Bids for a Bid Amount exceeding ₹200,000 would be considered under the Non-Institutional Category for allocation in the Offer;
31. RIBs using UPI Mechanism through the SCSBs and mobile applications shall ensure that the name of the bank appears in the list of SCSBs which are live on UPI, as displayed on the SEBI website. RIBs shall ensure that the name of the app and the UPI handle which is used for making the application appears in Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/COR/P/2019/85 dated July 26, 2019; and
32. Ensure that you have accepted the UPI Mandate Request received from the Sponsor Bank prior to 12:00 p.m. of the Working Day immediately after the Bid/ Offer Closing Date.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with. Application made using incorrect UPI handle or using a bank account of an SCSB or SCSBs which is not mentioned in the Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 is liable to be rejected.

***Don'ts:***

1. Do not Bid for lower than the minimum Bid Lot;
2. Do not submit a Bid using UPI ID, if you are not a RIB;
3. Do not Bid for a Bid Amount exceeding ₹200,000 (for Bids by RIBs);
4. Do not Bid on another Bid cum Application Form and the Anchor Investor Application Form, as the case may be, after you have submitted a Bid to any of the Designated Intermediary;
5. Do not Bid/ revise the Bid amount to less than the floor price or higher than the cap price;
6. Do not pay the Bid Amount in cheques, demand drafts or by cash, money order, postal order or by

stock invest;

7. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;
8. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);
9. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;
10. Do not submit the Bid for an amount more than funds available in your ASBA account;
11. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;
12. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;
13. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository);
14. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Offer size and / or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of the Red Herring Prospectus;
15. Do not Bid for Equity Shares more than specified by respective Stock Exchanges for each category;
16. In case of ASBA Bidders (other than RIBs using UPI mechanism), do not submit more than one Bid cum Application Form per ASBA Account;
17. Do not make the Bid cum Application Form using third party bank account or using third party linked bank account UPI ID;
18. Anchor Investors should not bid through the ASBA process;
19. Do not submit the Bid cum Application Form to any non-SCSB bank or our Company;
20. Do not Bid on another Bid cum Application Form and the Anchor Investor Application Form, as the case may be, after you have submitted a Bid to any of the Designated Intermediaries;
21. Do not submit the GIR number instead of the PAN;
22. Anchor Investors should submit Anchor Investor Application Form only to the Book Running Lead Managers;
23. Do not Bid on a Bid cum Application Form that does not have the stamp of a Designated Intermediary;
24. If you are a QIB, do not submit your Bid after 3 p.m. on the QIB Bid / Offer Closing Date;
25. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Bidder;
26. Do not submit Bids to a Designated Intermediary at a location other than at the relevant Bidding Centres. If you are RIB and are using UPI mechanism, do not submit the ASBA Form directly with SCSBs;
27. Do not submit the ASBA Forms to any Designated Intermediary that is not authorised to collect the relevant ASBA Forms or to our Company;
28. Do not submit incorrect details of the DP ID, Client ID, PAN and UPI ID details if you are a RIB

Bidding through the UPI Mechanism. Further, do not provide details for a beneficiary account which is suspended or for which details cannot be verified to the Registrar to the Offer;

29. Do not submit the Bid without ensuring that funds equivalent to the entire Bid Amount are available for blocking in the relevant ASBA account;
30. Do not link the UPI ID with a bank account maintained with a bank that is not UPI 2.0 certified by the NPCI in case of Bids submitted by RIBs using the UPI Mechanism;
31. Do not Bid if you are an OCB;
32. RIBs Bidding through the UPI Mechanism using the incorrect UPI handle or using a bank account of an SCSB or a banks which is not mentioned in the list provided in the SEBI website is liable to be rejected; and
33. Do not submit more than one Bid cum Application Form for each UPI ID in case of RIBs Bidding using the UPI Mechanism.

For helpline details of the Book Running Lead Managers pursuant to the SEBI/HO.CFD.DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, see “*General Information –Book Running Lead Managers*” on page 68.

**The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with. Grounds for Technical Rejection**

In addition to the grounds for rejection of Bids on technical grounds as provided in the GID, Bidders are requested to note that Bids maybe rejected on the following additional technical grounds:

1. Bids submitted without instruction to the SCSBs to block the entire Bid Amount;
2. Bids which do not contain details of the Bid Amount and the bank account details in the ASBA Form;
3. Bids submitted on a plain paper;
4. Bids submitted by RIBs using the UPI Mechanism through an SCSBs and/or using a mobile application or UPI handle, not listed on the website of SEBI;
5. Bids under the UPI Mechanism submitted by RIBs using third party bank accounts or using a third party linked bank account UPI ID (subject to availability of information regarding third party account from Sponsor Bank);
6. ASBA Form submitted to a Designated Intermediary does not bear the stamp of the Designated Intermediary;
7. Bids submitted without the signature of the First Bidder or sole Bidder;
8. The ASBA Form not being signed by the account holders, if the account holder is different from the Bidder;
9. ASBA Form by the RIBs by using third party bank accounts or using third party linked bank account UPI IDs;
10. Bids by persons for whom PAN details have not been verified and whose beneficiary accounts are “suspended for credit” in terms of SEBI circular CIR/MRD/DP/ 22 /2010 dated July 29, 2010;
11. GIR number furnished instead of PAN;
12. Bids by RIBs with Bid Amount of a value of more than ₹200,000 (net of Retail Discount);
13. Bids by persons who are not eligible to acquire Equity Shares in terms of all applicable laws, rules, regulations, guidelines and approvals;

14. Bids accompanied by stock invest, money order, postal order or cash; and
15. Bids uploaded by QIBs after 4.00 pm on the QIB Bid/ Offer Closing Date and by Non-Institutional Bidders uploaded after 4.00 p.m. on the Bid/ Offer Closing Date, and Bids by RIBs uploaded after 5.00 p.m. on the Bid/ Offer Closing Date, unless extended by the Stock Exchanges.

Further, in case of any pre-issue or post issue related issues regarding share certificates/demat credit/refund orders/unblocking etc., investors shall reach out the Head - Compliance, Legal and Secretarial, Company Secretary and Compliance officer. For details of the Company Secretary and Compliance officer, see “*General Information*” beginning on page 67.

In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹100 per day for the entire duration of delay exceeding four Working Days from the Bid/Offer Closing Date by the intermediary responsible for causing such delay in unblocking. The Book Running Lead Managers shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. Further, Investors shall be entitled to compensation in the manner specified in the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 in case of delays in resolving investor grievances in relation to blocking/unblocking of funds.

For details of grounds for technical rejections of a Bid cum Application Form, please see the General Information Document.

#### **Names of entities responsible for finalising the basis of allotment in a fair and proper manner**

The authorised employees of the Stock Exchanges, along with the Book Running Lead Managers and the Registrar, shall ensure that the Basis of Allotment is finalised in a fair and proper manner in accordance with the procedure specified in SEBI ICDR Regulations.

#### **Method of allotment as may be prescribed by SEBI from time to time**

Our Company will not make any allotment in excess of the Equity Shares offered through the Offer through the offer document except in case of oversubscription for the purpose of rounding off to make allotment, in consultation with the Designated Stock Exchange.

The allotment of Equity Shares to applicants other than to the RIBs and Anchor Investors shall be on a proportionate basis within the respective investor categories and the number of securities allotted shall be rounded off to the nearest integer, subject to minimum allotment being equal to the minimum application size as determined and disclosed.

The allotment of Equity Shares to each RIB shall not be less than the minimum bid lot, subject to the availability of shares in RIB category, and the remaining available shares, if any, shall be allotted on a proportionate basis.

#### **Payment into Anchor Investor Escrow Accounts**

Our Company and the Selling Shareholders, in consultation with the Book Running Lead Managers will decide the list of Anchor Investors to whom the CAN will be sent, pursuant to which, the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. For Anchor Investors, the payment instruments for payment into the Anchor Investor Escrow Account should be drawn in favour of:

- (a) In case of resident Anchor Investors: “[●]”
- (b) In case of Non-Resident Anchor Investors: “[●]”

Anchor Investors should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Selling Shareholders, the Syndicate, the Escrow Collection Bank and the Registrar to the Offer to facilitate collections of Bid amounts from Anchor Investors.

## **Pre-Offer Advertisement**

Subject to Section 30 of the Companies Act, our Company shall, after filing the Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed under the SEBI ICDR Regulations, in [●] editions of English national daily newspaper, [●] and [●] editions of Hindi national daily newspaper [●] (Hindi also being the regional language of New Delhi, where our Registered Office is located) each with wide circulation.

In the pre-Offer advertisement, we shall state the Bid/Offer Opening Date and the Bid/Offer Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, shall be in the format prescribed in Part A of Schedule X of the SEBI ICDR Regulations.

## **Allotment Advertisement**

Our Company, the Book Running Lead Managers and the Registrar shall publish an allotment advertisement before commencement of trading, disclosing the date of commencement of trading in [●] editions of English national daily newspaper, [●] and [●] editions of Hindi national daily newspaper, [●] (Hindi, also being the regional language of Delhi, where our Registered Office is located) each with wide circulation.

**The information set out above is given for the benefit of the Bidders/applicants. Our Company, the Selling Shareholders, the Book Running Lead Managers are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders/applicants are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the prescribed limits under applicable laws or regulations.**

## **Signing of the Underwriting Agreement and Filing with the RoC**

- (a) Our Company, the Selling Shareholders and the Underwriters intend to enter into an Underwriting Agreement after the finalisation of the Offer Price.
- (b) After signing the Underwriting Agreement, an updated Red Herring Prospectus will be filed with the RoC in accordance with applicable law, which would then be termed as the Prospectus. The Prospectus will contain details of the Offer Price, the Anchor Investor Offer Price, the Offer size, and underwriting arrangements and will be complete in all material respects.

## **Impersonation**

**Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, which is reproduced below:**

***“Any person who:***

- (a) *makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- (b) *makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (c) *otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,*

***shall be liable for action under Section 447.”***

The liability prescribed under Section 447 of the Companies Act, for fraud involving an amount of at least ₹1 million or 1% of the turnover of the Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years and fine of an amount not less than the amount involved in the fraud, extending up to three times such amount (provided that where the fraud involves public interest, such term shall not be less than three years.) Further, where the fraud involves an amount less than ₹1 million or one per cent of the turnover of the company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five

years or with fine which may extend to ₹5 million or with both.

### **Undertakings by our Company**

Our Company undertakes the following:

- the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;
- all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within six Working Days of the Bid/Offer Closing Date or within such other time period prescribed by SEBI will be taken;
- the funds required for making refunds/unblocking (to the extent applicable) as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;
- if Allotment is not made within six working days from the Bid/Offer Closing Date or such other prescribed timelines under applicable laws, the entire subscription amount received will be refunded/unblocked within the time prescribed under applicable laws. If there is a delay beyond such prescribed time, our Company shall pay interest prescribed under the Companies Act, the SEBI ICDR Regulations and other applicable laws for the delayed period;
- where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within time prescribed under applicable laws, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- the Promoter's contribution, if any, shall be brought in advance before the Bid/Offer Opening Date and the balance, if any, shall be brought in on a pro rata basis before calls are made on the Allottees, in accordance with the applicable provisions of the SEBI ICDR Regulations;
- that if our Company does not proceed with the Offer after the Bid/Offer Closing Date but prior to Allotment, the reason thereof shall be given as a public notice within two days of the Bid/Offer Closing Date. The public notice shall be issued in the same newspapers where the pre-Offer advertisements were published. The Stock Exchanges shall be informed promptly;
- that if the Offer is withdrawn after the Bid/Offer Closing Date, our Company shall be required to file a fresh offer document with SEBI, in the event a decision is taken to proceed with the Offer subsequently;
- that our Company shall not have recourse to the Net Proceeds until the final approval for listing and trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received
- except for the Equity Shares to be allotted pursuant to the Offer, the Pre-IPO Placement and any allotment of Equity Shares to employees of our Company pursuant to exercise of stock options granted under ESOP Schemes, no further issue of the Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded/unblocked in the relevant ASBA Accounts on account of non-listing, under-subscription, etc.; and
- adequate arrangements shall be made to collect all Bid cum Application Forms from Bidders.

### **Undertakings by the Selling Shareholders**

Each Selling Shareholder undertakes, severally and not jointly, in relation to itself and its respective portion of the Offered Shares that:

- its respective portion of the Offered Shares have been held by it for a period of at least one year prior



to the date of filing of this Draft Red Herring Prospectus with SEBI, and are eligible for being offered in the Offer for Sale in terms of Regulation 8 of the SEBI ICDR Regulations;

- it is the legal and beneficial owner of its respective portion of the Offered Shares, and that such Offered Shares shall be transferred in the Offer, free from liens, charges and encumbrances;
- it shall deposit the Equity Shares offered by it in the Offer in an escrow account opened with the Share Escrow Agent in accordance with the terms of the Share Escrow Agreement;
- it shall not offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to the Bidder for making a Bid in the Offer, and shall not make any payment, direct or indirect, in the nature of discounts, commission, allowance or otherwise to any person who makes a Bid in the Offer;
- it shall not have recourse to the proceeds of the Offer for Sale until final approval for trading of the Equity Shares from the Stock Exchanges has been received.

The statements and undertakings provided above, in relation to the Selling Shareholders, are statements which are specifically confirmed or undertaken, severally and not jointly, by each Selling Shareholder in relation to itself and its respective portion of the Offered Shares. All other statements or undertakings or both in this Draft Red Herring Prospectus in relation to the Selling Shareholders, shall be statements made by our Company, even if the same relate to the Selling Shareholders.

#### **Utilisation of Net Proceeds**

Our Company confirms that all monies received out of the Fresh Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act.

Further, details of all utilised monies out of the Fresh Issue shall be disclosed and continued to be disclosed till any part of the Offer 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 or invested.

Details of all unutilized monies out of the Fresh Issue, if any shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

## RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Consolidated FDI Policy and FEMA. The government bodies responsible for granting foreign investment approvals are the concerned ministries or departments of the Government of India and the RBI.

The Government has from time to time made policy pronouncements on FDI through press notes and press releases. The Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (*earlier known as Department of Industrial Policy and Promotion*) (“**DPIIT**”), issued the FDI Policy, which is effect from October 15, 2020, which subsumes and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect prior to October 15, 2020. The FDI Policy will be valid until the DPIIT issues an updated circular. Under the current FDI Policy, 100% foreign direct investment is permitted in manufacturing sector, under the automatic route, subject to compliance with certain prescribed conditions.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company are under the automatic route under the FDI Policy and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

As per the existing policy of the Government, OCBs cannot participate in the Offer.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT and the FEMA Rules which came into effect from April 22, 2020, any investment, subscription, purchase or sale of equity instruments by entities of a country which shares a land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, will require prior approval of the Government of India, as prescribed in the Consolidated FDI Policy and the FEMA Rules. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/ purview, such subsequent change in the beneficial ownership will also require approval of the Government of India. Furthermore, on April 22, 2020, the Ministry of Finance, Government of India has also made similar amendment to the FEMA Rules. Each Bidder should seek independent legal advice about its ability to participate in the Offer. In the event such prior approval of the Government of India is required, and such approval has been obtained, the Bidder shall intimate our Company and the Registrar to the Offer in writing about such approval along with a copy thereof within the Bid/Offer Period.

**The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in ‘offshore transactions’ in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdictions where such offers and sales are made.**

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

**The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders, the Book Running Lead Managers are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.**

## SECTION VIII: DESCRIPTION OF EQUITY SHARES AND TERMS OF ARTICLES OF ASSOCIATION

*Capitalized terms used in this section have the meanings that have been given to such terms in the Articles of Association of our Company. Pursuant to Schedule I of the Companies Act, 2013 and the SEBI ICDR Regulations, the provisions of the Articles of Association of our Company are detailed below: The Articles of Association of our Company comprise of two parts, Part A and Part B, which parts shall, unless the context otherwise requires, co-exist with each other. In case of inconsistency between Part A and Part B, the provisions of Part B shall prevail. However, Part B shall automatically terminate and cease to have any force and effect from the date of listing of the Equity Shares of our Company on the recognized stock exchanges in India pursuant to the Offer, without any further action by our Company or by our Shareholders and Part A shall continue to be in effect.*

### Part A

#### Definitions & Interpretation

2. In these Articles Unless the context otherwise requires, words or expressions contained in these Articles shall bear the same meaning as in the Act or any statutory modifications thereof in force at the date at which the Articles become binding on the Company. In these Articles, all capitalized items not defined herein below shall have the meanings assigned to them in the other parts of these Articles when defined for use.—

“**Act**” means the Companies Act, 2013 or any statutory modification or re-enactment thereof for the time being in force and the term shall be deemed to refer to the applicable section thereof which is relatable to the relevant Article in which the said term appears in these Articles and any previous company law, so far as may be applicable.

“**Articles**” means these articles of association of the Company or as altered from time to time.

“**Board of Directors**” or “**Board**”, means the collective body of the directors of the Company.

“**Control**” shall have the meaning ascribed to the term under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended from time to time.

“**Company**” means VLCC Health Care Limited.

“**Equity Shares**” means the equity shares of the Company having par value of INR. 10/- per equity share.

“**Equity Share Capital**” means the par value of all the Equity Shares issued by the Company.

“**Initial Public Offering**” or “**IPO**” means the initial public offering of the Equity Shares or any other security which may be converted into or exchanged with Equity Shares (whether by a fresh issue of Equity Shares or any such other security by the Company, or a sale of the existing Equity Shares or any such other security held by a Shareholder, or a combination of both), including the listing of such Equity Shares or other security (including depository receipts), on the Bombay Stock Exchange or the National Stock Exchange or an international stock exchange and such other registered stock exchange as may be agreed by the Board.

“**Rules**” means the applicable rules for the time being in force as prescribed under relevant sections of the Act.

“**Seal**” means the Common Seal of the Company.

#### Share capital and variation of rights

3. The Authorised Share Capital of the Company shall be as prescribed in Clause V of the Memorandum of Association of the Company with the power to increase or reduce or re-classify such capital from time to time in accordance with the Articles and the legislative provisions for the time being in force in this regard and with the power also to divide the Shares in the capital for the time being into Equity Share Capital and Preference Share Capital and to attach thereto respectively any preferential, qualified or special rights, privileges or conditions, in accordance with the provisions of the Act and these Articles. 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 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 Subject to the compliance with Section 53 of the act, at a discount and at such time as they may from time to time think fit. and with sanction of the Company in the general meeting. The Company may give to any Person or Persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors thinks fit.

4. 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 in full supplied or for services rendered to the Company in the conduct of its business and any shares which may be so allotted may be issued as fully paid-up 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. Provided that the option or right to call of shares shall not be given to any Person or Persons without the sanction of the Company in the General Meeting.
5. The Company may issue the following kinds of shares in accordance with these Articles, the Act, the Rules and other applicable laws:
  - (a) Equity share capital:
    - (i) with voting rights; and / or
    - (ii) with differential rights as to dividend, voting or otherwise in accordance with the Rules; and
  - (b) Preference share capital.
6.
  - (1) Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after allotment or within one month from the date of receipt by the Company of the application for the registration of transfer or transmission or sub-division, consolidation or renewal as the case may be within such other period as the conditions of issue shall provide -
    - (a) one certificate for all his shares without payment of any charges; or
    - (b) several certificates, each for one or more of his shares, upon payment of such charges as may be fixed by the Board for each certificate after the first.
  - (2) Every certificate shall be under the Seal, if any, and shall specify the shares to which it relates and the amount paid-up thereon, shall be signed by two directors or by a director and the company secretary, wherever the company has appointed a company secretary.

Provided that in case the company has a common seal it shall be affixed in the presence of the persons required to sign the certificate.
  - (3) In respect of any share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders. 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 subject to process being followed by the members as per applicable law, rules & regulation (as amended from time to time).
7. A person subscribing to shares offered by the Company shall have the option either to receive certificates for such shares or hold the shares in a dematerialised state with a depository. Where a person opts to hold any share with the depository, the Company shall intimate such depository the details of allotment of the share to enable the depository to enter in its records the name of such person as the beneficial owner of that share.
8. If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof or in case of sub-division or consolidation of Shares, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such

indemnity as the Board deems adequate, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under this Article shall be issued on payment of fees for each certificate as may be fixed by the Board which shall not exceed the amount as may be permitted under applicable law. The Company shall not charge any fee for registration of transfer of shares and debentures, for sub-division and consolidation of share and debenture certificates and for sub-division, of letters of allotment and split, consolidation, renewal and Pucca Transfer Receipts into denominations corresponding to the market units of trading, for issue of new certificates in replacement of those which are old, decrepit or worn out or where the cages on the reverse for recording transfers have been fully utilised, for registration of any Power of Attorney, Probates letters of administration or similar other documents. Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulation or requirements of any Stock Exchange or the rules made under the Companies Act, 2013 or rules made under Securities Contracts (Regulation) Act, 1956 or any other act, or rules applicable thereof in this behalf or any Statutory modification or re-enactment thereof, for the time being in force.

The Company will not charge any fees exceeding those which may be agreed upon with the stock exchange

- (a) For Issue of new certificate in replacement of those that are torn, defaced, lost or destroyed;
  - (b) For sub-division and consolidation of share and debenture certificates and for sub-division of Letters of Allotment and split, consolidation, renewal and Pucca Transfer Receipts into denominations other than those fixed for the market units of trading.
- 9 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 (except where the Act otherwise requires) of the Company.
10.
  - (1) The Company may exercise the powers of paying commissions conferred by the Act, to any person in connection with the subscription to its securities, 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 the Act and the Rules.
  - (2) The rate or amount of the commission shall not exceed the rate or amount prescribed in the Rules.
  - (3) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid up shares or partly in the one way and partly in the other.
11.
  - (1) 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 the Act, and whether or not the Company is being wound up, be varied with the consent in writing, of such number of the holders of the issued shares of that class, or with the sanction of a resolution passed at a separate meeting of the holders of the shares of that class, as prescribed by the Act.
  - (2) 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 the Act, the Board shall have the power to issue or re-issue preference shares of one or more classes which are liable to be redeemed, or converted to Equity Shares, on such terms and conditions and in such manner as determined by the Board in accordance with the Act.
14.
  - (1) Where at any time, it is proposed to increase the subscribed capital of the Company by allotment of further Shares either out of the unissued or out of the increased Share capital then such Shares shall be offered in accordance with the Act and the Rules to --
    - (a) persons who, at the date of offer, 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

- (i) the offer shall be made by a notice specifying the number of Shares offered and limiting a time not less than fifteen (15) days and not exceeding thirty (30) days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined;
  - (ii) the offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the Shares offered to him or any of them in favour of any other person; and the notice referred to in clause (i) hereof shall contain a statement of this right; provided that the Directors may decline, without assigning any reason to allot any Shares to any person in whose favour any member may, renounce the Shares offered to him.
  - (iii) after the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the Shares offered, the Board of Directors may dispose of them in such manner which is not disadvantageous to the Shareholders and the Company.
- (b) employees under any scheme of employees' stock option subject to special resolution passed by the Company and subject to such conditions as prescribed in the Act and the rules thereunder; or
- (c) to any persons, whether or not those persons include the persons referred to in clause (a) or clause (b) either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to such conditions prescribed in the Act and the rules thereunder,
  - (i) If a special resolution to that effect is passed by the Company in general meeting, or
  - (ii) Where no such resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by members who, being entitled so to do, vote in-person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board in this behalf, that the proposal is most beneficial to the Company.
- (2) The notice referred to in sub-clause (i) of clause (a) of sub-article (1) shall be dispatched through registered post or speed post or through electronic mode to all the existing Shareholders at least 3 (three) days before the opening of the issue.
- (3) Nothing in clause (c) of sub-article (1) shall be deemed:
  - (a) To extend the time within which the offer should be accepted; or
  - (b) To authorize any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.
- (4) Nothing in this Article shall apply to the increase of the subscribed capital of a Company caused by the exercise of an option attached to the debentures issued or loan raised by the Company to convert such debentures or loans into shares in the Company (whether such option is conferred in these Articles or otherwise)
 

Provided that the terms of issue of such debentures or the terms of such loans containing such option have been approved before the issue of such debentures or the raising of loan by a special resolution passed by the Company in general meeting.
- (5) Notwithstanding anything contained in sub-clause (4) above, where any debentures have been issued or loan has been obtained from any Government by the Company, and if that Government considers it necessary in the public interest so to do, it may, by order, direct that such debentures or loans or any part thereof shall be converted into shares in the Company on such terms and conditions as appear to the Government to be reasonable in the circumstances of the case even if

terms of the issue of such debentures or the raising of such loans do not include a term for providing for an option for such conversion.

Provided that where the terms and conditions of such conversion are not acceptable to the Company, it may, within sixty days from the date of communication of such order, appeal to the Tribunal which shall after hearing the company and the Government pass such order as it deems fit.

- (6) In determining the terms and conditions of conversion under sub-clause (4), the Government shall have due regard to the financial position of the Company, the terms of issue of debentures or loans, as the case may be, the rate of interest payable on such debentures or loans and such other matters as it may consider necessary.
- (7) Where the Government has, by an order made under sub-clause (4), directed that any debenture or loan or any part thereof shall be converted into shares in the Company and where no appeal has been preferred to the Tribunal under sub-clause (4) or where such appeal has been dismissed, the Memorandum of 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.
- (8) A further issue of shares may be made in any manner whatsoever as the Board may determine including by way of preferential offer or private placement, subject to and in accordance with the Act and the Rules.

### **Lien**

15. (1) The Company shall have a first and paramount lien –
    - a. on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and
    - b. on all shares (not being fully paid shares) standing registered in the name of a member, for all monies presently payable by him or his estate to the Company:

Provided that the Board may at any time declare any share to be wholly or in part exempt from the provisions of this clause.
  - (2) The Company's lien, if any, on a share shall extend to all dividends or interest, as the case may be, payable and bonuses declared from time to time in respect of such shares for any money owing to the Company.
  - (3) Unless otherwise agreed by the Board, the registration of a transfer of shares shall operate as a waiver of the Company's lien.
  - (4) The fully paid shares shall be free from all lien, while in the case of partly paid shares, the Company's lien, if any, shall be restricted to moneys called or payable at a fixed time in respect of such shares.
16. 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 to the person entitled thereto by reason of his

death or insolvency or otherwise.

17. (1) To give effect to any such sale, the Board may authorize some person to transfer the shares sold to the purchaser thereof.
- (2) The purchaser shall be registered as the holder of the shares comprised in any such transfer.
- (3) The receipt of the Company for the consideration (if any) given for the share on the sale thereof shall (subject, if necessary, to execution of an instrument of transfer or a transfer by relevant system, as the case may be) constitute a good title to the share and the purchaser shall be registered as the holder of the share.
- (4) 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 with reference to the sale.
18. (1) 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.
- (2) 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.
19. In exercising its lien, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not (except as ordered by a court of competent jurisdiction or unless required by any statute) be bound to recognize any equitable or other claim to, or interest in, such share on the part of any other person, whether a creditor of the registered holder or otherwise. The Company's lien shall prevail notwithstanding that it has received notice of any such claim.
20. The provisions of these Articles relating to lien shall *mutatis mutandis* apply to any other securities including debentures of the Company.

#### **Calls on Shares**

21. (1) 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 the Board shall not give right or option to any other person except with the sanction of the Company in General Meeting.

Provided further that no call shall exceed one-fourth of the nominal value of the Share or be payable at less than 1 (one) month from the date fixed for the payment of the last preceding call.
- (2) 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.
- (3) The Board may, from time to time, at its discretion, extend the time fixed for the payment of any call in respect of one or more members as the Board may deem appropriate in any circumstances.
- (4) A call may be revoked or postponed at the discretion of the Board.
22. 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.
23. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
24. (1) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof ("the due date"), the person from whom the sum is due shall pay interest thereon from the due date to the time of actual payment at ten per cent per annum or at such lower rate, if any, as the Board may determine.



- (2) The Board shall be at liberty to waive payment of any such interest wholly or in part.
25. (1) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.
- (2) In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
26. The Board—
- (a) may, if it thinks fit, Subject to provision of Section 50 of the Act 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; and
- (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, twelve per cent per annum, as may be agreed upon between the Board and the member paying the sum in advance. Nothing contained in this clause shall confer on the members (a) any right to participate in profits or dividends or (b) any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable by him. The directors may at any time repay the amount so advanced.
27. If by the conditions of allotment of any shares, the whole or part of the amount of issue price thereof shall be payable by installments, then every such installment shall, when due, be paid to the Company by the person who, for the time being and from time to time, is or shall be the registered holder of the share or the legal representative of a deceased registered holder.
28. 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.
29. Neither a judgment nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereof nor the receipt by the Company of a portion of any money which shall from time to time be due from any member in respect of any shares either by way of principal or interest nor any indulgence granted by the Company in respect of payment of any such money shall preclude the forfeiture of such shares as herein provided.
30. The provisions of these Articles relating to calls shall *mutatis mutandis* apply to any other securities including debentures of the Company.

#### **Transfer of shares**

31. (1) A common form of transfer shall be used.
- (2) The instrument of transfer of any share in the Company shall be duly executed by or on behalf of both the transferor and transferee shall be in writing.
- (3) 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.
- (4) The instrument of transfer shall be in writing and all the provisions of Section 56 of the Act and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfers of Shares and the registration thereof
32. The Board may, subject to the right of appeal conferred by 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.

The Company shall within 30 days from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal.

Provided that registration of a transfer shall not be refused on the ground that the transferor being either alone or jointly with any other person or persons, indebted to the Company on any account whatsoever except where the Company has a lien on shares.

33. 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 duly executed and is in the form as prescribed in the Rules made under the Act;
  - (b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and if no such certificate is in existence, then the letter of allotment of the shares 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.
- (d) Application for the registration of the transfer of a Share may be made either by the transferor or by the transferee provided that where such application is made by the transferor, no registration shall, in the case of a partly paid Share be affected unless the Company gives notice of the application to the transferee in the manner prescribed under the Act, and subject to the provisions of these Articles, the Company shall, unless objection is made by the transferee, within 2 (two) weeks from the date of receipt of the notice, enter in the register the name of the transferee on the same manner and subject to the same conditions as if the application for registration of the transfer was made by the transferee
34. On giving of previous notice of at least seven days or such lesser period in accordance with the Act and Rules made there under, 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.

35. The provisions of these Articles relating to transfer of shares shall *mutatis mutandis* apply to any other securities including debentures of the Company. 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.

#### **Transmission of shares**

36. (1) 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 recognized by the Company as having any title to his interest in the shares.
- (2) Nothing in clause (1) 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.
37. (1) 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.
- (2) 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.

- (3) The Company shall be fully indemnified by such person from all liability, if any, by actions taken by the Board to give effect to such registration or transfer.
38. (1) 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.
- (2) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.
- (3) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.
39. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company:
- Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.
40. The provisions of these Articles relating to transmission by operation of law shall *mutatis mutandis* apply to any other securities including debentures of the Company.

#### **Forfeiture of shares**

41. If a member fails to pay any call, or installment of a call or any money due in respect of any share, 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 or a judgement or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on him requiring payment of so much of the call or instalment or other money as is unpaid, together with any interest which may have accrued and all expenses that may have been incurred by the Company by reason of non-payment.
42. The notice aforesaid shall:
- (a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and
  - (b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.
43. 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.
44. (1) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.
- (2) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.
45. (1) 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.

- (2) 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.
46. (1) 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;
- (2) 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;
- (3) The transferee shall thereupon be registered as the holder of the share; and
- (4) 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.
47. The provisions of these regulations as to forfeiture shall apply in the case of nonpayment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.
48. The provisions of these Articles relating to forfeiture of shares shall *mutatis mutandis* apply to any other securities including debentures of the Company.

#### **Alteration of capital**

49. 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.
50. Subject to the provisions of the Act, 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;
  - (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; or;
  - (d) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of Share Capital by the amount of the Shares so cancelled. A cancellation of Shares in pursuance of this Article shall not be deemed to be a reduction of Share Capital within the meaning of the Act.
51. Where shares are converted into stock—
- (a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:
- Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.
- (b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other

matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

- (c) such of the regulations of the Company as are applicable to paid-up shares shall apply to stock and the words “share” and “shareholder” in those regulations shall include “stock” and “stock-holder” respectively.
52. The Company may, by resolution as prescribed the Act, reduce in any manner and with, and subject to, any incident authorized and consent required by law—
- (a) its share capital;
  - (b) any capital redemption reserve account;
  - (c) any share premium account; or
  - (d) any other reserve in the nature of share capital.

### **Capitalization of profits**

53. (1) The Company in general meeting may, upon the recommendation of the Board, resolve—
- (a) that it is desirable to capitalize 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 2 amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.
- (2) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (3), 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);
- (3) 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;
- (4) The Board shall give effect to the resolution passed by the Company in pursuance of this Article.
54. (1) 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.
- (2) 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;

- (3) Any agreement made under such authority shall be effective and binding on such members.

#### **Buy-back of shares**

55. Notwithstanding anything contained in these Articles but subject to provisions of Sections 68 to 70 and any other applicable provisions of the Act or any other law for the time being in force, the Company may purchase its own shares or other specified securities.

#### **General meetings**

56. All general meetings other than annual general meeting shall be called extraordinary general meeting.
57. The Board may, whenever it thinks fit, call an extraordinary general meeting.

#### **Proceedings at general meetings**

58. (1) 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.
- (2) The quorum for the general meetings shall be as provided in the Act.
59. The Chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the Company.
60. If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the directors present shall elect one of their members to be Chairperson of the meeting.
61. If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be Chairperson of the meeting.
62. On any business at any general meeting, in case of an equality of votes, whether on a show of hands or electronically or on a poll, the Chairperson shall have second or casting vote.

#### **Adjournment of meeting**

63. (1) 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.
- (2) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- (3) 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.
- (4) Save as aforesaid, and as provided in the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

#### **Voting rights**

64. 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.

65. A member may exercise his vote at a meeting by electronic means in accordance with the Act and shall vote only once.
66. (1) 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.
- (2) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.
67. 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.
68. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.
69. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.
70. (1) 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.
- (2) Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.

#### Proxy

71. 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. 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. The proxy shall not be entitled to vote except on a poll.
72. An instrument appointing a proxy shall be in the form as prescribed in the Rules.
73. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:

Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

#### Board of Directors

74. Unless otherwise determined by the Company in general meeting, the number of directors shall not be less than 3 and shall not be more than 15.
- Provided that the Company may appoint more than 15 (fifteen) directors after passing a special resolution. The Company shall have such number of Independent Directors on the Board of the Company, as may be required in terms of the provisions of applicable Law. Further, such appointment of such Independent Directors shall be in terms of, and subject to, the aforesaid provisions of applicable Law
75. (1) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.

- (2) The remuneration payable to the directors, including any managing or whole-time director or manager, if any, shall be determined in accordance with and subject to the provisions of the Act by an ordinary resolution passed by the Company in general meeting.
- (3) 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

76. 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.
77.
  - (1) Subject to the provisions of the Act, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the Articles.
  - (2) Such person shall hold office only up to the date of the next annual general meeting of the Company but shall be eligible for appointment by the Company as a director at that meeting subject to the provisions of the Act.
78.
  - (1) The Board may appoint an alternate director to act for a director (hereinafter in these Articles referred to as “the Original Director”) during his absence for a period of not less than three months from India. No person shall be appointed as an alternate director for an independent director unless he is qualified to be appointed as an independent director under the provisions of the Act.
  - (2) An alternate director shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate the office if and when the Original Director returns to India.
  - (3) If the term of office of the Original Director is determined before he returns to India the automatic reappointment of retiring directors in default of another appointment shall apply to the Original Director and not to the alternate director.
79.
  - (1) If the office of any director appointed by the Company in general meeting is vacated before his term of office expires in the normal course, the resulting casual vacancy may, be filled by the Board of Directors at a meeting of the Board.
  - (2) The director 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.

#### **Powers of Board**

80.
  - (1) The management of the business of the Company shall be vested in the Board and the Board may exercise all such powers, and do all such acts and things, as the Company is by the memorandum of association or otherwise authorized to exercise and do, and, not hereby or by the statute or otherwise directed or required to be exercised or done by the Company in general meeting but subject nevertheless to the provisions of the Act and other laws and of the memorandum of association and these Articles and to any regulations, not being inconsistent with the memorandum of association and these Articles or the Act, from time to time made by the Company in general meeting provided that no such regulation shall invalidate any prior act of the Board which would have been valid if such regulation had not been made.



- (2) The Board may, from time to time and at its discretion, subject to the provisions of Sections 73, 179, 180, and 185 of the Act, raise or borrow and secure the payment of any sum or sums of money for the purpose of the Company. Any such money 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. The Board of Directors shall not except with the consent of the Company by way of a special resolution, borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceeds the aggregate of paid up capital of the Company, its free reserves and securities premium..
- (3) Subject to the Act and these Articles, The Board may raise or secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit, and in particular by the issue of bonds, perpetual or redeemable debentures or debenture-stock, or any mortgage, or other tangible security on the under- taking of the whole or any part of the Company (both present and future) but shall not create a charge on its capital for the time being or issue debentures with the right to conversion into or allotment of shares without the sanction of the Company by a special resolution in the General Meeting.

#### **Proceedings of the Board**

81.
  - (1) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.
  - (2) The Chairperson or any one director with the previous consent of the Chairperson, may or the secretary on the direction of the Chairperson shall, at any time, summon a meeting of the Board.
  - (3) The quorum for a Board meeting shall be as provided in the Act.
  - (4) The participation of directors in a meeting of the Board may be either in person or through video conferencing or audio visual means or teleconferencing, as may be prescribed by the Rules or permitted under law.
82.
  - (1) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.
  - (2) In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.
83. 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.
84.
  - (1) The Chairperson of the Company shall be the Chairperson at meetings of the Board. In his absence the Board may elect a Chairperson of its meeting and determine the period for which he is to hold office.
  - (2) 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.
85.
  - (1) 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.

- (2) 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.
  - (3) The participation of directors in a meeting of the Committee may be either in person or through video conferencing or audio visual means or teleconferencing, as may be prescribed by the Rules or permitted under law.
86. (1) A Committee may elect a Chairperson of its meetings unless the Board, while constituting a Committee, has appointed a Chairperson of such Committee.
- (2) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.
87. (1) A committee may meet and adjourn as it thinks fit.
- (2) 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.
88. 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.
89. 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.

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.

#### **Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer**

90. Subject to the provisions of the Act—
- (1) 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 think 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. The Board may appoint one or more chief executive officers for its multiple businesses.
  - (2) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.
  - (3) A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.

#### **Managing Director**

91. (1) Subject to the provisions of Sections 196, 197, and 203 and Schedule V of the Act, the Board may, from time to time, appoint one or more Directors to be Managing Director or Managing Directors of the Company and may, from time to time (subject to the provisions of any contract between him or them and the Company), remove or dismiss him or them from office and appoint another or others in his place or their places. The Managing Director shall exercise such powers as may be delegated to him by the Board subject to its overall control and supervision. The Managing Director shall report all material actions undertaken, or proposed to be undertaken, by him in the

exercise of powers delegated to him to the Board of Directors at their meetings.

- (2) Subject to the provisions of Act and Rules and Schedule of the Act, a Managing Director shall, in addition to the remuneration payable to him as a Director of the Company under the Articles, receive such additional remunerations as may, from time to time, be sanctioned by the Company.
- (3) Subject to the provisions of the Act, in particular to the prohibitions and restrictions contained in the Act thereof, the Board may, from time to time, entrust to and confer upon a Managing Director for the time being such of the powers exercisable under these presents by the Board as it may think fit, and may confer such powers for such time, and to be exercised for such objects and purposes, and upon such terms and conditions and with such restrictions as it thinks fit, and the Board may confer such powers, either collaterally with, or to the exclusion of, and in substitution for any of the powers of the Board in that behalf and may, from time to time, revoke, withdraw, alter or vary all or any of such powers.

#### **The Seal**

- 92. (1) The Board of Directors may select a seal for the Company. The Board shall provide for the safe custody of the Seal.
- (2) The Seal if any, 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 at least one director or manager, if any or of the secretary or such other person as the Board may appoint for the purpose; and such director or manager or the secretary or other person aforesaid shall sign every instrument to which the Seal of the Company is so affixed in their presence.

#### **Dividends and Reserve**

- 93. The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.
- 94. Subject to the provisions 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.
- 95. (1) 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.
- (2) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.
- 96. (1) 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.
- (2) No amount paid or credited as paid on a share in advance of calls shall while carrying interest be treated for the purpose of this Article as paid on the share, including to confer a right to dividend or to participate in profits.
- (3) 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.
- 97. (1) 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.

- (2) The Board may retain dividends payable upon shares in respect of which any person is, under the Article 36 & 37 hereinbefore contained, entitled to become a member, until such person shall become a member in respect of such shares.
98. (1) 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.
- (2) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.
  - (3) Payment in any way whatsoever shall be made at the risk of the person entitled to the money paid or to be paid. The Company will not be responsible for a payment which is lost or delayed. The Company will be deemed to having made a payment and received a good discharge for it if a payment using any of the foregoing permissible means is made.
99. 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.

Notice of any dividend, whether interim or otherwise, that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.

100. No dividend shall bear interest against the Company.
- (1) 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.
  - (2) The Company shall comply with the provisions of the Act in respect of any dividend remaining unpaid or unclaimed with the Company. Where the Company has declared a dividend but which has not been paid or claimed within 30 (thirty) days from the date of declaration, the Company shall, within 7 (seven) days from the date of expiry of the 30 (thirty) day period, transfer the total amount of dividend which remains so unpaid or unclaimed, to a special account to be opened by the Company in that behalf in any scheduled bank.
  - (3) 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. No unclaimed or unpaid dividend shall be forfeited by the Board. All unpaid and unclaimed dividends shall be dealt with in accordance with the provisions of Sections 124 and 125 of the Act and rules made thereunder.
  - (4) Further, there shall be no forfeiture of unclaimed dividends before the claim becomes barred by law.

#### **Accounts**

101. (1) The books of account and books and papers of the Company, or any of them, shall be open to the inspection of directors in accordance with the applicable provisions of the Act and the Rules.
- (2) 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 authorized by the Board. or by the company in general meeting.

## **Winding up**

102. Subject to the provisions of the Act and Rules made there under—

(1) If the Company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.

(2) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

(3) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

## **Dematerialization of Securities**

103. (1) Notwithstanding anything contained herein, the Company shall be entitled to dematerialize its shares, debentures and other securities pursuant to the Depositories Act, 1996.

(2) Every Person subscribing to the Shares offered by the Company shall have the option to receive Share certificates or to hold the Shares with a depository. Where Person opts to hold any Share with the depository, the Company shall intimate such depository of details of allotment of the Shares to enable the depository to enter in its records the name of such Person as the beneficial owner of such Shares. Such a Person who is the beneficial owner of the Shares can at any time opt out of a depository, if permitted by the Law, in respect of any Shares in the manner provided by the Depositories Act, 1996 and the regulations made thereunder and the Company shall in the manner and within the time prescribed, issue to the beneficial owner the required certificate of Shares. In the case of transfer of Shares or other marketable securities where the Company has not issued any certificates and where such Shares or securities are being held in an electronic and fungible form, the provisions of the Depositories Act shall apply.

(3) If a Person opts to hold his Shares with a depository, the Company shall intimate such depository the details of allotment of the Shares, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the Shares.

(4) Subject to the applicable provisions of the Act, either the Company or the investor may exercise an option to issue, deal in, hold the securities (including shares) with a depository in electronic form and the certificates in respect thereof shall be dematerialized, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereto shall be governed by the provisions of the Depositories Act, 1996 as amended from time to time or any statutory modification thereto or re-enactment thereof.

(5) All Shares held by a depository shall be dematerialized and shall be in a fungible form.

(a) Notwithstanding anything to the contrary contained in the Act or the Articles, a depository shall be deemed to be the registered owner for the purposes of effecting any transfer of ownership of Shares on behalf of the beneficial owner.

(b) Save as otherwise provided in (a) above, the depository as the registered owner of the Shares shall not have any voting rights or any other rights in respect of Shares held by it.

(6) 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.

- (7) 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.
- (8) 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.
- (9) The Company shall cause to be kept a register and index of members in accordance with all applicable provisions of the Act and the Depositories Act, 1996, containing details of shares and debentures held in materialized and dematerialized forms in any media as may be permitted by law(s) including any form of electronic media.
- (10) The Company shall have the power to keep in any state or country outside India a branch register resident in that state or country.

#### **Indemnity & Insurance**

- 104.
- (1) Subject to the provisions of the Act, every director, managing director, whole-time director, manager, company secretary and other officer of the Company shall be indemnified by the Company out of the funds of the Company, to pay all costs, losses and expenses (including travelling expense) which such director, manager, company secretary and officer may incur or become liable for by reason of any contract entered into or act or deed done by him in his capacity as such director, manager, company secretary or officer or in any way in the discharge of his duties in such capacity including expenses.
  - (2) Subject as aforesaid, every director, managing director, manager, company secretary or other officer of the Company shall be indemnified against any liability incurred by him in defending any proceedings, whether civil or criminal in which judgment is given in his favour or in which he is acquitted or discharged or in connection with any application under applicable provisions of the Act in which relief is given to him by the Court.
  - (3) 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 and reasonably.

#### **General Power**

105. Wherever in the Act, it has been provided that the Company shall have any right, privilege or authority or that the Company could carry out any transaction only if the Company is so authorized by its articles, then and in that case this Article authorizes and empowers the Company to have such rights, privileges or authorities and to carry such transactions as have been permitted by the Act, without there being any specific Article in that behalf herein provided.

## **Part B**

*For the purposes of this section, the term “OIH” refers to “IIP” or “Indivision” and “OIH Agreement” “IIP Agreement”, each as defined in the AoA respectively.*

The provisions of this Part B, shall automatically become ineffective on the Listing Date/ in the event of occurrence of an IPO. Articles 106 to 122, of these Articles of Association of the Company have been inserted pursuant to:-

1. Investor Rights Agreement dated 24<sup>th</sup> January 2007 entered into between Mr. Mukesh Luthra and Mrs. Vandana Luthra, OIH Mauritius Limited and the Company, as amended from time to time (collectively the “**OIH Agreement**”); and
2. Shareholders Agreement dated 13<sup>th</sup> November 2014 between the Company, Mr. Mukesh Luthra and Mrs. Vandana Luthra, M/s Leon International Limited and OIH as confirming party, as amended from time to time (collectively hereinafter referred to as the “**Leon Agreement**”).

To the extent not specifically incorporated and subject to applicable laws, all provisions of the Leon Agreement and OIH Agreement shall be deemed to be incorporated in these Articles.

For any clarification, reference shall be made to the OIH Agreement or Leon Agreement (as the case may be), in the event of any conflict between the Articles and the terms of the OIH Agreement or Leon Agreement, the terms of the OIH Agreement or Leon Agreement (as the case may be) shall prevail, so long the Part B is effective. The words and expressions which are not defined in these Articles but are defined in the OIH Agreement or Leon Agreement shall have the same meaning ascribed to them in the OIH Agreement or Leon Agreement (as the case may be). Terms defined neither in the Articles nor in the OIH Agreement or Leon Agreement shall have the meaning ascribed to them under the Companies Act, 1956/ the Companies Act 2013 (where the context so require).

### 106. **Definitions and Interpretation**

Any expressions used but not defined in this Part but defined in the Agreement shall have the meaning ascribed to it therein. In this Part, and unless the context requires otherwise, the following words and expressions, when beginning with capital letter, shall have the following meanings:

“**Agreement**” means shareholders agreement separately entered between the Company, Promoters and Leon; and between the Company, Promoters and OIH .

“**Leon**” means Leon International Limited, a company organized and existing under the laws of the Mauritius having its registered office at C/o Multiconsult Limited, 3rd Floor, Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius.

“**OIH**”, means OIH Mauritius Limited, a public company limited by shares with limited life incorporated under the provisions of the Companies Act, 2001 of Mauritius and having its registered office at 3rd Floor, Raffles Tower, 19 Cyberville, Ebene, Mauritius.

“**Group**” means the Company, the Wholly Owned Subsidiaries and any other subsidiaries, joint ventures and associate companies of the Company. “**Investors**” mean Leon and OIH collectively

“**Promoters/Management Shareholders**” means Mr. Mukesh Luthra and Mrs. Vandana Luthra.

“**Leon Reserved Matters**” means the pertaining to the Company and its Wholly Owned Subsidiaries:

- a. approve or amend the annual Business Plan/ budgets;
- b. any transaction involving merger, acquisition, issue of fresh shares or derivative securities, initial public offering after IPO Target Date;
- c. variation of any class of rights attached to any shares;
- d. the change in any manner of the authorised Share Capital, Memorandum or Articles of Association;
- e. the incurring of any capital expenditure including but not limited to, any loans or extending of any

- guarantees and/or indemnities as well as any investments or acquiring of any shares of any company which exceed by 15% (fifteen percent) the levels approved in the Annual Budget;
- f. make any aggregate investment in excess of INR 150 million or incur any aggregate indebtedness in excess of INR 150 million that are not already included in a Board-approved budget, other than trade credit incurred in the ordinary course of business;
- g. the passing of any resolution authorising, or taking of any steps towards, a voluntary winding up, liquidation, or similar act of dissolution;
- h. the disposal of any material part of the business or material assets (including intangible assets such as the Brand);
- i. the writing off of any inventory of, or receivables, loans, advances or investments recoverable from, any Affiliate;
- j. the change or appointment of the Auditors as the statutory auditors;
- k. carrying out corporate restructuring of any kind;
- l. any change in the Business or diversification of the Business;
- m. increasing or decreasing the maximum number of Directors;
- n. recommendation/ declaration of dividends;
- o. the entering into of any joint venture, partnership or consortium arrangement otherwise than in the ordinary course of business;
- p. the payment to any director any emoluments/ bonuses in excess of the amounts approved in the Annual Budget;
- q. changing the name of the Company and/or its subsidiaries;
- r. making any advance or granting any loan or providing any credit to any related party of the Promoters and making any advance or granting any loan or providing any credit to any subsidiary company, except in the ordinary course of business;
- s. entering into any related party transactions with the Promoters and their Affiliates, except in the ordinary course of business or not being at arms' length;
- t. appointing or removing the chief executive officer/ the chief financial officer of the Company; and
- u. making any arrangement with creditors and moving for insolvency, receivership or bankruptcy of /by the Company and/or any of its subsidiaries.

**“OIH Reserved Matters”** means the pertaining to the Company and its Wholly Owned Subsidiaries:

- a. allot, issue, redeem, vary or repurchase or agree to allot, issue, redeem, vary or repurchase its share capital or Derivative Securities (or option or right to subscribe for the same) of any Group Company, provided that the Company's equity valuation for the allotment or issuance of new shares is less than ₹ 650 crores, including without limitation the terms, timing and final pricing of an Initial Public Offering after the IPO Target Date;
- b. create any subsidiaries of, or reconstruct, consolidate or reorganize any Group Company; or amalgamate or merge any Group Company or any of its subsidiaries; or amalgamate or merge any Group Company or any of its subsidiaries with any other company or concern; or wind up or dissolve any Group Company or any of its subsidiaries except as envisaged in yearly approved Business Plan;
- c. alter or amend or waive any provision in the Memorandum and/ or Articles of Association of any Group Company or any of its subsidiaries;
- d. change the Business or diversify the Business of any Group Company or any of its subsidiaries except as envisaged in yearly approved Business Plan;
- e. reduction or increase in the Authorised Share Capital of any Group Company or any of its subsidiaries either by lowering the par value of shares or by decreasing the number of shares issued or sub-divide or amalgamate the authorized or issued share capital of any Group Company or any of its subsidiaries or of any rights or privileges attached to any shares or class of shares of any Group Company or any of its subsidiaries;
- f. increase or decrease the maximum number of Directors on the Board of any Group Company or any of its subsidiaries;
- g. change in the dividend policy or make payment of dividends or other distribution to the shareholders of any Group Company;
- h. change in name of any Group Company or any of its subsidiaries;
- i. acquire shares or other securities of any body corporate or incorporate or set up a subsidiary or associated company of any Group Company or any of its subsidiaries, except as already approved under the Business Plan or a 15% variation thereof;
- j. give any guarantee, indemnity or security in respect of the obligations of any Person of any Group



- k. Company or any of its subsidiaries, except in its Ordinary Course of Business; make any advance or grant any loan or provide any credit to any Person of any Group Company or any of its subsidiaries, except in its Ordinary Course of Business;
- l. make any arrangement with creditors and move for its insolvency, receivership or bankruptcy of any Group Company or any of its subsidiaries;
- m. change or appoint the statutory auditors of any Group Company;
- n. approve or amend the annual Business Plan/ budgets of any Group Company or any of its subsidiaries;
- o. undertake any deviation in excess of 15 (fifteen) % of the amount as agreed upon in the annual Business Plan/ budgets of any Group Company or any of its subsidiaries including in respect of any line item including outlay, borrowings, guarantees, capital expenditure, investments, divestments;
- p. enter into or amend or vary any Material Contract(s) not in the Ordinary Course of Business;
- q. revise the salaries/ compensation paid to the Directors of any Group Company or any of its subsidiaries, or paid under the technical services agreement entered into with VL;
- r. appointment or removal the chief executive officer/ the chief financial officer of the Company;
- s. adoption of new or change in or amendment to the depreciation policy of any Group Company or any of its subsidiaries;
- t. enter into or amend or vary any affiliated or related party transactions or contracts or agreements or arrangements between any of the Group Companies, the Management Shareholders and/ or their Affiliates except as envisaged in yearly approved Business Plan; and
- u. approval of proposed employee stock option plan, without reference to specific employee details of any Group Company or any of its subsidiaries.

107.

## **Board Composition**

The Board of Directors of the Company shall comprise of a maximum of 12 (twelve) Directors of which at least 2 (two) at any time shall be non-executive Independent Directors mutually acceptable to the Promoters, OIH and Leon.

### **(1) As per Leon Agreement**

- (i) Leon shall have the right to nominate 1 (one) person to be appointed as a non-executive director (“**Leon Director**”) on the board of directors of the Company, who shall be liable to retire by rotation. In the event of the retirement of office of Leon Director at the annual general meeting, the Promoters, Company and OIH shall exercise their rights to fill up the vacancy by re-appointing the retiring director or other nominee director as may be nominated by Leon, in his place, subject to compliance with applicable laws, including but not limited to the Companies Act, 2013 and the rules framed thereunder.
- (ii) In addition to the Leon Director appointed as above, Leon shall have the right to nominate one observer (the “**Leon Observer**”) to attend all meetings of the board of directors, and General Meetings of the Group and the Group shall ensure the invitation of the Leon Observer to all such meetings. The Leon Observer shall not have any voting rights but will have the right to provide his observations.
- (iii) Leon may require the removal of Leon Director/Leon Observer and nominate another individual as Leon Director/Leon Observer in his/her place, and the Promoters and the Company shall exercise their rights to ensure the appointment of the individual thus nominated. In the event of the resignation, retirement or vacation of office of any Leon Director, Leon shall be entitled to appoint another Director in place and the Shareholders, Company and OIH shall exercise their rights to ensure the appointment of the individual nominated as aforesaid.
- (iv) In the event of the resignation, retirement or vacation of office of any Independent Director, Leon, the Promoters and OIH shall make all reasonable endeavors to mutually agree upon and appoint replacements to such Independent Director expeditiously.

### **(2) As per OIH Agreement**

- (i) The Company and the Management Shareholders undertake to ensure that as long as OIH, along

with any of its respective Affiliates, continues to hold, directly or indirectly, Equity Shares equal to or more than 5% of the paid up capital of the Company (“**OIH Threshold Limit**”), OIH shall and the Management Shareholders shall procure and ensure that OIH shall be entitled to appoint 1 (one) Director on the Board of the Company (“**OIH Director**”).

- (ii) OIH shall have the right to recommend and appoint OIH Director and 1 (one) observer on the Board of the Company so long it holds, directly or indirectly, Equity Shares equal to or greater than the OIH Threshold Limit. The Director appointed pursuant to OIH’s recommendation shall be liable to retire by rotation. In the event of the retirement of office of OIH Director at the annual general meeting, the Promoters, Company and Leon shall exercise their rights to fill up the vacancy by re-appointing the retiring director or other nominee director as may be nominated by OIH, in his place, subject to compliance with applicable laws, including but not limited to the Companies Act, 2013 and the rules framed thereunder.
- (iii) In the event a vacancy shall occur for any reason on the Board, each Party agrees to cause the Company to immediately convene a meeting of the Board and endeavor to cause its representatives to exercise their voting rights so as to appoint a replacement to hold office until the date of the next annual general meeting. The failure to do so shall not constitute a waiver of such right nor shall it prevent the exercise of such right prospectively. Such vacancy shall be filled by an individual who shall be recommended for appointment by the Party that recommended the appointment of the Person to be replaced. The new appointee shall hold office up to the date on which the Director in whose place he is appointed would have held office if it had not been vacated but would be subject to reappointment on the expiry of his office.
- (iv) The Board shall have a chairman (hereinafter the “Chairman”), who shall be elected by the Board of Directors by simple majority. The Chairman shall not have a casting or second vote.
- (v) Subject to OIH Reserved Matters, the decisions by the Board shall be decided by simple majority vote. Each Director shall have 1 (one) vote. A resolution of the Board of Directors shall be adopted by the affirmative vote of the majority of the Directors present at a meeting at which a quorum of the Board of Directors is present in accordance with clause 7.9.3 (Quorum) of OIH Agreement.

#### 108. **Board Meeting**

The Board of Directors shall meet at least once every 4 (four) months, and at least 4 (four) times a year and both Leon Director & OIH Director shall have the right to call a meeting of the Board to ensure compliance of this provision. At least 7 (seven) days written notice shall be given to each of the Directors and their alternates in respect of each meeting of the Board, at the address notified from time to time by each Director of the Company, A meeting may be called by giving shorter notice with the consent of majority of the Directors, subject to the consent of Leon Director and OIH Director (or their alternate) being received for Leon Reserved Matters and OIH Reserved Matters respectively. Each Director shall also be allowed to attend the meeting of the Board by way of video conferencing or other audio visual means as permitted under the Act.

#### 109. **Quorum of the Board**

Subject to the provisions of the Act, the quorum for a meeting of the Board of Directors of the Company shall be at least 3 (three) Directors including Leon Director and OIH Director. If Leon Director and/or OIH Director or their representative is unable to attend a meeting of the Board, such meeting may be held without the presence of Leon Director and/or OIH Director or their alternates, provided that Leon Director or OIH Director participates in such meeting through teleconference and no resolutions in such meetings shall be passed or decisions taken with respect to any of the Leon Reserved Matters/ OIH Reserved Matters unless specifically waived by the Leon Director and/ or OIH Director in writing (including by way of email), the Board meeting shall automatically stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the same time and place for consideration of such Reserved Matter (s). It is, however clarified that the original agenda shall not be changed for an adjournment Board Meeting without the prior written consent of at least 1 (one) Director representing OIH or his alternate.

110. **Quorum of the General Meetings**

The quorum for General Meetings shall be a minimum of 5 (five) members with at least one representative of Leon and one representative of OIH unless waived by Leon for its Reserved Matters and OIH in writing.

The Shareholders meeting shall, in the event the quorum is not present within half an hour from the time appointed for the meeting, automatically stand adjourned till the same day in the next week, at the same time and place, or to such other day and at such other time and place, as the Board may determine. It is, however, clarified that the original agenda shall not be changed by the Board, for an adjourned Shareholders meeting, without prior written consent of at least 1 (one) Director representing OIH and 1(one) Director representing Leon (or their respective alternates). The Parties also agree not to include any of the Reserved Matters, which has not been voted in favour of at the Board meeting, in the agenda for the Shareholders meeting.

111. **Committee of the Board**

At least 1 (one) Director representing OIH shall always be a member of any committee or sub-committee constituted by the Board, which is constituted to implement any decisions taken by the Board relating to any of the Reserved Matters. OIH Director shall always be on the Audit Committee or any other committee constituted by the Board, which has been constituted to implement any decisions taken by the Board relating to any of the OIH Reserved Matters, unless specifically waived by OIH. Leon Observer shall have the right to attend all meetings of the Audit Committee and Remuneration Committee.

112. **Resolution by Circulation**

A written resolution circulated to all the Directors, whether in India or overseas, and signed by a majority of the directors as approved shall be, subject to compliance with the relevant requirements of the Act, as valid and effective as a resolution duly passed at a meeting of the Board called and held in accordance with this Agreement and the Articles (provided that it has been circulated in draft form, together with the relevant papers, if any to all the Directors). For avoidance of doubt, resolution by circulation shall not be valid and binding on OIH, Leon and the Company with regard to any Reserved Matters unless waived off by Indivison and /or Leon in writing as the case may be.

113. **Reserved Matters**

(1) Notwithstanding anything to the contrary contained in Part B of these Articles, without the prior written consent of the Leon Director/Leon, the Leon Reserved Matters shall not be taken up, discussed, acted upon and/or implemented by the Company and the Company shall ensure that none of its Wholly Owned Subsidiaries take up, discuss, act upon or implement the Leon Reserved Matters in relation to the Group and/or Wholly Owned Subsidiaries, unless waived by Leon Director or by their representative in writing (including an email).

(2) Any proposal being considered at a meeting of the Board on any of the matters provided for under the OIH Reserved Matters shall require the affirmative vote of a majority of the Directors including an affirmative vote of at least 1 (one) Director nominated for appointment by the Investor, unless waived by OIH Director or by their representative in writing (including an email).

114. (1) The Company shall, on a uniform basis, reimburse to the Directors representing OIH/Leon for all reasonable travel, hotel and out of pocket expenses incurred for attending any meeting of the Board and/or any other work done for and on behalf of the Group Companies. The Company shall ensure that the reimbursements made to the Directors for attending any meeting of the Board shall be on a uniform basis to all the Directors.

(2) The minutes of each meeting of the Board shall be valid upon signature by the Chairman of the meeting.

## 115. Issue of Shares and Anti Dilution

### In case of Leon

(1) In case of any issuance of Equity Shares or derivative securities, whether by way of rights issue or preferential issue, the Parties shall cause an offer (for the purposes of this Article, the “Offer”) to be made by the Company to Leon in accordance with the provisions of the Act (“Entitlement”). In case of a rights offer, the Entitlement shall be in proportion to the Shareholding of Leon as on the date of the Offer and in case of a preferential issue, the Entitlement shall be such number of Shares which are required to enable Leon to maintain their then existing respective Shareholding in the Company as on the date of the Offer. For avoidance of any doubt, any investment by existing or new investor at a later date (provided the provisions of these Articles are complied with for such issuance), notwithstanding anything to the contrary contained in these Articles, would dilute the Shareholding of Leon. The exercise or non-exercise of the Entitlement by shareholders is subject to the provisions of Clause 4.5 (Anti Dilution) of the Agreement.

(2) Each of the Promoters and Leon, exercising its Entitlements in accordance with the provisions of this Clause shall have the right to designate any of its’ Affiliate(s) to exercise its Entitlements or subscribe to any additional Equity Shares, in place and instead of itself provided that the affiliate agrees and undertakes to be bound by the terms and conditions of this Agreement and executes the Deed of Adherence. Subject to the aforementioned provisions, no Person shall have the right to renounce its Entitlement in favour of any Third Party.

(3) The Company and the Promoters hereby undertake that no Person shall be offered Shares (or any instrument or security convertible into Equity Shares) in the Company at terms which are more favorable than the terms of investment to Leon and in no event at a Group equity valuation of less than INR 850 Crores, without prior written permission of Leon.

### In case of OIH

(1) Notwithstanding anything to the contrary contained in these Articles, for any issuance of Equity Shares or Derivative Securities, whether by way of rights issue or preferential issue, the Company and / or the Management Shareholders shall cause an offer (for the purposes of the Section 3.5.1 (Anti Dilution) of the OIH Agreement, the “Offer”) to be made by the Company to OIH in accordance with the provisions of Section 62 of the Act (“Entitlement”). In case of a rights offer, the Entitlement shall be in proportion to the Shareholding of OIH as on the date of the Offer and in case of a preferential issue, the Entitlement shall be such number of Shares which are required to enable OIH to maintain their then existing respective Shareholding in the Company as on the date of the Offer. For avoidance of doubt, in case of a rights offer, OIH’s Entitlement shall be in the proportion to the Shareholding of OIH as on the date of the Offer and in case of a preferential issue, OIH’s Entitlement shall be such number of Shares which are required to enable OIH to maintain their existing respective Shareholding in the Company as on the date of the Offer, as per Section 3.5.1 of the OIH Agreement. OIH shall subscribe, under intimation to the other party(s) and the Company, for their Entitlement in accordance with the Offer within a period of 30 (thirty) Business Days from the receipt of the Offer. The Company shall promptly, after receipt of intimation from OIH, notify the other Shareholders of the total number of Shares subscribed to by OIH and the extent of the Shortfall, if any. For avoidance of doubt, nothing in this Article shall apply to the ESOP up to 2.5% and any investment by existing or new investor for cash at a later date, and notwithstanding anything to the contrary contained in these Articles, such issuance would dilute the shareholding of OIH.

(2) If any Shareholder(s) notifies the Company that it does not wish to exercise the whole (or part) of its Entitlement, such shortfall (hereinafter referred to as the “Shortfall”), may be brought in by the other Shareholders on a proportionate basis to their respective Shareholding.

(3) Each of the Management Shareholders and OIH, exercising its Entitlements in accordance with the provisions of Section 3.5 (Anti Dilution) of the Agreement shall have the right to designate any of its’ Affiliate(s) to exercise its Entitlements or subscribe to any additional Equity Shares, in place and instead of itself provided that the Affiliate agrees and undertakes to be bound by the terms and conditions of the OIH Investor Rights Agreement and executes the OIH Affiliate Deed of Adherence (as defined under Section 4.3 of the Agreement). Subject to the aforesaid provisions, no Person shall have the right to

renounce its Entitlement in favour of any Third Party.

(4) The Company and the Management Shareholders hereby undertake that no new Shareholders shall be offered terms which are more favourable than those offered to OIH under the OIH Agreement without the prior written permission of OIH.

#### 116. **Restriction on Share Transfer**

##### **In case of Leon**

Prior to the IPO Target Date or the making of an IPO by the Company, whichever comes first, the Promoters and Leon shall not, directly or indirectly, Transfer all or any of the Shares held by them except in accordance with the Agreement. Any Transfer in breach of this Agreement, including this article , shall be null and void, and shall not be binding on the Company.

##### **In case of OIH**

(1) The Management Shareholders covenant and agree with OIH that they shall not transfer any of the Equity Shares owned by them to any Person or create any Encumbrance over the Equity Shares owned by them, except as expressly required or permitted under Permitted Transfers, or subject to Section 2.2 (Threshold Limit) of Agreement, as permitted under Section 5.1 (Right of First Offer) and 5.2 (Tag Along Right) of the OIH Agreement.

Subject to Sections 5.1 (Right of First Offer), 5.3 (IPO) and 5.4 (Offer of Sale) of the OIH Agreement, the OIH shall be free to transfer any of the Equity Shares or contractual rights or voting interests therein (including any and all rights accruing to OIH in accordance with the terms of the OIH Investor Rights Agreement) owned by it to any Person or create any Encumbrance over the Equity Shares owned by OIH. For avoidance of doubt, it is clarified that in case of Transfer of part of the Equity Shares by OIH, the rights under the OIH Investor Rights Agreement shall vest only with 1 (one) Equity Shareholder, i.e. either in OIH or only 1 (one) transferee shall be entitled to the rights under the OIH Investor Rights Agreement pursuant to such Transfer.

Subject to any sale of Shares by OIH pursuant to Section 5.2 (Tag along Right) and 5.4 (Offer of Sale) of Agreement, notwithstanding anything to the contrary contained in these Articles, OIH hereby agrees that it shall not Transfer its Shareholding, either partly or fully, to any Competitor.

Notwithstanding any provision contained in the OIH Agreement to the contrary, each of the Investor and the Shareholders shall Transfer its Equity Shares only in Compliance with applicable Law and shall not Transfer its Equity Shares, if doing so would create a substantial risk of causing the Company to loss any of its Governmental Approvals, or to be in a material way in violation of a Law or in breach of a significant contract to which it is a party or other commitment which it has undertaken , where such significant contract has been approved or ratified in writing by the Party proposing to Transfer its Equity Shares.

##### **(2) Procedures with respect to Transfer of Shares (Section 4.2 of Agreement)**

Any attempted Transfer of Equity Shares, made by the Shareholders or OIH, in violation of these Articles and the OIH Investor Rights Agreement shall be null and void. Neither the Board of Directors nor the Management Shareholders shall approve or ratify any Transfer of Equity Shares made in contravention of these Articles and the OIH Investor Rights Agreement and the Company shall be caused not to record any such Transfer on the statutory registers of the Company maintained for the Equity Shares.

#### 117. **Permitted Share Transfers**

##### **In case of Leon**

Subject to the provisions of Clause 4.1 (Restriction on Transfer) and 5.1 (Restriction on Promoter share) (a) and (b) of the Agreement, The Promoters shall have the unrestricted right to gift their Shares (and rights relating thereto) or any part thereof to any member of their immediate family or to any employee

of the Company or the Wholly Owned Subsidiaries, provided that in such case a) the Promoters receive no consideration directly or indirectly for such gift; and b) the recipient of the Shares executes a Deed of Adherence as per Agreement, except where such transferee receives the Shares from the Promoters under an employee stock option scheme duly approved by the Board.

Subject to the provisions of Clause 4.1 of the Agreement, Leon shall have the unrestricted right to Transfer their Shares (and rights relating thereto) or any part thereof to any of their Affiliates, provided that in such case the recipient of the Shares executes a Deed of Adherence.

#### **In case of OIH**

##### **(1) Transfers to Affiliates**

Subject to the provisions of these Articles and the OIH Investor Rights Agreement, OIH or any Shareholder may, at any time, and in compliance with the applicable Law, Transfer all or any of its Equity Shares to one or more of its Affiliates provided that the Affiliate, prior to the Equity Shares being transferred in the name of the Affiliate, agrees and undertakes to be bound these Articles and to the terms and conditions of the OIH Investor Rights Agreement and executes a deed of adherence (“**OIH Affiliate Deed of Adherence**”).

If a Person holding Equity Shares in accordance with the provisions of these Articles and the OIH Investor Rights Agreement by virtue of being an Affiliate of a Shareholder (such Shareholder being hereinafter called the “**Parent Party**”), ceases to be such an Affiliate, the Parent Party shall acquire or cause any of its other Affiliates to acquire, full and unconditional title in and to all of the Equity Shares then held by such Person ceasing to qualify as an Affiliate.

In addition to the provisions contained in the OIH Affiliate Deed of Adherence, the provisions of Section 4.1 (Restrictions on Transfer) and Section 4.3 (Transfer to Affiliates) of Agreement shall apply to an Affiliate to whom Equity Shares have been transferred as per Section 4.3 of Agreement.

Notwithstanding any provisions to the contrary in these Articles, if any Management Shareholder transfers part of its Equity Shares to any Affiliate or additional Equity Shares are issued to any Affiliates of such Management Shareholder (i) all of the Management Shareholders, and/ or Affiliates (collectively, the “**Shareholder Group**”) shall be treated as a single Shareholder and their rights, obligations, covenants and undertakings hereunder shall be joint and several, and a breach by any one person in the Shareholder Group of its rights, obligations, covenants or undertakings hereunder shall be deemed as a collective breach by the other members of the Shareholder Group of their respective rights, obligations, covenants or undertakings hereunder, and (ii) the Shareholder Group shall nominate one person within the Shareholder Group who shall (a) act for and on behalf of each member of the Shareholder Group under these Articles and/or the OIH Investor Rights Agreement in respect of any right, action or waiver to be exercised by any member of the Shareholder Group (including the nomination, replacement or removal of the Directors) and (b) be responsible for causing each of the members of the Shareholder Group to perform its obligations, covenants and undertakings hereunder.

#### **118. Restriction on Promoters Share**

##### **As per Leon Agreement**

The Promoters, undertake to Leon, during the entire term of the Agreement that they will hold, in the aggregate not less than 51% (fifty one percent) of the Share Capital and they shall entitled to Transfer subject to the restrictions set out in Clause 4.1 (Restriction on Transfer) of this agreement only a maximum of up to 10 (ten) % of their Shareholding until Leon has sold its stake, including other covenants as given under Clause 5 (Promoter and Company Covenants) of the Agreement.

##### **As per OIH Agreement**

Notwithstanding any provisions to the contrary in these Articles and subject to a prior written consent of OIH to the contrary, the Management Shareholders hereby expressly agree and undertake that till such time OIH, along with any of its respective Affiliates, holds, directly or indirectly, Equity Shares equal to or more than the OIH Threshold Limit: (i) the Management Shareholders’ Shareholding in the Company shall not be less than 51% (fifty one percent) of the Equity Capital; and (ii) the Management Shareholders

shall, subject to the Permitted Transfers, be entitled to Transfer in accordance with Section 5.1 (Right of First Offer) and 5.2 (Tag Along Right) of Agreement only a maximum of up to 10% (ten percent) of the Management Shareholders Shareholding.

119. **A. Exit Options in case of Leon**

**Right of First Offer**

Subject to Clauses 4.1 and 5.1(a) of the Agreement, if, at any time prior to an IPO any of the Promoters or Leon (“**Transferor**”) desire to Transfer all or a portion of the Shares (“**Offered Shares**”) held by it/them to any Third Party (“**Transferee**”), they shall comply with the procedure as defined under Clause 6.1 (Right of First Offer) of the Agreement.

**Tag-Along Rights**

Subject to the restriction contained in Clauses 4.1 and 5.1(a) of the Agreement, in the event any sale is proposed to be made by any or all of the Promoters under Clause 6.1.1 of the Agreement, where (i) Leon or OIH (as the case may be) does not elect to purchase the Offer Shares in the manner as provided in Section 6.1.1; and (ii) where such sale is not a Permitted Transfer, Leon or OIH (as the case may be) shall have an option, exercisable for a period of ten (10) Business Days, by way of delivery of a notice (the “**Tag Along Notice**”) from the date of expiration of the Offer Period (the “**Sale Option Period**”), to elect to participate in the sale of Offered Shares along with such any or all of the Promoters (the “**Vendor**”) and to sell, on the terms as set forth in the Offer Notice and as a part of the Offered Shares, only such number of Equity Shares as is equivalent to the inter se ratio of the Equity Shares held by Leon or OIH (as the case may be) and the Vendor at that point in time (the “**Tag Along Shares**”), at the same price and on the same terms on which the Transferee (the “**Target Transferee**”) is purchasing the Offered Shares. Leon/OIH submitting the Tag Along Notice is hereinafter referred to as a “**Participating Shareholder**”.

The Parties hereby agree that in the event there are more than one Shareholder(s) who are entitled by way of contract or otherwise to tag along their Equity Shares as a part of the Offered Shares and such Shareholder(s) does not exercise its right to tag along its Shares (the “**Deficit Shares**”) with the Offered Shares, then the Participating Shareholder and the Vendor shall be entitled to tag along such number of Deficit Shares which are equivalent to the proportion of their *inter se* Shareholding.

The Vendor undertakes that upon receipt of the Tag Along Notice, it shall require the Target Transferee to also purchase all, but not less than all, of the Tag Along Shares and the relevant number of Deficit Shares as a part of the Offered Shares at the Offer Price and upon the same terms and conditions as applicable to the Offered Shares. If the Participating Shareholder does not elect to sell the full number of Tag Along Shares and the relevant number of Deficit Shares that it is entitled to sell, then Vendor shall be entitled to sell the Offered Shares to the Target Transferee.

Leon shall be entitled to pro-rata tag along when OIH is exercising its exit rights pursuant to Clause 5 of OIH SHA. The Parties hereto confirm and agree to facilitate and fully co-operate to give effect to Leon’s right herein. OIH hereby confirms that that it is agreeable to allow Leon a pro-rata tag when it is exercising its exit rights pursuant to Clause 5 of OIH SHA.

**B. Exit Options in case of OIH**

**Rights of First Offer**

Subject to the restriction contained in Section 4.1 of OIH Agreement, if, either any Management Shareholder or OIH desires to Transfer any or all of Equity Shares therein owned by it (for purposes of the Section 5.1 of Agreement, the “**Seller**”), then it shall:

(a) Make an offer for the sale, in case of Management Shareholders, subject to Section 2.2.2 of Agreement, and in case of OIH, any or all of its Shareholding, the Offer Shares (as hereinafter defined) to the other Shareholders (for the purpose of the Section 5.1 of Agreement “**Remaining Shareholder**”) by a notice (“**Offer Notice**”) mentioning therein: (a) the total number of Equity Shares proposed to be offered for sale (the “**Offer Shares**”), (b) the cash price at which the Offer Shares are being offered for sale (the “**Offer Price**”); and (c) any other terms and conditions in connection therewith including the period for which such offer shall be available to the Remaining Shareholder. For avoidance of doubt, it

is clarified that in the event there are more than one Shareholders who are the 'Remaining Shareholder' for the purposes of the Section 5.1 of the Agreement, all of such Remaining Shareholders shall be entitled to the Offer Shares in proportion to their Shareholding at the time of the Offer Notice;

(b) Simultaneous transfer of all, but not less than all, of the Offer Shares to the Remaining Shareholder shall take place, in the event that the Remaining Shareholder agrees to purchase all of the Offer Shares, either directly or through its Affiliates, within 30 (thirty) Business Days of receipt of the Offer Notice ("**Offer Period**");

(c) In the event that the Remaining Shareholder, either directly or through its Affiliates, does not elect to purchase simultaneously all, but not less than all, of the Offer Shares from the Seller within the Offer Period, then the Seller shall be at a liberty to sell to the proposed third party purchaser ("**Proposed Transferee**"), within a period of 90 (ninety) days of the expiry of the Offer Period all, but not less than all, of the Offer Shares at a price not lower than the Offer Price and on terms and conditions not more favourable than those contained in the Offer Notice. Further, in case the Management Shareholders are the Seller for the purposes of the Section 5.1 of the Agreement, the Management Shareholder shall disclose the identity of such Proposed Transferee in the notice specified in terms of the Section 5.1.1 of Agreement.

### **Tag Along Right**

Subject to the restriction contained in Section 4.1 of Agreement, in the event any sale is proposed to be made by any or all of the Management Shareholders under Section 5.1.1 of Agreement, where (i) OIH does not elect to purchase the Offer Shares in the manner as provided in Section 5.1.1 of Agreement; and (ii) where such sale is not a Permitted Transfer, OIH shall have an option, exercisable for a period of ten (10) Business Days, by way of delivery of a notice (the "**Tag Along Notice**") from the date of expiration of the Offer Period (the "**Sale Option Period**"), to elect to participate in the sale of Offer Shares along with such any or all of the Management Shareholders (the "**Vendor**") and to sell, on the terms as set forth in the Offer Notice and as a part of the Offer Shares, only such number of Equity Shares as is equivalent to the *inter se* ratio of the Equity Shares held by OIH and the Vendor at that point in time (the "**Tag Along Shares**"), at the same price and on the same terms on which the third party transferee (the "**Target Transferee**") is purchasing the Offer Shares. OIH submitting the Tag Along Notice is hereinafter referred to as a "**Participating Shareholder**".

The Management Shareholders and OIH hereby agree that in the event there are more than one Shareholder(s) who are entitled by way of contract or otherwise to tag along their Equity Shares as a part of the Offer Shares and such Shareholder(s) does not exercise its right to tag along its Shares (the "**Deficit Shares**") with the Offer Shares, then the Participating Shareholder and the Vendor shall be entitled to tag along such number of Deficit Shares which are equivalent to the proportion of their *inter se* Shareholding.

The Vendor undertakes that upon receipt of the Tag Along Notice, it shall require the Target Transferee to also purchase all, but not less than all, of the Tag Along Shares and the relevant number of Deficit Shares as a part of the Offer Shares at the Offer Price and upon the same terms and conditions as applicable to the Offer Shares. If the Participating Shareholder does not elect to sell the full number of Tag Along Shares and the relevant number of Deficit Shares that it is entitled to sell, then Vendor shall be entitled to sell the Offer Shares to the Target Transferee.

## **120. Initial Public Offering (IPO)**

### **As per Leon Agreement**

Subject to the provisions of Clause 6.3 (Initial Public Offering) of the Agreement, The Company shall and the Promoters shall procure that the Company shall endeavour to undertake an Initial Public Offering and achieve listing of the Company prior to 30<sup>th</sup> April 2017 ("**IPO Target Date**") on the National Stock Exchange and/ or the Bombay Stock Exchange and/ or any internationally recognised stock exchange.

## **121. Offer for Sale (OFS)**



### **In case of Leon**

Subject to the provisions of Clause 6.3 (Initial Public Offering) of the Agreement, The Parties hereby agree that Leon and OIH shall be entitled to tender all or part of the Equity Shares (owned by them respectively), in proportion to their Shareholding, for sale in the IPO (“**IPO Shares**”). However, in case either of Leon and OIH not selling their Equity Shares in proportion to their Shareholding (“**Deficit Shares**”), then the other shall have an option in addition to its proportion of the IPO Shares, to offer such Deficit Shares in the IPO as the IPO Shares.

The Promoters are not eligible to offer for sale and sell their Shares in such IPO or offer for sale in preference to Leon and OIH.

### **In case of OIH**

Subject to the provisions of Section 5.3 (Initial Public Offering) of Agreement, in the event, the IPO of the Company does not achieve listing of the Company on or before 31st March 2011, OIH shall have a right to cause an Offer for Sale (“**OFS**”) upon expiry of a period of 1 (one) year from 31st March 2011, of all its Shares and seek a listing of the Company on the National Stock Exchange and/or the Bombay Stock Exchange and/or any other Indian or internationally recognised stock exchange, as may be determined by OIH. The Management Shareholders shall take all such steps as may be necessary including at Board and Shareholder levels to support the decision of OIH in this regard.

OIH shall also have the right to offer all its Shares for sale in any public offering of Shares. OIH shall be entitled to require the Management Shareholders to join with OIH in making the OFS and/ or to require the Company to issue such number of Shares as may be required for the listing of the Company, at the option of OIH, subject to the applicable Laws, including but not limited to requirements of the Securities and Exchange Board of India and/ or the relevant Indian or international stock exchange.

The Company and the Management Shareholders shall cooperate with OIH and shall take all such actions as OIH may request in order to complete such OFS.

In the event, OIH is unable to obtain an exit from the Company pursuant to the OFS as stated in the Section 5.4 (Offer For Sale) of the Agreement the Management Shareholders and OIH shall use its best efforts to identify a third party purchaser to acquire OIH’s Shareholding at a price and terms of payment acceptable to OIH and in that event OIH, at its option may cause the Management Shareholders to compulsorily sell all of the Shares held by them in excess of 51% of the Equity Capital (or the relevant proportion of their Shareholding, only if their Shareholding is in excess of 51% of the Equity Capital) on the same terms and conditions at which OIH proposes to sell its Shareholding to such third party purchaser.

In the event, OIH is unable to obtain an exit from the Company pursuant to the Offer for Sale as above and subject to Section 5.1 (Right of First Offer) of Agreement, OIH shall be permitted to transfer its Shareholding along with any rights attached thereto to any third party purchaser.

The Management Shareholders and OIH hereby agree that in the event OIH offers all or part of the Equity Shares owned by OIH for sale in OFS pursuant to Section 5.4.1 of Agreement (“**OFS Shares**”), then the Management Shareholders shall also have an option to offer same number of Shares in OFS as the OFS Shares which are being offered by OIH.

## **122. Sale without Restriction**

The Parties hereto agree and confirm that, if by IPO Target Date, Leon is unable to sell its Shareholding in the Company through an initial public offering /offer for sale of the Company on any national or international stock exchange or to any third party, then, in that event, any time after the expiry of 3 (three months) from the IPO Target Date, Leon is free to sell and Transfer its Shareholding then held in the Company to any Person without any restrictions whatsoever, but only subject to compliance with Clause 6.1 (Right of First Offer) of the Leon Agreement.

## SECTION IX: OTHER INFORMATION

### MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Draft Red Herring Prospectus) which are or may be deemed material will be attached to the copy of the Red Herring Prospectus/ Prospectus which will be delivered to the RoC for filing. Copies of the contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10 a.m. and 5 p.m. on all Working Days from date of the Red Herring Prospectus until the Bid/ Offer Closing Date.

#### A. Material Contracts for the Offer

1. Offer Agreement dated August 13, 2021 between our Company, the Selling Shareholders and the BRLMs.
2. Registrar Agreement dated August 9, 2021 between our Company, the Selling Shareholders and the Registrar to the Offer.
3. Cash Escrow and Sponsor Bank Agreement dated [●] between our Company, the Selling Shareholders, the Registrar to the Offer, the BRLMs, the Syndicate Members, the Escrow Collection Bank(s), Public Offer Bank, Refund Bank and Sponsor Bank.
4. Share Escrow Agreement dated [●] between our Company, the Selling Shareholders and the Share Escrow Agent.
5. Syndicate Agreement dated [●] between our Company, the Selling Shareholders, the BRLMs and Syndicate Members.
6. Underwriting Agreement dated [●] between our Company, the Selling Shareholders and the Underwriters.
7. Monitoring Agency Agreement dated [●] between our Company and the Monitoring Agency.

#### B. Material Documents

1. Certified copies of the updated Memorandum and Articles of Association of our Company as amended from time to time.
2. Certificate of incorporation dated October 23, 1996 issued by the RoC to our Company, in the name of '*Curls & Curves (India) Private Limited*'.
3. Fresh certificate of incorporation dated April 20, 1999 issued by RoC pursuant to change of name to '*Curls & Curves (India) Limited*'.
4. Fresh certificate of incorporation dated November 18, 2004 issued by the RoC pursuant to change of name to '*VLCC Health Care Limited*'.
5. Resolutions of the Board of Directors dated May 31, 2021, authorising the Offer and other related matters.
6. Shareholders' resolution dated June 4, 2021, in relation to the Fresh Issue and other related matters.
7. Resolution of the board of directors of Leon dated May 12, 2021 authorising their participation in the Offer for Sale.
8. Resolution of the board of directors of OIH dated May 19, 2021 authorising its participation in the Offer for Sale.
9. Resolution of the board of directors dated January 10, 2019 and shareholders' resolution dated January 10, 2019 in relation to the appointment of the managing director.

10. Copies of the annual reports of our Company for the Fiscals 2021, 2020 and 2019.
11. The examination report of the Statutory Auditor, on our Company's Restated Consolidated Summary Statements, included in this Draft Red Herring Prospectus along with the Restated Consolidated Summary Statements.
12. The report on statement of special tax benefits dated August 13, 2021 from the Statutory Auditors with respect to the Company and VLCC Personal Care Limited.
13. The report on statement of special tax benefits dated August 3, 2021 from the independent auditor with respect to the Material Subsidiaries, except VLCC Personal Care Limited.
14. Written consent of the Directors, the BRLMs, the Syndicate Members, Domestic Legal Counsel to our Company as to Indian law, Legal Counsel to the BRLMs as to Indian Law, Legal Counsel to the Other Selling Shareholder and Investor Selling Shareholder as to Indian Law, Registrar to the Offer, Escrow Collection Bank(s), Public Offer Account Bank(s), Refund Bank(s), Sponsor Bank, Monitoring Agency, Bankers to our Company, Company Secretary and Compliance Officer as referred to in their specific capacities.
15. Written consent dated August 13, 2021 from S.R.Batliboi & Associates LLP, Chartered Accountants, to include their name as required under section 26 (1) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this DRHP, and as an "expert" as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditors, and in respect of their (i) examination report, dated August 6, 2021 on our Restated Consolidated Summary Statements; and (ii) their report dated August 13, 2021 on the Statement of Special Tax Benefits in this DRHP and such consent has not been withdrawn as on the date of this DRHP. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.
16. Consent letter dated August 4, 2021 from Frost & Sullivan for the use of certain data from the report titled "*Wellness and Beauty Industry report in India and GCC*" dated July 15, 2021.
17. Consent letter dated August 9, 2021 from Mr. Mukesh Luthra, confirming his participation in the Offer.
18. Consent letter dated August 7, 2021 from Leon, authorising their participation in the Offer.
19. Consent letter dated August 7, 2021 from OIH, authorising their participation in the Offer.
20. Consent letter dated August 11, 2021 from Mukesh Raj & Co., Chartered Accountants, to include their name in this Draft Red Herring Prospectus as an "expert" in terms of the Companies Act 2013.
21. Shareholders' agreement dated November 13, 2014, among our Company, Promoters, Leon and OIH, as amended by way of amendment agreements dated March 11, 2015, September 17, 2015 and August 7, 2021 to which OIH is the confirming party.
22. Share subscription agreement dated January 24, 2007 and investors' rights agreement dated January 24, 2007, among our Company, Promoters and OIH, as amended by way of amendment agreements dated July 15, 2010, February 7, 2011, March 11, 2015, September 17, 2015, July 14, 2021 and August 7, 2021 to which Leon is the confirming party.
23. Share subscription and shareholders' agreement dated April 23, 2014, among Mr. Mukesh Luthra, Leon, Tiger Nominees Limited and Algaroth Limited, loan agreement dated April 23, 2014, among Mr. Mukesh Luthra, Leon and Algaroth Limited as amended by way of an amendment agreement dated September 6, 2018.
24. Share purchase agreement dated October 5, 2012, amongst Mr. Wang Li, Ms. Yap Yann Fang, Mr. Chong Boo Wan, Mr. Wong Tze Peng, Mr. Charlie Ching Wee Chun, VLCC International Inc. and Wyann International (M) Sdn.

25. Share purchase agreement dated July 23, 2013, amongst Mr. Goo Teck Bing, MDM. Leyau Ah Hwa, Mr. Ko Chuan Aun, Ms. Le Hoai, VLCC Singapore Pte Ltd, Global Vantage Innovative Group Pte. Ltd. and Ms. Song Mei Cheng.
26. Share purchase agreement dated September 30, 2014 amongst Mrs. Vandana Luthra, Ms. Pallavi Luthra, VLCC Personal Care and VLCC Wellness Research (formerly “Natraj Woollen and Finishing Mills Private Limited”).
27. Share purchase agreement dated May 30, 2017 amongst Brand Equity Treaties Limited, VLCC Personal Care Limited and VanityCube Mobile SPA and Salon Private Limited.
28. Share subscription and shareholders agreement dated June 5, 2017, amongst Pragya Upadhyay, Renu Bisht, Other Angel Investor (as specified in schedule 1), Unicorn India Ventures Trust, VLCC Personal Care Limited and VanityCube Mobile SPA and Salon Private Limited.
29. Report titled “*Wellness and Beauty Industry report in India and GCC*” dated July 15, 2021, prepared by Frost & Sullivan Limited which has been commissioned by our Company in terms of the engagement letter dated March 24, 2021.
30. The technical know-how agreement dated July 1, 2019, between VLCC Health Care Limited and Mrs. Vandana Luthra.
31. The technical know-how agreement dated July 1, 2019, between VLPC and Mrs. Vandana Luthra.
32. Board resolution dated August 13, 2021 approving the Draft Red Herring Prospectus.
33. Due diligence certificate dated August 13, 2021, addressed to SEBI from the BRLMs.
34. In principle listing approvals dated [●] and [●], issued by BSE and NSE, respectively.
35. Tripartite agreement dated February 12, 2015, between our Company, NSDL and the Registrar to the Offer.
36. Tripartite agreement dated October 28, 2014, between our Company, CDSL and the Registrar to the Offer.
37. SEBI observation letter dated [●].

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without notice to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

## DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India or the 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 the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

## SIGNED BY DIRECTOR OF OUR COMPANY

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**Mukesh Luthra**

Chairman and Non-Executive Director

Date: August 13, 2021

Place: Dubai

## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India or the 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 the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

## **SIGNED BY DIRECTOR OF OUR COMPANY**

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**Jayant Khosla**

Managing Director and Group Head

Date: August 13, 2021

Place: New Delhi

## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India or the 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 the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

## **SIGNED BY DIRECTOR OF OUR COMPANY**

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**Sanjay Kapoor**

Independent Director

Date: August 13, 2021

Place: Gurugram

## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India or the 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 the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

## **SIGNED BY DIRECTOR OF OUR COMPANY**

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**Sanjay Mehta**  
Independent Director

Date: August 13, 2021  
Place: Boston



## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India or the 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 the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

## **SIGNED BY DIRECTOR OF OUR COMPANY**

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**Rajiv Krishan Luthra**  
Independent Director

Date: August 13, 2021  
Place: New Delhi

## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India or the 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 the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

## **SIGNED BY DIRECTOR OF OUR COMPANY**

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**Roshini Bakshi**  
Nominee Director

Date: August 13, 2021  
Place: Singapore

## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India or the 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 the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

## **SIGNED BY GROUP CHIEF FINANCIAL OFFICER**

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**Narinder Kumar**

Date: August 13, 2021

Place: New Delhi

## **DECLARATION BY THE PROMOTER SELLING SHAREHOLDER**

I, Mukesh Luthra hereby confirm that all statements, disclosures and undertakings specifically made or confirmed by me in this Draft Red Herring Prospectus about or in relation to myself, as a Selling Shareholder and my respective portion of Offered Shares, are true and correct. I assume no responsibility for any other statements, including, any of the statements made or confirmed by or relating to the Company or any other Selling Shareholder or any expert or any other person(s) in this Draft Red Herring Prospectus.

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**Mr. Mukesh Luthra**

Date: August 13, 2021

Place: Dubai

## DECLARATION BY THE OTHER SELLING SHAREHOLDER

We, Leon International Limited, hereby confirm that all statements, disclosures and undertakings specifically made or confirmed by us in this Draft Red Herring Prospectus about or in relation to ourselves, as a Selling Shareholder and our respective portion of Offered Shares, are true and correct. We assume no responsibility for any other statements, including, any of the statements made or confirmed by or relating to the Company or any other Selling Shareholder or any expert or any other person(s) in this Draft Red Herring Prospectus.

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Signed for and on behalf of **Leon International Limited**

Name: Mr. Sharmanand Jhurreea

Designation: Director

Date: August 13, 2021

Place: Mauritius

#### **DECLARATION BY THE INVESTOR SELLING SHAREHOLDER**

We, OIH Mauritius Limited hereby confirm that all statements, disclosures and undertakings specifically made or confirmed by us in this Draft Red Herring Prospectus about or in relation to ourselves, as a Selling Shareholder and our respective portion of Offered Shares, are true and correct. We assume no responsibility for any other statements, including, any of the statements made or confirmed by or relating to the Company or any other Selling Shareholder or any expert or any other person(s) in this Draft Red Herring Prospectus.

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Signed by and on behalf of **OIH Mauritius Limited**

Name: Francoise Chung

Designation: Director

Date: August 13, 2021

Place: Mauritius