SAI SILKS (KALAMANDIR) LIMITED

INITIAL PUBLIC OFFERING OF UP TO (A) EQUITY SHARES OF FACE VALUE OF ₹ 2 EACH (EQUITY SHARE) OF SAI SILKS (KALAMANDIR) LIMITED (OUR "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ 60 PER EQUITY SHARE (THE "OFFER PRICE") INCLUDING UP TO (B) MILLION EQUITY SHARES AGGREGATING UP TO ₹ 4,995,000 MILLION. THE OFFER COMPRISES OF A FRESH ISSUE OF UP TO (A) EQUITY SHARES BY OUR COMPANY AGGREGATING UP TO ₹ 6,600 MILLION (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 27,372,500 EQUITY SHARES (THE "OFFER FOR SALE"), COMPRISING OFFER FOR SALE OF UP TO 4,995,000 EQUITY SHARES AGGREGATING UP TO ₹ 4,995,000 MILLION BY NAGANAKA NURGA PRASAD CHALAWADI AND JHANSI RANI CHALAWADI (COLLECTIVELY, THE "PROMOTER SELLING SHAREHOLDERS"), AND UP TO 3,833,856 EQUITY SHARES AGGREGATING UP TO ₹ 2,359,000 MILLION BY CHANDALAM KUMAR PERUMAL, UP TO 2,930,265 EQUITY SHARES AGGREGATING UP TO ₹ 1,758,159 MILLION BY JHANSI RANI CHALAWADI, UP TO 1,468,971 EQUITY SHARES AGGREGATING UP TO ₹ 881,383 MILLION BY KALYAN SRIANNA ANNAMU, UP TO 1,210,500 EQUITY SHARES AGGREGATING UP TO ₹ 726,000 MILLION BY SUBASH CHANDRA MOHAN ANAND AND UP TO 593,500 EQUITY SHARES AGGREGATING UP TO ₹ 356,100 MILLION BY VENKATA RAJESHWARAN (COLLECTIVELY THE "THE SELLING SHAREHOLDERS") (THE "OFFER FOR SALE AND TOGETHER WITH THE FRESH ISSUE, THE "OFFER"), THE OFFER WILL CONSTITUTE (C) OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

STOCKS OF THE SELLING SHAREHOLDERS, OFFER FOR SALE AND THEIR WEIGHTED AVERAGE COST OF ACQUISITION PER EQUITY SHARE

<table>
<thead>
<tr>
<th>NAME OF THE SELLING SHAREHOLDERS</th>
<th>TYPE</th>
<th>NUMBER OF EQUITY SHARES OFFERED</th>
<th>WEIGHTED AVERAGE COST OF ACQUISITION PER EQUITY SHARE</th>
</tr>
</thead>
<tbody>
<tr>
<td>NAGANAKA NURGA PRASAD CHALAWADI</td>
<td>Promoter</td>
<td>Up to 6,409,345 Equity Shares aggregating up to ₹ 1 billion</td>
<td>5.48</td>
</tr>
<tr>
<td>JHANSI RANI CHALAWADI</td>
<td>Promoter Group</td>
<td>Up to 949,520 Equity Shares aggregating up to ₹ 150 million</td>
<td>15.90</td>
</tr>
<tr>
<td>CHANDALAM KUMAR PERUMAL</td>
<td>Promoter Group</td>
<td>Up to 3,833,856 Equity Shares aggregating up to ₹ 2,359 million</td>
<td>N.A.</td>
</tr>
<tr>
<td>SUBASH CHANDRA MOHAN ANAND</td>
<td>Promoter Group</td>
<td>Up to 1,210,500 Equity Shares aggregating up to ₹ 726 million</td>
<td>2.14</td>
</tr>
<tr>
<td>VENKATA RAJESHWARAN</td>
<td>Promoter Group</td>
<td>Up to 593,500 Equity Shares aggregating up to ₹ 356 million</td>
<td>2.14</td>
</tr>
</tbody>
</table>

The Offer is being made in accordance with Regulation 6(1) of the SEBI ICDR Regulations. QIB Portion: Not more than 50% of the Offer | Non-Institutional Portion: Not less than 15% of the Offer | Retail Portion: Not less than 15% of the Offer

PRICE BAND: ₹ 216 TO ₹ 222 PER EQUITY SHARE OF FACE VALUE OF ₹ 2 EACH.

THE FLOOR PRICE IS 105 TIMES AND THE CAP PRICE IS 111 TIMES THE FACE VALUE OF THE EQUITY SHARES.


THE PRICE/Sales Ratio Based on the Revenue from Operations for the Financial Year 2023 for the Company at the higher end of the Price Band is as high as 2.52 times and at the lower end of the Price Band is 2.41 times.

BIDS CAN BE MADE FOR A MINIMUM OF 67 EQUITY SHARES AND MULTIPLES OF 67 EQUITY SHARES THEREAFTER.

In accordance with the recommendations of the Committee of Independent Directors of our Company, pursuant to their resolution dated September 13, 2023, the above provided price band is justified based on the following factors:

1. Risk Factors Associated with our Company
2. Financial Performance of the Company
3. Market Capitalization
4. Business Concentration Risk
5. Geographic Concentration Risk
6. Share Pledge Risk
7. Litigation Risk
8. Price Band

In making an investment decision, potential investors must only rely on the information included in the Red Herring Prospectus dated September 13, 2023 ("RHP") and the Offer document, including the risk factors and other relevant information provided in the RHP.

RISKS TO INVESTORS

I. Risk Factors Associated with our Company

1. Valuation Risk: The market capitalization to total revenue from operations, which is 2.52 times the cap price and the price to earnings ratio, which is 27.37 times the price may not be indicative of the market price of the Equity Shares on listing and may be subject to significant fluctuations in response to, among other factors, variations in the operating results, market conditions specific to the industry we operate in, etc.

2. Business Concentration Risk: Our business is highly concentrated on the sale of women's sarees and contributing 26.36%, 26.36% and 65.77% of our revenue from operations for Fiscals 2022, 2023 and 2024 respectively. The business is vulnerable to changes in demand and changes in consumer preference, could have an adverse effect on our business, results of operations and financial condition.

3. Geographic Concentration Risk: We generated substantially all of our sales from states located in Southern India and any adverse developments affecting our operations in these regions could have an adverse impact on our revenue and results of operations. For instance, our revenue from states of Telangana, Andhra Pradesh, Tamil Nadu and Karnataka in Fiscals 2022 was ₹ 6,616.43 million, ₹ 4,925.39 million, ₹ 1,218.70 million and ₹ 1,802.25 million respectively.

4. Share Pledge Risk: As the date of the Red Herring Prospectus, 2,437,500 Equity Shares held by our Promoter, Nagana NURGA PRASAD Chalawadi, constituting 31.33% of the fully diluted equity share capital collectively held by the Promoters of our Company, were pledged in favor of State Bank of India, pursuant to a pledge letter dated December 5, 2017, March 10, 2019, March 20, 2020, March 20, 2021, March 20, 2022 and March 20, 2023, to secure the borrowing obligations of our Company with the lender. However, pursuant to the letter dated October 20, 2022 from State Bank of India, such Equity Shares have been temporarily released from pledge for completion of the lock-in requirements as prescribed under the SEBI ICDR Regulations and will be subsequently re-pledged, subject to the provisions of the applicable law, with the Depositories post listing of the Equity Shares on the Stock Exchanges. Any default under the loan agreements following the creation of a pledge on the Equity Shares of our Company may result in, inter alia, reduction on the aggregate shareholding of our Promoter, the lender taking ownership of the pledged shares.

5. Litigation Risk: The Income Tax Department has conducted a "search and seizure operation" at our registered and Corporate Office, certain of our stores and warehouses and on the residence of our Promoter. Any adverse outcome of such proceedings may have an adverse effect on our business, financial condition and result of operations. Further, our Company, Directors, Promoters and Group Companies are or may be involved in certain legal and regulatory proceedings. Any adverse decision in any such proceeding may have a material adverse effect on our business, financial condition, cash flows and results of operations.

II. Weighted average cost of acquisition of all Equity Shares as prescribed under the Rules of the SEBI ICDR Regulations.

As certified our Statutory Auditors, by way of their certificate dated September 13, 2023.
III. Weighted Average Return on Net Worth attributable to the owners of the company (RoNW), as derived from Rosted Financial Information for the financial years 2021-2022 and 2022-2023 is 19.05%.

Notes:
(1) "Net worth" means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debt or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the restated balance sheet but does not include reserve created out of unrealisation of assets, capital reserve, writ-back of depreciation and amalgamation as per the SEBI ICDR Regulations as at March 31, 2023, March 31, 2022 and March 31, 2021.
(2) Return on net worth (%) is calculated as the profit for the year divided by net worth as at the end of the year.
(3) Weighted average is the aggregate of year-wise weighted return on net worth divided by the aggregate of weights. (Return on net worth x Weight) for each year / Total of weights for each year.

IV. Weighted average cost of acquisition ("WACA"), floor price and cap price:

<table>
<thead>
<tr>
<th>Type of Transaction</th>
<th>Weighted average cost of acquisition per Equity Share (in ₹)</th>
<th>Floor Price of ₹ 210</th>
<th>Cap Price of ₹ 222</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary issuances</td>
<td>20.00</td>
<td>19.50</td>
<td>11.10</td>
</tr>
<tr>
<td>Secondary issuances</td>
<td>NIL</td>
<td>NIL</td>
<td>NIL</td>
</tr>
</tbody>
</table>

As certified by our Statutory Auditors, by way of their certificate dated September 13, 2023.

V. The three BRLs associated with the offer have handled 33 public issues in the past three years, out of which 12 issues closed below the offer price on listing date.

Name of BRLMs | Total Issues | Issues closed below IPO Price on listing date
-------------|-------------|-----------------------------------
Motilal Oswal Investment Advisors Limited* | 6 | 2
HDFC Bank Limited* | 6 | 3
Novama Wealth Management Limited (formerly known as Edelweiss Securities Limited)* | 18 | 6
Common issues of above BRLMs | 3 | 12
Total | 33 | 12

*Issues handled where there were no common BRLMs