IPO Note

November 16, 2021

Go Fashion (India) Limited (Go Colors)

Issue Snapshot:

Issue Open: Nov 17 – Nov 22 2021

Price Band: Rs. 655 – 690

*Issue Size: Rs 1014.0 cr (Fresh issue of Rs 125 cr+ offer for sale of 12,878,389 eq sh)

Reservation for:

QIB	atleast	75% eq sh
Non Institutional	Upto	15% eq sh
Retail	Upto	10% eq sh

Face Value: Rs 10

Book value: Rs 50.56 (June 30, 2021)

Bid size: - 21 equity shares and in multiples thereof

100% Book built Issue

Capital Structure:

Pre Issue Equity:	Rs. 52.19 cr
*Post issue Equity:	Rs. 54.01 cr

Listing: BSE & NSE

Book Running Lead Managers: JM Financial Limited, DAM Capital Advisors Limited, ICICI Securities Limited

Registrar to issue KFin Technologies Private Ltd

Shareholding Pattern

Shareholding Pattern	Pre issue %	Post issue %
Promoter and Promoter Group	57.5	52.8
Public	42.5	47.20
Total	100.0	100.0

*=assuming issue subscribed at higher band
Source for this Note: RHP

Background & Operations:

Go Fashion (India) Limited (Go Colors) is a women's bottom-wear brand in India, with a market share of approximately 8% in the branded women's bottom-wear market in Fiscal 2020. It is engaged in the development, design, sourcing, marketing and retailing a range of women's bottom-wear products under the brand, 'Go Colors'. It is among the few apparel companies in India to have identified the market opportunity in women's bottom-wear and have acted as a 'category creator' for bottom-wear. It was the first company to launch a brand exclusively dedicated to women's bottom-wear category and has leveraged this advantage to create a direct-to-consumer brand with a diversified and differentiated product portfolio of premium quality products at competitive prices.

Go Colors offered one of the widest portfolios of bottom-wear products among women's apparel retailers in India in terms of colours and styles, as of July 2021. Its bottom-wear products, which include churidars, leggings, dhotis, harem pants, patiala, palazzos, culottes, pants, trousers and jeggings, are sold across multiple categories such as ethnic wear, western wear, fusion wear, athleisure, denims, plus sizes and girls wear making its portfolio 'universal' and for every occasion. As of September 30, 2021, it sold bottom-wear in over 50 styles in more than 120 colours. It designs its products to cater to women across all age groups and girls and fits that are suitable to various body types and physiques. These factors, coupled with the lack of seasonality, ensure that its portfolio is resistant to redundancy from fashion trends. The Company endeavours to provide its customers with premium quality products, and at a price range that caters across all income segments and the price range of its products ranges from Rs.225 to Rs. 1,599 while the average selling price of its products at exclusive brand outlets ("EBOs") in Fiscal 2021 was Rs. 584.02 and was Rs. 619.05 in the three months ended June 30, 2021. In addition, the strength of its 'Go Colors' brand and round-the-year relevance of product portfolio allows it to typically retail its products at full price and with discounts offered only in limited circumstances.

Go Colors serve its customers primarily through its extensive network of 459 EBOs (including 12 kiosks operated on a "company owned and company operated" ("COCO") model and 11 franchise stores) that are spread across 23 states and union territories in India, as of September 30, 2021. Its cluster-based approach to opening and operating EBOs allows to pursue the COCO model which results in better operational control and greater store profitability. In its experience, retailing through EBOs creates better brand recall. Its EBOs are located in high streets, malls, residential market areas in major metros, large cities and other tier II and tier III cities and at airports. In addition, its distribution channels include large format stores ("LFSs") including Reliance Retail Limited, Central, Unlimited, Globus Stores Private Limited and Spencer's Retail among others. Its LFSs has grown from 925 LFSs, as of March 31, 2019 to 1,419 LFSs, as of March 31, 2020 and further increased to 1,267 LFSs, as of March 31, 2021 while as of September 30, 2021 it operated in 1,270 such stores. In addition, it sells its products through its own website and online marketplaces and through multi-brand outlets.

Go Colors in-house design and merchandising team designs and develops bottom-wear products across categories with their deep understanding of consumers' requirements, in-depth market research and data analysis, helping in creating the fit and comfort of its products. The efforts of its design and merchandising team are supplemented by its extensive sourcing network and the manufacturing network undertaken through 73 suppliers and 42 jobworkers spread across 11 states and union territories, as of September 30, 2021. It manages its inventory and logistics as well as its entire supply chain for all its channels from 99,100 square foot warehouse in Tirupur, Tamil Nadu and are capable of handling complex SKU mixes. It has implemented ERP protocols across its operations that has helped scale its operation and assist in tracking inventory at its warehouse. The Company also has modern equipment at its warehouse that results in process efficiencies enabling to optimize its costs. Its inventory management ensures that it is able to maintain inventory levels across its wide range of SKUs and its distribution network. As part of inventory management, it also tracks business intelligence reports generated by its system to address changing trends and customer preferences which would result in minimal write-offs.

Objects of Issue:

The Offer comprises a Fresh Issue and an Offer for Sale.

Offer for Sale

Each of the Selling Shareholders will be entitled to its respective portion of the proceeds of the Offer for Sale after deducting its proportion of Offer expenses and relevant taxes thereon. Go Colors 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.

Objects of the Fresh Issue

Go Colors proposes to utilise the Net Proceeds towards funding of the following objects:

- Funding roll out of 120 new EBOs (Rs 337.34 mn);
- Funding working capital requirements (Rs 613.98 mn; and
- General corporate purposes.

In addition, Go Colors expects to receive the benefits of listing of the Equity Shares on the Stock Exchanges and enhancement of its Company's brand name amongst existing and potential customers and creation of a public market for its Equity Shares in India.

Competitive Strengths

Women's bottom-wear brand in India with well-diversified product portfolio: Go Colors is a women's bottom-wear brand in India, with a market share of approximately 8% in the branded women's bottom-wear market in Fiscal 2020. As of September 30, 2021, it retails 50 bottom-wear styles in a range of over 120 colours under the brand 'Go Colors'. Its product portfolio includes churidars, leggings, dhotis, harems, patiala, palazzo, culottes, pants, trousers and jeggings across multiple categories including ethnic wear, fusion wear, western wear, lounge wear, athleisure, Go Plus and girl's wear. It is among the few women's apparel retailers that offer bottom-wear products across all categories, including ethnic, western wear, fusion and denims and has one of the largest bottom-wear product offerings in women's apparel. Its diverse product portfolio caters to women across all age groups and girls and physiques covering the entire spectrum of women's bottom-wear requirements, including daily wear, casual and work wear, festive and occasion wear and loungewear. It offers customers the ability to 'mix and match' their top-wear with an assortment of bottom-wear styles in multiple colours allowing them to plan an outfit according to their needs. It offers customers premium quality products at a price range that caters across all income segments, which allows to tap customers in tier II and tier III cities as well.

The women's apparel market in India has evolved from the traditional saree, to a two-piece apparel market with bottom-wear being an 'essential' category. Bottom-wear market has historically been unorganized with limited products, lack of quality products, low pricing power and lack of expansion. Currently, the overall women's bottom-wear market is inclined towards the unorganised sector with its share at 77% and the organised share at 23% in Fiscal 2020. However, with growing westernization, increasing disposable incomes and urbanization, consumers have become more fashion, brand and quality conscious and demand quality branded products. In addition, given that bottom-wear is a 'core essential', demand for its products is consistent across regions where products are sold. The Company usually retail its products at its full price given that core apparel categories have limited discounting. Its reasonably priced, differentiated and quality product portfolio coupled with extensive distribution network of EBOs, LFSs as well as online channel also allows it to sell its products directly to a wider customer base.

Multi-channel Pan-India distribution network with a focus on EBOs, enhancing brand visibility: Go Colors has a multi-channel retail presence across India. Its extensive network of stores allows it to cater to women across India, and ensures effective penetration of the products it retail. It retails its products directly to consumers primarily through network of EBOs and as of September 30, 2021, it operated 459 EBOs across 118 cities in 23 states and union territories across India. As of March 31, 2021, it had the largest network of EBOs among key women's apparel brands in India. Further, as of September 30, 2021, it also retailed its products through 1,270 LFSs, such as Reliance Retail Limited, Central, Unlimited, Globus Stores Private Limited and Spencer's Retail among others, across 499 cities spanning the entire country covering 31 states and union territories. It also sells its products through online marketplaces and through its own website. It has transitioned from sale of leggings through kiosks to sale of its bottom-wear portfolio through EBOs, which allow to retail its entire product range. The Company primarily follow the COCO model of retailing to ensure efficiency and offer customers a standardized experience and service. It has grown its EBO store network at a CAGR of 16.12% between Fiscals 2019 and 2021 while its revenue from operations through sales at its EBO stores grew by 43.45% from Rs. 1,859.23 million in Fiscal 2019 to Rs. 2,667.13 million in Fiscal 2020 and was Rs. 1,727.62 million in Fiscal 2021 and were Rs. 242.50 million in the three months ended June 30, 2021.

Go Colors business development teams help identify viable locations for its EBOs while its projects team ensures that its stores maintain a standardized look and feel. It also follows a cluster-based approach for store expansion and has been able to address demand in high-potential markets. As of September 30, 2021, 58.39% of EBOs, i.e., 268 EBOs were across eight cities in India, i.e. Ahmedabad, Bengaluru, Chennai, Delhi NCR, Hyderabad, Kolkata, Mumbai and Pune. As of September 30, 2021, it operates 297 EBOs in high street stores and 162 stores in malls. Its EBOs are situated in locations that has significant footfalls such as high street locations, shopping malls, markets in residential areas and airports. In experience, retailing through EBOs also enhances the brand equity and recall value of its 'Go Colors' brand and has allowed to undertake line extensions, as the shelf space on each EBO is controlled by it Hence, 'Go Colors', has over the years been able to establish itself as a strong direct-to-consumer brand with Rs. 1,859.23 million, Rs. 2,667.13 million, Rs. 1,727.62 million and Rs. 242.50 million or 65.18%, 68.04%, 68.92% and 78.24% of its revenue from operations generated from the EBO channel in Fiscals 2019, 2020 and 2021 and in the three months ended June 30, 2021.

Strong unit economics with an efficient operating model: Go Colors has a standardized and scalable development model for its EBOs based on its know-how and experience. In determining its store roll-outs it assess optimum store size and layout and lease arrangements that are typically long-term in nature and/or revenue share arrangements. Its ability to identify and determine the optimum location and size of a store as well as manage rental costs and the marketing leverage of its EBOs are critical to ensuring visibility among target customers and sustainability of store profitability, resulting in Company having one of the highest sales per square feet among key women's apparel companies and in particular among EBOs in India in Fiscal 2021. The Company's unit economics has allowed to expand its EBO network across various regions in India including new EBOs in tier I/II / III / IV cities and towns resulting in frequency of store openings, being one every 12 days over the last three Fiscals. It opened 305 new stores in the EBO format and more than 400 new stores in the LFS. format in the last three Fiscals across 507 tier I/ II / III / IV cities in India while it opened two new stores in the EBO format and more than 86 new stores in the LFS format in the three months ended June 30, 2021, across 499 tier I/ II / III / IV cities in India. Its products being core and essential to consumers has enabled to operate on a business model where it offers limited discounts and sale of its products is typically at full price which in its experience results in greater profitability. Go Colors staff its EBOs with limited people per store which is among the factors that contribute to its store profitability while ensuring adequate attention to customers. In addition, EBO's average selling price has increased from Rs. 559.14 in Fiscal 2019 to Rs. 584.02 in Fiscal 2021 and was Rs. 619.05 in the three months ended June 30, 2021, primarily on account of value added products including pants, trousers and plus size products that it has introduced as part of its portfolio. Its COCO model of operating its EBOs is supported by streamlined store network planning, a robust supply chain network and an efficient staff recruitment and development program. Its limited store closures in the last three Fiscals (including on account of the impact of COVID-19) are indicative of its ability to identify the right location for stores and deliver strong operating profits which is reflected in its pre-COVID-19 impacted Same Store Sales Growth.

Extensive procurement base with highly efficient and technology-driven supply chain management: Go Colors offers customers premium quality products at affordable prices and in Fiscal 2021, more than 88.32% of its products were retailed at a price lower than Rs. 1,049. It has been able to achieve its value proposition to customers through low procurement and operating costs. It outsources the manufacture of its products and thereby do not incur manufacturing costs. It has been able to build and manage an extensive sourcing network to support its product development teams. As of September 30, 2021, it has a network comprising over 120 suppliers and job-workers across India many of whom it has longstanding relationship with its suppliers and job-workers. It works closely with its suppliers and also supervise their manufacturing operations through personnel and conduct inspections that enable to perform quality checks. Its sourcing team closely monitors its suppliers and provides strict quality assurance analysis that allows to consistently maintain quality for its customers. The Company also tracks its suppliers' capacity and output to ensure that its production requirements are met and it is able to procure finished products in a timely manner.

Go Colors has automated its entire procurement and supply chain operation through ERP system, which allows to maintain flexibility and enables o meet its requirements in an efficient manner without relying on any one vendor, supplier or factory. ERP system enables the Company to streamline its procurement needs including the quantity required enabling it to avoid over or under-stocking as well as handling complex SKU mixes to meet supply chain requirements of its extensive distribution network. Together its supply chain management systems and internal controls minimize product shortage and the occurrence of out-of-stock situations and it is able to operate efficiently and productively with minimal disruptions to its day-to-day operations. It has also implemented end-to-end automation in its inventory operations through process automation that has resulted in seamless and optimal inventory management. It has also implemented a business intelligence tool that allows to optimize the inventory that it maintains, avoids stock out and ensures sufficient supply at its stores.

In-house expertise in developing and designing products: Go Colors develop products in-house based on demand for such products and the sale of similar products that it tracks and monitor through ERP system. It designs its products keeping in mind trends in fashion, fabric, textiles, wearability, stitch and pricing. Its products are designed for every occasion including for daily wear, office wear, festive, denim and lounge wear and are available in over 120 colours. It follows a data-driven approach as part of its design process and has launched products that focus on comfort and fit focused on its target customer segment and are based on market research and feedback from its customers. Based on business intelligence reports on product-wise sales generated by ERP system, Go Colors are able to determine future product launches. In the last three Fiscals and in the three months ended June 30, 2021, it launched over 20 products. In addition, it also focuses on the quality of the products while ensuring that the pricing of such products is competitive. It has a skilled team of in-house designers and merchandisers that focuses on creating quality products with innovative designs and optimal fit and sizing. As of September 30, 2021, its in-house design team comprised ten professionals who design its products. It also undertakes concept development and trend forecasting to develop and design new styles and products and regularly participate in fairs or exhibitions in India or abroad to understand the trends. Its design process and experienced team allows to address evolving market trends and customers' preferences.

Demonstrated track record of strong financial performance: Go Colors has organically grown its operations and has demonstrated an increase in its revenues and profitability, other than in Fiscal 2021 where its operations were impacted on account of COVID-19. Revenue from operations grew by 37.43% from Rs. 2,852.47 million in Fiscal 2019 to Rs. 3,920.14 million in Fiscal 2020 while they were Rs. 2,506.68 million in Fiscal 2021 and were Rs. 309.96 million in the three months ended June 30, 2021. Its EBITDA for Fiscals 2019, 2020, 2021 and the three months ended June 30, 2021 was Rs. 799.88 million, Rs. 1,265.05 million, Rs. 463.49 million and Rs. (59.18) million while its EBITDA Margins were 28.04%, 32.27%, 18.49% and (19.10)%, respectively, and was the highest among key women's apparel players in India in Fiscal 2020. Business model has resulted in positive cash flows over the years and its cash flows from its operating activities were Rs. 332.86 million, Rs. 572.11 million and Rs. 898.53 million in Fiscals 2019, 2020 and 2021, respectively, while cash flows used in operating activities were Rs. 248.59 million in the three months ended June 30, 2021. The Company has witnessed consistent improvement in its balance sheet position in the last three Fiscals and the three months ended June 30, 2021 and its ROCE was the highest among all major retail led women's apparel brands in India in Fiscal 2020. ROCE was 14.36%, 18.14%, 3.47% and 2.94%, while ROE was 13.55% and 18.38%, as of March 31, 2019 and 2020, respectively, while it was (1.25)%, as of March 31, 2021 and was 7.20%, as of June 30, 2021.

Business Strategy:

Leverage leadership position in women's bottom-wear market and focus on additional product launches and Same Store Sales Growth: The women's bottom-wear market in India accounted for 8.3% of women's apparel market and stood at Rs. 135,470 million in Fiscal 2020 and is expected to grow at a CAGR of 12.35% to reach Rs. 243,150 million by Fiscal 2025. The organised women's bottom-wear market is expected to reach Rs. 92,400 million or 38% in Fiscal 2025 growing at a CAGR of 24.3% from Fiscal 2020. With the relatively lower penetration of brands, and the growing disposable income of modern women, this segment has become the focus of many retailers and brands. Consumers are moving away from conventional need-based purchase to occasion specific clothing, from unbranded to branded apparel, from ready-to-stitch fabric to ready-made apparel, from limited colours and styles to experimentative colours and styles. Go Colors diverse product portfolio available in varied price ranges, styles and colours ensures that it is well positioned to cater to the needs of women of varied ages, economic backgrounds and segments and address the growing demand in this segment.

Further, the fragmented nature of the industry and the lack of organized players and limited competition positions the Company well to benefit from the growth in the bottom-wear segment. There is a lot of scope for expansion in the bottom-wear category given that bottom-wear is a horizontal category enabling multiple extensions and new products. Its existing portfolio coupled with its ability to launch new products that address the requirements of women's bottom-wear ensures that it is better equipped to offset an impact on one or more product categories, due to temporary disruptions in the market, by focusing more on the other part of the portfolio. It intends to expand into loungewear, a work-from-home collection, athleisure and other new products in the ethnic, western and fusion wear segments.

Continue to expand retail network with a focus on EBOs: Go Colors, in the past, has expanded its stores through a cluster-based expansion model and intends to continue to expand its presence by setting up EBOs. It intends to follow the COCO model that will ensure better operational control over its stores. As part of growth strategy, it intends to expand its EBO network in other regions across India. Given its cluster-based approach of establishing EBOs primarily in tier I cities, it will focus on establishing additional EBOs on a similar model across tier II and tier III cities. Distributive growth across the country is resulting in the growth of demand from tier II, III and IV cities which together accounted for 34% of the demand in the apparel market in Fiscal 2020 and is further expected to grow in the coming years. Go Colors expect to leverage its existing extensive store network and its ability to expand its store network, and in particular its EBOs, to tap this growth opportunity. It intends to leverage the experience of its operations and business development teams to grow its network in existing and newer geographies. Its expansion into newer markets offers potential for market share gains, increased brand recognition and economies of scale. In Fiscals 2019, 2020 and 2021 and in the three months ended June 30, 2021 the Company opened 130, 133, 42 and two EBOs, respectively. LFSs are a capital efficient model to expand footprint nationally as they offer the advantage of capital efficiency and brand building opportunity. It will also look at selectively expand its presence across LFSs as its LFS partners grow their presence across India.

In addition, it also intends to add additional stores in the north and east regions in India where it is focused on developing its presence. As part of its efforts to open additional stores it intends to undertake detailed market research and analysis to identify potential locations for such stores. Go Colors will continue to adopt a methodical approach in evaluating and selecting suitable locations for the establishment of new stores, such as local population density, rental lease rates, market potential, accessibility and proximity to its competitors. While its Same Store Sales Growth was impacted in Fiscal 2021 on account of COVID-19 and was (36.75)% compared with 11.37% in Fiscal 2020, it expects that going forward the Company's Same Store Sales Growth will be a key driver for its expansion and expansion.

Grow sales through online channel: Factors such as increased internet penetration, increased usage of smart phones, convenience provided by eretailing in terms of payment and return policies as well as discounts offered, coupled with a low base effect is enabling e-retailing's sharp growth in the recent years. E-retail in India has witnessed rapid growth and is expected to reach 9.9% (or Rs. 7,800,000 million) of the total retail market by Fiscal 2025 from its share of 4.6% in Fiscal 2020 (or US$ 37 billion) and is expected to grow at rate of 23%. In addition, e-commerce being the only retail medium available during lockdowns imposed on account of COVID-19, the pace of adoption of online purchase has further accelerated and has emerged as an important channel for apparel and lifestyle retail. The e-retailing sector is expected to further grow in the coming years. Go Colors revenue from operations from online channels have however, grown significantly at a CAGR of 82.21% from Rs. 35.97 million in Fiscal 2019 to Rs. 119.40 million in Fiscal 2021 and was Rs. 20.00 million in the three months ended June 30, 2021, as a result of increased focus on online channels. It continues to focus on further strengthening its online sales channels to benefit from evolving customer trends in its market. The Company proposes to make investments in digital channels to build an omni-channel engagement experience for its customers and has a dedicated team for its e-commerce operations. It also intends to leverage its existing capabilities to increase online presence by improving and upgrading its website. Its focus will be to target customer acquisition to drive sales through website and online marketplaces. In addition, it intends to invest in content generation to build engagement with a younger audience. It will continue to focus on analytic technologies to create personalized journeys for customers. Through these measures, it aims to expand revenue generating channels as well as become a digitally relevant brand for Indian women in the bottom-wear segment.

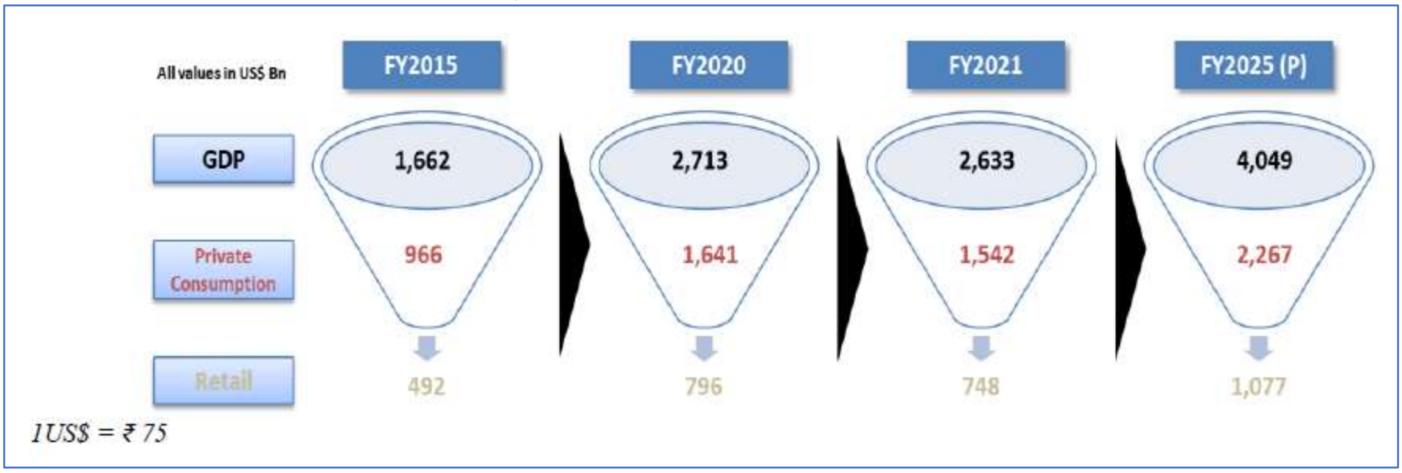
Leverage technology to bring cost efficiency and enhance customer experience: Go Colors intends to further improve its operating efficiency and ensure efficient supply chain management through global best practices. Among the measures that it intends to undertake include investing further in its IT infrastructure to improve productivity and time savings. It will look to expand and upgrade warehouse to optimize its inventory and supply management. It intends to strategically expand its warehouse operations as well as implement new technologies to further expand and improve customer deliveries and enhance customer buying experience with faster dispatches. It intends to also undertake data analytics that will allow it to better understand customer preferences, improve sales and help scale operations.

Industry:

Apparel Retail in India

Retail Market in India

Retail Market in India was valued at US$ 796 billion (Rs. 5,970,000 crores) in Fiscal 2020 and is expected to grow at a CAGR of 6.23% to reach US$ 1,077 billion (Rs. 8,077,500 crores) by Fiscal 2025.



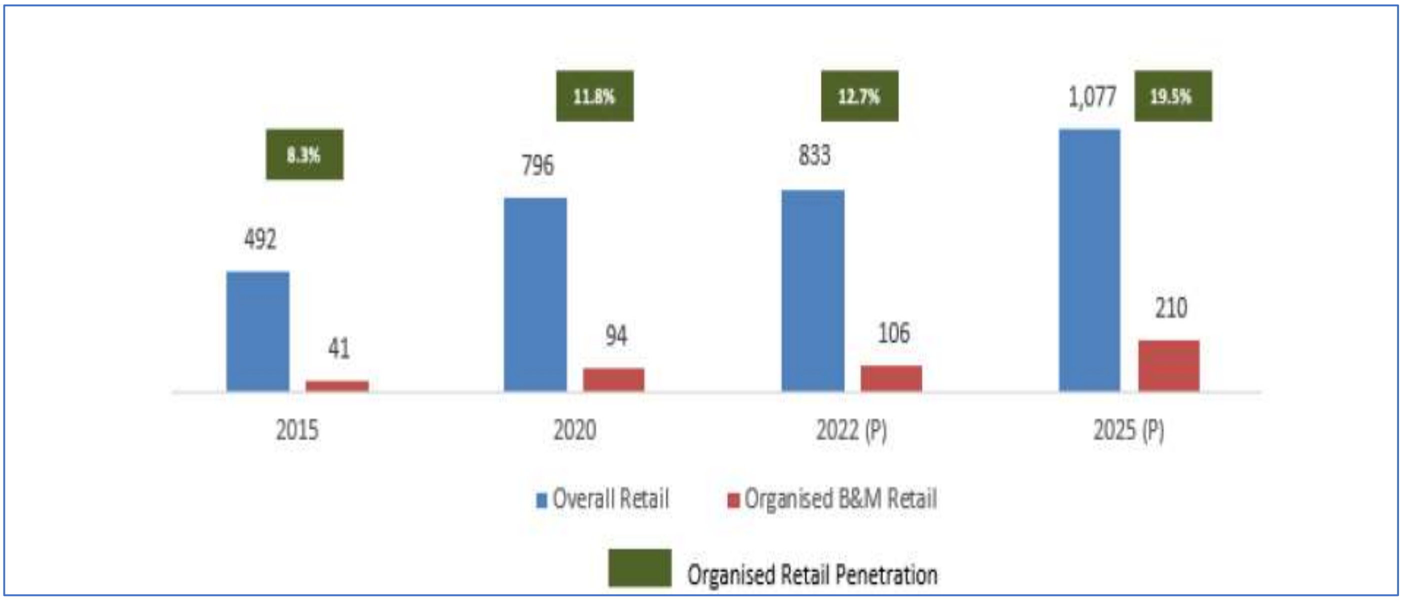
Retail Size – Overall and across Key Categories

In Fiscal 2020, India's retail basket was approximately 48.5% of its private consumption and it is expected to maintain roughly this share in private consumption for the next five years. The food and grocery ("F&G") segment forms the major share of India's merchandise retail expenditure (approximately 66%), it has jumped to approximately 73% amid the disruptions caused by COVID-19 in Fiscal 2021. While other sectors in retail have contracted by 25% to 30% during Fiscal 21 due to the impact of COVID-19, need based categories like food and grocery and pharma retail have witnessed growth.

Share of various categories in overall Indian Retail Basket (in US$ billion)

Apparel and Accessories, Jewelry and Watches and Consumer Electronics are the other three key categories which accounted 7.9%, 7.9% and 6.4% of retail respectively in 2020. The share of Apparel and Accessories is expected to grow to 9% in Fiscal 2025, growing at a CAGR of 8.8% from Fiscal 2020 to Fiscal 2025. It is the fastest growing category after Pharmacy and Wellness which is growing at CAGR of 9.4%. While organized retail, primarily brick and mortar, has been in India for 2 decades now, its contribution to total retail was low at 11.8% (US$ 94 billion) in Fiscal 2020. The organized retail penetration is expected to increase to approximately 20% by Fiscal 2025.

Overall Retail Market (US$ billion)



Indian Apparel Retail Market

Indian Apparel Market Size vis-a-vis Global Economies

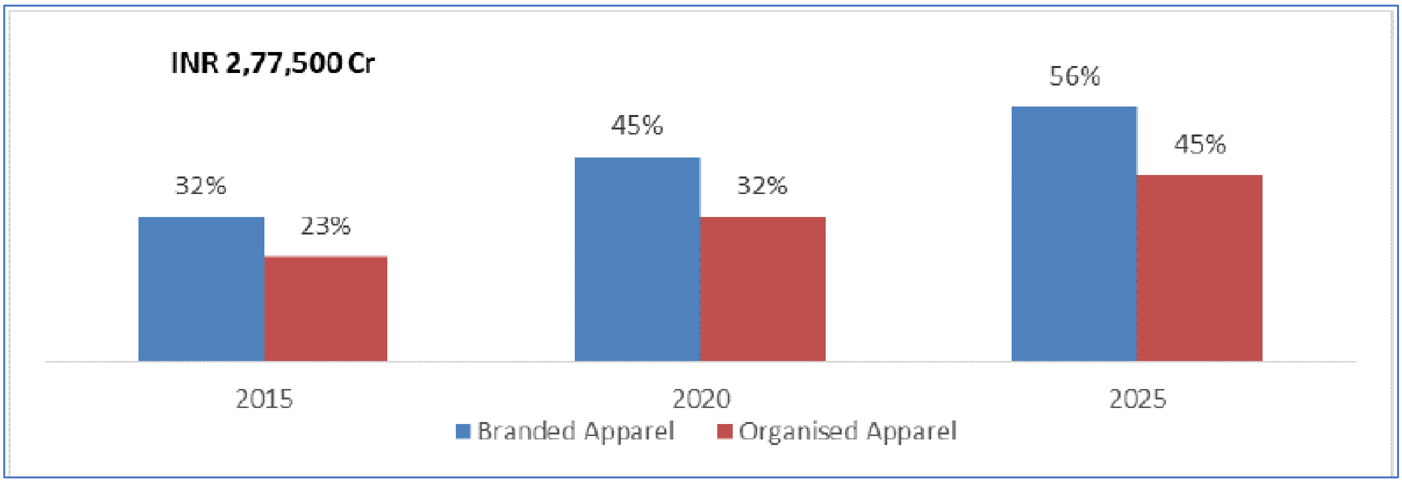
While China and USA are the largest markets, India stands as the third largest apparel market in the world sharing its position with Japan and Germany in terms of value. However, India's unit consumption is estimated to be more than 4 times when compared with Japan and Germany, indicating that the Indian market is dominated by value fashion.

India Apparel Market Size and Level of Organization

Apparel market size in Fiscal 2020 was Rs. 447,666 crores (US$ 59.69 billion) and expected to grow at a CAGR of approximately 8.95% between Fiscal 2020 and Fiscal 2025 to reach Rs. 687,263 crores (US$ 91.64 billion) by Fiscal 2025 on the back of factors like higher brand consciousness, increasing digitization, greater purchasing power and increasing urbanization. While the apparel market has degrown by approximately 32% to reach a value of Rs. 3,06,225 (US$ 40.83 billion) in Fiscal 2021 due to negative impact of COVID-19 pandemic, the market is expected to recover at a higher pace of 22.4% between Fiscal 2022 and Fiscal 2025. While the CAGR of total apparel market between Fiscal 2020 and Fiscal 2025 is expected to be approximately 8.95%, the branded apparel and organized apparel retail are expected to grow at CAGR of approximately 10% and approximately 11% respectively in the same period. In other words, growth of both branded apparel share and organized apparel retail share in apparel category will outpace the overall category growth. COVID-19 gave impetus to the growth of e-commerce which is expected to become a significant growth driver for the organized market.

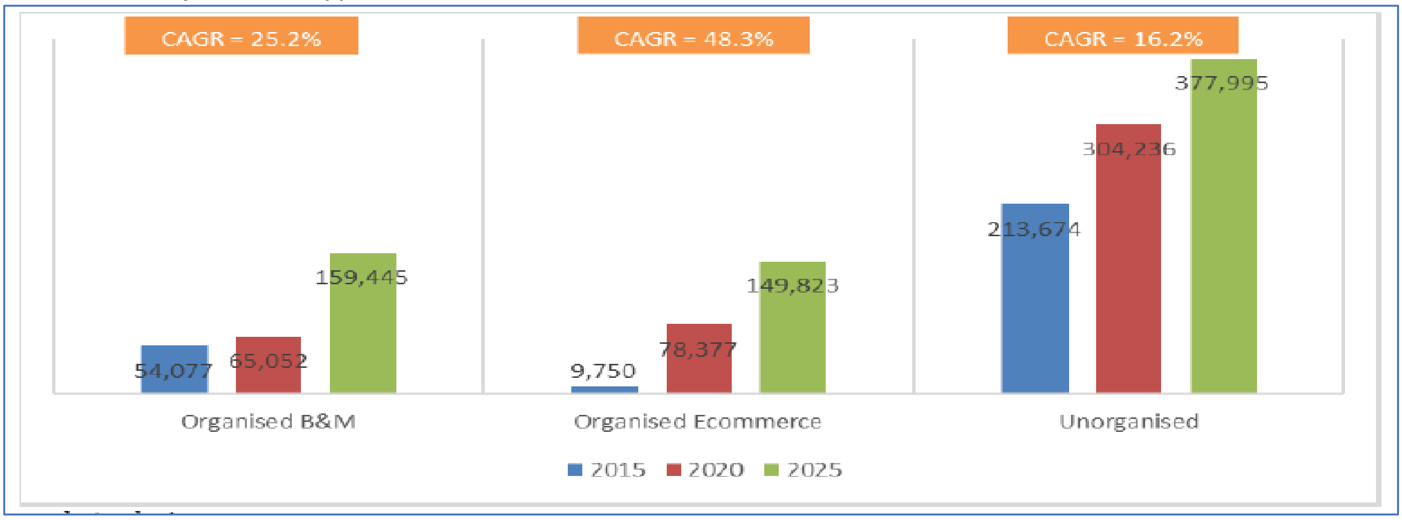
The total organised apparel retail market in Fiscal 2020 was Rs. 143,429 crores (US$ 19.1 billion) which is expected to grow to Rs. 309,044 crores (US$ 40.9 billion) in Fiscal 2025 at a CAGR of 16.4%. The share of organised retail which was 32% (14.5% B&M+18% Ecommerce) in 2020 is expected to increase to 45% (23% B&M+22% Ecommerce) in 2025.

Share of Branded Apparel and Organized Apparel Retail as a percentage of Apparel Market



Share of Organised Vs Unorganised in Apparel Industry

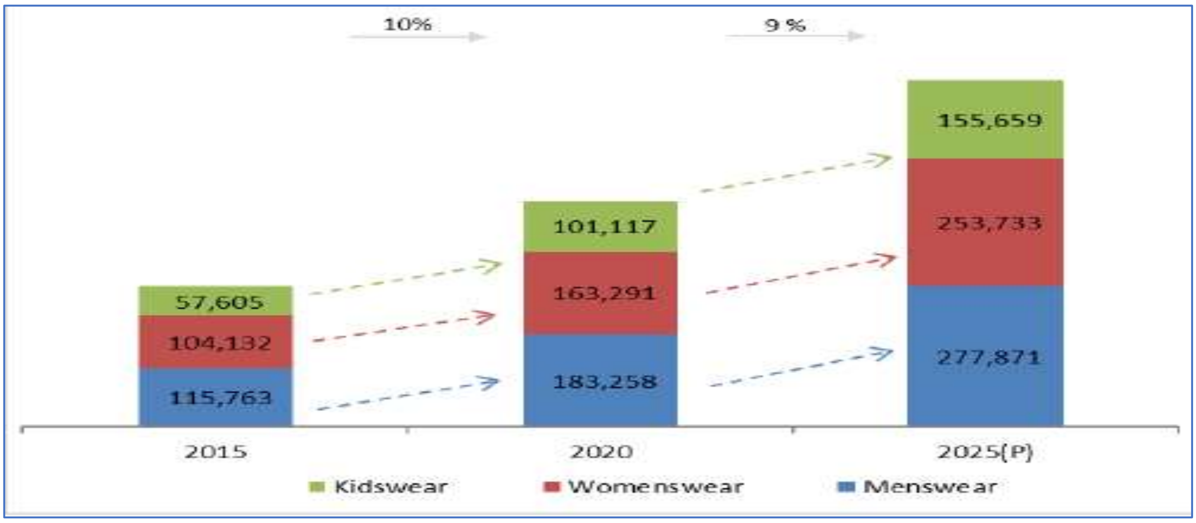
Channel Growth for Overall Apparel Market



Product Segmentation

Men's apparel constituted approximately 41% and Women's apparel share was estimated to be approximately 36% of the total apparel market in Fiscal 2020. The balance approximately 23% is contributed by kids' apparel.

Growth Projections of Indian Apparel Market by Gender



The women's wear market is projected to grow due to a) an increase in the number of working women, b) a shift towards aspiration rather than need based buying c) design innovation, and (d) a culture of mix and match in women apparel whereby bottom and top wear are mixed and matched interchangeably across ethnic, western, fusion categories.

Apparel Market Segmentation across City Types

The urban apparel market had a share of 60% of the total market compared with a share of 40% contributed by the rural India in Fiscal 2020. Almost 21% of the urban apparel demand can be attributed to Delhi NCR and Mumbai making these cities the largest consumers of apparel in India. However, a distributive growth across the country is resulting in growth of demand from Tier II, III and IV cities which together account for 34% of the demand.

Online/E-tailing Opportunity

E-tail in India has witnessed a rapid growth trajectory and is expected to reach 9.9% (Rs. 780,000 crores) of total retail by Fiscal 2025 from its share of 4.6% in Fiscal 2020 (Rs. 277,500 crores), expected to grow at rate of 23%. Between 2015 and 2020, the e-commerce sales have grown at CAGR of 44%. In 2012, the e-tail pie was Rs. 4,500 crores (US$ approximately 0.6 billion) and that was limited to key categories of Electronics, Books, Stationery, and Music which catered to nearly 50% of the pie.

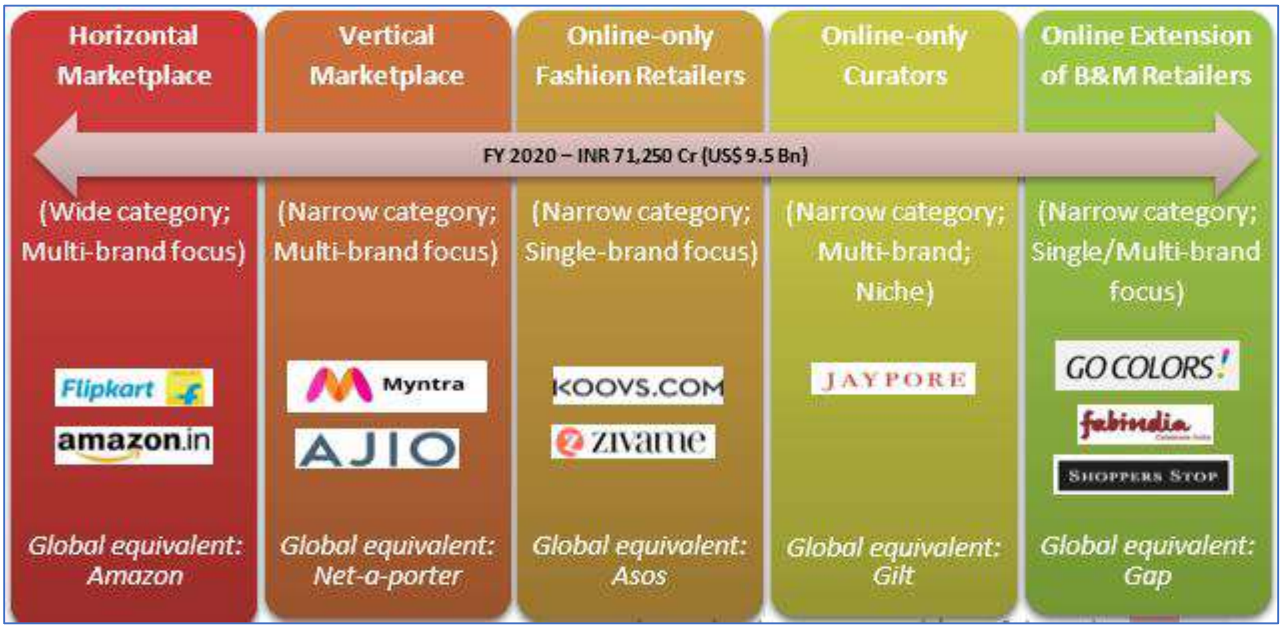
Retailers across categories are moving towards online channel to expand their offerings, in an attempt to have a place in the 'Omni-channel Ecosystem' where all channels of retailing are essential to reach to the consumers. The lines between offline and online retailing are blurring gradually, whereby consumers connect with brands through any medium of their preference. A purchase made by a consumer is often a mix of various mediums. E.g., A consumer searching online and reading reviews about a product before making a purchase decision, then going to an offline store to look and experience the product, and the eventual purchase could be through either of the channels. This makes presence across mediums essential of retailers to connect with the consumer at every touch point.

Increase in penetration of smart phone and low-cost internet data has led to a boost in Online retailing. Option of payment across various methods whether card, cash, wallets, and e-commerce transaction security has led to a faith in these payment systems. The option of easy returns at e-commerce portals has led to trial of products and services. As the disposable income is increasing, and with increase in women employment, time has become of essence which has also led to the growth of ecommerce. COVID-19, eventually increased the pace at which these changes were happening and made companies and consumers alike to adapt to the online medium.

Apparel E-tailing

The share of E-tail in apparel and accessories in overall retail share was 3.5% in Fiscal 2015. It is estimated that in Fiscal 2020, E-tail's share in Apparel and Accessories was over 17.5% and the share is expected to reach to approximately 22% by Fiscal 2025.

Broad types of Apparel E-tailers (2020)

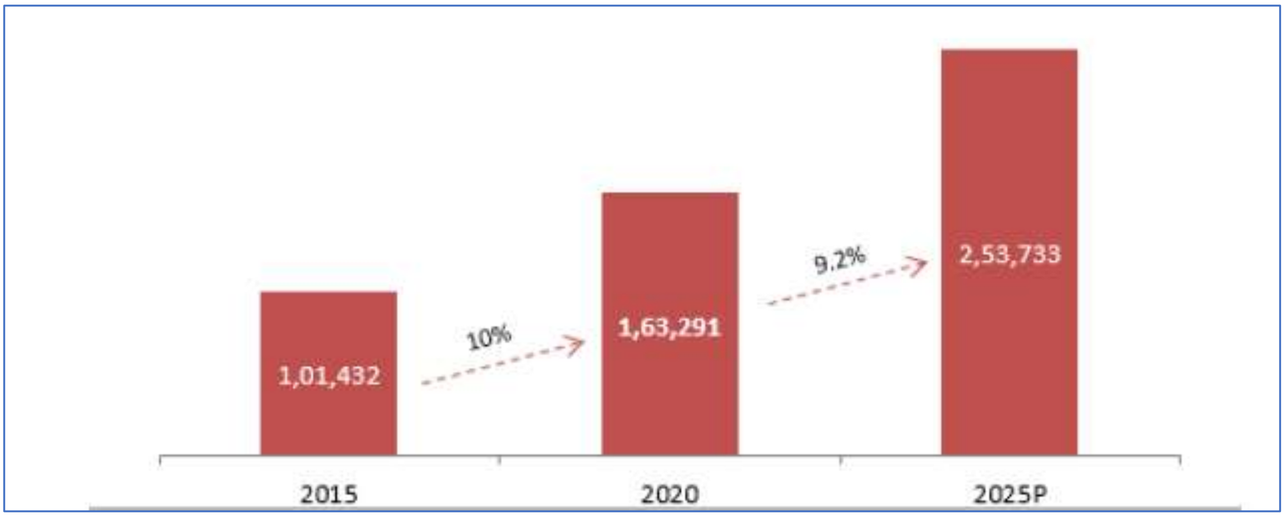


Women's Apparel Industry

Women's Apparel Market in India

Women's apparel market is estimated to be approximately 36% of the total apparel market of Rs. 447,666 crores (US$ 59.7 billion), at Rs. 163,291 crores (approximately US$ 21.8 billion).

Growth Projections of Women's Apparel Market (in ₹ crores)



The women's apparel market is expected to grow from Rs. 163,291 crores (US$ 21. billion) in Fiscal 2020 to Rs. 253,733 crores (US$ 33.8 billion) by Fiscal 2025. This market is projected to grow due to a) an increase in the number of working women, b) a shift towards aspiration rather than need based buying c) design innovation d) shift from purchasing sets to buying separates for mix and match of clothing.

The share of organised retail in women's apparel which was 19% in Fiscal 2015 had increased to 27% in Fiscal 2020 and is expected to reach 42% by Fiscal2025. Increase in organised retail is expected to benefit consumers due to increased trust in safety and pricing as consumers are seeking higher value in terms of quality and overall shopping experience.

Channel wise Segmentation of Women's Apparel Market

Women's apparel market in India was Rs. 163,291 crores (US$ 21.8 billion) in Fiscal 2020. Women's' Ethnic wear accounted for approximately 71% or Rs. 115,139 crores (US$ 15.3 billion) (Fiscal 2020) and the balance 29% of the market was made up of western wear accounting for Rs. 48,152 crores (US$ 6.4 billion). The high share of Indian wear in the total apparel is a unique feature of apparel market in India. In any other major apparel markets (China, Japan, Southeast Asia etc.) nearly the entire apparel category is made up of western wear product groups. Therefore, Indian fashion here should be interpreted as the influence of Indian ethos on apparel's cut, shape, silhouette and nature of raw material used (not restricted to power loom but also extends to handlooms fabrics). In this context, the Indian women apparel industry's categorization into ethnic wear and western wear is significant given the ethnic wear's size in it and its unique existence compared to other major markets. The broad categorization of ethnic and western comprise many sub-categories. The women ethnic wear category can broadly be classified into sarees, salwar kameez/ethnic wear and may also contain fusion wear, which is a mix of western as well as Indian wear. The women western wear category broadly contains shirts, tops, t-shirts, denims, active wear, sleep wear, trousers, skirts, innerwear, winterwear and others.

Apparel retailing comprises of the following channel segments:

Distribution led brands are standalone brands that are sold through a retailing structure comparing wholesalers and retailers. These brands are sold across modern retail and traditional retail with a skew towards traditional retail and with the sales now starting to move towards E-commerce platforms too. They cater to the fragmented and dispersed nature of the demand. Traditional retailers rely on distribution led brands to complete their product offerings. These brands primarily service price sensitive demand, core apparel need and cyclical and dispersed demand. These brands' proposition includes core fashion play, value sensitivity, cyclical demand and take leverage of the established fashion trends and are therefore trend followers.

Retail led apparel brands are signified by players that are present through their own exclusive brand outlets as the principal retail channel (more than 50% of the sales from the channel) supported by small but growing Ecommerce and shop in shop in large format stores. Bottom-wear retail brand like Go Colors, Ethnic fashion retail brands like Biba and W, athleisure retail brand like Decathalon, Innerwear retail brand like Jockey, Fast Fashion brands like H&M and Basics like Marks & Spencer are all examples of retail led brands that have witnessed growth in the last decade and today represent leadership positions in their respective categories. Indian market has shown high appreciation for these models across price points.

Their integrated approach to retailing (product development to selling) has allowed them to exploit synergies and to take leading position in their respective categories on product differentiation. **EBOs** allow them to create a physical connect with the customer and create brand stickiness. Therefore, these outlets are not only sales mediums but also an effective brand building tool. This form of apparel retail today is signified by leaders across all segments of Apparel retail who have built strong entry barriers in the form of product differentiation, brand recall, retail presence and sourcing capabilities. While they will improvise to the changing business environment that demands multi-channel outlook and digital enablement, these players as category leaders will continue to signify Apparel retailing in India involving own retailing approach through EBOs as the mainstay of their sales volume.

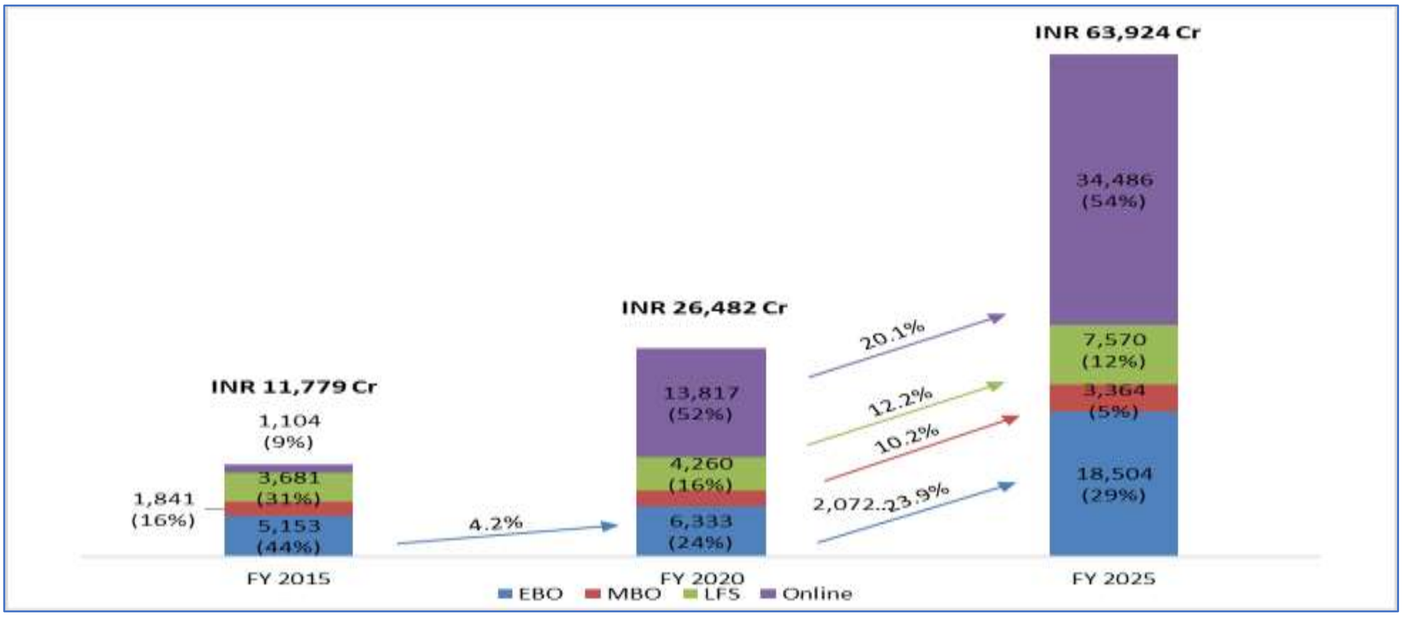
Large Format Stores or LFS are signified by 3000 to 7000 sq ft. stores that offer their products across multiple apparel and lifestyle categories. Their offer mix comprises in-house brands called private labels and other brands. Reliance Trends, Lifestyle Max, Pantaloons, are leading LFS lead players in the country with their brick store presence across Metros, Tier I and Tier II cities. Their range comprises of both Private Labels and other brands, while retailers like Fashion by Big Bazaar, Max & Westside house only Private labels. Value Retailers like Vmart and Vishal Mega Mart signify these stores in tier II, tier III and beyond towns. While all have started their online activation specially Post COVID-19, their in-store stores sales will continue to be mainstay of their business strategy. Their positioning in mid-price (for players like Reliance Trends, Lifestyle Max) and value price (V-mart, Vishal) is primarily delivered through a product mix that comprise core and fashion offerings. These players are fashion followers source fashion led apparel and lifestyle products on prevalent trends in the market.

Online destinations that comprise **Marketplaces** (Amazon, Snapdeal), fashion focussed destinations (Myntra, Tata Cliq) and vertical specialists (Zivame and online stores of brick retailers like Marks & Spencer's) encompass apparel offerings across all its sub-segments and propositions (ethnic, western; formals, casuals, comfort; men, women, kids; mass, mid-price and premium). Market places like Amazon are primarily focussed on range and value and that defines their core proposition. Myntra (the largest in the online fashion space) offers multiple propositions. It is a preferred destination for online listing of brands (Retail led or distribution led) and it also offers its own private labels on the lines of LFS stores. **Vertical specialists** take a category stance and Zivame in the inner wear is an appropriate representation for the same. While the online focussed players in apparel fashion have witnessed disruptive growth since 2021, their growth has also enabled the overall formalisation of the Apparel Fashion Retail. Contrary to the belief of direct competition between brick and online in apparel fashion, brick fashion retail in the organised space primarily driven by the expansion of both EBO led and LFS led stores has also grown in the same period. Post-COVID-19 also, this complimentary growth trajectory is expected to continue. Though the pace of digital transformation will increase with both brick and online to be viewed as complimentary channels for growth.

Channel wise segmentation of Women's Ethnic Wear Market

23% of the retailing of Women Ethnic fashion is done through organized retail channels and that comprises Exclusive Brand Outlets (EBOs), Large format stores (LFS), Multi brand Outlets (MBOs) and E-commerce. 77% of women's ethnic wear sells through the unorganized channel. The share of unorganized channel is high, especially in women wear. However, the share is expected to reduce to 62% by Fiscal 2025 enabled by many sellers and manufacturers seeking online route to selling via. marketplaces and own digital activations.

Split of Women's Ethnic Market across Organised Formats- Fiscal 2015, 2020 and 2025 (in ₹ crores)



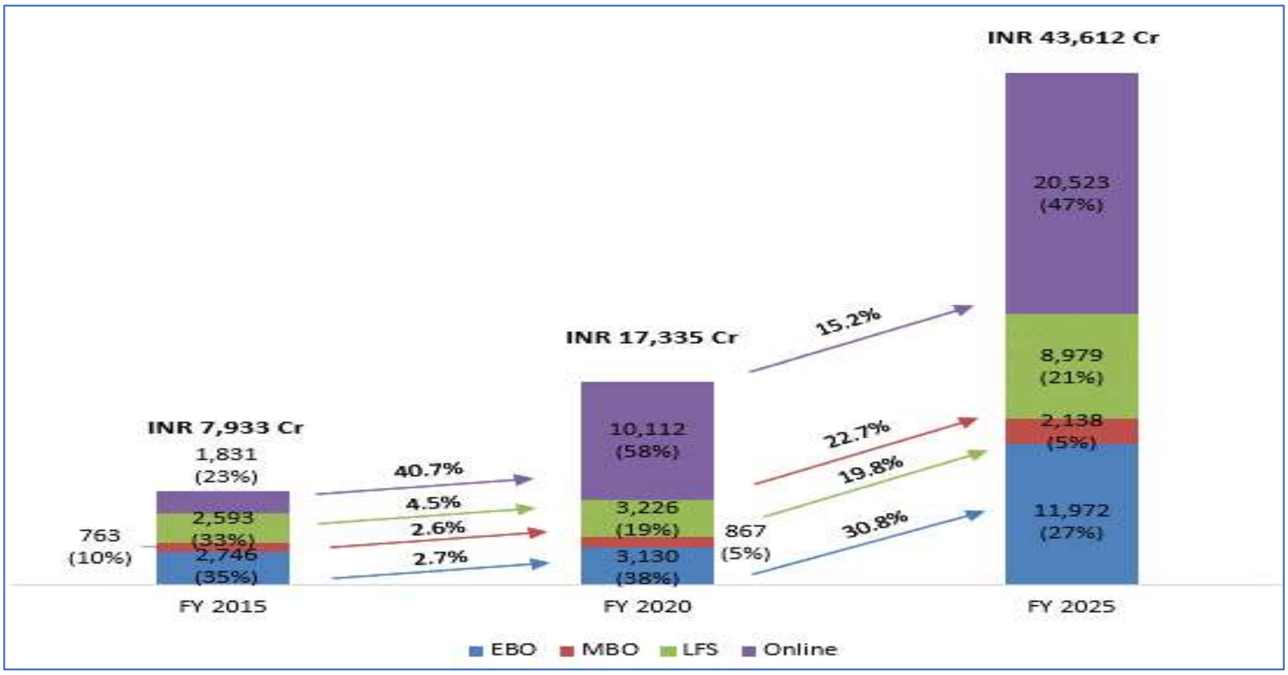
Within the ethnic organized retailing, in Fiscal 2015, the share of EBO was the highest at 44% followed by LFS at 31%, MBO at 16% and online sales only accounted for 9% of ethnic apparel retail. However, the share of online retailing has drastically increased from 9% to reach 52% in Fiscal 2020, owing to digitalisation as well as COVID- 19 imposed lockdowns and restrictions. Online channel represented more than half of organized Women's Ethnic Fashion sold in India in Fiscal 2020 and will continue to do so in Fiscal 2025, its activation currently comprises marketplaces, vertical specialists online store, EBO led retail brand selling through digital route. EBOs are the bellwether of Women's Ethnic Apparel Retail in India and contributed 24% of the total retail in Fiscal 2020 and this is expected to grow to 29% in Fiscal 25. This share represents their sales through brick route. Their sales through digital route in Fiscal 2020 averaged approximately 12% of the total sales and that formed 52% of online sales share in total organised retail in Fiscal 2020. This overall share was of digital in EBO lead brands expected to average around 21%. The EBOs' focus on digital activation is expected to be a growth enabler of online share's share to increase from the 52% in Fiscal 2020 to 54% in Fiscal 2025.

The LFS format has also emerged as a leading retail destination for Women's Ethnic Fashion across India and has created a unique proposition for both EBO lead brands. LFS formats comprise private labels of the stores that contribute nearly 50% to 60% of their offering and the balance approximately 40% to 50% of their offering is made up of EBO led brands placed within the LFS. For EBO lead brands, 'Large Format Stores (LFSs)' are a capital efficient model to expand footprint nationally as they offer the advantage of capital efficiency and brand building opportunity and are expected to be important growth drivers in the organized apparel retailing segment. Therefore, LFS format plays both the role of a growing complimentary channel to retail led brands and of a competition to retail led brands through its private label offering.

Channel wise segmentation of Women's Western Wear Market

36% of the retailing of Women's Western fashion is done through organized retail channels and that comprises Exclusive Brand Outlets (EBOs), Large format stores (LFS), Multi brand Outlets (MBOs) and E-commerce, which is expected to increase to reach a share of 51% by 2025. And the share of unorganized retail is expected to decline from 64% in Fiscal 2020 to 49% in Fiscal 2025 implying that the share of western apparel sold by traditional retailers will decrease substantially.

Women's wear Western Market across Organised Formats- Fiscal 2015, 2020, and 2025 (in ₹ crores)

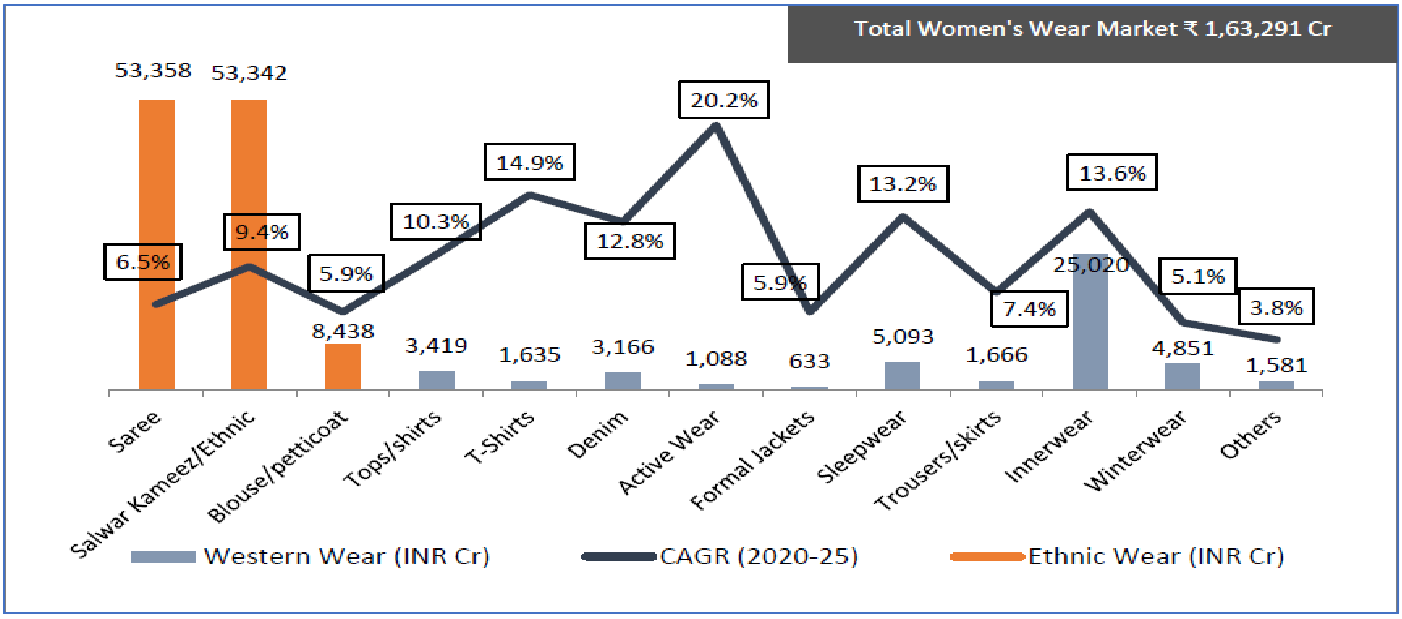


The share of ecommerce has been higher in the sale of western wear as compared to that of ethnic wear since Fiscal 2015. In Fiscal 2015, EBO and LFS were the largest retail channels in organized retail with their share being 35% and 33% respectively and ecommerce share stood at 23, followed by MBOs at 5%. Ecommerce stood at 58% as a percentage of total western organized retail in Fiscal 2020, followed by nearly similar share of EBOs and LFS at 18% and 19% respectively, with the sale of LFS slightly exceeding that of EBOs. The share of MBOs is the least at only 5%. However, by Fiscal 2025, the share of EBOs is expected to exceed that of LFS, while the share of online retail will stabilize at 47%.

Style wise Segmentation of Women's Apparel Market

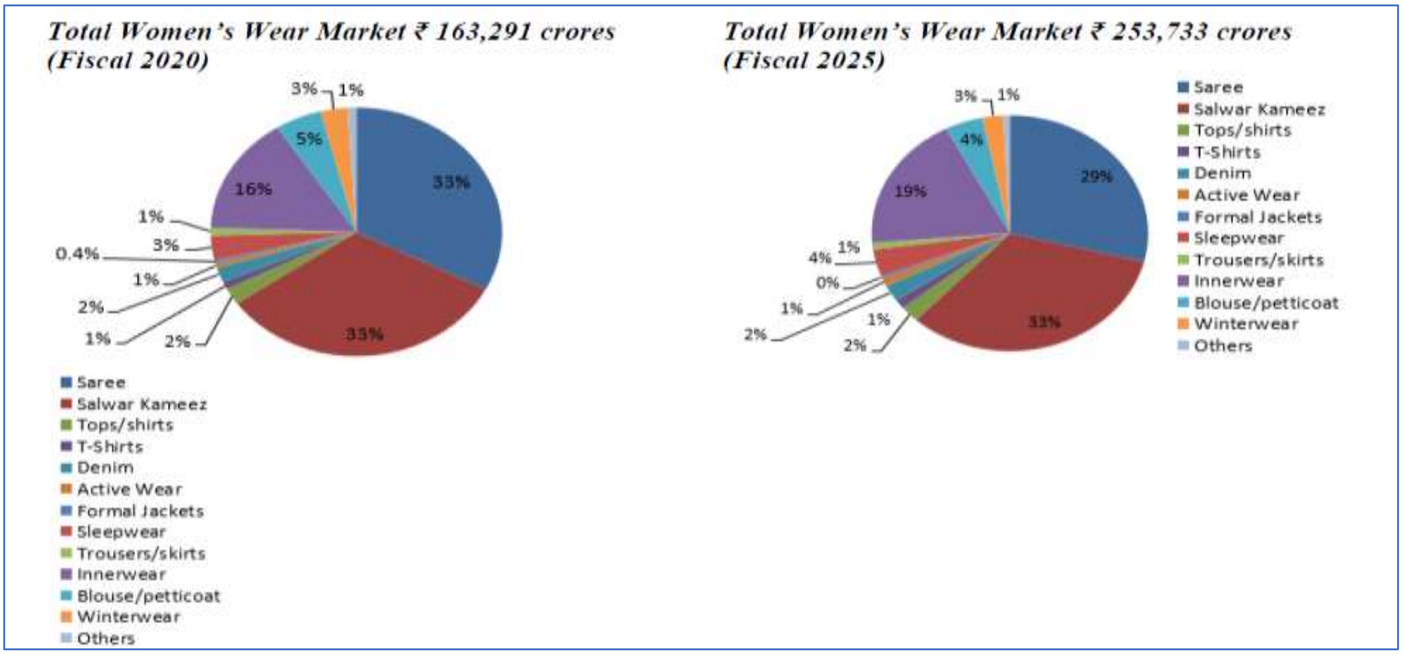
Women Apparel Market is projected to grow at a CAGR of 9.2% from Fiscal 2020 to Fiscal 2025, with the segments seeing the highest growth being Active Wear (20.2%), T-shirts (14.9%), Innerwear (13.6%), Sleepwear (13.2%) and Bottom-wear (12.4%). The largest segments in Women wear i.e., Saree and Salwar Kameez, which collectively occupy approximately 67% of the women wear market are expected to grow at 6.5% and 9.4% respectively.

Segmentation based on Style of Women's wear market Fiscal 2020 (in ₹ crores) and CAGR 2020 to 2025



Women Bottom-wear is a subsegment of various larger segments of Women apparel market. It forms a part of Activewear, Sleepwear, Salwar kameez/ Ethnic, Trousers/skirts. T-Shirts, Denim, Activewear, Sleepwear, Innerwear, and Tops/Shirts are the high growth categories in Womenswear. Initially, the denim brands used to focus primarily on the men consumers, but with the change in the demand and preferences of women, they started catering to women consumers as well. Of late, stretch denims have seen a huge demand among women.

Segment Contribution: Women's wear market – Fiscal 2020 and 2025



Growth drivers of Indian Women's Apparel sector

Increase in the number of Working Women

As the number of women in the working population increases, their demand for clothes increases led by higher disposable income and need for office wear. Millennial women are financially independent and have independence of expenditure and tend have the freedom of choice. Hence expenditure by women has increased the share of women's apparel market.

A shift towards aspiration rather than need based buying

There has been a shift towards aspirational buying where people purchase items as a sense of financial achievement and apparel segment is one of the major segments, where there is a high amount of aspirational buying since women have started becoming financially independent and started earning more from a young age.

Design Innovation in Womenswear

There has been tremendous amount of design innovations in the apparel segment especially in the women's wear category where there is now a plethora of options to choose from- Ethnic Wear, Western Wear, Fusion and a large number of sub-segments within each of these categories like athleisure, lounge wear, innerwear, etc.

Growth in organised retail offering a great shopping experience

Entry of foreign brands, growth of organized retailers and proliferation of mall culture have conditioned the consumers to the idea of a robust shopping experience with air-conditioned environment, facility of trial rooms, wider product range, price transparency, quality assurance, on-floor service assistance. Women wear segment has in the past been predominated by unorganized segment, however, this has been changing and a shift has been seen towards organized retail with more brands cropping up in the mass, medium and premium segment pricing.

Emergence of E-tailing

The emergence of E-tailing has given a boost to the women's western wear market. The working women, with less time to shop, has found an easy mode of purchasing apparel online. COVID-19 gave impetus to the growth of e-commerce which is expected to become a significant growth driver for the organised market, women are now more comfortable buying online than before. The flexible exchange policies by brands also helped boost the online sales as there is the consumer confidence of getting ill-fitted, poor quality clothes exchanged easily. Internet users have grown at a rate of 14% from 2015 to 2019 with a user base of 560 million in 2019, 90% of which are mobile internet users, thereby making internet easily accessible. With this installed base, internet has penetrated across semi urban and rural households bringing them at par with their urban peers as far as access to information is concerned.

Use of AI for Style Guidance

Brands are increasingly adopting technology and using AI-based platforms, both online and in-store through App based software's, which are helping Women consumers to discover their style and looks in different attires, and allowing mix-match of top-wear/bottom-wear, and accessories to 'create' a complete look enabling easy decision making and promoting sale of complementary products. Post COVID-19, when consumers were mostly buying online, many brands utilized that time to upgrade technologically at a faster pace.

Rapid urbanization and increasing disposable income

At present, 34.47% of India's population is classified as urban. The trend of urbanization is expected to continue with approximately 50% of India's population expected to be living in urban centers by 2050. High population growth is expected in tier III and tier IV cities as rural population migrates to these cities in search of work opportunities. As a result, the working population is expected to rapidly increase across Tier III and IV cities supporting these cities to emerge as new growth engines for fashion retailers. Furthermore, women are also now increasingly taking part in the workforce and contributing to the overall disposable income of the family.

Growing youth population and increasing propensity to spend

The median age of 28.1 in 2021 and workforce share of 50% of the population is suggestive of a large consuming youth population, consisting of both men and women, joining the workforce, and inclined to spend their earnings on aspirational lifestyle. This demographic transformation is continuously and radically changing the retail landscape. Unlike the earlier generation, the youth is predisposed towards branded products and improved shopping experience and is continuously attempting to upgrade lifestyles. Mirroring the consumption story of the west, demand is being created in India for various segments and niches across price points.

Exposure to TV and smart phones

Exposure to content on television, OTT platforms, social media networking sites and other internet avenues are making consumers abreast with global fashion and retail trends. Content related to new brands, fashion trends, fashion styling and updates on deals and discounts are freely available through these channels. Brands are also leveraging these platforms to create seamless engagement with consumers. This exposure is elevating consumer's enthusiasm for fashion and leading them to reconfigure their wardrobes with different products for different occasions.

Consistent quality at affordable prices

Focussed approach towards offering consistent quality at affordable prices has been driving growth in the women apparel segment. The consistent delivery of this promise in tier II, III and IV cities has been aiding the transition of consumers from the unorganised traditional shops to the organised value retailers. Brands such as Go Colors are helping consumers with this transition to organised retail through penetration in Tier 2, 3, 4 cities as well by offering consistent quality at affordable prices.

Emergence of Online-only Women wear brands

Many brands have emerged in women wear segment which are operating online only, and target consumers through social media pages through product display, sale promos, and using customers themselves as brand ambassadors sharing pictures and videos of consumers in the brand attire/ accessories. These have given consumers an option to look out for apart from key brands. Such players often take personalised orders and customise on demand.

Women's Bottom-wear Apparel Market

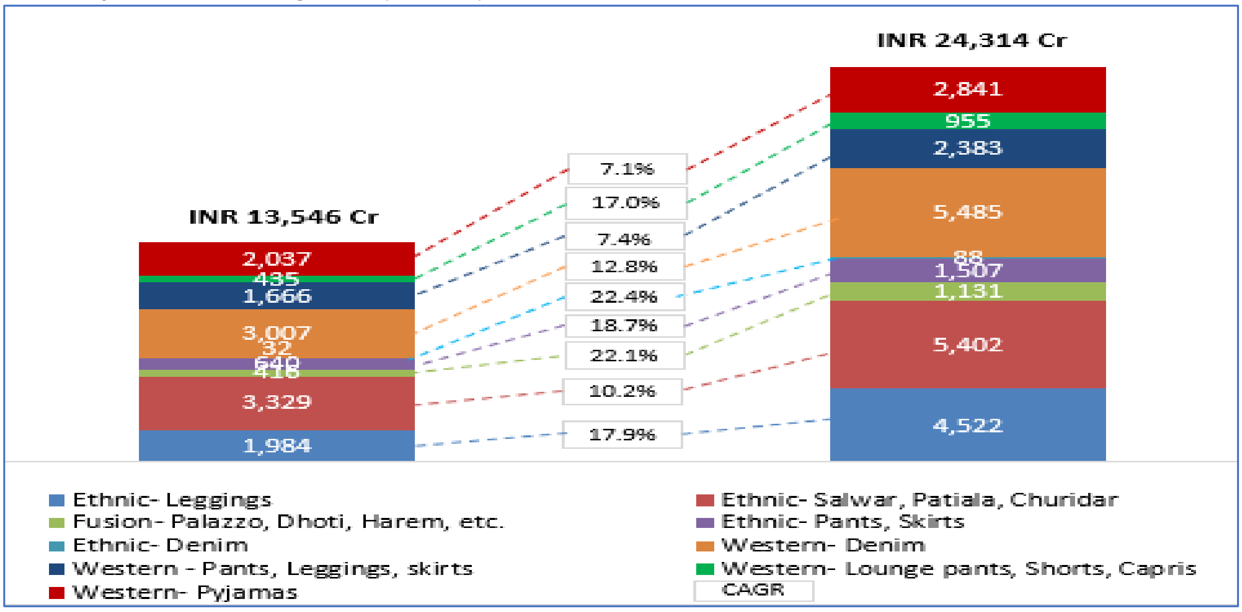
Market Size, Product Segmentation and Level of Organisation

Women's bottom-wear market contributed 8.3% of women's apparel market amounting to Rs. 13,547 crores (US$ 1.81 billion) in Fiscal 2020. The women's bottom-wear market is expected to grow at a CAGR of 12.4% to reach Rs. 24,315 crores (US$ 3.24 billion) by Fiscal 2025 and is among the fastest growing categories in women wear. Women bottom-wear products comprise of the Ethnic, Fusion and Western Categories. Other categories like sleepwear, activewear fall under the western-wear category. 95% of women's denim also falls under the western bottom-wear category. The scope of bottom-wear has surpassed the distinction between pure ethnic and pure western wear. Clothing today is modular, the concept of Mix & Match has become an important part of selfstyling for women. There is an increasing preference by women towards buying contrasting tops and bottom-wear rather than buying full suit sets. With this shift in consumer preference the sale of 'separates' clothing has increased. There are a lot of bottoms that can be worn both with ethnic and western top-wear. Also, fusion category of bottom-wear has taken over the women's apparel market both in terms of style and comfort (like palazzos and dhotis) and has become universal wear along with other items from ethnic and western categories. Also, with increasing WFH culture, suits and dresses are taking a back seat and loungewear has graduated into a daily necessity for many consumers. Women are now wearing certain bottom-wear universally. For example, jeggings and palazzos can go along with western tops, t-shirts, shirts as well as ethnic kurtas and kurtis.

Overall Women Bottom-wear Market & Share (in ₹ crores)

The share of ethnic and fusion bottom-wear is expected to increase from 47% in Fiscal 2020 to 52% in Fiscal 2025. However, the share of western bottom-wear which is higher than ethnic wear in Fiscal 2020 at 53% will decrease to 48% in Fiscal 2025. The overall share of bottom-wear category in women's apparel is expected to increase from 8.3% in Fiscal 2020 to 9.6% in Fiscal 2025. Historically, the bottom-wear market, being highly unorganized, has had limited options for consumers to access branded products of consistent quality. Currently, the overall women's bottom-wear market is inclined towards the unorganised sector and in Fiscal 2020 its share was at 77% and the organised share at 23%. However, with tailwinds towards the organisation of the women's bottom-wear sector, the organised share is expected to reach Rs. 9,240 crores (US$ 1.2 billion) having a share of 38% share in Fiscal 2025 with a CAGR of 24.3% until 2025. While the unorganised market will grow at only 7.6% from Fiscal 2020 to Fiscal 2025. The fragmented nature of the industry and the lack of organized players and limited branded competition positions established branded players like Go Colors well to benefit from the growth in the bottom-wear segment.

Growth of bottom-wear segments (₹ crores)



The fastest growing sub-category in women's bottom-wear is expected to be palazzos, dhoti pants, harem pants, etc. which come under the fusion category of women's bottom-wear. They are expected to show a high CAGR of 22.1% from Fiscal 2020 to Fiscal 2025, followed by Pants & Skirts which will grow at 18.7% and then Ethnic Leggings with a CAGR of 17.9%. Western- Lounge Pants, Shorts, Capris are also expected to show a high growth of 17.0% from Fiscal 2020 to Fiscal 2025. Ethnic Denim category, which was nearly non-existent in Fiscal 2020, is expected to start emerging slowly and have a value of Rs. 88 crores by Fiscal 2025. Bottom-wear is also a universal category and tends to coordinate with all kinds of outfits. They are becoming core essential in every woman's wardrobe. Different types of bottom-wear can be paired with tops, t-shirts, shirts, kurtas, tunics. They are also bought as combination in suit sets – kurtas with leggings, kurtas with palazzos and kurtas with trousers. Many women have started wearing kurtas with dhotis, skirts and gagharas as well on occasions. Churidars and leggings are also viewed as type of bottom-wear and are worn along with kurtas and kurtis.

Positioning of Women's Bottom Wear

Bottom-wear has undergone various developments over the past decade. Indian women are continuously experimenting with their bottom-wear. Go Colors has an advantage in being the first company to launch a brand exclusively dedicated to the women's bottom-wear category, as this category is considered as "core essential" with the brand dedicated to the same. It has grown to become one of the key players in women's bottom-wear segment with a market share of approximately 8% of the branded market. Bottom-wear has become a universal wear product with an independent identity of its own and one that is not confined to notion of either ethnic wear, western wear or fusion wear. This standing has blurred the boundaries of ethnic wear and western wear. Bottom-wear has now emerged as a women centric product that caters to both bottom-wear demands of women that seek both ethnic, western and fusion sensibilities from it. Bottom-wear has emerged an essential category that caters to the basic and functional need of consumers. There is a general trend of the tops being in fashion, but bottom-wears are usually simpler and more flexible for mix and match. Today, bottom-wear has become a must-have that provides comfort as well as style and is a round-the-year universal category that is not subject to seasonal trends. Bottom-wear, being a core essential category and having limited print or design, is relatively insulated from changes in fashion trends and is acceptable across the country. A single piece of bottom-wear can be coordinated with many types of outfits, as is the case with innerwear. All these aspects have led to double digit growth in bottom-wear category.

Key Concerns

- The current and continuing impact of the ongoing COVID-19 pandemic on the business and operations has been significant. The impact of the pandemic on the operations in the future, including its effect on the ability or desire of customers to visit stores, is uncertain and may be significant and continue to have an adverse effect on the business prospects, strategies, business, operations, the future financial performance, and the price of the Equity Shares.

- All of the products are sold under a single brand, 'Go Colors'. An inability to effectively market the products and brand, or any deterioration in public perception of its brand, could affect customer footfall and consequently adversely impact the business, financial condition, cash flows and results of operations.

- Have incurred losses in Fiscal 2021. In the event Go Colors incur net loss in the future, its business and financial condition may be adversely affected.

- Current locations of Go Colors exclusive brand outlets may become unattractive, and suitable new locations may not be available for a reasonable price, if at all.

- Go Colors carry out its operations from a single warehouse located in Southern India. Any disruption in the operation of its warehouse, including due to adverse developments in the region, may have an adverse effect on the business and prospect.

- The Company may be unable to adequately protect its trademarks, including 'GO GOLORS' and, and an inability to protect or use intellectual property rights may adversely affect the business.

- Inability to effectively manage or expand retail network may have an adverse effect on the business, results of operations and financial condition.

- Continued success is contingent in part on Go Colors ability to anticipate and respond to changes in fashion trends and changing customer preferences in a timely and effective manner. If it fails to do so, demands for its products may decline, resulting in an adverse effect on the business, results of operations and prospects.

- If Go Colors is unable to identify customer demand accurately and maintain an optimal level of inventory, its business, results of operations and financial condition may be adversely affected.

- Quality and consistency in customer service at stores are critical for Go Colors success, which depend on its ability to attract and retain skilled personnel. Any failure in this respect could materially and adversely impact its reputation, business, financial condition, cash flows and results of operations.

- Go Colors does not currently own any manufacturing facilities and engage job workers for manufacturing all its products. It may not be able to obtain sufficient quantities or desired quality of products from job workers in a timely manner or at acceptable prices, which may adversely affect the business, financial condition and results of operations.

- If Go Colors is unable to procure raw materials and finished products of the required quality and quantity, at competitive prices, its business, results of operations and financial condition may be adversely affected.
- Business, results of operations and financial condition may be adversely affected if operations at the manufacturing facilities of job workers or raw material suppliers are disrupted.
- Dependent on sales through large format stores, multi-brand outlets, its franchisees, and online retailers for a significant portion of revenues. The Company's business, results of operations and financial condition could suffer if it fails to maintain relationships with such third parties.
- Any failure in Go Colors quality control processes may have an adverse effect on the business, results of operations and financial condition.
- Inability to effectively manage growth or to successfully implement business plan and growth strategy could have an adverse effect on the business, results of operations and financial condition.
- If Go Colors fails to obtain, maintain or renew the licenses, permits and approvals required to operate business, or fail to comply with applicable laws, its business, results of operations and financial condition may be adversely affected.
- Dependent on third-party transportation providers for the supply of raw materials and delivery of products.
- Dependent on Promoters and a number of Key Managerial Personnel and persons with technical expertise and the loss of or inability to attract or retain such persons could adversely affect the business, results of operations and financial condition.
- Go Colors may be unable to grow business in additional domestic regions, which may adversely affect the business prospects and results of operations.
- Industry is competitive and inability to compete effectively may adversely affect the business, results of operations, financial condition and cash flows.
- The growth of online retailers and current trends of discounting and pricing strategies may adversely affect pricing ability, which may have an adverse effect on the results of operations and financial condition.
- If any new products or brands that Go Colors launch are not as successful as it anticipates, its business, results of operations and financial condition may be adversely affected.
- Inability to meet obligations, including financial and other covenants under debt financing arrangements could adversely affect the business and results of operations.
- Failures in internal control systems could cause operational errors which may have an adverse impact the profitability.
- Significant disruptions of information technology systems or breaches of data security could adversely affect the business.
- Sales are subject to seasonal variations that could result in fluctuations in results of operations.
- If Go Colors are subject to any fraud, theft, or embezzlement by its employees, contractors or dealers, it could adversely affect the reputation, results of operations and financial condition.
- Any delay or default in payment from third-parties may adversely impact the profits and affect the cash flows.
- An inability to maintain adequate insurance cover to protect Go Colors from material adverse incidents in connection with its business may adversely affect the operations and profitability.
- Go Colors may require additional equity or debt in the future in order to continue to grow business, which may not be available on favorable terms or at all.

- Political, economic, regulatory or other factors that are beyond control may have an adverse effect on the business and results of operations.
- A downgrade in ratings of India, may affect the trading price of the Equity Shares.
- Financial instability in other countries may cause increased volatility in Indian financial markets.
- If inflation were to rise in India, Go Colors might not be able to increase the prices of its services at a proportional rate in order to pass costs on to its clients thereby reducing its margins.
- Fluctuation in the exchange rate between the Indian Rupee and foreign currencies may have an adverse effect on the value of Equity Shares, independent of its operating results.

Profit & Loss

Particulars (Rs in million)	Q1FY22	FY21	FY20	FY19
Revenue from Operations	310.0	2506.7	3920.1	2852.5
Other income	93.0	315.8	48.3	57.3
Total Income	**402.9**	**2822.5**	**3968.4**	**2909.8**
Total Expenditure	**369.1**	**2043.2**	**2655.1**	**2052.6**
Cost of Materials Consumed	75.8	489.0	1062.1	835.4
Purchases of Stock in Trade	109.7	218.2	604.6	284.1
Changes in Inventories of Finished Goods, Work-in-Progress, Traded Goods and Scrap	-74.3	214.5	-367.1	-174.8
Subcontracting Charges	24.7	118.2	275.8	204.5
Employee Benefits Expenses	159.0	614.9	619.5	419.6
Other expenses	74.3	388.5	460.2	483.7
PBIDT	**33.8**	**779.3**	**1313.3**	**857.2**
Interest	57.1	205.7	164.7	113.8
PBDT	**-23.3**	**573.6**	**1148.6**	**743.4**
Depreciation and amortization	160.5	605.0	465.7	321.3
PBT	**-183.7**	**-31.4**	**682.9**	**422.1**
Tax (incl. DT & FBT)	**6.2**	**4.0**	**156.5**	**112.7**
Current tax	0.0	26.0	204.7	136.8
Adjustment of tax relating to earlier periods	0.0	-1.0	-1.6	-2.8
Deferred Tax	6.2	-21.0	-46.6	-21.3
PAT	**-190.0**	**-35.4**	**526.3**	**309.4**
EPS (Rs.)	-3.6	-0.7	10.1	5.9
Face Value	10	10	10	10
OPM (%)	-14.7	16.4	31.9	27.5
PATM (%)	-47.1	-1.3	13.3	10.6

Balance Sheet

Particulars (Rs in million) As at	Q1FY22	FY21	FY20	FY19
ASSETS				
Non-current assets				
Property, plant and equipment	577.6	583.8	602.9	473.0
Right of use assets	2051.3	2006.1	1947.1	1377.4
Capital Work-in-Progress	80.7	85.9	80.8	19.6
Intangible Assets	4.4	5.1	7.3	4.9
Financial assets				
Other financial assets	240.3	236.6	203.1	179.4
Deferred tax assets (net)	70.4	76.5	56.1	31.7
Other Non-Current Assets	17.4	7.9	12.6	1.9
Total non-current assets	**3042.0**	**3001.8**	**2910.0**	**2088.0**
Current assets				
Inventories	1026.8	809.5	1058.6	695.0
Financial assets				
Investments	172.0	464.1	88.6	234.5
Trade receivables	386.7	471.4	556.4	400.8
Cash and cash equivalents	83.1	132.0	1.0	106.1
Bank balance other than cash and cash equivalents	152.1	264.8	324.2	330.4
Other financial assets	70.4	71.1	55.4	17.5
Other current assets	373.3	268.9	179.8	154.5
Current tax assets (net)	0.0	0.0	18.0	14.6
Total current assets	**2264.5**	**2481.8**	**2281.9**	**1953.3**
TOTAL ASSETS	**5306.5**	**5483.7**	**5191.9**	**4041.3**
Equity and liabilities				
Equity				
Equity Share Capital	790.0	790.0	790.0	790.0
Other equity	1849.1	2039.4	2073.1	1493.4
Non-controlling interest				
Total equity	**2639.0**	**2829.4**	**2863.0**	**2283.3**
Non-current liabilities				
Financial liabilities				
Lease liabilities	1650.7	2173.2	1794.3	1440.3
Provisions	24.6	21.1	14.2	7.2
Total non-current liabilities	**1675.3**	**2194.2**	**1808.5**	**1447.5**
Current liabilities				
Financial liabilities				
Borrowings	0.0	104.4	27.9	82.8
Lease liabilities	637.2	45.9	273.7	15.4
Trade payables				
Total Outstanding dues of micro and small enterprises	3.1	1.7	2.5	0.1
total outstanding dues of creditors other than micro enterprises and small enterprises	114.6	105.6	102.1	138.0
Other Financial Liabilities	25.5	34.1	29.1	15.8
Other current liabilities	160.8	116.5	53.2	48.8
Provisions	33.1	33.7	31.9	9.5
Current tax liabilities (net)	17.8	18.2	0.0	0.0
Total current liabilities	**992.2**	**460.1**	**520.4**	**310.5**
Total liabilities	**2667.5**	**2654.3**	**2328.8**	**1758.0**
Total equity and liabilities	**5306.5**	**5483.7**	**5191.9**	**4041.3**

(Source: RHP)

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