

**IN THE NATURE OF ABRIDGED PROSPECTUS - MEMORANDUM CONTAINING SALIENT FEATURES OF
THE RED HERRING PROSPECTUS**



MADHUR KNIT CRAFTS LIMITED
CIN: U17301PB1997PLC020381

Registered Office	Contact Person	Telephone and Email	Website
Village - Seera, Sattowal Road, Rahon Road, Eros Bajra Road, Ludhiana, Punjab, India, 141007	Ms. Nikita Tayal Company Secretary and Compliance Officer	Tel: +91 9878009690 Email: ipo@mkcpl.in	www.mkcpl.in

PROMOTERS OF OUR COMPANY
(I) Arun Gupta (II) Piyush Gupta And (III) Chirag Gupta.

DETAILS OF THE ISSUE				
TYPE	FRESH ISSUE	OFFER FOR SALE (₹ IN LAKHS)	TOTAL ISSUE*	ELIGIBILITY & SHARE ALLOCATION
Fresh Issue	Up to 53,27,693 ^ Equity Shares aggregating up to ₹ [●] Lakhs	-	Up to ₹ [●] Lakhs	This issue is being made in terms of Regulation 229(2) of Chapter IX of the SEBI (ICDR) Regulations, 2018 as amended. For details in relation to share reservation among QIBs, Non- Institutional Bidders, Individual Bidder and Eligible Employees, see “ <i>The Issue</i> ” beginning on page 40 .

**DETAILS OF OFFER FOR SALE, SELLING SHAREHOLDERS AND THEIR AVERAGE COST OF
ACQUISITION - NA**

RISK IN RELATION TO THE FIRST ISSUE

The face value of the Equity Shares is ₹ 10/- each. The Floor Price, the Cap Price and the Issue Price to be determined by our Company in consultation with the BRLM on the basis of the assessment of market demand for our Equity Shares by way of the Book Building Process, as disclosed in “*Basis for Issue Price*” on page 97 or in case where, Price Band is not disclosed otherwise, will be advertised in all editions of a widely circulated English national daily newspaper, all editions of a widely circulated Hindi national daily newspaper and regional Punjabi newspaper (Punjabi being the regional language of Punjab, where our Registered Office is located), at least two working days prior to the Bid / Issue Opening Date, 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 or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in Equity and Equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The Equity Shares issued in the Issue have not been recommended or approved by the Securities and Exchange Board of India (“SEBI”), nor does SEBI

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guarantee the accuracy or adequacy of the Red Herring Prospectus. Specific attention of the investors is invited to the “**Risk Factors**” beginning on page 17 of this Red Herring Prospectus.

ISSUER’S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Red Herring Prospectus contains all information with regard to the Company and the Issue, which is material in the context of the Issue, that the information contained in this Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this 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.

LISTING

The Equity Shares Issued through the Red Herring Prospectus are proposed to be listed on the SME Platform of NSE (NSE EMERGE) in terms of the Chapter IX of the SEBI (ICDR) Regulations, 2018 as amended from time to time. Our Company has received an approval letter dated February 03, 2026 from National Stock Exchange of India Limited for using its name in the Red Herring Prospectus for listing of our shares on the EMERGE Platform of National Stock Exchange of India Limited. For the purpose of this Issue, the Designated Stock Exchange will be National Stock Exchange of India Limited (“NSE”) `

BOOK RUNNING LEAD MANAGER TO THE ISSUE

Name	Contact Persons	Email & Telephone No.
 SKI CAPITAL SERVICES LIMITED	Mr. Ghanisht Nagpal Mr. Manick Wadhwa	Email: mkcl@skicapital.net Tel. No.: +91-011-41189899

REGISTRAR TO THE ISSUE

Name	Contact Person	Email & Telephone No.
 SKYLINE FINANCIAL SERVICES PRIVATE LIMITED	Mr. Anuj Rana	Email: ipo@skylinerta.com Tel No: 011-40450193-97

ISSUE PROGRAMME

ANCHOR INVESTOR BIDDING DATE:	FRIDAY, AUGUST 21, 2026
ISSUE OPENS ON: MONDAY, AUGUST 24, 2026	ISSUE CLOSES ON: THURSDAY, AUGUST 27, 2026

Our Company may, in consultation with the Book Running Lead Manager, consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/Issue Period shall be one Working Day prior to the Bid/Issue Opening Date. Our Company, in consultation with the BRLM, may decide to close the Bid/Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date, in accordance with the SEBI ICDR Regulations.

* Our Company, in consultation with the Book Running Lead Manager, undertook a preferential issue of 2,72,307 Equity Shares of face value ₹10 each at a price of ₹65 per Equity Share (including a premium of ₹55 per Equity Share), aggregating to ₹176.99 lakhs, as permitted under applicable law (“Pre-IPO Placement”). The Pre-IPO Placement was undertaken at a price determined by our Company in consultation with the Book Running Lead Manager and was completed prior to filing of this Red Herring Prospectus with the RoC. The amount raised pursuant to the Pre-IPO Placement has been reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended. The Pre-IPO Placement did not exceed 20% of the original size of the Fresh Issue as disclosed in the Red Herring Prospectus. Our Company had appropriately intimated the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Offer or that the Offer may be successful and result in listing of the Equity Shares on the Stock Exchange. Further, relevant disclosures in

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relation to such intimation to the subscribers to the Pre-IPO Placement have been appropriately made in the relevant sections of this Red Herring Prospectus and will be made in the Prospectus.

^ Number of Shares may need to be adjusted for lot size upon disclosure of Price Band.

ABRIDGED PROSPECTUS - MEMORANDUM CONTAINING SALIENT FEATURES OF THE RED HERRING PROSPECTUS

 <i>Please scan this QR code to view the Red Herring Prospectus and this Abridged Prospectus</i>	This is an Abridged Prospectus containing salient features of the Red Herring Prospectus of Madhur Knit Crafts Limited (the “Company”) dated August 14, 2026 filed with the Registrar of Companies Chandigarh (the “RHP” or “Red Herring Prospectus”). You are encouraged to read greater details available in the RHP, which is available at www.sebi.gov.in. Unless otherwise specified all capitalized terms used herein and not specifically defined shall bear the same meaning as ascribed to them in the RHP. This abridged prospectus is not for distribution outside of India. The following is a general summary of certain disclosures in the Red Herring Prospectus (“RHP”) and the terms of the Issue and is not exhaustive, nor does it purport to contain a summary of all the disclosures in the Prospectus or all details relevant to investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in the Red Herring Prospectus, which is available at the websites of SEBI at www.sebi.gov.in, National Stock Exchange of India Limited www.nseindia.com, the Company at www.mkcpl.in and the website of the Book Running Lead Manager at https://www.skicapital.net/. References below to page numbers are to page numbers of the Red Herring Prospectus dated August 14, 2026 . Unless otherwise specified all capitalised terms used herein and not specifically defined bear the same meaning as ascribed to them in the Red Herring Prospectus.
	Please ensure that you have read the RHP August 14, 2026, this abridged prospectus (“Abridged Prospectus”) and the general information document for investing in public offer (“GID”) undertaken through the Book Building Process before applying in the Issue. The investors are advised to retain a copy of the RHP/ Abridged Prospectus for their future reference. You may obtain a physical copy of the Bid-cum-Application Form and the RHP from the Stock Exchanges, Members of the Syndicate, Registrar to the Issue, Registrar and Share Transfer Agents (“RTAs”), Collecting Depository Participants (“CDPs”), Registered Brokers, Bankers to the Issue, Investors’ Association or Self Certified Syndicate Banks (“SCSBs”). You may also download the RHP from the websites of Securities and Exchange Board of India (“SEBI”) at www.sebi.gov.in, National Stock Exchange of India Limited (“NSE”) at www.nseindia.com respectively, and the website of the Company at www.mkcpl.in and the website of the Book Running Lead Manager at https://www.skicapital.net/.

SUMMARY OF THE PRIMARY BUSINESS

Madhur Knit Crafts Limited is a Ludhiana-based textile manufacturing company engaged in the production of fabrics and garments, with a primary focus on consumer textile products such as blankets. The Company commenced its commercial operations in 2013 and has since evolved into a diversified textile manufacturer with integrated operations across the value chain.

The Company operates a fully integrated yarn-to-cloth manufacturing model, enabling end-to-end value addition from yarn processing to finished products. Its manufacturing facility is equipped with advanced machinery supporting processes such as knitting, dyeing, printing, brushing, and finishing, ensuring consistent product quality and operational efficiency. The infrastructure includes modern systems designed to enhance production capacity while reducing reliance on manual processes.

Strategically located in Ludhiana, a key textile hub, the Company benefits from proximity to raw material suppliers, skilled labor, and established logistics networks, facilitating efficient procurement and distribution. While the Company has ventured into technical textiles, including specialized fabric applications, its core revenue continues to be driven by traditional textile products.

The Company also emphasizes sustainability through initiatives such as an in-house effluent treatment plant for wastewater management, reflecting its commitment to environmentally responsible manufacturing practices.

Products Offered by the Company

The Company is engaged in the manufacturing of a diverse range of textile products catering to apparel, home textile, and industrial applications. Its product portfolio is designed to meet varying customer requirements in terms of functionality, comfort, and durability.

Anti-Pilling Fabric:

Anti-pilling fabric is engineered to resist the formation of fibre balls caused by friction or repeated washing. This enhances the durability and appearance of the fabric over time. It is widely used in garments such as fleece jackets, tracksuits, and activewear, as well as in home textile applications like bed linen and upholstery.

Knitted Fabrics:

Knitted fabrics are produced by interlooping yarns using advanced knitting machines, resulting in textiles that are soft, stretchable, and breathable. These fabrics are versatile and are used across multiple segments, including summer shirts, blankets, cushion covers, and industrial products such as knitted gloves. The Company manufactures knitted fabrics suited for seasonal and functional requirements.

Sherpa Fabric:

Sherpa fabric is designed to replicate the texture and insulation properties of natural sheepskin. It features a soft, fluffy surface that provides superior warmth and comfort. This fabric is commonly used in jackets, hoodies, winter wear, and as lining material, as well as in blankets.

Blankets:

Blankets represent the Company's core and inaugural product line. Manufactured using advanced processes, these products are designed to provide thermal insulation and comfort across different climatic conditions. The product range includes mink blankets, fleece blankets, woolen blankets, and flannel blankets, catering to both winter and semi-winter segments.

Through these offerings, the Company serves a wide range of end-use industries including apparel, home textiles, and industrial applications.

Particulars	February 28, 2026		Fiscal 2025		Fiscal 2024		Fiscal 2023	
	Amount	In %	Amount	In %	Amount	In %	Amount	In %
Blanket	1,199.71	6.20 %	589.04	3.43%	552.76	5.10%	754.15	8.44%
Knitted Cloth	17,197.23	88.30%	14,625.60	85.21%	8,253.03	76.15%	5,474.74	61.29%
Garments	182.39	0.90%	1,107.53	6.45%	1,442.98	13.31%	2,227.83	24.94%
Job work	691.39	3.60%	733.39	4.27%	525.84	4.85%	444.79	4.98%
Scrap	198.34	1.00%	107.94	0.63%	63.84	0.59%	31.19	0.35%
Total	19,469.05	100.00%	17,163.50	100.00%	10,838.45	100.00%	8,932.70	100.00%

Segment Reporting and Revenue Contribution

The Company operates in a single business segment and there are no separate reportable segments as per the applicable accounting standards. Accordingly, segment-wise reporting and disclosure of revenue contribution by different segments are not applicable to the Company.

Revenue Concentration among Top 5 Customers

Particulars	February 28, 2026		Fiscal 2025		Fiscal 2024		Fiscal 2023	
	Amount	In %	Amount	In %	Amount	In %	Amount	In %

Top 1 Customer	1,161.38	5.97%	833.41	4.86%	1,174.36	10.84%	642.93	7.20%
Top 3 Customers	3,332.04	17.11%	2,422.59	14.11%	2,646.69	24.42%	1,761.75	19.72%
Top 5 Customers	4,840.90	24.86%	3,689.06	21.49%	3,296.28	30.41%	2,719.79	30.45%
Top 10 Customers	6,645.92	34.14%	5,861.53	34.15%	4,492.75	41.45%	4,332.58	48.50%

Business Strengths and Strategies

Strength

1. Vertically Integrated Manufacturing Operations
2. Advanced Machinery and Infrastructure
3. Strategic Location Advantage
4. Diversified Product Portfolio
5. Order-Based and Demand-Driven Production Model
6. Robust Supplier and Distribution Network
7. Experienced Promoters and Skilled Workforce
8. Emphasis on Quality Assurance and Customization

Strategies

1. Future Expansion into Technical Textiles to Boost Sales Volume
2. Increasing Geographical Presence
3. Revival and Expansion of Fabric Exports
4. Efficient Working Capital Utilisation to Avail Supplier Discounts

For further details, please refer to the chapter titled “Our Business” beginning on page 123 of the Red Herring Prospectus

SUMMARY OF THE INDUSTRY

India’s textile industry is one of the oldest and most diverse sectors of the economy, with a strong presence across the entire value chain, from natural fibres such as cotton, silk, wool, and jute to man-made fibres like polyester and viscose. The industry spans both traditional handloom segments and modern, capital-intensive manufacturing units, with the decentralized power loom and knitting sectors forming a significant portion. Its close linkage to agriculture and rural employment makes it a critical contributor to inclusive economic growth.

The sector contributes approximately 2.3% to India’s GDP, 13% to industrial production, and 12% to exports, while directly employing over 45 million people. India is among the leading global textile exporters, with exports of around US\$ 34–36 billion annually, and is positioned to expand further with growing demand in both domestic and international markets. The industry is largely MSME-driven, with nearly 80% of capacity spread across small and medium enterprises.

Growth in the sector is supported by rising disposable incomes, increasing demand for affordable and fashionable apparel, and expanding end-use industries such as housing, healthcare, and hospitality. The domestic textile and apparel market is projected to grow at a CAGR of around 10%, reaching US\$ 350 billion by 2030, while global opportunities remain strong.

Government initiatives such as 100% FDI under the automatic route, Production Linked Incentive (PLI) schemes, PM MITRA parks, and the National Technical Textiles Mission are driving modernization, investment, and export competitiveness. The technical textiles segment, in particular, is emerging as a key growth area, supported by innovation, policy support, and increasing application across industries.

PROMOTERS

S. No	Name	Individual/ Corporate	Experience and Educational Qualifications
1.	Arun Gupta	Individual	Arun Gupta is the Managing Director and Promoter of the Company and has been associated with it since its incorporation. He completed his Higher Secondary education from CBSE Board in 1983 and undertook a Business Mastery Program from Business Coaching India, New Delhi in 2023. He has over four decades of experience in the textile and yarn industry. He oversees overall operations, strategic planning, implementation, and business expansion. His role includes supervising day-to-day activities, managing stakeholder relationships, and driving key decisions. He is also associated with Vidya Udyog Private Limited and Trimurti Textile Park Association, and previously served Trimurti Hosiery Mills Private Limited.
2.	Piyush Gupta	Individual	Piyush Gupta is the Whole Time Director and Chief Financial Officer of the Company and has been associated with it since December 8, 2011. He holds a Bachelor of Commerce (Hons.) from Punjab University (2010) and completed a Business Mastery Program from Business Coaching India, New Delhi in 2023. He has over a decade of experience in financial planning, budgeting, internal controls, and administrative management. He oversees the Company's financial operations and aligns financial strategy with business objectives. Prior to joining, he interned at Vardhman Spinning & General Mills. He is also a Director in Trimurti Textile Park Association.
3.	Chirag Gupta	Individual	Chirag Gupta is a Whole Time Director of the Company and has been associated with it since January 15, 2019. He holds a B.A. (Hons.) in Fashion Business Management from Pearl Academy (2025) and completed a Business Mastery Program from Business Coaching India, New Delhi in 2023. He oversees operations and production, including resource planning, quality control, process optimization, and supply chain coordination. Prior to joining the Company, he worked as a Sales Executive Intern with Diesel in New Delhi from 2013 to 2014, gaining experience in retail sales operations and customer relationship management.

For details in respect of our Promoters, please refer to the chapter titled “Our Promoters and Promoter Group” beginning on page 176 of the Red Herring Prospectus.

OBJECTS OF THE ISSUE

This Issue includes a fresh issue of upto 53,27,693 Equity Shares of our Company at an Issue Price of ₹ [●] per Equity Share.

Details of means of finance – The fund requirements for the object of the Issue is stated as follows:

S. No	Particulars	Total estimated cost	To be deployed from IPO	Amount already deployed	Amount to be deployed and utilized in
					FY 27**
1.	Funding capital expenditure for the	367.50	367.50	-	367.50

	purchase of Solar panel.				
2.	Working Capital Requirement of the Company.	1591.65	1591.65	-	1591.65
3.	Prepayment or repayment of a portion of certain outstanding borrowings availed by the Company	2085.00	2085.00	-	2085.00
4.	General Corporate Purpose*	[●]	[●]	-	[●]
	Total	[●]	[●]	-	[●]

* To be determined on finalisation of the Issue Price and updated in the Prospectus prior to filing with the ROC. The amount utilised for General Corporate Purposes shall not exceed 15% of the Gross Proceeds of the Fresh Issue or Rs. 10 crores whichever is less.

**To the extent our Company is unable to utilize any portion of the Net Proceeds towards the Object, as per the estimated schedule of deployment specified above; our Company shall deploy the Net issue Proceeds in the subsequent Financial Years towards the Object.

Our Company, in consultation with the Book Running Lead Manager, undertook a preferential issue of 2,72,307 Equity Shares of face value ₹10 each at a price of ₹65 per Equity Share (including a premium of ₹55 per Equity Share), aggregating to ₹176.99 lakhs, as permitted under applicable law ("Pre-IPO Placement"). The Pre-IPO Placement was undertaken at a price determined by our Company in consultation with the Book Running Lead Manager and was completed prior to filing of this Red Herring Prospectus with the RoC. The amount raised pursuant to the Pre-IPO Placement has been reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended. The Pre-IPO Placement did not exceed 20% of the original size of the Fresh Issue as disclosed in the Draft Red Herring Prospectus. Our Company had appropriately intimated the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Offer or that the Offer may be successful and result in listing of the Equity Shares on the Stock Exchange. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement have been appropriately made in the relevant sections of this Red Herring Prospectus and will be made in the Prospectus.

Details of Utilization of Net Proceeds

The details of utilization of the Net Proceeds are set forth herein below:

1. Funding capital expenditure for the purchase of Solar panels.

The Company proposes to utilize ₹367.50 lakhs from the Net Proceeds for installation of a rooftop solar power plant at its manufacturing facility to reduce energy costs and enhance sustainability. The plant, to be executed on a turnkey basis, will generate approximately 20.25 lakh units annually, resulting in estimated savings of ₹1.42 crore and reducing grid dependency by nearly 47%. Equipped with advanced solar modules and safety systems, the project ensures reliable performance and operational efficiency. It also supports environmental goals by lowering carbon emissions while offering strong financial returns, including a short payback period and improved long-term cost efficiency.

2. Working Capital Requirements

The Company proposes to utilise ₹1591.65 lakhs from the Net Proceeds towards its incremental working capital requirements for FY 2026 and FY 2027 to support inventory, receivables, and operational needs. Working capital requirements have increased in line with business expansion, integrated manufacturing operations, and evolving credit and procurement strategies. Higher receivables due to sales growth and reduced trade payables from early payment

strategies have elevated funding needs. Inventory levels are aligned with production requirements. The Company expects working capital to remain stable at around 38% of revenue, with efficient management of the cash conversion cycle, supporting operational continuity and future growth.

Basis of Estimation of Working Capital Requirement

(Rs.In Lakhs)

Particulars	Restated			
	31.03.23	31.03.24	31.03.25	28.02.2026
<u>I. Current Assets</u>				
(a) Inventory				
<i>i.Raw Material</i>	2081.75	1345.87	2464.08	5040.58
<i>ii.Work In Progress</i>	84.66	113.86	325.95	33.17
<i>iii.Finished goods</i>	743.44	875.95	924.46	911.3
<i>iv.Consumable, Stores and packing materials</i>	52.23	35.79	179.50	107.015
(b) Trade Receivables	1403.45	2831.81	3822.52	4926.92
(c) Short Term Loans and Advances	416.17	739.59	1077.32	1437.05
(d) Other Current Assets	4.99	5.34	6.77	25.42
Total Current Assets (Other than Cash and Cash Equivalents) (I)	4786.69	5948.20	8800.61	12481.45
<u>II. Current Liabilities</u>				
(a) Trade Payables	1229.95	1220.76	1567.44	3272.265
(b) Other Current Liabilities	129.51	212.04	521.38	403.84
(c) Short term provisions	18.92	19.70	324.86	415.741
Total Current Liabilities (II)	1378.38	1452.50	2413.67	4091.840
Net Working Capital Requirement III (I-II)	3408.31	4495.71	6386.94	8389.611
Existing Funding Patterns				
<i>A.Short Term Borrowings</i>	2,274.99	2,826.20	3,603.38	4432.66
<i>B.Funded through internal accruals</i>	1,133.33	1,669.51	2,783.56	3956.95
Total Funding	3,408.31	4,495.71	6,386.94	8389.61

Assessment of Future Working Capital for the FY 26 and FY 27

(Rs. In lakhs)

Particulars	Projected	
		31.03.27
<u>I. Current Assets</u>		
(a) Inventory		
<i>i.Raw Material</i>		3,502.49
<i>ii.Work In Progress</i>		463.32
<i>iii.Finished goods</i>		1,314.05
<i>iv.Consumable, Stores and packing materials</i>		255.14
(b) Trade Receivables		5,833.42
(c) Short Term Loans and Advances		1,645.00
(d) Other Current Assets		7.00
Total Current Assets (Other than Cash and Cash Equivalents) (I)		13,020.42
<u>II. Current Liabilities</u>		
(a) Trade Payables		2,000.00
(b) Other Current Liabilities		375.00
(c) Short term provisions		325.00

Total Current Liabilities (II)		2,700.00
Net Working Capital Requirement III (I-II)		10,320.42
Existing Funding Patterns		
<i>A. Short Term Borrowings</i>		<i>3,750.00</i>
<i>B. Funded through internal accruals/ Net worth</i>		<i>4978.77</i>
<i>C. Usage from IPO Proceeds</i>		<i>1591.65</i>
Total Funding		10,320.42

Key Assumptions & Justifications for increase / decrease in holding norms

Particulars	Assumptions & Justifications
Current Assets	
Inventory	
i. Raw Material	Raw material holding days for the F.Y. 2022-23, 2023-24 and 2024-25 were 109 days, 62 days and 76 days respectively. The holding period saw a reduction in F.Y. 2023-24 due to improved procurement planning and inventory management, followed by an increase in F.Y. 2024-25 on account of higher stocking to meet production requirements. The Company anticipates maintaining raw material holding days at around 70 days in 2026-27.
ii. Work In Progress	Work-in-progress inventory holding days for the F.Y. 2022-23, 2023-24 and 2024-25 were 4 days, 5 days and 10 days respectively. The increase in F.Y. 2024-25 was primarily due to higher production cycle times. The Company expects to maintain work-in-progress holding at around 9 days in F.Y. 2026-27.
iii. Finished goods	Finished goods holding days for the F.Y. 2022-23, 2023-24 and 2024-25 were 39 days, 40 days and 28 days respectively. The decrease in F.Y. 2024-25 was driven by improved demand forecasting and faster order fulfilment. The Company expects finished goods holding days to remain at around levels of 26 days each for F.Y 2026-27
iv. Consumable, Stores and packing materials	Consumables, stores and packing materials holding days for the F.Y. 2022-23, 2023-24 and 2024-25 were 3 days, 2 days and 6 days respectively. The temporary increase in F.Y. 2024-25 was on account of advance bulk purchases. The Company expects the holding period to normalize at 5 days for F.Y 2026-27.
Trade Receivables	Trade receivable days increased from 57 in FY 2023 to 95 in FY 2024, before easing to 81 in FY 2025. The sharp rise was primarily due to the company's decision to extend more lenient credit terms to drive sales growth and capture market share. While this strategy boosted revenues, it also led to higher working capital needs and longer cash conversion cycles. From FY 2024 onwards, the company introduced tighter collection practices, resulting in a moderation of receivable days. Looking ahead, the company intends to maintain receivable days at around 80, balancing customer support through flexible credit terms with the need to preserve strong cash flows for future growth.

Short-term Loans and Advances	Short-term loans and advances primarily comprise advances to suppliers, employees, and other operational advances. The balances stood at ₹416.17 lakhs, ₹739.59 lakhs, and ₹1,077.25 lakhs as at March 31, 2023, March 31, 2024, and March 31, 2025, respectively, reflecting a gradual increase in line with the expansion of operations. As at Feb. 28, 2026, the balance was ₹1437.05 lakhs. The Company expects these levels to remain stable, with marginal growth to ₹1,645.00 lakhs for FY 2026-27, respectively, in line with the overall increase in business volume.
Other Current Assets	Other current assets primarily comprise prepaid expenses and other recoverable. The balance of other current assets stood at ₹4.99 lakhs, ₹5.34 lakhs, and ₹6.77 lakhs as at March 31, 2023, March 31, 2024, and March 31, 2025, respectively, indicating a marginal increase in line with business expansion. For the stub period ended Feb. 28, 2026, the balance was ₹25.42 lakhs. The Company projects this to remain broadly stable at ₹7.00 lakhs for FY 2026-27, reflecting consistency in operational and administrative requirements. The level of other current assets is not material in relation to total current assets and is expected to remain steady over the projection period.
Current Liabilities	
Trade Payables	Trade payables holding days stood at 65 days, 56 days, and 48 days for FY2023, FY2024, and FY2025 respectively, reflecting a steady reduction over the years. This decline was primarily driven by improved cash flow management and a strategic shift towards quicker settlement of dues to strengthen supplier relationships. Going forward, the company plans to further reduce the trade payables period to around 40 days, capitalizing on early payment discounts offered by vendors. This move is aimed at enhancing profitability by lowering procurement costs, while continuing to maintain healthy supplier relationships and ensuring a more efficient cash flow cycle to support future growth.
Other Current Liabilities	Other Current Liabilities mainly include statutory dues, expenses payable to employees, interest accrued, and advances to suppliers of goods and capital machinery. Other current liabilities holding days for the F.Y. 2022-23, 2023-24 and 2024-25 were 7 days, 10 days and 16 days respectively. The increase in holding period over the years was primarily on account of timing of payments and accruals. The Company expects to maintain the holding period at around 7 days in F.Y. 2026-27.
Short term provisions	Short-term provisions include provision for income tax and provision for gratuity. Our short-term provisions holding period for the F.Y. 2022-23, 2023-24 and 2024-25 were 1 day, 1 day and 10 days respectively. The holding period has remained low due to timely settlements and efficient financial planning. Further, the Company anticipates maintaining the short-term provisions holding period at around 6 days for F.Y 2026-27.

3. Prepayment or repayment of a portion of certain outstanding borrowings availed by our Company

The Company proposes to utilise ₹2085.00 lakhs from the Net Proceeds towards repayment or prepayment of certain outstanding borrowings, excluding any loans from promoters or related parties. This is expected to reduce overall indebtedness, improve the debt-equity ratio, and strengthen the balance sheet. The Company may adjust the specific borrowings to be repaid based on commercial considerations such as interest rates, tenure, and prepayment conditions. Such repayment will enhance financial flexibility, enable efficient use of internal accruals, and support future growth and expansion, while improving the Company's ability to raise funds at competitive rates.

4. General Corporate Purpose

Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes.

For further details, please refer to the chapter titled “**Objects of the Issue**” on page 80 of the of the Red Herring Prospectus.

PRE AND POST ISSUE SHAREHOLDING OF PROMOTER(S), MEMBERS OF THE PROMOTER GROUP AND TOP 10 SHAREHOLDERS

The aggregate shareholding, of each of the (i) Promoter(s), (ii) members of the Promoter Group and (iii) top 10 Shareholders (other than the Promoter and Promoter Group) as on the Red Herring Prospectus and as at allotment as per the below mentioned format:

S. No	Pre-Issue shareholding as at the date of Advertisement			Post-Issue shareholding as at Allotment			
	Shareholders	Number of Equity Shares	Share holding (in %)	At the lower end of the price band (₹[•])		At the upper end of the price band (₹[•])	
				Num ber of Equi ty Shar es	Share holdin g (in %)	Numb er of Equity Shares	Share holding (in %)
A. Promoter							
1.	Arun Gupta	45,94,087	33.58%	[•]	[•]%	[•]	[•]%
2.	Piyush Gupta	22,86,046	16.71%	[•]	[•]%	[•]	[•]%
3.	Chirag Gupta	26,71,629	19.53%	[•]	[•]%	[•]	[•]%
B. Promoter Group							
1.	Sangeeta Gupta	17,58,550	12.85%	[•]	[•]%	[•]	[•]%
2.	Arun Gupta HUF	12,60,812	9.21%	[•]	[•]%	[•]	[•]%
3.	Nitasha Gupta	7,02,438	5.13%	[•]	[•]%	[•]	[•]%
4.	Vani Gupta	1,36,563	1.00%	[•]	[•]%	[•]	[•]%
C. Additional Top 10 Shareholders							
1.	Inderpal Singh	76,923	0.56%	[•]	[•]%	[•]	[•]%
2.	Dinesh Garg	76,923	0.56%	[•]	[•]%	[•]	[•]%
3.	Dhruv Gupta	46,154	0.34%	[•]	[•]%	[•]	[•]%
4.	Sumit Garg	16,923	0.12%	[•]	[•]%	[•]	[•]%
5.	Preeti Kapoor	16,923	0.12%	[•]	[•]%	[•]	[•]%
6.	Sunita Bansal	15,385	0.11%	[•]	[•]%	[•]	[•]%
7.	Ritika	7,692	0.06%	[•]	[•]%	[•]	[•]%
8.	Saurabh Makhija	7,692	0.06%	[•]	[•]%	[•]	[•]%
9.	Vikas Bansal	7,692	0.06%	[•]	[•]%	[•]	[•]%

Notes:

1.Includes all options that have been exercised until date of prospectus and any transfers of equity shares by existing shareholders after the date of the pre-issue and price band advertisement until date of prospectus.

2.Based on the Issue price of ₹[●] and subject to finalization of the basis of allotment.

For further information, see “**Capital Structure**” beginning on page 63.

SUMMARY OF RESTATED FINANCIAL INFORMATION

Following are the details as per the restated financial statements for the period ended on February 28, 2026 and financial years ended on March 31, 2025, March 31, 2024, and March 31, 2023:

S. No	Particulars	For the period/ year ended			
		Feb 28-26	Mar 31-25	Mar 31-24	Mar 31-23
1.	Share capital	1368.24	1072.81	970	970
2.	Net Worth	4360.75	2948.52	1624.24	1453.80
3.	Revenue	19469.05	17176.06	10840.57	8955.75
4.	EBITDA	2567.62	2327.52	804.40	551.11
5.	Profit after tax	1,235.23	1103.25	170.43	90.31
6.	Basic Earnings per share	9.20	8.51	1.41	0.74
7.	Diluted Earnings per share	9.20	8.51	1.41	0.74
8.	Return on Equity / Net Worth	28.33%	37.42%	10.49%	6.21%
9.	Net Asset Value per equity share	32.47	22.75	13.40	11.99
10.	Total borrowings	7354.14	6719.98	5778.53	3417.53
11.	Cash flow from operating activities	443.50	-255.82	-367.70	-4.78
12.	Cash flow from investing activities	-383.07	-359.70	-1570.27	-132.20
13.	Cash flow from financing activities	129.67	606.00	1949.68	129.41

Summary of Key Performance Indicators

Key Performance Indicator	Madhur Knit Crafts Limited			
	28-Feb-26	31-Mar-25	31-Mar-24	31-Mar-23
<u>GAAP Financial Measures</u>				
Revenue from operations	19469.05	17,163.50	10,838.45	8,932.70
Year-on-year growth in Revenue from Operations	*	58.36%	21.33%	15.41%
PAT	1235.23	1,103.25	170.43	90.31
PAT Margin (%)	6.34%	6.43%	1.57%	1.01%
Net Worth	4360.75	2,948.52	1,624.24	1,453.80

Debt	7354.14	6,719.98	5,778.53	3,417.53
Current Ratio	1.49	1.48	1.41	1.33
Debt-Equity Ratio	1.69	2.28	3.56	2.35
<u>Non-GAAP Financial Measures</u>				
EBITDA	2567.62	2,327.52	804.40	551.11
EBITDA Margin (%)	13.19%	13.56%	7.42%	6.17%
ROE (%)	28.33%	37.42%	10.49%	6.21%
ROCE (%)	31.11%	33.49%	13.09%	13.78%
Cash Profit after tax	1478.00	1,340.45	349.00	254.78
Operating Cash flow	443.50	-255.82	-367.70	-4.78
Interest Coverage Ratio	3.43	3.40	1.46	1.25
<u>Operational Measures</u>				
Trade Receivable Days	85	81	95	57
Trade Payable Days	79	48	56	65
Inventory Days	147	120	109	155
Cash Conversion Cycle	153	153	148	147

Notes:

- Revenue from operations is the total revenue generated by the Company from the sale of products and services.
- PAT is calculated as Profit before tax – Tax Expense's
- Year-on-year growth in Revenue from Operations is calculated by comparing the revenue of the current year with that of the previous year
- PAT Margin is calculated as PAT for the period/year divided by Revenue from Operations.
- Net worth has been computed as sum of share capital and reserves and surplus.
- Debt is calculated as the sum of all borrowings of the Company, including both long-term and short-term borrowings.
- Current Ratio is calculated as Current Assets divided by Current Liabilities.
- Debt-Equity Ratio is calculated as Total Debt divided by Shareholder's Equity.
- EBITDA is calculated as Profit before tax + Depreciation & Amortization + Interest Expense's -Others Income
- EBITDA Margin' is calculated as EBITDA divided by Revenue from Operations
- Return on Equity is ratio of Profit after Tax and Shareholder Equity.
- Return on Capital Employed is calculated as EBIT divided by capital employed, which is defined as Total Assets minus Current Liability.
- Cash Profit After Tax is Calculated as Profit After Tax + Depreciation and Amortization Expenses.
- Interest Coverage Ratio is calculated as Earning before interest and tax divided by Interest Expense for relevant financial Period.
- Trade Receivable Days are calculated by dividing the total trade receivables by the revenue earned during the period and then multiplying the result by 365 (or 334 for the stub period ending February, 2026).
- Trade Payable Days are determined by dividing the total trade payables by the COGS during the period and multiplying the outcome by 365 (or 334 for the stub period ending February, 2026).
- Inventory Days are determined by dividing the total inventory by the COGS during the period and multiplying the outcome by 365 (or 334 for the stub period ending February, 2026).
- Cash Conversion Cycle is determined by adding Trade Receivable Days and Inventory Days, then subtracting Trade Payable Days from the total
- Ratios of Stub period are not annualized

*Year on year comparison for the stub period not made.

For further details, please refer to the chapter titled “**Basis for Issue Price**” beginning on page 97 of the Red Herring Prospectus.

RISK FACTORS

The below mentioned risks are the top 10 internal risk factors as per the Red Herring Prospectus:

1. Our Company has a high geographical concentration in Punjab, exposing us to region-specific economic, environmental, and operational risks
2. Major portion of our revenue depends upon our few customers. The loss of any one or more of our major customers would have a material adverse effect on our business operations and profitability.
3. We have experienced negative cash flows in the past. Any such negative cash flows in the future could affect our business, results of operations and prospects.
4. A substantial portion of our raw materials is sourced from a limited number of suppliers. Any disruption in supply, increase in prices, or inability of these suppliers to meet quality or delivery requirements could materially and adversely affect our operations, production schedules, and profitability.
5. A significant portion of our raw materials is sourced from Punjab, and any disruption in this region could materially affect our operations, production, and financial performance.
6. Certain adjustments have been made in the financial statements of the Company by our Auditors.
7. Our Company’s Dependence on Short-Term Rental Agreements for Operational Premises.
8. Our Company has entered into certain related party transactions and may continue to do so in the future.
9. Our business is seasonal in nature.
10. The Objects of the Issue for which funds are being raised, are based on our management estimates and any bank or financial institution or any independent agency has not appraised the same. The deployment of funds in the project is entirely at our discretion, based on the parameters as mentioned in the chapter titled “Objects of the Issue”.

For further details, please refer to the chapter titled “**Risk Factors**” beginning on page 17 of the Red Herring Prospectus.

THE DETAILS OF WEIGHTED AVERAGE COST OF ACQUISITION OF SHARES FOR PROMOTER

PARTICULARS	NUMBER OF EQUITY SHARES HELD AS ON DATE*	WEIGHTED AVERAGE COST OF ACQUISITION (“WACA”) PER EQUITY SHARE (IN ₹)*	WACA PER EQUITY SHARES ACQUIRED IN LAST ONE YEAR*
Promoters			
Arun Gupta	45,94,087	2.51	0.00
Piyush Gupta	22,86,046	5.74	0.00
Chirag Gupta	26,71,629	3.59	0.00

Weighted average cost of acquisition of all shares transacted in the one year and three years preceding the date of Red Herring Prospectus.

Period	Weighted Average Cost of Acquisition (in Rs.)	Cap Price (₹[•]) is ‘X’ times the Weighted Average Cost of Acquisition	Range of acquisition price: Lowest Price – Highest Price (in Rs.)
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Last one year preceding the date of the Red Herring Prospectus	NA	[●]	NA
Last three years preceding the date of the Red Herring Prospectus	Rs.3.95	[●]	Lowest: Rs. Nil Highest: Rs.19

Note:- This disclosure pertains exclusively to the transfer of **secondary shares**. No primary issuance of shares or new capital infusion by the Company is represented or implied herein

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

S. No	Name	Designation
1.	Arun Gupta	Managing Director
2.	Piyush Gupta	Whole Time Director and Chief Financial Officer
3.	Chirag Gupta	Whole Time Director
4.	Avinash Rai	Independent Director
5.	Sanjay Kapoor	Independent Director
6.	Gurpreet Kaur	Independent Director
7.	Nikita Tayal	Company Secretary and Compliance Officer

For further details, please refer to the chapter titled **“Our Management”** beginning on page 159 of the Red Herring Prospectus.

AUDITOR QUALIFICATIONS

There are no audit qualifications which have not been given effect in the Restated Financial Statements.

SUMMARY TABLE OF OUTSTANDING LITIGATIONS

A summary of outstanding litigations proceedings involving our Company, Promoters, Directors, KMPs, SMPs and Group Company (to the extent material to our Company) as on the date of the Red Herring Prospectus are as below:

Particulars	Criminal Proceedings	Tax Proceedings	Statutory or regulatory proceedings	Disciplinary actions by SEBI or stock exchanges against our Promoters	Material civil litigations	Amount Involved (In Rs. lacs)
Company						
By	2	-	-	-	1	112.26
Against	-	1*	-	-	-	0.31
Promoters						
By	-	-	-	-	-	-
Against	-	-	-	-	-	-
Group Companies/Entities						
By	1	-	-	-	-	49.80
Against	-	-	-	-	-	-
Subsidiary						
By	-	-	-	-	-	-
Against	-	-	-	-	-	-

Directors other than promoters						
By	-	-	-	-	-	-
Against	-	-	-	-	-	-
KMP other than Directors and Promoters						
By	-	-	-	-	-	-
Against	-	-	-	-	-	-

*Assessment Year 2025-26 (Financial Year 2024-25)– Interest on TDS Default: For FY 2024–25, the Income Tax Department has recorded an outstanding Interest of Rs. 0.31 lakhs on earlier TDS default by Madhur Knit Crafts Pvt. Ltd. No litigation has been initiated in this regard.

For further details, please refer to chapter titled “***Outstanding Litigations & Material Developments***” on page 208 of this Red Herring Prospectus.

DECLARATION BY THE COMPANY

We hereby declare that all relevant provisions of the Companies Act, 1956, Companies Act, 2013 and the 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 Securities and Exchange Board of India Act, 1992, as the case may be have been complied with and no statement made in the Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992 or rules made or guidelines or regulation issued there under, as the case may be. We further certify that all statements in the Red Herring Prospectus are true and correct.