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**SIDDHI COTSPIN LIMITED**

**Corporate Identification Number: U17123GJ2015PLC085135**

Our Company was incorporated on November 23, 2015, as “Siddhi Cotspin Private Limited”, a private limited company under the Companies Act, 2013, pursuant to a certificate of incorporation dated November 23, 2015, issued by the Assistant Registrar of Companies, Ahmedabad. Subsequently, our Company was converted into a public limited company pursuant to a resolution passed by our Shareholders at an extraordinary general meeting held on January 29, 2024, and a fresh certificate of incorporation dated February 12, 2024 was issued by the Registrar of Companies, Ahmedabad consequent upon conversion, recording the change in the name of our Company to “Siddhi Cotspin Limited”.

**Registered Office:** Survey 279 & 280, Unit No.13, Sub Plot No. 18 Sector 3 of Dholi Integrated Spinning Park, Ahmedabad, Gujarat-382240

**Corporate Office:** 322, 3rd Floor, Swaminarayan Plaza -1 Nr.Gokulesh Petrol Pump Narol, Ahmedabad, Gujarat-382405

**Website:** [www.siddhicotspin.com](http://www.siddhicotspin.com); **E-Mail:** [cs@siddhicotspin.com](mailto:cs@siddhicotspin.com); **Telephone No:** +91 70690 08810

**Company Secretary and Compliance Officer:** Mr. Jagdish Shamjibhai Kanzariya

**PROMOTERS OF OUR COMPANY: MR. NAVIN SARAOGI AND MR. AANSH RAJESH BINDAL**

**ADDENDUM TO THE DRAFT RED HERRING PROSPECTUS: NOTICE TO THE INVESTORS (“THE ADDENDUM”)**

INITIAL PUBLIC OFFER OF UPTO 6468000 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH OF SIDDHI COTSPIN LIMITED (“SCL” OR THE “COMPANY” OR THE “OFFEROR”) FOR CASH AT A PRICE OF ₹ [●]/- PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF ₹ [●]/- PER EQUITY SHARE (THE “OFFER PRICE”) AGGREGATING TO ₹ [●] LAKHS (“THE OFFER”) COMPRISING OF A FRESH ISSUE UPTO 4944000 EQUITY SHARES AGGREGATING TO ₹ [●]/- LAKHS (THE “FRESH ISSUE”) AND AN OFFER FOR SALE OF UPTO 1524000 EQUITY SHARES BY PROMOTER SELLING SHAREHOLDER- MR. NAVIN SARAOGI AND SELLING SHAREHOLDER – MRS. VINEETA VISHAL CHIRIPAL AGGREGATING TO ₹ [●]/- LAKHS (“OFFER FOR SALE”), OF WHICH [●] EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH FOR CASH AT A PRICE OF ₹ [●]/- PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF ₹ [●]/- PER EQUITY SHARE AGGREGATING TO ₹ [●] LAKHS WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKER TO THE OFFER (THE “MARKET MAKER RESERVATION PORTION”). THE OFFER LESS THE MARKET MAKER RESERVATION PORTION i.e. NET OFFER OF [●] EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH AT A PRICE OF ₹ [●]/- PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF ₹ [●]/- PER EQUITY SHARE AGGREGATING TO ₹ [●] LAKHS IS HEREIN AFTER REFERRED TO AS THE “NET OFFER”. THE OFFER AND THE NET OFFER WILL CONSTITUTE [●] % AND [●] %, RESPECTIVELY, OF THE POST OFFER PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY. THE FACE VALUE OF THE EQUITY SHARES IS ₹ 10/- EACH.

THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY AND THE SELLING SHAREHOLDER IN CONSULTATION WITH THE BRLM ADVERTISED IN [●] EDITION OF [●] (A WIDELY CIRCULATED ENGLISH NATIONAL DAILY NEWSPAPER) AND [●] EDITION OF [●] CIRCULATED HINDI NATIONAL DAILY NEWSPAPER. AND AHMEDABAD EDITION OF [●] REGIONAL NEWSPAPER GUJARATI REGIONAL LANGUAGE OF GUJARAT WHERE OUR REGISTERED OFFICE IS LOCATED). AT LEAST TWO WORKING DAYS PRIOR TO THE OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED (“NSE”) FOR THE PURPOSE OF UPLOADING ON THEIR WEBSITE. FOR FURTHER DETAILS KINDLY REFER TO CHAPTER TITLED “TERMS OF THE OFFER” BEGINNING ON PAGE 206 OF THIS DRAFT RED HERRING PROSPECTUS.

Potential Bidders may note the following:

1. Under the heading titled “Risk Factor” beginning from page 24 of the Draft Red Herring Prospectus and accordingly, certain risk factors shall be amended and/ or updated and/ or added, as provided beginning on page 1 of the Addendum to Draft Red Herring Prospectus.
2. Under the heading titled “General Information” beginning from 47 of the Draft Red Herring Prospectus and accordingly, certain information shall be amended and/ or updated and/ or added, as provided beginning on page 4 of the Addendum to Draft Red Herring Prospectus.
3. Under the heading titled “Object of Offer” beginning from page 71 of the Draft Red Herring Prospectus and accordingly, certain information shall be amended and/ or updated and/ or added, as provided beginning on page 5 of the Addendum to Draft Red Herring Prospectus.
4. Under the heading titled “Business Overview” beginning from page 109 of the Draft Red Herring Prospectus and accordingly, certain information shall be amended and/ or updated and/ or added, as provided beginning on page 6 of the Addendum to Draft Red Herring Prospectus.
5. Under the heading titled “Offer Procedure” beginning from page 217 of the Draft Red Herring Prospectus and accordingly, certain information shall be amended and/or updated and/or added, as provided beginning on page 7 of the Addendum to Draft Red Herring Prospectus.

The above addition, deletion, and /or amendments are to be read in conjunction with the Draft Red Herring Prospectus and accordingly their references in the Draft Red Herring Prospectus stand amended pursuant to this Addendum. Please note that the changes pursuant to this Addendum will be appropriately included in the Red Herring Prospectus, as and when filed with the ROC, the SEBI and the Stock Exchange. All capitalised terms used in this Addendum shall, unless the context otherwise requires, have the meaning ascribed to them in the Draft Red Herring Prospectus.

The Addendum is filed with NSE and shall be made the respective websites NSE i.e. [www.nseindia.com](http://www.nseindia.com) ; Book Running Lead Manager at [www.swastika.co.in](http://www.swastika.co.in) and the Offeror Company at: [www.siddhicotspin.com](http://www.siddhicotspin.com)

All capitalized terms used in the Addendum shall, unless the context otherwise requires, have the meaning ascribed to them in the Draft Red Herring Prospectus.

The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and unless so registered, and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S and the applicable laws of each jurisdiction where such offers and sales are made.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be issued or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Place: Ahmedabad<br>Date: January 10, 2025                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <p align="right"><b>On behalf of Siddhi Cotspin Limited</b></p> <p align="right"><b>Sd/-</b><br/><b>Navin Saraogi</b><br/><b>Chairman and Managing Director</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>BOOK RUNNING LEAD MANAGER</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>REGISTRAR TO THE OFFER</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>SWASTIKA INVESTMART LIMITED</b><br><b>SEBI Registration Number:</b> INM000012102<br><b>Merchant Banking Division:</b> Flat No.18, 2nd Floor, North Wing, Madhaveswar Co-op- Hsg Society Ltd, Madhav Nagar,11/12, S. V. Road, Andheri W, Mumbai– 400058 (Maharashtra).<br><b>Telephone Number:</b> +91-22-26254568-69<br><b>Email Id:</b> merchantbanking@swastika.co.in<br><b>Investors Grievance Id:</b> investorgrievance@swastika.co.in<br><b>Website:</b> www.swastika.co.in<br><b>Contact Person:</b> Mr. Mohit R. Goyal<br><b>CIN:</b> L65910MH1992PLC067052 | <b>KFIN TECHNOLOGIES LIMITED</b><br><b>SEBI Registration Number:</b> INR000000221<br><b>Address:</b> Selenium Tower-B, Plot 31 & 32, Gachibowli Financial District, Nanakramguda, Serilingampally Hyderabad – 500 032, Telangana<br><b>Tel. Number:</b> +91 40 6716 2222 <b>Toll Free No-</b> 1800 309 4001<br><b>Contact Person:</b> M Murali Krishna<br><b>Email Id:</b> <a href="mailto:scpl.ipo@kfintech.com">scpl.ipo@kfintech.com</a><br><b>Investors Grievance Id:</b> <a href="mailto:einward.ris@kfintech.com">einward.ris@kfintech.com</a><br><b>Website:</b> <a href="http://www.kfintech.com">www.kfintech.com</a><br><b>CIN:</b> L72400TG2017PLC117649 |

*Siddhi Cotspin Limited is proposing, subject to applicable statutory and regulatory requirements, receipt of requisite approvals, market conditions and other considerations, to make an initial public offer of its Equity Shares and has been filed the Draft Red Herring Prospectus dated May 01, 2024 with NSE. The Draft Red Herring Prospectus and the Addendum to the Draft Red Herring Prospectus shall be available on the respective websites NSE i.e. [www.nseindia.com](http://www.nseindia.com); Book Running Lead Manager at [www.swastika.co.in](http://www.swastika.co.in) and the Offeror Company at: [www.siddhicotspin.com](http://www.siddhicotspin.com). Potential Applicants/Bidders should note that investment in equity shares involves a high degree of risk and details relating to such risk, please see the section entitled "Risk Factors" beginning on page 24 of the Draft Red Herring Prospectus. Potential Applicants/Bidders should not reply on the Draft Red Herring Prospectus filed with NSE for making any investment decision.*

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## RISK FACTOR

- a. Under the Risk Factor section, existing Risk Factor 11 has been shifted to Risk Factor 1.

**~~11. 1. There is an Interim Order/Show Cause Notice passed by the Securities and Exchange Board of India (SEBI) involving Mr. Vedprakash Devkinandan Chiripal and Ms. Savitridevi Chiripal part of our Promoter Group, alongwith other entities viz. Mauria Udyog Limited, 7NR Retail Limited, Darjeeling Ropeway Company Limited, GBL Industries Limited, and Vishal Fabrics Limited which may impact our Promoter's reputation and in turn affecting our business operations and the value of our shares~~**

SEBI's investigation into these companies was triggered by an abnormal rise in their stock prices and trading volumes, coupled with similar trading patterns among certain entities. The investigation indicated that entities known as "PV Influencers" and "Off loaders" might have engaged in fraudulent trade practices using bulk SMS and website recommendations. This allegedly manipulated the prices and volumes of the shares before and after the SMS phase, allowing some entities to profit and subsequently exit the market. Further investigation revealed close connections among 15 involved entities, sharing common contact information and coordinating trading activities. The Chiripal Group, part of Vishal Fabrics Limited's promoter/promoter group, and Mr. Vedprakash Devkinandan Chiripal, Promoter Group shareholder of Vishal Fabrics Limited, were reportedly implicated in the scheme, suggesting potentially fraudulent activities in Vishal Fabrics Limited shares.

SEBI has issued an interim order-cum-show cause notice numbering WTM/SM/ IVD/ID9/27532/2023-24 dated June 19, 2023 ("SEBI Interim Order") based on factual findings, proposing restrictions on the entities' market activities and imposing monetary penalties. The details of monetary penalty w.r.t. parties related to us are provided herein below:

| <u>Scrip</u>           | <u>Amount of wrongful Gains (in INR)</u> | <u>Entities jointly and severally liable for wrongful gains</u>                  | <u>Relation to Issuer Company</u>                                                                                   |
|------------------------|------------------------------------------|----------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|
| Vishal Fabrics Limited | 1,34,67,773                              | Entities mentioned at Table No. 20, Table No. 39, Table No. 40 and Table No. 41. | This includes profit made by connected entities of Chiripal Group who are the Promoter Group of the Issuer Company. |
|                        | 30,96,00,866                             | Entities mentioned at Table No. 20 and Table No. 39                              |                                                                                                                     |

The SEBI investigation is ongoing and possible directions like debarment from accessing capital market against the said promoter group may affect the eligibility of our Company for accessing the capital markets.

- b. Under the Risk Factor section, existing Risk Factor 29 has been updated as follows:

**29. We have in the past entered into related party transactions and may continue to do so in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our Company's financial condition and results of operations**

Our Company has entered into various transactions with our Promoter Group which are as follows:

| <u>Sr No</u> | <u>Particular</u>                | <u>Nature Of Transaction</u> | <u>April 2023 - December 2023</u> | <u>2022-23</u> | <u>2021-22</u> | <u>2020-21</u> |
|--------------|----------------------------------|------------------------------|-----------------------------------|----------------|----------------|----------------|
| 1            | Aansh Bindal                     | Rent                         | 0.20                              | -              | -              | -              |
| 2            | Rajesh Bindal                    | Rent                         | -                                 | 1.20           | 0.50           | 1.20           |
| 3            | Jagdish Shamjibhai Kanzariya     | Salary                       | 1.48                              | -              | -              | -              |
| 4            | Bhavana Textiles Pvt Ltd         | Sales                        | -                                 | -              | 58.59          | 24.30          |
| 5            | K S Solutions                    | Purchase                     | -                                 | -              | 68.25          | 1.00           |
| 6            | Navin Saraogi                    | Director's Remuneration      | 2.25                              | 3.00           | 3.00           | 0.75           |
|              |                                  | Loan Taken                   | 180.00                            | -              | -              | -              |
|              |                                  | Loan Repaid                  | 110.00                            | 448.72         | -              | -              |
| 7            | Pushpa Bindal                    | Loan Taken                   | -                                 | 630.00         | 541.90         | -              |
|              |                                  | Loan Repaid                  | 350.00                            | 375.00         | 238.08         | 130.00         |
|              |                                  | Rent                         | 2.70                              | 3.60           | 3.60           | 3.60           |
| 8            | Sanjay Bindal                    | Director's Remuneration      | 11.25                             | 15.00          | 15.00          | 15.00          |
|              |                                  | Loan Taken                   | -                                 | 350.00         | -              | -              |
|              |                                  | Loan Repaid                  | 360.00                            | 280.00         | -              | 25.00          |
| 9            | Shivtex Spinning Private Limited | Purchase                     | -                                 | 1.46           | -              | -              |
|              |                                  | Sales                        | 6,479.23                          | 34.52          | 201.21         | 51.47          |
| 10           |                                  | Sales                        | -                                 | 1.85           | 2.83           | -              |

| Sr No | Particular                               | Nature Of Transaction | April 2023 - December 2023 | 2022-23 | 2021-22 | 2020-21 |
|-------|------------------------------------------|-----------------------|----------------------------|---------|---------|---------|
|       | Siddhi Weaves Private Limited            | Sales Return          | -                          | 2.83    | -       | -       |
| 11    | United Tex Chem Solution Private Limited | Purchase              | -                          | -       | 0.10    | -       |
| 12    | Bindal Worldwide Private Limited         | Loan Repaid           | -                          | 107.90  | 200.00  | 25.00   |
| 13    | Dholi Specilaity Private Limited         | Loan Given            | 14.90                      | -       | -       | -       |

These transactions, inter-alia includes, sales, Sales Return, purchase of Raw Material and Product Good, Loan Taken and Repayment, Rent, Salary and Remuneration. For details, please refer to **Annexure- 35 - Related Party Transactions** under Section titled “*Restated Financial Information of the Company*”, “*Our Promoters and Promoter Group*” and “*Capital Structure*” beginning on page **Error! Bookmark not defined.**, **Error! Bookmark not defined.** and **Error! Bookmark not defined.** respectively of this Draft Red Herring Prospectus. Our Company has entered into such transactions due to easy proximity and quick execution. While we believe that we confirm that our past related party transactions have been conducted on an arm’s length basis and are in accordance with the provisions of the Companies Act, 2013 and other applicable laws. there can be no assurance that we could not have achieved more favourable terms if such transactions had not been entered into with related parties. Furthermore, it is likely that we will continue to enter into related party transactions in the future. Although all related-party transactions that we may enter into in the future are subject to approval by our Audit Committee, Board or shareholders, as required under the Companies Act, there can be no assurance to you that such transactions in the future or any other future related party transactions that we may enter into, individually or in the aggregate, will not have an adverse effect on our business, cash flows, financial condition and results of operations.

- c. Under the Risk Factor section, existing Risk Factor 32 has been removed.

**~~32. We have not received NOC from one of our lenders for undertaking the initial public offer of equity shares.~~**

~~As on the date of this Draft Red Herring Prospectus, we have not received the NOC for the Proposed Offer from one of our lenders, namely State Bank of India. However, our Company intends to obtain the necessary NOC in relation to the proposed Offer from such lender prior to the filing of the Prospectus with the RoC, undertaking the proposed Offer without obtaining such lenders NOC may constitute a default under such loan agreement, which could impact our loan facilities and may have an effect on our financial condition and results of operations.~~

- d. Under the Risk Factor section, existing Risk Factor 37 has been shifted to Risk Factor 15.

**~~37- 15. Our Company has unsecured loans which are repayable on demand. Any demand from lenders for repayment of such unsecured loans may adversely affect our cash flows.~~**

Our Company has availed unsecured loans from our Managing Director, Mr. Navin Saraogi, former director Mr. Sanjay Premchand Bindal and his mother Mrs. Pushpa Bindal which may be recalled by lenders at any time with or without the existence of an event of default, on short or no notice. As of December 31, 2023, such loans amounted to ₹ 1368.87 lakhs. In the event that any lender seeks a repayment of any such loan, our Company would need to find alternative sources of financing, which may not be available on commercially reasonable terms, or at all. As a result, any such demand may materially affect our business, cash flows, financial condition and results of operations. For further details, please see the section entitled “*Business Overview - Statement of Financial Indebtedness*” on page **Error! Bookmark not defined.** of this Draft Red Herring Prospectus.

- e. Under the Risk Factor section, we have included new Risk Factor 16 as follows:

**16. There are certain discrepancies and non-compliances noticed in some of our financial reporting and/or records relating to filing of returns and deposit of statutory dues with the taxation and other statutory authorities.**

In the past, our company has at several instances, delayed in filing our GST returns, EPF returns and deposit of statutory dues due to working capital requirement, operational and administrative difficulties, as a result of which, we have been required to pay the late filing fees along with interest on delayed deposit of due taxes and statutory dues. Although the late filing fees and interest on late deposits levied are small but if we continue this practice, the accumulated amounts of each delay may adversely affect our cash flows. Further no-show cause notice has been issued against our Company till date, in respect of above. In the event of any cognizance being taken by the concerned authorities in respect of above, actions may be taken against our Company and its directors, in which event the financials of our Company and our directors may be affected. The details of late filings under GST and EPF is provided herein below:

**GST Returns-**

| Financial Year | Return Type | Total Number of Establishments | Establishments With Delayed Filings |
|----------------|-------------|--------------------------------|-------------------------------------|
| 2022-2023      | GSTR3B      | 1                              | 1                                   |

|           |        |          |          |
|-----------|--------|----------|----------|
| 2021-2022 | GSTR3B | <u>1</u> | <u>1</u> |
| 2020-2021 | GSTR3B | <u>1</u> | <u>1</u> |

**EPF Payments-**

| <b><u>Financial Year</u></b> | <b><u>Total Amount of All Establishments Paid</u></b> | <b><u>Total No. of Establishments</u></b> | <b><u>Establishments With Delayed Payments</u></b> |
|------------------------------|-------------------------------------------------------|-------------------------------------------|----------------------------------------------------|
| 2021-2022                    | <u>3,518,376</u>                                      | <u>1</u>                                  | <u>1</u>                                           |
| 2020-2021                    | <u>3,053,694</u>                                      | <u>1</u>                                  | <u>1</u>                                           |
| 2018-2019                    | <u>268,891</u>                                        | <u>1</u>                                  | <u>1</u>                                           |

These delays were primarily due to the COVID-19, internal and technical issues. We have since taken steps such as channelling more resources towards improving our administrative systems and training our staff to rectify such delays. However, there can be no assurance that such delays may not arise in the future. This may lead to financial penalties from respective government authorities. While we have been required to make payment of fines/ penalties for delays in payment of such statutory dues, wherever applicable, these have not been material in nature. However, we cannot assure you that we will not be subject to such penalties and fines in the future which may have a material adverse impact on our financial condition and cash flows.

- f. ***Under the Risk Factor section, we have included new Risk Factor 4 as follows:***

**4. We are primarily dependent upon few key suppliers for procurement of raw materials. Any disruption in the supply of these raw materials or fluctuations in their prices could have a material adverse effect on our business operations and financial conditions.**

We are dependent on third party suppliers for procurement of raw cotton, which is the main raw material for manufacturing of cotton yarn. We procure a large portion of raw cotton from a few key suppliers, with whom we do not have any long-term supply contracts and therefore, we cannot assure you that we shall always have a steady supply of raw material at prices favourable to us. Inadequate supply of such raw materials caused either by a sudden change in the prices or imposition of any new taxes or for any other reason could have a material adverse effect on our business operations and financial condition. For the nine months period ended December 31, 2023, Fiscals 2023, 2022 and 2021, purchases from our top ten suppliers amounted to ₹ 30,278.19 lakhs, ₹ 13,264.16 lakhs, 33,182.83 Lakhs and ₹ 7655.58 lakhs respectively, and represented 94.28%, 89.05%, 97.99% and 82.21% of our total raw material purchases. In case of loss of any of our existing major vendors for any reason, it would have a material adverse effect on our business operations and profitability. If we cannot fully offset increases in the cost of raw materials, through increases in the prices for our products, we would experience lower margins and profitability, which would have a material adverse effect on our financial condition and results of operations. Total purchase of raw materials respectively for the period ended on December 31, 2023 and for the year ended on March 31, 2023, March 31, 2022 and March 31, 2021 is as follows:

| <b><u>Particulars</u></b> | <b><u>% contribution to Purchases</u></b>            |                                                 |                                                 |                                                 |
|---------------------------|------------------------------------------------------|-------------------------------------------------|-------------------------------------------------|-------------------------------------------------|
|                           | <b><u>For the Period ended December 31, 2023</u></b> | <b><u>For the year ended March 31, 2023</u></b> | <b><u>For the year ended March 31, 2022</u></b> | <b><u>For the year ended March 31, 2021</u></b> |
| Top 1 Supplier            | 53.42%                                               | 55.37%                                          | 67.44%                                          | 41.15%                                          |
| Top 3 Suppliers           | 83.73%                                               | 72.93%                                          | 80.94%                                          | 65.85%                                          |
| Top 5 Suppliers           | 90.06%                                               | 80.99%                                          | 88.84%                                          | 74.67%                                          |
| Top 10 Suppliers          | 94.28%                                               | 89.05%                                          | 97.99%                                          | 82.21%                                          |

Our suppliers may be unable to provide us with a sufficient quantity of raw materials, at prices acceptable to us. Further, we may not be able to renegotiate our pricing or delivery terms on a reasonable basis or find suitable alternative suppliers in the future, which may affect our business, financial condition, cash flows and results of operations. Any extended interruption in the supply of raw materials could disrupt our operations and can have a material adverse effect on our business, results of operations or financial condition. Although we believe we have maintained stable relationships with our suppliers in the past, we cannot assure you that, we will be able to source adequate quantities of raw materials in a timely manner from our existing suppliers in the future or we will be able to find alternative suppliers at acceptable prices and quality levels. Our inability to do so may adversely affect our reputation, business, results of operations and cash flows.

- g. ***Under the Risk Factor section, we have included new Risk Factor 11 as follows:***

**11. Our operations are concentrated in the state of Gujarat and any adverse developments affecting Gujarat could have an adverse effect on our business, results of operations and financial condition.**

Our operations are concentrated in the state of Gujarat. Our manufacturing facility is also located in Dholi, Gujarat. We sourced majority of our raw material from the state of Gujarat. Consequently, any significant social, political or economic disruption, or natural calamities or civil disruptions in the state of Gujarat or any changes in the policies of the state or local governments of this state or in the Government of India could require us to incur significant capital expenditure and change our entire business strategy in parts or in entirety. The occurrence of our inability to effectively respond to any such event or adapt to the changes in such policies could have an adverse effect on our business, results of operations, financial condition and cash flows.

**GENERAL INFORMATION**

- a) the peer review number of the Peer Review Auditor of The Company:

| PEER REVIEW AUDITOR OF THE COMPANY                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>M/S. JPMK &amp; CO,</b><br><b>Chartered Accountants</b><br><b>Address:</b> 704, Abhishree Avenue, Opp. Hanuman Temple, Nehrunagar Circle, SM Road, Ambawadi, Ahmedabad, Gujarat-380015<br><b>Telephone No.:</b> +91 79 40307337 (M): +91 9824250131<br><b>Email Id:</b> <a href="mailto:JVA@VAGERIYA.COM">JVA@VAGERIYA.COM</a><br><b>Contact Person:</b> CA Jitendra Vageriya<br><b>Firm Registration No.:</b> 124193W<br><b>Peer Review No.:</b> 015399 |

**OBJECT OF OFFER**

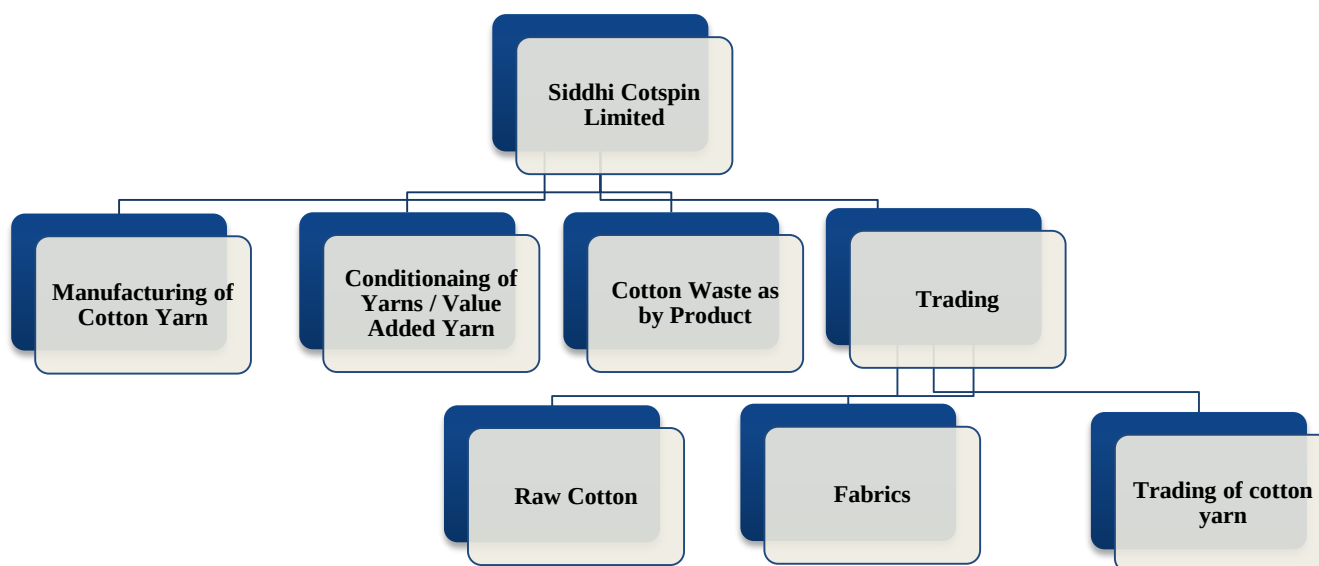
**The Chapter shall be updated Latest available information**



## BUSINESS OVERVIEW

### OUR BUSINESS MODEL

We derive our revenue from following business verticals:



### OPERATIONAL KPIs OF THE COMPANY

| Particulars                                                                    | For the Year/period ended on |           |            |           |
|--------------------------------------------------------------------------------|------------------------------|-----------|------------|-----------|
|                                                                                | 31-Dec-23                    | 31-Mar-23 | 31- Mar-22 | 31-Mar-21 |
| <b>Cotton Yarn</b>                                                             |                              |           |            |           |
| Installed Capacity (In Kgs)                                                    | 9,011,850                    | 9,011,850 | 9,011,850  | 9,011,850 |
| Actual Production (In Kgs)                                                     | 6,318,541                    | 7,099,541 | 8,284,153  | 6,461,079 |
| Capacity Utilization (In %)                                                    | 70.11%*                      | 78.78%    | 91.93%     | 71.70%    |
| <b>Value Addition Yarn</b>                                                     |                              |           |            |           |
| Installed Capacity (In Kgs)                                                    | 13,579,500                   | 9,011,850 | 9,011,850  | 0         |
| Actual Capacity Utilization (In Kgs)                                           | 9,357,665                    | 0         | 5,798,782  | 0         |
| Capacity Utilization (In %)                                                    | 68.91%*                      | 0.00%     | 64.35%     | 0.00%     |
| <b>Contribution to revenue from operations of top 1 / 3 / 5 / 10 customers</b> |                              |           |            |           |
| Top 1 Customers (%)                                                            | 27.96%                       | 18.80%    | 34.85%     | 25.95%    |
| Top 3 Customers (%)                                                            | 62.82%                       | 42.73%    | 56.69%     | 42.80%    |
| Top 5 Customers (%)                                                            | 75.79%                       | 57.82%    | 68.01%     | 50.26%    |
| Top 10 Customers (%)                                                           | 88.19%                       | 82.68%    | 78.77%     | 61.99%    |

\* Not Annualized

## **OFFER PROCEDURE**

**a) under the Offer Procedure, heading *Allotment Procedure and Basis of Allotment* have been updated as follows:**

The Allotment of Equity Shares to Bidders other than Retail Individual Investors and Anchor Investors may be on proportionate basis. For Basis of Allotment to Anchor Investors, Bidders may refer to RHP. No Retail Individual Investor will be Allotted less than the minimum Bid Lot subject to availability of shares in Retail Individual Investor Category and the remaining available shares, if any will be Allotted on a proportionate basis. The offeror is required to receive a minimum subscription of 90% of the Offer. However, in case the Offer is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

**Flow of Events from the closure of bidding period (T DAY) Till Allotment:**

- On T Day, RTA to validate the electronic bid details with the depository records and also reconcile the final certificates received from the Sponsor Bank for UPI process and the SCSBs for ASBA and Syndicate ASBA process with the electronic bid details.
- RTA identifies cases with mismatch of account number as per bid file / Final Certificate and as per applicant's bank account linked to depository demat account and seek clarification from SCSB to identify the applications with third party account for rejection.
- Third party confirmation of applications to be completed by SCSBs on T+1 day.
- RTA prepares the list of final rejections and circulate the rejections list with BRLM(s)/ Company for their review/ comments.
- Post rejection, the RTA submits the basis of allotment with the Designated Stock Exchange (DSE).
- The Designated Stock Exchange (DSE), post verification approves the basis and generates drawal of lots wherever applicable, through a random number generation software.
- The RTA uploads the drawal numbers in their system and generates the final list of allottees as per process mentioned below:

**Process for generating list of allottees: -**

- Instruction is given by RTA in their Software System to reverse category wise all the application numbers in the ascending order and generate the bucket /batch as per the allotment ratio. For example, if the application number is 78654321 then system reverses it to 12345687 and if the ratio of allottees to applicants in a category is 2:7 then the system will create lots of 7. If the drawal of lots provided by Designated Stock Exchange (DSE) is 3 and 5 then the system will pick every 3rd and 5<sup>th</sup> application in each of the lot of the category and these applications will be allotted the shares in that category.
- In categories where there is proportionate allotment, the Registrar will prepare the proportionate working based on the oversubscription times.
- In categories where there is undersubscription, the Registrar will do full allotment for all valid applications.
- On the basis of the above, the RTA will work out the allottees, partial allottees and non- allottees, prepare the fund transfer letters and advice the SCSBs to debit or unblock the respective accounts.

## DECLARATION

We hereby declare that all relevant provisions of the Companies Act 2013 and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations or guidelines 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 this Addendum to Draft Red Herring Prospectus is contrary to the provisions of the Companies Act 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contract (Regulation) Rules, 1957 and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules, regulations or guidelines issued thereunder, as the case may be. We further certify that all the statements and disclosures made in this Addendum to Draft Red Herring Prospectus are true and correct.

### SIGNED BY ALL THE DIRECTORS OF OUR COMPANY

| Name                          | Designation                     | Signature |
|-------------------------------|---------------------------------|-----------|
| Mr. Navin Saraogi             | Chairman & Independent Director | sd/-      |
| Mr. Aansh Rajesh Bindal       | Whole Time Director             | sd/-      |
| Ms. Drashti Laxmikant Solanki | Independent Director            | sd/-      |
| Mr. Sumit Jayantibhai Patel   | Independent Director            | sd/-      |
| Mr. Aayush Kamleshbhai Shah   | Independent Director            | sd/-      |

### SIGNED BY

| Name                             | Designation                              | Signature |
|----------------------------------|------------------------------------------|-----------|
| Mr. Vardhaman Parimalkumar Shah  | Chief Financial Officer                  | sd/-      |
| Mr. Jagdish Shamjibhai Kanzariya | Company Secretary and Compliance Officer | sd/-      |

Place: Ahmedabad

Date: January 10, 2025