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NEELAM LINENS AND GARMENTS (INDIA) LIMITED

Corporate Identity Number: U17299MH2010PLC208010

Our Company was incorporated as private limited Company under the name "Neelam Linens and Garments (India) Private Limited", under the provisions of the Companies Act, 1956 and Certificate of Incorporation was issued by the Registrar of Companies, Mumbai on September 22, 2010. The status of the Company was changed to public limited and the name of our Company was changed to "Neelam Linens and Garments (India) Limited" vide Special Resolution dated August 12, 2022. The fresh certificate of Incorporation consequent to conversion was issued on September 01, 2022 by the Registrar of Companies, Mumbai. The Corporate Identity Number of our Company is U17299MH2010PLC208010. For details of incorporation, change of name and registered office of our Company, please refer to chapter titled "General Information" and "History and Certain Corporate Matters" beginning on page **Error! Bookmark not defined.** and **Error! Bookmark not defined.** respectively of the Draft Red Herring Prospectus.

Registered Office: : 446-447, 4th Floor, Shah & Nahar Industrial Estate Sitaram Jadav Marg, Lower Parel, Delisle Road, Mumbai- 400013, Maharashtra, India.;

Telephone No: +91 22 2494 2454 ; **Website:** www.neelamgarments.com ; **E-mail:** compliance@neelamgarments.com;

Contact Person: Supriya Gupta, Company Secretary and Compliance Officer

ADDENDUM TO THE DRAFT RED HERRING PROSPECTUS DATED MAY 24, 2024: NOTICE TO THE INVESTORS ("THE ADDENDUM")

INITIAL PUBLIC ISSUE OF UP TO 60,00,000[^] EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH ("EQUITY SHARES") OF NEELAM LINENS AND GARMENTS (INDIA) LIMITED ("COMPANY") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) ("ISSUE PRICE") AGGREGATING UP TO ₹ [●] LAKHS OF WHICH UP TO [●] 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 ₹ [●] WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKER TO THE ISSUE (THE "MARKET MAKER RESERVATION PORTION"). THE ISSUE LESS THE MARKET MAKER RESERVATION PORTION i.e. NET ISSUE OF [●] EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH AT A PRICE OF ₹ [●] PER EQUITY SHARE AGGREGATING TO ₹ [●] IS HEREIN AFTER REFERRED TO AS THE "NET ISSUE". THE ISSUE AND THE NET ISSUE WILL CONSTITUTE [●] % AND [●] % RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY. THE FACE VALUE OF EQUITY SHARES IS ₹ 10/- EACH. THE ISSUE PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES. THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGER AND WILL BE ADVERTISED IN ALL EDITIONS OF [●] (WHICH ARE WIDELY CIRCULATED ENGLISH DAILY NEWSPAPER) AND [●] EDITIONS OF [●] (WHICH ARE WIDELY HINDI DAILY NEWSPAPER) AND [●] EDITIONS OF [●] (A WIDELY CIRCULATED MARATHI DAILY NEWSPAPER, MARATHI BEING THE REGIONAL LANGUAGE OF MAHARASHTRA WHERE OUR REGISTERED OFFICE IS LOCATED), AT LEAST TWO WORKING DAYS PRIOR TO THE BID/ISSUE OPENING DATE AND SHALL BE MADE AVAILABLE TO NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE", "STOCK EXCHANGE") FOR THE PURPOSE OF UPLOADING ON THEIR RESPECTIVE WEBSITE.

[^]Subject to Finalization of the Basis of Allotment.

Potential Bidders may note the following:

1. In the sections "Risk Factors", "Introduction", "About the Company", "Financial Information", "Legal And Other Information" and "Other Information" provided herein below as part of Addendum, modifications have been updated.

The above is 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.

The Equity Shares offered in the Issue have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) within the United States only to "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act and referred to in the Draft Red Herring Prospectus as "U.S. QIBs") in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act, and (ii) outside the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur. For the avoidance of doubt, the term "U.S. QIBs" does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in the Draft Red Herring Prospectus as "QIBs". The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

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.

Place: Mumbai

Dated: August 8, 2024

For and on behalf of **NEELAM LINENS AND GARMENTS (INDIA) LIMITED**

Sd/-

Supriya Gupta

Company Secretary and Compliance Officer

BOOK RUNNING LEAD MANAGER

REGISTRAR TO THE ISSUE



Expert Global Consultants Private Limited
1511, RG Trade Tower Netaji Subhash Place, Pitampura, New Delhi – 110034, India
Telephone: +91 11 4509 8234
Email: ipo@expertglobal.in
Website: www.expertglobal.in
Investor grievance email: compliance@expertglobal.in
Contact Person: Gaurav Jain
SEBI registration number: INM000012874
CIN: U74110DL2010PTC205995

PURVA SHAREREGISTRY (INDIA) PRIVATE LIMITED
Unit No. 9, Ground Floor, Shiv Shakti Industrial Estate, J. R. Boricha Marg, Lower Parel (E) Mumbai – 400011, Maharashtra, India
Telephone: +91 22 4961 4132 / 3522 0056
Email / Investor Grievance E-mail ID: support@purvashare.com
Contact Person: Deepali Dhuri
Website: www.purvashare.com
SEBI Registration Number: INR000001112
CIN: U67120MH1993PTC074079

BID/ISSUE PROGRAM

Anchor portion Opens/Closes on⁽¹⁾: [●]

Bid/Issue Opens on⁽¹⁾: [●]

Bid/Issue Closes on⁽²⁾: [●]*

- (1) Our Company in consultation with the BRLM, may consider participation by Anchor Investors, in accordance with the SEBI ICDR Regulations. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/Issue Opening Date.
- (2) 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.ss

*The UPI mandate end time and date shall be at 5:00 p.m. on Bid/Issue Closing Day.

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Table of Contentsx

SECTION III – RISK FACTORS	4
SECTION IV: INTRODUCTION	7
OBJECTS OF THE ISSUE	7
SECTION V – ABOUT THE COMPANY	8
OUR BUSINESS.....	8
OUR MANAGEMENT	11
SECTION VI – FINANCIAL INFORMATION	12
MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS	12
SECTION VII – LEGAL AND OTHER INFORMATION	14
OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS	14
GOVERNMENT AND OTHER KEY APPROVALS	15
SECTION XI – OTHER INFORMATION	16
DECLARATION.....	16

SECTION III – RISK FACTORS

INTERNAL RISK FACTORS

a) A Risk Factor No. 4 has been added as follows:

4. *The majority of the business of sale of licenses of our company occurs from the trading activity.*

We face significant risk due to its reliance on trading activity for a substantial portion of its income of 20.68%, 43.34% and 32.25% in FY 2022, FY 2023 and stub period ending December 31, 2023. Relying on trading of licenses exposes the company to various risks due to thin profit margins.

Our business operations are significantly dependent on market liquidity and trading volumes of licenses. As our Company is engaged in trading of Licenses, our revenue and profitability are directly influenced by the level of trading activity in the markets in which we operate. Factors such as regulatory changes affecting market participants and macroeconomic conditions can impact on market liquidity and trading volumes. A decrease in market liquidity or trading volumes, whether due to adverse economic conditions, regulatory changes, or other factors, could have a material adverse effect on our financial performance.

Moreover, our ability to execute trades and manage risk effectively depends on the availability of sufficient liquidity of the trading licenses in the market. In times of reduced liquidity, we may face challenges in executing trades at favorable prices or face increased costs associated with executing trades. Additionally, reduced liquidity could impact the revenue from our trading activities, potentially leading to losses.”

b) Existing Risk Factor No. 5 has been updated as follows:

5. *Our Company and the promoters do not have enough documentary evidence for the Capital Built-up of our Company.*

Our Company is unable to trace all documents evidencing their capital built-up. Except Share Certificates with allotment details, Kantilal Jethwa and Bhavin Jethwa are unable to trace any documentary evidence for allotments dated May 13, 2011, March 02, 2012 and March 06, 2012. Due to lack of documents and relevant information, we have relied on Allotment Register and Share Certificate available. The same is confirmed by M/s MASD & Co. LLP, Chartered Accountants vide their certificate dated May 13, 2024 in this regard. Our company has also filed an application for compounding regarding the same. The Company will be abiding by the order passed in the compounding application filed by the company. For further details, please refer to the chapter titled “*Capital Structure*” beginning on page 62 of this Draft Red Herring Prospectus.

c) Existing Risk Factor No. 12 has been updated as follows:

12. *We face numerous protective trade restrictions, including anti-dumping laws, countervailing duties and tariffs, which could adversely affect our revenue from exports.*

Protectionist measures, including anti-dumping laws, countervailing duties and tariffs and government subsidization adopted or currently contemplated by governments in some of our export markets could adversely affect our sales from exports. Antidumping duty proceedings or any resulting penalties or any other form of import restrictions may limit our access to export markets for our products, and in the future additional markets could be closed to us as a result of similar proceedings, thereby adversely impacting our sales from exports or limiting our opportunities for growth.

Tariffs are often driven by local political pressure in a particular country and therefore there can be no assurance that quotas or tariffs will not be imposed on us in the future. In the event that such protective trade restrictions are imposed on us, our imports and exports could decline. Further, a decrease in exports from India as a result of protective trade restrictions could have a negative impact on our business, financial condition and results of operations.”

d) Existing Risk Factor No. 13 has been updated as follows:

13. *We have experienced negative cash flows in relation to our operating, investing and financing activities in the last three financial years. Any negative cash flows in the future would adversely affect our results of operations and financial condition*

Cash flow of a company is a key indicator to show the extent of cash generated from operations to meet its capital expenditure, pay dividends, repay loans and make new investments without raising finance from external resources. If we are not able to generate sufficient cash flow, it may adversely affect our business and financial operations. We experienced negative cash flows in some of the following periods as indicated in the table below:

(₹ in Lakhs)

Particulars	As December 2023	at 31, 2023	For the period ended March 31, 2023	For the period ended March 31, 2022	For the period ended March 31, 2021
Net cash used/ generated from operating activities	179.88		(1,112.49)	582.15	1,972.50
Net cash used/ generated from investing activities	111.52		(290.41)	(78.86)	(716.68)
Net cash used/ generated from financing activities	(208.90)		1,373.64	(452.55)	(2,291.28)
Net increase/ (decrease) in cash and cash equivalent	82.49		(29.26)	50.74	(1,035.45)

The Company was having the negative cashflow from operating activities as a result of increase in multiple factors relating to the current assets such as Inventory, trade receivables and short term loans & advances for the FY 2023. The company was also having the negative cashflow from investing activities as a result of purchase of fixed asset in FY 2023. The same was compensated by the Profits earned by the company of ₹ 237.88 lakhs, proceeds from preferential allotment of shares and Increase in long term & Short term borrowings of the company.

There can be no assurance that our net cash flows shall be positive in the future. Any negative cash flows in the future over extended periods, or significant negative cash flows in the short term, could materially impact our ability to operate our business and implement our growth plans. As a result, our cash flows, business, future financial performance and results of operations could be materially and adversely affected. For further details, see “Financial Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages 149 and 155, respectively.

e) Existing Risk Factor No. 14 has been updated as follows:

14. *There have been instances in the past where we have not made certain regulatory filings with the RoC and there were certain instances of discrepancies in relation to certain statutory filings and corporate records of our Company.*

In the past, there have been certain instances of delays in filing statutory form such as MGT-14, PAS-6, Form 20B, Form 23AC, 20ACA, Form 66, AOC-4, MGT-7 as per the reporting requirements under the Companies Act, which have been subsequently filed by payment of an additional fee as specified by RoC. Also, there are no clerical error These clerical errors were not substantial in nature and the concerned ROC has not issued any show-cause notice in respect to the above has been received by our Company till date and except as stated in this Draft Red Herring Prospectus, no penalty or fine has been imposed by any regulatory authority in respect to the same. The said documents can be retrieved at the registered office of our Company. It cannot be assured, that there will not be such instances in the future, or our Company will not commit any further delays or defaults in relation to its reporting requirements, or any penalty or fine will not be imposed by any regulatory authority in respect to the same. The happening of such event may cause a material effect on our results of operations and financial position of our company. If any action is taken on Company by the regulatory authority in a matter disclosed here, the Company shall abide the order of such regulatory authority.

f) Existing Risk Factor No. 18 has been Removed:

g) Existing Risk Factor No. 19 has been updated as follows:

19. *We have entered into and may continue to enter into related party transactions and there can be no assurance that such transactions have been on favourable terms.*

We have entered into certain transactions with related parties may continue to do so in future. While our company confirm that all such transactions have been conducted on arms-length basis and is in compliance with the Companies Act and other applicable laws, there can be no assurance that it could not have been achieved on more favorable terms had such transactions

not been entered into with related parties. Furthermore, it is likely that our company will enter into related party transactions also in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results pre-issue of operation. For details, please refer to “Annexure 29 - Related Party Transactions” of restated financials under section titled “*Financial Information*” on page 149 of this Draft Red Herring Prospectus.

h) Existing Risk Factor No. 22 has been modified as follows:

22. We have prepared the write-up of the management chapter with very limited documents available.

A few of our Directors, KMPs and SMPs are unable to trace copies of documents pertaining to their educational qualifications and experience and have not provided documents. So, the write-up in the management chapter is done with the limited documents available.

Accordingly, the Book Running Lead Manager has been unable to independently verify the details prior to inclusion in this Draft Red Herring Prospectus. Further, there can be no assurances that our Directors, KMPs and SMPs will be able to trace the relevant documents or provide accurate and complete details pertaining to the above information in the future, or at all.

i) Existing Risk Factor No. 45 has been updated as follows:

45. Industry information included in this Draft Red Herring Prospectus has been derived from publicly available industry reports and/or websites. There can be no assurance that such third-party statistical financial and other industry information is either complete or accurate.

We have relied on the information from various publicly available industry reports and/or websites for purposes of inclusion of such information in this Draft Red Herring Prospectus. These reports are subject to various limitations and based upon certain assumptions that are subjective in nature. We have not independently verified data from such industry reports and other sources. Although we believe that the data may be considered to be reliable, their accuracy, completeness and underlying assumptions are not guaranteed and their dependability cannot be assured. While we have taken reasonable care in the reproduction of the information, the information has not been prepared or independently verified by us or any of our respective affiliates or advisors and, therefore, we make no representation or warranty, express or implied, as to the accuracy or completeness of such facts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere.

Please find below the name of the publicly available industry report that was referred:

- a. World Economic Outlook – Near-Term Resilience, Persistent Challenges;
- b. IBEF – About Indian Economy Growth rate & statistics;
- c. IBEF – Textiles and Apparels report
- d. DGCI&S(Provisional): India's Top Ten Export Markets of Textile & Apparel products including Handicraft;
- e. Invest India - Textiles and Garments report
- f. Ministry of Textiles (Government of India) – Annual report 2022-23

SECTION IV: INTRODUCTION

OBJECTS OF THE ISSUE

a) Following details has been modified on page no 77 of DRHP under the heading “Details of the Objects of the Issue”

1. Funding capital expenditure requirement of our Company towards purchase of Embroidery Machines for expansion

We are engaged in the business of carrying in India or abroad the processing, re-processing, converting, researching, developing, preparing, dyeing, producing, developing, manufacturing, trading, agents, supplies, wholesaler, retailing, formulating, acquiring, dealing in, buying, selling, storing, importing & exporting all kinds of Textiles, textile products, Garments, Garments Products, yarns, suiting, shirting, cotton yarn, spun, synthetic, polyester, dyed yarn, combed, gassed & mercerized yarn, silk, wool, knitted fabric, fibres, dyes, cloth, garments, readymade garments, cushions, pillows, mattresses, canvas, terry towels, terry products, bath robes, terry cloth, shearing cloth and derivatives, rugs, by-products, intermediates and mixtures thereof. Our company proposes to utilise an amount of up to ₹ 557.41 lakhs from net proceeds towards purchase of embroidery machines which will help the company to enhance the quality and the quantity of production. The new embroidery machines will be set up at our current processing unit i.e. Prithvi Complex, A/2, 2nd floor, Gala No. 201-208, Kalher Village, Bhiwandi, Thane – 421 302, India.

SECTION V – ABOUT THE COMPANY

OUR BUSINESS

a) The following details has been added under the heading “Overview” on page 101 of the DRHP.

The sale of license business of the Company can be bifurcated into two parts, i.e. sale of the import license received from the government as an incentive and trading of the import license available in the market.

The sale of import license received from government as a part of incentive includes RODTEP (Remission of duties and taxes on export product) and ROSCTL (Rebate of state & central Taxes and Levies). These e-scripts are issued by customs in respect of Remission of embedded local duties & taxes levied on FOB value of the exported goods. As the Company does not import any type of goods, they sale the same to the importer available in the market at a reasonable discount.

To make Indian product competitive against the nation such as Vietnam, Bangladesh, Thailand etc., government give incentive to the eligible exporters. Textile industry is one of the industry which is covered under this scheme.

The other part of the sale of license is the trading activity that the Company does in the license market. In this regard the Company purchases the license from any exporter one of the exporter and then sells the same to the importer for earning the margin available in between this activity. This activity is facilitated by the trade intermediary such as broker or agents, through whom the buyer and seller are connected.

The below table depicts the bifurcation of Sale of License into two parts i.e. Sale of License received from government as incentive and Sale of License from trading:

(₹ in lakhs)

Details	FY 22	FY 23	FY 24 (Till December)
Sale of License received from government as incentive	335.7	272.62	213.27
Sale of License from trading	2,099.36	4,488.23	1,910.09
Total	2,435.06	4,760.85	2,123.36

The revenue from sale of licenses is majorly dependent on the availability of the licenses in the market. The decrease in revenue from import licenses for the stub period as compared to FY 2023 is because revenue from licenses are mainly subject to availability of licenses in the market. This license is used to set off the import duty levied by DGFT department of the Government. The trading of the license depends on the demand and supply of the license in the market.

b) The following details has been added under the heading “Manufacturing Units” on page 102 of the DRHP.

Percentage of manufacturing outsourced for the last 3 financial years as well as for the stub period:

Fiscal	Percentage of manufacturing outsourced
FY 2021-22	0.15%
FY 2022-23	0.12%
FY 2023-24	0.13%
Stub period	NIL

c) The following details has been added under the heading “Procurement and Processing Method” on page 104 of the DRHP.

The number of agents associated with us varies from time to time based on the requirement of the Company. Currently there are total 8 agents associated with the company for the procurement of fabrics and sales order.

d) The following texts has been modified under the heading “Capacity and Capacity utilization” on page 109 of the DRHP.

The following table sets forth certain information relating to the Company's capacity utilization of our manufacturing facility calculated based on total installed production capacity and actual production as of/ for the periods indicated below:

(Units in MT)

Products	FY21			FY22		
	Capacity	Production	Utilization	Capacity	Production	Utilization
Bedsheets/ Pillow covers	143.75	105.00	73.04%	126.50	115.00	90.91%
Shirt/T-shirt	-	-	-	-	-	-

(Units in MT)

Products	FY23			FY 24		
	Capacity	Production	Utilization	Capacity	Production	Utilization
Bedsheets/ Pillow covers	126.50	122.00	96.44%	94.875	91.50	96.44%
Shirt/T-shirt	15.00	0.75	5.00%	15.00	0.75	5.00%

- e) **The following details has been added under the heading “The below mentioned table sets out the production sales turnover of our product categories for the periods indicated” on page 109 of the DRHP.**

Details of price range of products of the company are as follow:

Sr. No.	Particulars	Price Range
1	Bedsheet	10 \$ to 18 \$ per set
	Bedsheet (Domestic)	₹ 200 to ₹ 2500 per set
2	Pillow Pair	1\$ to 3.25\$ per pair
	Pillow Pair (Domestic)	₹ 20 to ₹ 50 per pair
3	Towel	3\$ to 5\$ per piece
	Towel (Domestic)	₹ 250 – ₹ 450 per piece
4	Fabric	₹ 90 to ₹ 185 per meter
5	Shirt	₹ 475 to ₹ 750 per piece
6	T-Shirts	₹ 225 to ₹ 450 per piece

- f) **The following details has been added under the heading “Domestic Revenue Bifurcation” on page 109 of the DRHP.**

State wise bifurcation of purchase of raw materials for the last 3 financial years as well as for the stub period:

For Period Ending December 31, 2023

(₹ in lakhs)

State	Amount	Percentage
Maharashtra	4,145.52	73.77%
Gujrat	1,250.34	22.25%
Tamil Nadu	223.66	2.50%
TOTAL	5,619.52	100%

For FY 2022-2023

(₹ in lakhs)

State	Amount	Percentage
Maharashtra	9,668.93	96.44%
Gujrat	106.27	1.06%
Tamil Nadu	250.65	2.50%
TOTAL	10,025.85	100%

For FY 2021-2022

(₹ in lakhs)

State	Amount	Percentage
Maharashtra	8,433.7	85.65%
Gujrat	927.56	9.42%

State	Amount	Percentage
Tamil Nadu	485.44	4.93%
TOTAL	9,846.70	100%

For FY 2020-2021

(₹ in lakhs)

State	Amount	Percentage
Maharashtra	5,117.86	77%
Gujrat	864.06	13%
Tamil Nadu	664.66	10%
TOTAL	6,646.58	100%

OUR MANAGEMENT

- a) **The following details has been modified under heading “Brief profiles of Our Directors” on page no. 128 of Draft Red Herring Prospectus:**

Brief profiles of Our Directors

Kantilal Jethva, aged 73 years is Promoter, Whole time Director and Chairman of the Company. He was appointed under the Promoter Category as an Executive Director of the Company since September 22, 2010 and subsequently his designation was changed to Whole time Director and Chairman for period of 5 years with effect from October 01, 2022. He holds a degree in Bachelor in Art (Special) from Gujarat University. He is controlling finance and purchase of the Company from last 14 years. He's now expanding the business portfolio of the Company, where he provides strategic guidance and leadership to the management team. He is entrusted with the responsibilities of finance & purchase, monitoring day to day business operations of major projects, weekly review of projects status, budgets, managing funds and cash flows, quarterly performance review PD's wise, managing client & stakeholders relationship, executes overall company strategy and business development - initiates revenue growth opportunities.

Bhavin Jethwa, aged 42 years, is the Promoter and Managing Director of our Company. He has been associated with our Company since its inception. He was re-designated as Managing Director w.e.f. October 01, 2022. He holds a Bachelor of Commerce degree from University of Mumbai. With experience of over two decades in crafting effective business and sales strategies, he embarked on his professional journey as a stitching job operator, contributing to the supply chains of renowned international retailers within the landscape of the Garments Industry.

Falguni Shah, aged 40 years, is the Non- Executive Independent Director of our Company. She has been associated with our Company w.e.f. November 27, 2023. She completed her higher secondary education in the year 2000. Previously, she was a school teacher in the Cuddles Playschool and Nursery from the year 2003 to 2005.

Dinkal Doshi, aged 29 years, is the Non- Executive Independent Director of our Company. She has been associated with our Company w.e.f. March 02, 2024. She holds a Company Secretary degree from ICSI. Currently she is working with Samsara Finance Private Limited as a Whole time Company Secretary since December 1, 2021 and additional director in Muzali Arts Limited.

Manish Kamalia, aged 52 years, is the Non- Executive Independent Director of our Company. He has been associated with our Company w.e.f. September 22, 2022. He possesses core competencies in sales expertise, business development, and serves as a proficient Scrum Master. With a 17 years tenure as CEO at Vallabh Packers Company, he effectively managed the complete supply chain of corrugated boxes.

- b) **The following write up with respect to Chetan Solanki and Supriya Gupta has been updated on page no. 138 of Draft Red Herring Prospectus under heading under “Profiles of our Key Managerial Personnel and Senior Management Personnel”:**

Chetan Solanki, aged 30 years, is Chief Financial Officer of our Company. He has been associated with our Company as Chief Financial Officer w.e.f. August 16, 2022. He holds Bachelor of Engineering from K.J. Somiya Institute of Engineering and Information Technology. Before joining our Company, he was associated with Shyam Cotton Mills as Accounting and Finance Manager. His role encompasses providing strategic guidance on information technology and financial matters. His expertise and insights contribute significantly to the organization's operational efficiency and financial management. He has total work experience of 3 years 8 months including current experience of our Company. In the Company he is responsible for all the Financial affairs of the Company, risk management, internal audits and reporting to the Board of Directors.

Supriya Gupta, aged 33 years, is the Company Secretary of our Company. She has been associated with our Company as Company Secretary w.e.f. December 28, 2023. She has completed her Company Secretary course from Institute of Company Secretaries of India (ICSI) in December 2014. She also holds Bachelor of Laws from University of Mumbai. Throughout her professional journey, she has made significant contributions as a Company Secretary, demonstrating exceptional skills and commitment. She has an impressive track record, having worked with esteemed organizations such as The Irish House Food & Beverages Private Limited, M/s Shantilal Chandaliya & Co, and Harshit J Shah & Associates. She has total work experience of 3 years 11 months including current experience of our Company. In her role, she played a pivotal part in ensuring regulatory compliance and efficient corporate governance. Her responsibilities included the preparation of the Annual Return on Foreign Liabilities and Assets, a crucial submission to the Reserve Bank of India. This not only reflects her attention to detail but also underscores her commitment to ensuring that the Company adheres to legal and regulatory requirements.

SECTION VI – FINANCIAL INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

- a) **The following details has been updated under the heading “REVIEW OF OPERATIONS FOR THE PERIOD ENDED DECEMBER 31, 2023” on page 156 of the DRHP.**

Revenue from Operations

The reason for the for the fall in proportional revenue was as a result of following:

In the prior period, Free On Board expenses were part of sales but are now borne directly by the customer, resulting in a decrease in revenue. There was also a regulatory changes in other countries which resulted in reduction of sale of licenses during the stub period. Further, the major sales of the company typically occur during the fourth quarter of any financial year. This seasonality can be verified from past records, leading to a proportionate decrease in income compared to FY 2023.

The fall in revenue was also as a result of change in the method from CIF to FOB for the export of goods. Freight, clearing and forwarding charges for the FY 2022, 2023 and December 31, 2023 were ₹ 479.78 lakhs, ₹ 314.88 lakhs and ₹ 22.60 lakhs respectively, which had an effect on the revenue part of the company.

The price of our product mostly depends upon the type of composition used for making the fabric. The composition of cotton and polyester used in the product derives the cost of fabric. Higher the use of polyester, lower will be the cost of the product.

Further, during the initial 9 months of the year, the profit margin of the Company remains highly impacted due to lower demand and lower than average sale of the product in the market resulting into low / no impact of polyester in the product mix. However, the said profit margin can be easily visible in the last 3 months of the Financial Year where the sales of the company is expected to be higher.

Hence, profitability is visible at the end of the financial year and not during the year.

Our Revenue from Operation for the Financial Year 2024 is approx. ₹ 9,800 Lakhs.

The financials of the last quarter for FY 2024, FY 2023, FY 2022 and FY 2021 of the company as stated below:

(₹ in lakhs)				
Particulars	FY 2024(Q4)	FY 2023(Q4)	FY 2022(Q4)	FY 2021(Q4)
Revenue	3,836.02	4,444.99	2,106.81	3,390.01
Purchase	3,040.22	4,562.38	2,122.84	3,678.44

The above table depicts the scenario of the major revenue of the company being booked in the last quarter except that of FY 2022. The reason for the lower revenue being booked in the FY 2022 was because of the increase in the rates of the freight by 50-60%. The company decreased the order intake as it was following the CIF model in FY 2022 where the freight cost is to be borne by the seller and the same was yielding negative margin for the company.

The Revenue from operation of the last quarter of the company is 43.35%, 20.75%, 42.92% and 39.31% of the revenue from operations for FY 2021, FY 2022, FY 2023 & FY 2024 respectively.

- b) **The following details has been updated under the heading “REVIEW OF OPERATIONS FOR THE PERIOD ENDED DECEMBER 31, 2023” on page 156 of the DRHP.**

Profit/(Loss) after Tax

There are several reasons for the decrease in PAT margin for the stub period as compared to FY 2023 such as decrease in earnings from Non-Core Activities impacted the company's total revenue, higher Production Costs and Other Expenses such as increased raw material costs, government charges for exports (like freight), and labor costs, which led to higher operational costs and Increased Employee Benefits & related expenses added to the overall cost burden which resulted for

the decrease in PAT margin for stub period as compared to FY 2023. There was also an increase in finance cost of the company as compared to that of FY 2023 which impacted the overall margin.

The bifurcation for the increase of the following costs is as below:

- **Raw Material costs:** There was a marginal increase in the proportional cost of material consumed of ₹ 9 lakhs in stub period as compared to FY 2023.
- **Government charges for exports (like freight):** The company was following the CIF model for the export of the goods till FY 2023 which represents the charges paid by a seller to cover the costs, insurance, and freight of a buyer's order while the cargo is in transit. In FY 2024, the company started exporting the goods by following the FOB method where buyer assumes all risk once the seller ships the product. In the past one year, ocean freight went to the level it was at the time of Covid-19 because of the red sea crisis. As a result of the increase in volatility of the freight and other charges our Company shifted from CIF to FOB for the export of the goods.
- **Labor costs:** There was also a marginal increase in the cost of labor by 5% in the stub period.
- **Depreciation & Amortization expenses:** The Depreciation of the company increased by almost 100% in the stub period because of the addition in the vehicles of the Company.
- **Finance Costs:** There was also a proportional cost increase in Finance cost by approx. ₹ 102 lakhs.

These all factors together led to decrease in the PAT Margin by 0.56% in the stub period of the Company.

c) **The following details has been updated under the heading “Comparison of FY 2023 with FY 2022” on page 157 of the DRHP.**

Profit after Tax (PAT)

The rational for decrease in PAT margin in FY 2023 as compared to FY 2022 are as below:

- There was a reduction in other income by ₹ 42.19 Lakhs in FY 2023 as compared to that of FY 2022 as a result of decrease in one time gain of profit on sale of asset by ₹ 16.91 lakhs and decrease in Duty Drawback.
- There was also a significant increase in borrowings by ₹ 11 crores in FY 2023 which in turn resulted in an increase in finance cost by ₹ 142.62 lakhs in FY 2023 as compared to that in FY 2022 which impacted the PAT margin of the Company.

d) **The following details has been updated under the heading “Comparison of FY 2022 with FY 2021” on page 158 of the DRHP.**

Profit after Tax (PAT)

The rational for significant increase in PAT in FY 2022 as compared to FY 2021 is because of an increase in Sale of Goods by ₹ 1,672.85 lakhs and Sale of Licenses by ₹ 660.10 lakhs during FY 2021-2022 as compared to that of FY 2020-2021. The increase in sale was also as a result of the relaxation in the restrictions imposed during the effect of Covid-19. There was also an increase in Gross margin by 4.73% during FY 2022 as compared to that of FY 2021 as a result of decrease in the prices of average cost of material from ₹ 130-150 to ₹ 120-140 which in turn contributed towards increase in PAT for FY 2022 by ₹ 257.05 lakhs.

Description	FY 21-22	FY 22-23	FY 23-24
CVC FABRIC FOR BED SHEET	₹ 120-130	₹ 100-110	₹ 90-100
COTTON FABRIC FOR BED SHEET	₹ 130-140	₹ 105-116	₹ 95-110

SECTION VII – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

a) **The following details has been updated under the heading “*Litigation involving Criminal proceedings*” on page 162 of the DRHP.**

- I. Original Application (L) No. 241/21 has been filed by Kotak Mahindra Bank Limited (Applicant) against our Company, with Additional Party Bhavin Kantilal Jethwa, Janki Jethva, Kantilal Jivaram Jethwa (defendants) in the Debts Recovery Tribunal – I at Mumbai.

An application under section 19 of the Recovery of Debt due to Bank and Financial Institution Act, 1993 was filed against our Company wherein the Applicant had identified during the reconciliation process (after the merger of the said ING Vysya Bank Ltd with the Applicant herein where applicant agreed to renew the credit policy granted by ING Vysya Bank Ltd), that the duplication of credit entry towards the Inward Remittance against the Defendant no. 1 being Company against the export bill reference no 550FDBC31111609/15 and the said facts were called upon to provide requisite funds INR equivalent to USD 100858.50 through RTGS / NEFT in the accounts 163 maintained by the Applicant in the name of the Defendant No. 1 so as to enable the Applicant to recover the excess credit pass unto the Defendant No. 1. However, as on January 28, 2021, an amount of INR 1,11,80,414.29 is outstanding against Defendant Nos. 1 to 5 in respect of said duplication of credit given in respect of said inward remittance of USD 100858.50 (as per Disposal and instructions during the course of business) equivalent to INR 63,26,029/- with an exchange rate of 63.7051 which the Applicant is entitled to recover the same with interest at the commercial rate @18% p.a till date of such remittance made till payment and or realization and that the applicant states that an amount aggregating to INR 1,11,87,923.30 (Rupees One Crore Eleven Lakhs Eighty Seven Thousand Nine Hundred Twenty Three and paise thirty only) remains due and payable by the Defendants to the Applicant as on January 31, 2021 which the Applicant is entitled to recover the same with further interest thereon at the contractual rate with monthly rests till the date of payment and or realization.

Further, our Company has responded to the Interim Application No. 361 of 2021 in Original Application No. 241 of 2021 stating that the original application and interim application as framed is not maintainable as they are bad in law and liable to be dismissed with costs. Further, the recovery of alleged duplication of credit entry is false and has never received alleged amount in their account. The Applicant bank had also after through diligence and confirmation from all the departments issued No Dues Certificate dated July 20, 2016 confirming that we have mad full and final repayment of financial facilities namely FBD, EPC, PCFC, CC and is estopped from revoking the same and claiming any amount. The Defendant claims that application is completely baseless and request the Hon’ble Tribunal to dispose of the Application.

The matter was listed on June 05, 2024 for the submission of rejoinder by Kotak Mahindra Bank Limited, however the bank failed to submit the rejoinder. Hence the Court adjourned the hearing to a later date of September 10, 2024.

GOVERNMENT AND OTHER KEY APPROVALS

- a) **The following details has been added on page 169 of Draft Red Herring Prospectus under the heading “Business and labour related approvals/registration/ certificates”:**

BUSINESS AND LABOUR RELATED APPROVALS/REGISTRATION/ CERTIFICATES

Sr. No.	Description	Authority	Registration No. /License No./ Certificate No.	Date of Issue	Date of Expiry
11	Factory License	Gram Panchayat of Kalher		December 12, 2023	December 11, 2024

Following are the details with respect to Registration- Cum Membership Certificate is modified:

Sr. No.	Description	Authority	Registration No. /License No./ Certificate No.	Date of Issue	Date of Expiry
5	Registration- Cum Membership Certificate	The Cotton Textiles Export Promotion Council	MM/34011(2019)-N	June 01, 2024	March 31, 2029

SECTION XI – OTHER INFORMATION

DECLARATION

I hereby certify and declare that all relevant provisions under the Companies Act and the rules, regulations or guidelines issued by the Government or the regulations, rules or guidelines issued by SEBI established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or the rules or regulations made thereunder or guidelines issued, as the case may be. I further certify that all disclosures made in this Addendum are true and correct.

SIGNED BY THE MANAGING DIRECTOR

Sd/-

Bhavin Jethwa

Managing Director

Place: Mumbai

Date: August 8, 2024

DECLARATION

I hereby certify and declare that all relevant provisions under the Companies Act and the rules, regulations or guidelines issued by the Government or the regulations, rules or guidelines issued by SEBI established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or the rules or regulations made thereunder or guidelines issued, as the case may be. I further certify that all disclosures made in this Addendum are true and correct.

SIGNED BY THE WHOLE-TIME DIRECTOR

Sd/-

Kantilal Jethva

Whole-Time Director

Place: Mumbai

Date: August 8, 2024

DECLARATION

I hereby certify and declare that all relevant provisions under the Companies Act and the rules, regulations or guidelines issued by the Government or the regulations, rules or guidelines issued by SEBI established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or the rules or regulations made thereunder or guidelines issued, as the case may be. I further certify that all disclosures made in this Addendum are true and correct.

SIGNED BY THE NON- EXECUTIVE DIRECTOR

Sd/-

Dinkal Doshi

Non- Executive Director

Place: Mumbai

Date: August 8, 2024

DECLARATION

I hereby certify and declare that all relevant provisions under the Companies Act and the rules, regulations or guidelines issued by the Government or the regulations, rules or guidelines issued by SEBI established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or the rules or regulations made thereunder or guidelines issued, as the case may be. I further certify that all disclosures made in this Addendum are true and correct.

SIGNED BY THE NON- EXECUTIVE INDEPENDENT DIRECTOR

Sd/-

Manish Kamalia

Non- Executive Independent Director

Place: Mumbai

Date: August 8, 2024

DECLARATION

I hereby certify and declare that all relevant provisions under the Companies Act and the rules, regulations or guidelines issued by the Government or the regulations, rules or guidelines issued by SEBI established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or the rules or regulations made thereunder or guidelines issued, as the case may be. I further certify that all disclosures made in this Addendum are true and correct.

SIGNED BY THE NON- EXECUTIVE INDEPENDENT DIRECTOR

Sd/-

Falguni Shah

Non- Executive Independent Director

Place: Mumbai

Date: August 8, 2024

DECLARATION

I hereby certify and declare that all relevant provisions under the Companies Act and the rules, regulations or guidelines issued by the Government or the regulations, rules or guidelines issued by SEBI established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or the rules or regulations made thereunder or guidelines issued, as the case may be. I further certify that all disclosures made in this Addendum are true and correct.

SIGNED BY THE CHIEF FINANCIAL OFFICER

Sd/-

Chetan Solanki

Chief Financial Officer

Place: Mumbai

Date: August 8, 2024

DECLARATION

I hereby certify and declare that all relevant provisions under the Companies Act and the rules, regulations or guidelines issued by the Government or the regulations, rules or guidelines issued by SEBI established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or the rules or regulations made thereunder or guidelines issued, as the case may be. I further certify that all disclosures made in this Addendum are true and correct.

SIGNED BY THE COMPANY SECRETARY AND COMPLIANCE OFFICER

Sd/-

Supriya Gupta

Company Secretary and Compliance Officer

Place: Mumbai

Date: August 8, 2024