



(Please scan this QR code to view the Draft Red Herring Prospectus)

ADDENDUM TO DRAFT RED HERRING PROSPECTUS DATED JANUARY 28, 2025



SPUNWEB NONWOVEN LIMITED
(FORMERLY KNOWN AS SPUNWEB NONWOVEN PRIVATE LIMITED)
CORPORATE IDENTIFICATION NUMBER: U17291GJ2015PLC084107

Our Company was incorporated as “*Spunweb Nonwoven Private Limited*” as a private limited company in Rajkot, Gujarat under the provisions of the Companies Act, 2013, pursuant to a certificate of incorporation dated August 06, 2015, issued by the Registrar of Companies, Gujarat. Subsequently, our Company was converted into a public limited company pursuant to a special resolution passed by our Shareholders at the Extra Ordinary General Meeting held on July 06, 2024, and the name of our Company was changed to “*Spunweb Nonwoven Limited*”. A fresh certificate of Incorporation consequent upon conversion from a Private Limited company to Public Limited company dated September 06, 2024, was issued by the Registrar of Companies, Central Processing Centre. The Corporate Identification Number of our Company is U17291GJ2015PLC084107. For change in registered office and other details please see “*History and Certain Corporate Matters*” on page 204 of the Draft Red Herring Prospectus.

Registered Office: : Survey No.109(2), N.H. 27, Near Wankaner Boundry Post at Jalida, Village Rangpar, Rajkot, Wankaner - 363621, Gujarat, India.

Corporate Office: Office No. 604, South Block, Twin Star, Near Nana Mava Circle, 150 Feet Ring Road, Rajkot – 360005, Gujarat, India.

Website: www.spunweb.com **E-Mail:** cs@spunweb.in **Telephone No.:** +91-87 5894 4844

Company Secretary and Compliance Officer: Romit Ajaykumar Shah

Corporate Identification Number: U17291GJ2015PLC084107

PROMOTERS OF OUR COMPANY: JAY DILIPBHAI KAGATHARA AND KISHAN DILIPBHAI KAGATHARA

ADDENDUM TO THE DRAFT RED HERRING PROSPECTUS DATED JANUARY 28, 2025: NOTICE TO THE INVESTORS (“THE ADDENDUM”)

INITIAL PUBLIC ISSUE OF UPTO 63,51,600 EQUITY SHARES OF FACE VALUE OF ₹10/- EACH OF SPUNWEB NONWOVEN LIMITED (FORMERLY KNOWN AS SPUNWEB NONWOVEN PRIVATE LIMITED, (“SPUNWEB” OR THE “COMPANY” OR THE “ISSUER”) FOR CASH AT A PRICE OF ₹[•]/- PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF ₹[•]/- PER EQUITY SHARE (THE “ISSUE PRICE”) AGGREGATING TO ₹[•] LAKHS (“THE ISSUE”), 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 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 INCLUDING A SHARE PREMIUM OF ₹[•]/- PER EQUITY SHARE AGGREGATING TO ₹[•] LAKHS IS HERINAFTER 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.

Our Company had filed the Draft Red Herring Prospectus dated January 28, 2025 with the Stock Exchange. Pursuant to certain observations received from the Stock Exchange, the required updates to key portions of the sections titled “*Definitions and Abbreviations*”, “*Risk Factors*”, “*General Information*”, “*Objects of the Issue*”, “*Basis for Issue Price*”, “*Our Business*”, “*Our Management*”, “*Our Promoters and Promoter Group*”, “*Our Subsidiary*”, “*Management’s Discussion and Analysis of Financial Conditions and Results of Operations*”, “*Restated Financial Information*”, “*Outstanding Litigations and Material Developments*”, “*Government and Other Statutory Approvals*” and “*Other Regulatory and Statutory Disclosures*”, on pages 1, 30, 78, 112, 126, 171, 208, 221, 225, 228, 259, 278, 282 and 293, respectively, of the Draft Red Herring Prospectus, have been included in this Addendum. The changes pursuant to the Stock Exchange observations will be duly reflected in the Red Herring Prospectus and Prospectus as and when filed with the RoC, the SEBI and the Stock Exchange.

The Draft Red Herring Prospectus, including the sections titled “*Definitions and Abbreviations*”, “*Risk Factors*”, “*General Information*”, “*Objects of the Issue*”, “*Basis for Issue Price*”, “*Our Business*”, “*Our Management*”, “*Our Promoters and Promoter Group*”, “*Our Subsidiary*”, “*Restated Financial Information*”, “*Management’s Discussion and Analysis of Financial Conditions and Results of Operations*”, “*Outstanding Litigations and Material Developments*”, “*Government and Other Statutory Approvals*” and “*Other Regulatory and Statutory Disclosures*”, on pages 1, 30, 78, 112, 126, 171, 208, 221, 225, 228, 259, 278, 282 and 293 respectively, shall be appropriately updated in the Red Herring Prospectus to reflect the changes indicated in this Addendum.

The changes conveyed by way of this Addendum are to be read in conjunction with the Draft Red Herring Prospectus and, accordingly, the corresponding references in the Draft Red Herring Prospectus stand updated pursuant to this Addendum. The information in this Addendum supplements the Draft Red Herring Prospectus and updates the information in the Draft Red Herring Prospectus. However, this Addendum does not purport to, nor does it, reflect all the changes that have occurred from the date of filing of the Draft Red Herring Prospectus and the date of this Addendum. Accordingly, this Addendum does not include all the changes and/or updates that will be included in the Red Herring Prospectus and the Prospectus as and when filed with the RoC, the SEBI and the Stock Exchange. Please note that the information included in the Draft Red Herring Prospectus will be suitably updated, including to the extent updated by way of this Addendum, as may be applicable, in the Red Herring Prospectus and the Prospectus. Investors should not rely on the Draft Red Herring Prospectus or this Addendum for any investment decision, and should read the Red Herring Prospectus, as and when it is filed with the RoC, SEBI and the Stock Exchange before making an investment decision with respect to the Issue.

This Addendum which has been filed with the Stock Exchange and will be available on the website of Stock Exchange at www.nseindia.com, the website of the Company at www.spunweb.com, and the website of the Book Running Lead Manager, namely, Vivro Financial Services Private Limited at www.vivro.net. All capitalized terms used in this Addendum and not defined herein shall, unless the context otherwise requires, have the meaning ascribed to them in the Draft Red Herring Prospectus.

Date: May 13, 2025

Place: Rajkot

On Behalf of Spunweb Nonwoven Limited

Sd/-

Jay Dilipbhai Kagathara

Chairman and Managing Director

BOOK RUNNING LEAD MANAGER TO THE ISSUE

REGISTRAR TO THE ISSUE



Vivro Financial Services Private Limited

Vivro House, 11, Shashi Colony, opp. Suvidha Shopping Center, Paldi, Ahmedabad, Gujarat 380007, India

Telephone: +91- 79 4040 4242

E-mail Id: investors@vivro.net

Investor Grievance Id: investors@vivro.net

Website: www.vivro.net

Contact Person: Hardik Vanpariya/Jay Dodiya

SEBI Registration No.: INM000010122

CIN: U67120GJ1996PTC029182

MUFG Intime India Private Limited

(Formerly known as Link Intime India Private Limited)

C-101, 247 Park, L B S Marg, Vikhroli (West), Mumbai 400083, (Maharashtra), India.

Telephone: +91-81 0811 4949

Website: www.linkintime.co.in

Email ID: spunweb.ipo@linkintime.co.in

Investor Grievance ID: spunweb.ipo@linkintime.co.in

Contact Person: Shanti Gopalkrishnan

SEBI Registration No.: INR00004058

CIN: U67190MH1999PTC118368

BID/ISSUE PERIOD

ANCHOR BID/ISSUE PERIOD: [•]*

BID/ISSUE OPENS ON: [•]

BID/ISSUE CLOSES ON: [•]**

*Our Company may, in consultation with the Book Running Lead Manager, consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/Issue Period will open one Working Day prior to the Bid/ Issue Opening Date.

**Our Company may, in consultation with the Book Running Lead Manager, consider closing the Bid/Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date in accordance with the SEBI ICDR Regulation.

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

TABLE OF CONTENTS

SECTION I- GENERAL	3
DEFINITIONS AND ABBREVIATIONS	3
SECTION II- RISK FACTORS	4
SECTION V- GENERAL INFORMATION	13
SECTION VI – PARTICULARS OF THE ISSUE	14
OBJECTS OF THE ISSUE	14
BASIS FOR ISSUE PRICE	30
SECTION VII – ABOUT THE ISSUER COMPANY	33
OUR BUSINESS	33
OUR MANAGEMENT	34
OUR PROMOTERS AND PROMOTER GROUP	35
OUR SUBSIDIARY	36
MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULT OF OPERATIONS	37
SECTION IX – FINANCIAL INFORMATION	42
RESTATED FINANCIAL INFORMATION	42
SECTION X – LEGAL AND OTHER INFORMATION	45
OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS	45
GOVERNMENT AND OTHER STATUTORY APPROVALS	46
SECTION XII - OTHER REGULATORY AND STATUTORY DISCLOSURES	51
DECLARATION	53

SECTION I- GENERAL

DEFINITIONS AND ABBREVIATIONS

The definitions pertaining to the Issue namely, “Addendum”, has been incorporated into the section labeled “Issue Related Definitions” starting on page 3 of the Draft Red Herring Prospectus.

Issue Related Definitions

Terms	Description
“Addendum”	This addendum dated May 13, 2025 to the draft red herring prospectus dated January 28, 2025 filed by our Company with Stock Exchange

[Remainder of the page has been intentionally left blank]

SECTION II- RISK FACTORS

The risk factors number 20, 22 and 30 appearing in the section entitled “Risk Factors” on pages 45, 46 and 51 of the Draft Red Herring Prospectus have been suitably updated and replaced as revised risk factors number 22, 25 and 33, respectively. Risk Factor numbered 33 as appearing in the section entitled “Risk factors” on page 53 of the Draft Red Herring Prospectus (DRHP) have been appropriately reorganized and is now listed as Risk Factors 20. Further, revised risk factors number 8, 23, 34, 35, 36, 37, 50, 51, and 52 have been newly incorporated.

BUSINESS RELATED RISKS

I. INTERNAL RISKS

8. **Majority of our customers operate in the hygiene and packaging sectors. Factors that adversely affect these sectors within these sectors may adversely affect our business, results of operations and financial condition.**

We derive a large proportion of our consolidated revenues from customers that operate in the hygiene and packaging sectors. Accordingly, we are highly dependent on the long term and short term trends in these sectors, especially on the growth of and demand from these sectors.

The following table sets forth revenue bifurcation of the Company and SIPL for past three financial years and nine months period ended December 31, 2024:

The Company:

<u>Industry</u>	<u>As on December 31,2024</u>		<u>Fiscal 2024</u>	
	<u>Amount</u> <u>(₹ in lakhs)</u>	<u>% of revenue</u> <u>from Operations</u>	<u>Amount</u> <u>(₹ in lakhs)</u>	<u>% of revenue</u> <u>from Operations</u>
<u>Sale of finished products</u>				
Hygiene industry	6,799.02	43.61%	6,779.57	45.81%
Packaging industry	4,319.78	27.71%	4,039.01	27.29%
Medical industry	1,270.31	8.15%	1,095.97	7.41%
Agriculture industry	466.95	3.00%	527.01	3.56%
Spa & beauty industry	146.97	0.94%	51.09	0.35%
Home furnishing industry	25.35	0.16%	319.29	2.16%
Roofing & Construction industry	=	=	11.30	0.08%
<u>Sale of other products and scrap</u>				
Sale of raw materials (PP granules and masterbatch)	2,145.50	13.76%	1,789.75	12.09%
Sale of wastage & scrap	416.34	2.67%	185.00	1.25%
Total	15,590.22	100.00%	14,798.00	100.00%

<u>Industry</u>	<u>Fiscal 2023</u>		<u>Fiscal 2022</u>	
	<u>Amount</u> <u>(₹ in lakhs)</u>	<u>% of revenue</u> <u>from Operations</u>	<u>Amount</u> <u>(₹ in lakhs)</u>	<u>% of revenue</u> <u>from Operations</u>
<u>Sale of finished products</u>				
Hygiene industry	4,841.85	42.20%	4,633.46	41.43%
Packaging industry	2,756.45	24.02%	1,990.00	17.80%
Medical industry	1,525.26	13.29%	3,723.92	33.30%
Agriculture industry	394.42	3.44%	41.83	0.37%
Spa & beauty industry	28.92	0.25%	35.06	0.31%
Home furnishing industry	431.03	3.76%	327.04	2.92%
Roofing & Construction industry	42.17	0.37%	128.02	1.14%
<u>Sale of other products and scrap</u>				

<u>Industry</u>	<u>Fiscal 2023</u>		<u>Fiscal 2022</u>	
	<u>Amount</u> <u>(₹ in lakhs)</u>	<u>% of revenue</u> <u>from Operations</u>	<u>Amount</u> <u>(₹ in lakhs)</u>	<u>% of revenue</u> <u>from Operations</u>
<u>Sale of raw materials (PP granules and masterbatch)</u>	1,212.66	10.57%	279.07	2.50%
<u>Sale of wastages & scraps</u>	241.40	2.10%	24.22	0.22%
Total	11,474.18	100.00%	11,182.62	100.00%

SIPL:

<u>Industry</u>	<u>As on December 31,2024</u>		<u>Fiscal 2024</u>	
	<u>Amount</u> <u>(₹ in lakhs)</u>	<u>% of revenue</u> <u>from Operations</u>	<u>Amount</u> <u>(₹ in lakhs)</u>	<u>% of revenue</u> <u>from Operations</u>
<u>Sale of finished products</u>				
<u>Hygiene industry</u>	4,836.10	71.97%	4,034.83	79.94%
<u>Packaging industry</u>	984.05	14.64%	398.10	7.89%
<u>Medical industry</u>	157.21	2.34%	22.82	0.45%
<u>Agriculture industry</u>	159.42	2.37%	148.55	2.94%
<u>Home furnishing industry</u>	19.31	0.29%	138.52	2.74%
<u>Roofing & Construction industry</u>	13.58	0.20%	117.22	2.32%
<u>Sale of other products and scrap</u>				
<u>Sale of raw materials (PP granules and masterbatch)</u>	1.36	0.02%	0.08	0.00%
<u>Sale of wastage & scrap</u>	548.46	8.16%	187.05	3.71%
Total	6,719.48	100.00%	5,047.18	100.00%

<u>Industry</u>	<u>Fiscal 2023</u>		<u>Fiscal 2022</u>	
	<u>Amount</u> <u>(₹ in lakhs)</u>	<u>% of revenue</u> <u>from Operations</u>	<u>Amount</u> <u>(₹ in lakhs)</u>	<u>% of revenue</u> <u>from Operations</u>
<u>Sale of finished products</u>				
<u>Hygiene industry</u>	2,963.11	47.92%	2.74	0.05%
<u>Packaging industry</u>	406.41	6.57%	543.58	9.82%
<u>Medical industry</u>	102.38	1.66%	110.92	2.00%
<u>Agriculture industry</u>	56.69	0.92%	1.08	0.02%
<u>Home furnishing industry</u>	124.15	2.01%	269.26	4.87%
<u>Roofing & Construction industry</u>	548.27	8.87%	4,543.19	82.09%
<u>Sale of other products and scrap</u>				
<u>Sale of raw materials (PP granules and masterbatch)</u>	1,884.31	30.47%	20.78	0.38%
<u>Sale of wastage & scrap</u>	98.37	1.59%	42.61	0.77%
Total	6,183.70	100.00%	5,534.17	100.00%

Any significant downturn in these sectors may reduce the demand for our products. Further, any significant decrease in the growth of the hygiene and packaging sector in India or significant consolidation in this industry, may reduce the demand for our products and have an adverse effect on our business, results of operations and financial condition. While we aim to capitalise on increasing demand in other emerging sectors such as agriculture, home furnishing, roofing and construction, we expect to derive major part of our revenue from the operations from hygiene and packaging sector. If these industries face a downturn or recessionary cycle, sales of our products may be adversely affected which may impact our business, results of operations and financial condition.

20. *We are subject to risks arising from exchange rate fluctuations which may adversely impact our results of operations and cashflows*

While our reporting currency is Indian Rupee, we also transact some of our business in other currencies, primarily in U.S. Dollars. We rely on foreign currency rate for the import of one of the raw materials i.e., polypropylene granules. We predominantly import polypropylene granules from the international markets, as a result, we need to incur such costs in currencies other than the Indian Rupee. Our cost of raw materials may increase due to depreciation of rupee against the foreign currencies. Further, we may not be able to pass all the losses occurred due to foreign currency fluctuations to our customers for sale of products in order to deal with existing competitors. We are, therefore, exposed to exchange rate fluctuations due to the revenue that we receive, the raw materials that we purchase that are denominated in currencies other than the Indian Rupee.

Further, we do not hedge our exposure to foreign currency fluctuations and as a result, our operations, cash flows and financial performance could be adversely affected in case these currencies fluctuate significantly. We may periodically be required to make provisions for foreign exchange differences in accordance with accounting standards. For further details see “*Restated Financial Information*” on page 228 of this Draft Red Herring Prospectus. In addition, the policies of the RBI may also change from time to time, which may limit our ability to effectively hedge our foreign currency exposures and may have an adverse effect on our results of operations and cash flows. Any such losses on account of foreign exchange fluctuations may adversely affect our results of operations and cash flows. Certain markets in which we sell our products may be subject to foreign exchange repatriation and exchange control risks, which may result in either delayed recovery or even nonrealization of revenue.

22. *Our inability to procure and/or maintain adequate insurance cover in connection with our business may adversely affect our results of operations, cash flows and financial condition.*

Our Company’s operations are subject to various risks and hazards inherent in the manufacturing business, which includes breakdown, work accidents, fire, earthquake, flood and other force majeure events, acts of terrorism and explosions that may cause injury and loss of life, severe damage to and the destruction of property and equipment and environmental damage. We have obtained insurance policies in relation to fire, special contingency and workmen compensation. We generally maintain insurance covering our assets and operations at levels that we believe to be appropriate, including workmen compensation policies. We have previously suffered losses due to which we have claimed insurance compensation for our Insurers: The following tables shows claims made by our Company in the past:

Sr. No.	Policy No.	Claim Date	Claim Amount (₹ in lakhs)
1.	160422227110000723	June 15, 2022	1.54
2.	160422227110000723	October 17, 2022	2.77

The following tables shows claims made by SIPL in the past:

Sr. No.	Policy No.	Claim Date	Claim Amount (₹ in lakhs)
1.	OG-23-2204-2802-00000788	July 09, 2022	0.55
2.	OG-23-2204-2802-00000788	September 09, 2022	0.36

At present, the insurance policies of our Company and SIPL provide for coverage against risks such as fire, theft, burglary, workmen compensation and accidents. However, there can be no assurance that any claim under the insurance policies maintained by our Company and SIPL will be honoured fully, in part or in time. While our Company and SIPL maintain insurance coverage in amounts consistent with industry norms, the said insurance policies do not cover all risks, specifically risks such as loss of profits.

As on the date of Draft Red Herring Prospectus, there have been no instances where the claims made by the Company and SIPL have exceeded the liability insurance coverage. The insurance policies maintained by the Company and SIPL are adequate to cover the identified risks.

There can be no assurance that our Company and SIPL’s insurance policies will be adequate to cover the

losses in respect of which the insurance had been availed. If our Company and SIPL suffers a significant uninsured loss or if the insurance claim in respect of the subject-matter of insurance is not accepted or any insured loss suffered by our Company and SIPL significantly exceeds its insurance coverage, our Company and SIPL's business, financial condition and results of operations may be materially and adversely affected. Further, there is no assurance that the insurance premium payable by our Company and SIPL will be commercially viable or justifiable. For further details on the insurance policies availed by us, kindly refer "*Our Business - Insurance*" on page 189 of this Draft Red Herring Prospectus.

Further, our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business, but we cannot assure that such renewals will be granted in a timely manner, on commercially acceptable terms or at all. To the extent that we suffer loss or damage for which we did not obtain or maintain insurance and which is not covered by insurance or exceeds our insurance coverage or where our insurance claims are rejected, the loss would have to be borne by us and our results of operations, cash flows and financial condition may be adversely affected.

23. **Any material decrease in the portion of revenue derived from the sale of Hydrophobic Nonwoven Fabric and Super Soft Nonwoven Fabric could have an adverse impact on our financial performance and overall business stability.**

The hydrophobic nonwoven fabric has contributed 47.88%, 43.64%, 42.60% and 51.01%, respectively, of the total revenue from operations for the nine months period ended December 31, 2024, Fiscal 2024, Fiscal 2023 and Fiscal 2022. The super soft nonwoven fabric has contributed 25.99%, 30.57%, 27.79% and 31.16%, respectively, of the total revenue from operations for the nine months period ended December 31, 2024, Fiscal 2024, Fiscal 2023 and Fiscal 2022. The hydrophobic nonwoven fabric and super soft nonwoven fabric continued to be a significant contributor to revenue from operations, its relative contribution has decreased slightly over time. However, any material decrease in the sales or market share of these key product categories due to factors such as increased competition, shifts in consumer preferences or operational challenges could have an adverse impact on our financial performance and overall business stability.

25. ***There have been some instances of delay and discrepancies with respect to filing of certain forms with the Registrar of Companies and instances of non-compliance of Section 173 (1) of the Companies Act in the past, which may be subject to regulatory actions and penalties.***

There have been two instances of violation of Section 173(1) of the Companies Act, pursuant to which our Company was required to hold a minimum of four board meetings every year, with not more than 120 days between two consecutive meetings.

During the financial year 2020-21, our Company held a Board meeting on June 08, 2020, followed by a second meeting on November 05, 2020. Similarly, during the financial year 2021-22, our Company held a Board meeting on September 14, 2021, followed by a second meeting on February 03, 2022. As such, the gap between these two meetings exceeded 120 days.

Our Company has voluntarily filed an application dated January 27, 2025 for adjudication of this non-compliance under Section 454 of the Companies Act and our Company is waiting to hear from the adjudication officer.

Our Company has since then ensured that all Board meetings are held in compliance with the Companies Act. However, we cannot assure you that such non-compliance will not occur in the future.

If the adjudication officer imposes monetary penalties on our Company or its officers for this noncompliance, it may temporarily affect our cash flow.

There have been certain instances of secretarial irregularities and discrepancies in our Company, such as delay in filing of (i) Form ADT-1 for approval of appointment of the auditor, Busa & Associates by the shareholders on August 20, 2016 under section 139 of the Companies Act, 2013; (ii) Form DPT-3 in respect of deposits accepted by the company pursuant to Rule 16 and 16A of the Companies (Acceptance of Deposits) Rules, 2014 for the Financial Year ended on March 31, 2019; (iii) Form ADT-1 for approval

of appointment of the auditor, Busa & Associates by the shareholders on December 30, 2020 under section 139 of the Companies Act, 2013; (iv) Form AOC-4 for filing of financial statements under section 137 of the Companies Act, 2013 for the Annual General Meeting held on August 23, 2021; (v) Form CHG-1 for modification of charge dated October 12, 2021 with HDFC Bank Limited pursuant to Section 77 and 79 of the Companies Act, 2013; (vi) Form DPT-3 in respect of deposits accepted by the company pursuant to Rule 16 and 16A of the Companies (Acceptance of Deposits) Rules, 2014 for the Financial Year ended on March 31, 2022; (vii) Form AOC-4 for filing of financial statements under section 137 of the Companies Act, 2013 for the Annual General Meeting held on September 30, 2022 (viii) Form INC-27 for conversion of private limited company into public limited company under section 14 of the Companies Act, 2013 approved by the shareholders on July 06, 2024; (ix) Form ADT-1 for approval of appointment of the auditor, Kaushal Dave & Associates by the shareholders on August 21, 2024 under section 139 of the Companies Act, 2013.

Further, (i) our Company had approved a Rights Issue of ₹ 10 each to the existing shareholders in the ratio of 399:1, i.e., 399 Equity Shares were to be allotted for every 1 Equity Share of ₹ 10 each held, as per the Board Resolution dated March 12, 2016. However, while filing Form MGT-14 for the said Rights Issue, an inadvertent error occurred, and the ratio was mistakenly stated as 1:1 in the Board Resolution, with the Equity Shares incorrectly listed as having a face value of ₹ 10 each. (ii) our Company had approved a Rights Issue of ₹ 10 each to the existing shareholders in the ratio of 49:450, i.e., 49 Equity Shares were to be allotted for every 450 Equity Shares of ₹ 10 each held, as per the Board Resolution dated July 13, 2018. However, while filing Form MGT-14 for the said Rights Issue, two inadvertent errors occurred: (a) the ratio was mistakenly stated as 4500:49 in the Board Resolution, and (b) 4,90,000 (Four Lakh Ninety Thousand) Equity Shares were mistakenly stated as 49,00,000 (Forty Nine Lakh), with the Equity Shares incorrectly listed as having a face value of ₹ 10 each. However, to rectify the aforementioned error, the Company has filed a revised MGT-14 under SRN AB2822002 and AB2822092 with (i) actual ratio of 399:1 and 49:450, and (ii) the correct number of 4,90,000 equity shares for the board resolution dated July 13, 2018, approving the rights issue.

We have also obtained a search report dated January 28, 2025 from practicing Company Secretaries, KP Ghelani & Associates, in relation to the said discrepancies and errors. Although, no regulatory action has been taken on our Company for the abovementioned purported delayed, however, it cannot be assured that no such regulatory action, will be taken in the future. Further, we cannot assure you that such non-compliances will not occur in the future. Therefore, if the concerned authorities impose monetary penalties on us or take certain punitive actions against our Company or its directors/ officers in relation to the same, our business and financial condition could be adversely affected.

33. ***We have entered, and will continue to enter, into related party transactions which may involve conflicts of interest. Further, our Promoters, Promoter Group, Directors, Key Managerial Personnel and Relatives of Key Managerial Personnel have interests in us other than reimbursement of expenses incurred and normal remuneration or benefits.***

As on December 31, 2024, we have entered into related party transactions, which are in compliance with the Companies Act, 2013 and other applicable laws, such as transactions involving director's remuneration, reimbursement of expenses, borrowing and repayment of unsecured loans, among others. We confirm that the transactions with related parties entered into by our Company in the preceding three years and stub period, have been carried out at arms' length price and are not prejudicial to the interest of our Company.

We set out below the percentage of the related party transactions as a percentage (%) of total revenue from Operations for nine months period ended December 31, 2024 and financial year ended March 31, 2024, March 31, 2023, March 31, 2022.

Restated Related Party Transactions for nine months period ended December 31, 2024 and Fiscal 2024, Fiscal 2023 and Fiscal 2022:

(₹ in lakhs)

<u>Numerator</u>	<u>Nature of Related Parties Transaction</u>	<u>Nine months period ended December 31,2024</u>	<u>Fiscal 2024</u>	<u>Fiscal 2023</u>	<u>Fiscal 2022</u>
A	Salary/ Remuneration paid	80.36	68.69	105.15	84.94
B	Purchase of goods	451.68	190.87	2,252.42	72.09
C	Sales of Goods	2,247.19	2,124.02	1,301.41	725.54
D	Jobwork Expenses	20.63	8.53	3.84	9.20
E	Acceptance of Loan	1,625.75	2,525.33	591.47	214.90
F	Repayment of Loan	859.74	2,206.22	567.64	186.05
G	Issue of Equity Share	849.05	-	-	-
H	Payment of cash for acquisition of equity shares of subsidiary	848.99	-	-	-

Total Revenue from Operations for nine months period ended December 31,2024 and Fiscal 2024, Fiscal 2023 and Fiscal 2022:

(₹ In lakhs)

<u>Denominator</u>	<u>Particulars</u>	<u>Nine months period ended December 31,2024</u>	<u>Fiscal 2024</u>	<u>Fiscal 2023</u>	<u>Fiscal 2022</u>
I	Total Revenue from Operations	15,710.05	14,861.14	11,591.82	11,382.15

Related party transactions as a percentage (%) of total revenue from Operations

(% of Total Revenue from Operation)

<u>Formula used</u>	<u>Nature of Related parties Transaction</u>	<u>Nine months period ended December 31,2024</u>	<u>Fiscal 2024</u>	<u>Fiscal 2023</u>	<u>Fiscal 2022</u>
A/I	Salary/ Remuneration paid	0.51%	0.44%	0.67%	0.54%
B/I	Purchase of goods	2.88%	1.21%	14.34%	0.46%
C/I	Sales of Goods	14.30%	13.52%	8.28%	4.62%
D/I	Jobwork Expenses	0.13%	0.05%	0.02%	0.06%
E/I	Acceptance of Loan	10.35%	16.07%	3.76%	1.37%
F/I	Repayment of Loan	5.47%	14.04%	3.62%	1.18%
G/I	Issue of Equity Share	5.40%	0.00%	0.00%	0.00%
H/I	Payment of cash for acquisition of equity shares of subsidiary	5.40%	0.00%	0.00%	0.00%

While all our related party transactions have been conducted on an arm's length basis or at terms which are at more favourable to our Company, we cannot assure that we may not have achieved more favourable terms had such transactions been entered into with unrelated parties. There can be no assurance that such transactions, individually or taken together, will not have an adverse effect on our business, prospects, results of operations and financial condition, including because of potential conflicts of interest or otherwise. Our business and growth prospects may also decline if we cannot benefit from our relationships with them in the future.

For further details, see "Summary of the Issue Document - Summary of Related Party Transactions" and "Restated Financial Information" on page 24 and 228 of this Draft Red Herring Prospectus.

34. **If we are unable to establish and maintain an effective internal controls and compliance system, our business and reputation could be adversely affected.**

We are responsible for establishing and maintaining adequate internal measures commensurate with the size and complexity of operations. There have been no material instances of failure to maintain effective internal controls and compliance systems in the three preceding Fiscals and nine months period ended December 31, 2024, but we are exposed to operational risks arising from the potential inadequacy or failure of internal processes or systems, and our actions may not be sufficient to ensure effective internal checks and balances in all circumstances.

We take reasonable steps to maintain appropriate procedures for compliance and disclosure and to maintain effective internal controls over our financial reporting so that we produce reliable financial reports and prevent financial fraud. Any lapses in judgment or failures that result from human error can affect the accuracy of our financial reporting, resulting in a loss of investor confidence.

As we continue to grow, there can be no assurance that there will be no instances of non-compliances with statutory requirements and no potential inadequacy or failure of internal processes or systems which may subject us to regulatory action, including monetary penalties, which may adversely affect our business and reputation.

35. **Our ability to access capital at attractive costs depends on our credit ratings. Non-availability of credit ratings or a poor rating may restrict our access to capital and thereby adversely affect our business and results of operations.**

The cost and availability of capital depends on our credit ratings. Credit ratings reflect the opinion of the rating agency on our management, track record, diversified client base, increase in scale and operations and margins, medium term revenue visibility and operating cycle.

Our inability to obtain such credit rating in a timely manner or any non-availability of credit ratings or poor ratings or any downgrade in our credit ratings could increase borrowing costs, will give the right to our lenders to review the facilities availed by us under our financing arrangements and adversely affect our access to capital and debt markets, which could in turn adversely affect our interest margins, our business, results of operations, financial condition and cash flows.

36. **Our Company has availed unsecured loans which are repayable on demand. Any demand from lenders for repayment of such unsecured loans, may affect our cash flows**

As on December 31, 2024, our Company has unsecured loans amounting to ₹2,149.63 lakhs from related parties & others and intercorporate deposits that are repayable on demand to them. Such loans are not repayable in accordance with any agreed repayment schedule and may be recalled by the relevant lenders at any time. Any such unexpected demand or accelerated repayment may have a material adverse effect on the business, cash flows and financial condition. For further details of unsecured loans of our Company, see chapter titled “Financial Indebtedness” on page 271 of this Draft Red Herring Prospectus.

37. **There are outstanding litigation proceedings involving our Company, our Directors, our Promoters and our Subsidiaries. Any adverse decision in such demand may render us liable to liabilities/penalties and may adversely affect our business, results of operations and financial condition.**

A summary of outstanding litigation proceedings involving our Company, our Directors, our Promoters and our Subsidiaries as on the date of this Draft Red Herring Prospectus is provided below:

(₹ in lakhs)

<u>Name of Entity</u>	<u>Criminal Proceeding</u>	<u>Tax Proceeding</u>	<u>Statutory or Regulatory Proceeding</u>	<u>Disciplinary actions by the SEBI or Stock Exchanges</u>	<u>Material Civil Litigation</u>	<u>Aggregate amount involved</u>
<u>Company</u>						
By our	29.80	N.A.	N.A.	N.A.	Nil	29.80

<u>Name of Entity</u>	<u>Criminal Proceeding</u>	<u>Tax Proceeding</u>	<u>Statutory or Regulatory Proceeding</u>	<u>Disciplinary actions by the SEBI or Stock Exchanges</u>	<u>Material Civil Litigation</u>	<u>Aggregate amount involved</u>
<u>Company</u>						
<u>Against our Company</u>	<u>Nil</u>	<u>29.56</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>29.56</u>
<u>Directors (Other than Promoters)</u>						
<u>By our Director</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>
<u>Against our Director</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>
<u>Promoters</u>						
<u>By our Promoters</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>
<u>Against our Promoters</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>
<u>Subsidiaries</u>						
<u>By our Subsidiaries</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>
<u>Against our Subsidiaries</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>

For further details, please see “*Outstanding Litigation and Material Developments*” on page 278 of this Draft Red Herring Prospectus. Any adverse decisions in any of the proceedings may have a significant effect on our business, results of operations, cash flows and financial condition or reputation, irrespective of the amount involved in such litigation. We cannot assure you that these demands will be decided in our favour or that no legal proceedings will be initiated against our Company and Subsidiaries in the future. Such proceedings, if arises, may adversely affect our business, financial condition and growth strategy.

50. None of our Directors/ Promoters have prior experience of being a Director of a listed company

None of our Directors/ Promoters have prior experience of being a Director of a listed company. Further, our Independent Directors do not have the experience of being directors/ holding directorships of listed companies. Accordingly, they have limited exposure as regards managing the affairs of a listed company which inter-alia entails several compliance requirements and scrutiny of affairs by shareholders, regulators and the public at large that is associated with being a listed company. While our Board members are qualified and have relevant experience in their respective field, not having any prior experience as being a director in any other listed company in India may present some potential challenges to our Company in effectively meeting with good corporate governance norms and practices. Additionally, having lack of such experience amongst our Board may impact our Company's credibility and reputation among the investors and other stakeholders. For further details, please see chapter titled “*Our Management – Brief Profiles of our Director*” on page 209 of this Draft Red Herring Prospectus.

51. Changing market trends and evolving customer requirements may impact our business, revenue and profitability

The polypropylene (PP) spunbond nonwoven fabric industry is experiencing rapid changes due to evolving market trends and shifting customer demands. Growing awareness of environmental impact is pushing customers toward biodegradable or recyclable alternatives. Manufacturers of polypropylene spunbond nonwoven fabrics must adapt to sustainability trends, invest in innovation, and optimize production efficiency to remain competitive. New entrants and innovative competitors can reshape the market landscape, requiring businesses to continuously evolve their strategies.

Any shift in customer demand, regulatory changes, or technological advancements affecting could influence the demand for our products. For instance, increased consumer preference for alternative materials, regulatory restrictions on certain products, or changes in industry-specific standards may require us to modify our product offerings.

While we adapt to market changes by diversifying our product portfolio and expanding our customer base, our ability to respond to evolving trends and preferences remains crucial. Any failure to anticipate or adapt to these changes in a timely manner could adversely affect our business, financial condition, and results of operations.

52. **We are subject to counterfeit, cloned and pass-off products, which may reduce our sales and harm the brand reputation and goodwill of our Company.**

We are subject to the risk of counterfeit, cloning and passing off of our products in our businesses which may negatively impact our sales, brand reputation and goodwill. As we are engaged in the business of manufacturing polypropylene spunbond nonwoven fabrics and our products are used in the industries such as hygiene, healthcare, packaging, agriculture, roofing & construction, industrial, and home furnishing where product quality and reliability are critical. Further, Counterfeit products, cloned and pass-off products may contain substances that are harmful to consumers or may be less effective than our products, which could undermine customer trust and harm our brand reputation. The proliferation of unauthorized copies of our products and the time in pursuing claims and complaints about spurious products could have an adverse effect on our reputation and our business. Any improper use of the trademarks by the licensor or any other third parties could adversely affect our business, financial condition and results of operations.

[Remainder of the page has been intentionally left blank]

SECTION V- GENERAL INFORMATION

The heading labelled “Monitoring Agency” and “Changes in Auditors during the last three years”, appearing in the section titled “General Information” on page 78 of the Draft Red Herring Prospectus has been suitably updated.

Monitoring Agency

As the size of the Issue exceeds ₹ 5,000.00 lakhs, our Company will appoint a credit rating agency registered with SEBI as the Monitoring Agency to monitor the utilisation of the Net Proceeds, in accordance with Regulation 262 of the SEBI ICDR Regulations, prior to the filing of the Red Herring Prospectus with the RoC.

Changes in Auditors during the last three years

Except as stated below, there has been no change in the statutory auditors of our Company during the three years immediately preceding the date of this Draft Red Herring Prospectus:

Particulars	Date of Change	Reason for Change
Busa & Associates, Chartered Accountants Busa House, Plot No. 3 - A, Jankalyan Society, Near Astron Chowk, Tagore Road, Rajkot – 360 001, Gujarat. Telephone: +028 1246 2804 Email Id: rajkot@cabusa.in Contact Person: CA Hemantkumar Busa Membership Number: 109953 Peer Review Number: 014231 Firm Registration Number: 122574W	July 22, 2024*	Resignation due to pre-occupation in other assignment
Kaushal Dave & Associates, Chartered Accountants Office No. 604 & 605 Level 06, Opp. Imperial Heights, Near AP Park, Rajkot 360 001, Gujarat Telephone: +028 1246 2804 Email Id: office@cakda.in Contact Person: Kaushal V. Dave Membership Number: 174550 Peer Review Number: 017477 Firm Registration Number: 143936W	August 21, 2024	Appointment to fill casual vacancy upon resignation by Busa & Associates, Chartered Accountants.

*Note: The original date of appointment of Busa and Associates is August 20, 2016, and they were re-appointed on December 30, 2020

[Remainder of the page has been intentionally left blank]

SECTION VI – PARTICULARS OF THE ISSUE

OBJECTS OF THE ISSUE

The headings “1. Funding working capital requirements of our Company” and “2. Investment in our wholly owned subsidiary, SIPL, for funding its working capital requirements” on pages 113 and 116, respectively, under the sub-section titled “Objects of the Issue” under the section titled “Particulars of the Issue” of the Draft Red Herring Prospectus shall be replaced as below:

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

1. Funding working capital requirements of our Company

Our business and industry in which we operate is working capital intensive. We fund a majority of our working capital requirements in the ordinary course of business from the working capital facilities from banks and financial institutions, and through internal accruals. The requirement is proportionate and variable in nature with the growth of our Company. Our Company requires additional working capital for funding for funding its present and future growth requirements. As on December 31, 2024, total indebtedness (including fund based and non-fund based facilities) of our Company was ₹8,479.07 lakhs. For details, please see “Financial Indebtedness” on page 271 of this Draft Red Herring Prospectus.

In light of existing and prospective growth opportunities, including expanding our geographies reach, expanding our product portfolio and optimizing our production capacities, we intend to utilise ₹ 2,900.00 lakhs from Net Proceeds to fund working capital requirements of our Company in fiscal 2026. For details, please see “Our Business – Our Strategies” on page 175 of this Draft Red Herring Prospectus.

Basis of estimation of working capital requirement

The details of our Company’s working capital requirements as at March 31, 2022, March 31, 2023, March 31, 2024 and December 31, 2024 and their source of funding, derived on the basis of audited financial statements, on standalone basis, are as set forth below:

(₹ in lakhs)					
Sr. No.	Particulars	March 31, 2022 (Audited)	March 31, 2023 (Audited)	March 31, 2024 (Audited)	December 31, 2024 (Audited)
I	Current Assets				
1	Current Investments	229.91	241.37	192.67	-
2	Inventories – Raw Materials	684.87	514.55	1,318.82	1,260.75
3	Inventories – Finished Goods	230.35	470.78	1,069.84	2,335.51
4	Trade receivables	1,197.02	2,192.98	3,033.93	4,596.17
5	Cash & cash equivalents	12.10	9.69	21.47	3.09
6	Short-term loans & advances	1,036.31	835.91	373.19	677.16
7	Other current assets	-			339.86
	Total (A)	3,390.56	4,265.28	6,009.92	9,212.52
II	Current Liabilities				
1	Trade Payables	637.41	2,013.10	2,772.79	3,048.46
2	Short term provisions	148.86	70.82	303.97	275.41
3	Other Current Liabilities (including current maturity of long-term debt)	720.36	716.73	705.26	913.96
	Total (B)	1,506.63	2,800.64	3,782.02	4,237.83

Sr. No.	Particulars	March 31, 2022 (Audited)	March 31, 2023 (Audited)	March 31, 2024 (Audited)	December 31, 2024 (Audited)
III	Total working capital gap (A-B)	1,883.93	1,464.64	2,227.90	4,974.71
	Less: Cash & Cash Equivalents	12.10	9.69	21.47	3.09
IV	Net working capital Gap	1,871.83	1,454.95	2,206.43	4,971.62
V	Funding pattern				
a)	Short Term Borrowings (including working capital facilities from banks)	634.48	1,087.07	1,535.78	3,738.82
b)	Internal accruals / Networth*	1,237.36	367.88	670.65	1,232.80
	Total	1,871.83	1,454.95	2,206.43	4,971.62

*Internal Accruals = Total working capital requirement less short-term borrowings.

Sr No	Holding Period	Basis	March 31, 2022	March 31, 2023	March 31, 2024	December 31, 2024
1	Trade Receivables	No of Days	39	70	75	81
2	Inventories - raw material	No of Days	26	22	39	27
3	Inventories - finished goods	No of Days	7	15	26	41
4	Trade Payables	No of Days	24	83	87	79

Note: As certified by Kaushal Dave & Associates, Chartered Accountants, by way of their certificate dated January 28, 2025

Based on our existing working capital requirements and business plan, our Board of Directors, pursuant to its resolution dated January 28, 2025, has approved the projected working capital requirements for Fiscal 2025 and 2026, details of which are as set forth below:

		(₹ in lakhs)	
Sr. No.	Particulars	March 31, 2025 (Projected)	March 31, 2026 (Projected)
I	Current Assets		
1	Current Investments	-	-
2	Inventories – Raw Materials	1,884.77	2,135.26
3	Inventories – Finished Goods	1,914.21	2,541.43
4	Trade receivables	4,922.24	5,650.18
5	Cash & cash equivalents	19.01	3,309.57
6	Short-term loans & advances	-	-
7	Other current assets	735.95	735.95
	Total (A)	9,476.18	14,372.38
II	Current Liabilities		
1	Trade Payables	2,513.03	1,898.01
2	Short term provisions	454.27	498.95
3	Other Current Liabilities (including current maturity of long-term debt)	768.47	810.44
	Total (B)	3,735.77	3,207.39

Sr. No.	Particulars	March 31, 2025 (Projected)	March 31, 2026 (Projected)
III	Total working capital gap (A-B)	5,740.41	11,164.98
	Less: Cash & Cash Equivalents	19.01	3,309.57
IV	Net working capital Gap	5,721.40	7,855.42
V	Funding pattern		
a)	Short Term Borrowings (including working capital facilities from banks)	3,800.00	3,000.00
b)	Internal accruals / Networth*	1,921.40	1,955.42
c)	Amount proposed to be utilized from Net Proceeds	-	2,900.00
	Total	5,721.40	7,855.42

*Internal Accruals = Total working capital requirement less short-term borrowings.

Rationale for changes in working capital requirements of the Company:

FINANCIAL YEAR 2023 COMPARED TO FINANCIAL YEAR 2022

Following is detailed rationale of the factors contributing to this decrease in the working capital requirements :

1. Efficient inventory management:

The raw material inventory holding level in Fiscal 2022 and 2023 were 26 days and 22 days respectively, amounting to ₹ 684.87 lakhs and ₹ 514.55 lakhs, respectively. Our primary raw materials include polypropylene, masterbatch, packing materials and other additives. The Company continuously monitor the production schedule, outstanding sales order from customers, prices of raw materials, logistics challenges, expected supply orders to be received from customers and current inventory level before placing the purchase order with the suppliers. The raw material inventory levels may fluctuate materially based on the various factors as mentioned herein.

The finished goods inventory holding level in Fiscal 2022 and 2023 were 7 days and 15 days, respectively, amounting to ₹ 230.35 lakhs and ₹ 470.78 lakhs, respectively. The Company produces its products on a continues basis based on its internal assessment of customer demands and outstanding sales orders. The Company also holds inventory of finished goods to meet the sudden and urgent demands from the customers. Holding optimum level of finished goods inventory helps the Company to manage any unexpected production stoppages, smoothen any sudden movement in prices of key raw materials, optimum allocation of production overheads and mitigating any potential disruption in supply chain. The finished goods inventory levels may fluctuate materially based on the various factors as mentioned herein.

Further, the strategic focus of the Company remained on the efficient management of trade receivables and trade payables during Fiscal 2023. As a result, a significant portion of working capital was allocated toward trade receivables and trade payables, which resulted in a lower allocation of funds towards inventory. Accordingly, inventory levels were maintained at optimum level to ensure overall working capital efficiency.

2. Trade payables management:

The trades payables days of the Company in Fiscal 2022 and 2023 were 24 days and 83 days, respectively, amounting to ₹ 637.41 lakhs and ₹ 2,013.10 lakhs, respectively. The trades payables primarily comprise of suppliers of raw materials and other inputs for production process of the Company. As the purchase of raw materials and other inputs increases, the corresponding amount of creditors also increases. The decrease in the working capital cycle of the Company has been primarily on account of strategic trade payable management. Previously, the Company operated under constrained credit terms from customers

and inadequate sanctioned working capital facilities to manage its cash flows effectively. Over time, as business relationships strengthened, the Company secured extended credit periods from its customers, which, in turn, enabled it to renegotiate and obtain longer credit terms from its suppliers. As a result, the trade receivable days increased from 39 days in Fiscal 2022 to 70 days in Fiscal 2023. However, the extended supplier credit involved higher raw material procurement costs which have reduced our margins, thereby impacting overall profitability. Further, the Company has made concerted efforts to optimise its trade receivables and trade payables to the maximum extent possible. The increase in trade payables days reduced the immediate outflow of cash which contributed positively to working capital management and decrease its overall working capital requirements due to delay cash outflows.

3. Reduction in short-term loans and advances:

Short-term loans and advances of the Company was decreased from ₹1,036.31 lakhs in Fiscal 2022 to ₹835.91 lakhs in Fiscal 2023 which indicates that the Company has optimized the use of available cash and internal resources which contributed to a lower working capital requirement.

FINANCIAL YEAR 2024 COMPARED TO FINANCIAL YEAR 2023

Following is the detailed rationale of the factors contributing to this increase in the working capital requirements:

1. Increase in revenue from operations/sales turnover:

The revenue from operations of the Company was increased by 29.01% from ₹11,474.18 lakhs in Fiscal 2023 to ₹14,802.50 lakhs in Fiscal 2024, primarily due to installation of the 3.2m PP SSS machine with an online detection system machine. The 3.2m PP SSS machine was installed in January 2023 and the Company commenced deriving operational and financial benefits from it during Fiscal 2024. As a result, the overall capacity utilization also increased from 34.27% to 52.83% during the FY 2023 to FY 2024. Further, the numbers of customers have also increased from 354 in Fiscal 2023 to 426 in Fiscal 2024. In order to fulfill corresponding orders, the Company had to offer extended credit period to ensure product acceptability, facilitate market penetration and increase sales volume on account of higher production output. The increase in revenue from operations required additional working capital to support higher production and inventory levels. Further, the increase in revenue from operations required the extension of longer credit period to customers as a part of strategy to build stronger relationship which led to an increase in trade receivables.

2. Increase in inventories:

The raw material inventory increased from ₹514.55 lakhs in Fiscal 2023 to ₹1,318.82 lakhs in Fiscal 2024. The increase in raw material inventory was consistent with the increased production requirements of the Company driven by the sales growth of 29.01% in Fiscal 2024 vis-à-vis Fiscal 2023. The Company has enhanced its utilisation capacity from 34.27% to 52.83% during the FY 2023 to FY 2024. Further, the necessity to maintain varieties of inventories of different GSMs, colours and sizes of the product in order to onboard new customers, meet the requirement of existing customers and to focus on new market development, the higher level of raw material inventory was maintained to support product availability and responsiveness to demand of the customers resulting from increase in revenue from operation. To mitigate risks associated with raw material price fluctuations and potential supply disruption, the Company has maintained adequate level of inventory levels which further contributed to the overall increase in working capital requirements in Fiscal 2024 vis-à-vis Fiscal 2023.

The finished goods inventory increased from ₹470.78 lakhs in Fiscal 2023 to ₹1,069.84 lakhs in Fiscal 2024. The increase in finished goods inventory in line with a 29.01% growth in turnover which necessitated to maintain larger quantities of finished goods to ensure timely fulfilment of customer orders. Further, the Company increased its utilisation capacity from 34.27% to 52.83% during the FY 2023 to FY 2024 which resulted into higher production output and increase in level of finished goods. Further, with the expansion in capacity, the Company strategically maintained consistent stock levels of products which have uniform GSM, colour and size specifications to ensure operational readiness for repeat orders and enable efficient delivery.

3. Increase in trade receivables:

With the increase in revenue from operations, trade receivables correspondingly increased from ₹2,192.98 lakhs in Fiscal 2023 to ₹2,828.64 lakhs in Fiscal 2024. Further, the numbers of customers have also increased from 354 in Fiscal 2023 to 426 in Fiscal 2024 and the Company has given the longer credit period to new customers as a part of strategy to build stronger relationship. The increase in revenue from operations for the credit sales led to increase trade receivables which contributed to overall increase in working capital requirements of the Company.

NINE MONTHS ENDED DECEMBER 31, 2024 COMPARED TO FINANCIAL YEAR 2024

Following is detailed rationale of the factors contributing to this increase in the working capital requirements :

1. Increase in revenue from operations/sales turnover:

The revenue from operations of the Company was increased by 6.13% from ₹14,802.50 lakhs in Fiscal 2024 to ₹15,710.05 lakhs for the nine months period ended December 31, 2024. The increase in working capital requirements primarily attributed to the increase in revenue from operations. Further, the numbers of customers have also increased from 426 in Fiscal 2024 to 432 as on December 31, 2024. The Company was required to augment its inventories of raw materials and finished goods to meet the demand of the customers. The increase in inventories of finished goods from ₹ 1,069.84 lakhs in Fiscal 2024 to ₹2,335.51 lakhs as on December 31, 2024 indicates the Company has maintained adequate inventory levels to meet the demand of the customers.

2. Increase in inventories:

The finished goods inventory increased from ₹ 1,069.84 lakhs as on March 31, 2024 to ₹ 2,335.51 lakhs as on December 31, 2024. The increase in finished goods inventory in line with a 6.13% growth in turnover which necessitated to maintain larger quantities of finished goods to ensure timely fulfilment of customer orders. The Company strategically maintained consistent stock levels of products which have uniform GSM, colour and size specifications to ensure operational readiness for repeat orders and enable efficient delivery.

3. Increase in trade receivables:

The trade receivables of the Company increased from ₹2,828.64 lakhs as on March 31, 2024 to ₹4,596.17 lakhs as on December 31, 2024 was primarily due to extend longer credit periods to customers to build stronger business relationships and engage with new customers. The Company has catered to 432 customers during the nine months period ended December 31, 2024 as compared to 426 customers during Fiscal 2024.

Rationale for fluctuation in operating cycle of the Company:

Following is rationale for fluctuations in operating cycle of the Company for the past three years, stub period and estimated period:

1. Trade receivables:

The overall installed capacity of the Company increased from 8,400MTPA in Fiscal 2022 to 20,400MTPA in Fiscal 2023, Fiscal 2024 and December 31, 2024 due to which the revenue from operations of the Company also increased. The average holding period for trade receivables increased from 39 days for Fiscal 2022 to 70 days, 70 days and 81 days for the Fiscal 2023, Fiscal 2024 and December 31, 2024. This increase in days attributed to the increase in revenue from operations and strategic decision of the Company to extend longer credit period to support business growth and customer retention.

The holding period for trade receivables is projected at 90 days for Fiscal 2025 and Fiscal 2026, to

maintain consistent credit period in line with increase in revenue from operations.

2. Raw materials and finished goods inventory:

The holding period of raw materials decreased from 26 days for Fiscal 2022 to 22 days for Fiscal 2023 which further increased to 39 days for Fiscal 2024 and 27 days as on December 31, 2024. The increase in the holding period of raw materials in Fiscal 2024 was primarily due to higher production requirement in line with increase in revenue from operations by 29.01% in Fiscal 2024 vis-à-vis Fiscal 2023. The holding period of raw materials is projected at 45 days for Fiscal 2025 and Fiscal 2026 in line with increase in revenue from operations to ₹19,962.43 lakhs and ₹22,914.60 lakhs for Fiscal 2025 and Fiscal 2026, respectively to meet production requirements.

The holding period of finished goods increased from 7 days in Fiscal 2022 to 15 days, 26 days and 41 days for Fiscal 2023, Fiscal 2024 and December 31, 2024 which indicates that the Company was holding a larger quantity of finished goods to meet the customer demands. The increase in the holding period of finished goods in Fiscal 2024 and December 31, 2024 was primarily due to the increased in revenue from operations in the respective periods. The higher production requirement is in-line with increase in revenue from operations by 29.01% in Fiscal 2024 vis-à-vis Fiscal 2023. The holding period of finished goods is projected at 35 days and 40 days for Fiscal 2025 and Fiscal 2026, respectively. The increase in the holding period of finished goods is aligned with the expected increase in revenue from operations which required the Company to maintain a higher level of finished goods inventory to minimize the risk of stockouts.

3. Trade payables:

The holding period of trade payables increased from 24 days in Fiscal 2022 to 83 days and 90 days for the Fiscal 2023 and Fiscal 2024, respectively which was subsequently reduced to 79 days as on December 31, 2024. The increase in holding period of trade payables for the Fiscal 2023 and Fiscal 2024 was primarily due to the higher price of raw materials which required extended credit terms with suppliers that allows the Company to optimize cash flow for working capital requirements. The holding period of trade payables is projected at 60 days and 40 days for Fiscal 2025 and Fiscal 2026, respectively. The Company currently bears interest cost associated with delays in payments to its large-sized suppliers who extend a lower credit period. To mitigate this financial burden, the Company intends to reduce its trade payable days to 60 days and 40 days for Fiscal 2025 and Fiscal 2026, respectively which will minimize interest expenses.

Assumptions for our estimated working capital requirements

The table below contains details of the estimated holding levels (days) for financial year Fiscal 2025 and 2026:

Sr No	Holding Period	Basis	March 31, 2025	March 31, 2026
1	Trade Receivables	No of Days	90	90
2	Inventories - Raw material	No of Days	45	45
3	Inventories - finished goods	No of Days	35	40
4	Trade Payables	No of Days	60	40

Justification for holding period levels:

Inventories	We are engaged in the business of manufacturing spunbond nonwoven fabrics. In order to efficiently operate our manufacturing process and fulfill delivery schedules, we need to maintain efficient inventory levels. Our inventory levels tend to dependent upon delivery schedules provided to us by our customers. The average inventory holding level of raw materials in fiscal 2022, 2023 and 2024 and for the nine months ended December 31, 2024 were 26, 22, 39 and 27 days, respectively whereas average inventory holding level of finished goods in fiscal 2022, 2023 and 2024 and for the nine months ended December 31, 2024 were 7, 15, 26 and 41 days, respectively.
--------------------	---

The Company is currently operating at a capacity utilization level of 52.28% and intends to increase its capacity utilization to improve operational efficiency and support anticipated growth in demand. The increase in revenue from operations will require higher raw material and finished goods inventory to meet the customer demand which will increase the working capital requirements of the Company to its support business operations. This increase in revenue from operation is proposed to be primarily achieved by increasing the production of the Company. Increase in revenue from operations and production would also correspondingly increase in consumption and purchase of raw materials and other inputs materials. The increase in production volume would also result in higher inventory level of finished goods.

The average holding period for raw materials is projected at 45 days for Fiscal 2025 and Fiscal 2026. With the increase in revenue from operations for Fiscal 2025 and Fiscal 2026, the Company estimated an increase in raw material inventory to ₹1,884.77 lakhs and ₹2,135.26 lakhs for Fiscal 2025 and Fiscal 2026, respectively as compared to ₹1,260.75 lakhs as on December 31, 2024. As the Company intends to increase its capacity utilization to improve operational efficiency and support anticipated growth in demand, it will require to maintain adequate level of raw material inventory. The increase in raw material inventory will require additional working capital to meet production requirements. This increase in raw material inventory level is required to support higher production volume to ensure smooth production and avoid raw material shortages. This will also reduce the Company's dependency on external factors such as availability of adequate logistics, reliability of supplier to deliver required volume of raw materials at acceptable price, disruption of supply chain, unforeseen and sudden fluctuation in prices of raw materials or trade disruption. This will also enable the Company to benefit from better negotiation power on account of bulk purchase from suppliers.

The average holding period for finished goods is projected at 35 days and 40 days for Fiscal 2025 and Fiscal 2026. With the increase in revenue from operations for Fiscal 2025 and Fiscal 2026, the finished goods inventory is expected to decrease from ₹2,335.51 lakhs as on December 31, 2024 to ₹1,914.21 lakhs as on March 31, 2025 and increase to ₹2,541.43 lakhs as on March 31, 2026. The installed capacity has not been fully utilized, the Company intends to maintain an optimal level of finished goods inventory to support current and anticipated sales volumes which includes ready stock to meet repeat orders from existing customers as well as new orders for different sizes and colours of the products.

Following is details of pertaining to the total number of customers, number of new customers added and number of repeat customers for the last three financial years:

Year	Total number of customers	Addition of new customers	Repeated number of customers
FY 2024	426	219	207
FY 2023	354	240	114
FY 2022	249	139	110

The increase in finished goods inventory is intended to ensure timely order fulfilment which will further increase working capital requirements. The increase in inventory level of finished goods will enable the Company to meet any sudden and urgent demand from customers, ensure timely delivery of outstanding sales orders from customers, reduce sudden burden on production process, avoid situation of stock-outs and ensure availability of required products to expand to new customers, geographies and end-user industries.

Trade Receivables	The Company has projected an increase in trade receivables from ₹4,596.17 lakhs as on December 31, 2024 to ₹4,922.24 lakhs and ₹5,650.18 lakhs for Fiscal 2025 and
--------------------------	--

	Fiscal 2026, respectively, which results in 90 days of sales outstanding for respective period. The Company, as a part of ongoing growth strategy, plans to expand its presence across end-user industries, diversify its customer base and geographical reach. In order to implement these strategies, the Company would be required to extend longer credit period to build business relationship with new customers. Extending more favourable credit terms to new customers signals the Company's trust and confidence in the customer's ability to pay, encouraging possible repeat business and larger purchase orders from customer in future. Hence, in order to expand the business operations of the Company to new customers, geographies and end-user industries, the Company expects an increase in trades receivable level for Fiscal 2025 and Fiscal 2026. The debtors' realization for Fiscal 2022, 2023 and 2024 and for the nine months ended December 31, 2024 were 39, 70, 75 and 81 days, respectively. Based on our expected increase in business activities, we believe average collection period of 90 days for fiscal 2025 and fiscal 2026 each, seems realistic and achievable, given the current business developments.
Trade Payables	During Fiscal 2022, 2023 and 2024 and for the nine months ended December 31, 2024, our trades payables period was 24, 83, 87 and 79 days respectively. The primary raw materials used in our manufacturing process of spunbond nonwoven fabric are PP Granules, master batch and other additives to make fabric softer, UV treated and FR treated. We also use special chemicals to produce hydrophilic and antistatic treatments. The Company has projected a decrease in trade payables from ₹3,048.46 lakhs as on December 31, 2024 to ₹2,513.03 lakhs and ₹1,898.01 lakhs for Fiscal 2025 and Fiscal 2026, respectively. The average holding period for trade payables is projected at 60 days and 40 days for the Fiscal 2025 and Fiscal 2026, respectively. Currently, the Company procures significant portion of its raw materials from large domestic and international petrochemical companies. For the nine months ended December 31, 2024, fiscal 2024, fiscal 2023 and fiscal 2022, imported raw materials consisted of 44.12%, 64.22%, 41.95% and 11.83% of total purchase of raw materials and domestic raw materials consisted of 55.88%, 35.78%, 58.05% and 88.17% of total purchase of raw materials. The Company plans to diversify its supplier base in and outside India who are able to supply raw materials in larger quantity and lower lead time. Further, the Company currently bears interest cost associated with delays in payments to its large-sized suppliers, who as per their internal credit policy, extend a comparative lower credit period to their customers due to their better negotiation power. In order to make timely payment to suppliers and manage the mismatch in timing of cashflow i.e., time gap between receipt of payment from customers and payment made to the suppliers, the Company currently have banking arrangement with HDFC Bank Limited and Standard Chartered Bank Limited who have sanctioned ₹ 4,075.00 lakhs as on December 31, 2024. Out of this sanctioned amount, the Company utilises ₹ 3,863.81 lakhs as on December 31, 2024. To mitigate this financial burden, the Company intends to reduce its trade payable days to 60 days and 40 days for Fiscal 2025 and Fiscal 2026, respectively which will reduce interest expenses. This reduction in interest cost is expected to materially improve the financial position and performance of the Company. The Company was constrained in availing early payment or bulk purchase discounts due to limited availability of working capital. The inability to make advance payments or settle dues within shortened timelines restricted ability of the Company to benefit from favourable supplier incentives. With improved access to working capital, the Company also expects to negotiate cash discount on account of early payment to creditors where suppliers offer incentives on bulk purchases or advance payment. This

strategy is expected to reduce procurement cost and improve supplier relationships. The management expects this combination of reduction in interest cost coupled with cash discount would positively contribute towards net profit margin. Further, reduction in trades payable would also result in reduction of foreign exchange risk.

Hence, owing to these factors, our Company envisages a reduction in trades payable days and increase in total trades payable in fiscal 2025 and 2026. For fiscal 2025 and fiscal 2026, we expect the creditors' payment period to be 60 and 40 days, respectively.

2. Investment in our wholly owned subsidiary, SIPL, for funding its working capital requirements;

We acquired all the outstanding equity shares of Spunweb India Private Limited (earlier known as Spunweb Nonwoven) vide Share Sale and Transfer Agreement ("**SIPL SSTA**") dated December 27, 2024. Our Company paid the agreed purchase consideration and fulfilled all required conditions as outlined in SIPL SSTA and on account of this, SIPL became a wholly owned subsidiary of our Company with effect from December 30, 2024. For further details, please refer "*History And Certain Corporate Matters - Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamation, any revaluation of assets, etc. since its incorporation*" on page 206 of this Draft Red Herring Prospectus.

SIPL is engaged in the same line of business as that of our Company, i.e., manufacturing of spunbond nonwoven fabrics. SIPL has historically funded majority of its working capital requirements from the working capital facilities from banks and financial institutions, and through internal accruals. As on December 31, 2024, total indebtedness (including fund based and non-fund based facilities) of SIPL was ₹1,749.74 lakhs. Owing to operational and functional synergies expected to accrue on account of similarity in business operations, SIPL requires additional working capital for funding its present and future growth requirements. Our Company proposes to utilise ₹ 1,000.00 lakhs to fund SIPL's working capital requirements in fiscal 2026. The board of directors of SIPL have adopted a resolution dated January 28, 2025 in relation its additional working capital requirements.

Basis of estimation of working capital requirement

The details of SIPL's working capital requirements as at March 31, 2022, March 31, 2023, March 31, 2024 and December 31, 2024 and their source of funding, derived on the basis of audited financial statements, on standalone basis, are as set forth below:

(₹ in lakhs)					
Sr. No.	Particulars	March 31, 2022	March 31, 2023	March 31, 2024	December 31, 2024
		(Audited)	(Audited)	(Audited)	(Audited)
I	Current Assets				
1	Inventories – Raw Materials	97.78	610.65	352.99	484.84
2	Inventories – Finished Goods	240.27	418.88	488.24	419.44
3	Trade receivables	1,094.44	1,083.75	881.87	2,171.20
4	Cash & cash equivalents	17.83	15.32	18.10	20.38
5	Short-term loans & advances	242.19	296.73	332.59	432.85
6	Other current assets	-	-	-	307.63
	Total (A)	1,692.51	2,425.33	2,073.79	3,836.34
II	Current Liabilities				
1	Trade Payables	940.23	96.10	298.34	1,153.67
2	Short term provisions	43.41	67.90	2.36	162.03
3	Other Current Liabilities	10.48	7.42	113.31	514.50

Sr. No.	Particulars	March 31, 2022	March 31, 2023	March 31, 2024	December 31, 2024
		(Audited)	(Audited)	(Audited)	(Audited)
	(including current maturity of long-term debt)				
	Total (B)	994.12	171.42	414.01	1,830.20
III	Total working capital gap (A-B)	698.39	2,253.91	1,659.78	2,006.14
	Less: Cash & Cash Equivalents	17.83	15.32	18.10	20.38
IV	Net working capital Gap	680.56	2,238.59	1,641.68	1,985.76
V	Funding pattern				
a)	Short Term Borrowings (including working capital facilities from banks)	388.43	872.50	889.63	794.17
b)	Internal accruals / Networth*	292.13	1,366.09	752.05	1,191.59
	Total	680.56	2,238.59	1,641.68	1,985.76

*Internal Accruals = Total working capital requirement less short-term borrowings.

Sr No	Holding Period	Basis	March 31, 2022	March 31, 2023	March 31, 2024	December 31, 2024
1	Trade Receivables	No of Days	67	64	54	88
2	Inventories - Raw material	No of Days	8	41	38	27
3	Inventories - finished goods	No of Days	20	25	44	24
3	Trade Payables	No of Days	79	6	32	65

Note: As certified by Kaushal Dave & Associates, Chartered Accountants, by way of their certificate dated January 28, 2025

Based on SIPL's existing working capital requirements and business plan, the board of directors of SIPL, pursuant to its resolution dated January 28, 2025, has approved the projected working capital requirements for Fiscal 2025 and 2026, details of which are as set forth below:

(₹ in lakhs)

Sr. No.	Particulars	March 31, 2025	March 31, 2026
		(Projected)	(Projected)
I	Current Assets		
1	Inventories – Raw Materials	771.91	1,108.15
2	Inventories – Finished Goods	911.95	937.33
3	Trade receivables	2,058.42	2,550.55
4	Cash & cash equivalents	21.16	1,381.42
5	Short-term loans & advances	-	-
6	Other current assets	307.63	307.63
	Total (A)	4,071.07	6,285.08
II	Current Liabilities		
1	Trade Payables	1,029.21	833.18

Sr. No.	Particulars	March 31, 2025 (Projected)	March 31, 2026 (Projected)
2	Short term provisions	196.43	260.91
3	Other Current Liabilities (including current maturity of long-term debt)	408.37	363.31
	Total (B)	1,634.01	1,457.40
III	Total working capital gap (A-B)	2,437.06	4,827.68
	Less: Cash & Cash Equivalents	21.16	1,381.42
IV	Net working capital Gap	2,415.90	3,446.25
V	Funding pattern		
a)	Short Term Borrowings (including working capital facilities from banks)	900.00	900.00
b)	Internal accruals / Networth*	1,515.90	1,546.25
c)	Amount proposed to be utilized from Net Proceeds	-	1,000.00
	Total	2,415.90	3,446.25

*Internal Accruals = Total working capital requirement less short-term borrowings.

Rationale for changes in working capital requirements of the Company:

FINANCIAL YEAR 2023 COMPARED TO FINANCIAL YEAR 2022

Following is the detailed rationale of the factors contributing to this increase in the working capital requirements:

1. Increase in raw material and finished goods inventory:

The raw material inventory holding level in Fiscal 2022 and 2023 were 8 days and 41 days respectively, amounting to ₹ 97.78 lakhs and ₹ 610.65 lakhs, respectively. The increase in raw material inventory was consistent with the increased production requirements of SIPL driven by the sales growth of 11.74% in Fiscal 2024 vis-à-vis Fiscal 2023. The primary raw materials include polypropylene, masterbatch and packing materials. SIPL continuously monitor the production schedule, outstanding sales order from customers, prices of raw materials, logistics challenges, expected supply orders to be received from customers and current inventory level before placing the purchase order with the suppliers. The raw material inventory levels may fluctuate materially based on the various factors as mentioned herein. Further, the necessity to maintain varieties of inventories of different GSMs, colours and sizes of the product in order to onboard new customers, meet the requirement of existing customers and to focus on new market development, the higher level of raw material inventory was maintained to support product availability and responsiveness to demand of the customers resulting from increase in revenue from operation. To mitigate risks associated with raw material price fluctuations and potential supply disruption, the Company has maintained adequate level of inventory levels which further contributed to the overall increase in working capital requirements in Fiscal 2023 vis-à-vis Fiscal 2022.

The finished goods inventory holding level in Fiscal 2022 and 2023 were 20 days and 25 days respectively, amounting to ₹ 240.27 lakhs and ₹ 418.88 lakhs, respectively. The increase in finished goods inventory in line with a 11.74% growth in turnover which required to maintain larger quantities of finished goods to ensure timely fulfilment of customer orders. SIPL produces its products on continues basis based on its internal assessment of customer demands and outstanding sales orders. Further, with the expansion in capacity, the Company strategically maintained consistent stock levels of products which have uniform GSM, colour and size specifications to ensure operational readiness for repeat orders and enable efficient delivery. The Company also holds inventory of finished goods to meet the sudden and urgent demands from the customers. Holding optimum level of finished goods inventory helps the Company to manage any unexpected production stoppages, smoothen any sudden movement in prices of key raw materials,

optimum allocation of production overheads and mitigating any potential disruption in supply chain. The finished goods inventory levels may fluctuate materially based on the various factors as mentioned herein.

2. Decrease in trade payables:

The trades payables days of SIPL in Fiscal 2022 and 2023 were 79 days and 6 days respectively, amounting to ₹ 940.23 lakhs and ₹ 96.10 lakhs, respectively. The trades payable decreased due to accelerated payment to one of the suppliers for securing favourable payment terms. The trades payable primarily comprises of suppliers of raw materials and other inputs for production process of SIPL. As the purchase of raw materials and other inputs increases, the corresponding amount of creditors also increases. The decrease in trade payables days reduced the immediate outflow of cash which contributed positively to working capital management and decrease its overall working capital requirements due to delay cash outflows.

FINANCIAL YEAR 2024 COMPARED TO FINANCIAL YEAR 2023

Following is detailed rationale of the factors contributing to this decrease in the working capital requirement :

1. Decrease in revenue from operations/sales turnover:

The revenue from operations of the SIPL decreased by 18.26% from ₹6,183.69 lakhs in Fiscal 2023 to ₹5,054.33 lakhs in Fiscal 2024 primarily due to reduction in production volume of the products. Actual production decreased from 4,546 MT in fiscal 2023 with capacity utilisation factor of 37.14% to 3,329 MT with capacity utilisation factor of 27.20% in fiscal 2024. Further, the numbers of customers have decreased from 81 in Fiscal 2023 to 72 in Fiscal 2024. This decrease in actual production and revenue from operations required lower level of raw material inventory which led to lower working capital requirements.

2. Decrease in raw material inventory and increase in finished goods inventory:

The raw material inventory decreased from ₹610.65 lakhs in Fiscal 2023 to ₹352.99 lakhs in Fiscal 2024. The decrease in raw material inventory was consistent with the decrease in production requirements of the Company as revenue from operations decreased by 18.26% from ₹6,183.69 lakhs in Fiscal 2023 to ₹5,054.33 lakhs in Fiscal 2024.

The finished goods inventory increased from ₹418.88 lakhs in Fiscal 2023 to ₹488.24 lakhs in Fiscal 2024. The increase in finished goods inventory was primarily due to SIPL's expectation of increase in demand of the Company's products based on its internal assessment and continuous engagement with its customers. This is substantiated by increase in revenue from operations from ₹ 5,054.33 lakhs in fiscal 2024 to ₹ 6,741.82 lakhs in nine months period ended December 31, 2024.

3. Increase in trade payables:

The trade payables increased from ₹96.10 lakhs in Fiscal 2023 to ₹298.34 lakh in Fiscal 2024. The increase in trade payables was due to securing extended credit periods from the suppliers. The decrease in revenue from operations facilitated efficient management of payables which led to lower strain on working capital cycle.

NINE MONTHS ENDED DECEMBER 31, 2024 COMPARED TO FINANCIAL YEAR 2024

Following is the detailed rationale of the factors contributing to this increase in the working capital requirement are as follows:

1. Increase in revenue from operations/sales turnover:

SIPL has implemented an optimum working capital strategy to enhance its utilization of production capacity, which in turn has contributed to an increase in revenue from operations. SIPL has expanded its

customer base, resulting in higher sales and overall turnover. The revenue from operations of the SIPL increased by 33.39% from ₹5,054.33 lakhs in Fiscal 2024 to ₹6,741.82 lakhs for the nine months period ended December 31, 2024. The overall capacity utilization also increased from 27.20% to 41.27% during the FY 2024 to December 31, 2024. Further, the numbers of customers have increased from 72 in Fiscal 2024 to 101 as on December 31, 2024. The increase in working capital requirements primarily attributed to the increase in revenue from operations. SIPL was required to augment its inventories of raw materials and finished goods to meet the demand of the customers. The increase in inventories of finished goods from ₹ 881.87 lakhs as on March 31, 2024 to ₹ 2,171.20 lakhs as on December 31, 2024 indicates that SIPL has maintained adequate inventory levels to meet the demand of the customers.

2. Increase in trade receivables:

The trade receivables of SIPL increased from ₹881.87 lakhs for the Fiscal 2024 to ₹2,171.20 lakhs as on December 31, 2024 was primarily due to extend longer credit periods to customers to build stronger relationships. The Company has catered to 101 customers during the nine months period ended December 31, 2024 as compared to 72 customers during Fiscal 2024.

Rationale for fluctuation in operating cycle of SIPL:

Following is rationale for fluctuations in the operating cycle of SIPL for the past three years, stub period and estimated period:

1. Trade receivables:

The average holding period for trade receivables decreased from 67 days for Fiscal 2022 to 64 days and 54 days for the Fiscal 2023 and Fiscal 2024, respectively and increased to 88 days as on December 31, 2024. The decrease in holding period from 64 days in Fiscal 2023 to 54 days in Fiscal 2024 was in line with the decrease in revenue from operations from ₹6,183.69 lakhs in Fiscal 2023 to ₹5,054.33 lakhs in Fiscal 2024. The average holding period for trade receivables has further increased to 88 days as on December 31, 2024 in line increase in revenue from operations and strategic decision of the Company to extend longer credit period to support business growth and customer retention.

The holding period for trade receivables is projected at 90 days for Fiscal 2025 and Fiscal 2026, to maintain consistent credit period in line with increase in revenue from operations.

2. Raw materials and finished goods inventory:

The holding period of raw materials increased from 8 days for Fiscal 2022 to 41 days for Fiscal 2023 which further decreased to 38 days for Fiscal 2024 and 27 days as on December 31, 2024. The increase in the holding period of raw materials in Fiscal 2023 was primarily due to higher production requirement in line with increase in revenue from operations by 21.82% in Fiscal 2023 vis-à-vis Fiscal 2022. The decrease in the holding period of raw materials in Fiscal 2024 and December 31, 2024 indicates effective management of procurement process by SIPL while ensuring that production demands were met without delays. The holding period of raw materials is projected at 45 days for Fiscal 2025 and Fiscal 2026 in line with increase in revenue from operations for Fiscal 2025 and Fiscal 2026 to meet production requirements.

The holding period of finished goods increased from 20 days in Fiscal 2022 to 25 days and 44 days for Fiscal 2023 and Fiscal 2024, respectively which indicates that the SIPL was holding a larger quantity of finished goods to meet the customer demands. The decrease in holding period of finished goods to 24 days as on December 31, 2024 is due to operational efficiency in inventory management by SIPL to reduce excess finished goods inventories while maintain sufficient product availability for future demand. The holding period of finished goods is projected at 45 days for Fiscal 2025 and Fiscal 2026, respectively. The increase in the holding period of finished goods is aligned with the expected increase in revenue from operations which required the SIPL to maintain a higher level of finished goods inventory to minimize the risk of stockouts.

3. Trade payables:

The holding period of trade payables decreased from 79 days in Fiscal 2022 to 6 days for the Fiscal 2023 which was subsequently increased to 32 days for the Fiscal 2024 and 85 days as on December 31, 2024, respectively. The trade payables of the SIPL were significantly decreased from 79 days in Fiscal 2022 to 6 days in Fiscal 2023 due to accelerated payment to one of the suppliers for securing favourable payment terms. The increase in trade payable days to 32 days and 85 days for Fiscal 2024 and December 31, 2024, respectively was primarily due to leveraged extended suppliers credit periods by the SIPL to optimize its liquidity position and finance its working capital requirement without recourse to external borrowings. The holding period of trade payables is projected at 60 days and 40 days for Fiscal 2025 and Fiscal 2026, respectively. The SIPL currently bears interest cost associated with delays in payments to its large-sized suppliers who extend a lower credit period. To mitigate this financial burden, the SIPL intends to reduce its trade payable days to 60 days and 40 days for Fiscal 2025 and Fiscal 2026, respectively which will minimize interest expenses.

Assumptions for estimated working capital requirements

The table below contains details of the estimated holding levels (days) for financial year Fiscal 2025 and 2026:

Sr No	Holding Period	Basis	March 31, 2025	March 31, 2025
1	Trade Receivables	No of Days	90	90
2	Inventories - Raw material	No of Days	45	45
3	Inventories - finished goods	No of Days	45	45
3	Trade Payables	No of Days	60	40

Justification for holding period levels:

Inventories	SIPL is engaged in the business of manufacturing spunbond nonwoven fabrics. In order to efficiently operate its manufacturing process and fulfill delivery schedules, SIPL need to maintain efficient inventory levels. SIPL's inventory levels tend to dependent upon delivery schedules provided to them by its customers. The average inventory holding level of raw materials in fiscal 2022, 2023 and 2024 and for the nine months ended December 31, 2024 were 8, 41, 38 and 27 days, respectively whereas average inventory holding level of finished goods in fiscal 2022, 2023 and 2024 and for the nine months ended December 31, 2024 were 20, 25, 44 and 24 days, respectively. The Company is currently operating at a capacity utilization level of 41.27% and intends to increase its capacity utilization to improve operational efficiency and support anticipated growth in demand. The increase in revenue from operations will require higher raw material and finished goods inventory to meet the customer demand and which will increase the working capital requirements of SIPL to support business operations. SIPL has projected an increase in revenue from operations for the Fiscal 2025 and Fiscal 2026. This increase in revenue from operation is proposed to be primarily achieved by increasing the production of the Company. Increase in revenue from operations and production would also correspondingly increase in consumption and purchase of raw materials and other inputs materials. The increase in production volume would also result in higher inventory level of finished goods. The average holding period for raw materials is projected at 45 days for Fiscal 2025 and Fiscal 2026. With the increase in revenue from operations for Fiscal 2025 and Fiscal 2026, respectively, the Company estimated an increase in raw material inventory to ₹771.91 lakhs and ₹1,108.15 lakhs for Fiscal 2025 and Fiscal 2026, respectively as compared to ₹484.84 lakhs as on December 31, 2024. As the Company intends to increase its capacity utilization to improve operational efficiency and support anticipated growth in demand, it will require to maintain adequate level of raw material
--------------------	--

inventory. The increase in raw material inventory will require additional working capital to meet production requirements. This increase in raw material inventory level is required to support higher production volume to ensure smooth production and avoid raw material shortages. This will also reduce the Company's dependency on external factors such as availability of adequate logistics, reliability of supplier to deliver required volume of raw materials at acceptable price, disruption of supply chain, unforeseen and sudden fluctuation in prices of raw materials or trade disruption. This will also enable the Company to benefit from better negotiation power on account of bulk purchase from suppliers

The average holding period for finished goods is projected at 45 days for Fiscal 2025 and Fiscal 2026. With the increase in revenue from operations for Fiscal 2025 and Fiscal 2026, respectively, the finished goods inventory is expected to increase to ₹911.95 lakhs and ₹937.33 lakhs for Fiscal 2025 and Fiscal 2026, respectively as compared to ₹419.44 lakhs as on December 31, 2024. The installed capacity has not been fully utilized, the Company intends to maintain an optimal level of finished goods inventory to support current and anticipated sales volumes which includes ready stock to meet repeat orders from existing customers as well as new orders for different sizes and colours of the products.

Following is the details pertaining to the total number of customers, number of new customers added and number of repeat customers for the last three financial years for SIPL:

Year	Total number of customers	Addition of new customers	Repeated number of customers
FY 2024	72	32	40
FY 2023	81	58	23
FY 2022	52	40	12

The increase in finished goods inventory is intended to ensure timely order fulfilment which will further increase working capital requirements. The increase in inventory level of finished goods will enable the Company to meet any sudden and urgent demand from customers, ensure timely delivery of outstanding sales orders from customers, reduce the sudden burden on production process, avoid situation of stock-outs and ensure availability of required products to expand to new customers, geographies and end-user industries.

Trade Receivables

SIPL has projected an increase in trade receivables from ₹2,171.20 lakhs as on December 31, 2024 to ₹2,058.42 lakhs and ₹2,550.55 lakhs for Fiscal 2025 and Fiscal 2026, respectively. The Company, as a part of ongoing growth strategy, plans to expand its presence across end-user industries, diversify its customer base and geographical reach. In order to implement these strategies, the Company would be required to extend longer credit period to build business relationship with new customers. Extending more favourable credit terms to new customers signals the Company's trust and confidence in the customer's ability to pay, encouraging possible repeat business and larger purchase orders from customer in future. Hence, in order to expand the business operations of the Company to new customers, geographies and end-user industries, the Company expects an increase in trades receivable level for Fiscal 2025 and Fiscal 2026.

The debtors' realization for Fiscal 2022, 2023 and 2024 and for the nine months ended December 31, 2024 were 67, 64, 54 and 88 days, respectively. Based on expected increase in business activities, SIPL believes an average collection period of 90 days for fiscal 2025 and fiscal 2026 each, seems realistic and achievable, given the current business developments.

Trade Payables

During Fiscal 2022, 2023 and 2024 and for the nine months ended December 31, 2024, trades payables period of SIPL was 79, 6, 32 and 65 days, respectively. Trades payables days for fiscal 2023 reduced significantly as the Company availed short term borrowings

to pay the creditors.

SIPL has projected a decrease in trade payables from ₹3,048.46 lakhs as on December 31, 2024 to ₹1,498.50 lakhs as on December 31, 2024 to ₹1,029.21 lakhs and ₹833.18 lakhs for Fiscal 2025 and Fiscal 2026, respectively. The average holding period for trade payables is projected at 60 days and 40 days for the Fiscal 2025 and Fiscal 2026, respectively.

The primary raw materials used in the manufacturing process of spunbond nonwoven fabric are PP Granules, master batch and other additives to make fabric softer, UV treated and FR treated. Special chemicals are also used to produce hydrophilic and antistatic treatments. Currently, the Company procures significant portion of its raw materials from large domestic and international petrochemical companies. For the nine months ended December 31, 2024, fiscal 2024, fiscal 2023 and fiscal 2022, imported raw materials consisted of 18.63%, 12.43%, Nil and Nil of total purchase of raw materials and domestic raw materials consisted of 81.37%, 87.57%, 100.00% and 100.00% of total purchase of raw materials. The Company plans to diversify its supplier base in and outside India who are able to supply raw materials in larger quantity and lower lead time. Further, the Company currently bears interest cost associated with delays in payments to its large-sized suppliers, who as per their internal credit policy, extend a comparative lower credit period to their customers due to their better negotiation power. In order to make timely payment to suppliers and management the mismatch in timing of cashflow i.e., time gap between receipt of payment from customers and payment made to the suppliers, the Company currently have banking arrangement with Bank of India who have sanctioned ₹ 960.00 lakhs as on December 31, 2024. Out of this sanctioned amount, the Company utilises ₹ 854.17 lakhs as on December 31, 2024.

To mitigate this financial burden, the Company intends to reduce its trade payable days to 60 days and 40 days for Fiscal 2025 and Fiscal 2026, respectively which will reduce interest expenses. This reduction in interest cost is expected to materially improve the financial position and performance of the Company. The Company was constrained in availing early payment or bulk purchase discounts due to limited availability of working capital. The inability to make advance payments or settle dues within shortened timelines restricted the ability of the Company to benefit from favourable supplier incentives. With improved access to working capital, the Company also expects to negotiate cash discount on account of early payment to creditors where suppliers offer incentives on bulk purchases or advance payment. This strategy is expected to reduce procurement cost and improve supplier relationships. The management expects this combination of reduction in interest cost coupled with cash discount would positively contribute towards net profit margin. Further, reduction in trades payable would also result in reduction of foreign exchange risk.

The following underlined paragraph is added under the heading “3. Repayment, in full or in part, of certain borrowings availed by our Company” and shall be read in conjunction with the Draft Red Herring Prospectus.

3. Repayment, in full or in part, of certain borrowings availed by our Company

The repayment of outstanding borrowings of the Company has been planned to optimize the financial position of the Company. The Company intends to reduce overall financial leverage and lower its interest expenses by repaying the outstanding borrowings. Such pre-payment / repayment will also help reduce the existing borrowings and debt servicing costs of our Company and assist the Company in maintaining a favourable debt-equity ratio and enable utilisation of internal accruals for further investment in business growth and expansion. In addition, the Company believe that this would also improve its ability to raise further resources in the future to fund potential business development opportunities

BASIS FOR ISSUE PRICE

In the section titled “Basis for Issue Price”, the headings “3. Industry Peer Group P/E Ratio”, “8. Comparison of accounting ratios with listed/unlisted peers” and “9. Comparison of KPIs with listed and unlisted industry peers” on pages 127, 129 and 130, respectively, shall be replaced as below:

3. Industry Peer Group P/E Ratio

Based on the peer group information (excluding our Company) given below in this section:

Particulars	P/E Ratio (No. of times)
Highest	16.15
Lowest	16.15
Industry Composite	16.15

Note:

(1) P/E ratio for the peer group has been computed based on the closing market price of equity shares on NSE as on February 28, 2025, divided by the diluted EPS for financial year ended March 31, 2024.

8. Comparison of accounting ratios with listed/unlisted industry peers

The Company believe there are no listed comparable companies in India or abroad which operate in the similar line of business in which our Company or whose business in part or full may be comparable in size or business portfolio with that of the business of the Company. However, for the purposes of this Draft Red Herring Prospectus, the following companies (listed and unlisted) have been considered as peers of the Company, considering similarities with certain aspects of the business. The following table provides a comparison of the KPIs of the Company with the companies considered as peers for the purposes of this Draft Red Herring Prospectus:

Name of the Company	Consolidated/ Standalone	Face value (₹ per share)	Closing Price on February 28, 2025 (₹ per share)	Revenue From Operations for Fiscal 2024 (₹ in lakhs)	Total Income for Fiscal 2024 (₹ in lakhs)	EPS (₹)	NAV (₹ per share)	P/E Ratio on Closing Price	RoNW (%)
Spunweb Nonwoven Limited*	Consolidated	10.00	N.A.	14,861.14	15,424.12	5.44	25.09	N.A.	24.06%
Listed Industry Peers									
Fiberweb India Limited	Standalone	10.00	40.71	8,599.66	8,689.24	2.52	55.51	16.15	4.65%

**Financial information for our Company is derived from the Restated Consolidated Financial Statements as at and for the Fiscal 2024.*

Source: All the financial information for listed industry peers mentioned above is sourced from the financial statements of the relevant companies for the financial year ended March 31, 2024, as available in the audited financial statements.

Notes for peer companies:

1. EPS has been sourced from the audited financial statements of the respective companies as submitted to the stock exchanges
2. P/E Ratio has been computed based on the closing market price of equity shares of the respective companies on NSE on February 28, 2025 divided by the Basic EPS as at March 31, 2024.
3. Return on Net Worth (%) = Profit for the year divided by Adjusted Net worth of the company.
4. NAV is computed as the Adjusted Net worth of the company divided by the number of equity shares outstanding during the year.

9. Comparison of KPIs with listed industry peers

A. As on and for the financial year ended March 31, 2024:

(₹ in Lakhs, unless stated otherwise)

Key Performance Indicators	Spunweb Nonwoven Limited	Fiberweb India Limited
Revenue from operations	14,861.14	8,599.66
Other Income	562.98	89.58
Total Income	15,424.12	8,689.24
EBITDA ⁽¹⁾	1,500.52	1,147.28
EBITDA Margin ⁽²⁾	9.73%	13.20%
Profit After Tax for the Year	544.18	729.96
PAT Margin ⁽³⁾	3.53%	8.37%
Adjusted Networth ⁽⁴⁾	2,509.11	15,983.34
Total Debt ⁽⁵⁾	4,832.97	686.56
ROE ⁽⁶⁾	24.06%	4.65%
ROCE ⁽⁷⁾	11.55%	4.60%
Debt-Equity Ratio ⁽⁸⁾	1.93	0.04

B. As on and for the financial year ended March 31, 2023:

(₹ in Lakhs, unless stated otherwise)

Key Performance Indicators	Spunweb Nonwoven Limited	Fiberweb India Limited
Revenue from operations	11,591.82	6,611.35
Other Income	176.19	126.80
Total Income	11,768.01	6,738.15
EBITDA ⁽¹⁾	1,080.16	117.80
EBITDA Margin ⁽²⁾	9.18%	1.75%
Profit After Tax for the Year	112.68	(29.93)
PAT Margin ⁽³⁾	0.96%	(0.44) %
Adjusted Networth ⁽⁴⁾	2,015.17	15,250.56
Total Debt ⁽⁵⁾	4,950.40	633.96
ROE ⁽⁶⁾	5.79%	(0.20)%
ROCE ⁽⁷⁾	7.30%	(0.76)%
Debt-Equity Ratio ⁽⁸⁾	2.46	0.04

C. As on and for the financial year ended March 31,2022:

(₹ in Lakhs, unless stated otherwise)

Key Performance Indicators	Spunweb Nonwoven Limited	Fiberweb India Limited
Revenue from operations	11,382.15	9,539.81
Other Income	421.02	102.84
Total Income	11,803.17	9,642.65
EBITDA ⁽¹⁾	638.89	1496.51
EBITDA Margin ⁽²⁾	5.41%	15.52%
Profit After Tax for the Year	333.06	1,133.50
PAT Margin ⁽³⁾	2.82%	11.76%
Adjusted Networth ⁽⁴⁾	1,875.00	15,314.84
Total Debt ⁽⁵⁾	5,582.73	-
ROE ⁽⁶⁾	19.53%	7.30%
ROCE ⁽⁷⁾	8.18%	8.20%
Debt-Equity Ratio ⁽⁸⁾	2.98	-

Explanation for the Key Performance Indicators

1. *EBITDA means Earnings before interest, taxes, depreciation and amortization expense, is calculated as profit before tax/ (loss) before extraordinary item for the period/year plus finance costs and depreciation & amortization expenses less other income.*
2. *EBITDA Margin is calculated as EBITDA divided by Total Income of Company*
3. *PAT Margin is calculated as profit after tax for the year/ period as a percentage of Total Income of company.*
4. *Adjusted Net worth is calculated as Equity Share Capital plus Reserve and Surplus less deferred tax Assets, Intangible assets and preliminary and pre operative expenses.*
5. *Total Debt is calculated as a sum of Long-Term Borrowings and Short-Term Borrowings (including current maturity of long-term borrowings).*
6. *Return on Equity is calculated as Restated or Audited profit after tax After Tax carried to balance sheet for the year divided by average adjusted net worth, where average adjusted net worth is calculated by dividing sum of closing adjusted net worth of the current fiscal year and closing adjusted net worth of the previous fiscal year by 2.*
7. *Return on Capital Employed is calculated as Earnings Before Interest and Tax divided by Average Capital Employed. Average Capital Employed is calculated by dividing sum of closing capital employed of the current fiscal year and closing capital employed of the previous fiscal year by 2.*
8. *Debt-Equity Ratio is calculated as Total Debt divided by Adjusted Net-Worth as per Restated/Audited Financial Statements.*

[Remainder of the page has been intentionally left blank]

SECTION VII – ABOUT THE ISSUER COMPANY

OUR BUSINESS

In the section titled “Our Business”, the following details are incorporated and shall be read in conjunction with the Draft Red Herring Prospectus.

DISTRIBUTION AND LOGISTICS

There are no distributors or dealers associated with the Company.

The Company utilizes third party logistics and support services by water, road and railways for procurement of raw materials from the suppliers and for transportation of finished goods from the manufacturing facility to the customers to meet its transportation requirements. However, the Company has not entered into any long-term contracts with any logistics service provider

[Remainder of the page has been intentionally left blank]

OUR MANAGEMENT

In the section titled “Our Management” on page 208 of the Draft Red Herring Prospectus, the sub-section called “Brief Profile of our Directors”, “Confirmation”, and “Status of Key Managerial Personnel and Senior Management Personnel” has been suitably updated as under:

Brief Profile of our Directors

Chetankumar Jayantilal Kamani is an Independent Director of our Company. He holds a Bachelor of Commerce degree from Saurashtra University and is a practicing Chartered Accountant with a fellow membership of the Institute of Chartered Accountants of India. With over 13 years of expertise in finance, statutory and internal audits, management consulting and direct and indirect taxation, he brings extensive experience to his role. He was partner in Kamani and Khanpara, Chartered Accountants, for a period September 2012 to January 2024. He is currently a partner in KCMP & Associates, Chartered Accountants. He has been associated with the Company since November 2024.

The following paragraph has been suitably updated on page 212 and 213 of the DRHP as under:

Confirmation

None of our Directors, Promoters, Promoter Group and Group companies/entities are or were Directors, Promoters, Promoter Group and Group companies/entities of any listed company which has been or have been delisted from any stock exchange, during their respective terms of in such companies.

There is no conflict of interest between the suppliers of raw materials and third-party service providers (crucial for operations) of the Company and the Directors of our Company.

There is no conflict of interest between the lessor of the immovable properties (crucial for operations) of the Company and the Directors of our Company.

The following paragraph has been suitably updated on page 219 of the DRHP as under:

Status of Key Managerial Personnel and Senior Management Personnel

There is no conflict of interest between the suppliers of raw materials and third-party service providers (crucial for operations) of our Company and the Key Managerial Personnel and Senior Management Personnel of our Company.

There is no conflict of interest the between lessor of the immovable properties (crucial for operations) of the Company and the Key Managerial Personnel and Senior Management Personnel of our Company.

[Remainder of the page has been intentionally left blank]

OUR PROMOTERS AND PROMOTER GROUP

In the section titled “Our Promoters and Promoter Group” on page 221 of the Draft Red Herring Prospectus, the sub-section called “Confirmations”, has been suitably updated as under:

Confirmations

There is no conflict of interests between the suppliers of raw materials and third-party service providers of our Company (crucial for operations), our Promoters or members of our Promoter Group.

There is no conflict of interests between the lessors of the immovable properties of our Company (crucial for operations), our Promoters or members of our Promoter Group.

The following paragraph has been added under the head “Other Confirmation” on page 226 of the DRHP.

Other Confirmations

Conflict of interest between the suppliers of raw materials and third-party service providers.

There is no conflict of interests between the suppliers of raw materials and third-party service providers of our Company (crucial for operations), and our Subsidiary company or its directors.

Conflict of interest between the lessor of the immovable properties of the Company

There is no conflict of interests between the lessors of the immovable properties of our Company (crucial for operations) and our Subsidiary Company or its directors.

[Remainder of the page has been intentionally left blank]

OUR SUBSIDIARY

In the section titled “Our Subsidiary” on page 225 of the Draft Red Herring Prospectus, the sub-section called “Common pursuits”, has been suitably updated as under:

Common pursuits

As on the date of this Draft Red Herring Prospectus, our company and our subsidiary company are engaged in the similar line of business.

SNL primarily caters to customers of the hygiene industry who require 3.2 SSS spunbond non-woven fabrics and supplies both domestically and internationally. Further, SNL also manufactures PP spunbond fabrics with a focus on end-use applications in hygiene, medical, packaging, spa & beauty and agriculture industries. The Company also provides hydrophilic treated fabric at its manufacturing facility.

SIPL, on the other hand, primarily caters to customers of the hygiene industry who require 3.2 SS spunbond non-woven fabrics and manufactures PP spunbond fabrics with a focus on end-use applications in roofing & construction and home furnishing industries.

This internal bifurcation has been undertaken to optimize production planning, meet diverse quality and GSM (grams per square metre) requirements across customer segments.

The utilisation of Issue proceeds towards working capital for SNL and SIPL is aligned with their respective operational needs and projected business growth.

There is no conflict of interests between the suppliers of raw materials and third-party service providers of our Company (crucial for operations), and our Subsidiary company or its directors.

There is no conflict of interests between the lessors of the immovable properties of our Company (crucial for operations) and our Subsidiary Company or its directors.

[Remainder of the page has been intentionally left blank]

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULT OF OPERATIONS

In the section titled “Management’s Discussion and Analysis of Financial Condition and Result of Operations” under the sub-section titled “Significant Factors Affecting our Results of Operations” on page 260 of the Draft Red Herring Prospectus, the following underlined changes are incorporated and shall be read in conjunction with the Draft Red Herring Prospectus:

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our financial condition and results of operations are affected by numerous factors and uncertainties, including those discussed in the section entitled “Risk Factors” on page 30 of this Draft Red Herring Prospectus. The following are certain factors that have had, and we expect will continue to have, a significant effect on our financial condition and results of operations:

- Disruption in supply of raw materials and labour supply at our manufacturing facilities
- Development and adoption of advanced technology in manufacturing nonwoven fabrics
- Government regulations and policies
- Rising demand for hygiene products
- Ability to maintain cordial relationships with our customers and suppliers
- Company’s ability to successfully implement its growth expansion plan
- High competition and fragmented market
- Lack of awareness and acceptance in some sectors
- Optimum capacity utilisation of the installed capacity
- Fluctuation in foreign currency rates

The headings “1. Funding working capital requirements of our Company” and “2. Investment in our wholly owned subsidiary, SIPL, for funding its working capital requirements” on pages 113 and 116 respectively, under the sub-section titled “Objects of the Issue” under the section titled “Particulars of the Issue” of the Draft Red Herring Prospectus shall be replaced as below:

PRINCIPAL COMPONENTS OF OUR STATEMENT OF PROFIT AND LOSS ACCOUNT

Financial Year 2024 compared to Financial Year 2023

Total Income

Our total income increased by 31.07% from ₹11,768.01 lakhs in financial year ended March 31, 2023, to ₹15,424.12 lakhs in financial year ended March 31, 2024, primarily due to increase in sales of products from ₹11,474.18 lakhs to ₹14,798.00 lakhs, subsidy income from ₹136.00 lakhs to ₹453.27 lakhs, foreign exchange gain from ₹22.03 lakhs to ₹59.54 lakhs, liabilities no longer payable written off from nil to ₹30.50 lakhs and other reasons as discussed below:

Revenue from operations

Our revenue from operations increased by 28.20% from ₹11,591.82 lakhs in financial year ended March 31, 2023, to ₹14,861.14 lakhs in financial year ended March 31, 2024, primarily on account of an increase in capacity utilization from 34.37% in Fiscal 2023 to 52.83% in Fiscal 2024. This Increase in capacity installation was due to the enhanced production facilitated by the installation of the 3.2m PP SSS machine with an online detection system, designed for the hygiene industry, in January 2023. Since, the machine required lead time for sample production, customer trials and final approval, the full benefits of the machinery were utilised in Fiscal 2024, thereby, resulting in increase in capacity utilisation in Fiscal 2024. Further, the number of customers has also been increased from 354 in Fiscal 2023 to 426 in Fiscal 2024. This investment in advanced plant and machinery and the increase in numbers of customers had a direct positive impact on our production capabilities and subsequent sales of our products.

Other Income

The increase in other income by 219.53% from ₹176.19 lakhs was primarily due to following reasons:

(a) Subsidy income:

The increase in subsidy income from ₹136.00 lakhs to ₹453.27 lakhs in FY 2024 as compared to FY 2023. This increase in subsidy income was primarily on account on accrual of SGST subsidy in FY 2024 as compared to FY 2023.

(b) Foreign exchange gain:

The increase in foreign exchange gain from ₹22.03 lakhs to ₹59.54 lakhs in FY 2024 as compared to FY 2023.

(c) Liabilities no longer payable written off:

The increase in liabilities no longer payable written off from NIL to ₹30.50 lakhs in FY 2024 as compared to FY 2023 was primarily due to the write off of unsecured loans which were no longer payable.

Profit after tax

The profit after tax increase from ₹112.68 lakhs in financial year ended March 31, 2023, to ₹544.18 for financial year ended March 31, 2024. The increase in profit after tax and PAT margin for FY 2024 as compared to FY 2023 was primarily on account of increase in revenue from operations by 28.20% from ₹11,591.82 lakhs to ₹14,861.14 lakhs and increase in subsidy income from ₹136.00 lakhs to ₹453.27 lakhs.

Financial Year 2023 compared to Financial Year 2022

Total Income

Our total income decreased by 0.30% from ₹11,803.20 lakhs in financial year ended March 31, 2022, to ₹11,768.01 lakhs in financial year ended March 31, 2023, primarily due to decrease in subsidy income from ₹387.77 lakhs in FY 2022 to ₹136.00 lakhs in FY 2023 on account on accrual of SGST subsidy in FY 2022 as compared to FY 2023 and other reasons as discussed below:

Profit after tax

The decrease in profit after tax and PAT margin for FY 2023 as compared to FY 2022 was primarily due to following reasons:

(i) Employee benefit expenses:

The decrease in profit after tax and PAT margin for FY 2023 as compared to FY 2022 was primarily on account of increase in employee benefits expenses by 20.87% from ₹307.07 lakhs to ₹371.15 lakhs. The Company has installed the 3.2m PP SSS machine with an online detection system in January 2023 to increase production capacity. To meet the manpower requirement associated with the operation of this machine, the Company hired additional employees during the FY 2023. Further, the remuneration of directors also increased for FY 2023 as compared to FY 2022. The hiring of additional employees and increase in remuneration of directors has resulted in increase in employees benefit expenses.

(ii) Operating expenses:

The decrease in profit after tax and PAT margin for FY 2023 as compared to FY 2022 was primarily on account of increase in operating expenses by 66.42% from ₹455.11 lakhs to ₹757.41 lakhs. The installation and trial run of the 3.2m PP SSS machine during FY 2023 led to an increase in electricity consumption. The additional energy requirements for this machine setup and testing during FY 2023, has resulted in increased operating expenses.

(iii) Selling, general & administrative expenses:

The decrease in profit after tax and PAT margin for FY 2023 as compared to FY 2022 was primarily on account of increase in selling, general & administrative expenses by 132.19% from ₹309.94 lakhs to ₹719.66 lakhs.

The increase in in selling, general & administrative expenses by 132.19% from ₹309.94 lakhs to ₹719.66 lakhs was primarily due to following reasons:

(a) Freight & forwarding expenses:

The increase in freight & forwarding expenses from ₹102.36 lakhs to ₹120.23 lakhs in FY 2023 as compared to FY 2022.

(b) Import duty & clearing charges:

The increase in import duty & clearing charges from ₹21.71 lakhs to ₹226.42 lakhs in FY 2023 as compared to FY 2022 was primarily due to sourcing of raw materials from units established in Special Economic Zones (SEZs) which has resulted in increase in import duty & clearing charges.

(c) Factory expense:

The increase in factory expense by from ₹17.51 lakhs to ₹27.71 lakhs in FY 2023 as compared to FY 2022.

(d) Sales promotion expense:

The increase in sales promotion expense from ₹0.27 lakhs to ₹7.04 lakhs in FY 2023 as compared to FY 2022 was primarily due to marketing strategy of the Company to enhance product visibility, drive customer engagement and support sales growth.

(e) Exhibition expense:

The increase in exhibition expense from Nil to ₹139.06 lakhs in FY 2023 as compared to FY 2022 was primarily due to participation in various exhibitions which also enabled the Company to showcase its product portfolio, engage directly with potential & existing customers, and explore new markets.

(f) Travelling expense:

The increase in travelling expense from ₹7.52 lakhs to ₹22.59 lakhs in FY 2023 as compared to FY 2022 was primarily due to participation in exhibitions for marketing the products of the Company.

(g) Insurance expense:

The increase in insurance expense from ₹8.46 lakhs to ₹15.64 lakhs in FY 2023 as compared to FY 2022 was primarily due to installation of the 3.2m PP SSS machine.

(iv) Finance cost:

The decrease in profit after tax and PAT margin for FY 2023 as compared to FY 2022 was primarily on account of increase in finance cost by 25.31% from ₹347.28 lakhs to ₹435.19 lakhs. The increase in finance cost during FY 2023 was primarily due to an increase in interest expense on short-term borrowings.

(v) Depreciation and Amortization:

The decrease in profit after tax and PAT margin for FY 2023 as compared to FY 2022 was primarily on

account of increase in depreciation and amortization by 168.60% from ₹242.12 lakhs to ₹650.33 lakhs. The increase was primarily due to higher asset base in FY 2023 as compared to FY 2022.

Nine months ended December 31, 2024 compared to Financial Year 2024

The increase in Total Income for stub period as compared to FY 2024 was primarily due to increase in revenue from operations by 5.71% from ₹14,861.14 lakhs to ₹15,710.05 lakhs.

The increase in profit after tax and PAT margin for stub period as compared to FY 2024 was primarily due to following reasons:

(i) Revenue from operations:

The increase in profit after tax and PAT margin for stub period as compared to FY 2024 was primarily on account of increase in revenue from operations by 5.71% from ₹14,861.14 lakhs to ₹15,710.05 lakhs. Further, the number of customers has also been increased from 426 in Fiscal 2024 to 432 as on December 31, 2024.

(ii) Operating expenses:

The increase in profit after tax and PAT margin for stub period as compared to FY 2024 was primarily on account of decrease in operating expenses by 22.92% from ₹1,061.68 lakhs to ₹818.36 lakhs.

(iii) Selling, general & administration expenses:

The increase in profit after tax and PAT margin for stub period as compared to FY 2024 was primarily on account of decrease in selling, general & administration expenses by 16.59% from ₹872.19 lakhs to ₹727.51 lakhs.

The decrease in in selling, general & administrative expenses by 16.59% from ₹872.19 lakhs to ₹727.51 lakhs was primarily due to following reasons:

(a) Import duty & clearing charges:

The decrease in import duty & clearing charges from ₹346.16 lakhs to ₹175.41 lakhs in stub period as compared to FY 2024.

(b) Bank charges:

The decrease in bank charges from ₹15.82 lakhs to ₹4.17 lakhs in stub period as compared to FY 2024.

(c) Exhibition:

The decrease in exhibition expenses from ₹16.63 lakhs to ₹10.50 lakhs in stub period as compared to FY 2024.

(d) Insurance:

The decrease in insurance expenses from ₹21.95 lakhs to ₹13.62 lakhs in stub period as compared to FY 2024.

(e) Office expenses:

The decrease in office expenses from ₹0.76 lakhs to ₹0.22 lakhs in stub period as compared to FY 2024.

(iv) Depreciation & amortization:

The increase in profit after tax and PAT margin for stub period as compared to FY 2024 was primarily on account of decrease in depreciation & amortization by 32.35% from ₹879.70 lakhs to ₹595.11 lakhs.

[Remainder of the page has been intentionally left blank]

SECTION IX – FINANCIAL INFORMATION

RESTATED FINANCIAL INFORMATION

The following notes to accounts shall be included after “*Note - 23 : Restated employee benefits expense*” on page 248 of the Draft Red Herring Prospectus and before “*Note – 28 : Restated Contingent liabilities and commitments (to the extent not provided for)*” on page 249 of the Draft Red Herring Prospectus.

[Remainder of the page has been intentionally left blank]

Spunweb Nonwoven Limited
(Earlier known as Spunweb Nonwoven Private Limited)
CIN : U17291GJ2015PLC084107
ANNEXURE - 5

STATEMENT OF NOTES TO THE RESTATED CONSOLIDATED FINANCIAL INFORMATION

₹ in Lakhs

24 Restated finance costs

Particulars	For the nine month period ended on 31.12.2024	For the year ended 31-03-2024	For the year ended 31-03-2023	For the year ended 31-03-2022
Interest expense on:				
- Borrowings	337.06	399.51	261.51	146.14
- Trade payables	116.45	21.71	172.34	145.90
- Delayed / deferred payment of taxes	5.57	-	1.34	3.85
Other borrowing costs				
- Loan processing and commitment charges	20.28	17.86	-	51.39
TOTAL	479.35	439.08	435.19	347.28

25 Restated depreciation and amortisation expenses

Particulars	For the nine month period ended on 31.12.2024	For the year ended 31-03-2024	For the year ended 31-03-2023	For the year ended 31-03-2022
Depreciation of property, plant & equipment	595.11	879.70	650.33	242.12
TOTAL	595.11	879.70	650.33	242.12

26 Restated operating expenses

Particulars	For the nine month period ended on 31.12.2024	For the year ended 31-03-2024	For the year ended 31-03-2023	For the year ended 31-03-2022
Production Expenses		-	-	4.53
Power and fuel	729.64	1,012.39	684.87	444.90
Jobwork	88.72	49.29	72.54	5.68
TOTAL	818.36	1,061.68	757.41	455.11

27 Restated selling, general and administrative expenses

Particulars	For the nine month period ended on 31.12.2024	For the year ended 31-03-2024	For the year ended 31-03-2023	For the year ended 31-03-2022
Freight and forwarding	206.39	216.30	120.23	102.36
Factory	50.82	31.59	27.71	17.51
Repairs and maintenance	31.57	38.77	40.81	50.35
Import Duty & Clearing Charges	175.41	346.16	226.42	21.71
Rate Difference	74.02	38.13	13.12	6.95
Advertisement	3.03	3.47	6.15	10.53
Audit Fees	0.12	0.75	0.75	0.70
Architect Consultancy Fees	0.17	-	-	-
Bank Charges	4.17	15.82	12.56	-
Bad Debts	-	16.74	-	-
Commission	2.12	3.32	7.19	0.38
Computer & Printer	6.77	1.82	2.89	3.58
Courier Charges	6.76	8.97	5.54	1.49
Corporate Social Responsibility	9.01			
GPCB Charges	-	-	-	0.16
GST Expenses (Late fess and Assessment tax	0.85	-	-	-
Electric	7.25	4.85	9.20	9.06
Exhibition	10.50	16.63	139.06	-

Spunweb Nonwoven Limited
(Earlier known as Spunweb Nonwoven Private Limited)

CIN : U17291GJ2015PLC084107

ANNEXURE - 5

STATEMENT OF NOTES TO THE RESTATED CONSOLIDATED FINANCIAL INFORMATION

₹ in Lakhs

Particulars	For the nine month period ended on 31.12.2024	For the year ended 31-03-2024	For the year ended 31-03-2023	For the year ended 31-03-2022
Export Clearing Charges	19.08	12.83	2.71	-
Licence Charges	0.13	0.17	0.33	0.17
Rent ,Rate & Taxes	5.41	6.92	0.13	3.48
Hospility	0.31	0.97	2.60	2.27
Insurance	13.62	21.95	15.64	8.46
Internet	0.61	0.75	0.85	0.63
ISO Audit Fees	0.63	0.16	0.16	0.63
Legal & Professional Charges	23.75	9.80	7.39	19.98
Loss on Sales of assets	-	0.14	-	1.22
Membership Fees	0.02	8.30	2.38	0.09
Mobile Expenses	1.68	1.93	1.15	0.70
Office Expenses	0.22	0.76	9.18	8.73
Preoperative Expenses Written off	1.85	1.85	1.85	1.85
Sales Promotion	1.50	0.42	7.04	0.27
Security Charges	3.84	6.21	7.32	8.40
Stationery & Printing	10.93	9.70	7.48	2.77
Stock Audit	-	0.24	-	-
Trade Mark Fees	-	0.20	-	-
Travelling	34.47	34.51	22.59	7.52
Vehicle	4.35	9.10	19.20	11.89
Mis.Expensese	16.15	1.96	0.04	6.12
TOTAL	727.51	872.19	719.66	309.94

Legal and professional charges includes payments to statutory auditors (net of GST):	For the nine month period ended on 31.12.2024	For the year ended 31-03-2024	For the year ended 31-03-2023	For the year ended 31-03-2022
a) Statutory Audit	-		0.75	0.70
b) Tax Audit		0.12	-	-
c) Other Services		0.06		
TOTAL	-	0.18	0.75	0.70

SECTION X – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

In the sub-section titled “Litigation Involving our Company”, “Litigation involving our Directors (except for Promoters)”, “Litigation involving our Promoters”, and “Material Litigations involving our Subsidiary” under the section titled “Outstanding Litigation and other Material Developments” on page 278 of the Draft Red Herring Prospectus, have been suitably updated as follows:

I. Litigation Involving Our Company

Litigation Filed Against Our Company

2. Outstanding actions by regulatory and statutory authorities

As on the date of this Red Herring Prospectus, there are no findings/observations of any of the inspections by SEBI or any other regulator which are material, and which needs to be disclosed or non-disclosure of which may have bearing on the investment decision

II. Litigation involving our Directors (except for Promoters)

Litigation filed against our Directors

2. Outstanding actions by regulatory and statutory authorities

As on the date of this Red Herring Prospectus, there are no findings/observations of any of the inspections by SEBI or any other regulator which are material and which needs to be disclosed or non-disclosure of which may have bearing on the investment decision.

III. Litigation involving our Promoters

Litigation filed against our Promoters

2. Outstanding actions by regulatory and statutory authorities

As on the date of this Red Herring Prospectus, there are no findings/observations of any of the inspections by SEBI or any other regulator which are material and which needs to be disclosed or non-disclosure of which may have bearing on the investment decision.

IV. Material Litigations involving our Subsidiary

Litigation filed against our Subsidiaries

1. Outstanding actions by regulatory and statutory authorities

As on the date of this Red Herring Prospectus, there are no findings/observations of any of the inspections by SEBI or any other regulator which are material and which needs to be disclosed or non-disclosure of which may have bearing on the investment decision.

[Remainder of the page has been intentionally left blank]

GOVERNMENT AND OTHER STATUTORY APPROVALS

In the section titled “Government and Other Statutory Approvals” under the sub-sections titled “Regulatory Approvals of our Company” and “Pending Approvals”, “Regulatory approvals of our Material Subsidiary” and “Pending Approvals” on page 283, 284, 290 and 291 respectively of the Draft Red Herring Prospectus, the following details are updated and shall be read in conjunction with the Draft Red Herring Prospectus:

C. Regulatory approvals of our Company

Sr. No.	Nature of Registration/ License	Registration / License No.	Issuing Authority	Date of Issue/ Renewal	Date of Expiry
1.	<u>Provident Fund Code Number</u>	<u>GJRAJ1617600000</u>	<u>Employees’ Provident Fund Organization</u>	<u>July 4, 2017</u>	<u>Valid till cancelled</u>
2.	ESIC – Registration Code	37001879230000199	Employees’ State Insurance Corporation	November 15, 2024	Valid till cancelled
3.	UDYAM Registration Certificate	UDYAM-GJ-20-0031108	Ministry of Micro, Small and Medium Enterprises	June 11, 2021	Valid till cancelled
4.	Legal Entity Identifier	335800VUN3J7ZH9 K5G66	LEI Register India Private Limited	August 30, 2021	August 29, 2025
5.	<u>Consent to Establish under Section 25 of the water Act 1974 and Section 21 of Air Act, 1981 and Environment Protection Act, 1986</u>	<u>GPCB/RO-MORBI-2121/CTE/ID-55939</u>	<u>Gujarat Pollution Control Board</u>	<u>February 16, 2025</u>	<u>January 28, 2032</u>
6.	<u>Consolidated Consent and Authorization under Section 25 of the water Act 1974 and Section 21 of Air Act, 1981 and authorization under rule 5 (4) of the Hazardous Waste (Management, Handling & Transboundary Movement) Rules 2008</u>	<u>GPCB/RO-MOR-/2121/CCA/ID-55939</u>	<u>Gujarat Pollution Control Board</u>	<u>March 18, 2025</u>	<u>March 15, 2030</u>

Sr. No.	Nature of Registration/ License	Registration / License No.	Issuing Authority	Date of Issue/ Renewal	Date of Expiry
	<u>under</u> <u>Environment</u> <u>Protection Act,</u> <u>1986</u>				
7.	License to work as a factory (Factory License)	483/22209/2016	Directorate Industrial Safety & Health Gujarat State	December 10, 2024	December 31, 2029
8.	<u>ISO 9001:2015 for Manufacturer of Nonwoven Fabric and Nonwoven Converted Products</u>	<u>01 100 2437526</u>	<u>TÜV Rheinland</u>	<u>February 20, 2025</u>	<u>May 22, 2027</u>
9.	Import Export Code	2415006301	Director General of Foreign Trade	October 9, 2015	Valid till cancelled
10.	Certificate for Electrical Installation*	No/EI/Raj/Certi/84506/2023	Office of The Electrical Inspector	February 20, 2023	Valid till cancelled
11.	Permission for Bonafide Industrial Purpose - Revenue Department*	133/2015-15/૧૩૩/554-61/16	District Panchayat Kacheri, Revenue Department, Morbi	March 17, 2016	Valid till cancelled
12.	Certificate of Registration under Gujarat Shops and Establishment s (Regulation of Employment and Conditions of Services) Act, 2019	2024-2025/SR/OO0276	Gujarat Shops and Establishments (Regulation of Employment and Conditions of Services) Act, 2019	January 01, 2025	Valid till cancelled
13.	Registration for Self Sealing Permission	2707/CCP/JMR/2024-25	Office of the Commissioner of Customs (prev.), "Seema Shulk Bhavan",	December 05, 2024	Valid till cancelled

**One time registration certificate*

I. Pending Approvals

a. Applications Made by the Company

- Following Trademark registration applications for classes 1 to 45 except 18 respectively:

- (a) Trademark Registration bearing no. 6025083
- (b) Trademark Registration bearing no. 6025084
- (c) Trademark Registration bearing no. 6025085
- (d) Trademark Registration bearing no. 6025086
- (e) Trademark Registration bearing no. 6025087
- (f) Trademark Registration bearing no. 6025088
- (g) Trademark Registration bearing no. 6025089
- (h) Trademark Registration bearing no. 6025090
- (i) Trademark Registration bearing no. 6025091
- (j) Trademark Registration bearing no. 6025092
- (k) Trademark Registration bearing no. 6025093
- (l) Trademark Registration bearing no. 6025094
- (m) Trademark Registration bearing no. 6025095
- (n) Trademark Registration bearing no. 6025096
- (o) Trademark Registration bearing no. 6025097
- (p) Trademark Registration bearing no. 6025098
- (q) Trademark Registration bearing no. 6025099
- (r) Trademark Registration bearing no. 6025101
- (s) Trademark Registration bearing no. 6025102
- (t) Trademark Registration bearing no. 6025105
- (u) Trademark Registration bearing no. 6025106
- (v) Trademark Registration bearing no. 6025107
- (w) Trademark Registration bearing no. 3262622
- (x) Trademark Registration bearing no. 6025108
- (y) Trademark Registration bearing no. 6025109
- (z) Trademark Registration bearing no. 6025110
- (aa) Trademark Registration bearing no. 6025111
- (bb) Trademark Registration bearing no. 6025112
- (cc) Trademark Registration bearing no. 6025113
- (dd) Trademark Registration bearing no. 6025115
- (ee) Trademark Registration bearing no. 6025116
- (ff) Trademark Registration bearing no. 6025117
- (gg) Trademark Registration bearing no. 6025118
- (hh) Trademark Registration bearing no. 6025119
- (ii) Trademark Registration bearing no. 6025120
- (jj) Trademark Registration bearing no. 6025121
- (kk) Trademark Registration bearing no. 6025122
- (ll) Trademark Registration bearing no. 6025123
- (mm) Trademark Registration bearing no. 6025124
- (nn) Trademark Registration bearing no. 6025131
- (oo) Trademark Registration bearing no. 6025132
- (pp) Trademark Registration bearing no. 6025133
- (qq) Trademark Registration bearing no. 6025134
- (rr) Trademark Registration bearing no. 6025135

2. Design Registration bearing no. 373585-001.

b. Application yet to be made by the Company.

Nil

C. Regulatory approvals of our Material Subsidiary

Sr. No.	Nature of Registration/ License	Registration / License No.	Issuing Authority	Date of Issue/ Renewal	Date of Expiry
1.	Provident Fund Code Number [#]	GJRAJ2220221000	Employees' Provident Fund Organization	October 22, 2020	Valid till cancelled
2.	UDYAM Registration Certificate	UDYAM-GJ-32-0043196	Ministry of Micro, Small and Medium Enterprises	September 25, 2024	Valid till cancelled
3.	<u>Consent to Establish under Section 25 of the water Act 1974 and Section 21 of Air Act, 1981 and Environment Protection Act, 1986</u>	<u>GPCB/CTE/RO-MORBI/1673/ID-78318/E-2023</u>	<u>Gujarat Pollution Control Board</u>	<u>October 29, 2020</u>	<u>December 15, 2029</u>
4.	<u>Consolidated Consent and Authorization under Section 25 of the water Act 1974 and Section 21 of Air Act, 1981 and authorization under rule 5 (4) of the Hazardous Waste (Management, Handling & Transboundary Movement) Rules 2008 under Environment Protection Act, 1986</u>	<u>GPCB/RO-MORBI-1673/ID-78318/E-2023</u>	<u>Gujarat Pollution Control Board</u>	<u>January 13, 2021</u>	<u>December 1, 2025</u>
5.	License to work as a factory (Factory License)	2883/22209/2021	Directorate Industrial Safety & Health Gujarat State	October 25, 2024	December 31, 2029
6.	<u>Importer Exporter Code</u>	<u>ABOCS3657F</u>	<u>Director General of Foreign Trade</u>	<u>January 30, 2025</u>	<u>Valid till cancelled</u>
7.	Certificate for Electrical Installation*	No/EI/Raj/Certi/32555/2020	Office of The Electrical Inspector	July 04, 2020	Valid till cancelled
8.	Certificate for Electrical Installation*	No/EI/Raj/Certi/35929/2020	Office of The Electrical Inspector	September 24, 2020	Valid till cancelled
9.	<u>Registration for Self Sealing Permission</u>	<u>3586/CCP/JMR/2024-25</u>	<u>Office of the Commissioner of Customs (prev.), "Seema Shulk Bhavan",</u>	<u>February 26, 2025</u>	<u>Valid till cancelled</u>

Sr. No.	Nature of Registration/ License	Registration / License No.	Issuing Authority	Date of Issue/ Renewal	Date of Expiry
10.	<u>Legal Entity Identifier</u>	<u>335800299WTZPI6WWG8</u> <u>1</u>	<u>LEI Register</u> <u>India Private</u> <u>Limited</u>	<u>February</u> <u>27, 2025</u>	<u>February</u> <u>27, 2030</u>

[#]Our Company has made an application to reflect name change pursuant to conversion of the partnership firm to private limited Company.

*One time registration certificate

We hereby confirm that the Subsidiary Company complies with the regulatory requirements of various acts and rules and has already obtained the necessary licenses and approvals in the name of the partnership firm. However, the Subsidiary Company has applied for a name change to reflect its conversion from a partnership firm to a private limited company.

D. Pending Approvals

i. Applications Made by the Company

Provident Fund Code Number GJRAJ2220221000

ii. Application yet to be made by the Company.

Nil

[Remainder of the page has been intentionally left blank]

SECTION XII - OTHER REGULATORY AND STATUTORY DISCLOSURES

In the section titled “Other Regulatory and Statutory Disclosures” on page 293 of the Draft Red Herring Prospectus, the sub-section called “Eligibility for the Issue” “Price information of past issues handled by the BRLM” and “Other Confirmation” has been suitably updated as under:

- (e) The Company has positive Free cash flow to Equity (FCFE) for at least 2 out of 3 financial years preceding the application.

Description	For the period ended December 31, 2024	Years Ended March 31		
		2024	2023	2022
Cash flow from operations ⁽¹⁾	(1,080.83)	994.26	1,710.91	1,478.44
Less : Purchase of Fixed Assets ⁽²⁾	(242.40)	(441.98)	(659.13)	(3,970.24)
Add : Net Borrowings ⁽³⁾	2,629.06	(108.71)	(632.32)	2749.47
Less : Interest Expense (net of tax) ^{(4)*}	(343.06)	(320.84)	(287.06)	(245.84)
Free Cash to Equity	962.79	122.73	132.39	11.84

(1) Cash flow from operations is calculated as cash generated from operating activities less income tax paid, as per restated financial statements

(2) Purchase of Fixed Assets is calculated as purchase of property, plant, and equipment (PPE) (including capital work in progress (CWIP)) (-) sale proceeds of PPE and CWIP (if any) (+) Capital Advances (if any).

(3) Net Borrowings is calculated as proceeds from long-term borrowings (-) repayments of long-term borrowings (+) proceeds from short-term borrowings (-) repayments of short-term borrowings

(4) Interest expense (net of tax) is calculated as interest expense on total (i.e., Long term as well as short term) borrowings (x) (1 – effective tax rate). Effective tax rate is calculated as [1-(profit after tax / profit before tax)]

*These figures includes, along with Interest on Borrowings, Finance Charges paid for availing Credit Facilities.

Price information of past issues handled by the BRLM

Sr. No.	Issuer Name	Issue Size (in Cror e.)	Issue Price (in ₹)	Listing Date	Open ing Price on Listin g Date (in ₹)	% Change in closing price, (% change in closing benchmark) - 30 th calendar day from listing	% Change in closing price, (% change in closing benchmark) - 90 th calendar day from listing	% Change in closing price, (% change in closing benchmark) - 180 th calendar day from listing
A. Mainboard IPO								
Nil								
B. SME IPO								
1.	Fabtech Technologies Cleanrooms Limited	27.74	85.00	January 10, 2025	161.50	Not Applicable	Not Applicable	Not Applicable
2.	Ganesh Infraworld Limited	98.57	83.00	December 06, 2024	165.55	+102.41% [-2.73%]	Not Applicable	Not Applicable
3.	Shiv Texchem Limited	101.35	166.00	October 15, 2024	239.00	+57.95% [-5.05%]	+84.79 [-5.43]	Not Applicable
4.	Bondada Engineering Limited	42.72	75.00	August 30, 2023	142.50	+123.07% [+0.65%]	+492.33% [+1.36%]	+1,114.73% [+12.38%]

Other Confirmation

There is no conflict of interest between the third-party service providers (crucial for operations of our Company) and our Company, Promoters, Promoter Group, Key Managerial Personnel, Senior Management Personnel, Directors and the Subsidiary Company and its directors.

There is no conflict of interest between the lessor of the immovable properties (crucial for operations of our Company) and our Company, Promoters, Promoter Group, Key Managerial Personnel, Senior Management Personnel, Directors and Subsidiary Company and its directors.

[Remainder of the page has been intentionally left blank]

DECLARATION

I hereby declare that all relevant provisions of the Companies Act, 2013 and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Addendum to the DRHP is contrary to the provisions of the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992 or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

SD/-

Jay Dilipbhai Kagathara

Chairman & Managing Director

Date: May 13, 2025

Place: Rajkot

DECLARATION

I hereby declare that all relevant provisions of the Companies Act, 2013 and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Addendum to the DRHP is contrary to the provisions of the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992 or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

SD/-

Kishan Dilipbhai Kagathara

Whole Time Director

Date: May 13, 2025

Place: Rajkot

DECLARATION

I hereby declare that all relevant provisions of the Companies Act, 2013 and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Addendum to the DRHP is contrary to the provisions of the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992 or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

SD/-

Charulata Jay Kagathara

Non-Executive Director

Date: May 13, 2025

Place: Rajkot

DECLARATION

I hereby declare that all relevant provisions of the Companies Act, 2013 and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Addendum to the DRHP is contrary to the provisions of the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992 or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

SD/-

Amul Kantibhai Kotadia

Independent Director

Date: May 13, 2025

Place: Junagadh

DECLARATION

I hereby declare that all relevant provisions of the Companies Act, 2013 and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Addendum to the DRHP is contrary to the provisions of the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992 or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

SD/-

Chetankumar Jayantilal Kamani

Independent Director

Date: May 13, 2025

Place: Rajkot

DECLARATION

I hereby declare that all relevant provisions of Companies Act, 2013 and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in the Addendum to the DRHP is contrary to the provisions of the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992 or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements are true and correct.

SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY

SD/-

Abhaykumar Narshibhai Fadadu

Chief Financial Officer

Date: May 13, 2025

Place: Rajkot