

ADDENDUM TO DRAFT RED HERRING PROSPECTUS DATED JUNE 27, 2024

SWEET DREAMS

S D RETAIL LIMITED (Formerly known as S D Retail Private Limited) CIN: U52520GJ2004PLC056076

Our Company was originally incorporated as “S D Retail Private Limited” vide registration no. 146313 under the provisions of the Companies Act 1956 pursuant to Certificate of Incorporation dated May 14, 2004 issued by Registrar of Companies, Mumbai, Maharashtra. Further, the registered office of our Company was shifted from Mumbai, Maharashtra to Ahmedabad, Gujarat w.e.f. February 6, 2009. Subsequently our Company was converted into Public Limited Company and name of company was changed from “S D Retail Private Limited” to “S D Retail Limited” vide fresh certificate of incorporation dated June 19, 2024 issued by the Registrar of Companies, Central Processing Centre. For further details, please refer to chapter titled “History and Corporate Structure” beginning on page 171 of the Draft Red Herring Prospectus.

Registered Office: C-929, Stratum at Venus ground, Nr. Jhansi Ki Rani Statue, Nehrunagar, Ambawadi, Ahmedabad, Gujarat -380006, India
Tel No.: +91 7043106787; **Email:** info@sweetdreamsindia.com, **Website:** www.sweetdreams.in
Contact Person: Ms. Sakshi Singh Chauhan, Company Secretary and Compliance Officer.

OUR PROMOTERS: INDIVIDUAL PROMOTER: MR. HITESH PRAVINCHANDRA RUPARELIA AND MR. UTPALBHAI PRAVINCHANDRA RUPARELIA
CORPORATE PROMOTER: M/S. SWEET DREAMS LOUNGEWEAR (INDIA) LLP (FORMERLY KNOWN AS SWEET DREAMS LOUNGEWEAR (INDIA) PRIVATE LIMITED) AND M/S. GRACE GARMENTS LLP (FORMERLY KNOWN AS GRACE GARMENTS LIMITED)

ADDENDUM TO THE DRAFT RED HERRING PROSPECTUS DATED JUNE 27, 2024: NOTICE TO THE INVESTORS (“THE ADDENDUM”)

INITIAL PUBLIC ISSUE OF UPTO 49,60,000 EQUITY SHARES OF RS. 10/- EACH (“EQUITY SHARES”) OF S D RETAIL LIMITED (“SDRL” OR THE “COMPANY” OR THE “ISSUER”) FOR CASH AT A PRICE OF RS. [●]/- PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF RS. [●]/- PER EQUITY SHARE (THE “ISSUE PRICE”), AGGREGATING TO RS. [●] LAKHS (“THE ISSUE”), OF WHICH UPTO [●] EQUITY SHARES OF RS. 10/- EACH FOR CASH AT A PRICE OF RS. [●]/- PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF RS. [●]/- PER EQUITY SHARE AGGREGATING TO RS. [●] LAKH WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKER TO THE ISSUE (THE “MARKET MAKER RESERVATION PORTION”). THE ISSUE LESS MARKET MAKER RESERVATION PORTION I.E. ISSUE OF UPTO [●] EQUITY SHARES OF RS. 10/- EACH INCLUDING A SHARE PREMIUM OF RS [●]/- PER EQUITY SHARE AGGREGATING TO RS. [●] LAKH IS HEREINAFTER 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 THE COMPANY.

Potential Bidders may note the following:

In the sections “Risk Factors”, “Capital Structure”, “Object for the Issue”, “Business Overview”, “History and Corporate Structure”, “Our Management”, “Our Promoter and Promoter Group”, “Management’s Discussion & Analysis of Financial Conditions & Results of Operations” and “Government and other Approvals” provided herein below as part of Addendum, modifications have been updated.

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

On Behalf of S D Retail Limited
Sd/-

Date: September 04, 2024
Place: Ahmedabad

Mr. Hitesh Pravinchandra Ruparelia
Chairman and Managing Director
DIN: 00490790

BOOK RUNNING LEAD MANAGER TO THE ISSUE

REGISTRAR TO THE ISSUE



BEELINE CAPITAL ADVISORS PRIVATE LIMITED
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Contact Person: M Murali Krishna
SEBI Registration No.: INR000000221

BID/OFFER PROGRAMME

ANCHOR INVESTOR BIDDING DATE	[●]*
BID/OFFER OPENS ON	[●]
BID/OFFER CLOSES ON	[●]

*Our Company and the Selling Shareholder in consultation with the BRLM may consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Investor Bidding Date shall be one Working Day prior to the Bid/Offer Opening Date.

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SECTION III - RISK FACTORS

➤ **Risk factor 1 will be read as:**

1. The application has been filed to NCLT under section 9 of Insolvency and Bankruptcy Code, 2016 against our Company and the same is pending with NCLT, Ahmedabad. Any adverse outcome of the pending proceeding will impact the operations of our Company.

Our Company had purchased stock from M/s. Royale King Fashions Pvt. Ltd. (Operational Creditor). However allegedly an amount of Rs. 627.08 lakhs are pending to be paid to the said operational Creditor as on March 12, 2020. The legal notice dated July 04, 2020. Aggrieved by this the operational creditor herein has filed a petition under Section 9 of the Insolvency and Bankruptcy Code, 2016 dated August 25, 2020 and the same is pending. Our Company has disputed the said application on the basis of non-maintainability of the suit by the petitioners herein, on account of amount mismatch and other deviations from terms of supplies and claim made based on purchase orders, Performa invoices and other expenses not backed by supply from terms of supplies. The application is pending for further consideration. The matter has been adjourned to September 06, 2024 as the Applicant Advocate was not present when the matter was called out.

Although the application is not admitted yet, in case the same is admitted at any stage, the solvency of our company shall be at stake and that our company shall be considered insolvent for the purpose of the Insolvency and Bankruptcy Code in which event we shall be ineligible to bring the issue.

➤ **Risk factor 33 will shifted to top 10 and will be read as:**

7. There have been certain instances of regulatory non-compliances or delays or errors in the past. We may be subject to regulatory actions and penalties for any such past or future non-compliance or delays or errors and our business, financial condition and reputation may be adversely affected.

There are few discrepancies noticed in some of our corporate records relating to e-forms filed with the Registrar of Companies, which inter-alia includes such as incorrect/ incomplete attachments to the forms, clerical errors by our Company with the ROC. For instances, in the annual return filed by our Company for the year 2004-05, transfer of 5000 equity shares by Mr. Nishu Jitendra Negandhi to Mr. Utpal Ruparelia is not mentioned and authorized capital is mentioned wrong; The word "Consolidated" has been written mistakenly in place of Standalone in the Balance Sheet and other financial documents filed for the year 2006-07 to 2016-17.

Further in the past, our company has at several instances, delayed in filing our GST returns, EPF returns and deposit of statutory dues, as a result of which, we have been required to pay the late filing fees along with interest on delayed deposit of due taxes and statutory dues. Although the late filing fees and interest on late deposits levied are small, if we continue this practice, the accumulated amounts of each delay may adversely affect our cash flows.

Further, the Company has not complied with the provisions of Section 123 of the Companies act, 2013 which relate to payment of dividend as the dividend is paid after 30 days from declaration of the dividend in the FY 2016 and FY 2017. The Company has filed the compounding application dated July 24, 2024 for the same with Registrar of Companies.

Although no cognizance has been taken by the authority in any of the above matters till date and no notice in respect of same have been served by the concerned authorities till date, we are not sure that no such notice shall be issued in future or at all and in any such event we may be subjected to a penalty. However, if any action is taken by the concerned authority in the matter and in the event of any penalty being imposed against the Company by the concerned authority, the financials of the company shall be adversely affected. As regards corrective measure company has appointed compliance officer to ensure that all the compliance related matters are taken care of on real time basis and have further the internal controls to ensure that the flaws are cured in time.

➤ **Following risk factor will be inserted:**

8. Our Restated Financial Statements are prepared and signed by the Peer Review Auditor who is not Statutory Auditors of our Company as required under the provisions of ICDR.

The Restated Financial Statements of our Company for the period ended February 29, 2024 and for the financial year ended March 31 2023, 2022 and 2021 respectively are prepared and signed by M/s V C A N & Co, Chartered Accountants, the Peer Review Auditor of our Company who is not statutory auditor of our Company. While our statutory auditor possesses a valid peer-reviewed certificate, due to their existing commitments, the task of providing the restated financial statements was entrusted to the aforementioned peer-reviewed chartered accountant.

➤ **Risk factor 9 will be read as:**

9. Our inability to effectively manage or expand our retail network may have an adverse effect on our business, results of operations and financial condition.

Our ability to expand and grow our sales significantly depends on the reach and effective management of our retail network. For instance, we intend to open approximately 90 EBOs in the next two Fiscals (including Out of 90 EBO's, 65 EBO's are opened on COCO model i.e. Company owned and Company operated for which the funds has been raised by the Company as Object for the Issue. Further 25 EBO's is planned to open on COFO Model i.e. Company owned and Franchisee Operated for which funds will be transferred to Franchisee from Internal accruals of the Company). We have also not placed any order for purchase of fit-outs, information technology and utilities related items for EBOs we plan to open. For further information, see "Objects of the Offer" on page 99. Our Company has to compete with other retailers to lock in locations for our stores on a continuous basis. We may be unable to identify suitable locations or properties or enter into agreements with landlords/ mall developers/ lessors, on favorable terms, in order to open additional EBOs. Our ability to effectively obtain quality commercial property to relocate existing EBOs or open new EBOs depends on the availability of commercial property that meets our criteria for customer traffic, square footage, lease economics, demographics and other factors, including our ability to negotiate terms that meet our financial targets. In addition, rising real estate prices may restrict our ability to lease new desirable locations.

Any new EBOs that we establish requires significant resources in terms of fixed lease costs, fit-outs and refurbishments, to align the store with our preferred format, and may not be profitable immediately upon its opening or may take time to break even, and failure to do so within a reasonable period may adversely affect our profitability. Our ability to reduce our payback periods depends on our ability to negotiate commercially reasonable terms, based on the store format and the location for such format, that is subject to various assumptions on demand for our products from the particular demographic at the location. An inability to appropriately identify suitable locations, or to negotiate commercially reasonable lease terms, or to accurately assess demand for our products based on our assumptions, may increase our payback periods, result in store-closures, and adversely affecting our results of operations and financial condition. In addition, new stores could impact the sales of our existing stores nearby, and there can be no assurance that sales cannibalization will not occur or become more significant in the future as we increase our presence in existing markets.

We cannot assure you that we will be able to expand and grow at the rate at which we may desire to, as we may not be able to obtain lease at such locations that we believe will be necessary for implementing our expansion plans and at prices that are viable for our business. If we are not able to obtain the locations at favourable lease rentals or lease period or at the time and place that we desire, the same may have a material adverse impact on our results of operation. We cannot assure you that we will be able to expand our retail network in accordance with our business plans, or at all, which may adversely affect our business, results of operations and financial condition. For further details, see "Business Overview" on page 137.

➤ **Risk factor 10 will be read as:**

10. While we design our products in-house, we rely on outsourcing the manufacturing of finished products to third-party manufacturing partners, without exclusivity arrangements and are dependent on them for our finished goods. Any inability to obtain sufficient quantities of apparel of the requisite quality in a timely manner and at acceptable prices, or a slowdown, shutdown or disruption in such third-party manufacturing partners' operations and performance, could adversely affect our business, cash flows, results of operations and financial condition.

We are a design and retail focused Company wherein the designs of our products are created by our in-house design team and majority of manufacturing of the finished product is carried out by third-party manufacturing partners. If our existing manufacturing partners, temporarily or permanently, are unable to provide us with the finished products as per our requirements, or at all, it may adversely affect our business operations. The Breakup of outsourced purchase is as follows:

(Amount in Lakhs)

Particulars	From April 01, 2023 to February 29, 2024	FY 2022-23	FY 2021-22	FY 2020-21
Outsourced Purchase	4408.94	2928.31	2850.24	2157.07
in % to Purchases	61%	42%	44%	52%

These manufacturing partners perform different stages of the manufacturing process, including dyeing, printing, cutting, stitching, and finishing, with the final products sold by us under our brand. We rely on our manufacturing partners to provide us with an uninterrupted supply of our products. However, we cannot assure you that they will do so in a timely manner, or at all. While we have long-term relationships with certain manufacturing partners, they may decide not to accept our future orders on the same or on terms favourable to us, or at all. We may face the risk of our competitors offering our manufacturing partners better terms, which may cause them to cater to our competitors alongside, or even instead of us. As a result, we may not have access to additional

discounts, schemes and offers provided by our manufacturing partners and third-party suppliers which may adversely affect the pricing of our products and may make our products/pricing relatively unattractive. Moreover, in case our existing manufacturing partners and third-party suppliers are unable to supply our products as per our requirements, or at all, it may adversely affect our business operations, financial condition, and results of operations.

➤ **Following risk factor will be inserted:**

14. The Application is filed against our Promoter Mr. Utpal P. Ruparelia for use of trademark in Intellectual Property Appellate Board, Chennai for removal of the Trade Mark. Any adverse outcome of the pending proceeding will impact the operations of our Company.



An application has been filed by the Tirupati Foam Limited for the removal / rectification of the trademark registered vide Application no. 536072 registered under class 25 and Owned by our Promoter Mr. Utpal P. Ruparelia, on the grounds that the petitioner herein is the prior owner of the word “SWEET DREAMS” vide Trade Mark Registration no. 675303 under class 20 and that the Tirupati Foam Limited herein has incurred heavy expenses in advertisement of the said words and have created goodwill over time over the words. Further the Tirupati Foam Limited herein claims to have obtained Registration under Copy Right Act, 1957 in special circle logo “TF” and word “Sweet Dream” and claims to have statutory rights which is in force.

Further Tirupati Foam Limited has further claimed that the words “Sweet Dream” is the essence of the sought trade mark and other marks and accordingly have applied for rectification / removal of the mark of the Mr. Utpal P. Ruparelia herein. The said application for rectification of the mark and the same is pending with the concerned authority. The Trademark is assigned to our Company by our Promoter; hence any negative implication of such litigation will impact our brand and business operation of our Company.

For further details of certain material legal proceedings involving our Company, our Promoter, or directors, see “Financial Information” beginning on page 194 of this Draft Red Herring Prospectus.

➤ **Risk factor 35 will shifted to top 20 and will be read as:**

15. Certain records of transfers involving the Promoters and records prior to 2006 are not traceable. We cannot assure you that regulatory proceedings or actions will not be initiated against us in the future or that we will be subject to any penalty imposed by the competent regulatory authority in this regard.

Records in relation to certain share transfers involving the Promoters are not traceable. Neither we nor our Promoters have been able to trace share transfer forms in relation to shares transferred by Mr. Nishu Jitendra Negandhi to Mr. Utpal Ruparelia of 5000 equity shares dated April 28, 2005. Moreover, Annual Return filed by Company for the year 2004-05 does not mention this transfer. For information regarding share transfer by and to our Promoters, see “Capital Structure – Build-up of Promoter’s shareholding in our Company” on page 75 Further some of forms prior to the year 2006 are not traceable. Despite having conducted an extensive search of their records, they have not been able to retrieve the aforementioned documents, and accordingly, we have relied on other documents, including minutes of meetings of our board of directors and shareholders, as applicable, statutory registers (including share transfer registers) for this matter.

In relation to the above-mentioned transfer deeds and forms that are not traceable, we have relied on the report dated June 26, 2024 from Monika Chechani & Associates, Company Secretaries, basis review of the corporate filings made, and records maintained by our Company.

We cannot assure you that any legal proceedings or regulatory actions will not be initiated against our Company in future or that we will not be subject to any penalty imposed by any competent regulatory authority in this respect.

➤ **Risk factor 16 will be read as:**

16. Failure in complying with quality control processes may have an adverse impact on our business, results of operations and financial conditions.

Our products may suffer from quality issues resulting from manufacturing or designing of the products or raw materials used in manufacturing the product. Our customers may also suffer from allergies that may cause skin inflammation, rashes, etc., if our raw materials are not of good quality which may consequently reduce our sales to a large extent or shut down our operations. We have implemented quality control processes such as fabric and garment inspection, quality audits, product quality tracking. However, since we procure large amounts of finished goods and assist our manufacturing partners in procuring large amounts of raw

materials, it is difficult for us to inspect each of our products. Therefore, we rely on inspection methods such as random sampling of our products on a regular basis. As part of our quality control measures, we regularly inspect the premises, stores and warehouse.

As of February 29, 2024, we had a dedicated quality assurance team comprising of 10 employees responsible for ensuring compliance with our established quality standards. Quality audit processes are driven by a team of experienced personnel and further guided by constant engagement with manufacturing partners.

The returns on account of defects are negligible. There are returns due to change in size / colour / design requirements of customers, this generally gets exchanged by a new product of a different size / colour / design, basis the requirements of the customers. Goods returned on account of mismatch in size /colour are thereafter sold to another end customer. Further, as regards the goods returned by EBOs, distributors, etc., for any reason, this inventory is then sent to different stores (including different geographies), e-commerce partners, etc., which is finally sold to the end customers.

The details of sales returns for last three years and stub period is as follows:

(Amount in Lakhs)				
Particulars	From April 01, 2023 to February 29, 2024	FY 2022-23	FY 2021-22	FY 2020-21
Total Sales	17,722.92	16,101.49	14,859.60	11,833.52
Sales Return	3,319.77	2,612.13	2,013.14	2,219.82
Net Sales	14,403.15	13,489.36	12,846.46	9,613.70
In %	18.73%	16.22%	13.55%	18.76%

Further, we cannot assure you that our third-party manufacturing partners will adhere to these standards and our quality control processes will not fail or the quality inspections will always be accurate. In case the quality of our products is not aligning with our standards, or our products are defective, our customers may return our products, or we may be required to recall or exchange such products. Such incidents may impact our reputation, which in turn may adversely affect our business, results of operations and financial condition. We also face the risk of facing legal proceedings and product liability claims being brought against us defective products sold. We could be asked to pay compensation and damages if such claims or lawsuits are determined against us which may also result in adverse publicity and impact our brand and customer goodwill.

For further details, please refer chapter titled “Business Overview” beginning on Page 137 of Draft Red Herring Prospectus.

➤ **Risk factor 45 will be shifted to top 25 and will be read as:**

24. Our sales relation to fashion are subject to seasonal variations that could result in fluctuations in our results of operations.

As a sleepwear retailer, we do not see much of seasonal fluctuations as we deal in all day essential products. On the other hand, our fashion would have an increase in our business before Diwali and during end of season sales. We are therefore impacted by seasonal variations in sales volumes in our fashion category products, which may cause our revenues to vary between different quarters in a Fiscal. Our results of operations and cash flows across quarters in a Fiscal may not be comparable and any such comparisons may not be meaningful or may not be indicative of our annual financial results or our results in any future quarters or periods.

As a result, we will be vulnerable to demand and pricing shifts and to suboptimal selection and timing of merchandise production. If sales do not meet expectations, too much inventory may lower planned margins. Our brand image may also suffer if customers believe we are no longer able to offer the latest fashion. The occurrence of these events could adversely affect our cash flows, financial condition and business operations.

➤ **Risk factor 26 will be read as:**

26. We require certain approvals and licenses in the ordinary course of business and the failure to successfully obtain such registrations would adversely affect our operations, results of operations and financial condition.

We are governed by various laws and regulations for our business and operations. We are required, and will continue to be required, to obtain and hold relevant licenses, approvals and permits at state and central government levels for doing our business. The approvals, licenses, registrations and permits obtained by us may contain conditions, some of which could be onerous. Additionally, we will need to apply for renewal of certain approvals, licenses, registrations and permits, which expire or need to update pursuant to conversion of company from Private Company to public Company. Further we have recently shifted our factory from Survey No. 177, Near Eicher Service Centre, Laxmipura, Lambha, Ahmedabad, Gujarat – 382405, India to 12, Ratnam Industrial Hub, Ode-Pirana Road, Ahmedabad Gujarat – 382427, the shifting of factory was due to operational efficiency and near

to warehouses and company has obtained all necessary licences for old factory and has applied change in factory address in all applicable licenses.

While we have obtained a significant number of approvals, licenses, registrations and permits from the relevant authorities. There can be no assurance that the relevant authority will issue an approval or renew expired approvals within the applicable time period or at all. Any delay in receipt or non-receipt of such approvals, licenses, registrations and permits could result in cost and time overrun or which could affect our related operations. Furthermore, under such circumstances, the relevant authorities may initiate penal action against us, restrain our operations, impose fines/penalties or initiate legal proceedings for our inability to renew/obtain approvals in a timely manner or at all.

These laws and regulations governing us are increasingly becoming stringent and may in the future create substantial compliance or liabilities and costs. While we endeavor to comply with applicable regulatory requirements, it is possible that such compliance measures may restrict our business and operations, result in increased cost and onerous compliance measures, and an inability to comply with such regulatory requirements may attract penalty. For further details regarding the material approvals, licenses, registrations and permits, which have not been obtained by our Company or are, pending renewal, see “Government and Other Approvals” on page 218 of this Draft Red Herring Prospectus.

Furthermore, we cannot assure you that the approvals, licenses, registrations and permits issued to us will not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. Any suspension or revocation of any of the approvals, licenses, registrations and permits that has been or may be issued to us may affect our business and results of operations.

➤ **Following risk factor will be inserted:**

27. Our Company is well placed in North and West regions with respect to retail network through EBO's and also targeting South and East for further development. Non acceptance of our brand and failure to establish our retail network in South and East region will impact our business operations of our Company.

As of February 29, 2024, we have established a pan-India presence through various touchpoints, which include exclusive brand outlets (EBOs), large format stores (LFS), and multi-brand outlets (MBOs). Our reach spans from major metropolitan areas to Tier-3 cities. Our EBOs are our experience centers. We have a team put in place for opening EBOs that spans from dealmaking and negotiating to furnishing and hiring sales staff. Currently, we are predominantly in the North and West regions and aim to deepen our penetration there while also targeting the South and East for further development.

Our approach initially focuses on tier I cities, but we will also establish EBOs in tier II and III cities to capitalize on the growth in these areas, leveraging our store network, we aim to tap into this opportunity while maintaining quality and providing a consistent customer experience. Any failure in establishment of our retail stores network in South and East region or in Tier II and Tier III cities will impact our brand and business operations of our Company.

In addition to above, our Company is raising fund for setting up of an EBO's as one of the Object for the Issue. We have not identified the locations for opening of the EBO's as on date but in case we plan to open EBO's in South and East region or in Tier II and Tier III cities and we may not able to successfully establish our retail network in such regions, our revenue and profit will be significantly affected.

➤ **Risk factor 61 will shifted to top 30 and will be read as:**

28. We have not identified any alternate source of raising the fund for expansion of EBOs and working capital mentioned as our 'Objects of the Issue'. Any shortfall in raising / meeting the same could adversely affect our growth plans, operations and financial performance.

Our Company has not identified any alternate source of funding our expansion of EBOs and our working capital requirement and for general corporate purposes and hence any failure or delay on our part to mobilize the required resources or any shortfall in the Issue proceeds can adversely affect our growth plan and profitability. The delay/shortfall in receiving these proceeds could result in inadequacy of working capital or may require our Company to borrow funds on unfavorable terms, both of which scenarios may affect the business operation and financial performance of the Company.

For further details of our Object for the Issue, please refer chapter titled “Object for the Issue” beginning on Page 99 of this Draft Red Herring Prospectus.

➤ **Following risk factor will be inserted:**

29. Our directors do not have experience of a listed company and in the absence of such experience, it could adversely affect our corporate governance and business operations of our Company.

In the realm of corporate governance and leadership, the experience of directors plays a crucial role in steering the course of a company. It is often perceived that directors with prior experience in listed companies bring invaluable insights, knowledge, and strategic acumen to the boardroom. Furthermore, the absence of listed company experience among directors may limit their ability to effectively oversee risk management frameworks and succession planning strategies. These oversight responsibilities are critical in mitigating operational risks, ensuring organizational resilience, and safeguarding against potential conflicts of interest or ethical lapses. Although our company's board of directors is pivotal in shaping its strategic direction, ensuring regulatory compliance, and safeguarding stakeholder interests.

Further, our directors lack of direct experience in a listed environment may inadvertently expose the company to the risk of corporate governance and affect the business operation of our Company.

➤ **Following risk factor will be inserted:**

30. Our company manufactures nightwear through contract or job work arrangements, with a significant portion of our job workers located in Gujarat, Maharashtra, and Punjab. Any disruptions in these regions would adversely affect our production and business operations.

The Concentration of our Job worker in state of Gujarat, Maharashtra and Punjab may possess risk such as relying heavily on job workers can lead to dependency issues, especially if these workers are concentrated in specific regions. Any disruption in these areas (such as strikes, regulatory changes, or natural disasters) can severely impact production schedules and supply chain continuity. In addition, dependency on specific regions increases vulnerability to logistical challenges. For instance, delays in transportation or availability of raw materials can escalate if the workforce in these states is affected and inefficiencies may arise from depending on job workers in specific regions. Transportation costs, wages, and other operational expenses can fluctuate based on regional factors such as demand for labor, local economic conditions, and regulatory changes. This can impact overall cost structures and operational efficiency.

Concentrating job workers in specific regions may limit the company's strategic flexibility and agility. Diversifying supplier bases geographically allows for better risk management and responsiveness to market changes or disruptions in specific regions. Further to mitigate these risks, we may consider diversifying our supplier base geographically, investing in technology, maintaining strong relationships with suppliers and subcontractors, and staying informed about regional labor regulations and market dynamics. Developing contingency plans and risk management strategies can also help mitigate the impact of disruptions in specific regions.

➤ **Risk factor 54 will be read as:**

54. We are subject to the risk of failure of, or a material weakness in, our internal control systems and major fraud, lapses of internal control or system failures could adversely impact the company's business.

We are exposed to risks arising from the inadequacy or failure of internal systems or processes, and any actions we may take to mitigate these risks may not be sufficient to ensure an effective internal control environment. Although we have not experienced any instances of the failure of internal control systems in the past. Given our high volume of transactions, errors may be repeated or compounded before they are discovered and rectified. Our management information systems and internal control procedures may not be able to identify non-compliance or suspicious transactions in a timely manner, or at all. Where internal control weaknesses are identified, our actions may not be sufficient to fully correct such weaknesses. In addition, several of our collection related processes are yet to be fully automated, which may increase the risk that human error, tampering or manipulation will result in losses that may be difficult to detect. As a result, we may incur expenses or suffer monetary losses, which may not be covered by our insurance policies and may result in a material effect on our business, financial condition and results of operations.

Our Company is vulnerable to risk arising from the failure of employees to adhere to approved procedures, system controls, fraud, system failures, information system disruptions, communication systems failure and interception during transmission through external communication channels or networks. Failure to protect fraud or breach in security may adversely affect our Company's operations and financial performance. Our reputation could also be adversely affected by significant fraud committed by our employees, agents, customers or third parties.

➤ **Risk factor 62 will be read as:**

62. Our Company's management will have flexibility in utilizing the Net Proceeds from the Issue. The deployment of the Net Proceeds from the Issue is not subject to any monitoring by any independent agency.

Our Company intends to primarily use the Net Proceeds towards the expansion of EBOs and working capital requirement and for general corporate purposes as described in "Objects of the Issue" on page 99 of this Draft Red Herring Prospectus. In terms of the SEBI (ICDR) Regulations, we are not required to appoint a monitoring agency since the Issue size is not in excess of ₹100 crores. The management of our Company will have discretion to use the Net Proceeds from the Issue, and investors will be relying on the judgment of our Company's management regarding the application of the Net Proceeds from the Issue. Our Company may have to revise its management estimates from time to time and consequently its requirements may change, further the funds will utilised as per the applicable laws.

Accordingly, prospective investors in the Issue will need to rely upon our management's judgment with respect to the use of Net Proceeds. If we are unable to enter into arrangements for utilization of Net proceeds as expected and assumed by us in a timely manner or at all, we may not be able to derive the expected benefits from the proceeds of the Issue and our business and financial results may suffer.

SECTION VI – CAPITAL STRUCTURE

- **Following will be updated under the table “Notes to Capital Structure - Equity Share Capital History of our Company”:**

Our company compliance with the Companies Act, 2013 with respect to issuance of securities since inception till the date of filing of Draft Red Herring Prospectus

SECTION VII – PARTICULARS OF THE ISSUE - OBJECTS OF THE ISSUE

- **Under the “Details of the Objects - Expenditure for opening new Exclusive Brand Outlets (EBOs)”, following will be read as:**

Our Company retails products through its network of EBOs. The first EBO of our Company was launched on October 27, 2018. As on February 29, 2024, our Company operated and managed 22 EBO’s across India. Average revenue per EBO in Fiscal Year 2021, 2022, 2023 and eleven months period ended February 29, 2024 are provided below:

(In Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2023	For the Period from April 01, 2023 to February 29, 2024
Average revenue per EBO*	19.13	30.86	36.89	50.00

* Calculated as Net sales through EBOs (during closed EBO’s) during a given period divided by average of opening and closing number of EBOs for that period.

* As certified by M A A K & Associates, Chartered Accountants, pursuant to their certificate dated June 22, 2024 having UDIN 24133926BKCJRC3098.

- **Under the Details of the Objects: 1. Expenditure for opening new Exclusive Brand Outlets (EBOs), following will be updated:**

The Lease cost for setting up of EBO’s will be sourced from internal accrual of the Company depending upon location of cities and area. The Estimated lease cost is ₹350/- per Sq. feet and Lease cost for setting up of EBO’s will be sourced from internal accrual of the Company depending upon location of cities and area.

- **Under the “Details of the Objects - Expenditure for opening new Exclusive Brand Outlets (EBOs)”, the Estimated cost for establishing EBOs will be read as:**

The estimated cost for establishing these EBOs primarily comprise of expenses on the interiors of EBOs and other expenses, such as furniture and fixtures, electrical, air conditioning, security systems, lighting, information technology systems, etc. (“Store Fit Out Expenses”). Our Company estimates that Store Fit Out Expenses would be similar across EBOs proposed to be set up in various locations.

The sizes and layout of our EBOs will vary across regions and depend on various factors such as type / format of the EBOs, availability of suitable locations, addressable market, lease rentals, competition within a given region or across regions, etc. To arrive at the estimated costs for setting up an EBO:

- (i) We have considered an average EBO size of 500 square feet (“Average Store Size”), being the average of the typical sizes of the various categories of mall stores and high-street outlets in India; and
- (ii) We have taken into account (a) sample quotations on turnkey basis received from vendors from whom we have purchased similar items, with a sample size of one EBO assuming set-up in Financial Year 2025 and financial year 2026; and (b) our management and internal estimates for specifications and item requirements, based on our prior experience of setting-up similar EBOs.

Accordingly, the estimated capital expenditure for setting-up of one Average Store Size EBO in Financial Year 2025 and Financial Year 2026 is as follows:

Particulars	Cost per Store* (₹ in Lakhs)		Estimated Cost (₹ in Lakhs) For FY 2025*			Estimated Cost (₹ in Lakhs) For FY 2026*			Grand Total*
	Mall	Highstreet	Mall	Highstreet	Total	Mall	Highstreet	Total	
Estimated No. of Stores	--	--	30	5	35	30	0	30	65
Fixtures ⁽¹⁾	3.47	3.47	104.10	17.35	121.45	104.10	--	104.10	225.55
Civil and Turnkey ⁽²⁾	21.21	17.79	636.30	88.95	725.25	636.30	--	636.30	1361.55
Lighting ⁽³⁾	0.95	0.95	28.50	4.75	33.25	28.50	--	28.50	61.75
Total	25.63	22.21	768.90	111.05	879.95	768.90	--	768.90	1648.85

* As certified by M A A K & Associates, Chartered Accountants, pursuant to their Project Report dated June 20, 2024 having UDIN 24133926BKCJQX8557.

⁽¹⁾ The Fixtures portion of capex is as per Quotation availed by Company from Prime Group of Companies (Prime Enterprises having Udyog Aadhar Memorandum – MH17D0038247) dated June 08, 2024 with validity of 6 month.

⁽²⁾ The Civil and turnkey is as per Quotation availed by Company from Prime Group of Companies (Prime Enterprises having Udyog Aadhar Memorandum – MH17D0038247) dated June 08, 2024 with validity of 6 month.

⁽³⁾ The Lighting portion of capex is as per Quotation availed by Company from Agro Lighting Private Limited dated June 07, 2024 with validity of 6 months.

Further Prime Group of Companies (Prime Enterprises having Udyog Aadhar Memorandum – MH17D0038247) and Agro Lighting Private Limited is not related to the Company/Directors/Promoters/Promoter Group directly or indirectly in any manner

➤ **Under the “Details of the Objects - To Meet Working Capital Requirement of our Company” following will be updated under Justification of working Capital Requirement:**

Company operates in two seasons namely Winter and Summer. For winter season company manufactures special range of Sleep Sets and separates which consist of heavy fabrics like fleece, velor, polar fleece, Comfy Rib, etc this are specific winter merchandise and are largely depended on cold during winter. Hence Winter revenue depends heavily on seasonality. Taking a higher in production for winter season increases risk for the Company as winter season is unpredictable. Further light weight fabrics sleep sets and separates are also produced for pre winter season for North and rest of North India but revenue of company and clearance of stock is largely dependent on how cold moves during the winter season. Hence special heavy fabric merchandise planned during winter season needs to be planned very cautiously.

Due to summer season being longer and even all throughout the country, company takes higher bet on production and sales. Since this is not dependent very much on how season moves and geography it's a much safer to produce higher and grow the market. Hence company is focusing to increase overall market share in summer season and restrict its overall risk during winter season.

➤ **The “Interim Use of Proceeds” will be read as:**

Pending utilization of the Issue proceeds of the Issue for the purposes described above, our Company will deposit the Net Proceeds with scheduled commercial banks included in schedule II of the RBI Act and as per applicable laws.

In accordance with Section 27 of the Companies Act, 2013 and as per applicable laws, our Company confirms that, pending utilization of the proceeds of the Issue as described above, it shall not use the funds from the Issue Proceeds for any investment in equity and/or real estate products and/or equity linked and/or real estate linked products.

SECTION VIII – ABOUT THE COMPANY - BUSINESS OVERVIEW

➤ Following table under “Overview” will be read as:

We have a multi-channel distribution network. The table below gives a channel-wise breakup of revenue.

(₹ in Lakhs)

Particular	February 29, 2024		Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Revenue	In %	Revenue	In %	Revenue	In %	Revenue	In %
EBOs	900.00	6.25%	498.00	3.69%	401.21	3.12%	200.86	2.09%
LFSs	1,547.02	10.74%	1286.94	9.54%	972.87	7.57%	1,227.49	12.77%
MBOs/ Distributors	9,128.31	63.38%	9,820.46	72.80%	9,326.53	72.60%	5,929.24	61.67%
Online Channels	2,469.42	17.15%	1,274.86	9.45%	1,713.74	13.34%	1,709.84	17.79%
Others	215.28	1.49%	370.75	2.75%	292.24	2.27%	406.46	4.23%
Export	143.11	0.99%	238.34	1.77%	139.88	1.09%	139.81	1.45%
TOTAL	14,403.15	100.00%	13,489.36	100.00%	12,846.46	100.00%	9,613.70	100.00%

Notes:

(1) EBO includes kiosks and franchise stores

(2) MBOs and others include sales through multi-brand outlets and garment fairs, exhibitions, events, etc. and scrap sales.

(3) Others include sales to employees and sale of clearance stock to traders, etc.

➤ Following will be inserted under “Our Strengths - Existing client relationship and customer satisfaction” and will be read as:

The details of repeat orders from our customers:

(Amount in Lakhs)

Particulars	February 29, 2024		March 31, 2023		March 31, 2022		March 31, 2021	
	Amount	In %	Amount	In %	Amount	In %	Amount	In %
Sales from Repeat Customers	12,894.05	90%	12,223.23	91%	12,137.70	94%	8,649.17	90%
Sales from Non-Repeat Customers	1,509.10	10%	1,266.13	9%	708.76	6%	964.53	10%
Total Sales	14,403.15	100%	13,489.36	100%	12,846.46	100%	9,613.70	100%

Notes:

1) Repeat amount & percentage is in comparison to previous year sales to same customers in company books of account.

2) Repeat Sales is considered based on Primary Billing in Our Books of Accounts

➤ Following will be inserted under “Our Strategies - Continue to expand retail network with a focus on EBOs” and will be read as:

Company has traditionally been operating in MBO’s and Large Format Stores through retailers and distributors. We have seen this category mature and have gained customer recognition. Hence, we started experimenting with opening stores in all three models i.e. COFO, COCO and FOFO. This has helped us reach customers directly and communicate brand story with look and feel of the store, garments looks and visual merchandise elevating brand in customer mind.

Further customers visit malls and high street complexes across country to meet their demand where such MBO’s and LFS are not available this gives company additional business avenue to reach to customer and meet their demand. We see huge untapped scope to increase our revenue.

Further since company has complete control over the stock display at Exclusive Brand Outlets it gives company advantage to display and sell premium garments with premium store outlook further it will help eliminating retailers and distributor channel from middle giving us direct control of our business and reduce lot of inefficiencies.

➤ Following will be inserted under “Sales and Retail Network – EBOs and will be read as:

The Company had decided to expand its EBO network across the country and accordingly company till Fiscal year 2023 was depended largely on FOFO model to expand its stores. In Fiscal Year 2024 company decided to go ahead with expansion in major malls and premium high streets across the country. Malls have major requirement of signing up lease agreement only with Brands and hence company was required to sign lease agreement with malls and hence accordingly stores are owned by Company. Since Company was opening these stores from internal accruals, COFO gives an additional advantage of accessing franchisee capital and network and retailing experience of franchisee in day-to-day operations. Hence Company preferred to open stores in COFO model.

➤ **Following will be inserted after “Design Process”**

Revenue bifurcation for essential products and fashion products

(Amount in Lakhs)

Particulars	For the period ended			
	February 29, 2024	March 31, 2024	March 31, 2023	March 31, 2022
Essential Products	2,749.65	2,573.47	2,268.21	1,612.43
Essential Products (In %)	19.09%	19.08%	17.66%	16.77%
Fashion Products	11,653.50	10,915.89	10,578.26	8,001.27
Fashion Products (In %)	80.91%	80.92%	82.34%	83.23%

➤ **Following will be inserted after “Manufacturing and Sourcing – In-house Manufacturing”**

Company prepares samples for different designs and accessories; our sales team prepares production quantity based on sales estimates or orders received style wise to our sourcing team. Company has procured various types of accessories in different sizes and different colours, some of the examples of accessories procured such as Packing Bags, Inlay Cards, Elastic, Tags, Labels, Fusing, Boxes, Buttons, Threads, Box Packing Tape, Zipper, Bar Code, Card Board, Lace, Ribbon and Strings.

Sourcing team accordingly prepares BOQ for each style along with specification and its accessories requirement for each style and consolidated requirement sheet. Once requirements are finalised sourcing team places requirement to nominated vendors with quantities and specifications.

Once quotation is received accordingly order is placed either to nominated vendor or to the vendor with the lowest quote along with delivery schedule.

Vendor sends pre- production sample for approval. This sample is approved or comments for modification are given. Once concerned accessory is received at our warehouse our inhouse team inspects the concerned accessory and either approves or rejects the goods. If goods are approved for quality, they are inwarded in store. If goods are rejected the same is informed to the vendor and material is returned back.

➤ **Following will be inserted after “Manufacturing and Sourcing - Contract Manufacturing”**

The details of outsourced purchase is as follows:

(Amount in Lakhs)

Particulars	For the period ended			
	February 29, 2024	March 31, 2024	March 31, 2023	March 31, 2022
Outsourced Purchases	4408.94	2928.31	2850.24	2157.07
In %	61%	42%	44%	52%

Outsourcing is an asset lite model. All assets are procured directly by manufacturers and hence company doesn't have to invest heavily in such asset procurement. Further also all fixed cost are also managed directly by such manufacturers and hence it gives company flexibility in terms of procuring material according to actual sales plan without carrying high factory fixed cost and capacity utilisation.

In addition, this market of contract manufacturing is well established with many factories available with trained manpower which enables company flexibility to manage any additional requirements of garments and manage any additional market demand. Company manpower visits manufacturer premises to check quality at their premises and also quality is checked at company warehouse once garments are received. This enables company to maintain its own quality standards.

This major manufacturing is outsourced enables gives management bandwidth to focus on creating brand awareness and generate revenue from end consumers.

There are 67 contract manufacturing as of February 29, 2024, the geographical breakup is as follows:

Particulars	For the Period Ended			
	31st March 2021	31st March 2022	31st March 2023	29th February 2024
Outside India	--	--	--	1
Chandigarh	1	--	--	--
Gujarat	9	7	12	20
Haryana	1	1	--	1

Madhya Pradesh	1	2	1	3
Maharashtra	8	7	11	11
Punjab	11	10	11	11
Rajasthan	--	--	1	5
Tamil Nadu	2	1	3	11
Uttar Pradesh	--	--	1	3
West Bengal	--	--	--	1
TOTAL	33	28	40	67

➤ **Following will be inserted under “Sales and Retail Network” after “EBO’s”:**

Agreements with Franchisee for COFO Model EBO’s:

S. No	Party Name	State	Type	Zone	Term	Franchise Start Date	Terms	Franchise Last Date
1	Alpha One Store	Gujarat	COFO	West	5 Year	01-02-2024	5 Year	30-01-2029
2	Palladium Store	Gujarat	COFO	West	59 Months	23-06-2023	5 Year	22-05-2028
3	Amritsar Store	Punjab	COFO	North	5 Year	01-12-2022	5 Year	30-11-2027
4	Amritsar-2 Store	Punjab	COFO	North	5 Year	01-09-2023	5 Year	30-08-2028
5	Bhopal Store	Madhya Pradesh	COFO	West	6 Year	01-09-2023	6 Year	30-08-2028
6	Green City Bhatinda Store	Punjab	FOFO	North	5 Year	27-11-2023	5 Year	26-11-2028
7	Gurugram Store	Haryana	COFO	North	9 Year	16-08-2023	9 Year	15-08-2032
8	Indore Store	Madhya Pradesh	COFO	West	59 Months	10-02-2023	59 Months	09-01-2028
9	Jalandhar Store	Punjab	FOFO	North	9 Year	19-07-2023	5 Year	18-07-2028
10	Kandivali Store	Maharashtra	COFO	West	10 Year	12-08-2023	10 Year	11-08-2033
11	Ludhiana Store	Punjab	COFO	North	47 Months	01-09-2023	19 Months	30-03-2025
12	Ludhiana-3 Store	Punjab	COFO	North	9 Year	25-08-2023	9 Year	24-08-2032
13	Udaipur Store	Rajasthan	COFO	North	5 Year	16-10-2023	5 Year	15-10-2028
14	Viman Nagar Store	Maharashtra	COFO	West	59 Months	12-09-2023	59 Months	11-08-2028
15	Wakad Store	Maharashtra	COFO	West	59 Months	12-09-2023	59 Months	11-08-2028
16	Beam Retail and Infra Pvt Ltd (Ebo Terminal-1 Mumbai Airport) -Mumbai	Maharashtra	FOFO	West	12 Months	11-03-2024	12 Months	10-03-2025
17	Beam Retail and Infra Pvt Ltd (Ebo Terminal-2 Mumbai Airport) -Mumbai	Maharashtra	FOFO	West	12 Months	14-10-2023	12 Months	13-10-2024
18	Iqbal Wasu And Sons (Fashion) Ebo -Dehradun	Uttarakhand	FOFO	North	5 Year	01-01-2024	5 Year	31-12-2028
19	Shri Balaji Traders (Ebo) - Barnala -Barnala	Punjab	FOFO	North	5 Year	08-04-2024	5 Year	07-04-2029
20	Shri Balaji Traders (Fashion) Ebo -Bhatinda	Punjab	FOFO	North	5 Year	03-10-2019	5 Year	02-10-2024
21	Uneed Retail Ltd (Ebo) - Bhavnagar	Gujarat	FOFO	West	5 Year	22-05-2023	5 Year	21-05-2028

➤ **Following will be inserted after “Modern Retail (including MBO’s, LFS’s and Distributors)”**

Large Format Stores are usually big stores which house their own label and other brands. These are regional Chains or national chains. Since relationship is centralised, we have a team in our office who handles relationship at head office level with retailer. In such arrangement we are doing business with retailer directly without any distributor.

Multi Brand Outlets generally are smaller in size in terms of business as compared to Large Format Stores. They are usually serviced through distributors except few MBO’s which are single door but serviced directly.

Our Distributors:

Particulars	For the Period ended			
	31st March 2021	31st March 2022	31st March 2023	29th February 2024
No of Distributors	170	165	167	173

Note – No. of Distributors is based on the billing done on the name of such distributor in specific year.

➤ **Following will be inserted under “Online Channels”**

The breakup of online channels sales is as follows:

(Amount in Lakhs)

Particulars	For the period ended			
	February 29, 2024	March 31, 2023	March 31, 2022	March 31, 2021
Website Sales	182.34	4.62	0.00	0.00
Website Sales (In %)	1.27%	0.03%	0.00%	0.00%
E-Commerce Sales	2287.08	1270.24	1713.74	1709.84
E-Commerce Sales (In %)	15.88%	9.42%	13.34%	17.79%

➤ **Following will be inserted under “Employees and Human Resources”**

Number of employees on a contractual basis for the last three years and stub period ending February 29, 2024 is as follows:

Particulars	As on 31st March 21	As on 31st March 22	As on 31st March 23	As on 29th February 2024
	Total	Total	Total	Total
Contractual Employees (in Numbers)	227	207	186	247

Note – The Contractual Employees includes employees in factory hired on contract basis and in EBO's, and LFS's

➤ **Following will be inserted under “Our Client Base”**

Revenue bifurcation in based on B2B and B2C customers:

(Amount in Lakhs)

Particulars	For the Period Ending							
	31st March 2021		31st March 2022		31st March 2023		29th February 2024	
	Amt	%	Amt	%	Amt	%	Amt	%
B2B	9,613.70	100.00%	12,795.94	99.61%	13,397.34	99.32%	13,678.43	94.97%
B2C	-	0.00%	50.52	0.39%	92.02	0.68%	724.72	5.03%
TOTAL	9,613.70	100.00%	12,846.46	100.00%	13,489.36	100.00%	14,403.15	100.00%

Note: We have considered only our website sales and COCO and COFO Exclusive Brand Outlets as B2C Sales. (We have not included B2B Exclusive Brand Outlets in B2C Sales)

➤ **Following will be inserted under “Plant and Machinery”**

The Plant and Machinery are owned by the Company

➤ **Following will be inserted under “Geographical Revenue Breakup”**

Country-wise sales:

(Amount in Lakhs)

Country	F.Y. 2023-24 (Till Feb-24)	F.Y. 2022-23	F.Y. 2021-22	F.Y. 2020-21
Kuwait	77.97	153.12	72.37	101.92
UAE	65.15	71.08	66.57	37.90
Nepal	0.00	3.43	0.93	0.00
Australia	0.00	4.00	0.00	0.00
Mauritius	0.00	6.71	0.00	0.00
Total	143.11	238.34	139.88	139.81

➤ **Following will be inserted under “Utilities and Infrastructure Facilities – Raw Material”:**

Our Company procures raw materials such as fabric, accessories, embellishments, etc. on its own for the products depending on the fashion trends and season from local markets as well as all over the world. Further, the Company is not directly importing any fabrics from different countries. The sourcing of such fabrics is from domestic traders who import such goods and supply to the Company in India in Indian currency.

The top ten suppliers as on February 29, 2024 are as follows:

S. No.	Top Ten Suppliers
1.	Manohar Enterprises -Ludhiana
2.	Goutam Trading Co -Ludhiana
3.	Narbada Textiles Pvt Ltd -Indore
4.	Ma Apparels -Valsad
5.	A K Fashion - Valsad
6.	Laxmi Garment -Valsad
7.	Arvind Limited - Gandhinagar
8.	Juelle Retail Pvt Ltd -Ludhiana
9.	Devi Ji Enterprise -Ludhiana
10.	Maruti Texprocess India Private Limited -Botad

➤ **Following insurance policies will be updated under “Insurance”:**

S. No.	Address	Nature of Policy	Insurance Company	Policy No.	Sum Insured	Premium	Insurance Validity
12	Shop No. A-14 Lower Ground Floor, Pavilion Mall, Ludhiana, Punjab - 141008	Business	Go Digital General Insurance Ltd	D164002999	25,00,000	4,207	04.09.2024 To 03.09.2025
16	SWEET DREAMS Shop No. 74, First Floor, Eastwood Village, NH-44 Jalandhar-Phagwara GT, Road Village Khajurla, Tehsil Phagwara, Jalandhar, Punjab- 144005	Business	Bajaj Allianz General Insurance Company Limited	OG-25-2202-4092-00000175	25,00,000	4,923	28-07-2024 To 27-07-2025
17	SWEET DREAMS GF-34, Krishna Appt Vasant Sagar Complex, Krishna Chsl Thakur Village, Kandivali, Mumbai 400101	Business	Bajaj Allianz General Insurance Company Limited	OG-25-2202-4092-00000230	25,00,000	4,768	14-08-2024 To 13-08-2025
21	SWEET DREAMS Unit No FF-09, Fourth Floor, Final Plot No 1 + 2/1 Palladium Mall Town Planning Scheme No Ahmedabad – 380054	Business	Bajaj Allianz General Insurance Company Limited	OG-25-2202-4092-00000158	25,00,000	4,768	03-07-2024 To 02-07-2025
25	Survey No 177 Near Eicher Services Private Services Centre B/H Krishna Mandir Bhamariya Laxmipura Lambha Ahemdabad - 382440	D & O Policy	ICICI Lombard General Insurance Company Ltd	4025/349761 127/00/000	2,00,00,000	34,220	22-06-2024 To 21-06-2025

S. No.	Nature of Policy	Insurance Company	Policy No.	Sum Insured	Premium	Insurance Validity
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2.	Vehicle Insurance	Future Generali India Insurance Co. Ltd.	VD173468	19,49,400	19,402	11-07-2024 To 10-07-2025
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SECTION VIII – ABOUT THE COMPANY - HISTORY AND CORPORATE STRUCTURE

➤ The “Shareholders Agreement/Investment Agreement”, will be read as:

Our Company and our Promoters, Mr. Hitesh Pravinchandra Ruparelia & Mr. Utpalbhai Pravinchandra Ruparelia has entered into shareholder’s/Investment agreement with Chanakya Corporate Services Private limited and Chanakya Value Creation LLP, dated December 5, 2017 which includes following key terms:

Pursuant to the Agreement, Chanakya Corporate Services Private limited and Chanakya Value Creation LLP has subscribed 34,750 Equity Shares each of face value ₹10/- at a price of ₹1440/- (including premium of ₹1430/-). Chanakya Corporate Services Private limited and Chanakya Value Creation LLP has invested ₹5,00,40,000/- each by way of subscribing the Equity Shares.

The total fund invested by both Chanakya Corporate Services Private limited and Chanakya Value Creation LLP (collectively knowns as “Investors”) is ₹10,00,80,000/- aggregating to 11.10% of pre issue capital of our Company.

In accordance with the terms of the Investor’s Agreement, the shares of Investors shall rank pari passu with common equity shares in terms of voting rights and dividends. Further the Investors has certain rights and obligations, including, among others, , the right to nominate one director on Board of Directors of our Company as Nominee Director or Investor’s Director.

The Agreement shall be effective from date of its execution and shall remain valid & bidding to parties until either (a) the Promoters or (b) the Investors cease to hold any equity shares of the Company. Further in the event the Investors cease to hold at least 5% of the paid up capital of the Company on fully diluted basis, then all specific rights and obligations of the Investors as expressly provided in the agreement shall fall away.

In addition to above the Investor Shareholders vide letter dated July 13, 2024 have waive their right as per Investment Agreement dated December 05, 2017 on filing of RHP in RoC.

SECTION VIII – ABOUT THE COMPANY - OUR MANAGEMENT

- Under “Brief Profile of our Directors”, the profile of Mr. Manish Kapoor and Mr. Harshil Rajendrabhai Patel will be read as:

5. Mr. Manish Kapoor, Non-Executive & Independent Director, Age: 46 Years

Mr. Manish Kapoor aged 46 years is Non –Executive and Independent Director of our Company. He was appointed on the Board as Additional Director w.e.f., May 11, 2024 and further re-designated as Independent Director w.e.f June 20, 2024 He holds Diploma in Apparel Marketing and Merchandise Management qualification and having experience of 10 Years. He was appointed as Vice President of Pepe Jeans India Limited in the year 2014. Within two years he was promoted to Sales Director and headed the sales vertical for the entire business which comprises company and franchisee-owned exclusive stores, department stores, e-commerce distributions, etc. In 2019 he was promoted to Chief Executing Officer to head the entire Pepe jeans business and after that, he was promoted to the position of MD cum CEO of Pepe Jeans India Limited. As an Independent Director of our Company, he is responsible for providing his expertise in Management and compliance related matters of our Company and also provides inputs in business matters.

6. Mr. Harshil Rajendrabhai Patel, Non-Executive & Independent Director, Age: 39 Years

Mr. Harshil Rajendrabhai Patel aged 39 years is Non-Executive and Independent Director of our Company. He was appointed on the Board as Additional Director w.e.f., May 11, 2024 and further re-designated as Independent Director w.e.f June 20, 2024. He is qualified Chartered accountant having experience of 5 Years. He is a practicing Chartered Accountant working at Harshil Patel & Co. (a Practicing Chartered Accountant firm) since 2018. He has experience in Conducting the audit and assurance services of various companies and Conducting valuation for various financial instruments. As an Independent Director of our Company, he is responsible for providing his expertise in Finance related matters of our Company.

SECTION VIII – ABOUT THE COMPANY - OUR PROMOTERS & PROMOTER GROUP

➤ The details of Individual Promoters will read as follows:

INDIVIDUAL PROMOTER - Mr. Hitesh Pravinchandra Ruparelia

	Mr. Hitesh Pravinchandra Ruparelia, Managing Director	
	Qualification	Higher Secondary and Diploma in Computer Technology
	Date of Birth	25/05/1966
	Age	58 Years
	Address	Flat No. 2, Brindavan, 1 st Floor, Suvarna Nagar Society, N.S. Road No. 5, Vile Parle, West, Mumbai-400049, Maharashtra, India
	Experience	20 Years
	Occupation	Business
	Permanent Account Number	ACLPR0265M
	No. of Equity Shares held in SDRL[% of Shareholding (Pre-Issue)]	47,51,120 Equity Shares of ₹ 10 each ; 34.52% of Pre- issue Paid up capital
	DIN	00490790
	Other Interests	Companies/LLP: ➤ Grace garments LLP ➤ Sweet Dreams Loungewear (India) LLP ➤ SD Fashions LLP ➤ Shaligram Apparels LLP ➤ TVH Computer & Consultants Pvt. Ltd. ➤ Intimate Apparel Association of India HUF: ➤ Hitesh Pravinchandra Ruparelia (Karta)
	Mr. Utpalbhai Pravinchandra Ruparelia, Whole-Time Director	
	Qualification	Bachelor of Science (2 nd Year)
	Date of Birth	13/08/1971
	Age	52 Years
	Address	B-22, Shaligram Tower, Near Shivranjani Cross Road, Umiya Vijay Bus Stand, Satellite, Ahmedabad-380015, Gujarat, India
	Experience	20 Years
	Occupation	Business
	Permanent Account Number	ABVPR3639N
	No. of Equity Shares held in SDRL [% of Shareholding (Pre Issue)]	31,67,560 Equity Shares of ₹ 10 each; 23.01% of Pre- issue Paid up capital
	DIN	00300525
	Other Interests	Companies/LLP: ➤ Grace Garments LLP ➤ Sweet Dreams Loungewear (India) LLP ➤ SD Fashions LLP ➤ Shaligram Apparels LLP HUF: ➤ Utpalbhai Pravinchandra Ruparelia (Karta)

SECTION IX – FINANCIAL INFORMATION OF OUR COMPANY - MANAGEMENT’S DISCUSSION & ANALYSIS OF FINANCIAL CONDITIONS & RESULTS OF OPERATIONS

- **Under the “Results of our Operation - Review of Operations for the period ended on February 29, 2024” following will be inserted:**

Company has expanded its EBO operations in period ending 29th February 2024. We have grown from 14 continuing EBO’s in Fiscal Year 2023 to 22 continuing EBO in Stub period ending 29th February 2024. This has led to increase of revenue from Rs 498 lacs in Fiscal Year 2023 to Rs 900 lacs in Period ending 29th February 2024.

Company has introduced special range for its online customers and this has resulted into growth in online channel from Rs 1274.86 lacs in Fiscal Year 2023 to Rs 2469.42 lacs for period ending 29th February 2024. Due to these the total income has increased significantly for stub period ended February 29, 2024, as compared to March 31, 2023.

- **Under the “Results of our Operation - comparison for Fiscal 2023 compared with Fiscal 2022”, the Profit after Tax will be read as:**

After accounting for taxes at applicable rates, our Company reported a net profit of ₹ 430.17 lakhs in Fiscal 2023 as compared to a net profit of ₹ 1011.06 lakhs in Fiscal 2022.

Reasons for the decrease in Profit after Tax is mainly due to the increase in consumption of materials against revenue generated. Since we didn't pass on the increased cost of material on the consumers our cost of material was higher which led to lower profit against in Fiscal Year 2023. Increase in revenue against cost of material was much lower and also increase in cost of manpower due to increment and other incidental reasons overall profitability was much lower.

One of the major reasons for decrease in PAT in FY 23 is mainly due to an increase in raw material prices and premium fabrics consumed in overall production. This increase in cost of material consumed was temporary and was not passed on to the customers. This had major impact on the overall gross margins of the company. A detailed working for the same is prepared below to explain better.

S. No	Particulars	FY 22		FY 23	
		Amount (in Lakhs)	% of Revenue	Amount (in Lakhs)	% of Revenue
a	Material Consumed	6316.86	49.15%	6976.38	51.64%
b	Changes in Inventory	-594.09	-4.62%	-308.99	-2.29%
	Total	5722.77	44.53%	6667.39	49.36%
c	Revenue from Operations	12852.93		13508.81	
	In %	44.53%		49.36%	
d	Difference in Consumption of material Purchased and Changes in Finished Goods and Work in progress				4.83%
E	Increased cost in FY 23 =(Revenue from Operations in FY 23*(d))				652.59

Above working clearly demonstrates that company was not able to pass on the increased cost of material purchased and hence there was dip in profitability of the company in Fiscal Year 2023.

Further company had accumulated losses of previous years carried forward in income tax and hence direct tax for FY 22 as % of net profit is much lower as compared to Fiscal Year 2023. This helped in increasing overall profitability after tax of the Company. We have prepared below table for better understanding.

S. No	Particulars	FY 22	FY 23
a	Profit Before Tax	1163.47	583.10
b	Current Tax Expense	161.76	161.94
c	Tax % = (Current Tax expense/Profit Before Tax)	13.90%	27.77%

- **Under the “Results of our Operation - comparison for Fiscal 2023 compared with Fiscal 2022”, the Other Income will be read as:**

Other income had increased by 189.77% from ₹ 20.72 lakhs in Fiscal 2022 to ₹ 60.04 lakhs in Fiscal 2023 majorly due to Increase in Rental Income which increased from 4.35 Lakhs in Fiscal 2022 to 17.69 Lakhs in Fiscal 2023, Reversal of Provision for Bad &

Doubtful Debts from Nil in Fiscal 2022 to Rs. 12.62 Lakhs in Fiscal 2023 & Misc. Income from Rs. 1.64 Lakhs in Fiscal 2022 to Rs. 11.30 Lakhs in Fiscal 2023.

Reasons for growth in rental income was mainly due to let out of property in Mumbai for which rental income was received for the complete year as compared to FY 22. Reversal of provision for Bad and Doubtful Debts was due to recovery from some of the receivables which was considered doubtful in FY22. Misc Income increased mainly on account of recovery of notice period from some the employees. Receipt of Royalty income received during the year.

One of the channel partners was offered to sell merchandise on third party portals as an experiment which has been discontinued for period ending 31st March 2024. Miscellaneous income includes income earned from Royalty. Detailed income earned from Royalty Income is shown below.

Particulars (Amount in Lakhs)	For the Period Ending			
	29th February 2024	31st March 2023	31st March 2022	31st March 2021
Royalty Income	12.03	4.57	1.33	-

➤ **Under the “Results of our Operation - comparison for Fiscal 2022 compared with Fiscal 2021”, the Revenue from Operation will be read as:**

Revenue from operations had increased by 33.57% from ₹ 9622.63 lakhs in Fiscal 2021 to ₹ 12852.93 lakhs in Fiscal 2022 was due to increase in sales of products during the year.

Fiscal Year 2021 was impacted due to Covid restrictions and market was closed for almost 2 months in Fiscal Year 2021 also due to post Covid restrictions and precautions overall production and subsequent sales were impacted. Fiscal year 2022 saw spike in demand in our category as lot of Indians were working from home and also there was spike in traveling which led to overall demand increase and consequential increase in revenue in Fiscal year 2022.

The sleep wear is consumed while people are at home or are traveling for leisure as S D Retail are fashion sleepwear company. The designs of sleepwear are fashion forward and hence consumed for casual social meets, travels and leisure stay at hotels and homes.

Since in Fiscal Year 2021 was affected by Covid, government had laid down restriction of traveling and also people were avoiding leisure travel plans. Spike in Fiscal Year 2022 was as compared to Fiscal Year 2021 as restrictions were removed and also there was pent up demand for leisure travel after more than one year gap.

Further due to Covid restrictions people started working from home and overall work from home scenario changed post Fiscal Year 2021. In Fiscal Year 2022 culture of work from home was adopted by many corporates and demand for our sleepwear created as people started planning for long term work from home.

➤ **Following will be inserted under the heading “Factors Affecting our Results of Operations”:**

- Effect on our business due to seasonal sales of our Company in summer and winter season.

SECTION X - LEGAL AND OTHER INFORMATION - GOVERNMENT AND OTHER APPROVALS

➤ **Following will be inserted in Chapter titled “Government and Other Approvals”:**

Shop and Establishment registration for EBO’s:

S. No.	Store Address	City	State	Type	Status	Certificate Number	Valid Till
1	Second Floor, Unit No.S-33, Phoenix Palassio, Sector-7, Gomti Nagar Extension, Lucknow, Uttar Pradesh, 226010	Lucknow	Uttar Pradesh	COFO	Done	UPSA28760509 dtd. 27-06-24	Lifetime
2	First Floor, Shop No. A-74, Eastwood Village,Nh44 Jalandhar Phagwara Gt Road, Village Khajurla, Tehsil Phagwara, Kapurthala Chowk, Jalandhar, Punjab, 144005	Jalandhar	Punjab	COFO	Done	Reg.No.: JUC/N06/00231016 File No.: SCG124062400242585 Dt. 25-06-24	31-03-2025
3	Ground Floor, Retail-3, Shop No. 99, Palm Heights, Vpo Jaspal Bangar, Southern Bypass, Sidhwan Canal Road, Ludhiana, Punjab, 141122	Ludhiana	Punjab	COFO	Done	Reg.No.: LDH/N06/00139039 File No.: SCG124050900140163 dtd. 26-6-24	31-03-2025
4	Shop No-A 14, Atrium Floor Pavilion Mall, Opp. Extension Library, Ludhiana, Punjab, 141001	Ludhiana	Punjab	COFO	Done	Reg. No. : LDH/N06/00139031 File No. : SCG124050900140152 dtd. 26-6-24	31-03-2025
5	Second Floor, Unit No. S-016, Nexus Amritsar Mall, Mbm Farm, Gt Road, Golden Temple Road Area, Amritsar, Punjab, 143001	Amritsar	Punjab	COFO	Done	Reg.No.: ASR/N06/00139035 File No.: SCG124050900140158 dtd. 26-6-24	31-03-2025
6	First Floor, Unit No. F-03, Survey No.248 1 1, Phoenix Citadel, Next To Mumbai Agra Bypass, Village Khajrana, Indore, Indore, Madhya Pradesh, 452016	Indore	Madhya Pradesh	COFO	Done	INDO240626SE015961 Dt. 27-06-24	Lifetime
7	Shop No. 30, At NH-1, Factory Stores, G.T. Road, Kuldeep Nagar, Ambala Cant Center)	Ambala	Haryana	COFO	Done	PSA/REG/AMB/LI-Ambala-II/0332877 Dt. 26-06-24	Lifetime
8	Ground Floor, Unit No. GF27-28, BVR MALLS PRIVATE LIMITED – PVP SQUARE MALL, Door No.39-1-57, M.G.Road, Vijayawada, NTR, Andhra Pradesh, 520010	Vijaywada	Andhra Pradesh	COFO	Done	AP-20-18-004-03578619	31-03-2027
9	Second Floor, Unit No. S-30, Db City, Opp. Mp Nagar On Khasra 1511 & 1509, AreraHills,Bhopal, Madhya Pradesh, 462011	Bhopal	Madhya Pradesh	COFO	Done	BHOP240507SE002245	Lifetime

10	Second Floor, Unit No. S-18 A, Nexus Ahmedabad One, Plot No. 216, TP Scheme-01, Vastrapur Lake, Vastrapur, Ahmedabad, Gujarat-380054	Ahmedabad	Gujarat	COFO	Done	III/VSTR/LK/20016549/0006694 (VASTRAPURLAKE)	Lifetime
11	Unit No. Ff-09, Fourth Floor, Final Plot No.1+2/1, Palladium Mall, Town Planning Scheme No.1 Of Thaltej, Ahmedabad, Gujarat, 380054	Ahmedabad	Gujarat	COFO	Done	III/DRIR/4000986 / 0005593 (DRIVEINROAD)	Lifetime
12	Second Floor, Unit No. S-38, Phoenix Mall Of The Millennium, Behind Sayaji Hotel, Wakad, Pune, Maharashtra, 411057	Pune	Maharashtra	COFO	Done	Receipt : 2431000318790710 Application : 104462612403	Lifetime
13	Second Floor, Shop No. S-38, Phoenix Marketcity, Survey No. 207, Viman Nagar Road, Pune, Maharashtra, 411014	Pune	Maharashtra	COFO	Done	Receipt : 2431000318790570 Application : 104460992403	Lifetime
14	Upper Basement, Unit No. 15, Mbm Farm, G.T. Road, Amritsar, Punjab, 143001	Amritsar	Punjab	COFO	Done	AMR04/202302/018	31-03-2025
15	Second Floor, Unit No. 02-16-01, Celebration Mall, Nh-08 Bhuwana, Bhuwana Road, Nexus Celebration, Bhuwana, Udaipur, Rajasthan, 313001	Udaipur	Rajasthan	COFO	Done	SCA/2024/ 27/132691	Lifetime

Shop Licenses Under Corrections

16	Ground Floor, Shop No 33, Krishna Apartment Vasant Sagar Complex, Krishna Kaveri Chsl, Thakur Village, Kandivali East, Mumbai Suburban, Maharashtra, 400101	Mumbai	Maharashtra	COFO	Under Process	License in Update : (Address Change) 890760455/ RS Ward/ Shop I	12-08-2028
17	SF-223, 2nd Floor, Nexus Hyderabad Mall, Kukatpally, Hyderabad-500072	Hyderabad	Telangana	COFO	Under Process	License in Update : (Address Change) SEA/HYD/ALO/01/0890118/2024	01-12-2024
18	First Floor, Shop No.Ff-04, The Mgf Metropolitan Mall, Village Sarhaul, M.G.Road, Gurugram, Haryana, 122002	Gurugram	Haryana	COFO	Under Process	License in Update : (Address Change) PSA/REG/GGN/LI-GGN-14/0337552	Lifetime

Shop Licenses rejected as its FOFO

19	Shop No 19, H G Eaton Plaza, Batinda to Barnala Road, NH 7, Handiaya, Barnala, Punjab, 148107	Barnala	Punjab	FOFO	Applied	Applied vide acknowledgement no. 240628590 dated June 15, 2024	
20	Ground Floor, Shop No. 60, Green City Square, Near Aiiims, Dabwali Road, All India Institute Of Medical Sciences, Bathinda, Punjab, 151001	Bhatinda	Punjab	FOFO	Applied	Applied vide acknowledgement no. S-CAFdated June 15, 2024	
21	Shop No. 42, Factory Outlet NH-7, Bhuchcho Kalan, Bhatinda	Bhatinda	Punjab	FOFO	Applied	Applied vide acknowledgement no. 240677629 dated June 15, 2024	

Shop License Not Required							
22	Second Floor, SH/2F/15, Mall of Dehradun, Mohakmpur Khurd, Pargana Parvadoon, Tehsil Chowk, Dehradun, Dehradun, Uttarakhand, 248005	Dehradun	Uttarakhand	COFO	Not Req	It is not required in Uttarakhand state for below 10 employees and we have total 3 employees	

➤ **Following will be inserted in “Registrations Related to Labour Laws”**

S. No.	Description	Registration Number	Address of Premises	Relevant Authority	Date of Issue	Validity
1	Registration and license to work in a factory under the Factories Act, 1948	Registration No. 12058/14103/2024 License No. 54926	Plot No.12, Ratnam Industrial Estate, Survey No 61, Mouje-Ode, Ta-Daskroi, Ahmedabad, Gujarat, 382427	Director Industrial Safety & Health, Gujarat	26 th June, 2024	31st December 2028