



Scan this QR code to
view the full DRHP



SHREE KARNI FABCOM LIMITED

Our Company was originally formed as a limited liability partnership under the name 'Shree Karni Fabcom LLP', bearing LLP identification number AAM-1759 pursuant to a certificate of incorporation dated March 7, 2018 issued by the Registrar of Companies, Gujarat at Ahmedabad. Subsequently, pursuant to a resolution passed in the meeting of the partners held on November 26, 2022, Shree Karni Fabcom LLP was converted into a private limited company under the name 'Shree Karni Fabcom Private Limited' and a certificate of incorporation dated April 11, 2023 was issued by the Registrar of Companies, Central Registration Centre. Subsequently, pursuant to a resolution passed by our Board of Directors in their meeting held on October 3, 2023 and by the Shareholders at an extra-ordinary general meeting held on October 10, 2023 our Company was converted into a public limited company and consequently the name of our Company was changed to 'Shree Karni Fabcom Limited' and a fresh certificate of incorporation dated October 20, 2023 was issued by the Registrar of Companies, Gujarat at Ahmedabad. For details relating to change in the Registered Office of our Company, please refer to "History and Certain Corporate Matters" on page 135.

Registered Office: Plot 188,189,190, Block No. 314, Rajhans Texpa, Village Baleshvar, Taluka Palsana, Surat - 394 317, Gujarat, India. ;

Telephone: +91 262 235 0900; **E-mail:** shreekarni@skflindia.com; **Facsimile:** N.A; **Website:** www.skflindia.com;

Contact Person: Jyoti Chitlangiya, Company Secretary & Compliance Officer; **Corporate Identity Number:** U47820GJ2023PLC140106

PROMOTERS OF OUR COMPANY: MANOJ KUMAR KARNANI, RADHE SHYAM DAGA, RAJIV LAKHOTIA AND RAJ KUMAR AGARWAL

ADDENDUM TO THE DRAFT RED HERRING PROSPECTUS DATED DECEMBER 15, 2023: NOTICE TO THE INVESTORS ("THE ADDENDUM")

INITIAL PUBLIC OFFER OF UPTO 18,75,000 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH ("EQUITY SHARES") OF SHREE KARNI FABCOM LIMITED (THE "COMPANY" OR "SKFL" OR "ISSUER") AT AN ISSUE PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) FOR CASH, AGGREGATING UP TO ₹ [●] LACS ("PUBLIC ISSUE") OUT OF WHICH [●] EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH, AT AN ISSUE PRICE OF ₹ [●] PER EQUITY SHARE FOR CASH, AGGREGATING ₹ [●] LACS WILL BE RESERVED FOR SUBSCRIPTION BY THE MARKET MAKER TO THE ISSUE (THE "MARKET MAKER RESERVATION PORTION"). THE PUBLIC ISSUE LESS MARKET MAKER RESERVATION PORTION I.E. ISSUE OF [●] EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH, AT AN ISSUE PRICE OF ₹ [●] PER EQUITY SHARE FOR CASH, AGGREGATING UP TO ₹ [●] LACS IS HEREINAFTER REFERRED TO AS THE "NET ISSUE". THE PUBLIC ISSUE AND NET ISSUE WILL CONSTITUTE [●] % AND [●] % RESPECTIVELY OF THE POST- ISSUE PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BRLM AND WILL BE ADVERTISED IN [●] EDITION OF [●] (A WIDELY CIRCULATED ENGLISH NATIONAL DAILY NEWSPAPER), [●] EDITION OF [●] (A WIDELY CIRCULATED HINDI NATIONAL DAILY NEWSPAPER AND GUJARATI EDITION OF [●] (A GUJARATI REGIONAL LANGUAGE NEWSPAPER, GUJARATI BEING THE REGIONAL LANGUAGE OF SURAT WHERE OUR REGISTERED OFFICE IS LOCATED), AT LEAST TWO WORKING DAYS PRIOR TO THE BID/ISSUE OPENING DATE AND SHALL BE MADE AVAILABLE TO THE EMERGE PLATFORM OF NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE") FOR THE PURPOSES OF UPLOADING ON ITS WEBSITE IN ACCORDANCE WITH SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS").

Potential Bidders may note the following:

- The chapter titled "Issue Document Summary", "Risk Factors", "Objects of The Issue", "Our Business", "Our Management", "Other Financial Information", "Financial Indebtedness" "Management's Discussion and Analysis of Financial Position and Results of Operations", "Government and Other Statutory Approvals" and "Other Regulatory and Statutory Disclosures" have been updated in accordance with the suggestions made by NSE.

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

Place: Surat

Date: [●], 2024

On behalf of Shree Karni Fabcom Limited

Sd/-

Jyoti Chitlangiya

Company Secretary and Compliance Officer

BOOK RUNNING LEAD MANAGER TO THE ISSUE



Horizon Management Private Limited

19 R N Mukherjee Road, Main Building,
2nd Floor, Kolkata- 700 001, West Bengal, India.

Telephone: +91 33 4600 0607

Facsimile: +91 33 4600 0607

Email ID: smeipo@horizon.net.co

Website: www.horizonmanagement.in

Investor Grievance ID: investor.relations@horizon.net.co

Contact Person: Manav Goenka

SEBI Registration Number: INM000012926

REGISTRAR TO THE ISSUE



MAS Services Limited

T-34, 2nd Floor, Okhla Industrial Area,
Phase-II New Delhi- 110 020

Telephone: +91 112 638 7281/83

Facsimile: +91 112 638 7384

E-mail: ipo@masserv.com

Investor grievance: investor@masserv.com

SEBI Registration No.: INR000000049

Contact Person: N. C. Pal

ISSUE PROGRAMME

ANCHOR PORTION ISSUE OPENS/ CLOSES ON: [●]	BID/ISSUE OPENS ON: [●]	BID/ISSUE CLOSES ON*: [●]
---	-------------------------	---------------------------

TABLE OF CONTENTS

SECTION	CONTENTS	PAGE NO.
II	ISSUE DOCUMENT SUMMARY	4
III	RISK FACTORS	8
IV	INTRODUCTION	
	OBJECTS OF THE ISSUE	12
V	ABOUT THE COMPANY	
	OUR BUSINESS	18
	OUR MANAGEMENT	24
VI	FINANCIAL INFORMATION	
	OTHER FINANCIAL INFORMATION	25
	FINANCIAL INDEBTEDNESS	26
	MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS	28
VII	LEGAL AND OTHER INFORMATION	
	GOVERNMENT AND OTHER STATUTORY APPROVALS	39
	OTHER REGULATORY AND STATUTORY DISCLOSURES	40

SECTION II – ISSUE DOCUMENT SUMMARY

2. Summary of Business

We are engaged in the business of manufacturing of Technical Textile for the luggage, medical arch support, chairs, shoes and apparels industry. We specialize in Woven Fabrics, Knitted Fabrics, Coated Fabrics, 100% polyester and recycled polyester fabric. We procure yarn, resin, acrylic and coating chemicals to manufacture specialized technical textile and sell them to various luggage, medical arch support, chairs, shoes and apparels manufacturers and other textile intermediaries. The fabric manufactured by us also has diverse applications for luggage, roofing, agriculture net, vehicle covers, tents, armed forces fabric, sports-kits, chairs, medical arch support, umbrella and rain coats amongst others. Our manufacturing unit is equipped with automated machines for manufacturing of specialized technical textile with installed capacity of 70,000 meters per day for weaving, 90,000 kilos per month for knitting, 50,000 meters per day for poly acrylic and polyurethane coating, 15,000 meters per day for PVC / 8,000 meters per day for EVA lamination and 40,000 meters per day heat embossing. We market and sell under our brand 'SKFL'.

13. Summary of Related Party Transactions

1. Summary of Related Party Transactions

As per the Restated Financial Information as at and for the eight months period ended November 30, 2023 and as at and for the Financial Years ended on March 31, 2023, 2022 and 2021, following are the details of the related party transactions of our Company:

Related Parties

a) Key management personnel ('KMP')

1. Manoj Kumar Karnani
2. Radhey Shyam Daga
3. Raj Kumar Agarwal
4. Rajiv Lakhotia

b) Entities in which KMP can exercise significant influence

Name of the KMP	Entities in which KMP exercise significant influence
1. Manoj Kumar Karnani	a. IGK technical Textiles LLP b. International Trade Link c. Lizo India Automobile LLP d. Nakoda Hair Accessories Private Limited e. DP Global Impex Private Limited f. Maoj Kumar Karnani HUF
2. Radhey Shyam Daga	a. Textron Fabtech LLP b. Radheshyam Daga HUF
3. Raj Kumar Agarwal	a. IGK technical Textiles LLP b. Raj Kumar Agarwal HUF
4. Rajiv Lakhotia	a. IGK technical Textiles LLP b. Textron Fabtech LLP c. Shree Karni Artha LLP d. Rajiv Lakhotia HUF

	Nov'23	2022-23	2021-22	2020-21
Remuneration :				
Key management personnel ('KMP')				
Manoj Kumar Karnani	28	7.2		
Radheshyam Daga	28	7.2	10	10
Rajiv Lakhotia	28	7.2	10	10
Rajkumar Agarwal	28	7.2		
Arbind Lahoty	0.5	0.0		
TOTAL	112.5	28.80	20	20
Interest Expenses				
Key management personnel ('KMP')				
Manoj Kumar Karnani	1.31	24.60	0.00	0.00
Radheshyam Daga	2.25	68.35	20.64	11.22
Rajiv Lakhotia	2.32	71.85	29.03	38.27

Rajkumar Agarwal	0.69	11.06	0.00	0.00
TOTAL	6.57	175.86	49.68	49.48
Interest Expense				
Entities In Which Kmp Can Exercise Significant Influence				
Radheshyam Daga Huf	19.55	12.30	1.09	0.91
Rajiv Lakhotia Huf	19.65	10.31		1.34
Manoj Kumar Karnani Huf	23.16	11.88		0.00
Ansh Lakhotia Trust	0.74	0.00		0.00
Sankardas Lakhatia Huf	0.32	0.00		0.00
TOTAL	63.41	34.49	1.09	2.24
Purchases				
Entities in which KMP can exercise significant influence				
IGK Technical Textiles	1,670.42	0.00	0.00	0.00
International Trade Link	0.00	909.81	0.00	50.99
Textron Fab Tech LLP	0.00	56.94	17.25	7.26
TOTAL	1,670.42	966.75	17.25	58.25
Sales				
Entities in which KMP can exercise significant influence				
Igk Technical Textiles Llp	9.75	0.00	0.00	0.00
International Trade Link	0.00	44.02	0.00	187.26
Textron Fab Tech LLP	7.08	0.00	5.55	9.42
TOTAL	16.83	44.02	5.55	196.67
Rental Income				
Textron Fab Tech Llp	4.00	6.00	3.00	
Loan Taken				
Entities In Which Kmp Can Exercise Significant Influence				
Textron Fab Tech Llp	95.00	326.25	214.12	27.25
Radheshyam Daga Huf	74.55	380.44	1.09	3.41
Rajiv Lakhotia Huf	19.57	331.26	0.00	1.34
Manoj Kumar Karnani Huf	31.25	372.21	0.00	0.00
Ansh Lakhotia Turst	0.74	0.00	0.00	0.00
Sankardas Lakhatia Huf	0.32	0.00	0.00	0.00
International Trade Link	0.00	0.00	255.00	80.00
IGK Technical Textiles LLP	0.00	77.50	200.53	0.00
TOTAL	221.43	1,487.65	670.74	111.99
Loan Repaid				
Entities In Which Kmp Can Exercise Significant Influence				
Textron Fab Tech Llp	95.00	326.25	214.12	27.25
Rajiv Lakhotia Huf	355.24	1.03	0.00	12.69
Ansh Lakhotia Turst	0.07	0.00	0.00	0.00
Sankardas Lakhatia Huf	0.03	0.00	0.00	0.00
Radheshyam Daga Huf	410.98	54.08	0.11	0.09
Manoj Kumar Karnani Huf	395.29	0.00	0.00	0.00
IGK Technical Textiles LLP	0.00	77.50	200.53	0.00
International Trade Link	0.00	0.00	255.00	80.00
TOTAL	1,256.61	458.86	669.76	120.03
Loan Taken				
Key Management Personnel ('Kmp')				
Manoj Kumar Karnani	536.49			
Radheshyam Daga	771.05			
Rajiv Lakhotia	948.56			
Rajkumar Agarwal	176.33			
TOTAL	2,432.43			
Loan Repaid				
Key Management Personnel ('Kmp')				
Manoj Kumar Karnani	2.07			
Radheshyam Daga	10.10			

Rajiv Lakhotia	7.65			
Rajkumar Agarwal	1.31			
TOTAL	21.13			
Loans And Advances				
Entities In Which Kmp Can Exercise Significant Influence				
Manoj Kumar Karnani HUF	39.89			
Loan Repaid				
Entities In Which Kmp Can Exercise Significant Influence				
Manoj Kumar Karnani HUF	25.00			
Year End				
Loans Given				
Entities In Which Kmp Can Exercise Significant Influence				
Manoj Kumar Karnani	14.89			
Loan Taken				
Entities In Which Kmp Can Exercise Significant Influence				
Ansh Lakhotia Turst	12.94			
Sankardas Lakhatia Huf	5.64			
Manoj Kumar Karnani Huf	8.17	372.21		
Rajiv Lakhotia Huf	(0.09)	330.23		
Radheshyam daga Huf	0.00	336.44	10.08	9.10
TOTAL	26.66	1038.87	10.08	9.10
Loan Taken				
Key Managerial Personnel				
Manoj Kumar Karnani	534.42			
Radheshyam Daga	760.95			
Rajiv Lakhotia	940.91			
Rajkumar Agarwal	175.02			
TOTAL	2411.30			
Rent Payable				
Entities In Which Kmp Can Exercise Significant Influence				
Textron Fab Tech LLP	0.54		0.54	

There are no investments by the company other than those stated under Note No. 12 in the financial statements.

d) Guarantee given

**2020-2021
and
2021-22**

Nov 30, ,2023 2022-23

To secure obligation of other related parties

There is Corporate Guarantee given to ICICI bank on behalf of IGK Technical Textiles LLP.

There is Corporate Guarantee given during the year 2022-23 to ICICI bank on behalf of IGK Technical Textiles LLP.

NA

e) Security given

The Property of Shree Karni Fabcom Limited mortgage to ICICI bank on behalf of Loan taken for IGK Technical Textiles LLP.

In the opinion of the Board of Directors and to the best of their knowledge and belief, the valuation on realisation of financial assets and other assets in the ordinary course of business would not be less than the amount at which they are stated in the financial statements.

For further details, kindly refer “Restated Financial Information –Note 36 – Related party transactions” from the chapter titled “Restated Financial Information” on Page No. 158 of this Draft Red Herring Prospectus.

In the opinion of the Board of Directors and to the best of their knowledge and belief, the valuation on realisation of financial assets and other assets in the ordinary course of business would not be less than the amount at which they are stated in the financial statements.

17. **Pre-IPO Placement**

Our Company has not undertaken and shall not undertake a pre-IPO placement.

SECTION III – RISK FACTORS

INTERNAL RISK FACTORS

BUSINESS RELATED RISKS

9. *We depend on a few customers of our products, for a significant portion of our revenue, and any decrease in revenues or sales from any one of our key customers may adversely affect our business and results of operations.*

We are engaged in the business of manufacturing of Technical Textile for the luggage, medical arch support, chairs, shoes and apparels industry. Our business operations are highly dependent on our customers, and the loss of any of our customers from any industry which we cater to may adversely affect our sales and consequently on our business and results of operations. Our revenue from top 5 and top 10 customers for the period ended November 30, 2023 and during the financial years ended March 31, 2023, 2022 and 2021 are as under:

Particulars	Nov 30, 2023		Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Top 5 customers	4,444.69	60.30%	5,527.20	43.54%	4,252.40	50.88%	1,465.90	44.59%
Top 10 customers	5,471.21	74.23%	7,759.25	61.12%	5,726.59	68.52%	2,398.36	72.96%

Rs. in Lakhs

While we typically have long term relationships with our customers, we have not entered into long terms agreements with our customers and the success of our business is accordingly significantly dependent on us maintaining good relationships with our customers and suppliers. The actual sales by our Company may differ from the estimates of our management due to the absence of long term agreements. The loss of one or more of these significant or key customers or a reduction in the amount of business we obtain from them could have an adverse effect on our business, results of operations, financial condition and cash flows. We cannot assure you that we will be able to maintain historic levels of business and/or negotiate and execute long term contracts on terms that are commercially viable with our significant customers or that we will be able to significantly reduce customer concentration in the future. Further, if there occurs any change in the market conditions, requirements of our customers, or if we fail to identify and understand evolving industry trends, preferences or fail to meet our customers' demands, it might have a direct impact on our revenue and customer base. The inability to procure new orders on a regular basis or at all may adversely affect our business, revenues, cash flows and operations."

10. *We highly depend on our raw materials and a few key suppliers who help us procure the same. In the event we are unable to procure adequate amounts of raw materials, at competitive prices our business, results of operations and financial condition may be adversely affected.*

Our Company is engaged in the manufacturing of Technical Textile for the luggage, medical arch support, chairs, shoes and apparels industry and therefore we are highly dependent on yarn, which is the most important component in manufacturing our products. We are dependent on third party suppliers for unprocessed yarn which is the primary raw material used in the manufacture of our products. Thus, if we experience significant increase in demand, or need to replace an existing supplier, we cannot assure you that we will be able to meet such demand or find suitable substitutes, in a timely manner and at reasonable costs, or at all. The contribution our top 5 and top 10 suppliers in the total purchase the period ended November 30, 2023 and during the financial years ended March 31, 2023, 2022 and 2021 are as under:

Particulars	Nov 30, 2023		Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Amount	Percentage (%) of total purchase	Amount	Percentage (%) of total purchase	Amount	Percentage (%) of total purchase	Amount	Percentage (%) of total purchase
Top 5 suppliers	2,143.64	37.16%	4,173.99	33.94%	3,456.72	41.53%	1,440.35	49.37%
Top 10 suppliers	3,076.63	53.34%	5,776.52	46.97%	4,300.73	51.67%	1,874.15	64.24%

Rs. in Lakhs

We have not entered into formal arrangements or contracts with third-party traders or mills from whom we procure our raw materials. We rely on pre-booking capacity with our suppliers, based on our demand projections. Since we have no formal arrangements with our suppliers, they are not contractually obligated to supply their products to us and may choose to sell their products to our competitors. Further, the amount of raw materials procured and the price at which we procure such materials, may fluctuate from time to time. In addition, the availability and price of our raw materials may be subject to a number of factors beyond our control, including economic factors, environmental factors and changes in government policies and regulations, including those relating to the textile industry in general. We cannot assure you that we will always be able to meet our raw

material requirements at prices acceptable to us, or at all, or that we will be able to pass on any increase in the cost of raw materials to our customers. Any inability on our part to procure sufficient quantities of raw materials, on commercially acceptable terms, may lead to a decline in our sales volumes and profit margins which could adversely affect our business, results of operations and financial condition.

12. ***We generate our major portion of sales from our operations in certain geographical regions. Any adverse developments affecting our operations in these regions could have an adverse impact on our revenue and results of operations.***

We generate major sales from our customers situated at select geographical regions. Such geographical concentration of our business in these regions heightens our exposure to adverse developments related to competition, as well as economic and demographic changes in these regions which may adversely affect our business prospects, financial conditions and results of operations. The table sets forth below shows that ~90% of the revenue earned by our Company from 5 states during the period indicated:

State Name	Nov 30, 2023		Mar 31, 2023		Mar 31, 2022		Mar 31, 2021	
	Amount	%	Amount	%	Amount	%	Amount	%
Maharashtra	3,879.82	51.24%	5,460.84	43.02%	3,520.44	42.12%	1,241.75	37.77%
Gujarat	1,955.18	25.82%	3,356.02	26.44%	2,535.59	30.34%	1,019.67	31.02%
West Bengal	366.80	4.84%	1,050.56	8.28%	886.57	10.61%	606.16	18.44%
Haryana	346.20	4.57%	188.45	1.48%	205.12	2.45%	50.53	1.54%
Uttar Pradesh	298.89	3.95%	707.12	5.57%	112.95	1.35%	27.02	0.82%
Total	6,846.89	90.42%	10,762.99	84.78%	7,260.68	86.88%	2,945.14	89.59%

Existing and potential competitors to our businesses in these states may increase their focus on these states. The concentration of our operations heightens our exposure to adverse developments related to competition, as well as economic, political, demographic and other changes, which may adversely affect our business prospects, financial conditions and results of operations. While we strive to geographically diversify our product portfolio and reduce our concentration risk, we cannot assure you that adverse developments associated with the region will not impact on our business. If we are unable to mitigate the concentration risk, we may not be able to develop our business as planned and our business, financial condition and results of operation could be adversely affected.

14. ***Our continued operations are critical to our business and any shutdown of our manufacturing unit may adversely affect our business, results of operations and financial condition.***

Our manufacturing unit is situated at Block No 314 Plot No 188, 189 and 190 Rajhans Texpa NH -8 Palsana, Surat – 394 317, Gujarat, India. In addition to our existing manufacturing unit, we are in the process of setting up two additional manufacturing units for dyeing of fabrics (“**Dyeing Unit**”) which shall be located at Navsari District, Surat, Gujarat and for manufacturing bags (“**Bag Unit**”), which shall be located at Palsana, Surat. We propose to utilise an amount of ₹ 3,070.48 lakhs and ₹ 186.82 lakhs towards funding the capital expenditure of the Dyeing Unit and purchase of plant and machinery for the Bag Unit, respectively. As a result, any local social unrest, natural disaster or breakdown of services and utilities in these areas could have material adverse effect on the business, financial position and results of our operations. There was no instances of any shutdown of our manufacturing units in the past. However, our current and proposed manufacturing units are subject to operating risks, such as breakdown or failure of equipment, power supply or processes, reduction or stoppage of water supply, performance below expected levels of efficiency, obsolescence, natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities. In the event, we are forced to shut down our manufacturing units for a prolonged period; it would adversely affect our earnings, our other results of operations and our financial condition as a whole. Spiraling cost of living around our units may push our manpower costs in the upward direction, which may reduce our margin and cost competitiveness.

16. ***Failure to comply with the conditions applicable under Technology Upgradation Fund Scheme (“TUFs”), Amended Technology Upgradation Fund Scheme (“ATUFs”) and Gujarat Textile Policy, 2012 being availed by us or withdrawal of the Schemes by the Government may render our Company ineligible for interest and capital subsidies.***

Our Company presently is eligible to avail benefits provided under TUFs, ATUFs and the Gujarat Textile Policy, 2012. These benefits include interest subsidy and reimbursement of SGST incurred by our Company. For further details, please refer to the chapter titled “*Our Business*” and “*Key Industrial Regulations and Policies*” on pages 110 and 127, respectively of this Draft Red Herring Prospectus. These benefits and incentive are provided to our Company on fulfilment of certain conditions and eligibility criteria, which includes:

- Except in case of merger, acquisition, amalgamation or takeover of the entity, the plant and machinery purchased with the subsidy under TUFs shall not be disposed off before 10 years of date of purchase without prior approval of Textile Commissioner.
- The term loan component of machinery should be at a minimum of 50% of the total project cost, to become eligible under the

scheme.

c. If the enterprise becomes defaulter, it will not be eligible for interest subsidy for the default period, and such default period will be deducted from the period eligible for interest subsidy.

If we fail to comply with the conditions stipulated as mentioned above, our Company may be denied such subsidies, which in turn will make our operations less cost effective and increase the prices of our products. Further, termination of, withdrawal or variations in the terms of such policies can adversely affect our profitability and/or our business operations. As a result, it could have a material adverse effect on results of operations and financial condition of our Company.

- 20. *Some of the raw materials that we use are inflammable in nature. While we take adequate care and follow all relevant safety measures, there is a risk of fire and other accidents, at our manufacturing unit and warehouses. Any accidents is likely to result in loss of property of our Company and/or disruption in the manufacturing processes which may have a material adverse effect on our results of operations, cash flows and financial condition.***

The key raw material used by us for manufacturing our products is yarn. Due to its combustible nature of yarn and the semi-finished or finished products manufactured by us, we might be exposed to fires or other industrial accidents. While our Company believes that it has necessary controls and processes in place, any failure of such systems, mishandling of hazardous chemicals or any adverse incident related to the use of these chemicals or otherwise during the manufacturing process or storage of products and certain raw materials, may cause industrial accidents, fire, loss of human life, damage to our and third-party property or cause environmental damage. If any industrial accident, loss of human life or environmental damage were to occur we could be subject to significant penalties, other actionable claims and, in some instances, criminal prosecution. In addition to adversely affecting our reputation, any such accidents, may result in a loss of property of our Company and/or disruption in our manufacturing operations entirely, which may have a material adverse effect on our results of operations and financial condition. In addition to the loss as a result of such fire or industrial accident, any shutdown of any of our manufacturing units may result in us being unable to meet with our commitments, which will have an adverse effect on our business, results of operation and financial condition.

Further, any fire or industrial accident, any shutdown of our manufacturing units or any environmental damages will increase the regulatory scrutiny and result in enhanced compliance requirements including on use of materials and effluent treatment which would, amongst others, increase the cost of our operations. We cannot assure you that despite our best efforts we will not face similar situations at our manufacturing units which may result in significant loss to our Company and/or a disruption of our manufacturing operations. The loss incurred by our Company, though adequately insured, may or may not be recoverable through the insurance maintained by us. Such loss and/or disruption of our manufacturing operations may have a material adverse effect on our operations, cash flows and financial condition.

- 23. *Our Company does not have any documentary evidence for experience of some of our Directors.***

Our Managing Director, Rajiv Lakhota, Whole-time Directors, Radhe Shyam Daga, Manoj Kumar Karnani and Raj Kumar Agarwal and our Independent Directors, Rashmi Bihani, Swati Singhania and Sriyans Lunia are unable to trace documents evidencing their past work experience in their respective sectors. Due to lack of documents and relevant information from the aforementioned Directors, we have placed reliance upon affidavits furnished by each of the Directors, confirming the disclosures made in their respective biographies in the chapter titled “*Our Management*”. For further details, please refer to the chapter titled “*Our Management*” on page 139 of this Draft Red Herring Prospectus.

- 25. *Our application for renewal of certain licenses, approvals and registrations, which are required for our Company’s operations and business, are pending before the relevant authorities. Not receiving these licenses, approvals and registrations in a timely manner or at all may lead to interruption of our Company’s operations.***

We require certain statutory and regulatory approvals, licenses, registrations and permissions to operate our business some of which are granted for a fixed period of time and need to be renewed from time to time. Our Company has made applications before the relevant authorities for renewal of some of the licenses, approvals and registrations that have expired which are pending before the relevant authorities. Further, there are certain licenses/approvals which we will be required to obtain from the relevant authorities for setting up our proposed manufacturing units for dyeing of fabrics and manufacturing bags as per the Objects of the Issue, which will be applied for at a later date. We cannot assure you that the relevant authorities will approve and provide us with such licenses, approvals and registrations for our new manufacturing unit or will renew such licenses, approvals and registrations, or if renewed would do so in a timely manner. Further, these licenses and approvals are subject to several conditions, and our Company cannot assure that it shall be able to continuously meet such conditions or be able to prove compliance with such conditions to statutory authorities, and this may lead to cancellation, revocation or suspension of relevant licenses, approvals and registrations. Failure by our Company to renew, maintain or obtain the required licenses or approvals, or cancellation, suspension, or revocation of any of the licenses, approvals and registrations may result in the interruption of our Company’s operations and may adversely affect our business. For further details on the licenses obtained by our Company, please refer to the chapter titled — “*Government and Other Approvals - Licenses/ Approvals for which applications have been made by our Company and are*

pending and Licenses / approvals which have expired and for which renewal applications have not been made by our Company”
on page 217 of this Draft Red Herring Prospectus.

SECTION IV – INTRODUCTION OBJECTS OF THE ISSUE

1. *Funding the capital expenditure setting up a dyeing unit in Navsari District, Surat, Gujarat*

Our Company is engaged in the business of manufacturing of technical textiles used in luggage, medical arch support, chairs, shoes and other products in the apparel industry. The manufacturing unit of our Company is situated at Block No 314 plot nos. 193 to 195, Rajhans Texpa, NH -8 Palsana, Surat – 394 317, Gujarat, India. As of date of this Draft Red Herring Prospectus, our Company manufactures specialized technical textile and markets them to various luggage, medical arch support, chairs, shoes and apparels manufacturers and other textile intermediaries across India.

Dyeing is an integral part of the fabric manufacturing process. Our Company presently outsources dyeing of its fabrics to third parties, and therefore to integrate the said process in our operations, we are proposing to set up a dyeing unit in Navsari District, Surat, Gujarat which is in close proximity to our existing manufacturing unit. The proposed unit shall be equipped to carry out dyeing of all kinds of knitted and woven fabrics with an installed capacity of 80,000 meters per day.

The proposed dyeing unit is being set up in a plot of land admeasuring 5,833.88 sq. mtrs. located at Block No. 501, Plot No. 8, Rajhans Zesto Phase-2, NH 8, Navsari, Surat – 396415, Gujarat, India. The said land has been purchased by our Company *vide* a deed of conveyance dated November 14, 2022.

Our Company proposes to utilise an amount of ₹ 3,070.48 lakhs from the Net Proceeds for funding the capital expenditure towards setting up of the proposed dyeing unit in Navsari District, Surat, Gujarat.

Civil Works

For setting up of the dyeing unit, our Company has planned a site development with requisite civil structure at an estimated cost ₹ 1,481.80 lakhs. We have received a quotation dated December 08, 2023 from M/s. Computech Engineers for site development and civil structure and is yet to place order for the same, which amounts to ₹ 1,481.80 lakhs. The detailed bifurcation of cost is as follows:

(₹ in Lakhs)		
Description of work	Quotation Date	Amount
Main Factory Building G+3 floors= Total 1,33,400 Sq ft	December 8, 2023	1,255.80
Underground Tank (10,00,000 ltrs)		90.00
Boiler Shed		40.00
Electric Panel Room		20.70
RCC Road		53.41
Engineer Fees		21.89
Total		1,481.80

The ‘Civil Works’ quotation will be valid till June 30, 2024.

Plant and Machinery, Effluent Treatment and Electrification

Our Company proposes to acquire machineries and fund water treatment and electrification expenses at an estimated cost of about ₹ 1,532.32 lakhs. The said machinery proposed to be purchased have been identified, however our Company is yet to place order for 100% of the plant and machinery worth ₹ 1,532.32 lakhs. The detailed list of plant & machinery proposed to be acquired by our Company is provided below:

2. *Funding the purchase of new machinery proposed to be installed at our new unit proposed to be set up for manufacturing bags in Palsana, Surat, Gujarat, with an intent to expand our product portfolio*

We are presently engaged in the business of manufacturing of specialized technical textile includes weaving, coated, printing and finishing of grey fabric to produce finished knitted and woven fabrics used in luggage, medical arch support, chairs, shoes and apparels industry. We specialize in wide range of fabrics like Woven Fabrics, Knitted Fabrics, Coated Fabrics, 100% polyester and recycled polyester fabric. We procure yarns, resin, acrylic and coating chemicals from the domestic market to manufacture specialized technical textile and sell them to various luggage, medical arch support, chairs, shoes and apparels manufacturers and other textile intermediaries. In order to expand our product portfolio, our Company is proposing to set up new bag manufacturing unit. The proposed bag manufacturing unit is proposed to be set up on a plot of land admeasuring 498.98 sq. mtrs. located at Block No. 314, Plot No. 281-282, Rajhans Texpa, NH-8, Baleshvar, Palsana, Surat – 394 317, Gujarat, India. The said land has been purchased by our Company *vide* deed of conveyance dated

February 01, 2023.

Our Company proposes to utilise ₹ 186.82 lakhs from the Net Proceeds for purchase of machinery for the proposed manufacturing unit.

Estimated Costs

The total estimated cost for purchase of machinery for the bag manufacturing unit is ₹ 186.82 lakhs which will entirely be funded through the Net Proceeds of this Issue. The cost for purchase of machinery has been estimated by our management and is based on the quotations received from third party suppliers, which has been approved by our Board of Directors in their meeting dated December 15, 2023.

Sr. No.	Particulars	Units to be purchased	Per Unit Price ^ (₹ lacs)	Total Cost ^ (₹ lacs)	Quotation reference	Validity of quotation
1.	Plant & Machinery:					
a)	<i>Single Needle Lockstitch Flat Bed Industrial Sewing Machine</i>	160	0.19	31.20	December 12, 2023	March 10, 2024
	<i>Electronic Bar Tack Sewing Machine</i>	10	1.35	13.50	Sourced from: Curel Sales Corporation	
	<i>Electronic Bar Tack Sewing Machine</i>	10	0.29	2.90		
	<i>Single Needle Lockstitch Machine</i>	10	0.80	8.00		
	<i>Template Sewing Machine Complete set</i>	5	4.80	24.00		
	<i>Template Industrial Sewing Machine</i>	5	5.50	27.50		
	Manufactured by: Curel Sales Corporation					
b)	<i>Fully Automatic Fabric Cutting Machine with Complete Accessories</i>	1 set	67.50	67.50	December 12, 2023	March 12, 2024
	Manufactured by: SAMR Technology Private Limited				Sourced from: SAMR Technology Private Limited	
	Total Cost			174.60		
	Installation, Transportation, Loading, Unloading and insurance			12.22		
	Total Cost of Plant and Machinery			186.82		

We hereby confirm that the plant and machinery proposed to be purchased from the Net Proceeds of the Issue are not used or second hand in nature.

3. Funding the working capital requirements of our Company

Our Company proposes to utilise up to ₹ 500.00 lakhs from the Net Proceeds towards funding its working capital requirements in Fiscal 2025.

We have significant working capital requirements, and we fund our working capital requirements in the ordinary course of business from our internal accruals/equity and financing facilities from various banks, financial institutions and non-banking financial companies. Our Company requires additional working capital for funding future growth requirements of our Company. As of November 30, 2023, the aggregate amount sanctioned by the banks to our Company under the fund based working capital facilities amounted to ₹ 2,125 lakhs on a standalone basis. For details of the working capital facilities availed by us, see “Financial Indebtedness” on page **Error! Bookmark not defined..**

Basis of estimation of working capital requirement

The details of the working capital as March 31, 2021, March 31, 2022 and March 31, 2023 and the source of funding derived from the standalone financial statements of the Company as certified by our Statutory Auditor through their certificate dated December 12, 2023 are provided in the table below. On the basis of the existing and estimated working capital requirement of the Company on a standalone

basis, and assumptions for such working capital requirements for Fiscals 2024, 2025 and 2026 as provided by the Company are set forth below:

S. No.	Particulars	As at March 31, 2021 (Actual-Restated)	As at March 31, 2022 (Actual-Restated)	As at March 31, 2023 (Actual-Restated)	As at November 30, 2023 (Actual-Restated)	As at March 31, 2024 (Estimated)	As at March 31, 2025 (Estimated)
(A)	Current assets						
(a)	Inventories	321.80	1,554.25	3,557.75	4,082.12	3,913.52	4,030.93
(b)	Financial assets						
	(i) Trade receivables	1,744.03	2,410.90	3,490.85	3,172.99	3,535.26	4,542.31
(c)	Cash and Bank Balance	50.22	7.27	35.95	117.85	170.36	167.80
(d)	Short term loans & advances	36.09	170.59	7.00	407.12	-	-
(e)	Other Current Assets	-	-	176.45	383.89	350.00	437.50
	Total current assets (A)	2,152.14	4,143.01	7,268.00	8163.98	7,969.14	9,178.54
(B)	Current liabilities						
(a)	Financial liabilities						
	(i) Trade payables	588.05	1,810.05	3,433.80	2,050.17	1,803.28	1,622.95
(b)	Provisions, other current liabilities and current tax liabilities (net)	12.50	35.79	348.69	486.63	408.30	668.71
	Total current liabilities (B)	600.55	1,845.84	3782.49	2,536.80	2,211.58	2,291.66
(C)	Total working capital requirements (C = A – B)	1,551.59	2,297.17	3,485.51	5627.17	5,757.56	6,886.88
(D)	Funding pattern						
(a)	IPO proceeds	-	-	-		-	500.00
(b)	Borrowings from banks, financial institutions and non-banking financial companies (including bill discounting) or internal accruals	1,551.59	2,297.17	3,485.51	5,627.17	5,757.56	6,386.88
	Total	1,551.59	2,297.17	3,485.51	5,627.17	5,757.56	6,886.88

Note: Pursuant to the certificate dated December 15, 2023, issued by the Statutory Auditor.

Our Company shall also fund the incremental working capital requirements by availing loan facilities.

Assumptions for our estimated working capital requirements

Particulars	Holding Level for year/period ended					
	November 30, 2023 (Actual-Restated)	March 31, 2021 (Actual-Restated)	March 31, 2022 (Actual-Restated)	March 31, 2023 (Actual-Restated)	March 31, 2024 (Estimated)	March 31, 2025 (Estimated)
Inventories	129	35	63	100	101	87
Trade Receivables	101	191	97	98	91	98
Trade Payables	87	72	78	100	56	45

Key assumptions for working capital requirements

The Company's estimated for working capital requirements on a standalone basis are based on the following key assumptions:

S. No.	Particulars	Assumptions
Current Assets		
1	Trade Receivables	The Company receivables credit terms vary across geographies and type of customer. We expect Debtors Holding days to be around 91 and 98 days for FY 2024 and FY 2025 respectively as compared to 98 days in FY 2023, 97 days in FY 2022 and 191 days in FY 2021. And the same was 100 days during the period ended November 30, 2023.
2	Inventories	Inventory levels are maintained by the Company depending upon the demand of finished goods. We have assumed Inventories turnover days to be around 101 and 87 days for FY 2024 and FY 2025 respectively as compared to 100 days in FY 2023, 63 days in FY 2022 and 35 days in FY 2021. And the same was 129 days during the period ended November 30, 2023.
Current Liabilities		
1	Trade Payables	We expect the creditors ended November 30, 2023. depending upon the demand of finished goods. We have assumed Inventories turnover days to be around 101 and 87 days for FY 2024. And the same was 87 days during the period ended November 30, 2023.

With regard to the justification and reason for increase in working capital requirements in projected period of FY 24 and 25, we hereby confirm that the below disclosures shall be included below the table of 'Key assumptions for working capital requirements' in the Chapter 'Object of the Issue' in the Red Herring Prospectus to be filed by the Company.

Justification for increase/ decrease in working capital requirement for the FY2021-22, FY 2022-23 and estimated period:

Actual Production in FY 2021-22	Actual Production in FY 2022-23	Projected Production in FY 2023-24	Projected Production in FY 2024-25
Woven Fabrics (meters per annum)			
5,35,822	1,06,37,544	1,40,56,000	1,69,60,000
Knitted Fabrics(kgs per annum)			
2,74,000	6,71,000	7,56,000	7,56,000
Dyeing (in meters per annum)			
-	-	-	51,84,000
Printing (in meters per annum)			
-	-	-	9,21,600
Bag Manufacturing (units per annum)			
-	-	-	14,40,000

During the fiscal year 2022-23, the total working capital requirement was Rs. 3,485.51 Lakhs. However, this is estimated to increase to Rs. 5,757.56 Lakhs during the fiscal year 2023-24 and Rs. 6,886.88 Lakhs during the fiscal year 2024-25.

The substantial working capital requirement, increasing from Rs. 2,297.17 lakhs in the fiscal year 2021-2022 to Rs.3,485.51 lakhs in the fiscal year 2022-2023 can be attributed to increase in the company's production during this period. This shift is evident in the comparison of increased production, which went from 5,35,822 meters woven fabric & 2,74,000 kgs knitted fabric capacity in 2021-22 to 1,06,37,544 meters woven fabric & 6,71,000 kgs knitted fabric capacity in 2022-23, accompanied by a corresponding boost in turnover from Rs. 8,857.36 lakhs to Rs.12,694.65 lakhs.

This surge in turnover had direct impact on the company's working capital requirements due to specific changes in the following areas:

- ☐ **Outstanding Receivables:** The rise in volume of sales, which in turn necessitated an increase in outstanding receivables. As the company offered credit to its clients, funds became locked in pending invoices, resulting in an expansion of the working capital needed.
- ☐ **Inventories:** Similar to reasons specify for increase in trade receivable, owing to the Company's expectation of higher production, it is expected that substantial amount of inventory for stock of finish goods and raw materials will be kept in stock.
- ☐ **Payment to Suppliers:** Over the past few years, there was an increase in the payment cycle to vendors. This leads to an increase in trade payables leading to a lesser working capital requirement. For example, our Company maintained holding level of trade payable at 78 days and 100 days in 2021-22 and 2022-23 respectively, which support a lower working capital requirement. In FY2024 the payment cycle reduced to 56 days, as capex is already done and we have higher liquidity which enables us to reduce payment cycle of creditors. Further, we are expecting payment cycle to reduce to 46 days in FY 2024-25 from 56 days in FY 2023-24, on account of in-house dying unit being setup, faster payment to receive discount and better pricing of our raw materials from our suppliers, to achieve higher

profit margins. This will have a direct impact on our working capital and require higher working capital.

Justification for increase in working capital requirement for the estimated period

Reason:

As mentioned in the chapter “*Our Business – Business Strategies*” on page 113 of the Draft Red herring Prospectus.

OUR BUSINESS STRATEGIES

Our strategic objective is to improve and consolidate our position as a major technical textile manufacturer with a continuous growth philosophy and to enter in value added products to create an integrated Yarn to end-product manufacturing set up. Below points represents our continuous growth philosophy being implemented:

- ***Setting up of new Dyeing Unit and another unit for manufacturing of bags***

Inaugurating our commercial production in July 2020 with an initial capacity of 400 kilos per day for knitting fabrics, we took significant strides towards diversification. Subsequently, recognizing the market demand and trends, we expanded our operations by establishing a dedicated PVC and EVA lamination division in April 2023. This division, equipped with an installed capacity of 15,000 meters per day, bolstered our capabilities in PVC and EVA lamination.

Looking ahead, with the proceeds from this Issue, we are poised to elevate our product portfolio even further. Our strategic plan includes the establishment of a cutting-edge dyeing facility and a forward integration initiative for the manufacturing of bags. The proposed manufacturing facility for bags will be located at Plot No. 281 and 282, Block No. 314, Rajhans Texpa, NH 8, Palsana, Surat, Gujarat, India. This facility will be fully equipped to execute the entire spectrum of processes and procedures integral to bags manufacturing.

Simultaneously, we plan to set up a state-of-the-art dyeing facility at Block No. 501, Plot No. 8, Rajhans Zesto Phase-2, NH 8, Navsari, Surat – 396415, Gujarat. This facility will be comprehensively equipped to handle all phases of the dyeing process for fabrics.

The decision to diversify into bags manufacturing signifies our strategic move towards forward integration, allowing us to tap into a higher-margin segment. We envision crafting high-quality bags leveraging our specialized technical textile expertise. This venture aligns with the prevailing trends in sportswear, rainwear, and the broader bag pack industry. Notably, the burgeoning demand for interlining fabric in India has spurred a distinct diversification trend in the technical textile industry. This fabric variation is increasingly finding applications in luggage and sportswear manufacturing, presenting a lucrative opportunity for our foray into bags production.

- ***Diversifying and increasing penetration in markets***

We are engaged in manufacturing, processing and coating of woven fabrics for direct sale to our customers domestically. The domestic market offers various opportunities in term of sub-geographic penetration and product/ market diversification which we intend to seize and increase our market reach domestically to explore untapped markets and segments as part of our strategy to mitigate market risk and widen growth prospects. We shall continue to explore opportunities in different countries where we can supply value added products to enhance our geographical reach.

- ***Strengthen our marketing network***

We continue to enhance our business operations by ensuring that our network of customers increases through our marketing efforts. Our core competency lies in our deep understanding of our customers’ buying preferences and behavior, which has helped us in achieving customer loyalty. We endeavor to continuously improve the product-mix offered to the customers as well as strive to understand and anticipate any change in the expectation of our customers towards our products. Presently, our marketing and sales division consists of 3 members who are responsible for marketing our products in the unorganized and the organized sector of the technical textile industry. We intend to strengthen our existing marketing team by inducting personnel with expertise in the industry, who will supplement our existing marketing strategies in the domestic markets. Further, we also plan to diversify our business operations from weaving, knitting and coating of fabrics and EVA & PVC lamination of fabrics to also include dyeing. Our move towards setting up a separate dyeing unit will help us add a new process line in our portfolio and therefore increase our operations and customer base.

With the use of our products by contract manufacturers of branded luggage and shoes manufacturers, our fabrics have a huge acceptability and inquiry all over India. We have already started out on our journey as a supplier of our existing products in the domestic market, by supplying products in conformity with the Indian standards, which makes the quality of our products, our biggest marketing technique. Our Domestic operations have enabled us to learn and follow the global trends, improve our efficiency, quality and trend analysis and

better customer servicing, which shall in the future help us in penetrating global markets with a wide market reach.

Comparisons of existing production capacity to the total production capacity expansion

Woven Fabrics	
Financial Year	Installed Capacity (in meters per annum)
2023-24	1,75,70,000
2024-25	2,12,00,000
Knitted Fabrics	
Financial Year	Installed Capacity (in kgs per annum)
2023-24	10,80,000
2024-25	10,80,000
Dyeing Plan	
Financial Year	Installed Capacity (in meters per annum)
2023-24	NIL
2024-25	11,52,000
Bag Pack Units	
Financial Year	Installed Capacity (in no. of units per annum)
2023-24	NIL
2024-25	18,00,000

SECTION V – ABOUT THE COMPANY OUR BUSINESS

Our product applications span a wide spectrum, including luggage, roofing, agriculture net, vehicle covers, tents, armed forces fabric, sports kits, chairs, medical arch support, umbrellas, and raincoats. Our manufacturing unit is equipped with automated machines for manufacturing of specialized technical textile with installed capacity of 70,000 meters per day for weaving, 90,000 kilos per month for knitting, 50,000 meters per day for poly acrylic and polyurethane coating, 15,000 meters per day for PVC / 8,000 meters per day for EVA lamination and 40,000 meters per day heat embossing. We market and sell under our brand ‘SKFL’. We propose to utilize a portion of the Net Proceeds of this Issue towards setting up of dyeing facility and forward integration for manufacturing of bags at land already purchased in very close vicinity to our existing manufacturing set up.

Guided by experienced promoters—Radheshyam Daga, Manoj Kumar Karnani, Raj Kumar Agarwal, and Rajiv Lakhota—our company has evolved from trading specialized technical textiles to establishing an automated manufacturing facility. Prior to incorporation of our Company, the promoters were engaged in the business of trading of specialized technical textile used in luggage industry. During the year 2018, our Promoters incorporated Shree Karni Fabcom LLP and in the year 2020, our Company expanded its product portfolio by setting up an automated manufacturing facility to manufacture specialized technical textile. Our Company manufactures and sells its products across India. Recently, our Company has acquired 66.67% stake in IGK Technical Textile LLP w.e.f. October 31, 2023, which is engaged in weaving, coating, sizing and embossing of specialized technical textile. Our subsidiary operation comprises woven, coating, and embossing facilities.

OUR OPERATIONS

The table set forth below provides a revenue bifurcation based on type customers for the last 3 financial years and stub period in a numerical and percentage basis:

Particulars	20-21	%	21-22	%	22-23	%	30-11-2023	%
Soft and Hard Luggage	1,369.87	41.67%	3,458.92	41.39%	5,629.34	44.34%	3,434.00	45.35%
Back Packs	1,290.97	39.27%	3,388.71	40.55%	4,994.03	39.34%	2,751.74	36.34%
Shoes, chairs & medical arch support	626.58	19.06%	1,509.73	18.06%	2,071.28	16.32%	1,386.47	18.31%
Total	3,287.42	100.00%	8,357.36	100.00%	12,694.65	100.00%	7,572.22	100.00%

Revenue bifurcation based on type product for the last 3 financial years and stub period in a numerical and percentage basis:

Products	Sub Product	FY 2020-21	%	FY 2021-22	%	FY 2022-23	%	November 30, 2023	%
Knitted Fabrics	Airmesh	321.10	9.77%	837.00	10.02%	1384.50	10.91%	1161.20	15.34%
Woven Fabrics	Linining used in Luggage	1240.80	37.74%	3708.10	44.37%	5582.00	43.97%	3541.50	46.77%
Woven Fabrics	Interlinning used in bags	597.30	18.17%	506.30	6.06%	453.30	3.57%	386.12	5.10%
Coated Fabrics	Fabrics	1128.20	34.32%	3306.00	39.56%	5274.90	41.55%	2483.40	32.80%
		3287.40	100.00%	8357.40	100.00%	12694.70	100.00%	7572.22	100.00%

• MANUFACTURING PROCESS

b. *Woven Fabrics/ Coated Fabrics*

Raw Material procurement

S. No.	Raw Material	Source
1.	Chemicals	The chemicals required for our manufacturing our products are easily available locally. Therefore, we procure such chemicals from local traders in Gujarat.
2.	Yarn Purchase	Yarn is the main raw material for our manufacturing our products. Gujarat, being textile hub, Yarn is easily available in local market. We procure yarn from local manufacturers of yarn. We also import Yarn as per requirement.

3.	Greige Purchase	Greige is easily available locally therefore we procure the same from local fabric manufacturers in Gujarat.
----	-----------------	--

Product	Types	FY2020-21		FY2021-22		FY2022-23		Stub Period Nov'23	
		Domestic	Import	Domestic	Import	Domestic	Import	Domestic	Import
Yarn*	Polyester Yarn	100.00%	0.00%	97.60%	2.40%	96.80%	3.20%	93.50%	6.50%
Chemicals**	Cellbind-Ff	N/A	N/A	N/A	N/A	N/A	N/A	100.00%	0.00%
	Synthick P-328								
	Texprint-FF								
	Indofil Soft Mse								
	Teknotex Pu 100 Eco								
	Ev 36 Shoft Winder								
	Surfonic® HSR								
	Ha 600 Plus								
	UPT								
	Neocoat Fx Conc								
	HA 400								
	Finolex Pvc Reasin								
	VBt								
Greige	NA	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%

*All the imports are from China only.

**No chemicals were required in the production process till FY2023.

• PLANT AND MACHINERY

Our processing unit houses various material handling and preparation equipment for the purpose of preparing the grey fabric into finished fabric to be used in the further process of manufacturing. All are plant and machinery are owned by our Company and none of the machinery used by our Company has been taken on a lease basis.

Our processing house facilitates various plant & machinery for the following facilities:

a) Knit Facility:

The following is the list of major plant and machineries we have installed at our knit facility:

S. No.	Name of the Machinery	Domestic/ Import	Quantity	Utility/Process
1.	Direct warping	Imported	04	Beaming
2.	Knitting Machine	Imported	20	Fabric manufacturing

1. Direct warping:-

A direct warping machine is a crucial piece of equipment in the knitting industry used to prepare yarn before it is woven or knitted into fabrics. Its primary function is to wind yarn from multiple cones or packages onto a single large drum called a warper's beam, creating a continuous sheet of yarn in a parallel arrangement. This process ensures uniform tension and alignment of yarn before it is fed into the knitting machine.

Here's a detailed description of the direct warping machine's key components and its operation:

- Creel:** The process begins with the placement of yarn cones or packages onto a creel, a structure resembling a frame with multiple pegs or holders. These hold the individual yarn packages that will be used in the warping process.
- Yarn Path:** The yarn from each package is threaded through a series of tensioners, guides, and tension disks to maintain consistent tension and prevent tangling as it moves towards the warping beam.
- Warping Beam:** At the heart of the machine is the warping beam, a large cylindrical drum onto which the yarn is wound in a parallel arrangement. The yarn is wound layer by layer around the circumference of the drum, building up a sheet of yarn ready for subsequent processes.
- Monitoring and Maintenance:** Operators monitor the machine to ensure smooth operation, making adjustments as needed to maintain proper tension, prevent yarn breakage, and address any issues that may arise during the warping process. Regular maintenance is also done to keep the machine functioning efficiently.

The direct warping machine's output, the warped beam, is then transferred to the knitting or weaving machine, where it serves as the primary source of yarn for fabric production. The uniformity and alignment achieved through the direct warping process contribute significantly to the quality and consistency of the final knitted or woven products in the textile industry.

2. Knitting Machine

A knitting machine is a specialized device used in the textile industry to create knitted fabrics and garments with yarn or thread. It automates the process of interlocking loops of yarn to produce a range of textiles, from simple fabrics to intricate designs.

Here's a detailed description of the main components and functionality of a typical knitting machine:

- a. **Needle Bed:** The needle bed is a flat surface containing numerous slots or grooves where the knitting needles are placed. These needles move in a specific pattern to form stitches. The needle bed can be single or double-sided, depending on the type of knitting machine.
- b. **Needles:** Knitting machines have a row of needles mounted on the needle bed. These needles are positioned to move up and down or in a circular motion to manipulate the yarn and create stitches. The needles hold, manipulate, and transfer the yarn to form various stitch patterns.
- c. **Yarn Carriage:** The yarn carriage is a component that holds the yarn and guides it across the needle bed. It moves back and forth, feeding the yarn to the needles according to the programmed pattern. The yarn carriage also regulates the tension of the yarn during the knitting process.
- d. **Cam System or Mechanism:** Knitting machines often utilize a cam system or a series of mechanical components that control the movement of the needles. The cams determine the stitch pattern, needle selection, and other intricate movements required to produce different fabric designs.
- e. **Stitch Formation:** As the needles move according to the programmed pattern, they create loops of yarn that interlock to form stitches. The knitting machine can produce a variety of stitches, including knit, purl, rib, tuck, and other complex stitch structures.
- f. **Controls and Programming:** Modern knitting machines may feature electronic or computerized controls that allow for precise programming of stitch patterns, fabric designs, and production settings. Operators can input specific instructions or designs into the machine for automated knitting.
- g. **Fabric Take-Up Mechanism:** Once the fabric is knitted, a take-up mechanism or roller system pulls the finished fabric away from the needles and feeds it onto a roll or a collecting device.

b) Woven Facility:

The following is the list of major plant and machineries we have installed at our woven facility:

S. No.	Name of the Machinery	Domestic/ Import	Quantity	Utility/Process
1.	Sizing	Domestic	01	Pre-treatment
2.	Section warping	Domestic	01	Beaming
3.	Weaving (Water Jet)	Imported	209	Weaving

1. **Sizing Machine (Domestic):**
A sizing machine is used in the textile industry to apply sizing agents, such as starch or synthetic compounds, to the warp yarn before weaving. This process adds strength, stiffness, and abrasion resistance to the yarn, allowing it to withstand the stresses of the weaving process. The sizing machine consists of a trough containing the sizing solution, through which the yarn passes. The yarn is evenly coated with the sizing agent and then dried to remove excess moisture before it is wound onto beams for use in the weaving process.
2. **Section Warping Machine (Domestic) and Beaming:** The section warping machine is a step in preparing the warp yarn for the weaving process. It involves winding predetermined lengths of yarn from multiple spools or bobbins onto a beam, creating sections or bouts. Each bout consists of a set length of yarn required for a specific portion of the woven fabric. The section warping machine ensures uniform tension and alignment of yarn during the winding process. After section warping, the prepared yarn sections are transferred to the beaming machine. The beaming process involves winding these sections onto a larger warp beam, ready for use on the weaving loom. Beaming ensures proper tension and alignment of the warp yarn before it is mounted on the loom.
3. **Weaving Machine (Water Jet):** A water jet weaving machine is a type of weaving loom used in the production of fabrics. It

operates by propelling a stream of water through a small nozzle to insert the weft yarn across the warp yarns, forming the fabric. This method allows for high-speed weaving and is particularly suitable for weaving a variety of yarn types, including filament yarns. Water jet weaving machines are known for their efficiency in producing plain or simple weave fabrics and are widely used in textile manufacturing due to their speed and versatility in handling different yarn materials.

These machines, including the sizing machine for yarn treatment, the section warping machine for precise yarn preparation, and the water jet weaving loom for fabric production, play essential roles in the weaving process within a textile factory, contributing to the quality and efficiency of fabric manufacturing operations.

c) R&D & Quality Facility:

The following is the list of major plant and machineries we have installed at our R&D facility:

S. No.	Name of the Machinery	Domestic/ Import	Quantity	Utility/Process
1.	Tensial Tester	Domestic	01	Lab test and quality check
2.	Tear Tester	Domestic	01	
3.	Seam strength Tester	Domestic	01	
4.	Crockmeter	Domestic	01	
5.	Hot Air Oven	Domestic	01	
6.	Perspirometer	Domestic	01	
7.	Colour Matching Cabinet	Domestic	01	
8.	Lux Meter	Domestic	01	
9.	Weight Balance	Domestic	03	
10.	GSM Cutter	Domestic	03	
11.	Spectra Photometer	Domestic	03	

1. Tensile Tester: A tensile tester, also known as a tensile strength tester or universal testing machine, measures the tensile strength and elongation properties of fabrics or yarns and peel off strength for the Laminated fabric. It applies controlled tension to a sample until it breaks, allowing the determination of its strength, stretchability, and other mechanical properties.
2. Tear Tester: A tear tester evaluates the tear resistance of textiles by applying a controlled force to a pre-cut sample to measure the force required to tear it. This machine helps assess a fabric's durability and resistance to tearing under specific conditions.
3. Seam Strength Tester: The seam strength tester measures the strength of seams in textiles. It assesses the force required to break or separate sewn seams, ensuring the durability and quality of stitched joints in fabrics or garments.
4. Crock meter: A crock meter evaluates the rubbing fastness or the tendency of a textile's dye to rub off or transfer onto crocking fabric surfaces. It simulates rubbing or friction between the tested fabric and a standardized fabric or surface, assessing color transfer or fading.
5. Hot Air Oven: A hot air oven is used to perform various tests requiring controlled heating at specific temperatures. In the textile industry, it's employed for heat-setting fabrics, testing heat resistance, or conducting aging tests on materials.
6. Perspiro meter: A perspire meter simulates the effects of perspiration or sweat on textiles to evaluate color fastness and material stability. It imitates the conditions of sweat exposure to determine if fabrics maintain their color and structural integrity.
7. Colour Matching Cabinet: A color matching cabinet provides standardized lighting conditions for visual assessment and comparison of colors. It helps textile professionals in evaluating color consistency and accuracy across different fabric samples under controlled lighting.
8. Lux Meter: A lux meter measures the intensity of light, helping ensure consistent and appropriate lighting conditions in textile testing environments, especially in color assessment and quality control areas.

d) Support equipment:

These Facilities are equipped with support facilities to ensure smooth process and for the maintenance of the processing units with minimum down time and ensuring maximum utilization of resources. The support facilities/ equipment are detailed as under:

S. No.	Name of the Machinery/Equipment	Domestic/ Import	Quantity	Utility/Process
1.	Oil Boiler	Domestic	01	Common utility for all facilities
2.	Reverse Osmosis	Domestic	01	Common utility for all facilities
3.	Compressor	Domestic	04	Common utility for all facilities
4.	Borewell	Domestic	04	Common utility for all facilities
5.	Effluent Treatment Plant	Domestic	01	Common utility for all facilities
6.	Transformer	Domestic	03	Common utility for all facilities
7.	Jigger washing	Domestic	04	Common utility for all facilities
8.	Embossing	Domestic	02	Common utility for all facilities

S. No.	Name of the Machinery/Equipment	Domestic/ Import	Quantity	Utility/Process
9.	Forklift	Domestic	02	Common utility for all facilities
10.	Inspection Machines	Domestic	11	Packing
11.	Roll Packing Machine	Domestic	01	Packing
12.	Earth Mover (Vehicle)	Domestic	05	Fuel handling and feeding
13.	Coating stenter	Domestic	02	PU, AF, WR, WP coating

1. Oil Boiler: An oil boiler is a heating system that uses oil as a fuel source to heat water. The heated water or steam generated by the boiler is circulated through pipes to provide heating in buildings or for industrial processes.
2. Reverse Osmosis: Reverse osmosis is a water purification process that removes contaminants and impurities from water by using pressure to force water molecules through a semipermeable membrane. This process is widely used to produce clean drinking water or purify water for various industrial purposes.
3. Compressor: A compressor is a mechanical device that increases the pressure of a gas by reducing its volume. In industrial settings, compressors are used to power various tools and machinery by supplying compressed air.
4. Borewell: A borewell is a narrow, deep well drilled into the ground to access groundwater. It's equipped with a pump to draw water from underground aquifers, commonly used for agricultural irrigation, industrial purposes, and domestic water supply.
5. Effluent Treatment Plant: Effluent treatment plants are facilities designed to treat and purify industrial wastewater or sewage before it is discharged back into the environment. These plants employ various processes to remove pollutants and harmful substances from the wastewater.
6. Transformer: Transformers are electrical devices used to transfer electrical energy between circuits through electromagnetic induction. They increase or decrease voltage levels in electrical systems for transmission and distribution purposes.
7. Jigger Washing: Jigger washing refers to a textile processing method that involves the use of a jigger machine. The machine operates by passing fabric through a dyeing or washing bath in a series of repeated strokes, allowing for controlled treatment of fabric with dyes or chemicals.
8. Embossing: In the textile industry, embossing is a process where patterns or designs are stamped or pressed onto fabric using heat and pressure. This creates raised or textured surfaces on the fabric, enhancing its aesthetic appeal.
9. Forklift: A forklift is a powered industrial truck used to lift and move materials over short distances. It's equipped with fork-like prongs to lift and transport heavy loads within warehouses, factories, and construction sites.
10. Inspection Machines: Inspection machines in the textile industry are devices used to visually inspect fabrics for defects, irregularities, or quality issues. They aid in quality control by detecting flaws in the fabric before it is further processed or used in manufacturing.
11. Roll Packing Machine: A roll packing machine is used to pack textile fabrics or materials into rolls or bundles for transportation or storage. It rolls, wraps, and seals fabric rolls using various packaging materials.
12. Coating Stenter: A coating stenter is a machine used in textile finishing processes. It applies coatings or finishes to fabrics by passing them through a stenter frame, where the fabric is heated and stretched to set the coating evenly across the surface.

Capacity Installed and Capacity Utilisation

Our Company is engaged in manufacturing of Knitted Fabrics and our subsidiary i.e. IGK Technical Textiles LLP, is engaged in manufacturing woven fabrics. Set forth below is the detail of the installed and utilized capacity of our manufacturing unit for manufacturing knitted fabrics and of our Subsidiary for manufacturing woven fabrics, for the last three years.

Woven Fabrics			
Financial Year	Installed Capacity (in meters)	Utilized Capacity (in meters)	Percentage of utilization (%)
2020-2021	-	-	-
2021-2022	10,40,000	5,35,822	51.52%
2022-2023	1,24,80,000	1,06,37,544	85.24%
Upto Nov 30, 2023	1,05,25,000	91,74,427	87.17%
Knitted Fabrics			
Financial Year	Installed Capacity (in metric tons)	Utilized Capacity (in metric tons)	Percentage of utilization (%)
2020-2021	1,80,000	1,70,000	94.44%
2021-2022	4,80,000	2,74,000	57.00%
2022-2023	9,45,000	6,71,000	71.00%
Upto Nov 30, 2023	7,20,000	5,20,000	72.22%

Marketing

We have a team of 3 members for marketing and sales dedicated towards supplying and marketing our products in the unorganized and the organized sector of the textile industry. Our development team constantly monitors and scours the fashion trends in the market and prepares and updates our products and designs accordingly.

Our success lies in the strength of our relationship with our customers who have been associated with us for reasonable continuous period. Our Promoter Directors through their experience and good relations with customers owing to timely and quality delivery of products plays an instrumental role in creating and expanding a work platform for our Company. Our sales and marketing teams keep in constant touch with our customers to record their feedback and to also enquire for any further requirement of our products. We undertake marketing in a traditional way through word of mouth publicity and by continuously calling or mailing our existing customer for follow on orders.

HUMAN RESOURCES

We believe that our employees are key contributors to our business success. As on November 30, 2023, we have 39 employees including our directors, who look after our business operations, factory management administrative, secretarial, marketing and accounting functions in accordance with their respective designated goals. We have not employed contract labour covered under the Contract Labour (Regulation and Abolition) Act, 1970.

Following is a department wise employee break-up:

Department	Number of Employees
Top level management	04
Accounts	08
Human Resources and Administration	04
Legal and Compliance	01
Marketing	03
Processing	11
Quality Assurance	03
Other support staff	05
Total	39

OUR MANAGEMENT

Brief Biographies of our Directors

Rajiv Lakhotia, aged 42 years, is one of the Promoters of our Company. He is the Managing Director of our Company. He attended University of Calcutta to pursue a bachelor's degree in commerce. He is presently heading the customer development considering the changing need of the industry and has played a key role in the growth and development of the company. He has an experience of 16 years in the textile industry and is head of sales department.

Raj Kumar Agarwal, aged 39 years, is a Promoter and Whole-time Director of our Company. He attended Capital University to pursue bachelor's degree in commerce. He is well versed with Chinese market and understands Chinese language and has good knowledge of local market in China. He spends most of his time in China and is presently supervising all Chinese procurement for the Company which includes the sourcing of raw materials, machine parts, finished and semi-finished goods. He has an experience of 15 years in the textile industry.

Our Key Managerial Personnel

In addition to our Managing Director, Chief Executive Officer and, whose details have been provided under paragraph above titled '*Brief Profile of our Directors*', set forth below are the details of our Key Managerial Personnel as on the date of filing of this Draft Red Herring Prospectus:

Jyoti Chitlangiya, aged 37 years, is the Company Secretary of our Company. She holds a bachelor's degree in science (Chemistry) and master's degree in business administration (Finance) from Veer Narmad South Gujrat University. She is an associate member of the Institute of Company Secretaries of India. In the past, she was in practice before joining the Company and has an experience of 5 years in the secretarial and compliance. She has been associated with our Company since November 9, 2023. She has not received remuneration in the Financial Year 2023. She is overseeing the compliance and secretarial related matters of our Company.

SECTION VI – FINANCIAL INFORMATION
OTHER FINANCIAL INFORMATION

Accounting ratios

The accounting ratios derived from Restated Financial Statements required to be disclosed under the SEBI ICDR Regulations are set forth below:

Particulars	30 November, 2023	31 March 2023	31 March 2022	31st March 2021
Restated PAT as per Profit and Loss Account (Rs. In lakhs)	813.81	555.25	514.84	153.48
EBITDA (Rs. In lakhs)	1,440.27	1,519.16	828.14	380.51
Actual Number of outstanding equity shares at the end of the year	52,00,000	50,00,000	10,00,000	10,00,000
Weighted Number of outstanding equity shares at the end of the year	34,18,884	50,00,000	10,00,000	10,00,000
Net Worth (Rs. In lakhs)	1,912.15	2,602.24	1,321.61	671.23
Current Assets (Rs. In lakhs)	8,163.98	7,111.31	4,131.96	2,181.41
Current Liabilities (Rs. In lakhs)	9,698.36	4,877.73	2,660.63	1,104.81
Number of shares	34,18,884	50,00,000	10,00,000	10,00,000
Earnings per share				
Basic EPS (In Rs.)	23.80	11.10	51.48	15.35
Diluted EPS (In Rs.)	23.80	11.10	51.48	15.35
Return on Net Worth (%)	42.56%	21.34%	38.96%	22.87%
Net Asset Value per share (In Rs.)	36.77	260.22	132.16	67.12
EBITDA (Rs. In lakhs)	1,440.27	1,519.16	828.14	380.51
Nominal Value per equity share(Rs.)	10	10	10	10

FINANCIAL INDEBTEDNESS

SECURED BORROWINGS

As on November 30, 2023, we have availed secured loans of which the total outstanding amount secured loan is ₹3,659.72 lakhs as of date, the details of which are as under:

Sr. No.	Nature of Facilities	Date of Sanction	Rate of interest	Sanctioned Amount (₹ In lakhs)	Amount outstanding as on November 30, 2023 (₹ In lakhs)	Tenure	Security
1	Axis Bank Ltd						
	Cash Credit - Fund Based	March 15, 2023	Repo + 2.50% p.a. at present 9%	1,375.00	1,708.33	12 months	Hypothecation of entire assets of the borrower, both present and future on Pari Passu basis.
	WCDL	March 15, 2023	Repo + 2.50% p.a. at present 9%	(1,000.00)	-		Hypothecation on entire movable fixed assets of Company both present and future on pari passu basis.
	Term Loan – 1 Fund Based	March 15, 2023	Repo + 2.50% p.a. at present 9%	1,270.00	-	89 Monthl y	Hypothecation on entire movable fixed assets of Company financed by the Bank
	Term Loan – 2 Fund Based	March 15, 2023	Repo + 2.50% p.a. at present 9%	130.00	-	Instalm ents	Hypothecation on entire movable fixed assets of Company both present and future on pari passu basis.
2	SIDBI						
	Term Loan	October 14, 2021	6.4% p.a.	296.00	356.25	72 months	First and Exclusive Charge by way of hypothecation of machineries to be purchased i.e., 4 set of Brand New PLC based LowPile Double Needle Bar Raschel Machine, Model no- SG RD5, E22 Gauge and 5 Bars with EBA, E, Single Needle type laser self-stopping 138” width including beam and all standard spare parts.
	Term Loan	May 10, 2023	8.85% p.a.	140.00		54 months	First & Exclusive Charge by Way of Hypothecation of (1) Two Layer Lamination Machine and (1) MFA, Extension of charge over 4 set of Brand New PLC based Low Pile Double Needle Bar Raschel Machine, Model no- SG RD5 Hypothecation on 27/10/2021. All the unencumbered movables including the movables, plant, machinery, machinery spares, tools & accessories, office equipment, computers, furniture and fixtures, both present and future and whether installed or not and whether now lying loose or in cases or which are now lying or stored In or about or shall hereafter from time to time during the continuance of the security of these presents be brought into or upon or be stored or be in or about all the Borrower's factories, premises, and godowns or wherever else the same may be or be held by any party to the order or disposition of the Borrower or in the course of transit or on high seas or on order, or delivery, howsoever and wheresoever in the possession of the Borrower and either by way of substitution or addition.

	HDFC Bank						
	Auto Loan	July 20, 2022	8.30% p.a.	15.05	9.36	39 months	Hypothecation of 1 New Vehicle - SKODA SLAVIA STYLE 1.
	Light Commercial Vehicle Loan	May 30, 2022	7.5% p.a.	23.33	13.27	37 months	Hypothecation of commercial vehicle
	ICICI Bank						
	Corporate Guarantee for IGK	August 29, 2022	9.5 p.a.	2,272.90	-	36 months	Corporate Guarantee for the loan availed by IGK Technical Textiles LLP
3	Standard Chartered Bank						
	Working Capital - Permanent - Adhoc	January 1, 2021	9.2% p.a.	625.00 125.00	744.00	Repayable on demand	First and exclusive charge on Immovable property or any interest therein together with all building or structure thereon - Commercial
	Term Loan	January 1, 2021	9.2%	1063.40	721.51	30 months	
	ECLGS	January 1, 2021 April 21, 2022	9.2%	165.10	97.34	13 months	- Industrial Property located at plot no. 188, (block no. 314/188 as per K. J. P. – 170.03 sq. mtrs.), Plot no. 189 (block no. 314/189 as per K. J. P. – 190.53 sq. mtrs.) and plot no. 190 (block no. 314/190 as per K. J. P. - 208.09 sq. mtrs.) in Rajhans Texpa situated on land bearing block nos. 266/A, 314 to 319, 321, 323, 324, 326 and 328 and consolidated block no. 314 of Baleshwar, Tal.: Palsana, Dist. Surat. - Industrial Property located at plot no. 193 (block no. 314/193 as per K. J. P. – 260.78 sq. mtrs.), plot no. 194 (block no. 314/194 as per K. J. P. – 235.23 sq. mtrs.) and plot no. 195 (block no. 314/195 as per K. J. P. 339.01 sq. mtrs.) in Rajhans Texpa situated on land bearing block nos. 266/A, 314 to 319, 321, 323, 324, 326 and 328 and consolidated block no. 314 of Baleshwar, Tal.: Palsana, Dist. Surat
4	TATA MOTORS FINANCE*	March 1, 2022	8.54%	11.09	2.80	35 months	Vehicle Loan
			7.98%	16.07	6.41		

UNSECURED BORROWINGS

As on November 30, 2023, we have availed secured loans of which the total outstanding amount unsecured loan is 2378.76 lakhs as of date, the details of which are as under:

Sr. No.	Nature of Facilities	Tenure	Rate of interest	Sanctioned Amount (₹ In lakhs)	Sanction Date	Amount outstanding as on November 30, 2023 (₹ In lakhs)
	Short Term Loans					
1	Manoj Kumar Karnani	Repayable on demand	Not carrying any interest	-	April 11, 2023	534.41
2	Radhe Shyam Daga	Repayable on demand	Not carrying any interest	-	April 11, 2023	760.94
3	Rajiv Lakhotia	Repayable on demand	Not carrying any interest	-	April 11, 2023	919.56
4	Raj Kumar Agarwal	Repayable on demand	Not carrying any interest		April 11, 2023	163.84
	Total			-		2,378.76

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

The following discussion is intended to convey management's perspective on our financial condition and results of operations for the eight month period ended November 30, 2023 and for the financial years ended March 31, 2023, 2022 and 2021. One should read the following discussion and analysis of our financial condition and results of operations in conjunction with our section titled "Financial Statements" and the chapter titled "Financial Statement" on page **Error! Bookmark not defined.** of the Draft Red Herring Prospectus. This discussion contains forward-looking statements and reflects our current views with respect to future events and our financial performance and involves numerous risks and uncertainties, including, but not limited to, those described in the section entitled "Risk Factors" on page **Error! Bookmark not defined.** of this Draft Red Herring Prospectus. Actual results could differ materially from those contained in any forward-looking statements and for further details regarding forward-looking statements, kindly refer the chapter titled "Forward-Looking Statements" on page **Error! Bookmark not defined.** of this Draft Red Herring Prospectus. Unless otherwise stated, the financial information of our Company used in this section has been derived from the Restated Financial Information. Our financial year ends on March 31 of each year. Accordingly, unless otherwise stated, all references to a particular financial year are to the 12-month period ended March 31 of that year.

In this section, unless the context otherwise requires, any reference to "we", "us" or "our" refers to Shree Karni Fabcom Limited, our Company and our Subsidiary, IGK Technical Textiles LLP. Unless otherwise indicated, financial information included herein are based on our Restated Financial Statements for eight months ended November 30, 2023 and the financial years ended March 31, 2023, 2022 and 2021 included in this Draft Red Herring Prospectus beginning on page **Error! Bookmark not defined.** of this Draft Red Herring Prospectus

BUSINESS OVERVIEW

Our Company was originally formed as a limited liability partnership under the name 'Shree Karni Fabcom LLP', bearing LLP identification number AAM-1759 pursuant to a certificate of incorporation dated March 7, 2018 issued by the Registrar of Companies, Gujarat at Ahmedabad. Subsequently, pursuant to a resolution passed in the meeting of the partners held on November 26, 2022, Shree Karni Fabcom LLP was converted into a private limited company under the name 'Shree Karni Fabcom Private Limited' and a certificate of incorporation dated April 11, 2023 was issued by the Registrar of Companies, Central Registration Centre. Subsequently, pursuant to a resolution passed by our Board of Directors in their meeting held on October 3, 2023 and by the Shareholders at an extra-ordinary general meeting held on October 10, 2023 our Company was converted into a public limited company and consequently the name of our Company was changed to 'Shree Karni Fabcom Limited' and a fresh certificate of incorporation dated October 20, 2023 was issued by the Registrar of Companies, Gujarat at Ahmedabad. The corporate identification number of our Company is U47820GJ2023PLC140106.

We are engaged in the business of manufacturing of Technical Textile for the luggage, medical arch support, chairs, shoes and apparels industry. The process of production starts from the purchase of yarn and then weaving, coating, printing and finishing it to produce finished knitted and woven fabrics specially made to suit customized requirements of the customers we cater. We specialize in Woven Fabrics, Knitted Fabrics, Coated Fabrics, 100% polyester and recycled polyester fabric. We procure yarn, resin, acrylic and coating chemicals to manufacture specialized technical textile and sell them to various luggage, medical arch support, chairs, shoes and apparels manufacturers and other textile intermediaries. The fabric manufactured by us also has diverse applications for luggage, roofing, agriculture net, vehicle covers, tents, armed forces fabric, sports-kits, chairs, medical arch support, umbrella and rain coats amongst others.

Our current manufacturing units consists of three facilities - namely, knit facility, EVA lamination facility, and R&D facility. In addition to this, there are three more facilities in our subsidiary - woven facility, coating facility and embossing facility. We use the machineries installed to process and manufacture finished fabrics from yarn post processing and chemical treatment. To ensure that we supply quality products which meet the applicable standards, we have set up a Research and Development facility ("R&D facility"), which consists of our quality assurance and quality control teams who check and conduct various tests in our 'in-house laboratory' on the fabrics at various stages starting from grey cloth to the finished fabrics manufactured by us. All our facilities are supplemented by our utilities, such as water, power, effluent treatment plant, etc. which makes it an important link between all our facilities.

For detailed information on the business of our Company please refer to "Our Business" beginning on page numbers **Error! Bookmark not defined.** of this Draft Red Herring Prospectus.

Products Offered by our Company

Our products can be broadly classified as under:

Woven Fabrics	Use in manufacturing of
Interlining	Jackets, wallet and hard luggage
Tafeta	Back-packs, rain cover, umbrella, vehicle cover, soft and hard luggage
Matty	Soft and hard luggage, back-packs
Knitted Fabrics	
Air mesh	Back-packs, shoes, chairs, masks, helmets, medical arch support

Woven Fabrics	Use in manufacturing of
Coated Fabrics	
PU Coated Matty	Back-packs
WR Coated lining	Back-packs, rain cover, umbrella, vehicle cover, soft and hard luggage
AF Coated lining	Back-packs, soft and hard luggage
PVC Lamination	Soft luggage
EVA Lamination	Soft luggage

SIGNIFICANT DEVELOPMENTS SUBSEQUENT TO THE LAST AUDITED FINANCIALS

After the date of last Audited accounts i.e. November 30, 2023, the Directors of our Company confirm that, there have not been any significant material developments.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business is subjected to various risks and uncertainties, including those discussed in the section titled “*Risk Factor*” beginning on page 27 of this Draft Red Herring Prospectus. Our results of operations and financial conditions are affected by numerous factors including the following:

- Volatility in supply and pricing of raw material;
- Volatility in supply and pricing of products;
- Our ability to successfully implement our growth strategy and expansion plans;
- Our ability to attract and retain qualified personnel;
- Substantial capital expenditure & working capital requirements;
- Default or delay in payment from customers;
- Changes in laws, rules & regulations and legal uncertainties;
- Economic and Demographic condition;
- The occurrence of natural disasters or calamities;
- Other factors beyond our control; and
- Our ability to manage risks that arise from these factors.

DISCUSSION ON RESULT OF OPERATION

Our Significant Accounting Policies

For Significant accounting policies please refer Significant Accounting Policies, under Chapter titled “*Restated Financial Statements*” beginning on page **Error! Bookmark not defined.** of the Draft Red Herring Prospectus.

Overview of Revenue & Expenditure

Our revenue and expenses are reported in the following manner:

Revenues

♦ Revenue of operations

Our Company’s revenue is primarily generated from sale of Technical Textile used by the luggage, medical arch support, chairs, shoes and apparels industry.

♦ Other Income

Our other income mainly consists of profit on sale of Capital Asset, Profit of Foreign Exchange Rate fluctuation, Interest on fixed deposit, Interest Subsidy MSME, rental income and other miscellaneous income.

(₹ In Lakhs)

Particulars	For the period ended			
	November 30, 2023	March 31, 2023	March 31, 2022	March 31, 2021
Income				
Revenue from Operations	7,572.22	12,694.65	8,357.36	3,287.42
% of total revenue	99.64%	99.93%	99.91%	99.93%
Other income	27.26	9.40	7.82	2.44

% of total revenue	0.36%	0.07%	0.09%	0.07%
Total Revenue	7,599.48	12,704.05	8,365.18	3,289.86

The increase in Revenue for the last 3 financial years is mainly attributed to higher sale volume with increase in installed capacity and shift to higher value product with higher margin. The increase in PAT in FY2022 compared with FY2021 is attributed to savings on the fixed cost components and shift in value chain producing higher margin products. The below table sets out the increase in installed capacity reflecting the increase in revenue:

Financial Year	Installed Capacity(meters)	Revenue(in lakhs)	PAT(in lakhs)
2020-21	1,80,000	3287.42	153.48
2021-22	4,80,000	8357.36	514.84
2022-23	9,45,000	12694.65	555.25

Further, in FY2023, our Company made a provision for tax of Rs.250.23lakhs. Since no such provision was made in FY2021 and FY2022, PAT of FY2023 appears to be stagnated when compared with PAT of FY2022. The Company's profit before tax increased from Rs. 525.60 lakhs in FY22 to Rs. 850.93 lakhs in FY2023.

Expenditure

Our total expenditure primarily consists of Cost of material consumed, Changes in inventories of finished goods, Employee Benefit Expenses, Depreciation and amortization Expenses, Finance Costs and Other Expenses.

♦ **Employment Benefit Expenses**

It includes salaries, wages, bonus and allowances, directors' remuneration, contributions to welfare funds, provision for gratuity and other expenses.

♦ **Cost of materials Consumed**

This relates to the cost of material consumed in manufacturing, cost of traded goods sold, change in inventory of raw material and cost of consumable consumed.

♦ **Changes in Inventories of finished goods**

This relates to the change in inventory of finished goods.

♦ **Other Expenses**

It includes Bank Charges; Transport Charges; Audit Fees; Brokerage Expense; Custom Duty Paid; CHA Expenses; Conveyance Expenses; Courier Expense; Computer Expenses; Discount & Commission Expenses; Donation; Electricity Expenses; Insurance Expenses; Legal and Consultancy Expenses; Loss on Sale of Capital Asset; Office Expenses; Postage & Telephones Expenses; Rent Expenses; Repair and Maintenance; Stationary & Printing Expenses; Travelling Expenses; Vehicle Expenses; Freight Charges; Machinery Expenses; Packing Charges; Rates And Taxes; Advertisement Expenses; Interest / Penalty; Labour Charges; Security Expenses; Software Expenses; Internet Expenses; Water Treatment Expenses; Factory Expenses; and General Expenses.

♦ **Finance Costs**

Our finance costs mainly include processing charges and interest on borrowings.

♦ **Depreciation**

Depreciation includes depreciation and amortization.

RESULTS OF OUR OPERATION

The revenue from operation, PAT and PAT margin for the past 3 years and the sub-period has been increased on account of increase in manufacturing of finished products and increased sale volume. The Company has increased its installed capacity over the said period from 10,40,000 meters p.a. to 1,05,25,000 meters p.a. for Woven Fabrics and from 1,80,000 metric tons p.a. to 10,80,000 metric tons p.a. for Knitted Fabrics. With the higher volume of production, our Company was able to achieve higher sales. Further, on account of higher revenue from operations and better utilisation of operational capacity, our Company has recorded higher PAT and PAT margin over the

said period.

(₹ In Lakhs)				
Particulars	30-Nov-23	31-Mar-23	31-Mar-22	31-Mar-21
Incomes:				
Revenue from Operations	7,572.22	12,694.65	8,357.36	3,287.42
% of total revenue	99.64%	99.93%	99.91%	99.93%
% Increase/(Decrease)	-	51.90%	154.22%	-
Other income	27.26	9.40	7.82	2.44
% of total revenue	0.36%	0.07%	0.09%	0.07%
% Increase/(Decrease)	-	20.08%	220.68%	-
Total Revenue	7,599.48	12,704.05	8,365.18	3,289.86
% Increase/(Decrease)	-40.18%	51.87%	154.27%	-
Expenses:				
Changes in inventories of finished goods	-172.93	-2,003.50	-1,232.45	-202.76
% of total revenue	-2.28%	-15.77%	-14.73%	-6.16%
% Increase/(Decrease)	-	62.56%	507.84%	-
Cost of material consumed	5,768.43	12,298.11	8,323.60	2,917.60
% of total revenue	75.91%	96.80%	99.50%	88.68%
% Increase/(Decrease)	-	47.75%	185.29%	-
Employee Benefit expenses	253.46	195.61	116.87	57.95
% of total revenue	3.34%	1.54%	1.40%	1.76%
% Increase/(Decrease)	-	67.36%	101.68%	-
Other Expenses	310.26	694.66	329.02	136.56
% of total revenue	4.08%	5.47%	3.93%	4.15%
% Increase/(Decrease)	-	111.13%	140.94%	-
Total Expense	6,159.23	11,184.89	7,537.04	2,909.35
% of total revenue	81.05%	88.04%	90.10%	88.43%
% Increase/(Decrease)	-	48.40%	159.06%	-
Profit before Interest, Depreciation and Tax	1,440.25	1,519.16	828.14	380.51
% of total revenue	18.95%	11.96%	9.90%	11.57%
Depreciation and amortization Expenses	145.98	152.48	52.64	24.01
% of total revenue	1.92%	1.20%	0.63%	0.73%
% Increase/(Decrease)	-	189.64%	119.21%	-
Profit before Interest and Tax	1,294.27	1,366.68	775.50	356.49
% of total revenue	17.03%	10.76%	9.27%	10.84%
Financial Charges	202.55	515.75	249.90	188.20
% of total revenue	2.67%	4.06%	2.99%	5.72%
% Increase/(Decrease)	-	106.39%	32.78%	-
Profit before Tax and Extraordinary Expenses	1,091.72	850.93	525.60	168.29
% of total revenue	14.37%	6.70%	6.28%	5.12%
Extraordinary Expenses	-	-	-	-
% of total revenue	-	-	-	-
% Increase/(Decrease)	-	-	-	-
Restated Profit/(Loss) before tax	1,091.72	850.93	525.60	168.29
% of total revenue	14.37%	6.70%	6.28%	5.12%
% Increase/(Decrease)	-	61.90%	212.31%	-
Tax expenses/(income)				
Current and prior years Tax (net)	261.96	250.23	-	-
Provisions for Deferred Tax	16.33	45.45	10.76	14.82
Total tax expenses	278.28	295.68	10.76	14.82

% of total revenue	3.66%	2.33%	0.13%	0.45%
Restated profit/(loss) after Tax	813.43	555.25	514.84	153.48
% of total revenue	10.70%	4.37%	6.15%	4.67%
% Increase/(Decrease)	-	7.85%	235.45%	-
Income from Minority and Associate	0.38	-	-	-
Profit/(Loss) attributable to owners of the company	813.83	555.25	514.84	153.48

Our income is dependent upon few major intermediaries, details of the same is as following:

(₹ in lacs)

Particulars	Nov 30, 2023		Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Top 5 customers	4,444.69	60.30%	5,527.20	43.54%	4,252.40	50.88%	1,465.90	44.59%
Top 10 customers	5,471.21	74.23%	7,759.25	61.12%	5,726.59	68.52%	2,398.36	72.96%

REVIEW OF OPERATIONS FOR THE PERIOD ENDED NOVEMBER 30, 2023

Income from Operations

Our revenue from operations for the period ended November 30, 2023 was ₹ 7,572.22 Lakhs which was about 99.64% of the total revenue and which comprises of revenue from sale of finished product i.e. technical textile.

Other Income

Our other income for the period ended November 30, 2023 was ₹ 27.26 Lakhs which was about 0.36% of the total revenue and which includes profit on sale of Capital Asset, Profit of Foreign Exchange Rate fluctuation, Interest on fixed deposit, interest subsidy MSME, rental income and other miscellaneous income.

Expenditure

Cost of Material Consumed

The cost of material consumed for the period ended November 30, 2023 were ₹ 5,768.43 Lakhs which has about 75.91% of the total revenue.

Changes in Inventories of Finished Goods

The changes in inventories of finished goods for the period ended November 30, 2023 were ₹ (172.93) Lakhs.

Employee Benefits expenses

The employee benefits expenses for the period ended November 30, 2023 were ₹253.46 Lakhs which was about 3.34% of the total revenue and which includes salaries, wages, bonus and allowances, directors' remuneration, contributions to welfare funds, provision for gratuity and other expenses.

Other Expenses

Other Expenses for the period ended November 30, 2023 were ₹ 310.26 Lakhs which was about 4.08% of the total revenue and which includes Bank Charges; Transport Charges; Audit Fees; Brokerage Expense; Custom Duty Paid; CHA Expenses; Conveyance Expenses; Courier Expense; Computer Expenses; Discount & Commission Expenses; Donation; Electricity Expenses; Insurance Expenses; Legal and Consultancy Expenses; Loss on Sale of Capital Asset; Office Expenses; Postage & Telephones Expenses; Rent Expenses; Repair and Maintenance; Stationary & Printing Expenses; Travelling Expenses; Vehicle Expenses; Freight Charges; Machinery Expenses; Packing Charges; Rates And Taxes; Advertisement Expenses; Interest / Penalty; Labour Charges; Security Expenses; Software Expenses; Internet Expenses; Water Treatment Expenses; Factory Expenses; and General Expenses.

EBITDA

Our EBITDA for the period ended November 30, 2023 were ₹ 1,440.25 Lakhs.

Financial Costs

Financial costs for the period ended November 30, 2023 were ₹ 202.55 Lakhs which was about 2.67% of the total revenue and which consists of interest and other finance charges.

Depreciation

Depreciation for the period ended November 30, 2023 were ₹ 145.98 Lakhs which was about 1.92% of the total revenue and which consists of depreciation and amortization expenses.

Profit /(Loss) after Tax attributable to owners of the company

PAT for the period ended November 30, 2023 was ₹ 813.83 Lakhs.

REVIEW OF OPERATIONS FOR THE PERIOD ENDED MARCH 31, 2023

Income from Operations

Our revenue from operations for the fiscal year ended March 31, 2023 was ₹12,694.65 Lakhs which was about 99.93% of the total revenue and which comprises of revenue from sale of finished product i.e. technical textile.

Other Income

Our other income for the fiscal year ended March 31, 2023 was ₹9.40 Lakhs which was about 0.07% of the total revenue and which includes interest and profit on sale of Capital Asset, Profit of Foreign Exchange Rate fluctuation, Interest on fixed deposit, Interest Subsidy MSME, rental income and other miscellaneous income.

Expenditure

Cost of Materials Consumed

The cost of materials consumed for the period ended March 31, 2023 were ₹ 12,298.11 Lakhs which has about 96.80% of the total revenue.

Changes in Inventories of Finished Goods

The changes in inventories of finished goods for the period ended March 31, 2023 were ₹ (2,003.50) Lakhs.

Employee Benefits expenses

The employee benefits expenses for the fiscal year ended March 31, 2023 were ₹ 195.61 Lakhs which was about 1.54% of the total revenue and which includes salaries, wages, bonus and allowances, directors' remuneration, contributions to welfare funds, provision for gratuity and other expenses.

Other Expenses

Other Expenses for the fiscal year ended March 31, 2023 were ₹ 694.66 Lakhs which was about 5.47% of the total revenue and which includes Bank Charges; Transport Charges; Audit Fees; Brokerage Expense; Custom Duty Paid; CHA Expenses; Conveyance Expenses; Courier Expense; Computer Expenses; Discount & Commission Expenses; Donation; Electricity Expenses; Insurance Expenses; Legal and Consultancy Expenses; Loss on Sale of Capital Asset; Office Expenses; Postage & Telephones Expenses; Rent Expenses; Repair and Maintenance; Stationary & Printing Expenses; Travelling Expenses; Vehicle Expenses; Freight Charges; Machinery Expenses; Packing Charges; Rates And Taxes; Advertisement Expenses; Interest / Penalty; Labour Charges; Security Expenses; Software Expenses; Internet Expenses; Water Treatment Expenses; Factory Expenses; and General Expenses.

EBITDA

Our EBITDA for the fiscal year ended March 31, 2023 were ₹ 1,519.16 Lakhs.

Financial Costs

Financial costs for the period ended March 31, 2023 were ₹ 515.75 Lakhs which was about 4.06% of the total revenue and which consists of interest, processing charges and other finance charges.

Depreciation

Depreciation for the fiscal year ended March 31, 2023 were ₹152.48 Lakhs which was about 1.20% of the total revenue and which consists of depreciation and amortization expenses.

Profit /(Loss) after Tax

PAT for the fiscal year ended March 31, 2023 was ₹555.25 Lakhs.

FISCAL YEAR ENDED MARCH 31, 2023 COMPARED WITH THE FISCAL YEAR ENDED MARCH 31, 2022

Income

Total revenue has increased by ₹ 4,337.29 Lakhs and 51.90%, from ₹ 8,357.36 Lakhs in the fiscal year ended March 31, 2022 to ₹ 12,694.65 Lakhs in the fiscal year ended March 31, 2023. The increase in revenue was on account of increase in manufacturing of finished products and increased sale volume.

The increase in Revenue for the last 3 financial years is mainly attributed to higher sale volume with increase in installed capacity and shift to higher value product with higher margin. The below table sets out the increase in installed capacity reflecting the increase in revenue:

Financial Year	Installed Capacity(meters)	Revenue(in lakhs)	PAT(in lakhs)
2020-21	1,80,000	3287.42	153.48
2021-22	4,80,000	8357.36	514.84
2022-23	9,45,000	12694.65	555.25

Expenditure

Total Expenditure increased by ₹ 4,013.54 Lakhs and 51.20%, from ₹ 7,839.58 Lakhs in the fiscal year ended March 31, 2022 to ₹ 11,853.12 Lakhs in the fiscal year ended March 31, 2023. Overall expenditure was increased mainly due to increase in manufacturing of finished products.

Cost of materials Consumed

Cost of materials consumed increased by ₹ 3,974.51 Lakhs and 47.75%, from ₹ 8,323.60 Lakhs in the fiscal year ended March 31, 2022 to ₹ 12,298.11 Lakhs in the fiscal year ended March 31, 2023. Cost of Materials Consumed was increased mainly due to increase volume of production.

Employee Benefit Expenses

Employee Benefit Expenses in terms of value and percentage increased by ₹ 78.73 Lakhs and 67.36% from ₹116.87 Lakhs in the fiscal year ended March 31, 2022 to ₹ 195.61 Lakhs in the fiscal year ended March 31, 2023. Overall employee cost was increased due to increase in number of man-hours in manufacturing process, increase staff strength and general increment in salary and incentives to employees.

Other Expenses

Other Expenses in terms of value and percentage increased by ₹ 365.64 Lakhs and 111.13% from ₹ 329.02 Lakhs in the fiscal year ended March 31, 2022 to ₹ 694.66 Lakhs in the fiscal year ended March 31, 2023. Other Expenses was increased mainly due to increase in Bank Charges; Transport Charges; Audit Fees; Brokerage Expense; Custom Duty Paid; CHA Expenses; Conveyance Expenses; Courier Expense; Computer Expenses; Discount & Commission Expenses; Donation; Electricity Expenses; Insurance Expenses; Legal and Consultancy Expenses; Loss on Sale of Capital Asset; Office Expenses; Postage & Telephones Expenses; Rent Expenses; Repair and Maintenance; Stationary & Printing Expenses; Travelling Expenses; Vehicle Expenses; Freight Charges; Machinery Expenses; Packing Charges; Rates And Taxes; Advertisement Expenses; Interest / Penalty; Labour Charges; Security Expenses; Software Expenses; Internet Expenses; Water Treatment Expenses; Factory Expenses; and General Expenses.

EBIDTA

Profit before Interest, Depreciation and Tax has increased by ₹ 691.02 Lakhs and 83.44% from ₹ 828.14 Lakhs in the fiscal year ended March 31, 2022 to ₹ 1,519.16 Lakhs in the fiscal year ended March 31, 2023. Profit before Interest, Depreciation and Tax was increased due to increase manufacturing of finished products and increased sale volume.

Finance Costs

Finance Costs in terms of value and percentage increased by ₹ 265.86 Lakhs and 106.39% from ₹ 249.90 Lakhs in the fiscal year ended March 31, 2022 to ₹ 515.75 Lakhs in the fiscal year ended March 31, 2023. Finance Costs was increased mainly due to higher interest outgo and increased borrowings.

Depreciation & Amortization Expenses

Depreciation in terms of value increased by ₹ 99.83 Lakhs and 189.64% from ₹ 52.64 Lakhs in the fiscal year ended March 31, 2022 to ₹ 152.48 Lakhs in the fiscal year ended March 31, 2023. Increase in depreciation is due to increase in assets and is general in nature.

Net Profit after Tax and Extraordinary items

Net Profit has increased by ₹ 40.40 Lakhs and 7.85% from profit of ₹ 514.84 Lakhs in the fiscal year ended March 31, 2022 to profit of ₹ 555.25 Lakhs in the fiscal year ended March 31, 2023. Net profit was increased due to increase in revenue from operations and sales volume.

FISCAL YEAR ENDED MARCH 31, 2022 COMPARED WITH THE FISCAL YEAR ENDED MARCH 31, 2021

Income

Total revenue has increased by ₹ 5,069.94 Lakhs and 154.22%, from ₹ 3,287.42 Lakhs in the fiscal year ended March 31, 2021 to ₹ 8,357.36 Lakhs in the fiscal year ended March 31, 2022. The decrease in revenue was on account of higher production of finish product and higher sale volume with increase in installed capacity and shift to higher value product with higher margin.

Expenditure

Total Expenditure increased by ₹ 4,627.69 Lakhs and 159.06%, from ₹ 2,909.35 Lakhs in the fiscal year ended March 31, 2021 to ₹ 7,537.04 Lakhs in the fiscal year ended March 31, 2022. Overall expenditure was decreased mainly due to higher production of finished products.

Cost of Material Consumed

Cost of Material Consumed increased by ₹ 5,406.00 Lakhs and 185.29%, from ₹ 2,917.60 Lakhs in the fiscal year ended March 31, 2021 to ₹ 8,323.60 Lakhs in the fiscal year ended March 31, 2022. Cost of Material Consumed was increased mainly due to increase in material consumed on account of increased production of finish goods.

Employee Benefit Expenses

Employee Benefit Expenses in terms of value and percentage increase by ₹ 58.92 Lakhs and 101.68% from ₹ 57.95 Lakhs in the fiscal year ended March 31, 2021 to ₹ 116.87 Lakhs in the fiscal year ended March 31, 2022. Overall employee cost was increase in number of man-hours in manufacturing process, increase staff strength and general increment in salary and incentives to employees.

Other Expenses

Other Expenses in terms of value and percentage increase by ₹ 192.46 Lakhs and 140.94% from ₹ 136.56 Lakhs in the fiscal year ended March 31, 2021 to ₹ 329.02 Lakhs in the fiscal year ended March 31, 2022. Other Expenses was increased mainly due to Bank Charges; Transport Charges; Audit Fees; Brokerage Expense; Custom Duty Paid; CHA Expenses; Conveyance Expenses; Courier Expense; Computer Expenses; Discount & Commission Expenses; Donation; Electricity Expenses; Insurance Expenses; Legal and Consultancy Expenses; Loss on Sale of Capital Asset; Office Expenses; Postage & Telephones Expenses; Rent Expenses; Repair and Maintenance; Stationary & Printing Expenses; Travelling Expenses; Vehicle Expenses; Freight Charges; Machinery Expenses; Packing Charges; Rates And Taxes; Advertisement Expenses; Interest / Penalty; Labour Charges; Security Expenses; Software Expenses; Internet Expenses; Water Treatment Expenses; Factory Expenses; and General Expenses.

EBIDTA

Profit Before Interest, Depreciation and Tax has increased by ₹ 447.63 Lakhs and 117.64% from ₹ 380.51 Lakhs in the fiscal year ended March 31, 2021 to ₹ 828.14 Lakhs in the fiscal year ended March 31, 2022. Profit Before Interest, Depreciation and Tax was decreased due to increase in production of finished products.

Finance Costs

Finance Costs in terms of value and percentage increased by ₹ 61.70 Lakhs and 32.78% from ₹ 188.20 Lakhs in the fiscal year ended March 31, 2021 to ₹ 249.90 Lakhs in the fiscal year ended March 31, 2021. Finance Costs was increased mainly due to higher interest

outgo and increased borrowings.

Depreciation & Amortization Expenses

Depreciation in terms of value increased by ₹ 28.63 Lakhs and 119.21% from ₹ 24.01 Lakhs in the fiscal year ended March 31, 2021 to ₹ 52.64 Lakhs in the fiscal year ended March 31, 2022. Increase in depreciation is due to increase in assets and is general in nature.

Net Profit after Tax and Extraordinary items

Net Profit has increased by ₹ 361.37 Lakhs and 235.45% from profit of ₹ 153.48 Lakhs in the fiscal year ended March 31, 2021 to profit of ₹ 514.84 Lakhs in the fiscal year ended March 31, 2022. Net profit was increased due to increase in revenue from operations and sales volume.

The increase in PAT in FY2022 compared with FY2021 is attributed to savings on the fixed cost components and shift in value chain producing higher margin products. The below table sets out the increase in installed capacity reflecting the increase in revenue:

Financial Year	Installed Capacity(meters)	Revenue(in lakhs)	PAT(in lakhs)
2020-21	1,80,000	3287.42	153.48
2021-22	4,80,000	8357.36	514.84
2022-23	9,45,000	12694.65	555.25

Cash Flows

(Amount ₹ in lacs)

Particulars	For the eight months period ended November 30, 2023	For the year ended March 31,		
		2023	2022	2021
Net Cash from Operating Activities	(848.91)	(23.42)	41.37	273.54
Net Cash from Investing Activities	(780.92)	(1,100.19)	(1,172.82)	(233.45)
Net Cash used in Financing Activities	1,648.59	1,152.29	1,088.51	9.30

Cash Flows from Operating Activities

Net cash from operating activities for the eight months ended November 30, 2023 was ₹(848.91) lacs as compared to the Profit Before Tax at ₹ 1091.73 lacs. Net cash from operating activities for fiscal 2023 was at ₹ (23.42) lacs as compared to the Profit Before Tax at ₹ 850.93 lacs, while for fiscal 2022, net cash from operating activities was at ₹41.37 lacs as compared to the Profit Before Tax at ₹ 525.60 lacs. For fiscal 2021, the net cash from operating activities was ₹273.54 lacs compared to Profit before Tax of ₹ 168.29 lacs.

Cash Flows from Investment Activities

Net cash from investing activities for the eight months ended November 30, 2023 was ₹ (780.92) lacs. This high cash outflow is attributed to increase in Fixed Assets in relation to installation of new machines & investment in subsidiaries and investments. Net cash from investing activities for fiscal 2023 was at ₹ (1100.19) lacs due to additions in Fixed Assets, while for fiscal 2022, net cash from investing activities was at ₹(1172.82) lacs due additions in fixed assets. For fiscal 2021, the net cash from investing activities was ₹(233.13) lacs due to investment in fixed Assets.

Cash Flows from Financing Activities

Net cash from financing activities for the eight months ended November 30, 2023 was ₹ 1648.59 lacs. Net cash from financing activities for fiscal 2023 was at ₹ 1152.29 lacs due to increase in short term loans, while for fiscal 2022, net cash from financing activities was at ₹ 1088.51 lacs also due to increase in borrowings. For fiscal 2021, the net cash from financing activities was ₹ 9.30 lacs due to increase in borrowings.

OTHER MATTERS

1) Unusual or infrequent events or transactions

Except as described in this Draft Red Herring Prospectus, during the periods under review there have been no transactions or events, which in our best judgment, would be considered unusual or infrequent.

2) Significant economic changes that materially affected or are likely to affect income from continuing operations

Other than as described in the Section titled “Financial Information” and chapter titled “Management’s Discussion and Analysis of

Financial Conditions and Results of Operations”, beginning on Page 158 and 199 respectively of this Draft Red Herring Prospectus, to our knowledge there are no significant economic changes that materially affected or are likely to affect income from continuing Operations.

3) Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations

Other than as described in the chapter titled “Risk Factors” and “Management’s Discussion and Analysis of Financial Conditions and Result of Operations”, beginning on Page 27 and 199 respectively of this Draft Red Herring Prospectus, best to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our company from continuing operations.

4) Future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known

Other than as described in the chapter titled “Risk Factors” beginning on Page 27 of this Draft Red Herring Prospectus, best to our knowledge there are no factors, which will affect the future relationship between costs and income or which are expected to have a material adverse impact on our operations and finances.

5) Extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or increased sales prices

Our Company is engaged in the manufacturing of technical textiles tailored for diverse industries such as luggage, medical arch support, chairs, shoes, and apparels. Increases in revenues are by and large linked to number of orders received and completed by our company in timely manner.

6) Total turnover of each major industry segment in which the issuer company operated

Our Company is engaged in the manufacturing of technical textiles tailored for diverse industries such as luggage, medical arch support, chairs, shoes, and apparels. Our production process begins with yarn procurement and encompasses weaving, coating, printing, and finishing, resulting in knitted and woven fabrics crafted to meet our clients' customized specifications. Relevant Industry data, as available, has been included in the chapter titled “Industry Overview” beginning on page no. 100 of this Red Herring Prospectus.

7) Status of any publicly announced new products or business segment

Our Company is engaged in the manufacturing of technical textiles tailored for diverse industries such as luggage, medical arch support, chairs, shoes, and apparels. Our production process begins with yarn procurement and encompasses weaving, coating, printing, and finishing, resulting in knitted and woven fabrics crafted to meet our clients' customized specifications. Our Company has not publicly announced any new products or business segment.

8) The extent to which business is seasonal

Our Company is engaged in the manufacturing of technical textiles tailored for diverse industries such as luggage, medical arch support, chairs, shoes, and apparels. Our production process begins with yarn procurement and encompasses weaving, coating, printing, and finishing, resulting in knitted and woven fabrics crafted to meet our clients' customized specifications, to that extent business of our company is not seasonal.

9) Any significant dependence on a single or few suppliers or customers

Our Company is engaged in the manufacturing of technical textiles tailored for diverse industries such as luggage, medical arch support, chairs, shoes, and apparels. Our income is not dependent on a single customer or supplier or a few customers or suppliers. Further, no foreign customer or supplier contributes to a significant portion of our business. Contribution of our customers and suppliers, as a percentage of total revenue and cost, respectively, for the periods indicated below:

Contribution to revenue from operations

Rs. in Lakhs

Particulars	Nov 30, 2023		Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Amou	Percenta	Amou	Percenta	Amou	Percenta	Amou	Percenta

	nt	ge (%)	nt	ge (%)	nt	ge (%)	nt	ge (%)
Top 5 customer s	4,444.69	60.30%	5,527.20	43.54%	4,252.40	50.88%	1,465.90	44.59%
Top 10 customer s	5,471.21	74.23%	7,759.25	61.12%	5,726.59	68.52%	2,398.36	72.96%

Contribution to purchases

Particulars	Nov 30, 2023		Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Amount	Percentage (%) of total purchase	Amount	Percentage (%) of total purchase	Amount	Percentage (%) of total purchase	Amount	Percentage (%) of total purchase
Top 5 suppliers	2,143.64	37.16%	4,173.99	33.94%	3,456.72	41.53%	1,440.35	49.37%
Top 10 suppliers	3,076.63	53.34%	5,776.52	46.97%	4,300.73	51.67%	1,874.15	64.24%

10) Competitive conditions

Our Industry is fragmented consisting of large established players and small niche players. We compete with organized as well as unorganized sector on the basis of availability of product, product quality and product range. Further, there are no entry barriers in this industry and any expansion in capacity of existing manufacturers would further intensify competition. Industry is very competitive and we expect competition to continue and likely to increase in the future.

**SECTION VII – LEGAL AND OTHER INFORMATION
GOVERNMENT AND OTHER STATUTORY APPROVALS**

VI. Licenses / approvals which have expired and for which renewal applications have been made by our Company.

Sr. No.	Type of License/Approval	Issuing Authority	Application No.	Date of application
1.	Registration under Payment of Gratuity Act, 1972	Assistant Labour Commissioner, Surat	Form – A	December 11, 2023
2.	Professional Tax	Baleshvar Isroli Gram Panchayat, Taluka Palsana, Dist. Surat	NA	December 11, 2023
3.	Consent to operate	Gujarat Pollution Control Board	10001389312	December 15, 2023

B. Material Licenses and Approvals obtained by our Subsidiary

IGK Technical Textiles LLP

Certificate of incorporation dated December 4, 2020 under the Limited Liability Partnership Act, 2008 issued by the Asst. Registrar Of Companies, Registrar of Companies, Central Registration Centre.

OTHER REGULATORY AND STATUTORY DISCLOSURES

PRICE INFORMATION AND THE TRACK RECORD OF THE PAST ISSUES HANDLED BY THE BRLM

SME:

Price Information of past issues handled by the Book Running Lead Manager

Sr. No.	Issue Name	Issue size (₹ In Cr.)	Issue Price (₹)	Listing date	Opening price on listing date	+/- % change in Price on closing price, +/- % change in closing benchmark - 30 th calendar days from listing*		+/- % change in Price on closing price, +/- % change in closing benchmark - 90 th calendar days from listing*		+/- % change in Price on closing price, +/- % change in closing benchmark - 180 th calendar days from listing*	
1.	Cosmic CRF Limited	57.21	314	June 30, 2023	251.20	3.54%	2.80%	(1.83%)	1.71%	[•]	[•]
2.	Baba Food Processing (India) Limited	32.88	76	November 15, 2023	76.00	(11.58%)	7.66%	NA	NA	NA	NA

Main Board:

The BRLM has not undertaken any main board issues in the past.
