



CEDAAR TEXTILE LIMITED
CIN: U17299KA2020PLC139070

REGISTERED OFFICE	CORPORATE OFFICE	CONTACT PERSON	EMAIL & TELEPHONE	WEBSITE
KSSIDC Plot No B-34, Industrial Estate, Yelahanka New Town, Bangalore, Bengaluru, Karnataka, India, 560064	-	Ms. Neha Parbhakar Rawat Company Secretary & Compliance Officer	Info@cedaartextile.com +91 9815610607	www.cedaartextile.com

NAME OF PROMOTER(S) OF THE COMPANY

MR. RAJESH MITTAL, MR. VIRENDER GOYAL, MR. BACHANGADA NACHAPPA MONNAPPA AND MR. BACHANGADA MONNAPPA SARASWATI

DETAILS OF OFFER TO PUBLIC, PROMOTERS/ SELLING SHAREHOLDERS

Type	Fresh Issue Size (by amount in Rs. Lakh)	OFS* Size (by amount in Rs. Lakh)	Total Issue Size (by amount in Rs. Lakh)	Eligibility & Share Reservation among NII & RII
Fresh Issue	Up to 43,50,000 Equity Shares aggregating to INR [●]	Nil	INR [●]	The Issue is being made pursuant to Regulation 229 of SEBI (ICDR) Regulations as the Company's post issue paid-up capital is more than 10 crore rupees and upto 25 crore rupees. For details in relation to share reservation among QIB, NIIs and RIIs, see "Issue Structure" on page 380 of this Draft Red Herring Prospectus.

*OFS: Offer for Sale

Details of OFS by Promoter(s)/ Promoter Group/ Other Selling Shareholders (up to maximum of 10 shareholders)

Name	Type	No. of shares offered/ Amount in Rs.	WACA in Rs. Per Equity Shares
Nil			

P: Promoter, PG: Promoter Group, OSS: Other Selling Shareholders, WACA: Weighted Average Cost of Acquisition on fully diluted basis

RISKS IN RELATION TO THE FIRST ISSUE

This being the first public issue of our Company, there has been no formal market for the Equity Shares. The face value of the Equity Shares is ₹ 10/- each and the Issue Price is [●] times of the face value of the Equity Shares. The Issue Price (determined and justified by our Company in consultation with the Lead Manager as stated in "Basis for Issue Price" on page 128 of this Draft Red Herring Prospectus) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing

GENERAL RISK

Investments in Equity and Equity related securities involve a degree of risk and investors should not invest any funds in this issue unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The Equity Shares issued in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the Draft Red Herring Prospectus. Specific attention of the investors is invited to the section "Risk Factors" beginning on page 37 of this Draft Red Herring Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and the Issue which is material in the context of this Issue, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares of our Company offered through this Draft Red Herring Prospectus are proposed to be listed on the Emerge Platform of National Stock Exchange of India Limited in terms of the Chapter IX of the SEBI (ICDR) Regulations, 2018 as amended from time to time. Our Company has received an approval letter dated [●] from National Stock Exchange of India Limited for using its name in the Draft Red Herring Prospectus for listing of our shares on the Emerge Platform of National Stock Exchange of India Limited. For the purpose of this Issue, National Stock Exchange of India Limited shall be the Designated Stock Exchange.

LEAD MANAGER TO THE ISSUE



Fastrack Finsec
Category: Merchant Banker

FAST TRACK FINSEC PRIVATE LIMITED

SEBI Registration No. INM000012500

Office No. V-116, 1st Floor, New Delhi House, 27, Barakhamba Road,

New Delhi - 110001 IN

Tel No.: +91-11-43029809

Contact Person: Mr. Rakesh Kumar Pathak

Email: mb@ftfinsec.com; investor@ftfinsec.com

Website: www.ftfinsec.com



SKYLINE FINANCIAL SERVICES PRIVATE LIMITED

SEBI Registration No.: INR000003241

D-153 A, 1st Floor, Okhla Industrial Area, Phase - I, New Delhi-110020

Tel No: +91-11-40450193-97; Fax No: +91-11-26812682-83

Contact Person: Mr. Anuj Rana

Email: ipo@skylinerta.com

Website: www.skylinerta.com

OFFER PROGRAMME

BID/ISSUE FOR ANCHOR INVESTORS: [●]

BID/ISSUE OPENS ON: [●]

BID/ISSUE CLOSING ON: [●]

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

** Our Company in consultation with the BRLM, consider closing the Bid/Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date, in accordance with the SEBI ICDR Regulations.

THIS IS A PUBLIC ANNOUNCEMENT FOR INFORMATION PURPOSES ONLY. THIS IS NOT A PROSPECTUS ANNOUNCEMENT AND DOES NOT CONSTITUTE AN INVITATION OR OFFER TO ACQUIRE, PURCHASE OR SUBSCRIBE FOR UNITS OR SECURITIES. NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY OUTSIDE INDIA.



CEDAAR TEXTILE LIMITED
CIN: U17299KA2020PLC139070

Our Company was incorporated as a private limited company namely “Cedar Textiles Private Limited” under the Companies Act, 2013 vide certificate of incorporation dated 28/09/2020 issued by Registrar of Companies, ROC Bangalore bearing registration no. 139070. Further, Our Company was converted into a Public Limited Company in pursuance of a special resolution passed by the members of our Company at the Extra Ordinary General Meeting held on April 30, 2024. A fresh Certificate of Incorporation consequent to conversion was issued on August 23, 2024 by the Registrar of Companies, CPC and consequently, the name of our Company was changed from “Cedar Textiles Private Limited” to “Cedar Textiles Limited”. As on date of this Draft Red Herring Prospectus, the Corporate Identification Number of our Company is U17299KA2020PLC139070. For further details of incorporation please refer to section titled “Our History and Certain Other Corporate Matters” beginning on page no. 206 of this Draft Red Herring Prospectus.

Registered Office: KSSIDC Plot No B-34, Industrial Estate, Yelahanka New Town, Bangalore, Bengaluru, Karnataka, India, 560064

Telephone No.: +91 9815610607; **Website:** www.cedaartextile.com; **E-Mail:** Info@cedaartextile.com

Company Secretary and Compliance Officer: Ms. Neha Parbhakar Rawat;

PROMOTERS: MR. RAJESH MITTAL, MR. VIRENDER GOYAL, MR. BACHANGADA NACHAPPA MONNAPPA AND MR. BACHANGADA MONNAPPA SARASWATI

ADDENDUM TO THE DRAFT RED HERRING PROSPECTUS DATED DECEMBER 24, 2024: NOTICE TO THE INVESTORS (“THE ADDENDUM”)

PUBLIC ISSUE OF 43,50,000 EQUITY SHARES OF FACE VALUE RS. 10/- EACH OF CEDAAR TEXTILE LIMITED. (“CEDAAR” OR THE “COMPANY” OR THE “ISSUER”) FOR CASH AT A PRICE OF RS. [●]/-PER EQUITY SHARE (“ISSUE PRICE”) INCLUDING A SHARE PREMIUM OF [●]/- PER EQUITY SHARE), AGGREGATING TO RS. [●] LAKHS (“THE ISSUE”), OUT OF WHICH, [●] EQUITY SHARES OF FACE VALUE OF RS. 10/- EACH FOR CASH AT A PRICE OF RS. [●]/- PER EQUITY SHARE AGGREGATING TO RS. [●] LAKHS WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKER (“MARKET MAKER RESERVATION PORTION”). THE ISSUE LESS THE MARKET MAKER RESERVATION PORTION I.E. ISSUE OF [●] EQUITY SHARES OF FACE VALUE OF RS. 10/- EACH AT AN ISSUE PRICE OF RS. [●]/- PER EQUITY SHARE AGGREGATING TO RS. [●] LAKHS IS HEREINAFTER REFERRED TO AS THE “NET ISSUE”. THE ISSUE AND THE NET ISSUE WILL CONSTITUTE [●]AND [●], RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY. FOR FURTHER DETAILS, KINDLY REFER TO CHAPTER TITLED “TERMS OF THE ISSUE” BEGINNING ON PAGE NO. 336 OF THIS DRAFT RED HERRING PROSPECTUS. THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BRLM AND WILL BE ADVERTISED IN ALL EDITIONS OF [●](A WIDELY CIRCULATED ENGLISH NATIONAL DAILY NEWSPAPER) AND ALL EDITIONS OF [●](WIDELY CIRCULATED HINDI NATIONAL DAILY NEWSPAPER, A REGIONAL NEWSPAPER 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 SME PLATFORM OF NSE (NSE EMERGE) FOR THE PURPOSE OF THE UPLOADING ON THEIR WEBSITE.

Potential Bidders may note the following

1. The Chapter titled “Risk Factors” beginning on page 37 of the Draft Red Herring Prospectus has been updated
2. The Chapter titled “Objects of the issue” beginning on page 111 of the Draft Red Herring Prospectus has been updated.
3. The Chapter titled “Our Business” beginning on page 164 of the Draft Red Herring Prospectus has been updated.
4. The Chapter titled “Our History and Certain Other Corporate Matters” beginning on page 206 of the Draft Red Herring Prospectus has been updated.
5. The Chapter titled “Issue Procedure” beginning on page 345 of the Draft Red Herring Prospectus has been updated.

LEAD MANAGER

REGISTRAR TO THE ISSUE



Fastrack Finsec
Category - Merchant Banker

FAST TRACK FINSEC PRIVATE LIMITED

SEBI Registration No. INM000012500

Office No. V-116, 1st Floor, New Delhi House, 27, Barakhamba Road, New Delhi - 110001 IN

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OFFER PROGRAMME

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BID/ISSUE CLOSES ON: [●]

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** Our Company in consultation with the BRLM, consider closing the Bid/Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date, in accordance with the SEBI ICDR Regulations.

THIS PAGE HAS BEEN LEFT BLANK PURSUANT TO SCHEDULE VI OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018.



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SECTION III – RISK FACTORS

7. We do not have any long-term agreement or contract of supply of raw materials and consequently are exposed to price and supply fluctuations for our raw materials.

Our Company is engaged in the business of manufacturing of yarn, and Polyester Normal, Polyester Recycle, Viscose, Cotton, Acrylic, Others Fibers are used as the primary raw material during our manufacturing process.

We have not entered into long term contracts with our suppliers and prices for raw materials are normally based on the quotes we receive from various suppliers. Price of raw material in this industry is highly volatile. 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. Non-availability or inadequate quantity of raw material or use of substandard quality of the raw materials in the manufacturing of our products, could have a material adverse effect on our business. Further, any discontinuation or a failure of these suppliers to adhere to the delivery schedule or failure to deliver the required quality and quantity could hamper our manufacturing schedule. In past three years and in the stub period no such instances occurred in the Company.

Further, we are also exposed to fluctuations in the prices of our raw material. Thus, we may be unable to control the factors affecting the price at which we procure our raw material. We also face the risks associated with compensating for or passing on such increase in our cost of production on account of such fluctuations in prices to our customers. Particularly, we face the risk of our products becoming unaffordable if pass on the increase in the cost of production to our customers through a corresponding increase in the price of our products in order to maintain our margins. Upward fluctuation of price of raw material may thereby affect our margins and profitability, resulting in a material adverse effect on our business, financial conditions and results of operations. In past three years and in the stub period no such instances occurred in the Company.

11. We have a substantial amount of outstanding indebtedness, which requires significant cash flows to service and are subject to certain conditions and restrictions in terms of our financing arrangements, which restricts our ability to conduct our business and operations in the manner we desire. Any failure to comply with financial and other restrictive covenants imposed on us under our financing agreements may affect our operational flexibility, business, results of operations and prospects.

As of September 30, 2024, our long-term borrowings were ₹ 4,307.69 Lakhs & short-term borrowings were ₹ 7,774.74 Lakhs and we will continue to incur additional indebtedness in the future. Our level of indebtedness has important consequences to us, such as:

- increasing our vulnerability to general adverse economic, industry and competitive conditions;
- limiting our ability to borrow additional amounts in the future;
- affecting our capital adequacy requirements; and
- Increasing our finance costs.

In the event we breach any financial or other covenants contained in any of our financing arrangements or in the event we had breached any terms in the past which is noticed in the future, we may be required to immediately repay our borrowings either in whole or in part, together with any related costs. If the lenders of a material amount of the outstanding loans declare an event of default simultaneously, our Company may be unable to pay its debts when they fall due. In past three years and in the stub period no such instances occurred in the Company.

As on September 30, 2024, our total secured borrowings amounted to 11,572.28 Lakhs from Banks. Our leverage has several important consequences, including the following:



- A portion of our cash flow will be used towards repayment of debt, which will reduce the availability of cash to fund working capital requirements, capital expenditures and other general corporate purposes;
- Our borrowing cost and the existence of encumbrances on a significant portion of our immovable properties may constrain. In the event of enforcement of an event of default in connection with such secured borrowings (which is not waived or cured), our ability to continue to operate our business at such locations may be restricted;
- Fluctuations in interest rates may affect our cost of borrowing, as all or a substantial part of our borrowings is at floating rates of interest;

Our failure to comply with financial or restrictive covenants or periodic reporting requirements or to obtain our lenders' consent to take certain actions in a timely manner or at all may result in declaration of an event of default by any current or future lenders, which may accelerate repayment or increase applicable interest rates or trigger cross-default or cross-acceleration under other financing agreements.

Although we have not experienced any disruption in our loan facility in past, but termination of, or declaration or enforcement of default under, any current or future financing agreement (if not waived or cured) may affect our ability to raise additional funds or renew maturing borrowings to finance our existing operations and pursue our growth initiatives and, therefore, have an effect on our business, results of operations and prospects.

For further details of our loans, please refer chapter titled "Financial Information" beginning on Page 240 of this Draft Red Herring Prospectus.



OBJECTS OF THE ISSUE

Rationale For Installation of The Solar Power Plant

Cedaar Textile Limited is using electricity supplied by PSPCL as the rate per unit Rs. 8.00 as an industrial unit. The total requirement of electricity in the company is about **1,72,80,000 KWH** (Kilowatt Hours) Units per annum which cost Rupees **13,82,40,000** per annum.

To recuperate the high price of the electricity expenses, Company has already installed solar project for 2000 KWP (Kilowatt Peak) in the month of March 2024. For the financial cost of that solar project, company has taken the loan of **728.32 lakhs** from SIDBI @ of 8.30% per annum under government benefit schemes to promote the solar project.

From the existing plant the company generating about 6500 KWH Units approx. per day which is generating about 13.42% of total Power requirement of the plant, which means we are saving around Rs. 52000 per day. The cost analysis of the existing plant is as under as per the performance.

2. To meet the Working Capital Requirement

We fund the majority of our working capital requirements in the ordinary course of our business from our internal accruals, net worth and loans. The details of Company's working capital Requirement as at March 31, 2025 and for the year ended March 31, 2026 and the source of funding, on the basis of Restated Financial Statements, as certified by our Statutory and Peer Review Auditor, M/s Kapish Jain & Associates, Chartered Accountants, vide their report dated December 21, 2024 are provided in the table below. Further, in light of the incremental business requirements, our Company requires additional working capital for funding its working capital requirements in the Fiscal 2025 and Fiscal 2026. On the basis of our existing working capital requirements and the projected working capital requirements, the breakup of such working capital requirements year wise is given in the table below:

Statement of Working Capital Requirements						
	(Amount in Lakhs)					
	31 March 2022	31 March 2023	31 March 2024	30 September 2024	31 March 2025	31 March 2026
	(Restated)	(Restated)	(Restated)	(Restated)	(Estimated)	(Estimated)
<i>Current Assets</i>						
Inventories	2,549.00	4,883.64	7,337.32	8,517.64	8,694.66	10,871.23
Current Investments	-	-	-	-	-	-
Trade Receivables	2,651.39	2,394.67	2,365.93	2,367.19	2,559.45	3,975.41
Short-Term Loans and Advances	292.61	208.12	195.06	251.90	302.29	362.74
Other Current Assets	1,741.68	1,506.92	1,251.12	1,075.69	605.94	797.80
Total (A)	7,234.68	8,993.35	11,149.43	12,212.42	12,162.34	16,007.18
<i>Current Liabilities</i>						
Short-Term Borrowings	5,184.41	5,824.25	7,347.11	8,186.17	7,678.36	7,550.82



Trade Payables	1,618.39	1,460.83	1,538.18	1,744.61	1,800.00	2,545.03
Other Current Liabilities	583.89	726.42	521.02	693.71	615.74	847.59
Short-Term Provisions	46.90	22.49	288.32	404.47	481.82	1,012.56
Total (B)	7,433.59	8,033.99	9,694.63	11,028.96	10,575.92	11,956.00
Net Working Capital (A)-(B)	(198.91)	959.36	1,454.8	1,183.46	1,586.42	4051.18
Sources of Working Capital						
Proceeds from IPO	-	-	-		-	2,490.00
Internal Accruals	-	959.36	1,454.8	1,183.46	1,586.42	1,561.18

Sources of Internal Accruals estimated by our Company to meet the requirement of working capital of Rs. 1,586.42 Lakhs in FY 24-25 will be estimated profits of the company, along with the unutilized retained earnings.

Sources of Internal Accruals estimated by our Company to meet incremental gap of Rs. 2,464.76 Lakhs in FY 25-26 will be estimated profits of the company.

As per 30th September, 2024 net worth of the company is ₹ 5871.92 Lakhs.

Note:

- 365 days has been considered in a year
- Holding period level (in days) of Trade Receivables is calculated by dividing average trade receivables by revenue from operations multiplied by number of days in a year.
- Holding period level (in days) of Trade payables is calculated by dividing average trade payables by net credit purchases multiplied by number of days in a year.
- Holding period level (in days) of Inventory is calculated by dividing average inventory by cost of goods sold multiplied by number of days in a year.

	31 March 2022	31 March 2023	31 March 2024	30 Sep 2024	31 March 2025	31 March 2026
	(Restated)	(Restated)	(Restated)	(Restated)	(Estimated)	(Estimated)
Inventory	2,549.00	4,883.64	7,337.32	8,517.64	8,694.66	10,871.23
Trade Receivables	2,651.39	2,394.67	2,365.93	2,367.19	2,559.45	3,975.41
Trade Payable	1,618.39	1,460.83	1,538.18	1,744.61	1,800.00	2,545.03
Net Working Capital	824.07	1,984.25	2,123.30	1,978.32	2,135.54	4,613.57
% of Inventory / Revenue	12%	30%	39%	54%	[●]	[●]



from operations						
% of Trade receivables / Revenue from operations	12%	15%	12%	15%	[●]	[●]
% of Trade payable / Revenue from operations	7%	9%	8%	11%	[●]	[●]

Note - % figures of stub period ended 30 September 2024 is annualized.

Assumptions taken for increase in net working capital from FY 2024-25 to FY 2025-26

Net Working Capital is increasing from ₹ 1,586.42 lakhs to ₹ 4,051.18 lakhs. This increase of ₹ 2,464.76 lakhs is mainly due to addition of another segment i.e. of fabric Dyeing Process, however the optimum inventory is being maintained in term of % of turnover and no. of days. In FY 2023-24, company started trading of fabric as a part of market development process. This trading constitutes approx. 2% of the total turnover of FY 2023-24. The estimated increase in revenue by 55% approx. is mainly from new division of fabric Dyeing Process. This increase in revenue further increased trade receivables and inventory which comprises 80% yarn inventory and 20% fabric inventory, however in the FY 2023-24 basic holding days is similar to previous years except inventory holding days, it is increased mainly due to increase in Capacity and change in product Mix (Cotton-Polyester-Cotton) and in the FY 2025-26 the Company has estimated lower holding days as the Company is adopting the forward integration process yarn to fabric (more value additions) which required lesser inventory for productions.

	31 March 2022	31 March 2023	31 March 2024	30 Sep 2024	31 March 2025	31 March 2026
	(Restated)	(Restated)	(Restated)	(Restated)	(Estimate d)	(Estimate d)
No. of Days for Inventory Days	46	112	159	253	196	167
No. of Days for Trade Receivables	26	57	46	55	43	37
No. of Days for Trade Payables	34	52	41	56	42	38
Working Capital Cycle	39	117	164	252	197	166



Justifications:	
Inventory	<p>Inventory refers to the raw materials, work-in-progress (WIP), and finished goods that a company holds for production purposes. In the textile industry, inventory includes all materials (Yarn, Fabrics, Garments, Cottons, Fibers etc.) and supplies necessary for project execution.</p> <p>Inventory Increase mainly due to expansion in Capacity and change in product Mix (Cotton-Polyester-Cotton)</p> <p>In the stub period ended Sep 30, 2024 and FY 2024-25 our inventory was on higher side due to interruption in the Bangladesh order, The Company has order book of Rs. 20.38 crore as on 30-9-24 pertaining to Bangladesh. However, the same will be maintained in succeeding months.</p> <p>In the Financial year 2025-26 the Company assume lower holding days of inventory, as the Company is adopting the forward integration process yarn to fabric Dyeing Process (more value additions) which required lesser inventory for productions resulting our inventory is lower in comparison to Revenue. Additionally, we have more domestic market like job work where the raw material requirement is on lower side.</p>
Trade Receivables	<p>Trade receivables consist of debts owed by debtors i.e. manufactures entity of fabric and garments which includes domestic as well as export.</p> <p>In FY 2022-23, our trade receivables on higher side due to change in payment term with customers which was change from site to deferred payment days of 120 days however we are discounting the bills which takes normally 50-60 days. It was in the same line for the FY 2023-24. Further the Company is going for forward integration and predominately in domestic market resulting lower trade receivable days in FY 2025-26.</p> <p>We anticipate continued growth in trade receivables in FY 2024-25 and 2025-26 due to several factors:</p> <ol style="list-style-type: none"> 1. Increase in Revenue from Operations: We expect that revenue from operations will continue to rise in FY 2024-25 and FY 2025-26 because the Company is adding fabric Dyeing Process machine with additional investment in capex through IPO, resulting in a corresponding increase in trade receivables. 2. Payment term: During stub period September 2024, trade receivable days slightly increased due to interruption in the Bangladesh order, however this is being maintain between 35 to 45 days in coming years.
Trade Payables	<p>Trade payables refer to the amounts a company owes to its suppliers for goods or services received on credit, representing trade payables. They typically arise from routine business activities, such as purchasing raw materials, inventory and other services, with the agreement to pay later.</p> <p>There is no much change in Trade payable, it is being maintain within 35 to 45 days period except in stub period of September 2024 that was due to interruption in the Bangladesh which resulted late payment received as well as late payment to trade payables.</p>
Short term borrowings	<p>short-term borrowings comprising Working capital loan (CC/LC limit, Pre- shipment credit, post-shipment credit, Export bill discounting and OD limit), from Banks to</p>



	<p>finance its working capital requirements, current maturity of long-term borrowing and unsecured loan.</p> <p>There is no significant change in the maintenance of short-term borrowings in the FY 2024-25 and 2025-26.</p>
Short term provisions	Short term provisions primarily include provision for Gratuity, leave encashment and provision for taxation. Short term provisions have been maintained in line with the increase of projected business income/expenses for the forthcoming years.
Other Current Assets	Other current assets include, export incentive receivable, interest accrued on fixed deposit, prepaid expenses, deferred expenses and balance with govt. authorities. Entity's anticipated to charge off deferred expenses in FY 2024-25 and FY 2025-26 resulting decrease in other current assets.
Other Current Liability	The category of "Other current liabilities" primarily includes items such as payable for employee benefits, payables for statutory and other authorities, advance from customers, and other similar obligations. Other current liabilities have been increased due to requirement of manpower in FY 2024-25 and FY 2025-26 resulting increase in employee benefit payable.
Short-term Loans and Advances	This includes mostly advance to suppliers/employees etc., the Company does not foresee any major change and expected to get proportionally increased due to increase in operations and turnover.
Cash and Cash Equivalent	The category of cash and cash equivalent comprises of cash in hand, bank balance and fixed deposit with original maturity of less than 12 months held with bank.
Net Working Capital	<p>Net working capital is the difference between a company's current assets and current liabilities, representing the funds available for day-to-day operations. It is a crucial indicator of a business's short-term financial health and liquidity. One significant factor influencing working capital requirements is the size and scale of the business, as increased sales volume directly impacts these needs.</p> <p>Net Working Capital is slightly increase as per the revenue; however, it is on higher side in FY 2025-26 mainly due to increase in inventory because of increase in capacity and change in product Mix (Cotton-Polyester-Cotton).</p> <p>For FY 2025-26, the company projects a net working capital requirement of ₹ 4,051.18 lacs, which will be financed through internal accruals of ₹ 1,561.18 lakhs and proceeds from an IPO amounting to ₹ 2,490.00 lacs.</p>



Revenue from Operations	<p>The Company's revenue has shown a significant upward trend over the past three financial years, reflecting effective operational strategies and improved market positioning.</p> <p>However, the top line is dropped in FY 2022-23 due to the change in product & market strategies, The raw cotton price was double & the company change the product mix from Cotton base to polyester base. Further, from FY 2023-24 onwards, Company has added on the product line in trading of fabric and manufacturing of special yarn, driving increased revenue from operation.</p> <p>Justification for Future Growth: 50 % Future growth in FY 2025-26 is also projected based on additional capacity of yarn & Fabric dyeing along with special yarn (FR Yarn) considering the IPO investment.</p> <p>The infrastructure in term of Land, Building, Power and other compliances is already in place to support this expansion.</p>
% of Inventory / Revenue from Operations	<p>The inventory as a percentage of revenue from operations for FY 2023-24 & 2024-25 is high mainly due to the change in product mix (high value-added technical product).</p> <p>We will be able to maintain the better inventory level (which comprises 80% Yarn Inventory and 20 % Fabric inventory) in the financial year 2025-26 due to adopting the forward integration process (yarn to fabric), which results into lower % of Inventory relative to revenue from operations as compared to previous year. Additionally, the Company transitioning its inventory level from a "made-to-stock" model to a "made-to-order" approach, particularly for fabric products, which will further optimize inventory levels.</p>
% of Trade receivables / Revenue from operations	<p>No significant change in Trade receivable in terms of % age of Revenue and it is being maintain on year-to-year basis except stub period of September 2024 due to interruption in Bangladesh.</p>
% of Trade Payable / Revenue from operations	<p>No significant change in Trade payable in terms of %age of Revenue and it is being maintain on Year-to-year basis except stub period of September 2024, which was affected by interruptions in Bangladesh.</p>
Working Capital Cycle	<p>Working Capital Cycle has been increased FY 2024 - 25 mainly due to increase in Receivable (specially for export) as we are getting 120 days deferred LC against 45 & 90 days deferred payment against previous year.</p> <p>However, the working capital cycle will be in the range of 170 to 200 days due to the higher production cycle from "Fibre to Fabric" to current "Fibre to Dyed Yarn".</p>

RATIONALE FOR INCREASE IN THE INVENTORY DAYS:

1. FY 2021-22 to FY 2022-23: Market Instability

- **Cotton Price Fluctuations:** Significant volatility in cotton prices led to higher inventory valuation due to increased market prices.
- **Bulk Procurement:** To hedge against further inflation, the company stocked raw materials in bulk, resulting in an increase in inventory holding days from **46 days** to **112 days**.



2. FY 2022-23 to FY 2023-24: Product Mix Shift & Capacity Utilization

- **Shift in Product Mix:** The company transitioned from cotton-based products to **cotton-polyester-cotton blends** for better profit margins. This required maintaining higher inventory levels.
- **Increased Capacity Utilization:** With increased production capacity, additional raw materials were needed to support operations.
- **Impact:** Inventory days rose from **112 days** in FY 2022-23 to **159 days** in FY 2023-24.

3. FY 2023-24 to Period Ending September 30, 2024: Bangladesh Riots

- **Disruptions in Bangladesh:** Riots between June and August 2024 caused order cancellations worth ₹20.38 crores.
- **Result:** Inventory turnover days surged from **159 days** to **253 days** due to delayed order fulfilment and higher stock accumulation.

4. FY 2023-24 to FY 2024-25: Expansion in Product Range

- **Technical Textiles Addition:** The company expanded into technical textiles, mixing two Fiber blends into silver form, necessitating higher inventory for smooth production and timely sales.
- **Result:** Inventory days increased from **159 days** to **196 days**.

5. FY 2024-25 to FY 2025-26: Forward Integration & Domestic Focus

- **Forward Integration:** The adoption of a **yarn-to-fabric dyeing process** reduced the need for raw material inventory while increasing value addition.
- **More Domestic Sales:** A focus on **job work** and domestic sales, which require less raw material, further lowered inventory needs.
- **Result:** Inventory days are projected to **decline**, reflecting more efficient inventory management relative to revenue.

Conclusion

The increase in inventory days over the historical periods is due to external factors (price fluctuations, geopolitical disruptions) and internal strategies (capacity utilization, product expansion). By FY 2025-26, inventory days are expected to decline due to forward integration and domestic market focus, indicating better efficiency and adaptability.

DETAILED RATIONALE FOR THE FLUCTUATION IN WORKING CAPITAL IN HISTORICAL PERIOD:

1. Stub Period (Ending September 30, 2024):

- **Bangladesh Disturbance:**

Riots in Bangladesh from **June to August 2024** caused disruptions in orders worth ₹20.38 crores. This resulted in:

- Higher inventory levels (Inventory turnover days increased from **159 to 253 days**).
- Delayed payments from Bangladesh, affecting trade receivables and further delaying payments to creditors.



- Despite the disruption, the company managed to maintain working capital consistent with FY 2023-24.

2. FY 2023-24:

- **Trading of Fabric:**
Company started trading of fabric in FY 2023-24 as part of market development which constituted 2% of total revenue from operations.
- **Increased Capacity Utilization:**
The capacity utilization of the dyeing machine increased from 75% in FY 2022-23 to 91% in FY 2023-24. This higher utilization drove a significant increase in revenue while optimizing resource use.

3. FY 2022-23:

- **Change in Payment Terms:**
The payment terms for orders from Bangladesh were extended from **90 days to 120 days**, transitioning from **LC at Sight payments** to a **deferred payment facility**. This caused:
 - An increase in trade receivable days from **26 to 57 days**, tying up more capital in receivables.
- **Inflated Cotton Prices:**
 - Rising cotton prices led to higher inventory values.
 - To hedge against further inflation, the company procured raw materials in bulk, increasing inventory holding.

4. FY 2021-22:

- **Favourable Payment Terms & Stable Market:**
 - Bangladesh payments were on **90-day terms** with **LC at Sight**, resulting in faster payment cycles and reduced receivables.
 - **Cotton prices were stable**, enabling the company to maintain lower inventory levels.

DETAILED RATIONALE FOR LOW WORKING CAPITAL REQUIREMENTS IN FY 2021-22:

Particulars	FY 2021-22	FY 2022-23
% of Inventory/Revenue from Operations	12%	30%
% of Trade receivables/ Revenue from operations	12%	15%
% of Trade Payable/ Revenue from operations	7%	9%

Reasons for:

Lower Inventory:

In FY 2021-22 inventories of the company was ₹2,549 lakhs which was increased to ₹4,883.64 in FY 2022-23. This was due to:

- **Fluctuation in cotton Prices:** In FY 2022-23, Cotton price faced major fluctuation from ₹43,010 as on 1st March 2022 to ₹62,180 as on 1st March, 2023 (Source: MCX). To mitigate price volatility risks, the company **strategically increased raw material procurement**, leading to higher inventory levels.
- **Inventory Valuation:** Given the price surge, inventory valued under the **FIFO (First-In-First-Out) method** was recorded at higher costs, further contributing to the increase in inventory value in FY 2023-24



Trade Receivables:

In FY 2021-22 Trade Receivables of the company was ₹2,651.39 lakhs which was decreased to ₹2,394.67 lakhs in FY 2022-23. Yet in terms of revenue from operations the same has been increased from 12% to 15%. This was due to:

- **Change in Payment terms:** In the FY 2021-22, export revenue Share 59% of our total sales, with 50% of those exports being executed through Advance Telegraphic transfer (TT) and L/C sight payments. This indicates that 75% of our business was based on Payment Received within 30 Days, resulting in a Less working capital requirement for that FY 2021-22.

In contrast, during the FY 2022-23, 80% of our exports Shifted to 120-day L/C terms due to buyer requirement, while only 20% remaining under L/C at sight and TT. Consequently, this shift has led to an increase in our working capital requirements for the year 2022-23.

Trade Payables:

In FY 2021-22 Trade payables of the company was ₹1,618.39 lakhs which was decreased to ₹1,460.83 in FY 2022-23. Yet In terms of Revenue from operations it has increased from 7% to 9%. This was due to:

- **Supplier Payment Extension:** As receivables were collected over longer durations (120-day L/Cs) in FY 2022-23, the company negotiated extended payment terms with suppliers. This was necessary to **maintain operational liquidity** and align supplier payments with incoming cash flows.

Conclusion:

From **FY 2022-23 to the Stub Period ending September 2024**, the company maintained a consistent working capital relative to revenue from operations. This consistency reflects the company's ability to manage disruptions, inflation, and changes in payment terms effectively. The unusually low working capital requirement in FY 2021-22 can be attributed to favourable payment terms and stable market conditions.

Detailed Rationale for the fluctuation in Working Capital in Estimated Period:

For FY 2024-25

Due to estimate increase in Revenue from operations for FY 2024-25 from FY 2023-24. This can be considered as nominal increase considering inflation and growth prospect of the company and further working capital is estimated to have a nominal increase 9.05%.

For FY 2025-26

Revenue from operations for FY 2025-26 is estimated to increase from FY 2024-25. This is attributed mainly for the following reasons:

Forward Integration: Company is expecting to install the fabric dyeing machinery in FY 2025-26, which will expand their operations from yarn dyeing to fabric dyeing, which will lead to more value addition with lesser inventory.

Increase in Yarn dyeing Capacity: As company is also planning to set more yarn dyeing machines from its IPO proceeds, it will increase its yarn dyeing capacity, which will in turn increase its revenue from operations.

Thus, due to expansion in operations, its working capital requirement will increase slightly majorly due to higher inventory maintenance leading to working capital requirement.



ABOUT THE COMPANY

OUR BUSINESS

ABOUT US

Our Promoters Mr. Rajesh Mittal and Mr. Virender Goyal has the experience of 28 and 33 years respectively in the industry of textile. Our Company offers the widest range of Raw white Yarns, Melange Yarns, Solid Top dyed Yarns, and Grey Fancy Yarns in Cotton, Polyester, Acrylic, Viscose, Tencel, Modal, and other Fibers. All Yarns are being offered with sustainability as the prime focus, in 100% Organic, Recycle Fibers (Polyester & Cotton) for a Green Environment and Conservation of natural resources.

The company's focus is on Innovation, Customer Orientation, R & D, Technology Up Gradation, Digitalization, ERP, Continuous Improvement, and Moving towards Green Energy. Our Company manufacture and sells its products like **Yarn, Technical Textile IFR, Fabrics, and Dyed Yarn.**

We are engaged in the manufacturing of Quality Melange Yarn for use in the household textile, woven goods, and hosiery.

The Company Objective is to cater the Top Line Customers Overseas and in India, who produce Garments for renowned Fashion Brands. Our production process begins with procurement of Raw material from the suppliers and processed the same in machine by mixing the different fabrics like cotton, polyester, viscos, acrylic and other fibers.

The Company Objective is to cater the Top Line Customers Overseas and in India, who produce Garments for renowned Fashion Brands.

BUSINESS LICENSE/CERTIFICATES

It is Hereby confirmed that the Business License/Certificates in the Business chapter shall be removed and appropriately updated in the Government Approval chapter.

RAW MATERIALS

Our company has sourced the raw materials from Domestic sources. The list of raw materials is as follows:

List of raw material (Fiber) Purchase

Sl. no.	Material	2021-22	2022-23	2023-24	For the stub period from April 1, 2024 to Sep 30, 2024	Amount in lacs
						place of procurement
1	Polyester Normal	931.55	573.44	728.81	304.70	India
2	Polyester Recycle	524.26	3901.68	1353.92	654.89	India
3	Viscose	525.32	553.55	118.25	120.43	India
4	Cotton	11466.13	5278.68	4826.40	2387.26	India
5	Acrylic	815.42	348.83	334.04	50.06	India
6	Others Fibers	13.96	159.21	3000.77	619.62	India
	Total	14276.64	10815.39	10362.19	4136.96	

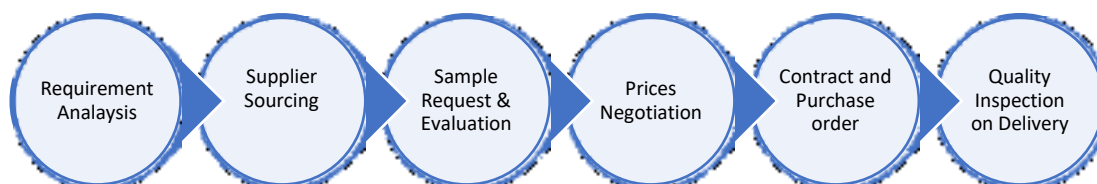
The Company carefully assess the reliability of all materials purchased to ensure that the regulatory and legal requirements are complied with, and they comply with the all quality and safety standards required for our



products. We work closely with our suppliers to help ensure availability and continuity of supply while maintaining quality and reliability and identifying any potential for improvement.

Generally, there are multiple sources that can supply the raw materials that we require. Our raw material sourcing is not dependent on a single source of supply and we have access to alternate sources for our procurement of raw materials. All raw materials and packing materials are easily available in India.

Procurement process



Key steps

- **Requirement Analysis** - Determine the type of fiber needed based on the desired yarn characteristics (strength, softness, drape). Consider factors like yarn count, intended end-use, and market demands
- **Supplier Sourcing** – Most of the cases Company have 2-3 suppliers of each type of Raw material which is mostly use for production and in case if there is any new Raw material requirement we repeat the process to find out new supplier and ask for quotation. Evaluation of supplier on their production capacity, quality, market reputation and past performance.
- **Sample Request and Evaluation** - Request fiber samples from shortlisted suppliers to assess quality attributes like micron, staple length, cleanliness, and color. Conduct laboratory testing to ensure fiber quality meets specifications.
- **Price Negotiation** – Discuss pricing with suppliers based on the fiber type, quality, quantity and delivery terms and payment terms.
- **Contract and Purchase order** - Finalize the purchase agreement with the chosen supplier, outlining key details like fiber type, quality standards, delivery schedule, and payment terms. After place a purchase order to the suppliers.
- **Quality Inspection on Delivery** – Conduct thorough quality checks on the delivered fiber batch to ensure compliance with agreed specifications. Reject or pass the material to accept in the store.

the Reason of Decrease in the cost of raw material in Last 3 Financial Years as comparatively: -

- In the financial year 2022-23, there was a notable decrease in both raw material consumption and revenue compared to 2021-22.
 - a) Revenue declined from 21,740 Lacs to 16,025 Lacs, representing a reduction of nearly 24%. Similarly, raw material consumption also experienced a decrease of 24%. The reduction in revenue for the financial year 2022-23 can largely be attributed to the rising cotton prices in India. This surge in cotton prices has resulted in increased production costs, leading to diminished profit margins that do not meet expected standards.



- b) Additionally, there has been a notable shift in domestic market demand towards polyester-based products, prompting us to adjust our production focus accordingly. As a result, the domestic market has experienced a transition from cotton-based yarns to polyester-based or blended alternatives. The prices of cotton-based products are nearly double those of polyester-based products. While the volume of supply remains relatively constant, the lower prices of polyester products have resulted in reduced revenue. This transition has also significantly impacted exports, which plummeted from 59% to 36% during the 2022-23 period.
- In the financial year 2023-24, raw material consumption saw a modest reduction of only 4.15% compared to the previous year, while revenue increased by 15%.
- a) This rise can be attributed to the contribution from other value-added products, such as dyed yarns and technical textiles.
- b) Additionally, it is important to consider the sales derived from job work, where raw material consumption is negligible in contrast to other spinning sales. For instance, producing 100 tons of yarn requires 125 tons of raw material, whereas job work incurs no raw material costs. In the stub period the company has generated the revenue through job worker approx. 40% of total dyed yarn.

In Stub period, our focus has shifted towards technical yarn, which offers higher value and comparatively lower raw material consumption than regular yarn.

END USERS

<i>Amount in Lakhs</i>									
Sl. No.	End Users	For the stub period from April 1, 2024 to Sep 30, 2024	% of revenue	For the period ended 31 st March, 2024	% of revenue	For the period ended 31 st March, 2023	% of revenue	For the period ended 31 st March, 2022	% of revenue
1	Domestic Customers (other than dealer**)	1,470.76	18.82	3,603.97	19	3,044.75	19	2,713.19	12
2	Dealers (Including domestic and overseas) *	3,710.06	47.47	8,535.74	45	7,211.24	45	6,137.29	28
3	Export Customers (other than dealer**)	2,634.55	33.71	6,828.68	36	5,768.99	36	12,889.83	59
	Total	7,815.37	100.00	18,968.38	100.00	16,024.98	100.00	21,740.31	100.00



*The company do not give any exclusive dealership for their product to anybody. they are working with dealers/traders who are regularly buying yarn from them and selling to their customers but there is no exclusive agreement between them regarding product or market.

** The term "Other than Dealers" refers to customers who process yarn, adding value to the product by converting it into fabrics and other items. In contrast, dealers are traders who purchase yarn from us and subsequently sell it to their own customers. Both groups are considered our customers, and direct billing is conducted for each.

Note: please note that top dealers for last 3 Financial year and for the stub period are same. Some of the names are also in our top ten customer list.

PRODUCT WISE REVENUE BREAKUP

Amount in lakhs

Sl. No .	Product	For the stub period from April 1, 2024 to Sep 30, 2024.	% of revenue	For the period ended 31 st March, 2024	% of revenue	For the period ended 31 st March, 2023	% of revenue	For the period ended 31 st March, 2022	% of revenue
1	Yarn*	6160.83	78.83%	18438.00	97.20%	16024.98	100%	21740.00	100%
2	Fabrics	131.84	1.69%	372.30	1.96%	Nil	Nil	Nil	Nil
3	Technical Textile IFR	172.00	2.20%	158.00	0.83%	Nil	Nil	Nil	Nil
4	Dyed Yarn	1079.00	13.81%	Nil	Nil	Nil	Nil	Nil	Nil
5	Others Products**	271.70	3.48%	Nil	Nil	Nil	Nil	Nil	Nil
	Total	7815.37	100.00 %	18968.3	100%	16024.98	100%	21740.00	100%

Note:

**Please be noted that yarn category is for all yarn, which included, all melanges, all blends and counts. We cannot mention it separately as yarn is as one product.*

***Other products are specialized products in which we mix two different blends fibers and convert into sliver form.*

Rationale for decrease in the revenue earned from yarn in the past three years and stub period:

1. The reduction in yarn revenue for the financial year 2022-23 can largely be attributed to the rising cotton prices in India. This surge in cotton prices has resulted in increased production costs, leading to diminished profit margins that do not meet expected standards. Additionally, there has been a notable shift in domestic market demand towards polyester-based products, prompting us to adjust our production focus accordingly. As a result, the domestic market has experienced a transition from cotton-based yarns to polyester-based or blended alternatives. The prices of cotton-based products are nearly double those of polyester-based products. While the volume of supply remains relatively constant, the lower prices of polyester products have resulted



in reduced revenue. This transition has also significantly impacted exports, which dropped from 59% to 36% during the 2022-23 period.

2. In contrast, the revenue from yarn in 2023-24 has shown an increase compared to the previous year, with exports rising by 10%. Moreover, during the stub period, the yarn business has not experienced a substantial decline, as both dyed yarn and other yarn types remain within the yarn category. Overall, the total business of the company has not been adversely affected, as we have introduced more value-added products, such as technical textiles and fabrics, which are expected to enhance revenue streams.
3. The decrease in Yarn in last 3 financial years does not have any negative impact on the sales and Profits as we have added some other value-added products like Fabrics, Technical Textile and other category as explained as other products which give more boost to company sales.

OUR PRODUCTS

FABRICS:

In fabrics company are trading in Single Jersey, Inter Lock and Rib fabrics and various customized fabrics as per the customer Demand.

- **Single jersey fabric** is a lightweight, stretchy, weft-knitted fabric that's often used for t-shirts
- **Interlock fabric** is a thick, double-knit fabric that's identical on both sides.
- **Rib fabrics** are characterized by their raised vertical lines, which create a unique ribbed texture. These fabrics are known for their exceptional elasticity

*Further, the company has given the yarn to job workers for manufacturing the fabric and traded the same on the trial basis to develop and for better understanding the fabric market.

Yarns for technical textiles and industrial uses:

Cedar Textile has diversified into the production of technical textile yarns utilizing multi-blend fibers, focusing on sustainable textiles and protective wear. We are now expanding our offerings to include home furnishings and apparel, particularly in women's and children's wear, with a specialization in Inherent Fire-Retardant (IFR) yarns and fabrics for both domestic and export markets.

Currently, we are successfully delivering fiber-dyed yarns, fabrics, and garments to our existing customers in the sectors of technical textiles, sustainability, and fiber production.



Technical Textile Yarn

In the context of Yarns "IFR" stands for "Inherently Flame Retardant". The meaning of the yarn itself is naturally resistant to fire without the need for additional chemical treatment to achieve flame retardancy.

Key Points about Technical Textile IFR:

No Extra Treatment Needed: Unlike regular flame retardant (FR) Yarns, IFR Yarns do not required any additional chemical application to be fire resistant.

Long-Lasting Flame Resistance: The Fire-Retardant properties of IFR yarns are permanent and will not wash out over time.



Common Materials: Polyester is often used to create IFR Yarns due to its inherent flame-retardant properties.

ORGANISATIONAL STRUCTURE

It is hereby confirmed that the organizational structure shall be removed from the Our Business Chapter.

PLANT AND MACHINERY

3. Biomass Pellets production Plant

In the stub period Company has installed Biomass Pellets production plant in the stub period for the trial basis. Since this is the beginning and Trial project for Cedar Textile Limited therefore they have basic machinery as under:

Sl. No.	Name of machines	No. of machines
1.	Shredder Machine	1
2.	Dust Collector	1
3.	Biomass Pellet Machines	2
4.	Hammer Machine	1

The Combine capacity of all above machine is around 22 MT (Metric Tonne) approx. per day but due to Maintenance and servicing time the capacity is coming around 20 MT Approx per day.

Process of Production

Shredding ➡ Hammer ➡ Dust Collector ➡ Pellet Making Machine

- **Shredder** – The purpose of a biomass shredder machine in the production of biomass pellets is to break down biomass materials into smaller pieces so that they can be further processed into biomass energy
- **Hammer** - A hammer mill is a machine that grinds biomass materials into small pieces so they can be used to make biomass pellets
- **Dust Collector** - A dust collector's purpose in biomass pellets is to capture and remove harmful particles and gas fumes, which can prevent accidents and improve worker safety
- **Pellet Machine** – all the material which cuts into small pieces put in the pellet machine to make the pellets.

I. Rationale for the installation of the Biomass Pallets production plant

The company has planned the installation of the Biomass Pellets production plant due to the following reasons:

1. **Sustainability and Environmental Benefits** – Biomass pellets provide a renewable and eco-friendly energy source, reducing carbon emissions compared to fossil fuels.
2. **Rising Demand for Renewable Energy** – The global and domestic push for clean energy has increased the demand for biomass pellets as an alternative fuel for industries and households.
3. **Utilization of Agricultural and Industrial Waste** – The plant will help convert agricultural residues, wood waste, and other biomass materials into valuable fuel, reducing waste disposal issues.



4. **Cost-Effective Energy Solution** – Biomass pellets offer a cost-efficient alternative to traditional fuels, helping industries and households save on energy costs.
5. **Government Incentives and Policies** – Many governments offer subsidies and tax benefits for renewable energy projects, making biomass production a profitable venture.

II. Below is the Cost and Profit Ratio of the Biomass Pellets project which is taken on the assumptions of 19.9 MT (19900 kg) per day.

Production and Cost Analysis:

Production Per Day (kg)	Production Per Month (kg)
19,900.00	5,97,000.00

1. Manufacturing cost per KG (INR Rupees):

Raw Material*	Power	Manpower	Spare Parts	Logistics and other	Total
2.00	0.70	1.00	0.50	1.20	5.40

*Raw Material is Mixture of Paddy Straw (Rice Residual, Sustainable material) / Turi (Wheat Residual)

2. Profit per KG

Selling Cost	Production Cost	Net Profit
7.00	5.40	1.60

3. Monthly Profit (taken on 19,900 kg per day)

Monthly Production (kg)	Selling Cost (INR)	Production Cost (INR)	Net Profit (INR)
5,97,000	41,79,000	32,23,800	9,56,100.00

4. Annual Cost and Benefit (taken on 19,900 kg per day)

Monthly Production (KG)	Selling Cost (INR)	Production Cost (INR)	Net Profit (INR)
71,64,000 kg	5,01,48,000.00	3,86,85,600.00	1,14,62,400

Annual Sale – Rs. 5,01,48,000.00

Annual Net Profit – Rs. 1,14,62,400.00

REPAIR AND MAINTAINANCE

We conduct weekly and quarterly repair and maintenance programs for our manufacturing facility. Our machinery and electrical repair teams carry out periodic maintenance and repair of the plant and machineries on as needed basis. In addition, our manufacturing facility is periodically inspected by our technicians.

It is planned and scheduled in such a way that it will not affect any production loss and does not have any Negative Impact and there are no such instances in the past as well.



HISTORY AND CERTAIN OTHER CORPORATE MATTERS

ADDRESS OF REGISTERED OFFICE AND BRANCH OFFICE

1	Registered Office	KSSIDC Plot No B-34, Industrial Estate, Yelahanka New Town, Bangalore, Bengaluru, Karnataka, India, 560064.
2	Manufacturing & Warehouse	Village Akbarpur, Ahmedgarh, Dist:Sangrur, Near Ludhiana, Punjab- 148021 (India)
3	Marketing Office	Eros City Square, Rosewood City Road 4th Floor, Office No. 413, Sector - 49 Gurugram, 122018 (Haryana)
4	Sales Office	422/2, Industrial Area – A, near Nahar Spinning Mil, Ludhiana

MAJOR EVENTS AND MILESTONES IN THE HISTORY OF THE COMPANY

Year	Key Events
2020	Company Founded by Rajesh Mittal, Virender Goyal, Bachangada Monnappa Saraswathi, Monnappa Nachappa Bachangada on 29, Sep 2020 and Company got certificate of Registration by Registrar of Companies, ROC Bangalore.
2020-2021	We received our first export order on 30-12-2020 a very first month we have started as Cedar Textile from Tex global PTE for the value of Rs. 41 L and First domestic order from Essel Industries on 24.12.2020 for Rs. 25L Approx
2021-22	we have achieved the highest sales this financial year where approx 60% revenue is of export.
2023-24	Installation of 2 MW Solar plant in the factory and successfully running the same and planning for second project as well.
2024	Company conversion of Public limited i.e from “Cedar Textile Private Limited” to “Cedar Textile Limited” and received its fresh certificate from Ministry of Corporate Affairs dated August 23, 2024



MANAGEMENTS' DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

FISCAL YEAR ENDED MARCH 31, 2023 COMPARED WITH THE FISCAL YEAR ENDED MARCH 31, 2022 (BASED ON RESTATED FINANCIAL STATEMENTS)

Revenues

◆ Revenue from operations

Revenue from Operations for the Financial Year 2022-23 stood at Rs.16,024.98 Lakhs. Whereas for the Financial Year 2021-22, it stood at 21,740.31 Lakhs representing decrease of 26.29% due to high cost of cotton from ₹ 43,010 as on March 1, 2022 to ₹62,180 as on March 1, 2023. This sudden increase majorly took place during the last quarter of the financial year leading to major decline in exports from 59.29% in FY 2021-22 to only 36% in FY 2022-23. High cost of cotton impacted its demand, but to keep the mill running it started dealing in more synthetic, nylon and polyester yarn, which makes less money.

The Reduction in the Revenue in FY 2022-23 is due to following detailed reasons:

- (i) Increase the price of raw material i.e. cotton, as cotton is a primary raw material in the textile, due to high prices of cotton the demand of cotton yarn was reduced;
- (ii) In view of that the company had changed the strategy of production and produced the product mix yarns, which consist of 50% of cotton & 50% polyester and sold more 100 % polyester yarn in the FY 2022-23;
- (iii) Polyester based yarns have a lower selling price (40 % less) than the cotton yarns which directly impacted the revenue;
- (iv) Despite, lower revenue net margins remained intact due to strategic shift in product mix.

Cotton and Polyester Fiber Purchase Comparison FY 2021-22 and FY 2022-23

Particulars	FY 2021-22	FY 2022-23	% Change
Cotton Purchase (MT)	1146613.28 MT	527867.96 MT	(53.96)
Polyester Fibre Purchase (MT)	145581.10 MT	447512.31 MT	207.40

- Purchase of Cotton was dropped by 50% reduced in 2022-23 as compared to 2021-22
- Purchase of Polyester is increase by more than 3 times in 2022-23 as compared to 2021-22

Sales during the FYs:

Particular	FY 2021-22	FY 2022-23	% change
Total Sale (in MT)	6852	6625	(3.31)
Total Production (in MT)	6315	6742	6.76

Even the sale quantity remains constant in the FY 2021-22 and 2022-23 revenue decreased due to lower sale price per kg.



SECTION VIII - ISSUE PROCEDURE ISSUE PROCEDURE

BASIS OF ALLOTMENT

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

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

Process for generating list of allottees: -

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