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# 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 144 of the RHP.

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 Chhillangiya, Company Secretary & Compliance Officer | Corporate Identity Number: U47820GJ2023PLC140106

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

THE ISSUE IS BEING MADE IN ACCORDANCE WITH CHAPTER IX OF THE SEBI ICDR REGULATIONS (IPO OF SMALL AND MEDIUM ENTERPRISES) AND THE EQUITY SHARES ARE PROPOSED TO BE LISTED ON SME PLATFORM OF NSE Limited (NSE EMERGE).

### THE ISSUE

INITIAL PUBLIC OFFER OF UPTO 18,72,000 EQUITY SHARES OF FACE VALUE OF ₹10/- EACH ("EQUITY SHARES") OF SHREE KARNI FABCOM LIMITED (THE "COMPANY" OR "SHREE KARNI" 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 93,600 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 17,78,400 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH, AT AN ISSUE PRICE OF ₹ [●] PER EQUITY SHARE FOR CASH, AGGREGATING UP TO ₹ [●] LACS IS HERINAFTER REFERRED TO AS THE "NET ISSUE". THE PUBLIC ISSUE AND NET ISSUE WILL CONSTITUTE 26.47% AND 25.15% RESPECTIVELY OF THE POST- ISSUE PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

- QIB PORTION: NOT MORE THAN 49.97% OF THE NET ISSUE
- RETAIL PORTION: NOT LESS THAN 35.02% OF THE NET ISSUE
- NON-INSTITUTIONAL PORTION: NOT LESS THAN 15.01% OF THE NET ISSUE
- MARKET MAKER PORTION: UPTO 93,600 EQUITY SHARES OR 5.00% OF THE ISSUE

**PRICE BAND: ₹ 220.00 TO ₹ 227.00 PER EQUITY SHARE OF FACE VALUE ₹ 10/- EACH.**  
**THE FLOOR PRICE IS 22.0 TIMES OF THE FACE VALUE AND**  
**THE CAP PRICE IS 22.7 TIMES OF THE FACE VALUE OF THE EQUITY SHARES.**  
**BIDS CAN BE MADE FOR A MINIMUM OF 600 EQUITY SHARES AND**  
**IN MULTIPLES OF 600 EQUITY SHARES THEREAFTER.**

### RISKS TO INVESTORS:

- We cannot assure you that the proposed manufacturing units for dyeing of fabrics and the unit for manufacturing bags will become operational as scheduled, or at all, or operate as efficiently as planned. If we are unable to commission our new manufacturing unit in a timely manner or without cost overruns, it may adversely affect our business, results of operations and financial condition.
- As on date we have not obtained any of the approvals, clearances and permissions as may be required from the relevant authorities for the proposed manufacturing units. In the event we are unable to obtain such approvals and permits, our business, results of operations, cash flows and financial condition could be adversely affected.
- Our expansion into new product categories and an increase in the number of products offered by us may expose us to new challenges and more risks.
- Our Company has a very limited operating history of dyeing operations, which will make it difficult for the investors to evaluate our historical performance or future prospects.
- We cannot assure that we shall be able to utilize our proposed manufacturing units to their full capacity or up to an optimum capacity, and non-utilisation of the same may lead to loss of profits or can result in losses, and may adversely affect our business, results of operations and financial condition.
- The Merchant Banker associated with the Issue has handled only 2 (two) public issue in the past three years.

• Average cost of acquisition of Equity Shares for the Promoters are as under:

NAME	WACA in ₹ per equity share
Manoj Kumar Karnani	2.00
Raj Kumar Agarwal	2.00
Rajiv Lakhota	2.00
Radhe Shyam Daga	2.00

- The Issue Price at the upper end of the Price Band is ₹ 227.00 per Equity Share.
- The Weighted average cost of acquisition compared to floor price and cap price:

Types of transactions	Weighted average cost of acquisition (₹ per Equity Shares)	Floor price (i.e. ₹ 80)	Cap price (i.e. ₹83)
WACA of Primary Issuance (except for bonus issue) (exceeding 5% of the pre issue capital)	NA*	NA*	NA*
WACA for secondary sale / acquisition (exceeding 5% of the pre issue capital)	NA*	NA*	NA*

\*As there were no primary Issuance of shares and /or secondary sale / acquisition in last 18 months from the date of this Red Herring Prospectus.

- The Weighted average cost of acquisition of all Equity Shares transacted in the last one year, 18 months and three years from the date of RHP is as given below:

Period	Weighted Average Cost of Acquisition (in ₹)	Upper end of the Price Band (₹ 227) is "X" times the weighted Average cost of Acquisition	Range of acquisition price: Lowest Price - Highest Price (in ₹)
Last 1 year	7.58	29.96	NIL ^ - 147.00
Last 3 years	NA*	NA*	NA*

^ By way of bonus issue.

\*A There were no secondary sale / acquisition of shares in last 18 months from the date of this Red Herring Prospectus.

### PROPOSED LISTING:

The Equity Shares offered through this Red Herring Prospectus are proposed to be listed on the Emerge Platform of the National Stock Exchange of India Limited ("NSE") in terms of the Chapter IX of the SEBI (ICDR) Regulations, 2018 as amended from time to time. Our Company has received an 'in-principle' approval letter dated February 23, 2024 from NSE for using its name in the Offer Documents for listing our shares on the Emerge Platform of NSE. For the purpose of this Issue, the Designated Stock Exchange will be NSE.

**DISCLAIMER CLAUSE OF SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI):** Since the Issue is being made in terms of Chapter IX of the SEBI (ICDR) Regulations, 2018, the Red Herring Prospectus has been filed with SEBI. In terms of the SEBI Regulations, the SEBI shall not issue any observation on the Offer Document. Hence there is no such specific disclaimer clause of SEBI. However, investors may refer to the entire Disclaimer Clause of SEBI beginning on page 233 of the Red Herring Prospectus.

**DISCLAIMER CLAUSE OF NSE EMERGE (THE DESIGNATED STOCK EXCHANGE):** It is to be distinctly understood that the permission given by NSE should not in any way be deemed or construed that the Offer Document has been cleared or approved by NSE nor does it certify the correctness or completeness of any of the contents of the Offer Document. The investors are advised to refer to the Offer Document for the full text of the 'Disclaimer Clause of NSE.

**CREDIT RATING:** This being the Issue of Equity Shares, no credit rating is required.

**DEBENTURE TRUSTEES:** As this is an Issue of Equity Shares, the appointment of Debenture trustees is not required.

**IPO GRADING:** Since this Issue is made in terms of Chapter IX of the SEBI (ICDR) Regulations, there is no requirement of appointing an IPO Grading Agency.

**AVAILABILITY OF RED HERRING PROSPECTUS:** Investors are advised to refer to the Red Herring Prospectus and the Risk Factors contained therein before applying in the Issue. Full copy of the Red Herring Prospectus is available on the website of Company at www.skflindia.com or at website of the BRLM at www.horizonmanagement.in or NSE EMERGE at www.nseindia.com and is expected to be available on the website of SEBI at www.sebi.gov.in.

**AVAILABILITY OF BID-CUM-APPLICATION FORMS:** 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; Horizon Management Private Limited, Telephone: +91 33 4600 0607; Email ID: smeipo@horizon.net.co, and at the selected locations of Registered Brokers, RTAs and CDPs participating in the Issue. Bid-cum-application Forms will also be available on the websites of NSE and the designated branches of SCSBs, the list of which is available at websites of the stock exchanges and SEBI.

### BASIS FOR ISSUE PRICE

The Issue Price will be determined by our Company in consultation with the BRLM, on the basis of the Book Building Process and the quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹10 each and the Floor Price is 22.0 times the face value at the lower end of the Price Band and 22.7 times the face value at the higher end of the Price Band. Investors should read the following summary with the section titled "Risk Factors", the details about our Company under the section titled "Our Business" and its financial statements under the section titled "Restated Financial Information" beginning on page 29, 116, and 167 respectively of the Red Herring Prospectus. The trading price of the Equity Shares of Our Company could decline due to these risks and the investor may lose all or part of his investment.

### Qualitative Factors

Some of the qualitative factors and our strengths which form the basis for computing the Issue Price are:

- Specialized technical textile manufacturers with long standing market presence
- Established track record
- Existing client and supplier relationships
- Quality Assurance and Quality Control of our products
- Strategically located manufacturing facilities with modern infrastructure and integrated manufacturing facilities with a core focus on quality
- Cost efficient sourcing and locational advantage
- Well experienced management team with proven project management and implementation skills

For further details, see "Risk Factors" and "Our Business" on pages 29 and 116, respectively.

### Quantitative Factors

The information presented in this section is derived from our Restated Financial Statements. For details, see "Financial Information" on page 167. Investors should evaluate our Company and form their decisions taking into consideration its earnings, and based on its growth strategy. Some of the quantitative factors which may form the basis for computing the Issue price are as follows:

### 1. Basic and Diluted Earnings per Share (EPS), as adjusted for changes in capital

Fiscal Year ended	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
March 31, 2023	11.10	11.10	3
March 31, 2022	51.48	51.48	2
March 31, 2021	15.35	15.35	1
<b>Weighted Average</b>	<b>25.27</b>	<b>25.27</b>	<b>6</b>
Eight months period ended November 30, 2023*	23.80	23.80	-

\*Not Annualised

(Continued from previous page...)

**Notes:**

- (1) Weighted average = Aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. (EPS x Weight) for each year/Total of weights
- (2) Basic Earnings per Equity Share (₹) = Restated profit for the period/year divided by Weighted average number of equity shares outstanding during the period/year, read with note 1 above
- (3) Diluted Earnings per Equity Share (₹) = Restated profit for the period/year divided by Weighted average number of diluted equity shares outstanding during the period/year, read with note 1 above
- (4) Earnings per Share calculations are in accordance with the notified Accounting Standard 20 'Earnings per share'. The face value of equity shares of the Company is ₹10/-.
- (5) The figures disclosed above are based on the Restated Financial Statements.

**2. Price / Earning (P/E) Ratio in relation to Issue Price of ₹ 220 to ₹ 227 per Equity Share:**

Particulars	P/E at the lower end of the price band (no. of times)	P/E at the higher end of the price band (no. of times)
a) P/E ratio based on Basic and Diluted EPS of ₹ 11.10 as at March 31, 2023	19.82	20.45
b) P/E ratio based on Weighted Average EPS of ₹25.27	8.71	8.98

**3. Industry Price / Earning (P/E) Ratio**

Particulars	P/E Ratio*
Highest	NA
Lowest	NA
Average Industry P/E	NA

\* We believe there is no listed company specifically comparable in the similar line of segments in which our Company operates and whose business segment in part or full may be comparable with that of our business. Thus the Industry PE Ratio is not available.

**4. Return on Networth ("RoNW")**

Year ended	RoNW (%)	Weight
March 31, 2023	21.34%	3
March 31, 2022	38.96%	2
March 31, 2021	22.87%	1
<b>Weighted Average</b>	<b>27.46%</b>	

Eight months period ended November 30, 2023\*

42.56%

\*Not Annualised

**Notes:**

- (1) Return on net worth (%) = Net profit after tax as restated, attributable to the owners of the company / Net worth as restated, including share capital and reserves and surplus, as stated at the end of the year
- (2) Net worth = Equity share capital + Reserves and surplus (including, Securities Premium, General Reserve and surplus in statement of profit and loss).

RoNW for the four months period ended November 30, 2023, are not annualised

**5. Net Asset Value\* (NAV) per Equity Share**

Particulars	₹
As on November 30, 2023	36.77
As on March 31, 2023	260.22
<b>NAV post issue:</b>	
At the lower end of the price band of ₹ 220.00	85.27
At the upper end of the price band of ₹ 227.00	87.13
Issue price per share	101*

\*Issue Price per Equity Share will be determined on conclusion of the Book Building Process.

**(Net Asset Value\* (NAV) calculated Post Dilution & Bonus Shares)**

- (1) Net Asset Value per Equity Share = Net worth as restated, including share capital and reserves and surplus, as restated at the end of the year / No. of equity shares outstanding at the end of the year
- (2) Basic earnings per share (₹) = Net profit after tax as restated for calculating basic EPS / Weighted average number of equity shares outstanding at the end of the period or year

**6. Comparison of Accounting Ratios with Industry Peers**

Name of the company	Consolidated/ Standalone	Face value (₹ per share) ^	Closing price on December 12, 2023 (₹ per share)	Revenue from Operations (₹ in Lakhs)	EPS (₹)		NAV (₹ per share)	P/E Ratio	RoNW (%)	PAT margin (%)	Market cap to Revenue from operation
					Basic	Diluted					
Shree Karni Fabcom Limited *	Consolidated	10	N.A.	12,694.65	11.10	11.10	260.22	N.A.	21.34%	4.37%	101*
<b>PEER GROUP</b>											
Nobletex Industries Limited	Standalone	10	N.A.	17,828.68	19.17	19.17	88.94	N.A.	24.16%	4.64%	N.A.

\*Financial information for our Company is derived from the Restated Financial Statements as at and for the Fiscal 2023.

#Will be updated in the Prospectus.

Source: All the financial information for unlisted industry peer mentioned above is sourced from the annual report of the relevant companies for Fiscal 2023, as available on the websites of the MCA.

**7. The Issue Price is [●] times of the Face Value of the Equity Shares.**

The price band/floor price/issue price will be determined by the issuer in consultation with the BRLM, on the basis of book-building on the basis of assessment of the market demand from investors for the Equity Shares and shall be justified in view of the above qualitative and quantitative parameters. Investors should read the above-mentioned information along with "Risk Factors", "Our Business" and "Financial Information" on pages 29, 116 and 167, respectively, to have a more informed view. The trading price of the Equity Shares of our Company could decline due to the factors mentioned in "Risk Factors" and you may lose all or part of your investments.

Some of the key performance indicators which may form the basis for computing the Issue Price are as follows:

Key Financial Performance	November 30, 2023*	March 31, 2023*	March 31, 2022*	March 31, 2021*
		(₹ in Lakhs)	(₹ in Lakhs)	(₹ in Lakhs)
Revenue from Operations <sup>(1)</sup>	7,572.22	12,694.65	8,357.36	3,287.42
Total Revenue <sup>(2)</sup>	7,599.48	12,704.05	8,365.18	3,289.86
EBITDA <sup>(3)</sup>	1,440.27	1,519.16	828.14	380.51
PAT <sup>(4)</sup>	813.83	555.25	514.84	153.48
Net Worth <sup>(5)</sup>	1,912.17	2,602.24	1,321.61	671.23
Debt To Equity Ratio <sup>(6)</sup>	4.97	1.41	2.06	2.16
Current Ratio <sup>(7)</sup>	0.84	1.46	1.55	1.97

\*Not annualised

**Notes**

- 1. Revenue from operation means revenue from sales, service and other operating revenues
- 2. Total Revenue means consolidated income of revenue from operation plus other incomes.
- 3. EBITDA is calculated as Profit before tax + Depreciation + Interest Expenses - Other Income
- 4. PAT is calculated as Profit before tax - Tax Expenses.
- 5. Net worth means total assets minus total liabilities
- 6. Debt to equity ratio means total debt divide by its total shareholders' equity.
- 7. Current ratio means total current assets divided by total liabilities..

**Key Performance Indicators**

Key Performance Indicators (KPIs) are imperative to the Financial and Operational performance evaluation of the company. However, KPIs disclosed below shall not be considered in isolation or as substitute to the Restated Consolidated Financial information. In the opinion of our Management the KPIs disclosed below shall be supplementary tool to the investor for evaluation of the company.

The KPIs disclosed below have been approved by a resolution of our Audit Committee dated December 12, 2023 and the members of the Audit Committee have verified the details of all KPIs pertaining to the Company. Further, the members of the Audit Committee have confirmed that there are no KPIs pertaining to our Company that have been disclosed to any investors at any point of time during the three years period prior to the date of filing of the Draft Red Herring Prospectus. Further, the KPIs herein have been certified by M/s. Baid Agarwal Singh & Co., Chartered Accountants, by their certificate dated December 12, 2023.

The KPIs of our Company have been disclosed in the sections titled "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations - Key Performance Indicators" on pages 116 and 209 of the RHP respectively. We have described and defined the KPIs, as applicable, in "Definitions and Abbreviations" on page 6 of the RHP.

Our Company confirms that it shall continue to disclose all the KPIs included in this section on a periodic basis, at least once in a year (or any lesser period as determined by the Board of our Company), for a duration of one year after the date of listing of the Equity Shares on the Stock Exchange or till the complete utilization of the proceeds of the Fresh Issue as per the disclosure made in the Objects of the Offer Section, whichever is later or for such other duration as may be required under the SEBI (ICDR) Regulations, 2018.

**Key Performance Indicators of our Company**

Key Performance Indicators	Eight months period ended November 30, 2023*	March 31, 2023	March 31, 2022	March 31, 2021
Revenue from Operations	7,572.22	12,694.65	8,357.36	3,287.42
EBITDA(1)	1,440.27	1,519.16	828.14	380.51
EBITDA Margin(2)(3)	19.02%	11.97%	9.91%	11.57%
Profit After Tax for the Year / Period	813.83	555.25	514.84	153.48
PAT Margin(4)	10.75%	4.37%	6.16%	4.67%
ROE(5)	42.56%	21.34%	38.96%	22.87%
ROCE(6)	11.34%	21.83%	19.20%	16.80%
Net Debt/ EBITDA(7)	6.52	2.38	3.27	3.68

\*Not annualised for the three months period ended November 30, 2023.

**Notes**

- 1. EBITDA means Earnings before interest, taxes, depreciation and amortisation expense, is calculated as profit before tax/ (loss) before extraordinary item for the period/year and adding back finance costs, and depreciation & amortisation expenses.
- 2. EBIT means Earnings before interest and tax, and is calculated as profit before tax/ (loss) before extraordinary item for the period/year and adding back finance cost.
- 3. EBITDA Margin is calculated as EBITDA as a percentage of Revenue from operations.
- 4. PAT Margin is calculated as profit after tax for the year / period as a percentage of Revenue from operations.
- 5. Return on Equity (ROE) is calculated as profit after tax for the year/period divided by Total Equity.
- 6. Return on Capital Employed (ROCE) is calculated as EBIT divided by Capital Employed. Capital Employed is calculated as total assets less total current liabilities as at the end of the period/year.
- 7. Net Debt/ EBITDA: Net Debt is calculated as total borrowings (including lease liabilities) less cash and cash equivalents and bank balances other than cash and cash equivalents as at the end of the period/year divided by EBITDA.

**Explanation for KPI metrics**

KPI	Explanations
Revenue from Operations (₹ in Lakhs)	Revenue from Operations is used by our management to track the revenue profile of the business and in turn helps assess the overall financial performance of our Company and size of our business.
EBITDA (₹ in Lakhs)	EBITDA provides information regarding the operational efficiency of the business.
EBITDA Margin (%)	EBITDA Margin is an indicator of the operational profitability and financial performance of our business.
Profit After Tax (₹ in Lakhs)	Profit after tax provides information regarding the overall profitability of the business.
PAT Margin (%)	PAT Margin is an indicator of the overall profitability and financial performance of our business.
RoE (%)	RoE provides how efficiently our Company generates profits from average shareholders' funds.
RoCE (%)	ROCE provides how efficiently our Company generates earnings from the average capital employed in the business.
Net Debt/ EBITDA (In Times)	Net Debt by EBITDA is indicator of the efficiency with which our Company is able to leverage its debt service obligation to EBITDA.

**Comparison the Key Performance Indicators with our listed peers:**

(₹ in lakhs) (As on March 31, 2023)

Key Performance Indicators	Nobletex Industries Limited*
Revenue from Operations	17,828.68
EBITDA(1)	1,601.70
EBITDA Margin(3)	8.99%
Profit After Tax for the Year	835.83
PAT Margin(4)	4.64%
ROE(5)	21.16%
ROCE(6)	24.68%
Net Debt/ EBITDA(7)	2.11

Source: \*As certified by the Statutory Auditor vide their certificate dated December 12, 2023.

KPIs disclosed above has been approved by the Audit Committee of the Company in their meeting held on dated December 12, 2023.

**Notes:**

- 1. EBITDA means Earnings before interest, taxes, depreciation and amortisation expense, is calculated as profit before tax/ (loss) before extraordinary item for the period/year and adding back finance costs, and depreciation & amortisation expenses.
- 2. EBIT means Earnings before interest and tax, and is calculated as profit before tax/ (loss) before extraordinary item for the period/year and adding back finance cost.
- 3. EBITDA Margin is calculated as EBITDA as a percentage of Revenue from operations.
- 4. PAT Margin is calculated as profit after tax for the year / period as a percentage of Revenue from operations.
- 5. Return on Equity (ROE) is calculated as profit after tax for the year/period divided by Total Equity.
- 6. Return on Capital Employed (ROCE) is calculated as EBIT divided by Capital Employed. Capital Employed is calculated as total assets less total current liabilities as at the end of the period/year.
- 7. Net Debt/ EBITDA: Net Debt is calculated as total borrowings (including lease liabilities) less cash and cash equivalents and bank balances other than cash and cash equivalents as at the end of the period/year divided by EBITDA.

**OPERATIONAL KPIs OF THE COMPANY:**

Particulars	For the Year ended on March 31		
	2023	2022	2021
<b>Capacity Utilisation</b>			
Installed Capacity (MTPA)	9,45,000	4,80,000	1,80,000
Actual Production (MTPA)	6,71,000	2,74,000	1,70,000
Capacity Utilization (In %)	71.00%	57.00%	94.44%
<b>Contribution to revenue from operations of top 5 / 10 customers</b>			
Top 5 Customers (%)	43.54%	50.88%	44.59%
Top 10 Customers (%)	61.12%	68.52%	72.96%

**Explanation for KPI metrics:**

KPI	Explanations
Contribution to revenue from operations of top 5 / 10 customers	This metric enables us to track the contribution of our key customers to our revenue and also assess any concentration risks.

**COMPARISON OF OPERATIONAL KPIs OF OUR COMPANY AND OUR LISTED PEER:**

The operational KPIs of the unlisted peer are not publicly available.

**WEIGHTED AVERAGE COST OF ACQUISITION:**

**a) The price per share of our Company based on the primary/ new issue of shares (equity / convertible securities).**

There have been no issuance of Equity Shares, excluding shares issued as bonus shares, during the 18 months preceding the date of this Draft Red Herring Prospectus, where such issuance is equal to or more than 5% of the fully diluted paid-up share capital of the Company (calculated based on the pre-issue capital before such transaction(s)), in a single transaction or multiple transactions combined together over a span of 30 days.

**b) The price per share of our Company based on the secondary sale / acquisition of shares (equity / convertible securities).**

There have been no secondary sale / acquisitions of Equity Shares or convertible securities, where the promoters, members of the promoter group or shareholder(s) having the right to nominate director(s) in the board of directors of the Company are a party to the transaction (excluding gifts), during the 18 months preceding the date of this Draft Red Herring Prospectus, where either acquisition or sale is equal to or more than 5% of the fully diluted paid up share capital of the Company (calculated based on the pre-issue capital before such transaction(s) and excluding employee stock options granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days.

**c) Price per share based on the last five primary or secondary transactions;**

Since there are no transactions to report to under (a) or (b) above, therefore, information based on last 5 primary or secondary transactions (secondary transactions where Promoter / Promoter Group entities or shareholder(s), not older than 3 years prior to the date of this Draft Red Herring Prospectus, irrespective of the size of transactions is not required, are not applicable.

Description on the historic use of the KPIs by us to analyze, track or monitor our operational and/or financial performance in evaluating our business, we consider and use certain KPIs, as stated above, as a supplemental measure to review and assess our financial and operating performance.

The presentation of these KPIs is not intended to be considered in isolation or as a substitute for the Restated Financial Information. We use these KPIs to evaluate our financial and operating performance. These KPIs have limitations as analytical tools. Further, these KPIs may differ from the similar information used by other companies and hence their comparability may be limited. Therefore, these metrics should not be considered in isolation or construed as an alternative to GAAP measures of performance or as an indicator of our operating performance, liquidity or results of operation. Although these KPIs are not a measure of performance calculated in accordance with applicable accounting standards, our management believes that it provides an additional tool for investors to use in evaluating our ongoing operating results and trends and in comparing our financial results with other companies in our industry because it provides consistency and comparability with past financial performance, when taken collectively with financial measures prepared in accordance with GAAP. Investors are encouraged to review GAAP financial measures and to not rely on any single financial or operational metric to evaluate our business.

For further details, please see the chapter titled "Basis for Issue Price" beginning on page 96 of the Red Herring Prospectus

BID/ISSUE OPENS FOR ANCHOR INVESTORS ON :  
TUESDAY, MARCH 5, 2024

BID/ISSUE OPENS ON : WEDNESDAY, MARCH 6, 2024

BID/ISSUE CLOSING ON \*\*: MONDAY, MARCH 11, 2024

\*\*Our Company may 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.

In case of any revision in the Price Band, the Bid/Issue Period shall be extended for at least three additional Working Days after such revision of the Price Band, subject to the total Bid/Issue Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company may, for reasons to be recorded in writing extend the Bid/Issue Period for a minimum of three Working Days, subject to the Bid/Issue Period not exceeding 10 Working Days. Any revision in the Price Band, and the revised Bid/Issue Period, if applicable, shall be widely disseminated by notification to the Stock Exchange by issuing a press release and also by indicating the change on the website of the BRLM and at the terminals of the Members of the Syndicate and by intimation to Designated Intermediaries and Sponsor Bank as applicable.

This Issue is being made through the Book Building Process, in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended ("SCRR") read with Regulation 229(2) of the SEBI ICDR Regulations of the SEBI ICDR Regulations, wherein not more than 49.97 of the Net Issue shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs") (the "QIB Portion"). Further, 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining QIB Portion for proportionate allocation to QIBs. Further, not less than 15.01% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35.02% of the Net Issue shall be available for allocation to Retail Individual Investors in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Issue Price. All Bidders are required to participate in the Issue by mandatorily utilizing the Application Supported by Blocked Amount ("ASBA") process by providing details of their respective ASBA Account (as defined hereinafter) in which the corresponding Bid Amounts will be blocked by the Self Certified Syndicate Banks ("SCSBs") or under the UPI Mechanism, as the case may be, to the extent of respective Bid Amounts. For details, see "Issue Procedure" on page 251 of the Red Herring Prospectus.

Bidders / Applicants should note that on the basis of PAN, DP ID and Client ID as provided in the Bid cum Application Form, the Bidders/Applicants may be deemed to have authorized the Depositories to provide to the Registrar to the Issue, any requested Demographic Details of the Bidders/Applicants as available on the records of the depositories. These Demographic Details may be used, among other things, for or unblocking of ASBA Account or for other correspondence(s) related to an Issue. Bidders/Applicants are advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Applicants' sole risk. Bidders/Applicants should ensure that PAN, DP ID and the Client ID are correctly filled in the Bid cum Application Form. The PAN, DP ID and Client ID provided in the Bid cum Application Form should match with the PAN, DP ID and Client ID available in the Depository database, otherwise, the Bid cum Application Form is liable to be rejected. Bidders/Applicants should ensure that the beneficiary account provided in the Bid cum Application Form is active.

CONTENTS OF THE MEMORANDUM OF ASSOCIATION OF THE COMPANY AS REGARDS ITS OBJECTS: For information on the main objects and other objects of our Company, see "History and Certain Corporate Matters" on page 144 of the Red Herring Prospectus and Clause III of the Memorandum of Association of our Company. The Memorandum of Association of our Company is a material document for inspection in relation to the Issue. For further details, see the section "Material Contracts and Documents for Inspection" on page 308 of the Red Herring Prospectus.

LIABILITY OF MEMBERS AS PER MEMORANDUM OF ASSOCIATION: The Liability of the members of the Company is Limited.

AMOUNT OF SHARE CAPITAL OF THE COMPANY AND CAPITAL STRUCTURE: The Authorised share capital of the Company is ₹ 8,00,00,000 consisting of 80,00,000 Equity Shares of ₹ 10 each. The issued, subscribed and paid-up share capital of the Company before the Issue is ₹ 5,20,00,000 divided into 52,00,000 Equity Shares of ₹10 each. For details of the Capital Structure, see "Capital Structure" on the page 71 of the Red Herring Prospectus.

NAMES OF THE SIGNATORIES TO THE MEMORANDUM OF ASSOCIATION OF THE COMPANY AND THE NUMBER OF EQUITY SHARES SUBSCRIBED BY THEM: Given below are the names of the signatories of the Memorandum of Association of the Company and the number of Equity Shares subscribed for by them at the time of signing of the Memorandum of Association of our Company:

Name of the subscriber	No. of shares subscribed
Manoj Kumar Karnani	2,50,000 Equity Shares
Raj Kumar Agarwal	2,50,000 Equity Shares
Rajiv Lakhota	2,50,000 Equity Shares
Radhya Shyam Daga	2,50,000 Equity Shares

Details of the main objects of the Company as contained in the Memorandum of Association, see "History and Certain Corporate Matters" on page 144 of the Red Herring Prospectus. For details of the share capital and capital structure of the Company see "Capital Structure" on page 71 of the Red Herring Prospectus.

GENERAL RISK: Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the 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 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 contents of the Red Herring Prospectus. Specific attention of the investors is invited to the section titled "Risk Factors" on page 29 of the Red Herring Prospectus.

<b>ASBA*</b>	<b>Simple, Safe, Smart way of Application- Make use of it!!!</b>	*Application Supported by Blocked Amount (ASBA) is a better way of applying to issues by simply blocking the fund in the bank account, investors can avail the same. For further details check section on ASBA below.	<b>Mandatory in Public Issues from January 1, 2016. No cheque will be accepted.</b>
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	<b>UPI – Now mandatory in ASBA for Retail Investors applying through Registered Brokers, DPs &amp; RTAs. Retail Investors also have the options to submit the application directly to the ASBA Bank (SCSBs) or to use the facility of linked online trading, demat and bank account. ** Investors are required to ensure that the Bank Account used for applying is linked to their PAN.</b>
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**UPI-Now available in ASBA for Retail Individual Investors (RII)\*\***

Investors are required to ensure that the bank account used for bidding is linked to their PAN. UPI – Now available in ASBA for RIIs applying through Registered Brokers, DPs & RTAs. RIIs also have the option to submit the application directly to the ASBA Bank (SCSBs) or to use the facility of linked online trading, demat and bank account. Investors have to apply through the ASBA process "ASBA has to be availed by all the investors except anchor investor. UPI may be availed by Retail Individual Investors. For details on the ASBA and the UPI process, please refer to the details given in ASBA form and abridged prospectus and also please refer to the section "Issue Procedure" beginning on page 251 of the RHP. The process is also available on the website of Association of Investment Bankers of India ("AIBI"), the Stock Exchanges and in the General Information Document.

\*ASBA forms can be downloaded from the website of NSE

\*\*List of banks supporting UPI is also available on the website of SEBI at www.sebi.gov.in. Axis Bank Limited has been appointed as Sponsor Banks for the Issue, in accordance with the requirements of the SEBI circular dated November 1, 2018, as amended. For UPI related queries, investors can contact NPCI at the toll free number-18001201740 and Mail Id- ipo.upi@npci.org.in.

\* For the list of UPI Apps and Banks live on IPO, please refer to the link www.sebi.gov.in. For issue related grievance investors may contact: Horizon Management Private Limited - Manav Goenka (+91 33 4600 0607) (Email Id: investor.relations@horizon.net.co).

BOOK RUNNING LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE	COMPANY SECRETARY AND COMPLIANCE OFFICER
 <b>Horizon Management Private Limited</b> 19 R N Mukherjee Road, Main Building, 2nd Floor, Kolkata- 700 001, West Bengal, India. <b>Telephone:</b> +91 33 4600 0607 <b>Facsimile:</b> +91 33 4600 0607 <b>Email ID:</b> smeipo@horizon.net.co <b>Website:</b> www.horizonmanagement.in <b>Investor Grievance ID:</b> investor.relations@horizon.net.co <b>Contact Person:</b> Manav Goenka <b>SEBI Registration Number:</b> INM000012926	 <b>MAS Services Limited</b> T-34, 2nd Floor, Okhla Industrial Area, Phase - II, New Delhi -110 020, Delhi, India; <b>Telephone:</b> +91 112 638 7281/83, 4132 0335 <b>Facsimile:</b> +91 112 638 7384 <b>Email ID:</b> info@masserv.com <b>Website:</b> www.masserv.com <b>Investor grievance:</b> investor@masserv.com <b>Contact Person:</b> N C Pal <b>SEBI Registration:</b> INR 000000049 <b>Validity:</b> Permanent	 <b>SHREE KARNI FABCOM LIMITED</b> Jyoti Chitlangiya, Company Secretary & Compliance Officer Plot 188, 189, 190, Block No. 314, Rajhans Texpa, Village Baleshvar, Taluka Palsana, Surat - 394 317, Gujarat, India; <b>Tel:</b> +91 262 235 0900; <b>E-mail:</b> shreekarni@skfindia.com   <b>Website:</b> www.skfindia.com <b>CIN:</b> U47820GJ2023PLC140106 Bidders are advised to contact the Company Secretary and Compliance Officer, the BRLM and/or the Registrar to the Issue in case of any pre-issue or post-Issue related problems such as non-receipt of letters of Allotment, credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of funds by electronic mode etc.

(Continued from previous page...)

**ESCROW COLLECTION BANK/ REFUND BANK/ PUBLIC ISSUE ACCOUNT BANK/ SPONSOR BANK:** Axis Bank Limited

**LINK TO DOWNLOAD RED HERRING PROSPECTUS:** [https://skflindia.com/wp-content/uploads/2023/12/Shree\\_Karni\\_Fabcom\\_Limited-RHP.pdf](https://skflindia.com/wp-content/uploads/2023/12/Shree_Karni_Fabcom_Limited-RHP.pdf)

**UPI:** Retail Individual Bidders can also Bid through UPI Mechanism.

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

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

**SME:**

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 <sup>th</sup> calendar days from listing*		+/- % change in Price on closing price, [+/- % change in closing benchmark]- 90 <sup>th</sup> calendar days from listing*		+/- % change in Price on closing price, [+/- % change in closing benchmark]- 180 <sup>th</sup> calendar days from listing*	
1.	Cosmic CRF Limited	57.21	314	June 30, 2023	251.20	3.54%	2.80%	(1.83%)	1.71%	77.58%	11.31%
2.	Baba Food Processing (India) Limited	32.88	76	November 15, 2023	76.00	(11.58)	7.66%	(24.38%)	10.51%	NA	NA

**Summary Statement of Disclosure**

Financial Year	Total no. of IPOs	Total Funds Raised (₹ in Cr.)	Nos. of IPOs trading at discount - 30 <sup>th</sup> calendar day from listing day*			Nos. of IPOs trading at premium - 30 <sup>th</sup> calendar day from listing day*			Nos. of IPOs trading at discount - 180 <sup>th</sup> calendar day from listing day*			Nos. of IPOs trading at discount - 180 <sup>th</sup> calendar day from listing day*		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2022-2023	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	
2023-2024	2	90.01	N.A	2	N.A	N.A	N.A	N.A	N.A	1	1	N.A	N.A	

**Notes:**

1. In the event any day falls on a holiday, the price/index of the immediate preceding working day has been considered. If the stock was not traded on the said calendar days from the date of listing, the share price is taken of the immediately preceding trading day.

2. Source: [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com)

**Track record of past issues handled by the Book Running Lead Manager**

For details regarding the track record of the Book Running Lead Manager to the Issue as specified in Circular reference CIR/MIRSD/1/ 2012 dated January 10, 2012 issued by the SEBI, please refer the website of Lead Manager at [www.horizonmanagement.in](http://www.horizonmanagement.in).

**All capitalized terms used herein and not specifically defined shall have the same meaning as ascribed to them in the Red Herring Prospectus.**

For **SHREE KARNI FABCOM LIMITED**

Sd/-

Rajiv Lakhotia

Managing Director

**Place:** Surat

**Date:** February 28, 2024

**Disclaimer:** Shree Karni Fabcom Limited is proposing, subject to applicable statutory and regulatory requirements, receipt of requisite approvals, market conditions and other considerations, to make an initial public offer of its Equity Shares and has filed the RHP with the Registrar of Companies, Ahmedabad, Gujrat, on February 27, 2024, and thereafter with SEBI and the Stock Exchange. The RHP is available on the website of SEBI at [www.sebi.gov.in](http://www.sebi.gov.in), NSE at [www.nseindia.com](http://www.nseindia.com) and is available on the website of the BRLM at [www.horizonmanagement.in](http://www.horizonmanagement.in). Any potential investors should note that investment in equity shares involves a high degree of risk and for details relating to the same, please refer to the RHP including the section titled "Risk Factors" beginning on page 22 of the Red Herring Prospectus.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or any state securities laws in the United States, and unless so registered, and may not be issued or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with any applicable U.S. state securities laws. The Equity Shares are being issued and sold outside the United States in 'offshore transactions' in reliance on Regulation "S" under the Securities Act and the applicable laws of each jurisdiction where such issues and sales are made. There will be no public offering in the United States.