

SANATHAN TEXTILES LIMITED



Tentative Timetable

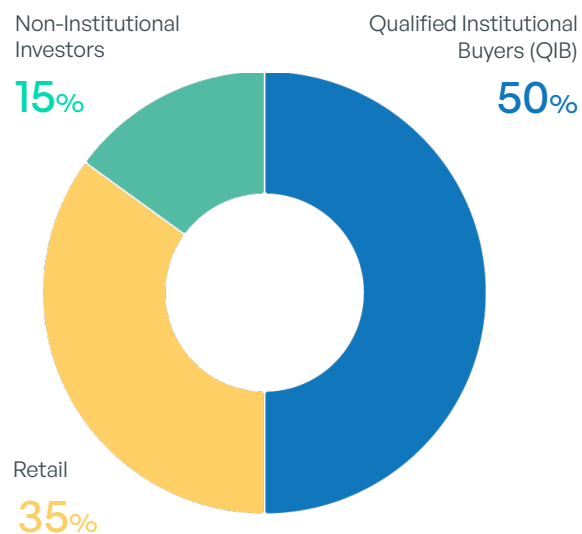
Basis of Allotment Date	December 24, 2024
Initiation of Refunds	December 26, 2024
Credit of Shares to Demat Account	December 26, 2024
IPO Listing Date	December 27, 2024

Application Structure

Application	Lot	Shares	Amount
Retail (Min)	1	46	14,766
Retail (Max)	13	598	1,91,958

Book Running Lead Managers

DAM Capital Advisors Limited
ICICI Securities Limited



Registrar

Kfin Technologies Limited



Company Background

Sanathan Textiles Ltd has presence across polyester, cotton and technical textile sectors (which find application in multiple end-use segments including automotive, healthcare, construction, sports and outdoor, and protective clothing). Based on operating income, Sanathan Textiles had a market share of 1.7% in the overall Indian textile yarn industry as of Fiscal 2024. The business is divided into three separate yarn business verticals, consisting of: (a) Polyester yarn products; (b) Cotton yarn products; and (c) Yarns for technical textiles and industrial uses. As on September 30, 2024, the company has more than 3,200 active varieties of yarn products and more than 45,000 stock keeping units (SKUs). The company has capability to manufacture a diversified product portfolio of more than 14,000 varieties of yarn products and more than 190,000 SKUs that are used in various forms and for varied end uses.

The company also has a high share of value-added products such as dope dyed, superfine/micro, functional, industrial and technical yarn, cationic dyeable and specialty yarn which are produced after extensive in-house research. These value added products are tailor-made to customer requirements. While revenue from domestic sales is the largest component of revenue from operations, exports share in revenue from operations during quarter ended June 30, 2024 constituted 3.43%.

Additionally, Sanathan Textiles Ltd. has acquired 80 acres of land in Wazirabad, Punjab, where the company is in the advanced stage of commissioning a Greenfield manufacturing facility (Punjab Manufacturing Facility), through Sanathan Polycot Private Limited, one of the wholly owned subsidiaries. The Punjab Manufacturing Facility will be set up solely for manufacturing polyester yarn products.

Objects of the Issue

The company proposes utilizing the Net Proceeds towards funding the following objects:

- Repayment and/ or pre-payment, in full or part, of certain borrowings availed by the Company.
- Investment in the subsidiary, viz. Sanathan Polycot Private Limited, for repayment and/or prepayment, in full or in part, of certain borrowings availed by their subsidiary, viz. Sanathan Polycot Private Limited.
- General corporate purposes.

Strengths

- Fully integrated Yarn manufacturing plant set up at a strategic location with equipment supplied by domestic and globally renowned players.
- Long standing association with leading consumer brands with a low customer concentration.
- Deep knowledge and understanding of optimal product assortment and strong supplier network enabling procurement at predictable and competitive pricing, leading to an overall efficient cycle.
- Experienced management team with a proven track record.

Risks

- High working capital requirement and inability to raise sufficient working capital, the operations of the company will be adversely affected.
- Large portion of company's raw materials is imported from international suppliers. Any adverse foreign exchange fluctuation or restriction on the sourcing from certain countries could increase the cost of operations and affect profitability.
- No long term agreements for supply of raw materials. Unable to procure raw materials of required quality and quantity, the business, results of operations may be adversely affected.
- Revenue from operations and PAT Margin of the company has reduced in Fiscal 2024 as compared to Fiscal 2023. Unable to maintain or increase the revenue, profit and profit margin, could have an adverse effect on business.

Profit and Loss

Particulars	For the year/period ended (in Rs Mn)			
	Q1 FY25	FY24	FY23	FY22
Revenue from Operation	7,811.28	29,575.04	33,292.13	31,853.20
Other Income	66.33	223.00	158.06	161.40
Total Income	7,877.61	29,798.04	33,450.19	32,014.60
EBITDA	764.38	2,265.81	2,595.30	5,376.12
EBITDA Margin (%)	9.79	7.66	7.80	16.88
Profit Before Tax	667.71	1,814.08	2,094.32	4,791.22
Tax	166.98	475.60	566.91	1,236.80
Profit After Tax	500.73	1,338.48	1,527.41	3,554.42

CA & CL Key Parameters

Particulars	For the year/period ended (in Rs Mn)			
	Q1 FY25	FY24	FY23	FY22
Current Assets				
Trade receivables	1,571.27	1,256.80	1,417.43	1,361.90
Cash and cash equivalents	716.36	1,014.04	1,063.36	787.58
Other current assets	1,776.34	1,682.03	1,038.92	1,437.61
Current Liabilities				
Trade Payables	4,321.35	4,369.46	3,773.16	3,376.23
Other financial Liabilities	90.91	73.41	68.20	73.20

Debt Matrices

Particulars	For the year/period ended (in Rs Mn)			
	Q1 FY25	FY24	FY23	FY22
Long Term Borrowing	6,072.65	3,372.01	2,216.41	2,800.20
Short Term Borrowing	376.62	426.81	593.61	981.70
TOTAL	6,449.27	3,798.82	2,810.02	3,781.90

Cash Flows

Particulars	For the year/period ended (in Rs Mn)			
	Q1 FY25	FY24	FY23	FY22
CFO	300.48	1,917.36	3,623.12	2,945.59
CFI	-2,984.70	-2,452.94	-2,350.55	-1,141.85
OFF	2,566.77	744.71	-1,261.65	-1,989.87

Our View

Increasing demand for apparel from the fashion industry coupled with the growth of e-commerce platforms is expected to drive the market over the period. Indian textile and apparel industry is also projected to grow at a CAGR of 6.0-7.0% from Fiscal 2024 till Fiscal 2028. During this period, exports are expected to grow

at a CAGR of 4.5-5.5% while domestic industry is expected to grow at slightly higher pace of 7.0-8.0%. The future growth in Indian textile and apparel market will be led by various economic factors such as increase in discretionary income, rising urban population. Further, the demand is poised by increase in online retailing, shift from cotton to man-made fiber, robust growth of technical textiles segment. Additionally, global industry expanding outside of China would aid the Indian export markets in the growth trajectory. Sanathan Textiles Ltd. is poised to capitalize on the growth opportunities in the yarn industry considering its expanding operational scale and diversified product portfolio. Investors looking to invest can invest in the IPO for the long term.

INVEST NOW

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