



IPO NOTE

SANATHAN TEXTILES LIMITED



Rating:

May Subscribe

(Only High Risk Investors)



ISSUE OFFER

| | |
|----------------------------|--------------|
| Issue Opens on | DEC 19, 2024 |
| Issue Close on | DEC 23, 2024 |
| Total IPO size (cr) | ₹550.00 |
| Fresh issue (cr) | ₹400.00 |
| Offer For Sale (cr) | ₹150.00 |
| Price Band (INR) | 305-321 |
| Market Lot | 46 |
| Face Value (INR) | 10 |
| Listing At | NSE, BSE |
| Market Capitalization (cr) | 2709.37 |

ISSUE BREAK-UP (%)

| | | |
|----------------|------------------------|-----|
| QIB Portion | <div><div></div></div> | 50% |
| NII Portion | <div><div></div></div> | 15% |
| Retail Portion | <div><div></div></div> | 35% |

PROMOTER HOLDING %

Pre Issue

100%

Post Issue

77.6 %

INDICATIVE TIMETABLE

| | |
|------------------------------|------------|
| Basis of Allotment | 24-12-2024 |
| Refunds/Unblocking ASBA Fund | 26-12-2024 |
| Credit of Share to Demat A/c | 26-12-2024 |
| Listing Date | 27-12-2024 |

Sanathan Textiles Limited has a presence across the polyester, cotton, and technical textile sectors, and based on its operating income, it had a market share of 1.7% in the overall Indian textile yarn industry as of Fiscal 2024.

OBJECTS OF THE ISSUE

- Payment of borrowings.
- Investment in subsidiary.
- General corporate purposes.

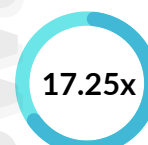
FINANCIALS (RESTATED CONSOLIDATED)

| PARTICULARS (IN CRORE) | FY 2024 | FY 2023 | FY 2022 |
|-----------------------------|---------|---------|---------|
| Equity Share Capital | 71.9 | 71.9 | 71.9 |
| Net Worth | 1,274.9 | 1,140.1 | 986.6 |
| RoCE% | 11.80% | 15.54% | 35.83% |
| Revenue | 2,957.5 | 3,329.2 | 3,185.3 |
| Operating Profit Margin % | 7.66% | 7.80% | 16.88% |
| Net Profit/Loss of the year | 133.8 | 152.7 | 355.4 |

FINANCIAL RATIOS OF FY24



D/E



P/E



Asset Turnover

OUTLOOK & VALUATION

- A textile company with a presence across polyester, cotton, and technical textiles.
- Offers a wide range of products, showcasing a diversified portfolio.
- Decline in revenue and profitability, along with shrinking margins, raises caution.
- The IPO is priced reasonably.
- Recommendation: Given the financial performance, this IPO appears to be a risky bet, thus it is recommended only for high risk investors.



COMPANY PROFILE

- Currently, all three yarn verticals are housed under a single corporate entity.
- As of September 30, 2024, it had more than 3,200 active varieties of yarn products and more than 45,000 stock keeping units, and further capability to manufacture a diversified product portfolio even more.
- Its products are manufactured at its facility at Silvassa which had a total installed capacity of 223,750 MTPA across the three yarn verticals.
- During June 30, 2024, Fiscal 2024 and Fiscal 2023, it catered to 983, 1,571 and 1,684 customers, respectively.
- As on June 30, 2024, it had more than 925 distributors in 7 countries.



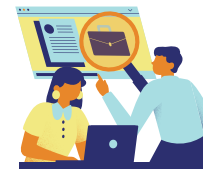
COMPETITIVE STRATEGIES

- Expanding its manufacturing capacity.
- Enhance value addition in existing products and development of new products.
- Harnessing digitization and technology in production processes with a focus on energy efficiency and sustainable practices.



KEY CONCERNS

- Exposed to foreign currency fluctuation risks.
- Any under-utilization of its proposed capacities may affect its ability to fully absorb fixed costs.
- Import a large portion of its raw materials from international suppliers.
- Export its products to various countries, on account of which it may be subject to significant import duties or restrictions.
- Do not have long-term agreements with a majority of its customers.
- Expansion into new product categories and a substantial increase in the number of products offered may expose it to new challenges and more risks.



KEY STRENGTHS

- One of the few companies in India with presence across the polyester, cotton and technical textile sectors.
- Focus on the product development of new products, through process innovation.
- Fully integrated Yarn manufacturing plant set up at a strategic location.
- Long standing association with leading consumer brands.
- Deep knowledge and understanding of optimal product assortment and strong supplier network.

COMPARISON WITH LISTED INDUSTRY PEERS

| Name of the Company | EPS (Basic) | NAV | P/E | TOTAL INCOME (In CR.) | ROCE% |
|----------------------------------|--------------|---------------|--------------|-----------------------|---------------|
| Sanathan Textiles Limited | 18.60 | 177.22 | 17.25 | 2,957.5 | 11.80% |
| Peer Group | | | | | |
| K.P.R. Mill Ltd | 23.56 | 127.50 | 39.68 | 6,059.6 | 19.78% |
| Vardhman Textiles Ltd. | 22.20 | 314.69 | 21.19 | 9,504.6 | 8.32% |
| Indo Count Industries Ltd. | 17.06 | 105.48 | 22.75 | 3,557.0 | 16.84% |
| Filatex India Ltd. | 2.49 | 27.13 | 24.30 | 4,285.9 | 11.31% |
| Garware Technical Fibres Ltd. | 102.16 | 621.49 | 39.57 | 1,325.6 | 20.83% |



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