

IPO ANALYSIS	
Sector: Textiles	
Issue Price: INR 305 to INR 321	
Issue Size: INR 550 Cr	
Issue Opens/Closes: December 19 / December 23	
IPO Basics	
Promoters: Paresh Vrajlal Dattani, Ajay Vallabhdas Dattani, Anilkumar Vrajdas Dattani, Dinesh Vrajdas Dattani, Nimbus Trust, D&G Family Trust, A&J Family Trust And P&B Family Trust	
Selling Shareholders: Paresh Vrajlal Dattani, Ajay Vallabhdas Dattani, Anilkumar Vrajdas Dattani, Dinesh Vrajdas Dattani, Vajubhai Investments Private Limited, Vallabhdas Vrajdas HUF, Sonali Ajaykumar Dattani, Dattani Dineshkumar Vrajdas HUF, Beena Paresh Dattani, Anilkumar Vrajdas Dattani HUF	
Lead Managers: DAM Capital Advisors, ICICI Securities	
Registered Office: Dadra & Nagar Haveli, Silvassa	
Registrar: KFin Technologies Ltd	
Listing: BSE and NSE	

IPO Capital Structure	
Fresh Issue	1,24,61,059 equity shares upto INR 400 Cr
Offer for Sale	46,72,897 equity shares upto INR 150 Cr
Total Issue as % of total capital (Post-Issue)	20.30%
Post Issue No. of Shares	84,404,059
Post Issue Market Cap	INR 2,594 Cr - INR 2,709 Cr
Face Value	INR 10
Issue Route	Book Build Issue
<i>All values calculated at upper band</i>	

Financial Snapshot (INR in crs)			
Y/E Mar	FY23	FY24	H1FY25
Share Capital	71.94	71.94	71.94
Reserves	1,068.17	1,203.03	1,252.94
Net Worth	1,140.13	1,273.98	1,324.06
Revenue from ops	3,329.21	2,957.50	781.13
Revenue Growth (%)	4.52%	-11.17%	-
EBITDA	259.53	226.58	76.44
EBITDA (%)	7.80%	7.66%	9.79%
Net Profit	152.74	133.85	50.07
Net Profit (%)	4.59%	4.53%	6.41%
Basic EPS	21.24	18.60	6.96^
Diluted EPS	21.24	18.60	6.96^
NAV (INR)	158.47	177.22	184.16
ROE (%)	14.36%	11.09%	15.41%
ROCE (%)	15.54%	11.80%	14.04%
P/E (Based on Upper Band)			17.25
Average Industry P/E			29.50
P/B (Based on Upper Band)			1.74
Shareholding Pattern			
Holders	Pre-Issue	Post Issue	
Promoters	97.54%	78.03%	
Promoters Group	2.46%	1.67%	
Public - Others	0.00%	20.30%	
Total	100.00%	100.00%	

Source: RHP, ^not annualized,
PE/PB based on upper price band

Particulars	Retail Category	NII bid between INR 2 lakhs- INR 10 lakhs	NII bid above INR 10 lakhs
Minimum Bid Lot (Shares)	46	644	3,128
Minimum Bid Lot Amount	INR 14,766	INR 2,06,724	INR 10,04,088
No of Applications for 1x	1,30,367	1,330	2,661

Sanathan Textiles Limited

Dec 18, 2024

Issue Highlights:

- Sanathan Textiles, incorporated on October 10, 2005, operates in polyester, cotton, and technical textiles, serving sectors like automotive, healthcare, and construction. With a 1.7% market share in the Indian textile yarn industry based on FY2024 operating income, the company stands out as a key player. Their technical textiles cater to varied applications, including sports, protective clothing, and outdoor uses, highlighting their diversified presence in the growing textile sector.
- The company organizes its business into three yarn verticals: polyester, cotton, and technical textiles. All these operations are integrated under a single corporate entity. As of September 30, 2024, Sanathan Textiles offered over 3,200 active yarn varieties, and their manufacturing capability extends to more than 14,000 varieties, including 190,000 SKUs. This wide product range supports diverse end-uses, enhancing their competitive position and market appeal.
- Sanathan specializes in value-added products like dope-dyed, superfine, industrial, and specialty yarns developed through in-house research. They focus on innovation to meet niche demands, offering recycled yarns under the brand "Sanathan Reviro." Their Silvassa facility, with a total installed capacity of 223,750 MTPA across all yarn verticals, operates using a "Zero Liquid Discharge Solution," emphasizing their commitment to sustainability and environmental responsibility.
- From April 1, 2021, to June 30, 2024, Sanathan served 20,066 customers, including 983 new clients, demonstrating consistent market penetration. By June 30, 2024, their products reached 14 countries, while in Fiscal 2023 and 2024, they exported to 29 and 27 countries, respectively. The company's extensive distribution network includes over 925 distributors across India and internationally, spanning regions like Canada, Germany, and Singapore.
- Sanathan's commitment to global trade earned them a "Three Star Export House" status on January 2, 2024. Their exports and robust domestic presence underline their growth potential. By blending innovation, sustainability, and diversification, Sanathan Textiles is well-positioned to capitalize on opportunities in both domestic and international markets, solidifying its reputation as a leading player in the textile yarn industry.

Key Risks:

- The company faces revenue dependency risks due to reliance on key clients, which could heighten vulnerability to client-specific issues. Additionally, industry volatility, including raw material price changes, may impact stability.
- Global competition from international players poses challenges to market share and profitability. Fluctuating global demand-supply dynamics further amplify risks, potentially affecting the company's growth and operational margins.

Particulars	No of Shares at Lower Band (INR. Cr.)	No of Shares at Upper Band (INR. Cr.)	Issue size amount (INR. Cr.)	% Of Issue
QIB	0.90	0.86	275.00	50%
NIB	0.27	0.26	82.50	15%
-NIB2 (Bid above INR 10 Lakhs)	0.18	0.17	55.00	-
-NIB1 (Bid between INR 2 to 10 Lakhs)	0.09	0.09	27.50	-
Retail	0.63	0.60	192.50	35%
Total	1.80	1.71	550.00	100.00%

An Indicative Timetable Post Issue Closing	
Particulars	Tentative Date
Finalization of Basis of Allotment	December 24, 2024
Refunds/un-blocking of ASBA Accounts	December 26, 2024
Credit of Equity Shares to DP Ac	December 26, 2024
Trading Commences	December 27, 2024

Investors are advised to refer disclosures made at the end of the research report.

BACKGROUND

The Company was originally incorporated as ‘Sanathan Textiles Private Limited’, at Kolkata on October 10, 2005. Paresh Vrajlal Dattani, Ajay Vallabhdas Dattani, Dinesh Vrajdas Dattani, Anilkumar Vrajdas Dattani, D&J Family Trust, P&B Family Trust, A&J Family Trust; and Nimbus Trust are the promoters of the company. Currently, the promoters hold 70,172,750 Equity Shares constituting 97.55% of the issued, subscribed and paid-up Equity Share capital of the company.

Brief Biographies of Directors and Key Managerial Personnel

Paresh Vrajlal Dattani is one of the Promoter and Chairman and Managing Director of the company. He has been on the Board of the company since incorporation of the company. He is responsible for supervision of overall performance of the company. He has 46 years of experience in the textile industry.

Ajay Vallabhdas Dattani is one of the Promoter and Joint Managing Director of the company. He has been on the Board of the company since incorporation of the company and is responsible for managing the operations and expansion of the cotton division. He has over 18 years of experience in the textile industry.

Anilkumar Vrajdas Dattani is one of the Promoter and an Executive Director of the company. He has been on the Board of the company since incorporation of the company. He has 46 years of experience in the textile industry.

Dinesh Vrajdas Dattani is one of the Promoter and an Executive Director of the company. He has 19 years of work experience in the textile industry. He is responsible for providing strategic inputs for their business operations based on his experience in the textile industry.

Debabrata Sarkar is an Independent Director of the company. He has been on the Board of the company since November 22, 2021. He has more than 30 years of work experience in the Banking and finance sector.

Khurshed Thanawalla is an Independent Director of the company. He is appointed on the Board of the company on November 22, 2021. He has over 39 years of experience across the spectrum of the textiles industry.

Rupal Vora is an Independent Director of the company and has been on the Board of the company since March 31, 2023. She has more than 25 years of experience in Direct Taxes and Accounts/Finance.

Vinay Aggarwal is an Independent Director of the company. He has been on the Board of the company since November 22, 2021. He has more than 35 years of experience in finance sector.

Sanjay Anirudh Shah is the Chief Financial Officer of the company. He has been associated with the company since March 16, 2024. He has several of experience in the field of finance.

Dsouza Jude Patrick is the Company Secretary and Compliance Officer of the company. He has been associated with the company since November 2, 2021. He has over 8 years of experience in corporate secretarial and legal work.

OBJECTS OF THE ISSUE

Objects	Amount (INR Cr)
<ul style="list-style-type: none"> Repayment or pre-payment, in full or in part, of certain of the outstanding borrowings availed by the Company 	160.00
<ul style="list-style-type: none"> Investment in the subsidiary viz. Sanathan Polycot Pvt Ltd, for repayment and/ or pre-payment, in full or part, of certain borrowings availed by the subsidiary viz. Sanathan Polycot Pvt Ltd 	140.00
<ul style="list-style-type: none"> General Corporate Purposes 	-
Total	-

OFFER DETAILS

Particulars		No. of Shares	WACA per Equity Share (INR)
Fresh Issue (INR 400 Cr)	(INR 400 Cr)	Upto 1,31,14,754~ - 1,24,61,059^ Equity Shares^	—
The Offer for Sale	(INR 150 Cr)		
The Promoter Selling Shareholders:			
Paresh Vrajlal Dattani	(INR 30.94 Cr)	Upto 9,63,769 Equity Shares	3.51
Ajay Vallabhdas Dattani	(INR 34.68 Cr)	Upto 10,80,218 Equity Shares	3.40
Anilkumar Vrajdas Dattani	(INR 35.56 Cr)	Upto 11,07,850 Equity Shares	3.04
Dinesh Vrajdas Dattani	(INR 37.19 Cr)	Upto 11,58,505 Equity Shares	4.05
The Promoter Group Selling Shareholders:			
Vajubhai Investments Pvt Ltd	(INR 0.25 Cr)	Upto 7,788 Equity Shares	5.56
Vallabhdas Dattani HUF	(INR 0.25 Cr)	Upto 7,788 Equity Shares	5.56
Sonali Ajaykumar Dattani	(INR 2.25 Cr)	Upto 70,093 Equity Shares	30.36
Dattani Dineshkumar Vrajdas HUF	(INR 0.25 Cr)	Upto 7,788 Equity Shares	5.56
Beena Paresh Dattani	(INR 3.50 Cr)	Upto 1,09,034 Equity Shares	1.11
Anilkumar Vrajdas Dattani HUF	(INR 1.75 Cr)	Upto 54,517 Equity Shares	29.71
Paresh Kumar V Dattani HUF	(INR 3.00 Cr)	Upto 93,458 Equity Shares	31.14
Jayshree Anilkumar Dattani	(INR 0.125 Cr)	Upto 3,894 Equity Shares	5.56
Ajay Kumar V Dattani HUF	(INR 0.013 Cr)	Upto 405 Equity Shares	1.67
Vallabhdas Dattani	(INR 0.25 Cr)	Upto 7,788 Equity Shares	Negligible

(~ at lower price band and ^at upper price band); WACA=Weighted Average Cost of Acquisition

SHAREHOLDING PATTERN

Particulars	Pre-offer#		Offer for Sale Shares and Fresh Issue	Post-offer	
	Number of Equity Shares*	% of Total Equity Share Capital		Number of Equity Shares	% of Total Equity Share Capital
Promoter	7,01,72,750	97.54%	43,10,343	6,58,62,407	78.03%
Promoters Group	17,70,250	2.46%	3,62,555	14,07,695	1.67%
Total for Promoter	7,19,43,000	100.00%	46,72,897	6,72,70,103	79.70%
Public	0	0.00%	1,24,61,059	1,71,33,956	20.30%
Total for Public Shareholders	0	0.00%		1,71,33,956	20.30%
Total Equity Share Capital	7,19,43,000	100.00%		8,44,04,059	100.00%

Source: RHP

BUSINESS OVERVIEW

Sanathan operates across polyester, cotton, and technical textiles, serving sectors like automotive, healthcare, and construction. With a 1.7% market share in India's textile yarn industry (FY2024), their three yarn verticals—polyester, cotton, and technical textiles—are housed under one corporate entity, enabling diversification and broad sector reach. By September 30, 2024, they offered over 3,200 active yarn varieties, 45,000 SKUs, and capability to produce 14,000 yarn varieties and 190,000 SKUs.

Their value-added products, such as dope-dyed, superfine, functional, industrial, and technical yarns, are developed through in-house research, tailored to customer needs, and feature distinctive properties. Sanathan manufactures at its Silvassa facility, which had an installed capacity of 223,750 MTPA across the three yarn verticals as of June 30, 2024. Polyester yarn remains their primary product, produced using PTA and MEG, then processed to impart specific properties.

The global yarn industry is expected to grow steadily, driven by increasing fashion industry demand and e-commerce expansion. India's textile and apparel market is projected to grow at a 6.0-7.0% CAGR from FY2024 to FY2028, with exports growing at 4.5-5.5% and domestic markets slightly higher at 7.0-8.0%. Economic factors like rising income, urbanization, and online retailing will support this growth, alongside a shift from cotton to man-made fibers.

Robust growth in technical textiles and India’s expanding role in global exports, driven by diversification away from China, present opportunities. Sanathan aims to leverage these trends, capitalizing on its scale, distributor network, and customer base. Their experienced management team and diversified product portfolio position the company to harness growth in both domestic and international markets effectively.

MARQUEE CLIENTELE

Sanathan has, over the years, established long-standing relationship with consumer brands:

<ul style="list-style-type: none">Welspun India Ltd,Valson Industries Ltd,G.M. Fabrics Pvt Ltd,Premco Global Ltd,Creative Garments Textile Mills Pvt Ltd,Banswara Syntex Ltd,AYM Syntex Ltd,Techno Sportswear Pvt Ltd,Haren Textiles Pvt Ltd,Khosla Profil Pvt Ltd,Tulip Elastics Pvt Ltd,Ganesha Ecosphere Ltd,Udyogi International Pvt Ltd,Page Industries Ltd,	<ul style="list-style-type: none">D'Décor Home Fabrics Pvt Ltd,Siyaram Silk Mills Ltd,Duvalli S.A.,G.M. Syntex Pvt Ltd,Maruti Rub -Plast Pvt Ltd,Geosys India Infrastructures Ltd,Wildcraft India Ltd,SRF Ltd,RSWM Ltd,Sangam (India) Ltd,Ateliers Reunis De Filature,Abhay Trading Company,Ascent Yarns Pvt Ltd.
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Source: RHP

From April 1, 2021, to June 30, 2024, they served 20,066 customers, including 983 new ones. During June 30, 2024, Fiscal 2024, and Fiscal 2023, they catered to 983, 1,571, and 1,684 customers, respectively. Domestic sales are the primary revenue source, with significant export contributions. During June 30, 2024, Fiscal 2024, and Fiscal 2023, exports reached 14, 27, and 29 countries. As of June 30, 2024, they had 925 distributors across seven countries.

On January 2, 2024, they earned the status of a ‘Three Star Export House.’ The company holds 53 registered trademarks and has applied for 10 more. They emphasize sustainability, recently partnering with a third party for solar electricity and investing in renewable energy. As of June 30, 2024, rooftop solar installations at Silvassa had a capacity of 2.35 MW, with 0.86% of Fiscal 2024 energy consumption derived from these projects.

Solar Power Generation Summary

Period	(Megawatt)	
	Unit 1	Unit 2
June 30, 2024	487	395
Fiscal 2024	1,561	1,337
Fiscal 2023	1,628	1,362
Fiscal 2022	1,637	1,427

Source: RHP

COMPANY’S PRODUCT PORTFOLIO

Company’s business is divided into three yarn verticals: (a) Polyester yarn products; (b) Cotton yarn products; and (c) Yarns for technical textiles and industrial uses.

Polyester yarn products:

They offer products like polyester partially oriented yarn, draw textured yarn, air-textured yarn, fully drawn yarn, twisted yarn, recycled yarn, and blended yarn in various filaments, deniers, lustres, and colours using dope-dyed technology. These yarns serve industries like apparel, sportswear, home textiles, and technical textiles. They also produce recycled yarns from recycled materials.

Cotton yarn products:

Their cotton yarn offerings include carded yarn, combed compact yarn, and others, used in weaving, knitting, denim, protective apparel, and industrial purposes.

Yarns for technical textiles and industrial uses:

Technical textiles cater to diverse applications like agriculture, health, safety, sportswear, and advanced uses like fireproof jackets, bulletproof gear, and space applications, emphasizing functionality, durability, and eco-friendliness.

As of June 30, 2024, they can manufacture over 14,000 yarn varieties with 190,000 SKUs for varied uses. Their portfolio includes eco-friendly options like biodegradable and recycled yarns made from plastic.

MANUFACTURING UNITS

The company manufactures products at their Silvassa facility, which began operations in Fiscal 2006 with 4,500 MTPA capacity acquired from Sanathan Texturisers. The facility has two units: Unit 1 produces Cotton Yarn, Partially Oriented Yarn, Fully Drawn Yarn, Industrial Yarn, and includes continuous polymerization; Unit 2 produces Cotton Yarn, Drawn Texture Yarn, Air Textured Yarn, and Twisted Yarn.

The facility uses a 'Zero Liquid Discharge Solution' to minimize pollution and manufactures recycled products under the 'Sanathan Reviro' brand. Recently, cotton yarn operations began at Unit 3 through their subsidiary Sanathan Polycot Pvt Ltd, with Unit 4 expected to commence operations in Fiscal 2026.

Total installed capacity

(MTPA)

Products Name	For the quarter ended Jun'30,	As of March 31,		
		2024	2023	2022
Polyester	2,00,750	2,00,750	2,00,750	2,00,750
Cotton Yarn	14,000	14,000	14,000	14,000
Technical Textiles	9,000	9,000	9,000	9,000
Total	2,23,750	2,23,750	2,23,750	2,23,750

Source: RHP

Actual production

Particulars	For the quarter ended Jun'30,		As of March 31,					
			2024		2023		2022	
	Actual Production (MTPA)	Capacity Utilization (%)	Actual Production (MTPA)	Capacity Utilization (%)	Actual Production (MTPA)	Capacity Utilization (%)	Actual Production (MTPA)	Capacity Utilization (%)
Polyester	51,057	101.73	204,447	101.84	211,611	105.41	208,316	103.77
Cotton Yarn	3,892	111.21	15,564	111.17	13,959	99.71	14,907	106.48
Technical Textiles	2,112	93.89	8,460	94.00	7,866	87.40	7,171	102.44
Total	57,061	102.01	228,471	102.11	233,436	104.33	230,394	103.90

Source: RHP

REVENUE FROM OPERATIONS

(INR Cr)

Particulars	For the quarter ended Jun'30,		As of March 31,					
			2024		2023		2022	
	Revenue from operations	% of Revenue from operations	Revenue from operations	% of Revenue from operations	Revenue from operations	% of Revenue from operations	Revenue from operations	% of Revenue from operations
Polyester yarn products	600.46	76.87%	2,284.49	77.24%	2,600.41	78.11%	2,448.88	76.88%
Cotton yarn products	146.23	18.72%	548.92	18.56%	624.25	18.75%	642.64	20.17%
Industrial and technical textiles yarns	34.44	4.41%	124.10	4.20%	104.55	3.14%	93.80	2.95%
Total	781.13	100.00%	2,957.50	100.00%	3,329.21	100.00%	3,185.32	100.00%

Source: RHP

(INR Cr)

Particulars	For the quarter ended Jun'30,		As of March 31,					
			2024		2023		2022	
	Revenue from operations	% of Revenue from operations	Revenue from operations	% of Revenue from operations	Revenue from operations	% of Revenue from operations	Revenue from operations	% of Revenue from operations
Exports	26.76	3.43%	129.73	4.39%	340.19	10.22%	415.58	13.05%
- Argentina	1.89		22.55		196.75		149.69	
- Japan	5.28		23.68		11.84		0.90	
- Morocco	1.78		4.88		13.76		11.32	
- South Korea	3.95		22.49		16.83		23.15	
- USA	576		20.67		20.33		49.87	
- Others*	8.11		35.46		80.67		180.64	
Domestic	754.36	96.57%	2827.77	95.61%	2989.02	89.78%	2769.74	86.95%
Total	781.13	100.00%	2,957.50	100.00%	3,329.21	100.00%	3,185.32	100.00%

Source: RHP, * Others include Australia, Austria, Bangladesh, Belgium, Brazil, Germany, Greece, Mexico, Portugal, Spain, Singapore, Thailand, Turkey, Uruguay etc.

(INR Cr)

Particulars	For the quarter ended Jun'30,		As of March 31,					
			2024		2023		2022	
	Revenue from operations	% of Revenue from operations	Revenue from operations	% of Revenue from operations	Revenue from operations	% of Revenue from operations	Revenue from operations	% of Revenue from operations
Top 10 customers	193.64	24.79%	685.02	23.16%	734.06	22.05%	653.08	20.50%
Top 5 customers	131.66	16.85%	419.96	14.20%	469.38	14.10%	408.80	12.83%

Source: RHP

COMPETITIVE STRENGTHS

One of the few companies (amongst the peer group) in India with presence across the polyester, cotton and technical textile sectors

Sanathan operates across three yarn verticals: (a) Polyester yarn products; (b) Cotton yarn products; and (c) Yarns for technical textiles and industrial uses. As of June 30, 2024, they manufacture over 14,000 yarn varieties with more than 190,000 SKUs. They also produce value-added products like dope dyed, superfine/micro, functional, industrial, and specialty yarns, developed through in-house research.

Products Name	For the quarter ended Jun'30,	As of March 31,		
		2024	2023	2022
Total products sold (Quantity in Cr)	5.78	22.58	24.05	24.20
Value added products sold (Quantity in Cr)	3.01	11.72	11.48	12.42
Value added products sold as a % of Total products sold	5.20	5.19	4.78	5.13

Source: RHP

Focus on the product development of new products, through process innovation

Sanathan's in-house Product Innovation and Development team develops value-added, customized products using existing infrastructure. They offer high-margin products with distinctive properties like Cationic Dyeable, Functional, Industrial, and Superfine/Micro yarns. As of June 30, 2024, their 5-member team at Silvassa specializes in analyzing, testing, and improving products.

Fully integrated Yarn manufacturing plant set up at a strategic location with equipment supplied by domestic and globally renowned players

Sanathan's facility at Silvassa, Gujarat, strategically accesses textile markets in Gujarat and Maharashtra. Equipped with automated systems for inventory and warehouse management, the facility meets global standards. It is ISO 9001:2015, ISO 14001, ISO 45001:2018 certified, and Standard 100 certified by OEKO-TEX. As of September 30, 2024, they manufactured over 14,000 yarn varieties with more than 190,000 SKUs.

Long standing association with leading consumer brands with a low customer concentration

Sanathan has strong relationships with leading consumer brands and served 20,066 customers between April 1, 2021, and June 30, 2024, including 983 new ones. They have partnered with their top 10 customers for over 10 years. As of June 30, 2024, they had 925 distributors across 7 countries, including India, aiding supply chain efficiency and geographic sales expansion.

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

Sanathan customizes product assortments based on local demand and preferences while enhancing manufactured products. Their standardized procurement system ensures predictable, competitive pricing and operates on a purchase-order basis, streamlining the supply chain and overall production cycle.

Healthy financial performance

Sanathan's operational excellence supports consistent financial performance. Strong cash flows enable them to meet customer needs, develop new products, and invest in capacity expansion and modernization at Silvassa. Their efficient supply-chain protocols and manufacturing processes underpin their healthy financial track record.

Experienced management team with a proven track record

Sanathan's Promoters have approximately 160 years of cumulative experience in the textiles industry, with over 48 years in the yarn business. The Board of Directors and senior management, supported by qualified personnel, drive the company's growth and strategic development.

KEY BUSINESS STRATEGIES

Expanding the manufacturing capacity

The company plans to increase operations in all 3 verticals. They anticipate starting cotton yarn operations at Unit 4 of their Silvassa Facility in Fiscal 2026 with a capacity of 10,950 MTPA. They are also commissioning a Punjab Manufacturing Facility to produce specialized high-viscosity raw materials for technical textiles through their subsidiary, Sanathan Polycot Pvt Ltd.

Enhance value addition in existing products and development of new products

The company focuses on offering a comprehensive range of 'value for money' products tailored to local needs. Their in-house team works on increasing value-added products and creating customized, unique offerings with specific properties to meet customer requirements.

Harnessing digitization and technology in production processes with a focus on energy efficiency and sustainable practices

The company invests in advanced infrastructure and equipment to meet international standards. They leverage technology and digitization for efficient planning, production, and processing while focusing on energy efficiency and sustainability to maintain their competitive edge.

INDUSTRY OVERVIEW

Segment-wise offerings by key players under review

Players	Yarn*		Fabrics^	Technical offerings	Garments	Others **
	Cotton	Polyester				
Ambika Cotton Mills Ltd	✓	✗	✓	✗	✗	Na
Alok Industries Ltd	✓	✓	✓	✓	✓	Home textiles
Bombay Dyeing & Mfg Co Ltd	✗	✓	✗	✗	✓	Home textiles
Filatex India Ltd	✗	✓	✓	✗	✗	PET chips, other specialty products
Garden Silk Mills Pvt Ltd	✗	✓	✓	✗	✗	Polyester Chips
Garware Technical Fibers Ltd	✗	✗	✗	✓	✗	Na
Indo Rama Synthetics (India) Ltd	✗	✓	✗	✗	✗	Polyester staple fiber, Polyester chips, power
KPR Mill Ltd	✓	✓	✓	✗	✓	Green power, Sugar
Nahar Spinning Mills Ltd	✓	✓	✗	✗	✓	Sugar, Poly films etc
Nitin Spinners Ltd	✓	✓	✓	✗	✗	Na
RSWM Ltd3	✓	✓	✓	✗	✗	IT Services, Power Generation
Shree Durga Syntex Pvt Ltd	✗	✓	✓	✗	✗	Polyester Chips
Sanathan Textiles Ltd	✓	✓	✗	✓	✗	Na
Sangam (India) Ltd	✓	✓	✓	✗	✓	Na
SRF Ltd	✗	✗	✗	✓	✗	Specialty chemicals, Fluorochemicals
Sutlej Textiles and Industries Ltd	✓	✓	✗	✗	✗	Home Textiles
Rajapalayam Mills Ltd	✓	✗	✓	✗	✗	Na
Wellknown Polyesters Ltd	✗	✓	✗	✓	✗	Na

*On standalone basis; Source: RHP

Financial overview of key players

Company	Operating Income (INR Cr)					Profit after Tax (INR Cr)				
	CAGR (FY22-24)	Q1FY25	FY24	FY23	FY22	CAGR (FY22-24)	Q1FY25	FY24	FY23	FY22
Alok Industries Ltd	(13.2)%	1,006.3	5,509.6	6,937.3	74,309.5	NM	(206.9)	(846.8)	(880.5)	(208.6)
Ambika Cotton Mills Ltd*	(2.7)%	209.1	860.8	847.5	908.6	(40.8)%	21.5	63.0	111.9	179.9
Filatex India Ltd*	5.8%	1,054.3	4,287.6	4,304.2	3,828.6	(39.5)%	32.3	110.7	89.9	302.7
Garware Technical Fibers Ltd	5.6%	336.3	1,325.6	1,305.5	1,189.4	12.4%	46.8	208.2	172.2	164.8
Indo Rama Synthetics (India) Ltd	(1.3)%	944.3	4,109.2	4,322.6	4,218.7	NM	(19.2)	(203.4)	(24.6)	269.1
KPR Mills Ltd	12.0%	1,609.7	6,092.4	6,185.9	4,858.2	(2.2)%	203.3	805.4	814.1	841.8
Nahar Spinning Mills Ltd*	(7.8)%	820.9	3,054.3	2,820.6	3,596.5	NM	6.6	(51.1)	110.8	502.2
Nitin Spinners Ltd*	3.5%	803.0	2,882.0	2,406.7	2,692.3	(36.5)%	42.1	131.5	164.8	326.1
Rajapalayam Mills Ltd	11.7%	218.0	862.6	865.2	691.6	(48.4)%	(6.9)	44.4	81.9	166.6
RSWM Ltd	3.1%	1,207.9	4,057.9	3,788.9	3,817.4	NM	(14.7)	(21.1)	122.9	246.2
Sangam (India) Ltd	3.95	693.1	2,629.2	2,715.9	2,437.8	(46.1)%	14.3	40.8	130.5	140.7
Sanathan Textiles Ltd	(3.6)%	781.1	2,957.9	3,329.3	3,185.9	(38.6)%	50.1	133.8	152.7	355.4
Sutlej Textiles and Industries Ltd	(6.1)%	658.1	2,713.1	3,085.2	3,076.5	NM	(11.4)	(135.6)	37.3	150.2
SRF Ltd	2.7%	3,464.1	13,126.0	14,842.8	12,433.7	(15.9)%	252.2	1,335.7	2,162.3	1,888.9
Wellknown Polyesters Ltd*	0.8%	Na	5482.6	5,698.5	5,392.8	(32.1)%	Na	210.5	221.5	456.1

Source: RHP, NM=not meaningful

Key ratios (FY24)

Company	Operating Margin (%)	Profit Margin (%)	RoCE (%)	Gearing ratio (Times)	Interest Coverage Ratio (Times)
Alok Industries Ltd	1.1%	(15.4)%	(4.4)%	(1.3)	0.1
Ambika Cotton Mills Ltd*	12.6%	7.3%	10.9%	0.2	6.5
Filatex India Ltd*	5.6%	2.6%	11.5%	0.2	8.7
Garware Technical Fibers Ltd	20.5%	15.7%	22.6%	0.1	18.3
Indo Rama Synthetics (India) Ltd	(0.9)%	(5.0)%	(5.5)%	3.6	(0.2)
KPR Mills Ltd	20.9%	13.2%	20.5%	0.3	17.8
Nahar Spinning Mills Ltd*	3.4%	(1.7)%	0.4%	0.8	1.4
Nitin Spinners Ltd*	13.1%	4.6%	11.1%	1.2	4.6
Rajapalayam Mills Ltd	11.2%	5.1%	3.4%	0.5	2.4
RSWM Ltd	2.4%	(0.5)%	3.1%	1.5	2.1
Sangam (India) Ltd	8.3%	1.6%	6.3%	1.5	2.8
Sanathan Textiles Ltd	7.9%	4.5%	11.5%	0.6	8.6
Sutlej Textiles and Industries Ltd	(0.9)%	(5.0)%	(6.9)%	0.9	NM
SRF Ltd	19.6%	10.2%	12.9%	0.4	9.1
Wellknown Polyesters Ltd*	8.6%	3.8%	7.4%	0.6	7.0

Source: RHP *On standalone basis

COMPARISON WITH LISTED INDUSTRY PEERS (AS ON 31ST MARCH 2024)

Name of the Company	Consolidated/ Standalone	Face Value	Revenue for Fiscal 2024 (INR Cr)	EPS (INR)		P/E	RoNW	NAV (INR)
				Basic	Diluted			
Sanathan Textiles Ltd	Consolidated	10	2,957.50	18.60	18.60	17.25	10.42%	177.22
K.P.R. Mill Ltd	Consolidated	1	6,059.68	23.56	23.56	39.68	18.48%	127.50
Vardhman Textiles Ltd	Consolidated	2	9,504.68	22.20	22.20	21.19	7.00%	314.69
Indo Count Industries Ltd	Consolidated	2	3,557.07	17.06	17.06	22.75	16.35%	105.48
Filatex India Ltd	Standalone	1	4,285.90	2.49	2.49	24.30	9.19%	27.13
Garware Technical Fibres Ltd	Consolidated	10	1,325.61	102.16	102.16	39.57	16.87%	621.49

Source: RHP; PE of Sanathan based on upper price band, P/E Ratio of peers been computed based on the closing market price of equity shares on BSE/NSE on October 31, 2024

COMPARISON WITH LISTED INDUSTRY PEERS

(INR Cr)

Particulars	Sanathan Textiles				K.P.R. Mill				Vardhman Textiles			
	Q1 FY2025	FY2024	FY2023	FY2022	Q1 FY2025	FY2024	FY2023	FY2022	Q1 FY2025	FY2024	FY2023	FY2022
Revenue from Operations	781.13	2,957.50	3,329.21	3,185.32	1,609.66	6,059.68	6,185.88	4,822.48	2,308.59	9,504.68	10,137.49	9,622.34
EBITDA	76.44	226.58	259.53	537.61	314.74	1,236.69	1,274.39	1,218.71	360.79	1,015.86	1,364.54	2,313.41
EBITDA margin	9.79%	7.66%	7.80%	16.88%	19.55%	20.41%	20.60%	25.27%	15.63%	10.69%	13.46%	24.04%
Profit after tax	50.07	133.85	152.74	355.44	203.31	805.35	814.10	841.84	239.77	636.70	804.75	1,551.04
Return on equity	15.41%	11.09%	14.36%	43.95%	Na	19.97%	23.62%	30.41%	Na	7.14%	9.76%	21.48%
Return on capital employed	14.04%	11.80%	15.54%	35.83%	Na	19.78%	22.58%	26.38	Na	8.32%	10.97%	21.55%
Net debt	626.74	349.95	271.98	370.26	Na	1,083.29	1,239.51	1,063.99	Na	1,756.87	1,601.86	1,916.40
Net debt / EBITDA	2.05	1.54	1.05	0.69	Na	0.88	0.97	0.87	Na	1.73	1.17	0.83
Fixed asset turnover ratio	3.38	3.19	3.51	3.56	Na	2.50	2.68	2.49	Na	2.54	2.59	2.77
Working capital cycle (days)	55	54	44	65	Na	250	210	220	Na	325	237	296

Source: RHP

(INR Cr)

Particulars	Indo Count Industries				Filatex India				Garware Technical Fibres			
	Q1 FY2025	FY2024	FY2023	FY2022	Q1 FY2025	FY2024	FY2023	FY2022	Q1 FY2025	FY2024	FY2023	FY2022
Revenue from Operations	941.43	3,557.07	3,011.55	2,842.02	1,054.34	4,285.90	4,303.87	3,828.09	336.26	1,325.61	1,305.55	1,189.40
EBITDA	145.08	559.02	454.27	434.10	63.10	237.85	231.98	532.74	64.40	271.62	229.53	222.91
EBITDA margin	15.41%	15.72%	15.08%	15.27%	5.98%	5.55%	5.39%	13.92%	19.15%	20.49%	17.58%	18.74%
Profit after tax	77.80	337.93	276.78	358.61	32.28	110.66	89.90	302.73	46.76	208.18	172.20	164.78
Return on equity	Na	17.41%	16.36%	24.89%	Na	9.61%	8.23%	32.76%	Na	18.50%	17.33%	18.50%
Return on capital employed	Na	16.84%	15.57%	18.03%	Na	11.31%	11.76%	31.16%	Na	20.83%	19.93%	20.95%
Net debt	Na	821.53	749.22	916.57	Na	227.25	249.95	355.59	Na	(30.44)	91.25	40.52
Net debt / EBITDA	Na	1.47	1.65	2.11	Na	0.96	1.08	0.67	Na	(0.11)	0.40	0.18
Fixed asset turnover ratio	Na	2.79	2.90	4.79	Na	3.39	3.30	3.17	Na	5.22	5.42	5.04
Working capital cycle	Na	295	269	381	Na	23	18	32	Na	176	98	162

Source: RHP

Restated Statement of Cash Flows

(INR Cr)

	For the quarter ended Jun'30,	For the year ended March 31,		
	2024	2024	2023	2022
Profit before tax	66.77	181.41	209.43	479.12
Adjustments Related to Non-Cash & Non-Operating Items	10.74	61.26	63.51	65.06
Operating Profits before Working Capital Changes	77.51	242.67	272.94	544.18
Adjustments for Changes in Working Capital	(41.05)	(14.56)	144.64	(135.56)
Net cash generated from operations before tax	36.46	228.11	417.58	408.62
Income tax paid (net)	(6.41)	(36.38)	(55.27)	(114.06)
Net cash generated from operating activities	30.05	191.73	362.31	294.56
Net cash used in investing activities	(298.47)	(245.29)	(235.06)	(114.19)
Net cash used in financing activities	256.68	74.47	(126.16)	(198.98)
Net (decrease) / increase in cash and cash equivalents during the period	(11.74)	20.91	1.09	(18.61)
Add: Cash and cash equivalents as at the beginning of the period	29.93	9.02	7.93	26.53
Cash and cash equivalents as at the end of the period	18.19	29.93	9.02	7.92

Source: RHP

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