

# Sanathan Textiles Limited

## IPO Note



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## Spinning Innovation, Weaving Sustainability.

The company is a prominent Indian player with a diversified presence across the polyester, cotton, and technical textile sectors. As of December 31, 2023, it manufactures over 2,800 active yarn varieties and has the capability to produce more than 14,000 yarn varieties and 190,000 SKUs for a wide range of applications.

A significant portion of its product portfolio comprises value-added yarns, including dope dyed, superfine/micro, functional, industrial, technical, cationic dyeable, and specialty yarns, which are developed through extensive in-house research. The company's manufacturing facility at Silvassa has a total installed capacity of 223,750 MTPA across its three yarn verticals, with polyester yarn remaining its largest product category.

The company operates with a total capacity of 200,750 MTPA for polyester yarn and 14,000 MTPA for cotton yarn, with plans to expand polyester yarn capacity by an additional 255,500 MTPA by FY 2025. Additionally, an expansion for cotton yarn is expected by FY 2026, increasing capacity by 11,490 MTPA. The yarns produced are used in a wide variety of end-use applications, ranging from apparel, sportswear, and medical purposes to industrial uses such as protective apparel, bulletproof jackets, fireproof jackets, and high-altitude combat gear.

The company operates fully integrated polyester facilities with a continuous polymerization plant that incorporates advanced technology, providing flexibility in product offerings. The plant is designed with capabilities for spinning, texturizing, twisting, and air-texturizing, among other processes. It is optimized to handle a high number of SKUs, enabling the production of made-to-order and high-value-added products.

The continuous polymerization plant features advanced process configurations, including an automatic metering and feeding unit, top temperature automatic balance control unit, advanced torque sensors, esterification collecting and weighing sensors, and a reactor agitating rate and power display. Additionally, the plant operates under a computer-controlled system that ensures efficient and precise production management.

Industry	Textiles
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## Scrip Details

Listing	BSE & NSE
Open Date	Dec 19, 2024
Close Date	Dec 23, 2024
Price Band	INR 305 – 321
Face Value	INR 10
Market Lot	46 Shares
Minimum Lot	1

## Issue Structure

Issue Size (INR cr)	INR 550.0
Issue Size (Shares)	17,133,958
QIB Share (%)	≤ 50%
Non-Inst Share (%)	≥ 35%
Retail Share (%)	≥ 15%
Pre Issue sh. (cr)	7.2
Post Issue sh. (cr)	8.4
Post Issue Market Cap (cr)	2,709

Shareholding (%)	Pre (%)	Post (%)
Promoter	100.00	79.70
Public	0.00	20.30
<b>TOTAL</b>	<b>100</b>	<b>100</b>

## Key Consolidated Financial Data (INR Cr, unless specified)

	Revenue	EBITDA	Net Profit	EBITDA (%)	Net (%)	EPS (₹)	BVPS (₹)	RoE (%)	RoCE (%)	P/E (X)	EV/EBITDA (X)
FY22	3,185.3	545.1	355.4	17.1	11.2	42.3	117.5	36.0	27.3	7.6	5.4
FY23	3,329.2	267.9	152.7	8.0	4.6	18.2	135.7	13.4	11.5	17.7	10.5
FY24	2,957.5	233.5	133.8	7.9	4.5	15.9	151.8	10.5	8.4	20.1	12.3

Source: Ventura Research & Company update

## Issue Structure and Offer Details

Sanathan textiles IPO is a book built issue of INR 550.00 cr. The issue is a combination of fresh issue of 1.24 cr shares aggregating to INR 400.00 cr and offer for sale of 0.46 cr shares aggregating to INR 150.00 cr.

Issue Structure	
Investor Category	Allocation
<b>QIB</b>	<b>Not more than 50.00% of the Offer</b>
<b>Retail NII (HNI)</b>	<b>Not less than 35.00% of the Offer</b>
<b>NII (HNI)</b>	<b>Not less than 15.00% of the Offer</b>

*Number of shares based on a higher price band of INR 321*

*Source: Company Reports*

## Objects of the Issue

The Company proposes to utilize the Net Proceeds towards the following objects:

1. Repayment and/ or pre-payment, in full or part, of certain borrowings availed by the Company.
2. Investment in subsidiary viz. Sanathan Polycot Private Limited for funding of its long-term working capital requirements and
3. General corporate purposes.

## Financial Summary

Fig in INR Cr (unless specified)	FY22	FY23	FY24	Fig in INR Cr (unless specified)	FY22	FY23	FY24
<b>Income Statement</b>				<b>Per share data &amp; Yields</b>			
Revenue	3,185.3	3,329.2	2,957.5	Adjusted EPS (INR)	42.3	18.2	15.9
<i>YoY Growth (%)</i>		<i>4.5</i>	<i>(11.2)</i>	Adjusted Cash EPS (INR)	47.3	23.4	21.2
Raw Material Cost	2,023.7	2,405.3	2,132.3	Adjusted BVPS (INR)	117.5	135.7	151.8
<i>RM Cost to Sales (%)</i>	<i>63.5</i>	<i>72.2</i>	<i>72.1</i>	Adjusted CFO per share (INR)	35.1	43.1	22.8
Employee Cost	94.7	88.5	90.6	CFO Yield (%)	10.9	13.4	7.1
<i>Employee Cost to Sales (%)</i>	<i>3.0</i>	<i>2.7</i>	<i>3.1</i>	Adjusted FCF per share (INR)	33.8	20.4	0.1
Other Expenses	521.7	567.5	501.2	FCF Yield (%)	10.5	6.4	0.0
<i>Other Exp to Sales (%)</i>	<i>16.4</i>	<i>17.0</i>	<i>16.9</i>	<b>Solvency Ratio (X)</b>			
EBITDA	545.1	267.9	233.5	Total Debt to Equity	0.4	0.2	0.3
<i>Margin (%)</i>	<i>17.1</i>	<i>8.0</i>	<i>7.9</i>	Net Debt to Equity	0.2	0.1	0.1
<i>YoY Growth (%)</i>		<i>(50.9)</i>	<i>(12.9)</i>	Net Debt to EBITDA	0.4	0.5	0.7
Depreciation & Amortization	42.2	43.5	44.4	<b>Return Ratios (%)</b>			
EBIT	502.9	224.4	189.1	Return on Equity	36.0	13.4	10.5
<i>Margin (%)</i>	<i>15.8</i>	<i>6.7</i>	<i>6.4</i>	Return on Capital Employed	27.3	11.5	8.4
<i>YoY Growth (%)</i>		<i>(55.4)</i>	<i>(15.8)</i>	Return on Invested Capital	40.8	17.7	13.1
Other Income	16.1	15.8	22.3	<b>Working Capital Ratios</b>			
Bill discounting & other charges	40.0	30.8	30.0	Payable Days (Nos)	39	41	54
Fin Charges Coverage (X)	12.6	7.3	6.3	Inventory Days (Nos)	51	44	50
Exceptional Item	0.0	0.0	0.0	Receivable Days (Nos)	16	16	16
PBT	479.1	209.4	181.4	Net Working Capital Days (Nos)	28	18	12
<i>Margin (%)</i>	<i>15.0</i>	<i>6.3</i>	<i>6.1</i>	Net Working Capital to Sales (%)	7.6	5.0	3.2
<i>YoY Growth (%)</i>		<i>(56.3)</i>	<i>(13.4)</i>	<b>Valuation (X)</b>			
Tax Expense	123.7	56.7	47.6	P/E	7.6	17.7	20.1
<i>Tax Rate (%)</i>	<i>25.8</i>	<i>27.1</i>	<i>26.2</i>	P/BV	2.7	2.4	2.1
PAT	355.4	152.7	133.8	EV/EBITDA	5.4	10.5	12.3
<i>Margin (%)</i>	<i>11.2</i>	<i>4.6</i>	<i>4.5</i>	EV/Sales	0.9	0.8	1.0
<i>YoY Growth (%)</i>		<i>(57.0)</i>	<i>(12.4)</i>	<b>Cash Flow Statement</b>			
Min Int/Sh of Assoc	0.0	0.0	0.0	PBT	479.1	209.4	181.4
Net Profit	355.4	152.7	133.8	Adjustments	64.9	133.1	(13.9)
<i>Margin (%)</i>	<i>11.2</i>	<i>4.6</i>	<i>4.5</i>	Change in Working Capital	(373.2)	76.5	71.8
<i>YoY Growth (%)</i>		<i>(57.0)</i>	<i>(12.4)</i>	Less: Tax Paid	(123.7)	(56.7)	(47.6)
Balance Sheet				Cash Flow from Operations	294.5	362.3	191.7
Share Capital	71.9	71.9	71.9	Net Capital Expenditure	(40.3)	(213.3)	(213.1)
Total Reserves	914.7	1,068.2	1,203.0	Change in Investments	(73.8)	(21.8)	(32.2)
Shareholders Fund	986.6	1,140.1	1,275.0	Cash Flow from Investing	(114.2)	(235.1)	(245.3)
Long Term Borrowings	280.0	221.6	337.2	Change in Borrowings	(159.0)	(95.4)	104.4
Deferred Tax Assets / Liabilities	62.9	71.2	77.5	Less: Finance Cost	(40.0)	(30.8)	(30.0)
Other Long Term Liabilities	0.9	0.5	1.0	Proceeds from Equity	0.0	0.0	0.0
Long Term Trade Payables	0.0	0.0	0.0	Buyback of Shares	0.0	0.0	0.0
Long Term Provisions	6.5	7.0	7.6	Dividend Paid	0.0	0.0	0.0
Total Liabilities	1,337.0	1,440.5	1,698.3	Cash flow from Financing	(199.0)	(126.2)	74.5
Net Block	896.8	950.3	930.9	Net Cash Flow	(18.7)	1.1	20.9
Capital Work in Progress	2.4	18.8	140.5	Forex Effect	0.0	0.0	0.0
Intangible assets under developme	0.0	2.1	0.0	Opening Balance of Cash	26.5	7.9	9.0
Non Current Investments	0.0	0.0	0.0	Closing Balance of Cash	8.0	9.0	29.9
Long Term Loans & Advances	28.8	128.3	214.3				
Other Non Current Assets	8.1	5.7	8.7				
Net Current Assets	400.9	335.3	404.0				
Total Assets	1,337.0	1,440.5	1,698.3				

Source: Company Reports

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