



**Sanathan
Textiles**

WORTH FOR THE FABRIC OF LIFE



Issue Opens - November 13, 2024 to November 18, 2024

Price Band
₹259 to ₹273

Face Value

₹1

Issue Size

₹1,114.72 Cr

Lot Size

54 Shares

Issue Type

Book Built

Issue Size

1,71,33,958 shares / ₹550.00 Cr

Fresh Issue

1,24,61,060 shares / ₹400.00 Cr

Offer for Sale

46,72,898 shares / ₹150 Cr

Basis of Allotment

Tuesday, December 24,, 2024

Initiation of Refunds

Thursday, December 26, 2024

Credit of Shares to Demat

Thursday, December 26, 2024

Sanathan Textiles Listing Day

Friday, December 27, 2024

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Objects of The Offer



- The company proposes to utilise the Net Proceeds towards the following objects:
- 1.Repayment and pre-payment, in full or part, of certain borrowings availed by the Company;
 - 2.Investment in our subsidiary viz. Sanathan Polycot Private Limited, for repayment and pre-payment, in full or part, of certain borrowings availed by our subsidiary viz. Sanathan Polycot Private Limited; and
 - 3.General corporate purposes.

Brief profile of the Directors

Paresh Vrajlal Dattani, aged 64 is the Chairman and Managing Director of our Company. He has completed his degree in Science from University of Calcutta. He has been on the Board of our Company since October 10, 2005. He is responsible for supervision of overall performance of our Company. He contributes in formulating strategies for the growth of our Company and provides guidance and direction to our Key Managerial Personnel and members of Senior Management. He is also associated as a partner with Ramniklal Nandlal Bros since July 25, 1978. He has 46 years of experience in the textile industry.

Ajay Vallabhdas Dattani aged 57 is the Joint Managing Director of our Company. He has been on the Board of our Company since October 10, 2005 and is responsible for managing the operations and expansion of our cotton division. He also supervises the various functions in our Company inter alia finance, production and compliance. He has a bachelor's degree in commerce (honors) from the University of Calcutta. He has over 18 years of experience in the textile industry.

Anilkumar Vrajdas Dattani, aged 66 is an Executive Director of our Company. He has been on the Board of our Company since October 10, 2005 and his responsibilities include overseeing various functions of our Company inter alia corporate social responsibility and administration in the Company. He has passed the examination for bachelor's degree in commerce from University of Bombay. He is also associated as a partner with Ramniklal Nandlal Bros since July 25, 1978. He has 46 years of experience in the textile industry.



About The Company

Sanathan Textiles Limited, which was founded in 2005, is a maker of polyester yarn and a supplier of cotton yarn worldwide. The company operates under three distinct yarn business verticals, which include: (a) yarn products for technical textiles and industrial applications; (b) yarn products for cotton; and (c) yarn products for polyester and serves numerous industries, including the automotive, healthcare, construction, sports, outdoor, and protective apparel sectors, use these advanced fabrics.

By September 30, 2024, the company had more than 45,000 stock-keeping units (SKUs) and more than 3,200 active yarn product variants (i.e., yarn products produced by us between April 1, 2021, and September 30, 2024).

Additionally, it can produce a wide range of products, including over 190,000 SKUs and 14,000 types of yarn products, all of which are utilized in different ways and for a variety of end applications. The business had over 925 distributors in seven countries as of June 30, 2024, including Canada, Israel, Germany, Greece, Argentina, Singapore, and India.

Key Business Operations

Key Business Operations of Sanathan Textiles Limited includes-

- Sourcing and Procurement:
 - Identifying and establishing relationships with suppliers for raw materials such as cotton, silk, synthetic fibers, dyes, and other textile inputs.
 - Negotiating contracts and managing supply chain logistics to ensure timely delivery and quality materials.
- Production and Manufacturing:
 - Operating manufacturing facilities where textiles are woven, knitted, dyed, and finished.
 - Implementing quality control measures to ensure that products meet industry standards.
- Design and Development:
 - Employing design teams to create innovative fabric designs, patterns, and styles that cater to market trends and customer preferences.
 - Developing samples and prototypes for client approval before full-scale production.

Statement of Profit and Loss



(All amounts are in Indian Rupees millions, unless otherwise stated)

Particulars	30-Jun-2024	31-Mar-2024	31-Mar-2023	31-Mar-2022
Income				
a) Revenue from operations	7,811.28	29,575.04	33,292.13	31,853.20
b) Other income	66.33	223	158.06	161.4
Total income	7,877.61	29,798.04	33,450.19	32,014.60
Expenses				
a) Cost of materials consumed	5,476.21	21,317.15	23,349.10	20,632.70
b) Purchases of stock-in-trade	6.34	6.35	52.26	324.7
c) Changes in inventories	89.92	-0.66	651.48	-719.99
d) Employee benefits expense	239.15	905.95	885.36	947.4
e) Finance costs	50.96	230.84	224.18	324.6
f) Depreciation and amortisation expense	112.04	443.89	434.86	421.7
g) Other expenses	1,235.28	5,080.44	5,758.63	5,292.27
Total expenses	7,209.90	27,983.96	31,355.87	27,223.38
Profit before tax	667.71	1,814.08	2,094.32	4,791.22
Tax expense				
a) Current tax	161.5	421.42	479.01	1,127.10
- for the period / year	161.5	421.42	479.01	1,127.10
- pertaining to earlier year(s)	-8.08	4.33	26	83.7
b) Deferred tax charge	5.48	62.26	83.57	83.7
Total tax expense	166.98	475.6	566.91	1,236.80
Profit for the period / year	500.73	1,338.48	1,527.41	3,554.42
Other comprehensive (loss) / income				
Items that will not be reclassified to profit or loss				
Re-measurement of defined benefit plan	-3.31	3.6	-3.18	2.78
Income-tax effect on above	0.82	-0.94	0.8	-0.7
Other comprehensive (loss) / income for the period	-2.49	2.66	-2.38	2.08
Total comprehensive income for the period	498.24	1,341.14	1,525.03	3,556.50
Profit for the period / year attributable to:				
Owners of the Holding Company	500.73	1,338.48	1,527.41	3,554.42
Non-controlling interest				
Other comprehensive income attributable to:				
Owners of the Holding Company	-2.49	2.66	-2.38	2.08
Non-controlling interest				
Total comprehensive income attributable to:				
Owners of the Holding Company	498.24	1,341.14	1,525.03	3,556.50
Non-controlling interest				
Earnings per share (face value of Rs. 10 each)				
Basic earnings per share (in Rupees)	6.96	18.6	21.24	49.4
Diluted earnings per share (in Rupees)	6.96	18.6	21.24	49.4

Source: RHP

Strengths



Diversified Product Portfolio:

- Wide range of over 14,000 varieties and 190,000 SKUs.
- Presence across polyester, cotton, and technical textiles.
- The high share of value-added products (dope dyed, superfine, functional, industrial, etc.) with tailored properties.

Strong Manufacturing Capabilities:

- Fully integrated polyester facility with advanced technology (continuous polymerization, automation).
- High capacity utilization with efficient manufacturing processes.
- The Greenfield project in Punjab is for capacity expansion (expected to increase capacity significantly).
- Experienced and skilled workforce.

Product Innovation and Development:

- Dedicated R&D team focused on new product development and customization.
- In-house testing facilities for quality control.

Threats

Competition:

- Intense competition in the textile industry, both domestically and internationally.
- Price fluctuations in raw materials (e.g., cotton, polyester).
- Potential entry of new players and technological advancements.

Technological Disruptions:

- Rapid technological advancements could disrupt the industry.
- Risk of obsolescence of existing technologies.

Raw Material Price Volatility:

- Fluctuations in raw material prices can impact profitability.

Valuation and Outlook



Sanathan Textiles Ltd IPO is expected to be priced between ₹ 259 - 273 per share. At this price, the company is valued at Price-to-Earnings (P/E) ratio of 20x whereas the industry average is 29x

Name of Company	Face Value (₹ Per Share)	Revenue for Fiscal 2024 (in ₹ million)	EPS (₹)		NAV (₹ per share)	P/E	RONW (%)
			Basic	Diluted			
Sanathan Textiles Limited*	10	29,575.04	18.60	18.60	177.22	N.A.	10.42%
Peer Group*							
K.P.R. Mill Ltd	1	60,596.80	23.56	23.56	127.50	39.68	18.48%
Vardhman Textiles Ltd.	2	95,046.80	22.20	22.20	314.69	21.19	7.00%
Indo Count Industries Ltd.	2	35,570.69	17.06	17.06	105.48	22.75	16.35%
Filatex India Ltd.	1	42,859.00	2.49	2.49	27.13	24.30	9.19%
Garware Technical Fibres Ltd.	10	13,256.11	102.16	102.16	621.49	39.57	16.87%

Sanathan Textiles Ltd's Revenue and Net profit declined annually by 3.6 and 38.6 per cent, respectively, During FY22-FY24. The company can benefit from the ongoing geopolitical tensions in Bangladesh (one of the major exporting nations to the US and EU) and the decline in China's export of apparel to the US, providing Indian exporters with an alternate choice of exporter to the US, which had 22 per cent share in global apparel imports as of CY23. However, the competitive nature of the textile industry poses a threat.

Hence, We rate **"APPLY"** rating to this IPO for Listing Gains only.

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