



This is a public announcement for information purposes only and is not a prospectus announcement and does not constitute an invitation or offer to acquire, purchase or subscribe to securities. Not for release, publication or distribution directly or indirectly, outside India. Initial public offer of equity shares on the main board of the Stock Exchanges in compliance with Chapter II of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("SEBI ICDR Regulations").

SANATHAN TEXTILES LIMITED

Our Company was incorporated as "Sanathan Textiles Private Limited", at Kolkata, West Bengal as a private limited company under the Companies Act, 1956 and received a certificate of incorporation issued by the RoC, on October 10, 2005. Thereafter, our Company was converted into a public limited company pursuant to a resolution passed by the shareholders of our Company passed in their meeting on November 12, 2021, and the name of our Company was changed to its present name "Sanathan Textiles Limited", pursuant to a fresh certificate of incorporation issued by the RoC on November 18, 2021. For details of changes in the name and registered office of our Company, see History and Certain Corporate Matters on page 269 of the Red Herring Prospectus dated December 13, 2024 ("RHP") filed with the RoC.

Corporate Identification Number: U17299WB2005PLC005690
Registered Office: SRV NO. 1874/12, Near Surangi Bridge, Surangi, Dabra & Nagar Haveli, Silvassa - 366230, India. Corporate Office: D-15, Trade World Building Kamala Mills Compound, Senapati Bapat Marg Lower Panel, Mumbai - 400013, Maharashtra, India
Contact Person: Dinesha Jude Patil, Company Secretary and Compliance Officer. Tel: + 91 22 6634 3312/34/5/6; E-mail: investors@sanathan.com; Website: https://www.sanathan.com



(Please scan the QR code to view the RHP)

OUR PROMOTERS: PARESH VRAJLAL DATTANI, AJAY VALLABHDAS DATTANI, ANILKUMAR VRAJIDAS DATTANI, DINESH VRAJIDAS DATTANI, NIMBUS TRUST, D&G FAMILY TRUST, A&J FAMILY TRUST AND P&B FAMILY TRUST

INITIAL PUBLIC OFFER OF UP TO (*) EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH (EQUITY SHARES) OF SANATHAN TEXTILES LIMITED ("COMPANY" OR "ISSUER") FOR CASH AT A PRICE OF (*) PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ (*) PER EQUITY SHARE) (OFFER PRICE) AGGREGATING UP TO ₹ 5,500.00 MILLION (OFFER) COMPRISING A FRESH ISSUE OF UP TO (*) EQUITY SHARES AGGREGATING UP TO ₹ 4,000.00 MILLION BY OUR COMPANY (FRESH ISSUE) AND AN OFFER FOR SALE OF UP TO (*) EQUITY SHARES AGGREGATING UP TO ₹ 1,500.00 MILLION BY THE SELLING SHAREHOLDERS (OFFER FOR SALE) COMPRISING UP TO (*) EQUITY SHARES AGGREGATING UP TO ₹ 309.37 MILLION BY PARESH VRAJLAL DATTANI, UP TO (*) EQUITY SHARES AGGREGATING UP TO ₹ 346.75 MILLION BY AJAY VALLABHDAS DATTANI, UP TO (*) EQUITY SHARES AGGREGATING UP TO ₹ 355.62 MILLION BY ANILKUMAR VRAJIDAS DATTANI, UP TO (*) EQUITY SHARES AGGREGATING UP TO ₹ 371.88 MILLION BY DINESH VRAJIDAS DATTANI (THE "PROMOTER SELLING SHAREHOLDERS"), UP TO (*) EQUITY SHARES AGGREGATING UP TO ₹ 2.50 MILLION BY VAJUBHAI INVESTMENTS PRIVATE LIMITED, UP TO (*) EQUITY SHARES AGGREGATING UP TO ₹ 2.50 MILLION BY VALLABHDAS DATTANI HUF, UP TO (*) EQUITY SHARES AGGREGATING UP TO ₹ 22.50 MILLION BY SONALI AJAYKUMAR DATTANI, UP TO (*) EQUITY SHARES AGGREGATING UP TO ₹ 2.50 MILLION BY DATTANI DINESHKUMAR VRAJIDAS HUF AND UP TO (*) EQUITY SHARES AGGREGATING UP TO ₹ 35.00 MILLION BY BEENA PARESH DATTANI, UP TO (*) EQUITY SHARES AGGREGATING UP TO ₹ 17.50 MILLION BY ANILKUMAR VRAJIDAS DATTANI HUF, UP TO (*) EQUITY SHARES AGGREGATING UP TO ₹ 30.00 MILLION BY PARESH KUMAR V DATTANI HUF, UP TO (*) EQUITY SHARES AGGREGATING UP TO ₹ 1.25 MILLION BY JAYSHREE ANILKUMAR DATTANI, UP TO (*) EQUITY SHARES AGGREGATING UP TO ₹ 2.50 MILLION BY VALLABHDAS DATTANI AND UP TO (*) EQUITY SHARES AGGREGATING UP TO ₹ 0.13 MILLION BY AJAY KUMAR V DATTANI HUF (THE "PROMOTER GROUP SELLING SHAREHOLDERS" AND TOGETHER WITH THE PROMOTER SELLING SHAREHOLDERS, COLLECTIVELY REFERRED AS "SELLING SHAREHOLDERS" AND SUCH OFFER FOR SALE BY THE SELLING SHAREHOLDERS, THE "OFFER FOR SALE").

DETAILS OF THE OFFER FOR SALE BY THE SELLING SHAREHOLDERS			
NAME OF THE SELLING SHAREHOLDER	TYPE	AMOUNT (IN ₹ MILLION)	WEIGHTED AVERAGE COST OF ACQUISITION PER EQUITY SHARES* (IN ₹)
Pareesh Vrajlal Dattani	Promoter Selling Shareholder	Up to (*) Equity Shares of face value of ₹ 10 each aggregating up to ₹ 309.37 million	3.51
Ajay Vallabhdas Dattani	Promoter Selling Shareholder	Up to (*) Equity Shares of face value of ₹ 10 each aggregating up to ₹ 346.75 million	3.40
Anilkumar Vrajdass Dattani	Promoter Selling Shareholder	Up to (*) Equity Shares of face value of ₹ 10 each aggregating up to ₹ 355.62 million	3.04
Dinesh Vrajdass Dattani	Promoter Selling Shareholder	Up to (*) Equity Shares of face value of ₹ 10 each aggregating up to ₹ 371.88 million	4.05
Vajubhai Investments Private Limited	Promoter Group Selling Shareholder	Up to (*) Equity Shares of face value of ₹ 10 each aggregating up to ₹ 2.50 million	5.56
Vallabhdas Dattani HUF	Promoter Group Selling Shareholder	Up to (*) Equity Shares of face value of ₹ 10 each aggregating up to ₹ 2.50 million	5.56
Sonali Ajaykumar Dattani	Promoter Group Selling Shareholder	Up to (*) Equity Shares of face value of ₹ 10 each aggregating up to ₹ 22.50 million	30.36
Dattani Dineshkumar Vrajdass HUF	Promoter Group Selling Shareholder	Up to (*) Equity Shares of face value of ₹ 10 each aggregating up to ₹ 2.50 million	5.56
Beena Pareesh Dattani	Promoter Group Selling Shareholder	Up to (*) Equity Shares of face value of ₹ 10 each aggregating up to ₹ 35.00 million	1.11
Anilkumar Vrajdass Dattani HUF	Promoter Group Selling Shareholder	Up to (*) Equity Shares of face value of ₹ 10 each aggregating up to ₹ 17.50 million	29.71

*Calculated on a fully diluted basis. As certified by the Independent Chartered Accountant, Jain Tripathi & Co, pursuant to a certificate dated December 13, 2024. For a complete list of all Selling Shareholders and their average cost of acquisition per Equity Share, see "Summary of the Offer Document - Average Cost of Acquisition of our Promoters and the Selling Shareholders" on page 31 of the RHP.

Our company is engaged in the business of manufacturing textile yarn, which is divided into three separate business verticals, consisting of Polyester yarn products; Cotton yarn products; and Yarns for technical textiles and industrial uses.

The Offer is being made through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations.
• QIB Portion: Not more than 50% of the Offer • Non-Institutional Portion: Not less than 15% of the Offer • Retail Portion: Not less than 35% of the Offer

PRICE BAND: ₹305 TO ₹321 PER EQUITY SHARE OF FACE VALUE OF ₹10 EACH
THE FLOOR PRICE AND THE CAP PRICE ARE 30.50 TIMES AND 32.10 TIMES THE FACE VALUE OF THE EQUITY SHARES RESPECTIVELY.
BIDS CAN BE MADE FOR A MINIMUM OF 46 EQUITY SHARES AND IN MULTIPLES OF 46 EQUITY SHARES THEREAFTER
THE PRICE TO EARNINGS RATIO BASED ON DILUTED EPS FOR FISCAL 2024 AT THE UPPER END OF THE PRICE BAND IS 17.26 TIMES
AS COMPARED TO THE AVERAGE INDUSTRY PEER GROUP PE RATIO OF 29.50 TIMES.
WEIGHTED AVERAGE RETURN ON NET WORTH FOR LAST THREE FULL FINANCIAL YEARS IS 15.68%

In accordance with the recommendation of Committee of Independent Directors of our Company, pursuant to their resolution dated December 13, 2024, the above provided price band is justified based on quantitative factors/ KPIs disclosed in the "Basis for the Offer Price" section on page 154 of the RHP vis-a-vis the weighted average cost of acquisition ("WACA") of primary and secondary transactions, as applicable, disclosed in the "Basis for the Offer Price" section on page 154 of the RHP and provided below in this advertisement.

In making an investment decision and purchase in the Offer, potential investors must only rely on the information included in the Red Herring Prospectus and the terms of the Offer, including the merits and risks involved and not rely on any other external sources of information about the Offer available in any manner.

RISKS TO INVESTORS:

For details, refer to "Risk Factors" on page 34 of the RHP.

- 1. No long term raw material supply agreements.** We do not have long term agreements for supply of our raw materials. If we are unable to procure raw materials of the required quality and quantity, at competitive prices, our business, results of operations and financial condition may be adversely affected. Majority of our raw materials are sourced from few key suppliers. Discontinuation of operations of such suppliers may adversely affect our ability to source raw materials at a competitive price. For quarter ended June 30, 2024, Fiscals 2024, 2023 and 2022, our total cost of material consumed was ₹ 5,476.21 million, ₹ 21,317.15 million, ₹ 23,349.10 million and ₹ 20,632.70 million representing 75.95%, 76.18%, 74.46% and 75.79% respectively, of our total expenses.
- 2. Risk regarding inability to gauge demand and maintain optimal inventory.** If we are unable to gauge the demand of our products accurately and are unable to maintain an optimal level of inventory, our business, results of operations and financial condition may be adversely affected. As of June 30, 2024, March 31, 2024, March 31, 2023 and March 31, 2022, our inventory as a percentage of our current assets was 42.86%, 44.59%, 50.11% and 51.60%, respectively and our inventory turnover ratio (i.e., cost of goods sold divided by average inventory) during these period was 5.51 times, 5.28 times, 5.69 times and 5.45 times. Our inventory cycle (i.e., inventory turnover days) was 66 days, 69 days, 61 days and 80 days, during quarter ended June 30, 2024, Fiscals 2024, 2023 and 2022, respectively.
- 3. Dependence on distributors.** Our relationship with our distributors is critical to our business. During quarter ended June 30, 2024, Fiscals 2024, 2023 and 2022, 96.55% 94.48%, 93.01% and 93.31%, respectively, of our total revenue from operations was attributable to our distributors. If we are unable to maintain successful relationships with our distributors, our business, results of operations and financial condition may be adversely affected. As on June 30, 2024, we had more than 925 distributors in 7 countries comprising 916 distributors in India, 2 distributors each in Argentina, Canada and Singapore, and 1 distributor each in Germany, Greece and Israel.
- 4. Risk related to high working capital requirement.** Our Company has a high working capital requirement and if our Company is unable to raise sufficient working capital the operations of our Company will be adversely affected. We are in the advanced stages of commissioning a manufacturing facility in Wazirabad, Punjab through our Subsidiary, Sanathan Polycot Private Limited. Once this Subsidiary is operational, then it will also have to arrange for further funding for additional working capital requirement.
Details of our working capital during Fiscals 2024, 2023 and 2022 are set out below:

Particulars	As at and for quarter ended June 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
Working capital requirements (i.e., sum of trade receivables and inventory, as reduced by trade payables) (in ₹ million)	1,291.24	942.29 ^A	1,660.27	2,424.87
Details of financing of working capital requirements				
- Cash credit and Packing Facilities (in ₹ million)	-	-	14.96	13.20
- Internal accruals (in ₹ million)	1,291.24	942.29	1,645.31	2,411.67
Working capital days	55 days	49 days	46 days	67 days

Continued on next page...

...continued from previous page.

^A Our working capital requirements reduced from ₹ 1,660.27 million to ₹ 942.29 million in Fiscal 2024 primarily due to an increase in our trade payables from ₹ 3,773.16 million in Fiscal 2023 to ₹ 4,369.46 million in Fiscal 2024.

5. Reduction in operating revenue and PAT Margin in Fiscal 2024 as compared to previous Fiscal. Our revenue from operations and our PAT Margin has reduced in Fiscal 2024 as compared to Fiscal 2023. Our revenue from operations decreased by 11.17% from ₹ 33,292.13 million in Fiscal 2023 to ₹ 29,575.04 million in Fiscal 2024 and profit after tax of the Company decreased by 12.37% from ₹ 1,527.41 million in Fiscal 2023 to ₹ 1,338.48 million in Fiscal 2024. If we are unable to maintain or increase our revenue from operations, our profit and our profit margin, then it may have an adverse effect on our business operations and our growth strategies.

Set out below is our revenue from operations, our profit after tax and our PAT Margin during quarter ended June 30, 2024, Fiscals 2024, 2023 and 2022:

Particulars	Quarter ended June 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
Revenue from operations (in ₹ million)	7,811.28	29,575.04	33,292.13	31,853.20
Profit after tax (in ₹ million)	500.73	1,338.48	1,527.41	3,554.42
PAT Margin ⁽¹⁾	6.41%	4.53%	4.59%	11.16%

PAT Margin = Profit after tax / Revenue from operations.

6. Risk related to dependence on limited geographies. During quarter ended June 30, 2024, Fiscals 2024, 2023 and 2022, we derived 62.51%, 65.10%, 60.88% and 55.63% our revenue from operations from domestic sales from our customers in Gujarat, Maharashtra and Punjab, which exposes us to risks specific to these Indian geographies and market.

7. Risk relating to dependency on import of raw material and forex rate fluctuation. We import a large portion of our raw materials from international suppliers and any adverse foreign exchange fluctuation could increase our cost of operations and affect our profitability. A large portion of our raw materials is imported from international suppliers. During quarter ended June 30, 2024, Fiscals 2024, 2023 and 2022, our total raw material consumed which was imported was ₹ 2,100.61 million, ₹ 8,699.89 million, ₹ 8,697.32 million and ₹ 4,445.89 million representing 39.95%, 41.94%, 46.93% and 27.11%, respectively, of our total raw material consumed. Further, any restriction or embargo on the sourcing of raw materials from certain countries could adversely affect our business and financial condition.

8. Certain ratios may not be indicative of market price of Equity shares on listing. The Offer Price, market capitalization to total income multiple, price to earnings ratio and enterprise value to EBITDA ratio based on the Offer Price of our Company, may not be indicative of the market price of the Equity Shares on listing

9. Risk in relation to upcoming Punjab Manufacturing Facility being set up by our wholly owned subsidiary Sanathan Polycot Private Limited. A portion of the Net Proceeds from the IPO are proposed to be utilized for repayment and, or, pre-payment of a portion, of certain outstanding borrowings availed by our subsidiary which will not result in creation of any tangible assets. This Subsidiary has incurred losses incurred losses of ₹ 22.31 million, ₹ 75.70 million, ₹ 34.45 million and ₹ 0.95 million during quarter ended June 30, 2024, Fiscals 2024, 2023 and 2022, respectively. The Punjab Manufacturing Facility, being set up by our Subsidiary is in the advanced stages of commissioning and our business and its growth will depend on this facility. Any loss of or shutdown of operations of this facility, once operational, could adversely affect our business or results of operations.

10. The weighted average cost of acquisition of all shares transacted by our

Promoters, the Promoter Group, the Selling Shareholders or Shareholder(s) with rights to nominate Director(s) or other special rights, in the last eighteen months, one year and three years preceding the date of the Red Herring Prospectus

Period	Weighted average cost of acquisition (in ₹)*	Upper end of the price band (₹321) is 'X' times the weighted average cost of acquisition**	Range of acquisition price: Lowest price – Highest price (in ₹)
Last 3 Years, 18 months, and 1 Year	Nil	N.A.	N.A.

Note: There has been no acquisition of shares transacted by our Promoters, the Promoter Group, the Selling Shareholders or Shareholders with rights to nominate Director(s) or other special rights, in the last eighteen months, one year and three years preceding the date of this Red Herring Prospectus.

* As certified by M/s. Jain Tripathi & Co., by way of their certificate dated December 13, 2024.

** Information to be included in the Prospectus.

11. Risk relating to various in utilization of Net Proceeds. Any variation in the utilization of the Net Proceeds as disclosed in this Red Herring Prospectus shall be subject to certain compliance requirements, including prior Shareholders' approval.

12. Risk relating to inability to implement growth strategies. We may not be able to successfully manage the growth of our business if we are not able to effectively implement our strategies. In particular, the proposed increase in our manufacturing capacities may not be successful or we may not have demand for our products which may be commensurate to the proposed increase of our manufacturing capacities.

13. The BRLMs associated with the Offer have handled 64 public issues in the past three financial years, out of which 20 issues have closed below the offer price on the listing date

Name of BRLMs	Total Public Issues	Issues closed below the Offer Price on listing date
DAM Capital Advisors Limited*	9	5
ICICI Securities Limited*	48	13
Common issue handled by the above BRLMs	7	2
Total	64	20

*Issues handled where there were no common BRLMs

14. Risk in relation to significant indebtedness. As of September 30, 2024, our total sanctioned and outstanding indebtedness was ₹ 27,215.86 million and ₹ 13,930.13 million, respectively. The level of our indebtedness could have several important consequences. A significant portion of our cash flow may be used towards repayment of our existing debt, which will reduce the available cash flow to fund our capital expenditures. Defaults of payment and other obligations under our financing arrangements may result in acceleration of our repayment obligations and enforcement of related security interests over our assets. Substantial portion of our long term indebtedness is subject to floating rates of interest and fluctuations in market interest rates may require us to pay higher rates of interest and will also affect the cost of our borrowings.

15. No long term agreements with customer. We do not have long-term agreements with a majority of our customers. Any changes or cancellations to our orders or our inability to forecast demand for our products may adversely affect our business, results of operations and financial condition.

16. Our Company will not receive any proceeds from the Offer for Sale. The Net Proceeds from the Offer for Sale comprises 27.27% of the total Offer size, it will be transferred to each of the Selling Shareholders, in proportion to its respective portion of the Offered Shares transferred by each of them in the Offer for Sale. This will not result in any creation of value for us or in respect of your investment in our Company.

BID/OFFER PERIOD

ANCHOR INVESTOR BID/ OFFER PERIOD OPENS AND CLOSSES ON WEDNESDAY, DECEMBER 18, 2024*

BID/OFFER OPENS ON^ THURSDAY, DECEMBER 19, 2024

BID/OFFER CLOSSES ON^ MONDAY, DECEMBER 23, 2024

* Our Company, in consultation with the BRLMs, may consider participation by the Anchor Investors in accordance with the SEBI/ICDR Regulations. The Anchor Investor Bidding Date shall be 1 Working Day prior to the Bid/Offer Opening Date.

^UPI mandate end time and date shall be at 5 pm, on Bid/Offer Closing Date.

Continued on next page.



જાનાંકા પ્રતિનિધિ,	જાજી, પારાસય સવંકી	કચ્છ એસ.પી. શ્રી વિઠ્ઠલ
કચ્છ : પોરોડ સફેદ રાગની મુલાકાતે પધારેલા	કેમુલાઈ પટેલ, શ્રી	સુગં, જિલ્લા વિકાસ
મુખ્યમંત્રીની ભુપેન્દ્ર પટેલ તથા પ્રવાસન મંત્રીશ્રી મુળુભાઈ ભેરાડ પોરોડી સ્થળે પાતે ઉપજાબાબર હાજિત કરવામાં આવ્યું હતું. કચ્છની ધરા ઉપર પારોલા મુખ્યમંત્રીશ્રીને કચ્છ મારોલા સંસાદશ્રી વિનોદભાઈ યાવડ, જિલ્લા પંચાયત પ્રમુખશ્રી જાનકીલાલ પંચાયત પ્રમુખશ્રી જાનકીલાલ	પ્રધુમ્નજી જાજી, શ્રી નિઝમભાઈ ઊંછા, શ્રીમતી માર્ગાલીને મુખ્યમંત્રીશ્રી વિરેન્દ્રજીજી જાજી, ભુજ નરશંખેરાણિક પ્રમુખશ્રી રશ્મિબેન પટેલ, ભુજ તાલુકા પંચાયત મુખ્યમંત્રીશ્રી વાલ્મીકીવર રસાણી, રેન્જ આર.જી. શ્રી ચિરાગ કોટીરખા, લેલકેટર શ્રીમત અરોરા, પશ્ચિમ	એસ.પી. શ્રી અધિકારીશ્રી એસ.કે. જાપત સહિત આગેવાન શ્રી દેવભાઈ વરરશ, શ્રી નરેન્દ્રભાઈ પ્રજાપતિ, શ્રી રિટ્લિપભાઈ શાહ, શ્રી ધવલભાઈ આચાર્ય, શ્રી બાલકૃષ્ણ મોડી, પોરોડી જુગ્મ ગામ પંચાયત સરપંચશ્રી મિયા હુસેન સહિતન મહાનુભાવે એ આવકાર આપીને સાગત કૃત્તું હતું.