



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



(Please scan the QR code to view the RHP)

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: U17299DN2005PLC005690
Registered Office: SRV NO. 187/4/1/2, Near Surangi Bridge, Surangi, Dadra & Nagar Haveli, Silvassa - 396230, India. Corporate Office: D-15, Trade World Building Kamala Mills Compound, Senapati Bapat Marg Lower Parel, Mumbai - 400013, Maharashtra, India
Contact Person: Dsouza Jude Patrick, Company Secretary and Compliance Officer, Tel: + 91 22 6634 3312/34/5/6; E-mail: investors@sanathan.com; Website: https://www.sanathan.com

OUR 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

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 VRAJDAS DATTANI, UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 371.88 MILLION BY DINESH VRAJDAS 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 VRAJDAS 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 VRAJDAS 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 Vrajdas Dattani	Promoter Selling Shareholder	Up to [●] Equity Shares of face value of ₹ 10 each aggregating up to ₹ 355.62 million	3.04
Dinesh Vrajdas 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 Vrajdas 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 Vrajdas 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.

- 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.
- 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.
- 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.

- 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^	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.

^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 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 CLOSES ON WEDNESDAY, DECEMBER 18, 2024*

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

BID/OFFER CLOSES 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 from previous page.

BASIS FOR THE OFFER PRICE

The Offer Price will be determined by our Company in consultation with the BRLMs on the basis of assessment of market demand for the Equity Shares offered in the Offer through the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹ 10 each and the Floor Price is 30.50 times the face value and the Cap Price is 32.10 times the face value. The Cap Price shall be minimum 105 % of the Floor Price and shall not exceed 120 % of the Floor Price.

Investors should also see 'Risk Factors', 'Our Business', 'Management's Discussion and Analysis of Financial Condition and Results of Operations', 'Restated Consolidated Financial Information' and 'Summary of Financial Information' on pages 34, 239, 418, 318 and 94 of the RHP, respectively to have an informed view before making an investment decision.

Qualitative Factors

We believe the following business strengths allow us to successfully compete in the industry:

- We are one of the few companies (amongst our peer group) in India with presence across the polyester, cotton and technical textile (which find application in multiple end-use segments including automotive, healthcare, construction, sports and outdoor, and protective clothing) sectors.
- Focus on the product development of new products, through process innovation.
- Fully integrated yarn manufacturing plant set up at a strategic location with equipment supplied by domestic and globally renowned players.
- Long standing association with leading consumer brands with a low customer concentration.
- 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.
- Healthy financial performance
- Experienced management team with a proven track record

For further details, see 'Our Business - Strengths' on page 243 of the RHP.

Quantitative Factors

Some of the information presented below relating to our Company is based on the Restated Consolidated Financial Information prepared in accordance with the SEBI ICDR Regulations. For further details, see 'Restated Consolidated Financial Information' on page 318 of the RHP.

Some of the quantitative factors which may form the basis for computing the Offer Price are as follows:

1. Basic and Diluted Earnings Per Equity Share (EPS), as adjusted for change in capital:

As per our Restated Consolidated Financial Information:

Financial Year	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
Financial year ended March 31, 2022	49.40	49.40	1
Financial year ended March 31, 2023	21.24	21.24	2
Financial year ended March 31, 2024	18.60	18.60	3
Weighted Average*	24.61	24.61	
Quarter ended June 30, 2024 [†]	6.96	6.96	NA

EPS has been calculated in accordance with the Indian Accounting Standard 33 – 'Earning per share' notified under the Companies (Indian Accounting Standards) Rules, 2015. The above statement should be read with material accounting policies and notes on Restated Consolidated Financial Information.

The face value of Equity Shares of the Company is ₹ 10.

Basic Earnings per share is calculated by dividing the profit/ (loss) for the year attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the year including sub-division.

Diluted Earnings per share is calculated by dividing the profit/ (loss) for the year attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the year as adjusted for the effects of all dilutive potential Equity Shares during the year including sub-division.

*Aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. (EPS x Weight) for each year/Total of weights.

[†]Not annualised

2. Price Earning Ratio (P/E) in relation to Offer Price of ₹ 10 per Equity Share:

Particulars	P/E at lower end of the Price Band	P/E at higher end of the Price Band	P/E at Offer Price (no. of times)
Basic EPS as per the Restated Consolidated Financial Information for the year ended March 31, 2024	16.40	17.26	●
Diluted EPS as per the Restated Consolidated Financial Information for the year ended March 31, 2024	16.40	17.26	●

3. Industry P/E ratio*

Particulars	P/E Ratio
Highest	39.68
Lowest	21.19
Average	29.50

*Peer Group comprises entities set out at paragraph 6 below.

(1) P/E Ratio has been computed based on the closing market price of equity shares on BSE / NSE on August 6, 2024 divided by the Diluted EPS provided.

(2) All the financial information for listed industry peer mentioned above for Filatex India Ltd. is on a standalone basis and all others is on a consolidated basis and is sourced from the annual audited financial results of the company for the year ended March 31, 2024.

4. Average Return on Net Worth (RoNW):

As per Restated Consolidated Financial Information of the Company:

Financial Year	RoNW* (%)	Weight
Financial year ended March 31, 2022	36.03	1
Financial year ended March 31, 2023	13.40	2
Financial year ended March 31, 2024	10.42	3
Weighted Average**	15.68	
Quarter ended on June 30, 2024 [†]	3.72	NA

Net worth is the aggregate value of the paid-up share capital and all reserves created out of the profits which are available for distribution as dividend, securities premium account and debit or credit balance of profit and loss account, i.e., retained earnings as per Restated Consolidated Financial Information, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation. Retained earnings do not include balance of re-measurement of defined benefit plan as it will not be reclassified subsequently to profit or loss and employee stock options outstanding reserve.

*RoNW is calculated as Restated Profit for the year divided by net worth at the end of the year.

**The weighted average is a product of RoNW and the respective assigned weight dividing the resultant by total aggregate weight.

[†]Not annualised

5. Net Asset Value (NAV) per Equity Share of face value of ₹ 10 each:

- As on June 30, 2024, as per the Restated Consolidated Financial Information: ₹ 184.16 per Equity Share.
- As on March 31, 2024, as per the Restated Consolidated Financial Information: ₹ 177.22 per Equity Share
- After the completion of the Offer:
 - At the Floor Price: ₹ 202.69
 - At the Cap Price: ₹ 204.26
 - At the Offer Price: ₹ ●

6. Comparison with Listed Industry Peers

Name of Company	Face Value (₹ Per Share)	Revenue for Fiscal 2024 (in ₹ million)	Basic EPS (₹)	Diluted EPS (₹)	NAV (₹ per share)	P/E	RoNW (%)
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%

*Financial information for our Company is derived from the Restated Consolidated Financial Information as at and for the financial year ended March 31, 2024.

*All the financial information for listed industry peer mentioned above for Filatex India Ltd. is on a standalone basis and all others is on a consolidated basis and is sourced from the annual audited financial results of the company for the year ended March 31, 2024.

Notes for Listed Peers:

- Basic EPS and Diluted EPS refer to the Basic EPS and Diluted EPS sourced from the financial statements of the respective company.
- P/E Ratio has been computed based on the closing market price of equity shares on BSE/NSE on October 31, 2024 divided by the Diluted EPS provided.
- Net worth is the aggregate value of the paid-up share capital and all reserves created out of the profits which are available for distribution as dividend, securities premium account and debit or credit balance of profit and loss account, i.e., retained earnings as per Restated Consolidated Financial Information, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation. Retained earnings do not include balance of re-measurement of defined benefit plan as it will not be reclassified subsequently to profit or loss and employee stock options outstanding reserve. Return on net worth (RoNW) is calculated as Restated Profit for the year divided by net worth at the end of the year.
- NAV per equity share has been computed as the total equity attributable to common shareholders (excluding noncontrolling interest) divided by the total number of shares outstanding, as at March 31, 2024.

7. Key Performance Indicators

The table below sets forth the details of our Key Performance Indicators that our Company considers have a bearing for arriving at the basis for Offer Price. The Key Performance Indicators set forth below have been approved by our Audit Committee pursuant to the resolution at its meeting dated December 13, 2024. Further, our Company's Audit Committee has on December 13, 2024, taken on record that other than the Key Performance Indicators set out below, our Company has not disclosed any other Key Performance Indicators during the 3 years preceding the date of the Red Herring Prospectus to its investors.

Additionally, the Key Performance Indicators have been certified by the Independent Chartered Accountants, Jain Tripathi & Co. Chartered Accountants, pursuant to a certificate dated December 13, 2024, who hold a valid certificate issued by the Peer Review Board of the ICAI. The Independent Chartered Accountants certificate dated December 13, 2024 has been included in the section 'Material Contracts and Documents for Inspection' of the Red Herring Prospectus.

The KPIs disclosed below have been used historically by our Company to understand and analyse the operational and the financial performance, which in result, helps it in analysing the growth of various verticals in comparison to its listed peers, and other relevant and material KPIs of the business of our Company that have a bearing on arriving at the Basis for Offer Price have been disclosed below.

The Bidders can refer to the below-mentioned Key Performance Indicators, being a combination of financial and operational Key Performance Indicators, to make an assessment of our Company's performances and make an informed decision.

A list of our Key Performance Indicators for quarter ended June 30, 2024, Fiscals 2024, 2023 and 2022 is set out below:

Particulars	As at and for quarter ended June 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
(₹ in million, unless stated otherwise)				
Revenue from operations	7,811.28	29,575.04	33,292.13	31,853.20
EBITDA ⁽¹⁾	764.38	2,265.81	2,595.30	5,376.12
EBITDA margin ⁽²⁾	9.79%	7.68%	7.80%	16.88%
Profit after tax ⁽³⁾	500.73	1,338.48	1,527.41	3,554.42
Return on equity ⁽⁴⁾	15.41%	11.09%	14.36%	43.95%
Return on capital employed ⁽⁵⁾	14.04%	11.80%	15.54%	35.83%
Net debt ⁽⁶⁾	6,267.39	3,499.49	2,719.82	3,702.62
Net debt / EBITDA	2.05	1.54	1.05	0.69
Fixed asset turnover ratio ⁽⁸⁾	3.38	3.19	3.51	3.56
Working capital cycle ⁽⁷⁾	55 days	54 days	44 days	65 days

Notes:

- Restated profit/loss for the year + Tax expense + Depreciation expense + Finance cost – Other income
- Restated profit/loss for the year + Tax expense + Depreciation expense + Finance cost – Other income) / Revenue from operations.
- Profit after tax / Average Shareholder's Equity. (Average Shareholder's Equity = (Opening Total Equity + Closing Total Equity)/2)
- EBIT / Capital employed (EBIT = Earnings before interest and tax. Capital employed = Total equity + Total Debt + Deferred Tax Liabilities)
- Current Borrowings + non-current borrowings – cash and cash equivalents.
- Revenue from operations / Net block of property, plant and equipment.
- Number of days for current assets@ - Number of days for current liabilities@@ where:
@ (365 / Raw materials consumed x Raw materials)/(365 / Raw materials consumed x Work-in-progress)+(365 / Raw materials consumed x finished goods)+(365 / Raw materials consumed x Intermediate products)+(365 / Raw materials consumed x Stock-in-trade)+(365 / Raw materials consumed x Stores and packing materials)+(365 / Revenue from operations x Investments)+(365 / Revenue from operations x Trade receivables)+(365 / Revenue from operations x Cash and cash equivalents)+(365 / Revenue from operations x Other bank balances)+(365 / Revenue from operations x Other financial assets)+(365 / Revenue from operations x Other current assets) @@ (365 / Raw materials consumed x Trade payables) + (365 / Raw materials consumed x Other financial liabilities) + (365 / Raw materials consumed x Other current liabilities) + (365 / Raw materials consumed x provisions).

For reconciliation in relation to the Gross Profit, Gross Margin, EBITDA, EBITDA Margin, Return on Equity, Return on Capital Employed, PAT Margin and Gross Fixed Asset Turnover Ratio, see 'Other Financial Information' on page 402 of the RHP.

Explanation for KPI metrics

Sr. no.	KPI	Explanation
1.	Revenue from Operations	We chose this KPI because it reflects the main income generated by our company's core activities. It's crucial for understanding how well our business is performing financially, without including other sources of income that might skew the picture.
2.	EBITDA	EBITDA is a valuable KPI because it gives us a clear view of our operational performance by excluding non-operating expenses. This allows us to focus specifically on how well our business is running without the impact of external factors like taxes or interest payments.
3.	EBITDAMargin	This KPI is chosen because it shows us the percentage of our revenue that translates into EBITDA, which helps us assess our profitability and margin profile. It's preferred over other margin calculations because it focuses solely on operational performance, excluding non-operating factors.
4.	Profit after tax	PAT is essential for understanding our overall profitability as it represents the income left after deducting all expenses, including taxes. It's a straightforward measure of how much money we're making, making it a valuable KPI for assessing financial health.
5.	Return on equity	RoE is chosen because it tells us how effectively we're using shareholder equity to generate profits. It's a key indicator of our efficiency and performance from the perspective of our shareholders.
6.	Return on capital employed	RoCE helps us understand how efficiently we're utilizing both equity and debt to generate profits. It gives us insight into the returns we're generating from the total capital invested in the business.
7.	Net debt	Net Debt is selected as it provides us with a clear picture of our liquidity position by considering our borrowings and subtracting liquid assets. It's an essential metric for assessing our financial leverage and ability to meet short-term obligations.
8.	Net debt / EBITDA	This ratio is chosen because it gives us a measure of how well we can cover our debt obligations with our operational earnings. It's a key metric for evaluating our financial risk and ability to manage debt.
9.	Fixed asset turnover ratio	This ratio is preferred because it shows us how efficiently we're using our fixed assets to generate revenue. It helps us assess our operational efficiency and identify areas for improvement in asset utilization.
10.	Working capital cycle	This metric is crucial for understanding how quickly we're able to convert our working capital into revenue. It helps us manage cash flow effectively and identify any inefficiencies in our working capital management.

For details of our other operating metrics disclosed elsewhere in the Red Herring Prospectus, see 'Our Business' and 'Management's Discussion and Analysis of Financial Condition and Results of Operations' on pages 239 and 418 of the RHP, respectively.

Description on the historic use of the KPIs by our Company to analyse, track or monitor the operational and/or financial performance of our Company

In evaluating our business, we consider and use certain KPIs as a supplemental measure to review and assess our financial and operating performance. The presentation of these KPIs is not intended to be considered in isolation or as a substitute for the Restated Consolidated Financial Information. We use these KPIs to evaluate our financial and operating performance. These KPIs have limitations as analytical tools. Further, these KPIs may differ from the similar information used by other companies and hence their comparability may be limited. Therefore, these metrics should not be considered in isolation or construed as an alternative to Ind AS measures of performance or as an indicator of our operating performance, liquidity or results of operation. Although these KPIs are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that it provides an additional tool for investors to use in evaluating our ongoing operating results and trends and in comparing our financial results with other companies in our industry because it provides consistency and comparability with past financial performance, when taken collectively with financial measures prepared in accordance with Ind AS.

Investors are encouraged to review the Ind AS financial measures and to not rely on any single financial or operational metric to evaluate our business.

Comparison with listed industry peers

While our listed peers (mentioned above), like us, operate in the textiles industry and may have similar offerings or end use applications, our business may be different in terms of differing business models, different product verticals serviced or focus areas or different geographical presence. Brief details of these listed peers are set out below (Source: CRISIL Report):

K.P.R Mill Ltd.: KPR Mill was incorporated in 2003 and is registered at Coimbatore. The company has diversified business spanning across yarn, fabrics, garments and white crystal sugar.

Vardhman Textiles Ltd.: Vardhman Textiles Ltd is part of the Vardhman group and has operations across various segments such as the yarn, fabric, sewing threads, fiber, special alloys, and garment sectors. They offer a range of specialised greige and dyed yarns in cotton, polyester, acrylic, viscose, specialized fibers and a variety of blends

Indo Count Industries Ltd.: Indo Count Industries Ltd. was incorporated in 1988 and its majorly home textiles focused player. The company has a manufacturing capacity of 153 million meters and spindle capacity of 1,40,000 as of Fiscal 2023.

Filatex India Ltd.: Filatex India Ltd. was incorporated in 1990 and is majorly in the business of manufacturing of polyester yarn along with Polyester chips, Polypropylene and Narrow woven fibre. As of Fiscal 2023, the company has a capacity of 4,01,040 MTPA spread across 9,000 MTPA of Polyester chips, 93,240 of POY, 1,30,320 of FDY, 1,63,080 of DTY, 3,240 of polypropylene and 2,160 MTPA of Narrow woven fibres.

Garware Technical Fibres Ltd.: Garware Technical Fibres Ltd. Was established in 1976 as Garware-Wall Ropes (GWRL). The company provides multiple offerings in technical textile sector including polymer ropes, fishing nets, sports nets, safety nets, aquaculture cages, coated fabrics, agricultural netting and geosynthetics.

For further details about our peers, see 'Industry Overview' on page 177 of the RHP.

a. Comparison with listed industry peers (quarter ended June 30, 2024)

Particulars	Sanathan Textiles Limited*	K.P.R. Mill Ltd*	Vardhman Textiles Ltd*	Indo Count Industries Ltd*	Filatex India Ltd*	Garware Technical Fibres Ltd*
	Consolidated	Consolidated	Consolidated	Consolidated	Standalone	Consolidated
Revenue from Operations (₹ million)	7,811.28	16,096.60	23,085.90	9,414.28	10,543.40	3,362.55
EBITDA ⁽¹⁾ (₹ million)	764.38	3,147.40	3,607.90	1,450.80	631.00	643.96
EBITDA margin ⁽²⁾	9.79%	19.55%	15.63%	15.41%	5.98%	19.15%
Profit after tax ⁽³⁾ (₹ million)	500.73	2,033.10	2,397.70	777.98	322.80	467.61
Return on equity ⁽⁴⁾	15.41%	NA	NA	NA	NA	NA
Return on capital employed ⁽⁵⁾	14.04%	NA	NA	NA	NA	NA
Net debt ⁽⁶⁾ (₹ million)	6,267.39	NA	NA	NA	NA	NA
Net debt / EBITDA	2.05	NA	NA	NA	NA	NA
Fixed asset turnover ratio ⁽⁸⁾	3.38	NA	NA	NA	NA	NA
Working capital cycle ⁽⁷⁾	55 days	NA	NA	NA	NA	NA

*Financial information for our Company is derived from the Restated Consolidated Financial Information

*All the financial information for listed industry peer mentioned above for Filatex India Ltd. is on a standalone basis and all others is on a consolidated basis and is sourced from the annual audited financial results of the company.

b. Comparison with listed industry peers (Fiscal 2024)

Particulars	Sanathan Textiles Limited*	K.P.R. Mill Ltd*	Vardhman Textiles Ltd*	Indo Count Industries Ltd*	Filatex India Ltd*	Garware Technical Fibres Ltd*
	Consolidated	Consolidated	Consolidated	Consolidated	Standalone	Consolidated
Revenue from Operations (₹ million)	29,575.04	60,596.80	95,046.80	35,570.69	42,859.00	13,256.11
EBITDA ⁽¹⁾ (₹ million)	2,265.81	12,366.90	10,158.60	5,590.18	2,378.50	2,716.16
EBITDA margin ⁽²⁾	7.66%	20.41%	10.69%	15.72%	5.55%	20.49%
Profit after tax ⁽³⁾ (₹ million)	1,338.48	8,053.50	6,367.00	3,379.25	1,106.60	2,081.80
Return on equity ⁽⁴⁾	11.09%	19.97%	7.14%	17.41%	9.61%	18.50%
Return on capital employed ⁽⁵⁾	11.80%	19.76%	8.32%	16.84%	11.31%	20.83%
Net debt ⁽⁶⁾ (₹ million)	3,499.49	10,832.90	17,568.70	8,215.29	2,272.50	(304.36)
Net debt /EBITDA	1.54	0.88	1.73	1.47	0.96	(0.11)
Fixed asset turnover ratio ⁽⁸⁾	3.19	2.50	2.54	2.79	3.39	5.22
Working capital cycle ⁽⁷⁾	54 days	250 days	325 days	295 days	23 days	176 days

*Financial information for our Company is derived from the Restated Consolidated Financial Information

*All the financial information for listed industry peer mentioned above for Filatex India Ltd. is on a standalone basis and all others is on a consolidated basis and is sourced from the annual audited financial results of the company.

c. Comparison with listed industry peers (Fiscal 2023)

Particulars	Sanathan Textiles Limited*	K.P.R. Mill Ltd*	Vardhman Textiles Ltd*	Indo Count Industries Ltd*	Filatex India Ltd*	Garware Technical Fibres Ltd*
	Consolidated	Consolidated	Consolidated	Consolidated	Standalone	Consolidated
Revenue from Operations (₹ million)	33,292.13	61,858.80	1,01,374.90	30,115.54	43,038.73	13,055.49
EBITDA ⁽¹⁾ (₹ million)	2,595.30	12,743.90	13,645.40	4,542.71	2,319.81	2,295.34
EBITDA margin ⁽²⁾	7.80%	20.60%	13.46%	15.08%	5.39%	17.58%
Profit after tax ⁽³⁾ (₹ million)	1,527.41	8,141.00	8,047.50	2,767.77	898.96	1,722.00
Return on equity ⁽⁴⁾	14.36%	23.62%	9.76%	16.36%	8.23%	17.33%
Return on capital employed ⁽⁵⁾	15.54%	22.58%	10.97%	15.57%	11.76%	19.93%
Net debt ⁽⁶⁾ (₹ million)	2,719.82	12,395.10	16,018.60	7,492.23	2,499.49	912.46
Net debt /EBITDA	1.05	0.97	1.17	1.65	1.08	0.40
Fixed asset turnover ratio ⁽⁸⁾	3.51	2.68	2.59	2.90	3.30	5.42
Working capital cycle ⁽⁷⁾	44 Days	210 days	237 days	269 days	18 days	98 days

*Financial information for our Company is derived from the Restated Consolidated Financial Information

*All the financial information for listed industry peer mentioned above for Filatex India Ltd is on a standalone basis and all others are on a consolidated basis and is sourced from the annual audited financial results of the company.

d. Comparison with listed industry peers (Fiscal 2022)

Particulars	For Fiscal 2022					
	Sanathan Textiles Limited*	K.P.R. Mill Ltd*	Vardhman Textiles Ltd*	Indo Count Industries Ltd*	Filatex India Ltd*	Garware Technical Fibres Ltd*
	Consolidated	Consolidated	Consolidated	Consolidated	Standalone	Consolidated
Revenue from Operations (₹ million)	31,853.20	48,224.80	96,223.40	28,240.18	38,280.94	11,893.99
EBITDA ⁽¹⁾ (₹ million)	5,376.12	12,187.10	23,134.10	4,340.97	5,327.41	2,229.06
EBITDA margin ⁽²⁾	16.88%	25.27%	24.04%	15.27%	13.92%	18.74%
Profit after tax ⁽³⁾ (₹ million)	3,554.42	8,418.40	15,510.40	3,586.13	3,027.27	1,647.81
Return on equity ⁽⁴⁾	43.95%	30.41%	21.48%	24.89%	32.76%	18.50%
Return on capital employed ⁽⁴⁾	35.83%	26.38%	21.55%	18.03%	31.16%	20.95%
Net debt ⁽⁵⁾ (₹ million)	3,702.62	10,639.90	19,164.00	9,165.74	3,555.88	405.16
Net debt /EBITDA	0.69	0.87	0.83	2.11	0.67	0.18
Fixed asset turnover ratio ⁽⁶⁾	3.56	2.49	2.77	4.79	3.17	5.04
Working capital cycle ⁽⁷⁾	65 Days	220 days	296 days	381 days	32 days	162 days

