

## About Company

Sanathan Textiles Limited operates in the textile industry with the following business verticals:

- ✦ **Polyester Yarn Products** : The company manufactures various types of polyester yarn, including partially oriented yarn (POY), fully drawn yarn (FDY), draw textured yarn (DTY), air-textured yarn (ATY), twisted yarn, and polyester chips.
- ✦ **Cotton Yarn Products** : The company produces cotton yarn catering to diverse customer needs.
- ✦ **Yarns for Technical Textiles and Industrial Uses** : These include specialized yarns with applications in automotive, healthcare, construction, sports, outdoor, and protective clothing sectors.

The company is strategically positioned with its manufacturing facilities located in **Silvassa (total installed capacity of 223,750 MTPA)** and **a new facility under development in Punjab**. It has over 3,200 active varieties of yarn and a total capacity to manufacture over 14,000 varieties, allowing it to serve diverse markets. Its products include high-value, specialized yarns developed through extensive in-house research, such as dope-dyed, superfine, micro, and cationic dyeable yarns.

Based on the company's operating income, the company had a market share of 1.7% in the overall Indian textile yarn industry as of Fiscal 2024.

## Financials of the company

(Fig. in Cr)

Particulars	June 30, 2024	March 31, 2024	March 31, 2023	March 31, 2022
Revenue from Operations	781.13	2,957.50	3,329.21	3,185.32
EBITDA	76.43	226.58	259.53	537.61
EBITDA Margin	9.79%	7.66%	7.80%	16.88%
PAT	50.07	133.85	152.74	355.44
PAT Margins	6.41%	4.53%	4.59%	11.16%
ROCE	14.04%	11.80%	15.54%	35.83%
CFOA	30.05	191.73	362.31	294.55

## Positive and Negative Points

### Positive

- ✦ Expanding manufacturing capacity and developing a new facility in Punjab could help capture more market share.

## IPO Details

- ✦ Open date : **Dec 19, 2024**
- ✦ Close date : **Dec 23, 2024**
- ✦ Issue Size : **1,71,33,958 Shares (Rs. 550 Cr)**
- ✦ Fresh Issue : **1,24,61,060 Shares**
- ✦ OFS : **46,72,898 Shares**
- ✦ Price Band : **Rs. 305-321 Per Equity Shares**
- ✦ Pre IPO Promoter Holding : **100%**
- ✦ Post IPO Promoter Holding : **79.70%**

## Objects of the Issue

- ✦ Repayment or pre-payment, in full or in part, of certain of our outstanding borrowings availed by our Company : **160 Cr**
- ✦ Investment in our subsidiary viz. Sanathan Polycot Private Limited, for repayment and/ or pre-payment, in full or part, of certain borrowings availed by our subsidiary viz. Sanathan Polycot Private Limited : **140 Cr**

## Negative

- ✦ PE of 20 is high at current level EBITDA and PAT margins. However, forward PE on the basis FY 25 PAT is 13.53.
- ✦ The IPO funds will be utilized for loan repayment rather than for any capital expenditure. However, this will reduce the company's finance costs, thereby improving its profit margins.
- ✦ **No growth in revenue as the company is working at full capacity.** The Punjab facility becoming operational will drive revenue growth for the company.
- ✦ Before the IPO, 100% of the company's stake was held by the promoters. The company lacks experience in working with external investors and institutional investors. Let's see how things unfold after the IPO.
- ✦ EBITDA and PAT margins are lower than peers.
- ✦ The IPO is scheduled for December 2024, but the financials are available only up to June 30, 2024.

## Segment wise Revenue

Business Verticals	June 30, 2024	FY'2024	FY'2023	FY'2022
Polyester Yarn Products	76.87%	77.24%	78.11%	76.88%
Cotton Yarn Products	18.72%	18.56%	18.75%	20.17%
Industrial and Technical textiles yarns	4.41%	4.20%	3.14%	2.95%

## Geographical wise Revenue

Particulars	June 30, 2024	FY'2024	FY'2023	FY'2022
Exports	3.43%	4.39%	10.22%	13.05%
Domestic	96.57%	95.61%	89.78%	86.95%

## Comparison with Peers

Companies	Revenue	EBITDA	PAT	D/E Ratio	MCap	P/E
Sanathan Textiles (FY 2024)	2,957.50 Cr.	226.58 Cr. (7.66%)	133.85 Cr. (4.53%)	0.49	2,709.37 Cr.	20.24*
K.P.R. Mill (TTM)	6,028 Cr.	1,218 Cr. (20%)	809 Cr. (13.42%)	0.08	38,582 Cr.	47.70
Vardhman Textiles (TTM)	9,600 Cr	1216 Cr. (13%)	801 Cr. (8.34%)	0.10	15,759 Cr.	19.80
Indo Count Industries (TTM)	3,784 Cr.	572 Cr. (15%)	309 Cr. (8.17%)	0.66	7,710 Cr	25
Filatex India (TTM)	4,212 Cr.	244 Cr. (6%)	116 Cr. (2.75%)	0.18	2,957 Cr.	25.60
Garware Technical Fibres (TTM)	1,428 Cr.	301 Cr. (21%)	226 Cr. (15.83%)	0.13	9,083 Cr.	40.30

\* Forward PE on the basis FY 25 PAT is 13.53.



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